Commercial Revitalization Strategies for West Chapel Hill Street

by
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Approved by:

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ADVISOR

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Executive Summary

The West Chapel Hill Street corridor is a short commercial district connecting downtown Durham, North Carolina to Duke University. While it may link these two important destinations, the corridor is not a thriving and attractive business district; both the city and the university, however, have demonstrated an interest in revitalizing the area. The city has designated the corridor as a gateway to downtown and Duke has prioritized the revitalization of areas adjacent to campus.

The Economic Development Committee of the Quality of Life Project (QOL) has been focused on improving this corridor and one of their proposals is to recruit a drugstore to the neighborhood in order to serve the convenience retail and pharmacy needs of surrounding residents and commuters. The overwhelming response from representatives of national chains, owners of independent pharmacies, and real estate professionals is that this corridor is not the right location for a pharmacy.

The most important site location criteria for national retail drugstores include parking, population density, and visibility in high-traffic areas. Retailers must be in a location that is convenient and accessible and where there are a lot of potential customers. While thousands of commuters drive along West Chapel Hill Street each day, they are unlikely to stop in the middle of their trip and are more likely to shop closer to their origin or destination. Without a destination along the corridor, commuters will have no reason to stop in this “no man’s land.” Additionally, the population is too low within a 1 mile radius of West Chapel Hill Street and the parcel sizes are too small for the required land size of national chains. Independent pharmacies are concerned with crime and competition and West Chapel Hill Street not only has the perception of the crime, but there are two locally-owned pharmacies less than a mile away. For chain drugstores and independent drugstores, the interest in locating along the corridor was very low.

Even though there are not opportunities along this corridor for a drugstore/pharmacy, QOL can evaluate what can be done in the short term in order to accomplish long-term revitalization goals. Before these long-term revitalization goals can be accomplished, there are a number of challenges that need to be addressed, including underutilized and inadequate parking, small parcel sizes, a disorganized business community, uninvolved property owners, a random mix of existing retail, mismatched architectural styles, outdated zoning, and an unattractive streetscape. Moreover, these problems are being addressed by a small group of committed volunteers who may not have the expertise, time, or energy to adequately implement solutions.

Three initiatives are currently in progress which could dramatically help the West Chapel Hill Street corridor, including a zoning effort, a streetscaping project, and neighborhood housing rehabilitation. With significant participation from other partners, there are other initiatives that the Quality of Life Project can undertake to prepare the West Chapel Hill Street corridor for future investment. One example is to recruit a unique eating establishment that would bring people to the neighborhood and also provide dining options for residents. Along with current initiatives, a long-term, strategic redevelopment plan can establish destinations along the corridor, provide adequate parking, and appeal to the shopping needs of both commuters and local residents.

This report offers the following recommendations:

Short-Term

- Assertively advocate for the streetscape improvement funds from the City of Durham.
- Work with Downtown Durham, Inc. (DDI) to hire a Gateway Manager who can add leadership capacity and focus on revitalizing the gateways to downtown, including West Chapel Hill Street.
- Continue organizing business owners to act as a partner with the city, with private investors, and with community groups.
- Work closely with the Planning Department to move the zoning review forward and ensure that the changes will facilitate mixed-use redevelopment and revitalization along the corridor.
- Ensure that there are visible signs directing drivers to the existing parking and that existing parking is well-lit.

Mid-Term

- Continue working with the owners of the Sturdivant Property to create a mixed-use project that will be integrated into the broader redevelopment strategy on West Chapel Hill Street.
- Recruit an inexpensive, destination eating establishment to bring people to the neighborhood, such as a taqueria.
- Pursue a proactive strategy to build relationships with property owners.

Long-Term

- Create a comprehensive, long-term, strategic redevelopment plan. This plan should incorporate patient land acquisition, cohesive development, and strong partnerships.

Introduction

The West Chapel Hill Street corridor is a short commercial district connecting downtown Durham, North Carolina to Duke University. While it may link these two important destinations, the corridor is not a thriving and attractive business district. The Economic Development Committee of the Quality of Life Project has been focused on improving this corridor for over 5 years and one of their proposals is to recruit a drugstore to the neighborhood in order to serve the convenience retail and pharmacy needs of surrounding residents and commuters. The neighborhood, however, faces many challenges, including a lack of perceived parking, small parcel sizes, and unorganized property and business owners. This report explores the feasibility of recruiting a drugstore/pharmacy to the corridor, but also explores the broader challenges that need to be addressed in order to prepare the neighborhood for future investment. Any future revitalization strategy for this corridor must include a dual strategy of enhancing current business activity while planning a long-term redevelopment strategy.

This report offers some insight from the retail and real estate perspective. While the needs and wants of the local community have been outlined through community workshops and studies, my goal is to provide information on the market realities of what retailers and real estate investors look for when choosing to invest and/or locate in a particular community.

Section 1 explains that a vibrant commercial district is critical to achieve community and economic development goals in urban areas while **Section 2** describes the West Chapel Hill Street corridor, the client for this report (the Quality of Life Project), and why the corridor is important to the broader Durham community. In **Section 3**, two key reports, the 2005 Fuqua market analysis and the 2007 community charrette, are summarized in order to provide an understanding of some of the previous work that has been done in this neighborhood. **Section 4** lists the individuals who were interviewed for this report and the reports that are reviewed and **Section 5** defines some key real estate concepts which will be a helpful foundation for the remainder of the report. **Section 6** discusses how both national chains and independent pharmacies make decisions about where to locate their retail outlets. In **Section 7**, I transition from exploring pharmacy site location criteria to the broader question of how to prepare the corridor for future investment. **Section 8** outlines the challenges that the neighborhood faces, while also offering corresponding recommendations to address those challenges. Current local initiatives, including housing rehabilitation, potential streetscape improvements, and a zoning reevaluation, are described in **Section 9** and **Section 10** offers some concluding points on how this report contributes to the broader field of urban planning.

Section 1: Literature Review: Importance of Neighborhood Commercial Retail

Commercial activity is important for many economic and social reasons. Research is clear that thriving retail businesses reflect a healthy community and are fundamental to the overall revitalization of inner city areas. Vibrant commercial districts achieve significant community development goals, such as serving as centers for social interaction, providing a source of community identity and pride, and conveying a positive image to residents and outsiders alike.[1]

Bendick and Egan[2] outline the ways that inner city business development contributes to both economic and community development. In fact, when pursued together, the results are greater than if either of them were pursued in isolation. They discuss four relevant ways in which business development contribute to community development. As it relates to this review, business development can be used interchangeable with retail development.

Inner city retail development generates jobs for local residents, many of whom are unemployed, underemployed, or must travel long distances to access suburban job opportunities. Secondly, business development also addresses a problem in many urban neighborhoods: a scarcity of retail and service businesses. The businesses that do exist offer a limited range of goods, higher prices, and less attractive shopping environments. Additional retail options—especially convenience retail options—with competitive prices and a broader range of options would fulfill the daily shopping needs of a local community and lower their cost of living. A third community benefit of business development is reducing physical blight by filling vacant spaces, paying for repairs and maintenance, and generating foot traffic and street activity. This is directly related to potential investment in the future: "the appearance of commercial strips often is a primary influence on the opinions of decision makers about the condition of the neighborhood."[3] Finally, business owners are often viewed as role models and pillars of their community; without the presence of local businesses, inner city neighborhoods are deprived of this resource and leadership.

Job creation is an oft-cited benefit of commercial development but another important economic impact is the contribution to the tax base through sales and property taxes.[4] The potential of increased tax revenue can motivate local governments to get involved commercial revitalization. Additionally, a strong commercial district can stimulate housing investment in the surrounding residential area and deter crime and illegal activity.[5]

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[1] Patricia Watkins Murphy and James Cunningham, Organizing for Community Controlled Development: Renewing Civil Society (Thousand Oaks, CA: Sage Publications, 2003).; "Neighborhood Commercial Revitalization," (Washington, DC: National Council for Urban Economic Development, 1983). Vol 21; Marc Bendick and M.L. Egan, "Linking Business Development and Community Development in Inner Cities," Journal of Planning Literature. 8 (1), 3-16.
[2] Bendick and Egan.
[3] Bendick and Egan.
[4] Roger Kemp, ed. Main Street Renewal: A Handbook for Citizens and Public Officials (Jefferson, NC: McFarland & Company, Inc., 2000).; Ronald Ferguson and William Dickens. Urban Problems and Community Development (Washington, DC: Brookings Institution Press, 1999).; Murphy and Cunningham.; "Neighborhood Commercial Revitalization."
[5] "Neighborhood Commercial Revitalization."; Bendick and Egan.

Fitzgerald and Green Leigh[6] also argue that a good commercial retail base is necessary for a strong local economy. They describe a "virtuous cycle of retail" in which businesses hire local residents, thus increasing their incomes and allowing them to spend more at local businesses, thus increasing the profitability of the businesses and enabling them to hire more employees. Money is kept within the local economy, thus benefiting both residents and businesses.

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[6] Joan Fitzgerald and Nancey Green Leigh. Economic Revitalization: Cases and Strategies for City and Suburb. (Thousand Oaks, CA: Sage Publications, 2002).

Section 2: Background and Client: West Chapel Hill Street and the Quality of Life Project

Quality of Life Project

In the past decade, a community group called the Southwest Central Durham Quality of Life Project (QOL) has formed to address issues such as housing and economic development in the six neighborhoods that comprise Southwest Central Durham. QOL has four subcommittees, one of which is the Economic Development Committee, and their mission is to provide merchants and for-profit businesses resources to promote the growth and viability of neighborhood business districts. The Economic Development Committee is my client for this Master's Project.

One of the primary business districts in southwest central Durham is West Chapel Hill Street. While there are a number of existing businesses along the West Chapel Hill Street corridor, the majority of these businesses do not serve the retail needs of local residents. The Economic Development Committee has expressed interest in attracting a drugstore/pharmacy to the neighborhood because drugstores serving the surrounding neighborhoods have closed in recent years and the nearest drugstore is downtown Durham.

As the population ages, residents would like an accessible pharmacy and—ideally—expressed interest in some kind of mixed-use pharmacy, combining a retail drugstore with a lunch counter, ice cream parlor, or hardware store. Local examples of such mixed-use pharmacies include Sutton's Drug Store in Chapel Hill and Triangle Pharmacy and True Value Hardware in Durham.

West Chapel Hill Street

The West Chapel Hill Street corridor is a 3-block stretch between Buchanan Boulevard and Kent Street. The two or so blocks between Highway 147 and Buchanan Boulevard are home to Immaculate Conception Catholic Church, the Emily Krzyzewski Center, and the Healthy Start Academy. There are three former gas stations on the corridor, one of which is now a church, and a number of automotive service and supply businesses. The north side of the street is dominated by auto-dependant buildings set back from the street with parking in front. Most of the activity seems to be focused around University Market and Food for Life Supreme (along the north side), but otherwise there are few pedestrians. On the south side of the street, from Buchanan to Carroll, are a line of adjacent buildings with storefronts that come up to the street. This block contains a mosque, tattoo parlor, and some vacant property. Further down on the south side, there is a small municipal parking lot, a child care center, and a vacant lot. One quarter of the businesses along the corridor are churches and places of worship.[7] While some properties appear to be vacant or abandoned, many of these are actually occupied. There is a listing of vacant and underused properties in Appendix A.

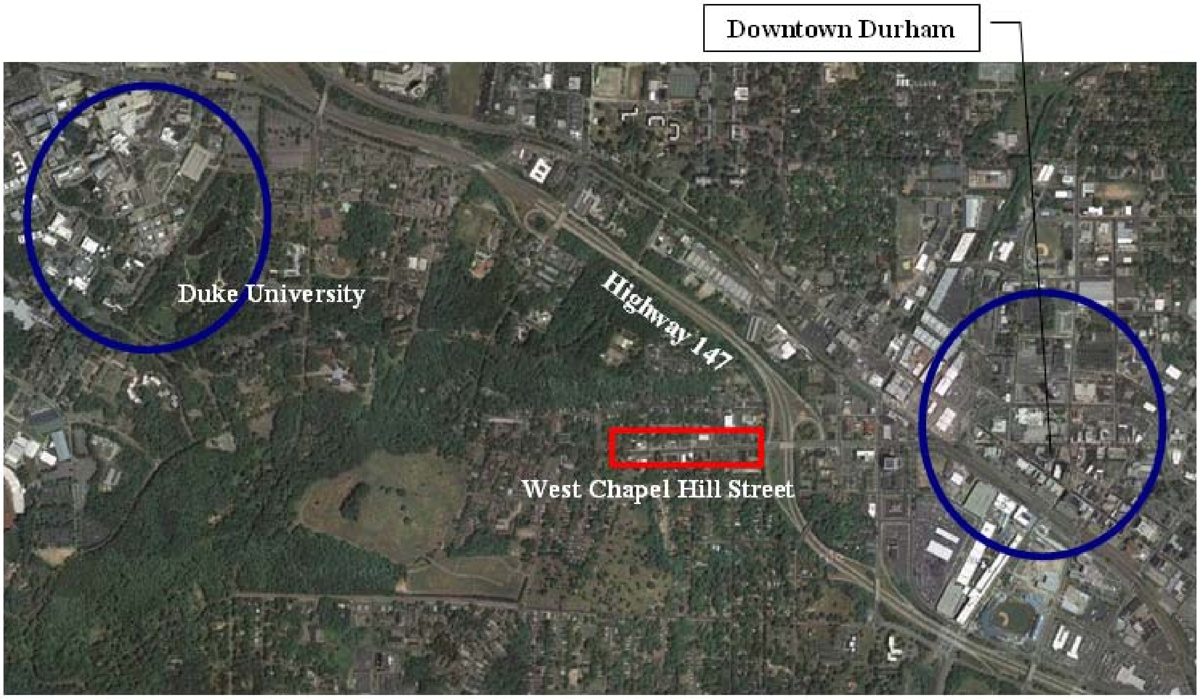
[7] Suneet Bhatt et al., West Chapel Hill Street – 2005 (Durham: Duke University, Fuqua School of Business Report, 2005), 46.

Storefront church

South side of West Chapel Hill Street

North side of West Chapel Hill Street

Importance of the Corridor



Map 1

The West Chapel Hill Street corridor is the primary thoroughfare connecting Duke University to downtown Durham and is one of the primary commercial districts in Southwest Central Durham see Map 1). Southwest Central Durham consists of six neighborhoods to the south and west of downtown that are cut off from downtown by Highway 147. The other commercial district in the area is the Lakewood Shopping Center, which is 1.2 miles southwest of West Chapel Hill Street. The Shoppes are configured like a traditional strip mall, set back from the street, and the anchor store is a Food Lion. While there are a number of small businesses and restaurants in the complex, many of the retail spaces are vacant.

Duke University is approximate 1.5 miles from the corridor and West Chapel Hill Street is the primary gateway to the university from Highway 147 and downtown Durham. In the university's five-year strategic plan, "Making a Difference," Duke identified revitalization of downtown Durham and areas adjacent to campus as among the highest institutional priorities.[8]

The corridor is also a gateway into downtown Durham which is less than one mile away. One of the objectives in the 2008 Downtown Durham Master Plan[9] is to design appropriate transitions between the core area and the surrounding neighborhoods through the development and improvement of key gateway sites. In addition, the City of Durham designated West Chapel Hill

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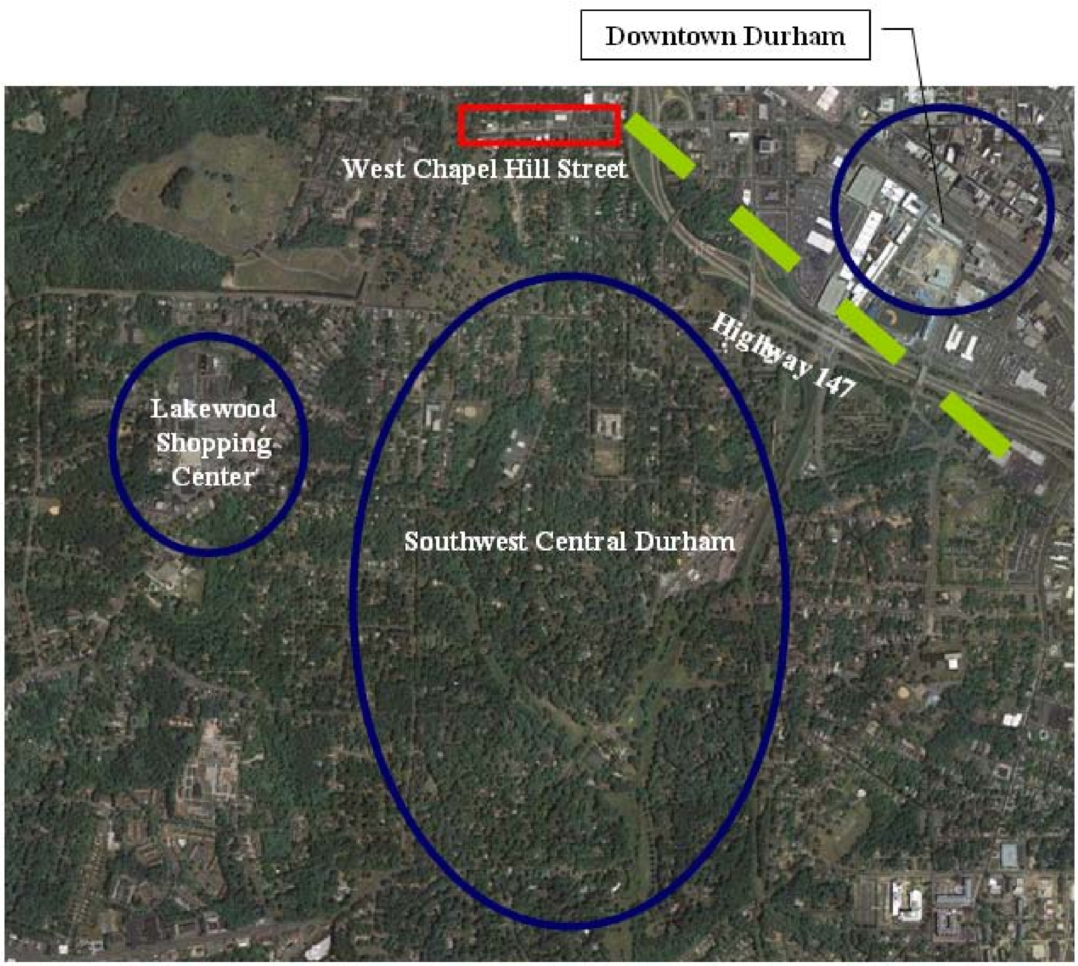
[8] Making a Difference: The Strategic Plan for Duke University (Durham: Duke University, 2006), 62. Found at http://stratplan.duke.edu/pdf/plan.pdf.
[9] Downtown Durham Master Plan (Durham: Downtown Durham, Inc., 2008), 24. Found at www.downtowndurham.com/images/assets/FinalDraftWeb2-20-08.pdf.

Street a Targeted Neighborhood Commercial Corridor in 2007.[10]

This recognition from Downtown Durham, Inc., Duke University, and the City of Durham emphasize the importance of this neighborhood as a gateway to downtown and to Duke. Crossing over Highway 147 to downtown, however, is unpleasant due to speeding traffic, a lack of trees and greenery, vacant and abandoned properties along the route, and a lack of other pedestrians. In addition, the route from West Chapel Hill Street to Duke is not walkable.

While downtown Durham is close to West Chapel Hill Street and the corridor is considered a gateway to both Duke and downtown, Scott Selig thinks that the highway forces the corridor to be more oriented to the surrounding southwest neighborhoods (see Map 2).[11] Highway 147 acts as a physical barrier, therefore isolating the neighborhood from downtown. This may be true, but the proximity of the corridor to downtown, the fact that it is a mid-point between Duke and downtown, and the future potential for enhanced pedestrian connectivity over the bridge indicate that the corridor should maintain its focus as a downtown gateway.



Map 2

[10] "Durham Office of Economic and Workforce Development," 10 March 2010 www.ci.durham.nc.us/departments/eed/streetscape_project_overview.cfm
[11] Scott Selig, Personal interview, 1 March 2010.

Section 3: Previous Reports on the Corridor

Over the past decade, many studies have focused on the West Chapel Hill Street corridor, many of them referenced in this document. Two such reports, the 2005 market analysis of the corridor by students at Duke's Fuqua School of Business and the 2007 community charrette, have created possible visions for the future and have guided the work of QOL. The relevant points from each are summarized below.

Market Analysis of WCHS, Fuqua Students, 2005

Overall, the results of this analysis found that demand from local residents and commuters does not match the supply of goods on the corridor and the current businesses do not offer the basic services that cater to the needs of surrounding residents. Because of the low income levels in the neighborhood, businesses must be able to draw customers from outside the immediate area, but existing businesses do not appeal to commuters. An oft-cited statistic from the report is that 11,000 cars pass daily between Duke, downtown Durham and Highway 147, but very few stop anywhere along the corridor. Therefore, a retail mix that appeals to commuters and serves the needs of residents would capitalize on the corridor's strong location near both Duke University and downtown Durham. The main retail suggestions include a pharmacy, a quick-serve restaurant or café, and a Laundromat, but a coffee shop, drycleaner, and gas station are also mentioned.

While the report admits that the corridor has revitalization potential, significant challenges exist—many of which are re-emphasized later in this document. These include:

- Existing businesses offer a wide and unrelated mix of products and services so are unable to realize positive spillover effects from their neighboring businesses or the benefit of appreciating property values. In addition, business owners are not unified or organized in the effort to revitalize the corridor.
- Commercial properties vary in architectural style, including whether they have parking in front of the building or whether the building comes up to the street.
- One quarter of the buildings are non-income producing properties operating as churches which contributes to a lack of conformity along the corridor. Furthermore, Sunday worshipers are not patronizing businesses along the corridor.
- Crime is one of the most significant barriers to business activity and revitalization efforts.
- The streetscape is poorly maintained.
- There are a number of absentee landlords.

The report recommends focusing efforts on attracting businesses that would appeal to commuters, therefore capitalizing on their untapped purchasing power. In addition, it is recommended that local merchants cooperate in order to resolve the infrastructure and appearance issues that deter potential customers. As a unified body, they can go to the city to present requests.

West Chapel Hill Street Charrette, 2007

In 2007, a community charrette brought together design experts and local residents to form a vibrant and attractive vision for West Chapel Hill Street. The partners for the event were Duke University, the Quality of Life Project, the City of Durham, and the Durham Urban Design Assistance Team. Many of the same challenges mentioned above were highlighted, such as crime and an unattractive streetscape, and low real estate prices were also mentioned. The goals outlined during the process were to expand business opportunity, increase attractiveness and safety, provide an easily-recognized identity, connect the corridor to the surrounding residential neighborhoods, and celebrate history and diversity. Proposals included new development on the western end of the corridor and the Sturdivant property, streetscape improvements, and enhancing the bridge over Highway 147 to make it more pedestrian-friendly.

The Durham Urban Design Assistance Team offered some important recommendations:

- Redevelop vacant and underused properties, particularly on the north side of West Chapel Hill Street which lacks the historic charm present on the south side of the street. New development should be oriented to the sidewalk and could be a mix of retail space on the ground floor and residential units on the second floor.
- Improve the streetscape to add more sidewalk planters, trees, bike lanes, and wider sidewalks. This includes making the bridge over Highway 147 more pedestrian-friendly so that West Chapel Hill Street can connect to new development on the east side of the highway.
- Recruit and start new businesses on West Chapel Hill Street that are unique, local, small, and likely to succeed. Ideas include a drugstore, Laudromat, restaurant or café, Locopops, bakery and coffee shop, music venue, and flower shop.

The most critical recommendation was to find a champion for each of these projects. Whether meeting with property owners, developers, public partners like the Office of Economic and Workforce Development or the Department of Transportation, or nonprofit partners such as Self-Help or the Durham Community Land Trust, the local community needs to find people who can take ownership of the vision and work together to implement these ideas.

Section 4: Methodology

This Master's Project is a client-driven, community-based study intended to guide the future economic development strategies of the West Chapel Hill Street corridor as the neighborhood works to attract and retain businesses. A set of recommendations is presented to the Economic Development Committee of the Quality of Life Project to assist them in expanding commercial activity on West Chapel Hill Street.

Through an expanded literature review, interviews, and a review of existing reports of the corridor, I compiled a list of site location factors for drugstores/pharmacies and determined the opportunities for and challenges to revitalization that exist on the corridor. The breadth of the interviews that I conducted allows me to act as an informational liaison between real estate professionals, city staff, pharmacy owners, and the Quality of Life Project. I am also able to holistically see both the opportunities and challenges that the corridor has.

People Interviewed:

- City officials (Chris Dickey, Office of Economic and Workforce Development; Anne Kramer, Durham City-County Planning Department)
- Real estate professionals, many of whom are focused on Durham (Matt Larson, Lincoln Harris; Brad Wiese, Maverick Partners; Jeff Miller, Jones Lang LaSalle; Jake Cowan, MetroEdge; Brian Hill, Pickett-Sprouse)
- Duke University staff (Mayme Webb-Bledsoe, Office of Community Affairs; Scott Selig, Office of Real Estate)
- Independent pharmacy owners and consultants
- Real estate representatives for national chains (Ed Anderson, Kerr Drug; Real Estate Director, Rite Aid)
- Former QOL Economic Development Committee chair (Rob Gillespie)
- Former business owner on West Chapel Hill Street (Tamara Heyward)

Existing Corridor Reports Reviewed:

- Market Analysis of WCHS (Duke Fuqua Students, 2005)
- Can small to medium size redevelopment projects benefit residents in urban neighborhoods? (Jill Homan, 2006)
- Targeted Revitalization Plan (2007)
- Economic Development Planning (QOL, 2007)
- West Chapel Hill Street Charrette (2007)
- West Chapel Hill Street Development (Steven Gaddis, September 2008)
- WCHS Final Report (Self-Help Interns, June 2009)
- Sturdivant Report (UNC-DCRP Students, December 2009)

Section 5: A Short Primer in Real Estate

In order to understand the constraints and opportunities that retailers face, it is important to have a basic knowledge of the commercial real estate industry. First, a few definitions:

Convenience Retail: Goods that are frequently and routinely purchased without too much effort or deliberation—retailers must be close and convenient. Examples include a supermarket, drugstore, hardware store.[12] Convenience retailers rely on spending from a nearby residential and workforce base.

Trade Area: The geographical area from which the store will draw the bulk of its customers. The trade area for convenience retail is typically 1 mile; this area must be able to support the sales volume requirements for the specific store.[13] Neighborhood boundaries are often different than trade area boundaries.

Site Location: The specific site within the trade area where the store will be located.

The real estate adage "location, location, location" reinforces the principle that a good location can make or break a retail business. Location is essential to the success and profitability of any retail business.[14] Convenience retail, however, is even more dependent on location because convenience shopping is most influenced by the time and cost that it takes to travel to a store.[15] These stores must be easily accessible and a short distance from customers.[16] Because of the emphasis on location, retailers undergo extensive location analysis in order to make the most informed decision.

In order to determine both the trade area and the site location, retailers evaluate population and population trends, demographic and employment data, local zoning regulations and public services, consumer purchasing power and patterns, competition, traffic patterns, and community vitality.[17] When selecting a specific site, retailers look at accessibility and visibility, parking availability, site condition and availability of utilities, physical conditions of the surrounding neighborhood, rent and/or the cost of land, and security and perceptions of safety.[18] Overall,

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[12] Bendick and Egan.; Melvin Morgenstein and Harriet Strongin. Modern Retailing: Management Principles and Practices. (Englewood Cliffs, NJ: Regents/Prentice Hall, 1992).; John Beisel. Contemporary Retailing. (New York, NY: Macmillan Publishing Company, 1993).; John Mertes. Creative Site Evaluation for the Small Retailer. (Norman, OK: Bureau of Business Research, University of Oklahoma, 1962).
[13] Moregenstein and Strongin.
[14] Beisel.; Mertes.; Kramer.; Morgenstein and Strongin.
[15] Bendick and Egan .
[16] Bearhchell.; Beisel.; Mertes.; Nelson.; Morgenstein and Strongin.
[17] Community vitality is defined as the quality of schools, civic organizations and business associations, community cohesiveness, the level of crime, and the presence of attractions that will being people from outside the area.
[18] Morgenstein and Strongin.; Mertes; Laurence Alexander, ed. Strategies and Tactics for Successful Retail Recruitment Downtown. (New York, NY: Downtown Research & Development Center, 1988).; Charles Bearchell, Retailing: A Professional Approach (New York, NY: Harcourt Brace Jovanovich, Inc., 1975).; Anita Kramer et al. Retail Development. ULI Handbook Series. (Washington, DC: Urban Land Institute, 2008).; Richard Nelson, The Selection of Retail Locations. (New York, NY: F.W. Dodge Corporation, 1958).

retailers prefer a nearby customer base in sufficient numbers and with spending capacity; areas that fail to meet their minimum requirements will not be considered.[19]

Fundamentally, no retailer will get involved in a deal that will not enable them to cover their costs and also make a profit: stores are going to open because they can make money. Their annual sales need to exceed the cost of construction or rehabilitation and the annual cost of rent.[20] If land values or rents are high, or if the facilities require significant repairs, these costs require the retailer to either sell higher volumes of goods, or raise the prices on those goods.

While the real estate literature gives a comprehensive overview of both trade area and site location criteria, there is no prioritization and no sense as to what the most important factors are when retailers seek to open a store. Additionally, there is no distinction between large, national chains and small, independent stores. Finally, while there is literature discussing convenience retail, there is very little literature which specifically explores the site location criteria for pharmacies/drugstores.

Understanding how retailers make decisions about site location is a critical part of any revitalization plan. A neighborhood may desire certain types of stores, but without an understanding of what those types of stores look for when evaluating a location, there can be a disconnect between the desires of a neighborhood and what is actually viable. Having an understanding of these factors can also help urban communities recognize their competitive advantage or disadvantage as potential locations for retail outlets.

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[19] Heather Arnold, Herb Heiserman, and Abigail Ferretti. Downtown City Center District: Creating an Environment for Retail (Durham: Downtown Durham, Inc., 2010), 12.
[20] Arnold, Heiserman, and Ferretti, 13.

Section 6: Site Location Criteria for Pharmacies

While the West Chapel Hill Street corridor is less than a mile from downtown Durham, en route to Duke University, and has access to Highway 147, these factors do not necessarily constitute a prime location. The Fuqua market analysis called the corridor a "strong location,"[21] but this premise was challenged by a Real Estate Director for a national drugstore chain. He noted that Duke and downtown Durham are destinations, but the area in between them is a "no man's land."[22] If a person is going to pick up their prescription or some kind of convenience item, they will more than likely stop at or near their point of origin or at or near their destination. People want to stop at the beginning or end of their trip, so while they *may* stop in the middle, it is not likely. In order to induce a person to stop in the middle of their trip, the location must be convenient and there must be adequate and accessible parking.

The Fuqua market analysis also cited commuter traffic as a significant asset for the corridor. The number of cars that daily pass through the corridor (11,000) has been cited frequently as a reason why convenience retail would work well along West Chapel Hill Street.[23] Given that West Chapel Hill Street is in the middle of two destination points, however, it is highly unlikely that commuters will stop to run their errands or pick up an item. Inducing them to stop in the middle of their trip is difficult enough; the only way that it *might* be possible is if there were plentiful and convenient parking opportunities. Parking, as will be explored below, is not only a current challenge along the corridor but is not likely to change given the small parcel sizes along the street and the parking requirements of national drugstore chains.

The market analysis recommended that a potentially successful retail mix along this corridor might include a major pharmacy, restaurant/café, and/or Laundromat. This report focuses on the feasibility of recruiting a national chain or independent pharmacy because the population of individuals 55 years and older is expected to grow over the next 5 years (see Appendix B and D). Given this aging population and the demonstrated interest in a drugstore/pharmacy,[24] there is community demand for such a retail enterprise.

National Chains

National drugstore chains have standard criteria by which they evaluate certain locations and these criteria are less likely to be flexible than a smaller, independent store. Requirements of the various national chains can be seen in Table 1.

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[21] Bhatt et al, 29.
[22] Real Estate Director for national drugstore chain, Phone interview, 20 January 2010.
[23] Bhatt et al, 22.
[24] West Chapel Hill Street: Community Recommendations to Create Vitality (Durham: Durham Urban Design Assistance Team, 2007), 7.
*Walgreens also considers Walgreens-anchored strip centers, central business districts, and grocery anchored strip centers. "Walgreens Real Estate Inquiries," 15 January 2010.
www.walgreens.com/marketing/contactus/real_estate.jsp
** Urban is considered to be in-line with or attached to other stores, with no drive-thru; Rite Aid has only built a few of these. Real Estate Director, 20 January 2010.
^ "CVS New Store Location Criteria," 15 January 2010. www.cvscaremarkrealty.com/new-location-criteria
^^Ed Anderson, Phone interview, 3 February 2010.

Chain	Store Type	Intersection	Traffic Counts	Land Size	Parking Needs	Drive Thru?	Building Size	Trade Area Population (1 mile)
Walgreens	Freestanding*	Two main streets	Significant	75,000 sq ft	70+ cars	Yes	14,560 sq ft	20,000
CVS^	Freestanding	Easy access and visible	High	1.5 - 2 acres	75-80 cars	Yes	12,900 sq ft	18,000
Kerr Drug^^	Urban Inline					No	6,000-7,000 sq ft	
Rite Aid	Urban**	Accessible	High foot traffic			No	14,000 sq ft	15,000

Table 1

Parking, population density, and the importance of having a lot of traffic were recurring themes for the national retail representatives that I spoke with. Most importantly, the population of the trade area is well below the required customer base of national retail chains. A standard demographic report was done by STDB Online for a 1 mile and 3 mile radii of 1106 West Chapel Hill Street and the 2009 population numbers for a trade area of 1 mile is 12,430 (see Appendix D). This is well below the required trade area population numbers.

Another criteria for national chains is the size of the parcel where they plan to build. The average building square footage for one of these chain stores is 14,000. The largest parcel along the corridor, where University Market is located, is 30,492 square feet[25] which could not support a 14,000 square foot building in addition to 80 parking spaces. Additionally, no site along the corridor has the high visibility required of such a store and no parcel is at the intersection of two major roads. There are not adequate numbers of pedestrians to support a more urban style store.

Kerr Drug is the most flexible in their willingness to adapt their site location standards. For example, they were willing to open an inline store in the East 54 development in Chapel Hill because of the great location near UNC's campus. They have worked with many neighborhood groups who have approached them, but only if the group already had a plan developed.[26] Their inline stores are approximately 6,000 square feet and, while a store of this size could technically be built on the University Market parcel, the additional space required for a rear buffer between the store and the houses behind the property, the rear alley needed for delivery access, and minimal parking would exceed the 30,000 square feet. Beyond the space limitations and despite their willingness to respond to the retail needs of a local community, Kerr Drug still determines the size of the potential market based on demographic data and would not consider the West Chapel Hill Street corridor because of the low population numbers.

[25] "GoMAPS – Durham County NC Spatial Data Explorer," 25 January 2010. http://gisweb.durhamnc.gov/gomaps/map/index.cfm

[26] Ed Anderson.

Independent Pharmacies

Small drugstores may not have the square footage and parking requirements of the national chains, but two specific themes emerged.

Crime

The perception of crime can be just as powerful of a deterrent for retail as actual crime statistics and, while perceptions can change, it may take time for this to occur. Kramer and others[27] state the perception of crime—even if it does not match reality—is a huge psychological obstacle to inner city development thus making it difficult to attract customers and investors. Many of the people who have owned small pharmacies or who have worked with small pharmacies in the Triangle region are familiar with this corridor and remember it at its best and at its worst. This perspective means that those familiar with the corridor's history may be hesitant to recommend it as a potential location.

According to a staff member at the Durham-based co-operative of independent retail pharmacies, there was a drugstore on West Chapel Hill 15 or 20 years ago that often complained about being broken into. He installed bars on the windows, but was still concerned about safety.[28] Tamara Heyward, while not the owner of a drugstore, did own a retail store for 2 years which was broken into twice. Even though the monthly rent on her store was low, thus keeping down costs, she felt that she could not stay in business because the thefts were too detrimental on her bottom line.[29] These accounts indicate a hesitancy that potential entrepreneurs may have when considering the West Chapel Hill Street corridor. Crime is a particular concern for business owners who sell pharmaceuticals because of the potential resale value of these products on the street.

Challenges Facing Small Pharmacies (competition, economic viability)

Small businesses face challenges in today's economy. Independent pharmacies in particular must compete against national retailers and mail-order drug suppliers, all while dealing with insurance paperwork, reimbursements from Medicare and Medicaid programs, and making enough money to cover costs.[30] As drug prices rise, small pharmacies must raise their prices in order to cover their costs and they may become less and less competitive with larger retailers who can offer lower prices. This would be the case for an independent pharmacy located on West Chapel Hill Street: they would need to charge higher prices to cover their costs and would not be able to make money for while after the business opened. Given that the median household income for the 1 mile trade area is $31,408 (see Appendix D), it may be difficult for the surrounding residents to purchase their drugs and other convenience goods at a store with higher prices. Finally, Gurley's Pharmacy and Main Street Pharmacy are both downtown and less than a mile away from the corridor. With a 1 mile trade area population of 12, 430, it may be difficult to support three independent pharmacies so close to one another.

According to a consultant for independent pharmacies, there *are* independent pharmacies in the Triangle area that are looking to expand locations. His perspective, however, is that the corridor

[27] Kramer.; Kemp.; Murphy and Cunningham.; Fitzgerald and Green Leigh. .
[28] Consultant to independent pharmacies, Phone interview, 22 February 2010.
[29] Tamara Heyward, Personal interview, 24 February 2010.
[30] Owner of small, independent pharmacy, Personal interview, 26 January 2010.

still does not recommend itself because of crime and its close proximity to two other pharmacies.[31]

Despite the fact that the community wants a pharmacy in the neighborhood and despite previous reports which have suggested that the West Chapel Hill Street corridor would be a possible location for such a retail outlet, the overwhelming response from representatives of national chains, owners of independent pharmacies, and real estate professionals is that this corridor is not the right location for a pharmacy.

A Caveat

Although I focused primarily on the section of West Chapel Hill Street from Buchanan Boulevard to Kent Street, the property at 605 West Chapel Hill Street (known as the Sturdivant Property) does have potential for a national retail drugstore. This property has an excellent location closer to downtown than the corridor and is also visible from Highway 147. It is currently vacant and underutilized but is large enough for a building and parking. The trade area numbers, however, may still not be high enough to draw a national retailer to that intersection. While the property was mentioned numerous times by interviewees as having the most potential for retail, there is still some question about whether a pharmacy is the best use of the property. The property is probably best suited for a mixed-use project which may or may not include a pharmacy.

Recommendation:

- Continue working with the owners to either 1) sell the property to a developer for a mixed-use project, or 2) develop the property themselves into a mixed-use project. Developing the property with a mix of residential, office, and retail space was also the recommendation of the 2009 report by students at UNC’s Department of City and Regional Planning.[32] Any plan for this property *must* be integrated into the broader revitalization and redevelopment plan for West Chapel Hill Street. In addition, the Planning Department’s zoning initiative (see Section 9) must extend to include the Sturdivant property so that residential and commercial uses will both be allowed.

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[31] Consultant.

[32] Elise Francis et al. Sturdivant Property Potential, (Chapel Hill: UNC-Department of City and Regional Planning report, 2009), 13.

Section 7: Preparing the Neighborhood for Investment

Substantial barriers exist to opening a pharmacy on the corridor, specifically that the parcel sizes and population numbers cannot support a national chain and that small pharmacies are facing economic challenges and are concerned about crime. My task was to gauge the interest of retailers for locating on West Chapel Hill Street. For chain drugstores and independent drugstores the interest in locating on West Chapel Hill Street was very low.

The 2007 charrette emphasized a sincere desire among community members for revitalization along the corridor and for businesses that would serve the needs of local residents[33] but the current state of the corridor is inhospitable to retail. According to real estate professionals, the small parcels, above-market asking prices, a lack of perceived parking, and perceived crime are challenges to a thriving retail district.[34] None of these challenges are insurmountable, but they do require focused attention in order to be addressed in a lasting and effective way. With significant participation from other partners, there are initiatives that the Quality of Life Project can undertake to prepare the West Chapel Hill Street corridor for future investment.

Given that the economy is still recovering and that retail establishments, developers, and financing sources are struggling, this is a good time to evaluate what can be done in the short term in order to accomplish long term revitalization goals. The recurring priorities from my interviews were lighting, safety, parking, and improving the streetscape.

[33] Community Recommendations to Create Vitality, 21.
[34] Selig; Brad Wiese, Personal interview, 5 February 2010; Brian Hill, Phone interview, 19 February 2010.

Section 8: Challenges to Investment with Recommendations

Parking

As with crime, the *perception* of inadequate parking can prevent people from stopping along the corridor to purchase goods and services. While there are 14 spaces in a small municipal lot, the sign is easily overlooked because it is parallel (as opposed to perpendicular) to the road and a driver would not notice it because it does not intercept their vision. In addition, there is only one street light for the lot, even though it is surrounded with shrubs and trees which may negatively impact an individual's sense of safety. There is also on-street parking along West Chapel Hill Street and on side streets but none of this parking is clearly visible, well-used, or well-lit. This has, therefore, led to a perceived parking shortage.[35] Potential businesses that have looked at the corridor as a location have consistently been discouraged by the lack of parking and parking was the most frequently mentioned challenge among all interviewees.

Recommendation:

- Ensure that there are visible signs directing drivers to the municipal parking lot and that the lot is well-lit. Ensure that signs for on-street parking are visible and that the restrictions/guidelines are clear.

Building Conditions and Parcel Size

The physical plant of the buildings on West Chapel Hill Street presents challenges. Much of the retail space on the south side of the street was built in the early 20th century when the automobile was not the dominant form of transportation. While these buildings have a lot of potential as urban retail space, they will require a lot of money to rehabilitate their antiquated systems and repair years of deferred maintenance.[36] For example, the Ar Razzaq Islamic Center does not have storefront windows and—were it to ever change uses—would need to be adapted from institutional space to retail space. For many retailers, the cost of rehabilitation may be cost-prohibitive.[37] On the north side of the street, the buildings reflect a more suburban, auto-dependent style that does not reflect its urban surroundings or encourage pedestrian activity. These mismatched styles and structures contribute to a lack of unity.

In addition to needing to rehabilitate or redevelop existing buildings, the parcel sizes are small and would need to be assembled into larger parcels for any viable redevelopment. Such small

[35] Selig.
[36] Heyward.
[37] Bendick and Egan.; Murphy and Cunningham.

lots also cannot accommodate additional parking. With the current configurations, there are not many building projects that could be feasibly built on one parcel. Anne Kramer recognizes the importance of maintaining the small, neighborhood feel of the commercial district, but this needs to be balanced with the reality that financial investors and developers will only be attracted to larger parcels that would be available for viable projects.[38]

With a variety of property owners and businesses, a mismatch of architectural styles, and challenging parcel sizes, any revitalization effort will require substantial energy to communicate with various stakeholders. Substantial leadership, vision, and longevity are also necessary to create uniformity along the corridor.

Recommendations*:*

- Create a *comprehensive, cohesive, long-term, strategic* redevelopment plan with strong *partnerships*. Without this, any development that occurs will maintain the checkerboard condition of the corridor. If done conscientiously over a long period of time, a redevelopment plan can bring new life to the corridor in the form of commercial and real estate investment.

  Partnerships**:** Any plan must involve the partners that work along the corridor already, including QOL, Duke Community Affairs, Duke Real Estate, West Chapel Hill Street property owners, Self-Help, and Durham Community Land Trust. While Duke Community Affairs and Duke Real Estate have not worked closely together in the past, this plan combines the university's community development and real estate development interests. This is an opportunity for the university to take a leadership role and these two departments must work together. Cultivating the engagement of property owners and local residents is essential in order to create a unified vision.
  Comprehensive**:** While the charrette offered a strong foundation for what the street could look like in the future, a master plan is needed for creating a unified corridor. This master plan would outline the proposed use and purpose of each parcel.
  Cohesive**:** Redeveloping the north side of the street, as recommended in the 2007 charrette, is a natural place to begin in order to bring the buildings to the street and create matching character between the north side and the south side.
  Strategic**:** In order to implement this plan, there needs to be a steward who is guiding the process, taking advantage of opportunities as they arise, and anticipating slow, organic change. This steward could be an institution such as Duke, or a community-minded developer who wants to invest their time, money, and energy in the corridor. Another way to be strategic with this plan is to focus on one or two high visibility demonstration projects that build momentum and act as a model for future redevelopment plans.
  Long-term**:** This plan will take a long time to implement, but the corridor can be transformed over 10-20 years. Parcel assembly will be possible over time only as ownership changes, property becomes available, and parcels are purchased. Land banking may be a viable option for this kind of land acquisition.

[38] Anne Kramer, Personal interview, 16 February 2010.

- In the interim, as the redevelopment plan is being created: Recruit an inexpensive, destination eating establishment to bring people to the neighborhood. The corridor can probably support another restaurant in addition to Food for Life Supreme. The recently conducted retail study for downtown Durham states that the retail category with the greatest sales potential within the city center is Food and Beverages.[39] Given the corridor's close proximity to downtown, this could be an opportunity for the corridor to recruit a restaurant similar to Taqueria La Vaquita on Chapel Hill Road or the hot dog stand and Cannon Reed Seafood that used to exist on the corridor.[40] An eating establishment with character and low overhead would draw people to the neighborhood, create community identity, and serve local residents.

Property Ownership and Property Values

According to the 2007 charrette, one-third of the properties along the corridor are owner-occupied.[41] Other properties are owned by absentee landlords who do not adequately maintain them and are difficult to reach.[42] There are multiple property owners along the corridor, with various commitments to their properties, and most of the property owners do not share a common vision for what they would like to see along the corridor. In addition, as will be addressed below, there seems to be unwillingness among owners to reasonably appraise their property. This lack of cohesive vision among those who own the most important asset in the neighborhood—the land—means that redevelopment will either occur haphazardly in an effort to avoid certain property owners or will require a lot of communication and effort to engage them in the comprehensive redevelopment process. If land owners are currently not motivated to be involved in these conversations, it may not be the right time in the lifecycle of property on West Chapel Hill Street to organize them. If a long-term redevelopment plan is created, however, property can be acquired over time as it becomes available.

One of the current challenges to acquiring property along the corridor is high sale prices. From conversations with real estate professionals who have looked at properties on this corridor, some of which are on the market now and some which have been on the market in the past, there seems to be a gap between what the property is worth and what the property owner is asking for the property. One such example is the day care center with an asking price three times what the property/business is worth.[43] In addition, there were only two property sales between 2000 and 2005;[44] such infrequent activity makes it difficult to establish average market value for property along the street. Because of the small size of the corridor, the fact that deals will not make enough money to be worth the time and energy, and the fact that there has not been much real estate activity along it for some time, real estate brokers and other professionals have not been active in the neighborhood.[45] This infrequent activity contributes to the lack of accurate and current information and also prevents the corridor from being introduced to potential buyers and/or tenants.

[39] "Downtown City Center District," 7.
[40] Heyward.
[41] "Community Recommendations to Create Vitality," 3.
[42] Heyward.
[43] Anonymous. Personal interview, February 2010.
[44] Bhatt et al, 46.
[45] Jeff Miller, Phone interview, 25 January 2010.

Given that West Chapel Hill Street is a gateway into downtown and a major route to Duke University, it would make sense that property owners want to capitalize on their location. Property values, however, take time to appreciate and at this particular point in time, the properties are not worth the asking price. No developer or individual is going to pay more than market value for property. The fact that owners are asking more than what their properties are worth has prevented potential purchasers—namely Duke—from seriously looking at properties along the corridor.[46] Owners need to understand the true value of their property.

Recommendation:

- Pursue a proactive strategy to build relationships with property owners. Engage property owners in forming a unified vision for the future of the corridor and, when they decide to sell, encourage them to understand the appropriate value of their property. While organizing property owners can be done in concert with organizing the merchants, it is a higher priority. Explore ways that property owners can share the risk and the profit with future developers, such as a profit participation agreement where the property owner acts as a silent partner with a developer and benefits from land appreciation over time.

Retail Mix and Business Ownership

West Chapel Hill Street hosts a wide variety of businesses and services, from accountants to auto repair shops to churches. Because there are multiple owners who run a variety of different businesses, the corridor lacks a conformity which is essential for a strong commercial real estate market. This lack of unity among the types of retail and services also prevents business owners from being able to coordinate on business development and other initiatives, gives the corridor a hodgepodge feeling, draws separate customer bases, and brings people to the corridor at mismatched times (i.e. those who attend church on Sunday cannot patronize businesses that are closed during that time). Potential retailers may be hesitant to move into a neighborhood with such a random mix of businesses.[47]

Business owners, whether or not they own the property, need a cohesive vision for a thriving business district. The literature emphasizes the importance of a strong merchants association which can share information, collaborate, and use their collective voice to address local problems. Merchant unity and commitment are also important for retaining and recruiting other local businesses.[48] On the other hand, a disorganized or fragmented business community restricts the ability to plan, manage, lead, and market the business district.[49]

According to the former chairman of the Economic Development Committee of QOL, there is not a business leader that currently wants to facilitate a merchants alliance nor has there been much involvement by the business community in QOL.[50] Some have been involved in specific projects and initiatives in the past (i.e. the charrette), but there has not been any sustained commitment. Rob suspects that there is not interest or time. He also cites the lack of something to organize around and the fact that business owners will only be involved in something that

[46] Selig.
[47] Hill.
[48] Kemp.
[49] Murphy and Cunningham.
[50] Rob Gillespie, Personal interview, 18 November, 2009.

directly benefits them. This is not unusual: merchants often focus on a specific issue or project, but ultimately find it difficult to sustain membership and funding over the long run.[51] Engaging business owners is critical and QOL is already reaching out to business owners on the street.

Recommendation:

- Continue organizing business owners to act as a partner with the city, with private investors, and with community groups. Using the zoning initiative as an organizing tool is a good idea, but identify a leader for the group and a way of sustaining commitment to the merchants alliance. If a business owner is also the property owner, discuss with them possible strategies for long-term redevelopment (see above).

Leadership and Capacity

In my research, I have been unable to identify a leader for any type of revitalization effort. The city does not have the financial capacity for all of its projects, the private sector has not demonstrated much interest in the corridor, and many property owners along the corridor are not interested in participating in these efforts. Yet there is tremendous work that needs to be done in order to move the revitalization efforts forward. While QOL is trying their best to drive the process, a small group of volunteers will ultimately be unable to accomplish the tasks necessary for significant revitalization. It is uncertain whether QOL has the capacity, energy, and leadership required to implement a comprehensive redevelopment strategy.

The most critical need for this corridor is to have a dedicated staff or team that cares about the neighborhood, is excited to pursue the goals of redevelopment and revitalization, and can guide the neighborhood through the potential changes in the years ahead. To reemphasize one of the themes from Jill Homan's 2006 Master's Project, champions win at redevelopment.[52] For any project to be successful there needs to be a person or organization with vision, leadership, ability to execute, and important relationships.

Recommendation:

- Work with Downtown Durham, Inc. (DDI) to hire a Gateway Manager. DDI's public-private partnership model has been successful in revitalizing downtown Durham. As downtown continues to improve, encourage DDI to expand their focus to the gateways leading to downtown. While DDI is the best place for such a position, a Main Street Manager for the West Chapel Hill Street corridor could also be housed at Duke University or at the City of Durham. Having dedicated staff would supplement the limited volunteer capacity of QOL and could focus on guiding the revitalization process and building relationships.

Zoning

West Chapel Hill Street is an urban neighborhood stuck with suburban zoning requirements. Potential businesses that have looked into locating on West Chapel Hill Street have been deterred because of the zoning, specifically the parking requirements, the side and front yard requirements, and the buffer requirements. For example, the owner of the restaurant Nosh looked

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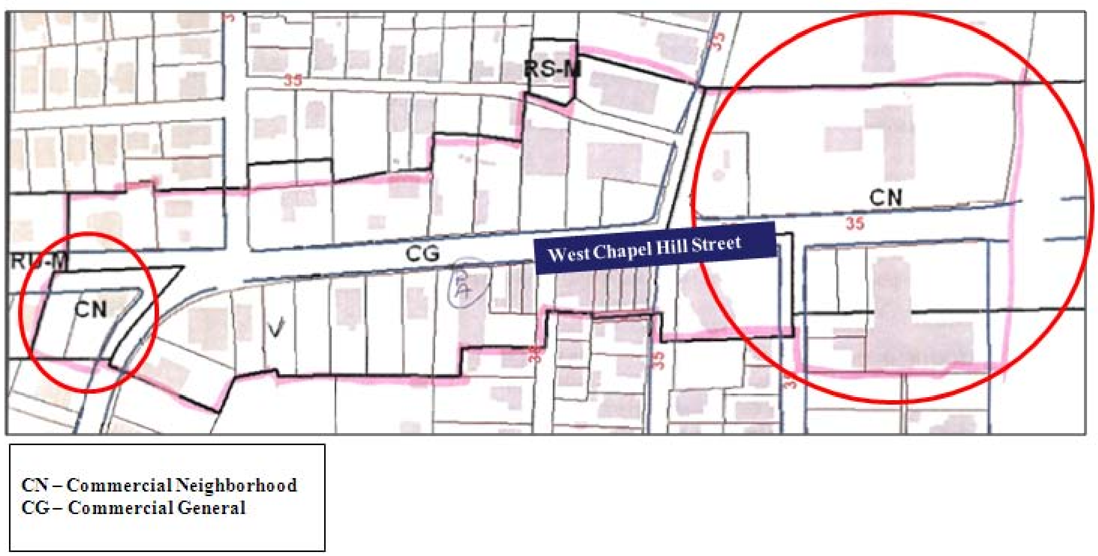
[51] "Neighborhood Commercial Revitalization."

[52] Jill Homan, Can Small to Medium Size Redevelopment Projects Benefit Residents in Urban Neighborhoods? (Durham: Duke University Sanford School of Public Policy, 2006), 39.

into West Chapel Hill Street as a potential location but could not find a site large enough to accommodate the number of parking spaces she was required to have by the zoning ordinance.[53] In a 2008 report by Steven Gaddis, he states that, "the most limiting factor for development of these sites is the amount of parking required."[54]

In addition to parking requirements, there are two different zones on West Chapel Hill Street. From Buchanan Boulevard to the intersection of Kent and West Chapel Hill Streets, the parcels are zoned Commercial General (see Map 3) which "provides for a wide variety of commercial activities of varying scales that are designed to be served by major thoroughfares" (see Appendix C).[55] On the edges of the Commercial General zone are Commercial Neighborhood zones (see Map 3), which "provides for modest-scale commercial centers in close proximity to residential areas (see Appendix C)."[56]



Map 3

It is unclear how the mix of Commercial General and Commercial Neighborhood requirements have impacted the viability of West Chapel Hill Street, but the Durham City-County Planning Department is reviewing this issue which is discussed in greater detail in Section 9.

Almost all of the commercial parcels that line West Chapel Hill Street also abut residential properties, indicating the transition from commercial area to residential area is very abrupt. This can even be seen in specific parcels which have been split into two different zones (see Map 4). Again, it is unclear how this split zoning is impacting parcel redevelopment along the corridor, but the implications of it must be explored further.

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[53] Gillespie.
[54] Steven Gaddis, West Chapel Hill Street Development Potential (Durham: 2008), 9.
[55] "Durham City-County Unified Development Ordinance," Updated 17 February 2010, 19 February 2010, http://ww2.durhamnc.gov/udo/.
[56] "Durham City-County Unified Development Ordinance."

Zoning can often be an obstacle to redevelopment and investment because zoning laws are outdated and do not allow for a mix of uses, primarily the mix of commercial and residential. Some zoning and building codes can prevent or discourage rehabilitation projects which are necessary in older urban neighborhoods.[57] Business owners and developers want to be confident that the zoning will support their new business or construction project.

-Pink line is parcel boundary
-Heavy black line is zoning boundary

Map 4

Recommendation:

- Work closely with the Planning Department to 1) move the review and potential rezoning process forward, 2) ensure that the zoning will allow for mixed-use development (i.e. residential and commercial), and 3) determine the benefits and shortcomings of mixing Commercial Neighborhood and Commercial General. In addition, since the Planning Department is no longer exploring the possibility of a zoning overlay, determine what happens if certain neighborhoods oppose the comprehensive zoning changes and how that will impact the West Chapel Hill Street corridor. Use the zoning initiative as an organizing tool for local merchants. Business owners and QOL should be involved throughout the process to ensure that the resulting zoning changes are favorable to development and investment along the corridor.

Physical Condition

While physical appearance was not explicitly mentioned as a challenge to the corridor, it was implied by the frequency at which interviewees mentioned streetscape improvements as a primary way to prepare for investment. The noticeable lack of street trees and street infrastructure (such as benches and streetlights) contribute to an overall uninviting commercial district. This dark and uninviting atmosphere can also foster crime. Therefore, the best way to deter crime is "lighting, lighting, lighting."[58] As a gateway to downtown, it is important to have a physically attractive streetscape.

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[57] "Commercial District Advisor," Posting for 16 November 2009. 9 February 2010. http://commercialdistrictadvisor.blogspot.com/

[58] Wiese.

Recommendation:

- Assertively advocate for the limited streetscape improvement funds from the City of Durham. While there may be some discomfort with competing against other neighborhoods for these funds, interviewees repeatedly mentioned streetscape improvements as a critical precursor to investment. The corridor could act as a demonstration project to other neighborhoods and act as a model for how to use these improvement funds. The corridor's location as a downtown gateway positions it well to receive these improvements and this must be a priority for QOL. Pursue adequate lighting as a deterrent to crime. Sidewalk, landscape, and street improvements have been recommended in previous reports, most recently the 2007 Targeted Revitalization Plan and charrette.[59] In addition, moving forward on pedestrian improvements along the bridge over Highway 147 will help in creating a strong connection to downtown.

Bridge over Highway 147

[59]Target Area Revitalization Plan (Durham: 2007 Update), 28; "Community Recommendations to Create Vitality."

Section 9: Current Initiatives

Despite the challenges mentioned above, including parking limitations, zoning constraints, and a lack of cohesiveness amongst property owners, there are a number of current initiatives that could significantly help prepare the corridor for investment.

Zoning Effort[60]

QOL has been working with the Durham City-County Planning Department for some time on potential zoning changes which could benefit the corridor. As of January 2010, it was thought that a zoning overlay would be created to establish a pedestrian commercial zone. As of mid-February 2010, it appears that the city is taking a different approach which has the potential to address challenges in multiple neighborhood commercial districts throughout the city.

Instead of adding an overlay and requiring property owners to adhere to an additional set of requirements, the Planning Department wants to change the existing zoning code to include more uses and make current uses more permissive. The Planning Department has identified 20 similar neighborhoods in Durham's Urban Tier that all have a commercial center. They are then collecting information about what is working in these neighborhoods and what is not. Based on this information, the Department hopes to change the Unified Development Ordinance in a way that will implement the successful elements throughout these neighborhoods.

The zoning constraints faced by West Chapel Hill Street were the catalyst for this project and the hope is to discover ways to change the zoning that will not only benefit this corridor by directly addressing the challenges, but also benefit neighborhoods throughout the city. The specific issues to be evaluated include parking requirements, setback requirements, and buffer requirements (including shrubs, trees, and fences). They are eager for involvement from the community. Given that the project has expanded beyond West Chapel Hill Street to a broader range of neighborhoods, this initiative will be more comprehensive but will also take longer to evaluate and implement. The Planning Department hopes to have public input this spring and fall and move forward from that point.

Housing Rehabilitation

Many of the houses in the neighborhood are being redeveloped. Over the past five years, more than 100 homes have been built or rehabbed.[61] This increased occupancy and the stability that comes with homeownership will help improve the neighborhood.

Streetscaping Project

Physically improving the condition of the corridor is a significant way to prepare the neighborhood for investment and to indicate that there is initial investment already occurring. Not only does it demonstrate to investors and retailers that the corridor is ready for investment, it can also reduce crime and build community identity and pride. According to the website of the Office of Economic and Workforce Development, the streetscaping program "works to enhance

[60] Kramer.
[61] Heyward.

the design and visual appeal of five existing commercial corridors in Durham to promote economic development and enhance quality of life in the identified communities."[62]

West Chapel Hill Street, from Buchanan Boulevard to Kent Street, is one of the Neighborhood Commercial Corridors selected by the city for streetscape improvements, including street and pedestrian lights, crosswalks, street furniture, and street trees and other landscape improvements. E.G. & G. Inc. is the contractor developing the plans. The project calendar ends at February 2009 and, according to the website, the project is still in the input, inventory, and evaluation phases, although there are concepts designs that exist such as the one below. Budget discussions for 2011 will most likely involve a decision on which corridor will receive the necessary funding to complete this project.[63] While this was not a significant component of my research, the recommendation in Section 8 emphasizes the importance of advocating for the implementation of this project on West Chapel Hill Street. If the West Chapel Hill Street corridor receives financial and political support from the city for streetscape improvements, this could be a tremendous community asset.

View of Existing Conditions along West Chapel Hill Street looking west to Kent Street

View of Planned Improvements along West Chapel Hill Street looking west to Kent Street

Source: EG&G 2009

[62] "Durham Office of Economic and Workforce Development."
[63] Kramer.

Section 10: Conclusion and Value to Planning

West Chapel Hill Street may initially seem to be a good location for a pharmacy, but the overwhelming perspective from real estate professionals and pharmacy owners and representatives is that this corridor is *not* the right location. Even though the surrounding neighborhood wants convenience retail, there are not enough people in the 1 mile trade area to support a national drugstore chain, nor are there parcels large enough or visible enough to satisfy the site location criteria of these companies. Independent pharmacies are concerned with safety and want to locate in a neighborhood where crime is not perceived to be an issue and where there will not be competing businesses.

Despite being the primary thoroughfare connecting Duke University and downtown Durham, one issue with the corridor is the fact that it is a "no man's land." While there may be thousands of commuters who drive along the street each day, they are unlikely to stop in the middle of their trip and are more likely to shop closer to their origin or destination. Without a destination along the corridor, commuters will have no reason to stop. This highlights the tension between serving the needs of the local residents and appealing to commuters. Given that the population and income level of the surrounding neighborhoods could not alone support retail enterprises and given that commuters are not likely to stop in the middle of their trip, the West Chapel Hill Street corridor requires a hybrid strategy of recruiting a business that will appeal to *both* residents and commuters. In the short term, a business such as a unique eating establishment would not only bring people to the neighborhood, but would also provide dining options for residents. In the long term, a strategic redevelopment plan can also establish destinations along the corridor, provide adequate parking, and appeal to the shopping needs of commuters and local residents.

In order to create this long-term redevelopment strategy, many of the obstacles that the corridor faces will need to be overcome. Like many older urban commercial districts, West Chapel Hill Street is challenged by a lack of convenient parking, small parcels, a mismatch of architectural styles and business types, outdated zoning ordinances, an unattractive streetscape, and a lack of organization amongst property and business owners. Moreover, these problems are being addressed by a small group of committed volunteers who may not have the expertise, time, or energy to adequately implement solutions.

These challenges deter potential investors and retailers who want to see large parcels ready for new development, an active and involved business community, supportive zoning, and adequate customer parking. In order to prepare the West Chapel Hill Street corridor for future investment, it will be essential to improve the streetscape, organize both the property owners and the business owners, ensure that the zoning ordinance is accommodating to mixed-use redevelopment, and provide the leadership to see these initiatives succeed. At the same time, a strategic plan must be created that will incorporate patient land acquisition, cohesive redevelopment, and strong partnerships with the public sector, private sector, and local community.

Perceptions change over time, as is clearly evidenced by the revitalization of downtown Durham, and if QOL and the West Chapel Hill Street community directly and strategically address the challenges that face them, the corridor will be able to successfully attract private and public investment in the future.

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Interviews and Acknowledgements

The individuals interviewed for this report represent organizations with substantial experience in real estate, retail, local government, and community development. Without their time and insights, much of this paper would not have been possible. Their willingness to help and to offer important information is tremendously appreciated.

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Appendix A: Vacant and Underutilized Properties

700 Kent

- Description: 3-floor beige building at Kent Street and West Chapel Hill Street
- Use: office for Carolina Academic Press (textbook publisher)
- Potential: ground floor has potential as retail space
- Owners: Keith and Linda Sipe

718 Kent

- Description: house
- Use: vacant and boarded up
- Potential: the sign says that it is a commercial property for sale, but it is no longer zoned commercial and is now residential
- Owner: Paul Cornigan

1104 West Chapel Hill Street

- Description: small, white structure east of Food for Life Supreme
- Use: dispatch center and parking lot for Dixon Taxi Cab
- Potential: site appears vacant initially; even though it is not, it is underutilized

1007 West Chapel Hill Street

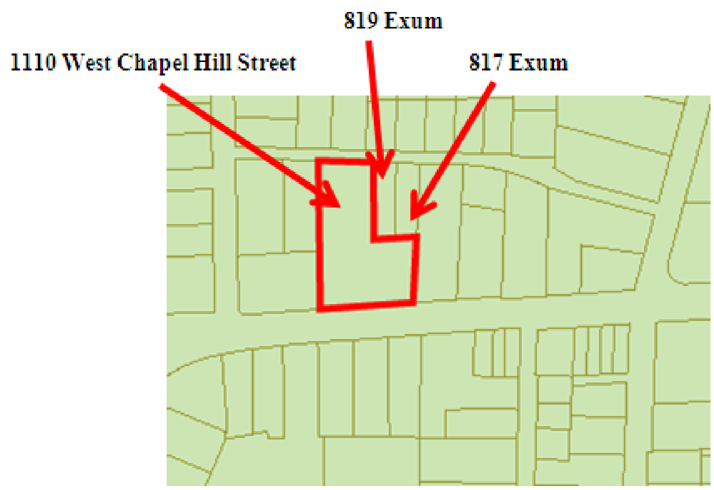
- Description: prime retail space in between Islamic Center and Durham's Best Cab Company
- Use: Currently vacant, although it rents as a nightclub on occasion
- Potential: as of March 31, it looks like a custom silk screening business is coming soon

1009 West Chapel Hill Street

- Description: large space on the corner of Carroll and West Chapel Hill Streets
- Use: Ar-Razzaq Islamic Center
- Potential: the center is trying to raise money in order to move farther south; may be vacant in the future

1110 West Chapel Hill Street

- Description: former gas station on the largest parcel along the corridor (.7 acres)
- Use: University Market
- Potential: owners have previously expressed interest in selling their property but are not actively marketing it; with 817 and 819 Exum, the parcel is a large rectangle
- Owner: Ayda and Hala Saleh



817 Exum Street

- Description: house
- Use: as of February 8, does not appear to be vacant
- Potential: this parcel is one of two that fills out the square lot where University Market is located
- Owner: Durham Community Land Trustees

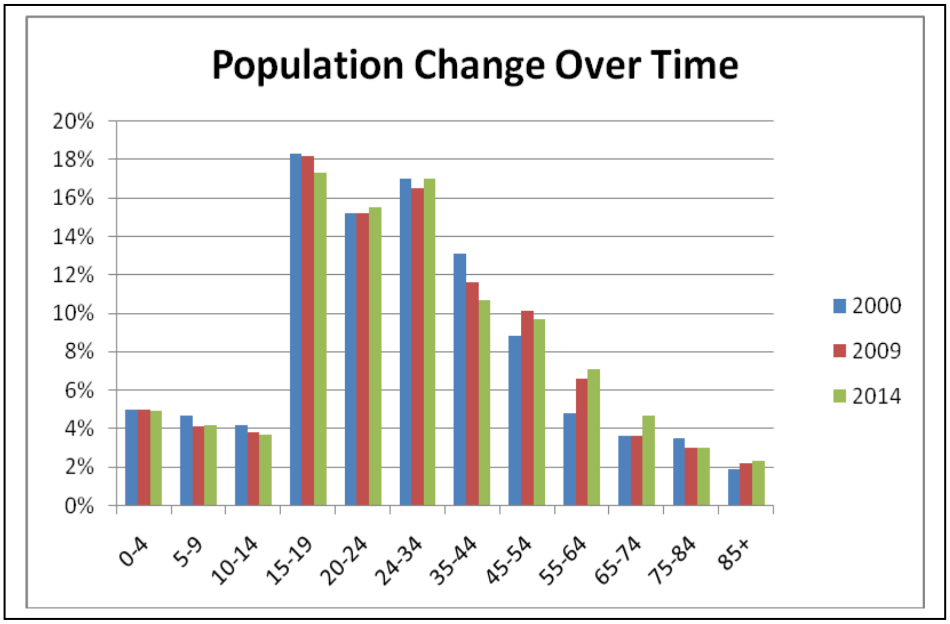
1117 West Chapel Hill Street

- Description: lot
- Use: vacant
- Potential: there have been several ideas about what to do with it, including more parking, a community park or garden with gazebo and statues of Pauli Murray, or landscaping it and adding a small greenway from Jackson Street; since this parcel is owned by a partner, it could be part of a larger redevelopment plan
- Owner: Self-Help Ventures Fund

1119, 1121 West Chapel Hill Street

- Description: small building next to the vacant lot
- Use: day care center
- Potential: as of February 8, property was for sale and has been for a year
- Owners: Minnie and Archie Rahmaan

Appendix B: Population Change Over Time



Appendix C: Zoning Definitions and Map

From the Durham City-County Unified Development Ordinance (http://ww2.durhamnc.gov/udo/)

Commercial Neighborhood (CN)

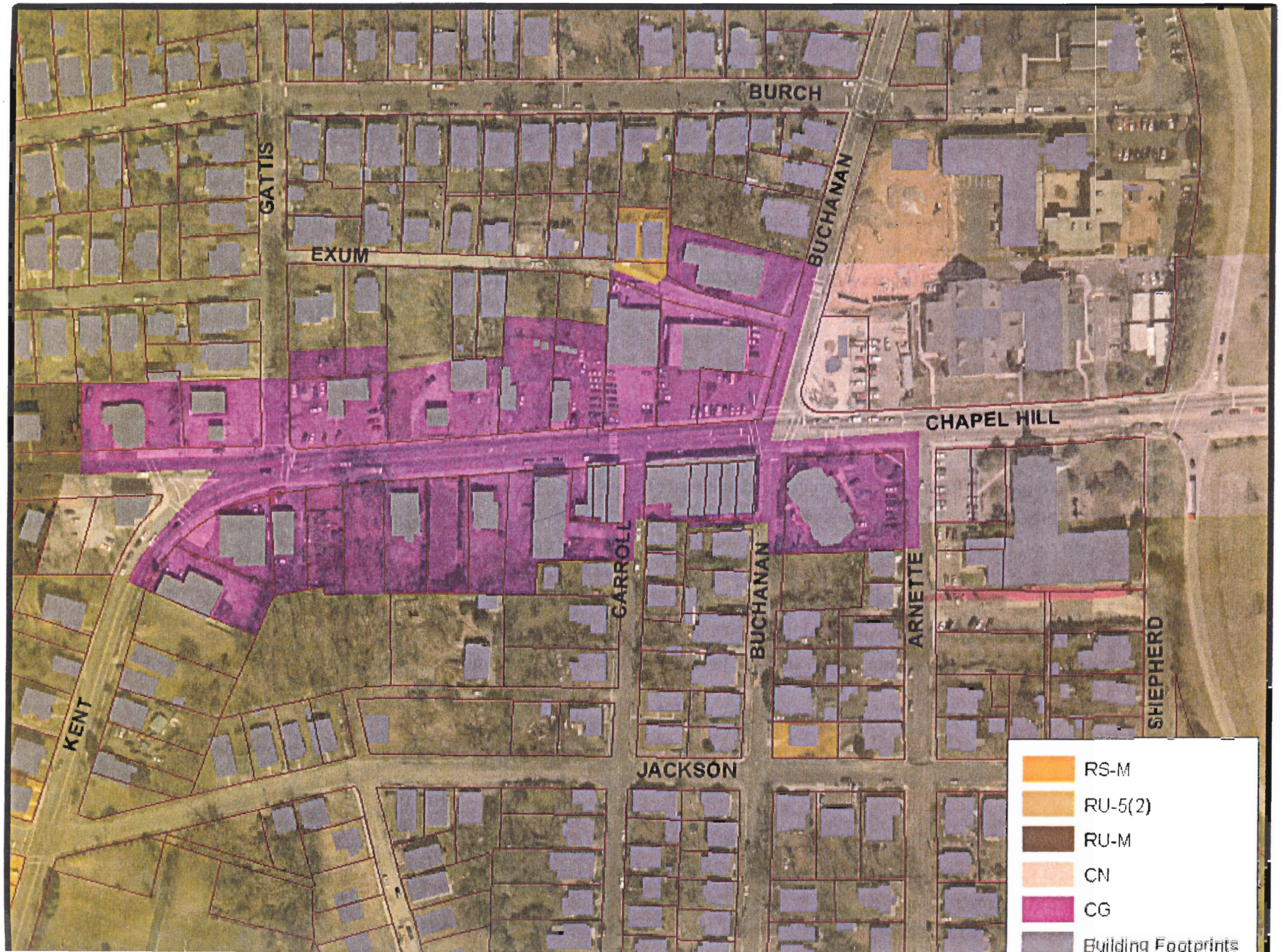
The CN District is established to provide for modest-scale commercial centers in close proximity to residential areas that offer limited commercial uses to satisfy the needs of the surrounding neighborhood. Compatibility is facilitated through design standards and buffering that provide for walkable, pedestrian-oriented development that complements nearby residential neighborhoods. The district is not intended for use by major or large-scale commercial sales, service or automotive-oriented activities. The CN District is only appropriate in locations that have direct access to residential neighborhoods.

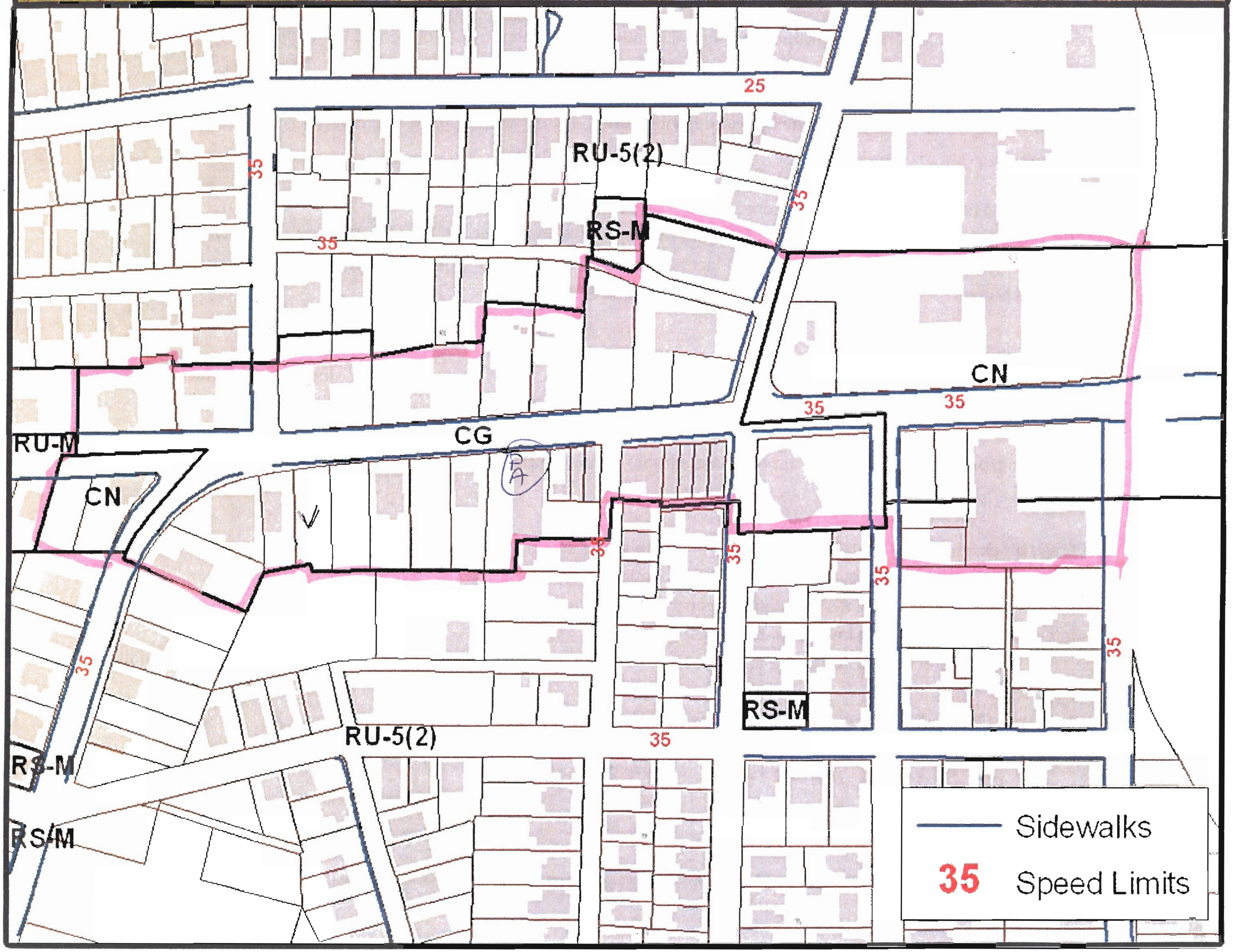
Commercial General (CG)

The CG District is established to provide for a wide variety of commercial activities of varying scales that are designed to be served by major thoroughfares. It is the intent of this district to provide sufficient size and depth of property to meet business needs, yet maintain safe traffic flows. Businesses in this district should be sited convenient to automotive traffic. Development in the CG district should provide safe pedestrian access to adjacent residential areas.

West Chapel Hill

January & February 2010 Group___




25
RU-5(2)
35
RS-M
35
CN
35
35
RU-M
CG
CN
35
35
35
35
35
RS-M
RU-5(2)
35
RS-M
RS-M
Sidewalks
35 Speed Limits

Appendix D: West End Demographic Report

Appendix E: "Turning Around Downtown: Twelve Steps to Revitalization"

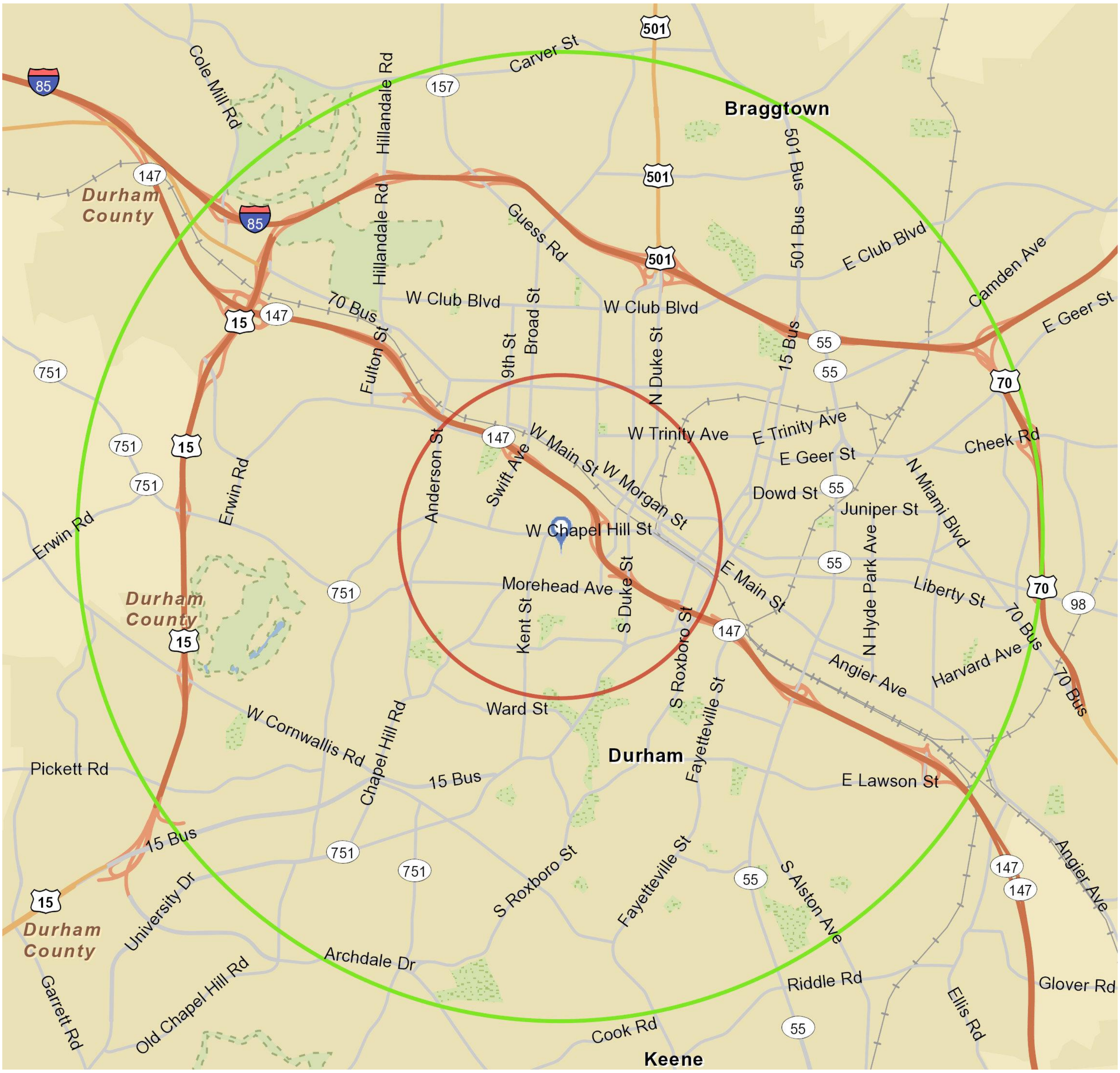
Site Map

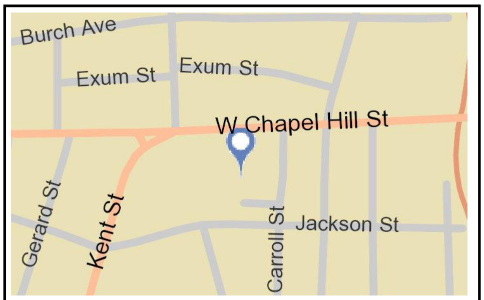
West End Demographics

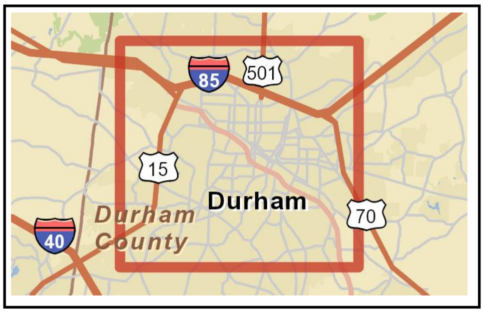
1109 W Chapel Hill St, Durha...

Latitude: 35.996446
Longitude: -78.916405

Site Type: Ring | **Rings: 1, 3 Miles**







Executive Summary

West End Demographics

1109 W Chapel Hill St, Durham, NC, 27701

Site Type: Ring	Radius: 1 Miles	Radius: 3 Miles
2009 Population		
Total Population	12,430	91,867
Male Population	50.9%	49.5%
Female Population	49.1%	50.5%
Median Age	26.9	29.8
2009 Income		
Median HH Income	$31,408	$37,096
Per Capita Income	$20,420	$20,473
Average HH Income	$48,376	$50,742
2009 Households		
Total Households	4,516	35,007
Average Household Size	2.22	2.37
2009 Housing		
Owner Occupied Housing Units	21.5%	30.5%
Renter Occupied Housing Units	66.5%	57.2%
Vacant Housing Units	12.1%	12.3%
Population		
1990 Population	9,157	79,592
2000 Population	11,763	88,489
2009 Population	12,430	91,867
2014 Population	12,693	94,550
1990-2000 Annual Rate	2.54%	1.07%
2000-2009 Annual Rate	0.6%	0.41%
2009-2014 Annual Rate	0.42%	0.58%

In the identified market area, the current year population is 91,867. In 2000, the Census count in the market area was 88,489. The rate of change since 2000 was 0.41 percent annually. The five-year projection for the population in the market area is 94,550, representing a change of 0.58 percent annually from 2009 to 2014. Currently, the population is 49.5 percent male and 50.5 percent female.

Households		
1990 Households	4,286	32,825
2000 Households	4,269	33,897
2009 Households	4,516	35,007
2014 Households	4,633	36,141
1990-2000 Annual Rate	-0.04%	0.32%
2000-2009 Annual Rate	0.61%	0.35%
2009-2014 Annual Rate	0.51%	0.64%

The household count in this market area has changed from 33,897 in 2000 to 35,007 in the current year, a change of 0.35 percent annually. The five-year projection of households is 36,141, a change of 0.64 percent annually from the current year total. Average household size is currently 2.37, compared to 2.36 in the year 2000. The number of families in the current year is 17,741 in the market area.

Housing

Currently, 30.5 percent of the 39,901 housing units in the market area are owner occupied; 57.2 percent, renter occupied; and 12.3 percent are vacant. In 2000, there were 36,981 housing unitsâ€" 32.9 percent owner occupied, 58.8 percent renter occupied and 8.3 percent vacant. The rate of change in housing units since 2000 is 0.82 percent. Median home value in the market area is $127,056, compared to a median home value of $162,279 for the U.S. In five years, median home value is projected to change by 1.75 percent annually to $138,576. From 2000 to the current year, median home value changed by 2.69 percent annually.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2009 and 2014. ESRI converted 1990 Census data into 2000 geography.

1109 W Chapel Hill St, Durham, NC, 27701

Site Type: Ring	Radius: 1 Miles	Radius: 3 Miles
Median Household Income		
1990 Median HH Income	$17,253	$21,512
2000 Median HH Income	$25,154	$30,023
2009 Median HH Income	$31,408	$37,096
2014 Median HH Income	$32,342	$39,101
1990-2000 Annual Rate	3.84%	3.39%
2000-2009 Annual Rate	2.43%	2.31%
2009-2014 Annual Rate	0.59%	1.06%
Per Capita Income		
1990 Per Capita Income	$13,194	$12,187
2000 Per Capita Income	$15,754	$17,097
2009 Per Capita Income	$20,420	$20,473
2014 Per Capita Income	$21,427	$21,511
1990-2000 Annual Rate	1.79%	3.44%
2000-2009 Annual Rate	2.84%	1.97%
2009-2014 Annual Rate	0.97%	0.99%
Average Household Income		
1990 Average Household Income	$26,821	$28,553
2000 Average Household Income	$39,080	$42,411
2009 Average HH Income	$48,376	$50,742
2014 Average HH Income	$50,162	$52,993
1990-2000 Annual Rate	3.84%	4.04%
2000-2009 Annual Rate	2.33%	1.96%
2009-2014 Annual Rate	0.73%	0.87%

Households by Income

Current median household income is $37,096 in the market area, compared to $54,719 for all U.S. households. Median household income is projected to be $39,101 in five years. In 2000, median household income was $30,023, compared to $21,512 in 1990.

Current average household income is $50,742 in this market area, compared to $71,437 for all U.S. households. Average household income is projected to be $52,993 in five years. In 2000, average household income was $42,411, compared to $28,553 in 1990.

Current per capita income is $20,473 in the market area, compared to the U.S. per capita income of $27,277. The per capita income is projected to be $21,511 in five years. In 2000, the per capita income was $17,097, compared to $12,187 in 1990.

Population by Employment

Total Businesses	1,215	4,249
Total Employees	23,418	68,539

Currently, 84.2 percent of the civilian labor force in the identified market area is employed and 15.8 percent are unemployed. In comparison, 89.4 percent of the U.S. civilian labor force is employed, and 10.6 percent are unemployed. In five years the rate of employment in the market area will be 89.6 percent of the civilian labor force, and unemployment will be 10.4 percent. The percentage of the U.S. civilian labor force that will be employed in five years is 92.9 percent, and 7.1 percent will be unemployed. In 2000, 62.1 percent of the population aged 16 years or older in the market area participated in the labor force, and 0.1 percent were in the Armed Forces.

In the current year, the occupational distribution of the employed population is:

- 58.6 percent in white collar jobs (compared to 61.5 percent of U.S. employment)
- 21.2 percent in service jobs (compared to 17.1 percent of U.S. employment)
- 20.2 percent in blue collar jobs (compared to 21.4 percent of U.S. employment)

In 2000, 59.8 percent of the market area population drove alone to work, and 2.6 percent worked at home. The average travel time to work in 2000 was 20.3 minutes in the market area, compared to the U.S. average of 25.5 minutes.

Population by Education

In 2009, the educational attainment of the population aged 25 years or older in the market area was distributed as follows:

- 23.0 percent had not earned a high school diploma (16.2 percent in the U.S.)
- 21.9 percent were high school graduates only (29.8 percent in the U.S.)
- 5.5 percent had completed an Associate degree (7.2 percent in the U.S.)
- 17.3 percent had a Bachelor's degree (17.0 percent in the U.S.)
- 16.3 percent had earned a Master's/Professional/Doctorate Degree (9.8 percent in the U.S.)

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2009 and 2014. ESRI converted 1990 Census data into 2000 geography. Business data provided by InfoUSA, Omaha NE Copyright 2009, all rights reserved.

Demographic and Income Profile

West End Demographics

1109 W Chapel Hill St, Durha...

Latitude: 35.996446
Longitude: -78.916405
Site Type: Ring **Radius: 1 Miles**

Summary	2000	2009	2014
Population	11,763	12,430	12,693
Households	4,269	4,516	4,633
Families	1,793	1,762	1,765
Average Household Size	2.23	2.22	2.22
Owner Occupied HUs	1,099	1,102	1,090
Renter Occupied HUs	3,170	3,413	3,543
Median Age	26.4	26.9	27.3

Trends: 2009-2014 Annual Rate	Area	State	National
Population	0.42%	1.58%	0.91%
Households	0.51%	1.68%	0.94%
Families	0.03%	1.45%	0.74%
Owner HHs	-0.22%	1.70%	1.19%
Median Household Income	0.59%	0.85%	0.80%

	2000		2009		2014	
Households by Income	Number	Percent	Number	Percent	Number	Percent
< $15,000	1,355	31.4%	1,159	25.7%	1,183	25.5%
$15,000 - $24,999	789	18.3%	635	14.1%	645	13.9%
$25,000 - $34,999	593	13.7%	679	15.0%	656	14.2%
$35,000 - $49,999	500	11.6%	612	13.5%	588	12.7%
$50,000 - $74,999	496	11.5%	581	12.9%	590	12.7%
$75,000 - $99,999	243	5.6%	445	9.9%	545	11.8%
$100,000 - $149,999	176	4.1%	200	4.4%	205	4.4%
$150,000 - $199,000	91	2.1%	89	2.0%	95	2.1%
$200,000+	70	1.6%	117	2.6%	126	2.7%
Median Household Income	$25,154		$31,408		$32,342	
Average Household Income	$39,080		$48,376		$50,162	
Per Capita Income	$15,754		$20,420		$21,427	

	2000		2009		2014	
Population by Age	Number	Percent	Number	Percent	Number	Percent
0 - 4	586	5.0%	618	5.0%	624	4.9%
5 - 9	549	4.7%	515	4.1%	534	4.2%
10 - 14	498	4.2%	474	3.8%	470	3.7%
15 - 19	2,149	18.3%	2,260	18.2%	2,190	17.3%
20 - 24	1,792	15.2%	1,891	15.2%	1,961	15.5%
25 - 34	1,997	17.0%	2,048	16.5%	2,157	17.0%
35 - 44	1,545	13.1%	1,443	11.6%	1,362	10.7%
45 - 54	1,030	8.8%	1,255	10.1%	1,232	9.7%
55 - 64	565	4.8%	818	6.6%	907	7.1%
65 - 74	420	3.6%	453	3.6%	594	4.7%
75 - 84	408	3.5%	378	3.0%	375	3.0%
85+	227	1.9%	279	2.2%	286	2.3%

	2000		2009		2014	
Race and Ethnicity	Number	Percent	Number	Percent	Number	Percent
White Alone	5,221	44.4%	5,100	41.0%	4,912	38.7%
Black Alone	4,982	42.4%	4,992	40.2%	4,916	38.7%
American Indian Alone	39	0.3%	44	0.4%	47	0.4%
Asian Alone	513	4.4%	680	5.5%	778	6.1%
Pacific Islander Alone	5	0.0%	6	0.0%	6	0.0%
Some Other Race Alone	696	5.9%	1,195	9.6%	1,562	12.3%
Two or More Races	307	2.6%	413	3.3%	472	3.7%
Hispanic Origin (Any Race)	1,373	11.7%	2,138	17.2%	2,656	20.9%

Data Note: Income is expressed in current dollars.

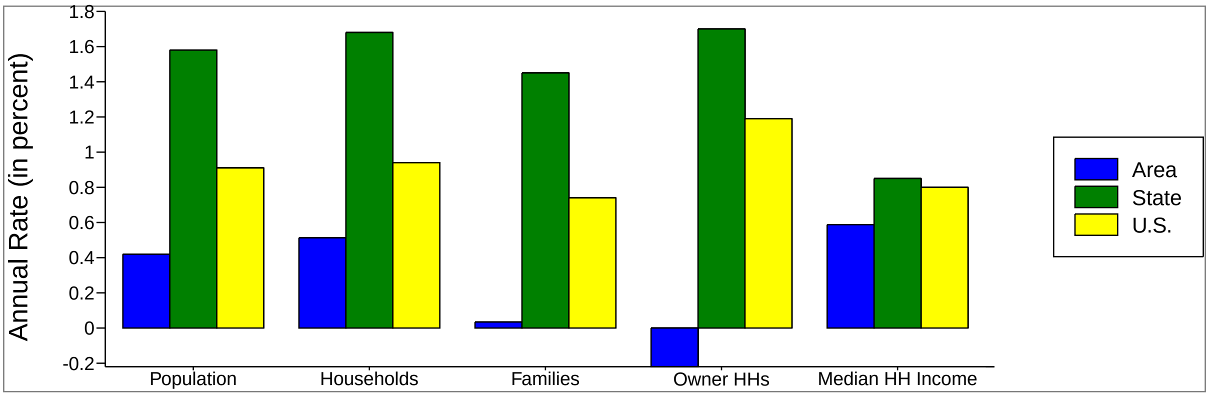
Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2009 and 2014.

West End Demographics

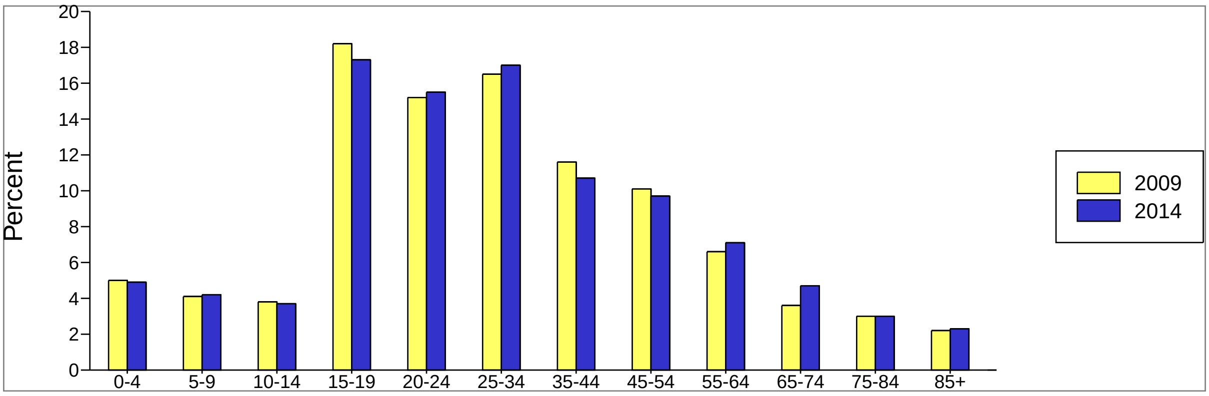
1109 W Chapel Hill St, Durha...

Latitude: 35.996446
Longitude: -78.916405
Site Type: Ring
Radius: 1 Miles

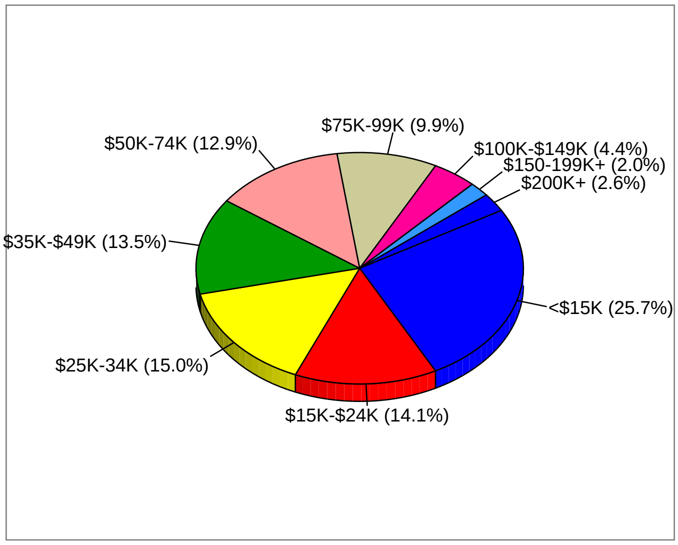
Trends 2009-2014



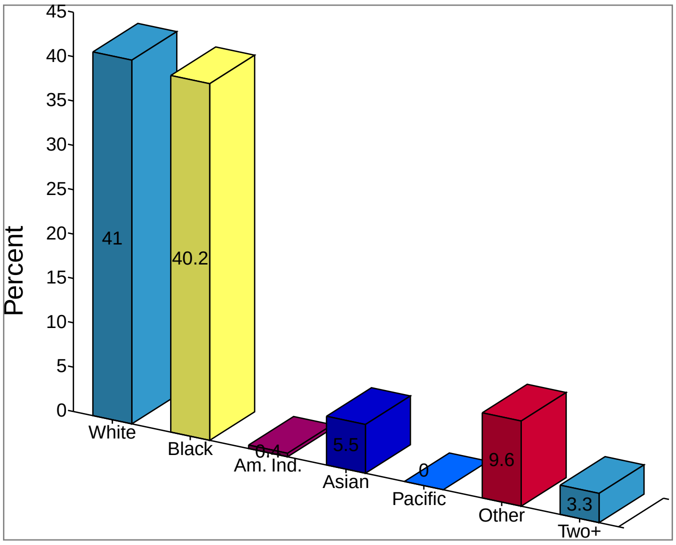
Population by Age



2009 Household Income



2009 Population by Race



2009 Percent Hispanic Origin: 17.2%

Demographic and Income Profile

West End Demographics

1109 W Chapel Hill St, Durha...

Latitude: 35.996446
Longitude: -78.916405
Site Type: Ring **Radius: 3 Miles**

Summary	2000	2009	2014
Population	88,489	91,867	94,550
Households	33,897	35,007	36,141
Families	18,184	17,741	17,948
Average Household Size	2.36	2.37	2.37
Owner Occupied HUs	12,152	12,166	12,518
Renter Occupied HUs	21,744	22,841	23,622
Median Age	29.1	29.8	29.9

Trends: 2009-2014 Annual Rate	Area	State	National
Population	0.58%	1.58%	0.91%
Households	0.64%	1.68%	0.94%
Families	0.23%	1.45%	0.74%
Owner HHs	0.57%	1.70%	1.19%
Median Household Income	1.06%	0.85%	0.80%

	2000		2009		2014	
Households by Income	Number	Percent	Number	Percent	Number	Percent
< $15,000	8,757	25.9%	7,386	21.1%	7,444	20.6%
$15,000 - $24,999	5,671	16.7%	4,342	12.4%	4,399	12.2%
$25,000 - $34,999	4,930	14.6%	4,826	13.8%	4,672	12.9%
$35,000 - $49,999	5,229	15.4%	5,573	15.9%	5,492	15.2%
$50,000 - $74,999	4,928	14.6%	5,611	16.0%	5,658	15.7%
$75,000 - $99,999	1,988	5.9%	4,221	12.1%	5,236	14.5%
$100,000 - $149,999	1,458	4.3%	1,783	5.1%	1,857	5.1%
$150,000 - $199,000	424	1.3%	679	1.9%	730	2.0%
$200,000+	479	1.4%	586	1.7%	653	1.8%
Median Household Income	$30,023		$37,096		$39,101	
Average Household Income	$42,411		$50,742		$52,993	
Per Capita Income	$17,097		$20,473		$21,511	

	2000		2009		2014	
Population by Age	Number	Percent	Number	Percent	Number	Percent
0 - 4	6,253	7.1%	6,318	6.9%	6,432	6.8%
5 - 9	5,645	6.4%	5,455	5.9%	5,575	5.9%
10 - 14	5,108	5.8%	4,983	5.4%	5,048	5.3%
15 - 19	7,898	8.9%	8,599	9.4%	8,256	8.7%
20 - 24	12,273	13.9%	12,793	13.9%	13,362	14.1%
25 - 34	16,091	18.2%	14,835	16.1%	15,519	16.4%
35 - 44	12,471	14.1%	12,072	13.1%	11,534	12.2%
45 - 54	9,075	10.3%	10,622	11.6%	10,429	11.0%
55 - 64	4,862	5.5%	7,464	8.1%	8,515	9.0%
65 - 74	4,069	4.6%	3,993	4.3%	5,280	5.6%
75 - 84	3,410	3.9%	3,009	3.3%	2,846	3.0%
85+	1,333	1.5%	1,724	1.9%	1,752	1.9%

	2000		2009		2014	
Race and Ethnicity	Number	Percent	Number	Percent	Number	Percent
White Alone	31,415	35.5%	30,038	32.7%	29,444	31.1%
Black Alone	45,821	51.8%	44,984	49.0%	44,328	46.9%
American Indian Alone	299	0.3%	323	0.4%	335	0.4%
Asian Alone	2,536	2.9%	3,298	3.6%	3,783	4.0%
Pacific Islander Alone	40	0.0%	53	0.1%	59	0.1%
Some Other Race Alone	6,485	7.3%	10,711	11.7%	13,778	14.6%
Two or More Races	1,894	2.1%	2,459	2.7%	2,823	3.0%
Hispanic Origin (Any Race)	11,247	12.7%	16,997	18.5%	20,979	22.2%

Data Note: Income is expressed in current dollars.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2009 and 2014.

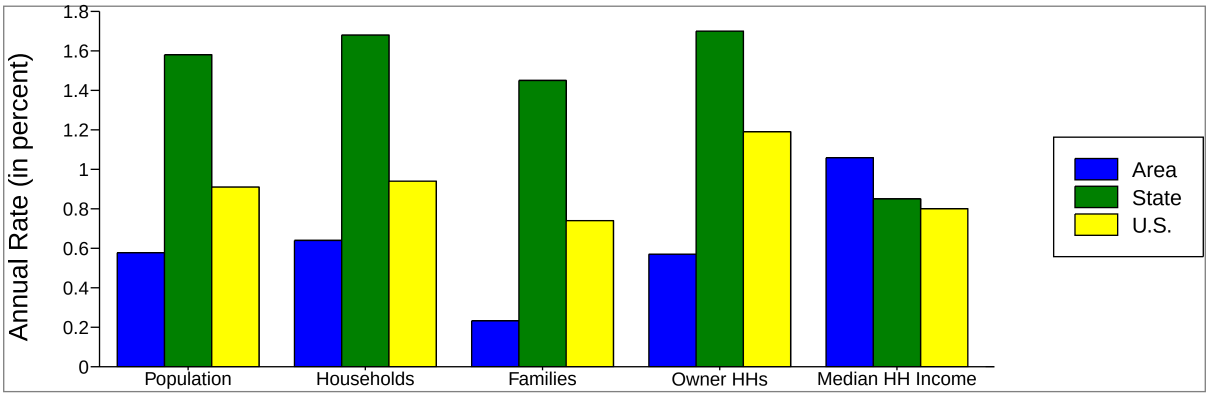
Demographic and Income Profile

West End Demographics

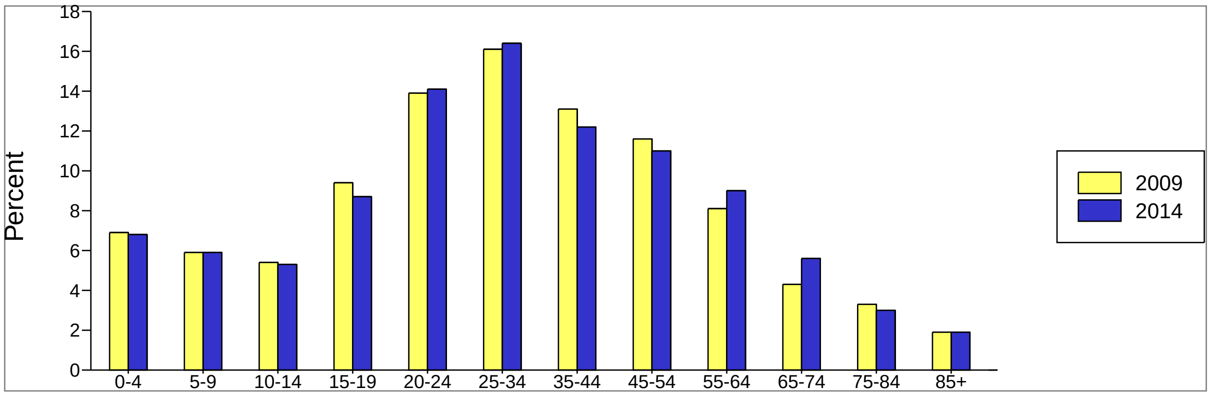
1109 W Chapel Hill St, Durha...

Latitude: 35.996446
Longitude: -78.916405
Site Type: Ring **Radius: 3 Miles**

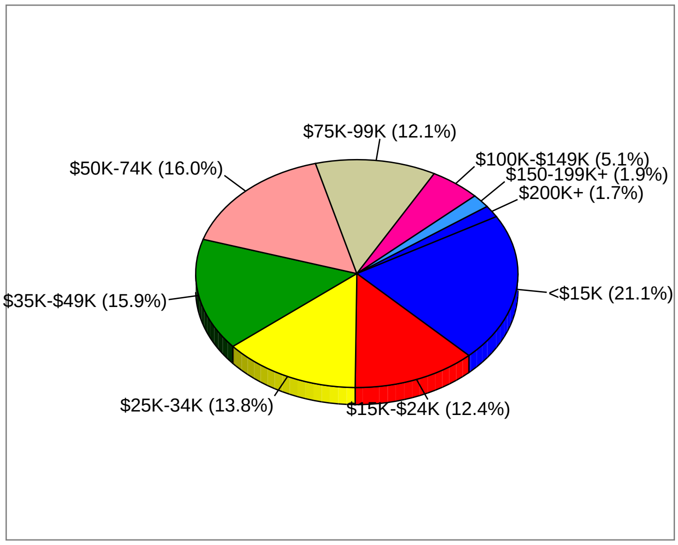
Trends 2009-2014



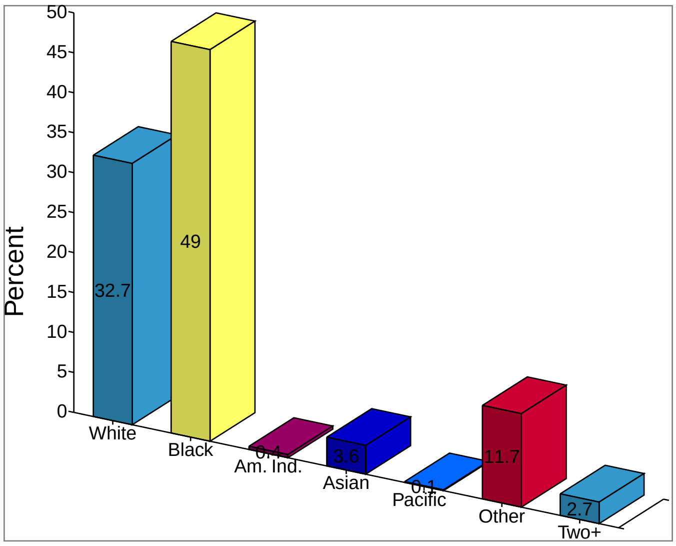
Population by Age



2009 Household Income



2009 Population by Race



2009 Percent Hispanic Origin: 18.5%

1109 W Chapel Hill St, Durha...

Latitude: 35.996446
Longitude: -78.916405
Site Type: Ring

	Radius: 1 Miles	Radius: 3 Miles
2000 Total Population	11,763	88,489
2000 Group Quarters	2,261	8,449
2009 Total Population	12,430	91,867
2014 Total Population	12,693	94,550
2009 - 2014 Annual Rate	0.42%	0.58%
2000 Households	4,269	33,897
2000 Average Household Size	2.23	2.36
2009 Households	4,516	35,007
2009 Average Household Size	2.22	2.37
2014 Households	4,633	36,141
2014 Average Household Size	2.22	2.37
2009 - 2014 Annual Rate	0.51%	0.64%
2000 Families	1,793	18,184
2000 Average Family Size	3.06	3.05
2009 Families	1,762	17,741
2009 Average Family Size	3.11	3.11
2014 Families	1,765	17,948
2014 Average Family Size	3.12	3.12
2009 - 2014 Annual Rate	0.03%	0.23%
2000 Housing Units	4,688	36,981
Owner Occupied Housing Units	23.5%	32.9%
Renter Occupied Housing Units	67.7%	58.8%
Vacant Housing Units	8.8%	8.3%
2009 Housing Units	5,137	39,901
Owner Occupied Housing Units	21.5%	30.5%
Renter Occupied Housing Units	66.5%	57.2%
Vacant Housing Units	12.1%	12.3%
2014 Housing Units	5,272	41,330
Owner Occupied Housing Units	20.7%	30.3%
Renter Occupied Housing Units	67.2%	57.2%
Vacant Housing Units	12.1%	12.6%
Median Household Income		
2000	$25,154	$30,023
2009	$31,408	$37,096
2014	$32,342	$39,101
Median Home Value		
2000	$135,192	$99,380
2009	$164,904	$127,056
2014	$171,203	$138,576
Per Capita Income		
2000	$15,754	$17,097
2009	$20,420	$20,473
2014	$21,427	$21,511
Median Age		
2000	26.4	29.1
2009	26.9	29.8
2014	27.3	29.9

Data Note: Household population includes persons not residing in group quarters. Average Household Size is the household population divided by total households. Persons in families include the householder and persons related to the householder by birth, marriage, or adoption. Per Capita Income represents the income received by all persons aged 15 years and over divided by total population. Detail may not sum to totals due to rounding.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2009 and 2014.

1109 W Chapel Hill St, Durha...

Latitude: 35.996446
Longitude: -78.916405
Site Type: Ring

	Radius: 1 Miles	Radius: 3 Miles
2000 Households by Income		
Household Income Base	4,313	33,864
< $15,000	31.4%	25.9%
$15,000 - $24,999	18.3%	16.7%
$25,000 - $34,999	13.7%	14.6%
$35,000 - $49,999	11.6%	15.4%
$50,000 - $74,999	11.5%	14.6%
$75,000 - $99,999	5.6%	5.9%
$100,000 - $149,999	4.1%	4.3%
$150,000 - $199,999	2.1%	1.3%
$200,000+	1.6%	1.4%
Average Household Income	$39,080	$42,411
2009 Households by Income		
Household Income Base	4,517	35,007
< $15,000	25.7%	21.1%
$15,000 - $24,999	14.1%	12.4%
$25,000 - $34,999	15.0%	13.8%
$35,000 - $49,999	13.5%	15.9%
$50,000 - $74,999	12.9%	16.0%
$75,000 - $99,999	9.9%	12.1%
$100,000 - $149,999	4.4%	5.1%
$150,000 - $199,999	2.0%	1.9%
$200,000+	2.6%	1.7%
Average Household Income	$48,376	$50,742
2014 Households by Income		
Household Income Base	4,633	36,141
< $15,000	25.5%	20.6%
$15,000 - $24,999	13.9%	12.2%
$25,000 - $34,999	14.2%	12.9%
$35,000 - $49,999	12.7%	15.2%
$50,000 - $74,999	12.7%	15.7%
$75,000 - $99,999	11.8%	14.5%
$100,000 - $149,999	4.4%	5.1%
$150,000 - $199,999	2.1%	2.0%
$200,000+	2.7%	1.8%
Average Household Income	$50,162	$52,993
2000 Owner Occupied HUs by Value		
Total	1,096	12,099
<$50,000	6.8%	6.8%
$50,000 - 99,999	27.9%	43.8%
$100,000 - 149,999	22.4%	25.7%
$150,000 - 199,999	16.9%	13.8%
$200,000 - $299,999	18.8%	7.0%
$300,000 - 499,999	7.3%	2.4%
$500,000 - 999,999	0.0%	0.4%
$1,000,000+	0.0%	0.1%
Average Home Value	$153,644	$122,159
2000 Specified Renter Occupied HUs by Contract Rent		
Total	3,165	21,745
With Cash Rent	96.2%	97.2%
No Cash Rent	3.8%	2.8%
Median Rent	$445	$466
Average Rent	$462	$481

Data Note: Income represents the preceding year, expressed in current dollars. Household income includes wage and salary earnings, interest, dividends, net rents, pensions, SSI and welfare payments, child support and alimony. Specified Renter Occupied Housing Units exclude houses on 10+ acres. Average Rent excludes units paying no cash rent.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2009 and 2014.

1109 W Chapel Hill St, Durha...

Latitude: 35.996446
Longitude: -78.916405
Site Type: Ring

	Radius: 1 Miles	Radius: 3 Miles
2000 Population by Age		
Total	11,766	88,488
Age 0 - 4	5.0%	7.1%
Age 5 - 9	4.7%	6.4%
Age 10 - 14	4.2%	5.8%
Age 15 - 19	18.3%	8.9%
Age 20 - 24	15.2%	13.9%
Age 25 - 34	17.0%	18.2%
Age 35 - 44	13.1%	14.1%
Age 45 - 54	8.8%	10.3%
Age 55 - 64	4.8%	5.5%
Age 65 - 74	3.6%	4.6%
Age 75 - 84	3.5%	3.9%
Age 85+	1.9%	1.5%
Age 18+	83.6%	77.7%
2009 Population by Age		
Total	12,432	91,867
Age 0 - 4	5.0%	6.9%
Age 5 - 9	4.1%	5.9%
Age 10 - 14	3.8%	5.4%
Age 15 - 19	18.2%	9.4%
Age 20 - 24	15.2%	13.9%
Age 25 - 34	16.5%	16.1%
Age 35 - 44	11.6%	13.1%
Age 45 - 54	10.1%	11.6%
Age 55 - 64	6.6%	8.1%
Age 65 - 74	3.6%	4.3%
Age 75 - 84	3.0%	3.3%
Age 85+	2.2%	1.9%
Age 18+	84.5%	78.5%
2014 Population by Age		
Total	12,692	94,548
Age 0 - 4	4.9%	6.8%
Age 5 - 9	4.2%	5.9%
Age 10 - 14	3.7%	5.3%
Age 15 - 19	17.3%	8.7%
Age 20 - 24	15.5%	14.1%
Age 25 - 34	17.0%	16.4%
Age 35 - 44	10.7%	12.2%
Age 45 - 54	9.7%	11.0%
Age 55 - 64	7.1%	9.0%
Age 65 - 74	4.7%	5.6%
Age 75 - 84	3.0%	3.0%
Age 85+	2.3%	1.9%
Age 18+	84.9%	79.0%
2000 Population by Sex		
Males	50.4%	49.1%
Females	49.6%	50.9%
2009 Population by Sex		
Males	50.9%	49.5%
Females	49.1%	50.5%
2014 Population by Sex		
Males	50.8%	49.6%
Females	49.2%	50.4%

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2009 and 2014.

Market Profile

West End Demographics

1109 W Chapel Hill St, Durha...

Latitude: 35.996446
Longitude: -78.916405
Site Type: Ring

	Radius: 1 Miles	Radius: 3 Miles
2000 Population by Race/Ethnicity		
Total	11,763	88,490
White Alone	44.4%	35.5%
Black Alone	42.4%	51.8%
American Indian Alone	0.3%	0.3%
Asian or Pacific Islander Alone	4.4%	2.9%
Some Other Race Alone	5.9%	7.3%
Two or More Races	2.6%	2.1%
Hispanic Origin	11.7%	12.7%
Diversity Index	70.0	69.3
2009 Population by Race/Ethnicity		
Total	12,430	91,866
White Alone	41.0%	32.7%
Black Alone	40.2%	49.0%
American Indian Alone	0.4%	0.4%
Asian or Pacific Islander Alone	5.5%	3.6%
Some Other Race Alone	9.6%	11.7%
Two or More Races	3.3%	2.7%
Hispanic Origin	17.2%	18.5%
Diversity Index	76.2	75.7
2014 Population by Race/Ethnicity		
Total	12,693	94,550
White Alone	38.7%	31.1%
Black Alone	38.7%	46.9%
American Indian Alone	0.4%	0.4%
Asian or Pacific Islander Alone	6.2%	4.1%
Some Other Race Alone	12.3%	14.6%
Two or More Races	3.7%	3.0%
Hispanic Origin	20.9%	22.2%
Diversity Index	79.7	79.2
2000 Population 3+ by School Enrollment		
Total	11,438	84,407
Enrolled in Nursery/Preschool	1.2%	1.6%
Enrolled in Kindergarten	1.3%	1.5%
Enrolled in Grade 1-8	7.5%	10.6%
Enrolled in Grade 9-12	3.3%	4.0%
Enrolled in College	24.3%	12.3%
Enrolled in Grad/Prof School	4.9%	3.4%
Not Enrolled in School	57.6%	66.5%
2009 Population 25+ by Educational Attainment		
Total	6,673	53,719
Less than 9th Grade	8.0%	9.4%
9th - 12th Grade, No Diploma	13.2%	13.6%
High School Graduate	20.9%	21.9%
Some College, No Degree	14.5%	16.1%
Associate Degree	3.9%	5.5%
Bachelor's Degree	17.9%	17.3%
Graduate/Professional Degree	21.5%	16.3%

Data Note: Persons of Hispanic Origin may be of any race. The Diversity Index measures the probability that two people from the same area will be from different race/ethnic groups.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2009 and 2014.

1109 W Chapel Hill St, Durha...

Latitude: 35.996446
Longitude: -78.916405
Site Type: Ring

	Radius: 1 Miles	Radius: 3 Miles
2009 Population 15+ by Marital Status		
Total	10,824	75,113
Never Married	58.3%	46.8%
Married	25.6%	36.0%
Widowed	6.1%	6.6%
Divorced	10.0%	10.6%
2000 Population 16+ by Employment Status		
Total	10,105	70,647
In Labor Force	56.7%	62.1%
Civilian Employed	53.3%	56.5%
Civilian Unemployed	3.4%	5.6%
In Armed Forces	0.0%	0.1%
Not in Labor Force	43.3%	37.9%
2009 Civilian Population 16+ in Labor Force		
Civilian Employed	86.0%	84.2%
Civilian Unemployed	14.0%	15.8%
2014 Civilian Population 16+ in Labor Force		
Civilian Employed	90.9%	89.6%
Civilian Unemployed	9.1%	10.4%
2000 Females 16+ by Employment Status and Age of Children		
Total	5,011	36,387
Own Children < 6 Only	6.8%	8.7%
Employed/in Armed Forces	4.5%	4.9%
Unemployed	0.2%	0.6%
Not in Labor Force	2.1%	3.2%
Own Children < 6 and 6-17 Only	3.4%	5.3%
Employed/in Armed Forces	2.3%	3.2%
Unemployed	0.0%	0.4%
Not in Labor Force	1.1%	1.6%
Own Children 6-17 Only	8.3%	11.7%
Employed/in Armed Forces	5.9%	8.6%
Unemployed	0.5%	0.7%
Not in Labor Force	1.8%	2.4%
No Own Children < 18	81.6%	74.3%
Employed/in Armed Forces	37.0%	35.7%
Unemployed	1.5%	3.4%
Not in Labor Force	43.1%	35.2%

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2009 and 2014.

Market Profile

West End Demographics

1109 W Chapel Hill St, Durha...

Latitude: 35.996446
Longitude: -78.916405
Site Type: Ring

	Radius: 1 Miles	Radius: 3 Miles
2009 Employed Population 16+ by Industry		
Total	5,092	37,490
Agriculture/Mining	0.3%	0.2%
Construction	8.7%	9.1%
Manufacturing	4.0%	5.0%
Wholesale Trade	0.7%	1.2%
Retail Trade	6.7%	7.4%
Transportation/Utilities	2.4%	2.7%
Information	2.7%	2.8%
Finance/Insurance/Real Estate	3.2%	4.7%
Services	68.2%	63.3%
Public Administration	3.2%	3.6%
2009 Employed Population 16+ by Occupation		
Total	5,092	37,494
White Collar	62.9%	58.6%
Management/Business/Financial	9.4%	9.5%
Professional	34.4%	28.7%
Sales	8.4%	8.1%
Administrative Support	10.8%	12.3%
Services	18.9%	21.2%
Blue Collar	18.2%	20.2%
Farming/Forestry/Fishing	0.1%	0.2%
Construction/Extraction	8.9%	9.6%
Installation/Maintenance/Repair	1.7%	2.0%
Production	3.2%	3.6%
Transportation/Material Moving	4.3%	4.8%
2000 Workers 16+ by Means of Transportation to Work		
Total	5,257	38,911
Drove Alone - Car, Truck, or Van	54.1%	59.8%
Carpooled - Car, Truck, or Van	19.2%	23.2%
Public Transportation	11.5%	6.8%
Walked	9.3%	6.0%
Other Means	2.2%	1.5%
Worked at Home	3.8%	2.6%
2000 Workers 16+ by Travel Time to Work		
Total	5,258	38,912
Did Not Work at Home	96.2%	97.4%
Less than 5 minutes	5.0%	2.9%
5 to 9 minutes	15.7%	13.2%
10 to 19 minutes	37.3%	40.7%
20 to 24 minutes	12.3%	13.5%
25 to 34 minutes	17.0%	16.4%
35 to 44 minutes	2.8%	3.1%
45 to 59 minutes	4.1%	4.0%
60 to 89 minutes	1.1%	2.4%
90 or more minutes	0.9%	1.2%
Worked at Home	3.8%	2.6%
Average Travel Time to Work (in min)	18.8	20.3
2000 Households by Vehicles Available		
Total	4,259	33,869
None	22.3%	17.8%
1	44.1%	43.4%
2	26.1%	28.6%
3	5.9%	7.9%
4	1.0%	1.5%
5+	0.5%	0.8%
Average Number of Vehicles Available	1.2	1.4

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2009 and 2014.

Latitude: 35.996446
Longitude: -78.916405
Site Type: Ring

	Radius: 1 Miles	Radius: 3 Miles
2000 Households by Type		
Total	4,268	33,896
Family Households	42.0%	53.6%
Married-couple Family	21.7%	27.9%
With Related Children	9.8%	13.1%
Other Family (No Spouse)	20.3%	25.7%
With Related Children	14.0%	17.8%
Nonfamily Households	58.0%	46.4%
Householder Living Alone	39.0%	34.6%
Householder Not Living Alone	19.0%	11.7%
Households with Related Children	23.8%	30.9%
Households with Persons 65+	15.6%	19.1%
2000 Households by Size		
Total	4,269	33,897
1 Person Household	39.0%	34.6%
2 Person Household	31.8%	30.4%
3 Person Household	13.7%	15.3%
4 Person Household	8.2%	10.0%
5 Person Household	3.8%	5.2%
6 Person Household	1.8%	2.4%
7+ Person Household	1.6%	2.0%
2000 Households by Year Householder Moved In		
Total	4,259	33,868
Moved in 1999 to March 2000	40.8%	29.2%
Moved in 1995 to 1998	27.9%	32.3%
Moved in 1990 to 1994	12.3%	13.7%
Moved in 1980 to 1989	8.2%	9.9%
Moved in 1970 to 1979	4.4%	5.8%
Moved in 1969 or Earlier	6.4%	8.9%
Median Year Householder Moved In	1998	1996
2000 Housing Units by Units in Structure		
Total	4,687	36,939
1, Detached	35.4%	46.6%
1, Attached	3.7%	4.1%
2	12.7%	10.6%
3 or 4	13.0%	8.7%
5 to 9	8.4%	10.3%
10 to 19	13.0%	9.5%
20+	13.4%	9.8%
Mobile Home	0.4%	0.4%
Other	0.0%	0.0%
2000 Housing Units by Year Structure Built		
Total	4,694	36,953
1999 to March 2000	0.2%	0.4%
1995 to 1998	2.3%	3.6%
1990 to 1994	3.1%	4.8%
1980 to 1989	10.0%	12.0%
1970 to 1979	21.7%	18.1%
1969 or Earlier	62.6%	61.2%
Median Year Structure Built	1962	1964

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing.

Market Profile

West End Demographics

1109 W Chapel Hill St, Durha...

Latitude: 35.996446
Longitude: -78.916405
Site Type: Ring

	Radius: 1 Miles	Radius: 3 Miles
Top 3 Tapestry Segments		
1.	Inner City Tenants	Young and Restless
2.	Metro Renters	City Dimensions
3.	Old and Newcomers	City Commons

2009 Consumer Spending shows the amount spent on a variety of goods and services by households that reside in the market area. Expenditures are shown by broad budget categories that are not mutually exclusive. Consumer spending does not equal business revenue.

	Radius: 1 Miles	Radius: 3 Miles
Apparel & Services: Total $	$5,993,746	$47,081,740
Average Spent	$1,327.22	$1,344.92
Spending Potential Index	53	54
Computers & Accessories: Total $	$791,105	$5,998,179
Average Spent	$175.18	$171.34
Spending Potential Index	77	75
Education: Total $	$4,576,509	$34,066,295
Average Spent	$1,013.40	$973.13
Spending Potential Index	81	78
Entertainment/Recreation: Total $	$9,750,104	$79,829,126
Average Spent	$2,159.01	$2,280.38
Spending Potential Index	67	70
Food at Home: Total $	$15,005,774	$120,399,716
Average Spent	$3,322.80	$3,439.30
Spending Potential Index	73	75
Food Away from Home: Total $	$11,173,829	$88,574,401
Average Spent	$2,474.28	$2,530.19
Spending Potential Index	74	76
Health Care: Total $	$10,567,677	$91,191,125
Average Spent	$2,340.05	$2,604.94
Spending Potential Index	62	69
HH Furnishings & Equipment: Total $	$5,769,200	$46,764,168
Average Spent	$1,277.50	$1,335.85
Spending Potential Index	59	61
Investments: Total $	$3,181,850	$27,336,594
Average Spent	$704.57	$780.89
Spending Potential Index	49	54
Retail Goods: Total $	$75,035,301	$612,424,915
Average Spent	$16,615.43	$17,494.36
Spending Potential Index	65	68
Shelter: Total $	$51,018,889	$401,228,725
Average Spent	$11,297.36	$11,461.39
Spending Potential Index	72	73
TV/Video/Sound Equipment: Total $	$4,064,255	$32,511,746
Average Spent	$899.97	$928.72
Spending Potential Index	74	76
Travel: Total $	$5,177,477	$42,408,099
Average Spent	$1,146.47	$1,211.42
Spending Potential Index	62	66
Vehicle Maintenance & Repairs: Total $	$2,940,167	$23,638,619
Average Spent	$651.06	$675.25
Spending Potential Index	70	72

Data Note: The Spending Potential Index represents the amount spent in the area relative to a national average of 100.

Source: Consumer Spending data are derived from the 2005 and 2006 Consumer Expenditure Surveys, Bureau of Labor Statistics. ESRI.

Metropolitan Policy Program
The Brookings Institution

"Downtown revitalization requires a high degree of cooperation and is best achieved when a unique 'private/public' process is used."

Turning Around Downtown: Twelve Steps to Revitalization

Christopher B. Leinberger[1]

Though every downtown is different there are still common revitalization lessons that can be applied anywhere. While any approach must be customized based on unique physical conditions, institutional assets, consumer demand, history, and civic intent, this paper lays out the fundamentals of a downtown turnaround plan and the unique "private/public" partnership required to succeed. Beginning with visioning and strategic planning to the reemergence of an office market at the end stages, these 12 steps form a template for returning "walkable urbanism" downtown.

Introduction

Over the past 15 years, there has been an amazing renaissance in downtowns across America. From 1990 to 2000 the number of households living in a sample of 45 U.S. downtowns increased 13 percent.[2] The fact that many downtowns have experienced such growth and development—in spite of zoning laws spurring suburban sprawl and real estate and financial industries that don't understand how to build and finance alternatives—is testament to the emotional commitment to our urban heritage and the pent-up consumer demand for walkable, vibrant places in which to live and work.

The appeal of traditional downtowns—and the defining characteristic that sets those that are successful apart from their suburban competitors—is largely based on what can be summarized as *walkable urbanism*.

Since the rise of cities 8,000 years ago, humans have only wanted to walk about 1500 feet until they begin looking for an alternative means of transport: a horse, a trolley, a bicycle, or a car. This distance translates into about 160 acres—about the size of a super regional mall, including its parking lot. It is also about the size, plus or minus 25 percent, of Lower Manhattan, downtown Albuquerque, the Rittenhouse Square section of Philadelphia, the financial district of San Francisco, downtown Atlanta, and most other major downtowns in the country.

But the willingness to walk isn't just about the distance. Certainly no one is inspired to stroll from one end of a super regional mall parking lot to the other. People will walk 1500 feet or more only if they have an interesting and safe streetscape and people to watch along the way—a mix of sights and sounds that can make a pedestrian forget that he is unintentionally getting enjoyable exercise. Depending on the time of day, the day of the week, or the season of the year, the experience of walking downtown will be entirely different, even if you are traveling along a well trod path. A new experience can be had, in fact, nearly every time you take to the streets.

Fostering such walkable urbanism is the key to the revival of any struggling downtown. But doing so can be a challenging process, requiring the development of a complex mix of retail boutiques, hotels, grocery stores, housing, offices, artists' studios, restaurants, and entertainment venues. A "critical mass" of these pedestrian-scale uses must be established as quickly as possible, before the initial revitalization efforts stall for lack of support. This means making certain that visitors can find enough to do for 4 to 6 hours; that residents daily needs can be comfortably met; and that rents and sales prices continue to justify new construction or renovation.

Ultimately, reaching critical mass means that the redevelopment process is unstoppable and cannot be reversed. At that point, an upward spiral begins to create a "buzz," increases the number of people on the streets, raises land and property values, and makes the community feel safer. More activity attracts more people which increase rents and property values creating more business opportunity which means more activity and people on the street, and so on. Simply put, in a viable downtown, *more is better.*

This contrasts starkly with suburban development, where *more is worse.* The lure of the suburbs is lawns, open space, and the freedom to travel by car. But adding more activity brings a geometric increase in automobile trips, more congestion, pollution, inconvenience, and the destruction of the very features that enticed residents and businesses to the suburbs in the first place. This drives the continuous sprawl which makes yesterday's "edge cities" obsolete, as demand and development marches outward to what Robert Lang calls "edgeless cities.[3] In fact, more suburban development nearly guarantees its decline as demand is pushed continuously toward the ever-expanding fringe.

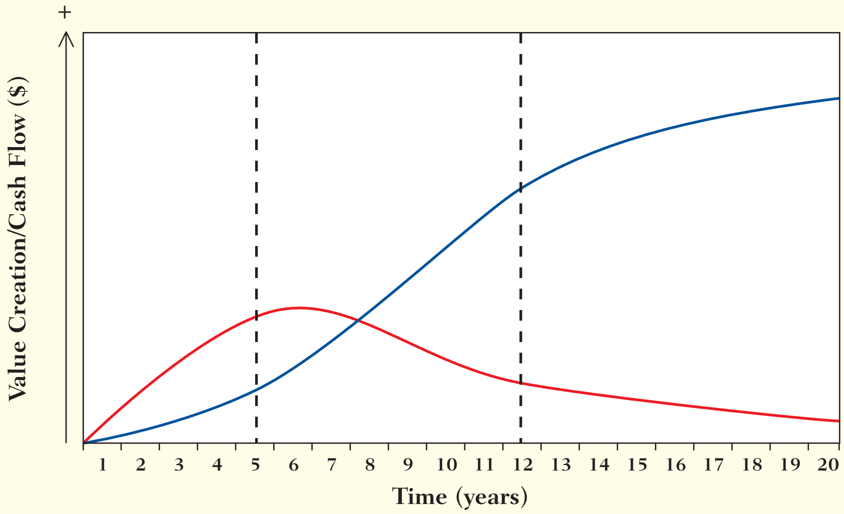
These divergent models of urban and suburban development also have very different financial structures. Conventional suburban development, based upon standard national formulas and car-friendly access and parking, financially performs well in the short-term but peaks in years 7 through 10. It is built cheaply to help drive the required early financial returns; besides, anything new looks reasonably good. Investors are not willing to commit to a specific site for the long-term since sprawl may take demand further out in less than a decade anyway. And so, in essence, they build disposable developments.

Downtown development exhibits an opposite pattern. Among many factors, including constrained sites and underground work, the construction budget for downtown development is also generally much higher because people are walking past the buildings in close proximity. In the suburbs, you drive past the buildings at 35 miles or more per hour and they are set back from the street by 100 feet or more, allowing cheaply built structures to suffice. However, the higher construction costs downtown mean that financial returns are reduced in the early years

There will be substantially better financial returns for a downtown asset, however, if the developer and investor hold the building for the mid- to long-term. This occurs because, in a revitalizing downtown, other developers and investors will build new projects within walking distance. This increases the excitement on the street, pushing up rents, sales prices, and property values of existing property owners, even if the owners have done little more than maintain their properties. As the *more is better* upward spiral of value creation takes place, the mid- to long-term holders of property are ultimately rewarded much more than suburban property owners, as represented in Figure 1.[4]

The real estate industry, which includes developers, service providers, and bankers and investors, has become extremely efficient in producing suburban development and reaping its short term rewards. Yet an increasing share of the market is now demanding other options. Numerous consumer surveys by national research firms—including Robert Charles Lesser &

Figure 1. Financial Characteristics of Downtowns with Critical Mass (Blue) versus Suburban Development (Red)



Source: Christopher B. Leinberger, Arcadia Land Co. and Robert Charles Lesser & Co.

Co., Zimmerman-Volk, and Real Estate Research Co. among others—have shown that between 30 percent and 50 percent of all households in the metropolitan areas surveyed want walkable urbanism. And certainly the rapid comeback of American downtowns over the past 15 years—along with the many new urbanist communities and traditional-looking "lifestyle retail" projects popping up in suburban locations—is on-the-ground evidence of pent-up demand.

Despite many developers' and national retailers' lingering reluctance to engage in urban markets, downtown research and experience of the past 15 years, along with the rediscovery of traditional urban planning principles, demonstrate that we have a better understanding of how to bring our downtowns back. It is no longer a mystery how to start a downtown revitalization process, though it is more complex than suburban real estate development, and takes longer than most politicians are in office. It requires a degree of cooperation that is difficult to pull off and is best achieved when a unique "private/public" process is used. Yet many downtowns have managed to revitalize their downtowns in recent years, and we have gained valuable insight as a result.

This paper attempts to summarize the lessons learned from many years of hands-on experience consulting in dozens of urban areas across the United States and Europe. These lessons have been condensed into 12 steps urban leaders should follow to successfully rebuild and reinvigorate their downtowns.[5]

The first six steps focus on how to build the necessary infrastructure, both "hard" and "soft," for turning around a downtown, and define the public and non-profit sector roles and organizations required to kick off the revitalization process. The next six steps are the means by which a viable private real estate sector can be re-introduced to a downtown that may not have had a private sector building permit in many years. In one fashion or another, this strategic process has been implemented by all of the downtowns in which the author has worked.

Every downtown is a little different in its physical condition, institutional assets, consumer demand, history, and civic intent, requiring that any approach be customized. Yet there are still common lessons, and more is learned each day. In spite of the many formidable obstacles, it is important to remember that every downtown has a unique set of strengths, no matter how depressed it might be; it is these strengths that must be built upon in developing the revitalization strategy. With enough consumer demand and the intention to succeed, there is a way.

Setting the Stage for Development

With conventional suburban development, the necessary pre-conditions for growth include the provision of roads, water, sewer, gas, electric and communications line extensions, public safety services, and schools. Creating walkable urbanism requires all of this and much more. There is a need for a physical definition of the place, a comprehensive strategy for the place to be created, and management to implement the strategy. Such a strategy must include, among other things, the creation of walkable streets and sidewalks; intra- and inter-core transit; shared-use structured parking; culture and entertainment; increased safety and cleanliness; and programming and marketing.

Early progress must be made in building this expanded definition of infrastructure—along with a believable commitment to provide the rest—in order to attract the private sector developers and investors who will ultimately drive the downtown turnaround. Only by re-establishing a private sector real estate market (the focus of steps 6 to 12) can a downtown prosper. In fact, successful downtown turnarounds have shown that for every $1 of public investment, there will be $10 to $15 of private money. The bulk of the public investment must be made in the early years, however, in order to set the stage for private development.

Step 1: Capture the Vision

The best intentions…

Beginning any journey, especially one as arduous as revitalizing a depressed downtown, requires *intention*. Without the intention of actually revitalizing a downtown, there is little reason to begin the process in the first place. There are many skeptics that will never see the point of bringing back an obsolete, forsaken downtown and give it little if no chance of succeeding. If there is one bromide heard by most people with experience working on downtown revitalization efforts, it is a suburban resident saying something to the effect of "I haven't been downtown in 20 years and have no reason or desire to go there ever in the future." If this attitude predominates in the business, real estate, non-profit and public communities, it may make sense to reconsider the community's ability to pull it off.

Another reason for re-considering whether to start a downtown revitalization effort is if there has been a recent (within 20 years) failure of a previous attempt. It takes a full generation to get over the collapse of a revitalization effort and the injection of fresh leadership unencumbered with the "we tried that once and it did not work" mindset.

Determining whether the intention for a long-term effort is present in the community requires the mining of the most important asset a downtown revitalization has: memory and the emotion it unleashes. This is surprisingly powerful asset has always had a hidden impact on the tough, bottom-lined real estate business. Emotion is the reason we generally overpay and over-improve our homes, where 50 percent of national real estate value lies.[6] Emotion is why we create great civic structures, such as city halls, performance halls, arenas, and museums. Emotion is the reason great historic buildings are renovated, even though the cost of renovation is usually greater than tearing down and building a new building.

Contrary to evocative memories of downtowns past, however, is the reality of the great suburban land rush, starting in the 1950s, which led to the disinvestment in our downtowns in the first place. The desire for a suburban American Dream led to it being legally mandated and massively subsidized, essentially becoming *de facto* public policy. The market desire to embrace suburban living—a historically unique experiment in city building—combined with the subsidies for suburban growth, left our downtowns and surrounding neighborhoods to decline. With the exception of Manhattan and the downtowns of Boston, Chicago, and San Francisco, nearly every downtown in the country went into severe decline, virtually becoming "clinically dead," to the point that market rents and sales prices could not warrant new construction or redevelopment, except for some construction during the office boom of the 1980s.

Nonetheless, many of those who grew up in the 1940s, 1950s, and 1960s, when our downtowns were still vibrant, if fading, have indelible memories of the place. Downtown in the afterglow of World War II was "where all the lights were bright," where first dates occurred, where parents worked and parades were held. The downtowns of this era were where you went for the fancy department stores and to see tall buildings. It was where the sidewalks were jammed with people, unlike any other place in the region. Today, in many cases, those who remember the downtowns of yore are now in positions to do something about their current decline.

Of course, there are also significant fiscal and financial motivations to undertake a downtown revitalization process. By definition, a downtown recovery means more residents and more jobs, in both the downtown itself and eventually in other parts of the city. It also means more out-of-town and suburban visitors bringing more outside money into the area. Further, experience shows that the most expensive real estate in a metropolitan area is increasingly found in revitalized downtowns. The public sector realizes significant fiscal benefits as a result, the most obvious accruing from increased tax revenue.

Downtown revitalization can bring additional economic development benefits as well. With increasing demand for walkable urbanism and a dearth of such neighborhoods in most metropolitan areas, cities with vibrant downtowns have a better shot of recruiting or retaining the "creative class" of workers economists, like Richard Florida, have shown is key to future growth.[7] When the strategy for downtown Albuquerque was being crafted, for example, a senior executive from Sandia National Laboratory spent many hours volunteering in the process. However, the laboratory—employing 5,000 scientists, engineers, and professional managers—is located five miles from downtown. When asked why he spent so much time on the downtown strategy, he replied, "If Albuquerque does not have a vibrant, hip downtown, I do not have a chance of recruiting or retaining the twenty-something software engineers that are the life's blood of the laboratory." If 30 percent to 50 percent of the market cannot get walkable urbanism, why would they come or stay in a place without that lifestyle option when Austin, Boston, and Seattle beckon? A purely suburban, car-dominated metropolitan area is at a competitive disadvantage for economic growth.

Rallying the troops, setting the vision

Once the motivation is clearly there, the downtown revitalization process generally begins by lining up the political and business stars. Perhaps a mayor has been elected with downtown revitalization as a major priority. Or a foundation's board or executive director decides to provide grants to start the process. It could be the state governor who feels that in-fill, smart growth investment in downtowns should receive financial or other incentives. Whatever the specifics, it probably starts with a handful of people who make it their top priority. These people and the other stakeholders they select should come together as an informal downtown advisory group. The group should include representatives of local government, neighborhood groups, retailers, business owners and managers, non-profit groups, service providers, arts groups, etc. The advisory group will fundraise, and begin early stage planning.

A good starting point is to engage in a "visioning" process. While denigrated by some for being "soft and fuzzy," a visioning process not only determines if there is community support but it also uncovers the emotional, economic, and fiscal reasons for turning around the downtown. This process should be professionally managed, with money allocated to pay for it. It is best if the money raised starts the entire revitalization process off on the right foot; it should be primarily private and non-profit sector funded. The public sector can and should participate, both to have a stake in and to give legitimacy to the process. This will eventually give way to a *private/public* partnership, an intentional reversal of the way this phrase is usually stated.

It is also often useful for the advisory group, and anyone else who wants to come along, to visit comparable downtowns throughout the country which have undertaken a redevelopment process. Probably the most visited model downtowns over the past decade have been Baltimore, Portland (OR), Chattanooga, Denver, and San Diego. The visits can provide insights into what worked and what did not but more importantly, they help demonstrate that revitalization is possible. Every downtown has unique assets that must be understood and built upon to achieve the turnaround. It is a rare downtown that cannot succeed, if there is the intention.

During this period, it is important that the advisory group undertake research to create a technical portrait of downtown. Such a portrait includes the history, a definition of its size and specific boundaries, the number of jobs and businesses, its role in the local economy, the contribution downtown makes to local government taxes, the structure and state of its transit system, the condition of the infrastructure, etc. The assets of downtown need to be identified as well, including universities, hospitals, neighborhoods, housing stock, and cultural organizations. A short report summarizing this information will become the basis for the rest of the effort.

After drafting the technical report, a more subjective picture of downtown needs to be compiled—what is valued, what is missed, what is good, what is negative, and some of the stories that make it special on a personal level. It is also essential to explore the hopes of people regarding what downtown could be. This information can be obtained through public meetings, surveys, focus groups, newspaper polls, informal voting, school contests, or other methods. Summarizing these findings in a brief report will complement the technical portrait.

After the technical and subjective findings have been collected and documented, a series of special public meetings should be held to further engage the citizens of the region. The findings should be presented and vetted, and participants should be queried regarding their vision for downtown—what is absent from their lives that downtown could provide, and what would make them visit, work, and maybe even live there. Once these meetings have been completed, the advisory group must determine if there is the vision and the will to take on the major, long-term process of reviving a downtown. If not, it is better to determine that early than to waste time and resources better spent on some other civic undertaking. Moreover, taking on a revitalization process that is doomed to failure means that another effort will probably not be undertaken for another generation.

Summarizing the findings of the visioning process and widely disseminating it throughout the city is an important wrap-up step. Once the advisory group ascertains that they have correctly identified downtown's assets, as well as the challenges that must be addressed, they will have laid a good foundation for the next step in the process—developing the strategic plan.

Step 2: Develop a Strategic Plan

Downtown is one of the largest mixed-use developments in a metropolitan area. However, there is almost never a strategic plan for downtown, nor any formal management of it. By contrast, the typical regional mall, a much smaller and far simpler development, has a comprehensive strategy for the positioning of the mall and 24/7 oversight.

Having a strategy and management plan for downtown is absolutely imperative. It is even more critical when you consider that achieving *walkable urbanism* is a complex "art" that may be achieved by accident given a couple hundred years, but which requires concerted planning and strategic implementation by many organizations to accomplish in a shorter time frame.

Building upon the memory and vision outlined in Step 1, strategic planning takes a comprehensive approach to creating walkable urbanism that encompasses many individual strategies. These strategies fall into ten categories:

- **Character.** Define the boundaries of downtown, how dense it should be, and how it addresses the immediate surrounding neighborhoods. Generally, urban character (floor area ratio over 1.0) is selected for the core of the downtown, pushing densities to the highest level in the metropolitan area. If there is a suburban character (floor area ratio of between 0.2 and 0.4) in the neighborhoods surrounding downtown, this can and should be maintained, thus providing those residents with the best of two worlds: suburban homes a short distance from walkable urbanism.

- **Housing.** Encourage a vast array of moderate and high density housing at both market rate and affordable levels. Downtown planners must work to ensure that such housing is legally allowed. They should also take an inventory of city-owned land and buildings that could be available for early development or redevelopment since the land will have to be written down or creatively provided to make it financially feasible in the early years of the turnaround process. It is important to realize that housing is two-thirds of the built environment, so it is always a critical part of the strategy.

- **Retail.** Determine the retail concentrations that a downtown market could support, including urban entertainment (movies, restaurants, night clubs); specialty retail (clothing, furniture, and jewelry boutique stores); regional retail (department stores, lifestyle retail); and local-serving retail (grocery, drug, book, video stores). These different retail options should be concentrated into walkable districts, creating, in essence, regional destinations that give the area critical mass, identity, and a reason to live there.

- **Culture.** Determine which one-of-a-kind cultural facilities should be downtown and how existing facilities can be strengthened. With very few exceptions, these facilities—arenas, stadiums, performing arts centers, museums, historic sites and buildings, and others—do in fact perform better downtown.

- **Public Infrastructure.** Focus on essential issues such as water and sewer, intra-core transit, transit to the downtown, structured parking, conversion of one-way streets to two-way, tighter turning radiuses at intersections for a better pedestrian experience, and enhanced security and cleanliness, among others. Parks and open space, and, when appropriate, opportunities for waterfront development, should also be included in the strategy. Paying for this new and improved infrastructure often involves "tax increment financing" ("TIFs"), a controversial tool in some places, which usually needs state legislative authorization.

- **Employment.** Focus recruitment efforts on businesses that could be downtown, which includes both "export" employment (businesses that export goods and services from the metropolitan area which provide fresh cash into the economy) and regional-servicing employment (support businesses or organizations which locate in regional concentrations such as downtown). Generally these strategies occur later in the turn-around process, after a critical mass of urban entertainment and housing has occurred.

- **Community Involvement.** Ensure that citizens, particularly residents of surrounding neighborhoods, have continuous opportunities for input and involvement. It is also important to keep the opinion-makers and the media informed about the revitalization process, as the public image of downtown during the early phases of revitalization is generally negative. One example is creating a local cable TV show highlighting individuals and businesses helping turn around the downtown, putting a human face on the revitalization effort.

- **Involvement of Non-profit Organizations.** Bring existing non-profits into the process, and create new organizations to fill needed roles. These include business improvement districts and possibly a transportation management organization, as well as temporary task forces, a parking authority, an arts' coordinating group, and others.

- **Marketing.** Continuously market downtown, as well as specific new downtown events. The image of most downtowns is so negative prior to revitalization and such skepticism exists during the early phases that constant attention must be paid to re-positioning the area. It is especially important to communicate the strategy and progress in implementing it to the investment and banking community so they will have faith in the process in which they are being asked to invest.

- **Social Values.** The social values of downtown need to be defined and plans put in place to enforce them. The ultimate goal of a downtown revitalization is to make it the community gathering place, a place for the entire community regardless of income or race. Housing affordability and other "equity" programs may be essential components of the revitalization effort.

The process for determining the comprehensive strategy starts by bringing together an expanded version of the advisory group. The group should include neighborhood group representatives, retailers, investors, developers, property owners, churches, the mayor and key city councilors, the heads of select city departments, non-profit organizations, artists, homeless advocates, and others. Selecting the right composition is extremely important to ensure that no significant group feels left out. The group needs to be relatively small (less than 25 individuals), however, in order to both build a sense of trust and cohesion and, ultimately, to ensure the process stays focused on results. It is also crucial that the individuals be people who are interested in successful solutions, not narrow political gain.

Two one-day sessions devoted to the strategic planning process, separated by about a month, are generally sufficient to crafting the strategy and implementation plan. Before the first day, a "briefing book" should be assembled to provide the group with a common set of data about the existing conditions downtown. This briefing book should include findings from the visioning process (technical and subjective portraits), market and consumer real estate research for all product types (office, hotel, rental housing, retail, etc.), data on the existing condition of the downtown infrastructure and public services, and other relevant information.

The first day will be used to introduce the group to one another and to understand the contents of the briefing book. The day will also lay out the possible strategic options, outlined above, that need to be considered in crafting a strategy. In the next meeting, participants will develop the strategy, selecting the general and specific items that are most appropriate for their downtown. Finally, the group will determine what initially needs to be done to implement the individual strategies, who is responsible for these next steps, and when these steps should accomplish.

The results of the strategy and implementation plan should be summarized in writing very quickly after the second meeting and distributed for comments. A final plan will probably be only 10 to 15 pages long and should be sent out to politicians and citizens as part of the marketing and community involvement strategies.

Follow-up sessions should be scheduled every few months to constantly modify the strategy and monitor progress on its implementation to date. At each subsequent meeting, a new implementation plan should be fashioned with tasks and dates assigned to volunteers and the next follow-up session set.

Step 3: Forge a Healthy Private/Public Partnership

Successful downtown revitalizations are generally private/public partnerships, not the other way around. The public sector, usually lead by the mayor or some other public official, may convene the strategy process but it must quickly be led by the private entities whose time and money will ultimately determine the effort's success. A healthy, sustained partnership is crucial to getting the revitalization process off the ground and building the critical mass needed to spur a cycle of sustainable development.

The key to the public sector's successful involvement in downtown redevelopment is to avoid making it overly political. Once it has been launched, it is essential for future politicians to "keep their hands off" to the maximum extent possible. Unfortunately, this can be difficult. With an eye on future elections, they often seek acclaim for positive things happening in their city and look for people to blame if it suits their agenda. And once the downtown revitalization process appears to begin yielding results, there is added motivation for politicians to want to take control over the process.

It is important to the revitalization process that the private sector not cave-in to this pressure. Investors, developers, and volunteers helping to revive downtown are motivated by emotion, passion, long-term financial returns, and many other unique and personal reasons. A politician trying to advance his career can very easily quash this momentum and destroy the private/public partnership in the process.

All this is not to say that the public sector should be completely laissez-faire. City leaders must be absolutely committed to the process both in word and in deed, and be willing and able to do what it takes to help create the right environment for private sector development and investment.

The potential roles of the public in this process can vary tremendously based upon the needs of the particular downtown and how much political capital politicians are willing to expend in the effort. There are a host of activities the public sector may be well-positioned to undertake, however, such as improving public safety, increasing transit options and availability, constructing parking facilities, attracting and retaining employment, providing appropriate tax incentives for new real estate development, developing an impact fee system, assembling land, and perhaps most importantly, creating easy-to-use zoning and building codes to enable the walkable urbanism that defines a thriving downtown.

Step 4: Make the Right Thing Easy

If the downtown area around Santa Fe, New Mexico's much beloved and vibrant 400 year-old Plaza burned to the ground, legally it would only be possible to rebuild strip commercial buildings, likely anchored by Wal-Mart Super Centers, Home Depots, and the other usual suspects.

In downtown Santa Fe and dozens of others around the country, zoning and building codes of the past fifty years actually outlaw the necessary elements of walkable urbanism. In many cities, for example, often well-intended setback and floor-area ratio rules mean that new construction cannot maintain consistency with older historic structures. Also, excessive parking requirements can create large surface lots fronting once-lively streets, eroding the vitality of otherwise coherent places. Coupled with an emphasis on separation of land uses and limited densities, downtown revitalization becomes nearly impossible from a legal perspective.

Rather than reform the existing zoning codes—which often makes them even more confusing and cumbersome—it is generally best to throw them out and start from scratch, putting in place a new code that will make it easy to produce the density and walkability a downtown needs to thrive.

First and foremost, the new code must clearly delineate downtown boundaries such that boundary lines are not in the middle of streets but inclusive of both sides. It is important that the line be firm, to ensure that the character of the surrounding neighborhoods remains intact. Most neighborhoods close to a reviving downtown see significant housing value increases as a result.[8]

Second, once the boundaries are agreed upon, a "form-based" code should be put in place that reinforces the development of walkable urbanism. Unlike traditional zoning codes, which focus on allowed uses, form-based codes focus on form, namely, how building envelopes—and ultimately whole blocks—address the street. They do not mandate parking ratios, making the assumption the investors and bankers in a project are better able to decide what makes market sense. Most importantly, the form-based code is simple and allows for great flexibility and certainty in obtaining building permits. The Downtown 2010 Plan for downtown Albuquerque, for example, has 21 principles that are the core of the code. One of the codes states "Streets and sidewalks lined with buildings rather than parking lots," and there are three pictures of examples, one with a "X" through it. Once a developer demonstrates these 21 principles are being followed, they are issued a building permit in three weeks administratively.[9]

Encouraging this mixed-use development is central to creating walkable urbanism. Conventional suburban development is legally mandated and financed for single purpose uses customized to a single tenant; you will always know a building was built for a McDonald's even if it is now a Chinese takeout. By contrast, the form-based downtown code encourages retail, residential or live/work on the first floor, and residential, hotel or office on the upper floors. It also recognizes that what is an office building today may be a residential building tomorrow, or vice versa.

Third, the new code must re-establish the historic right-of-way fabric of the city, whether it was laid out as a classic American grid or as a seemingly more random collection of streets. Most downtowns were created before the automobile and were thus required to be walkable. Yet over the years, streets as freeways (one way streets meant to encourage automobile speed), streets as regional malls (streets closed off to traffic), and streets as on-ramps became ubiquitous fads. Restoring the original street right-of-way fabric, including tight corner turning radiuses, will bring back one of downtowns major assets and help re-create the walkable urbanism these cities were designed for.

Finally, adopting the new 2004 International Building Code is a major step in the right direc-

Chattanooga

By the 1980s Chattanooga, TN had terrible air and water pollution, a declining economy and population base, and few prospects. At that time the downtown was in the typical condition of many across America: employment in the financial service, government, and professional services sectors—along with one major insurance company headquarters and the headquarters of TVA—dominated downtown., There was little entertainment, only one department store, and virtually no housing. Downtown was a 9-to-5, weekday place.

All this began to change in the mid-1980s, as Chattanooga Vision set out to determine if there was any intention by the citizens to see their sadly neglected downtown revive. Over several years, this non-profit organization—funded by the Lyndhurst Foundation, the city, and the county—polled residents, held countless meetings, and did research on what made downtown Chattanooga special. The major finding was that the downtown turned its back on its major asset, the Tennessee River. From here a tremendous effort was started to turn downtown around.

Engendering great citizen, business, and political support backed by a strong vision of what citizens wanted the downtown to be, Chattanooga's civic leaders initiated a strategic planning process for downtown in 1987. The strategy's primary goal was to make a walkable connection to the Tennessee River, and there were 14 task forces set up to make it happen. These task forces focused on building the world's largest fresh water aquarium, improving the streetscape, obtaining specialty retail, putting in place a "clean" circulator bus system, building parking garages, introducing housing, building a children's museum and, most importantly, creating a river walk to integrate the downtown with the Tennessee River.

Much of the success of this strategy was the result of the River Valley Company, a non-profit "catalytic" development firm that took above market-rate risks to get initial projects underway, showing the private sector that there was demand for new developments. Within four years, nearly everything laid out in the original strategy had been accomplished. Since then, Chattanooga has continued with ever more ambitious strategic plans, and implementation success, including new baseball and football stadiums, an ambitious and successful affordable housing program, a new neighborhood in an abandoned industrial area, two new public schools, another phase of the aquarium, hotels, more retail, a multiplex movie theater, and many other improvements.

Through strategic planning, a catalytic development company, appropriate government involvement, philanthropic and private sector investment, downtown Chattanooga has become a "poster child" for how to undertake a winning revitalization process.

tion. Among other things, this code allows for higher density, “stick-built” construction, many times the only financially feasible construction type for new residential. Adopting a rehabilitation code similar to the current New Jersey Rehabilitation Subcode can cut costs for historic rehabilitation by up to 50 percent, making historic rehabilitation much more feasible. It works under the assumption that historic buildings need not imitate new construction in every detail for it to be safe and accessible. For example, many historic buildings have been torn down because, among other things, their five foot marble clad hallways were not up to the new building code, which is six feet, and could not be widened in an economical manner.

Step 5: Establish Business Improvement Districts and Other Non-Profits

One of the leading ways the private/public process is implemented is through various non-profits, particularly business improvement districts (BID). There are over 1400 BIDs in the country and it is now well understood that establishing a BID is crucial to the successful revitalization of a downtown. In essence, the BID is the quasi-government for the downtown, the “keeper of the flame” of the downtown strategy, and the provider of services the city government cannot deliver.

A downtown BID is funded by property owners who voluntarily increase their property taxes by 5 to 15 percent to pay for BID functions. The tax is collected through the normal city channels, so there is always the temptation by the city council or mayor to co-opt the use of those funds. It is important that the legislation, typically enacted by the state legislature, be written to mandate control of the funds by the BID’s board of directors.

The BID’s main leadership role is managing the implementation of the strategy, which must be constantly updated. The BID may be responsible, for example, for ensuring the various task forces charged with implementing parts of the strategy are motivated to complete their efforts. The BID might also create a new signage program for downtown, work for the development and approval of the form-based code, and market the downtown to new developers.

The BID’s operational role is usually (1) increasing the perceived and actual safety of downtown; (2) making the place cleaner; (3) creating festivals and events to encourage suburbanites to come downtown, and; (4) improving downtown’s image. BIDs typically include a force of trained “safety ambassadors” who offer a friendly face on the street, are trained to handle quality of life infractions, and who are wired to the police. They also have permanent staff performing the cleaning, events, and marketing functions.

The downtown revitalization effort may spur the creation of additional non-profit organizations. A parking authority can often more efficiently manage and market the availability of parking in downtown, for example. Another non-profit could take responsibility for encouraging the development of affordable housing and commercial space. A separate non-profit might focus just on keeping artists and galleries downtown in the face of rising rents and values. It is critical that these non-profits either have a dedicated source of funding and/or offer services which generate revenue so that they don’t have to rely upon perpetual foundation grants or government subsidies.

In short, the BID and other non-profits are a downtown’s management team—ensuring its many complex elements work together to create a safe, attractive, unique, and well-functioning place.

Step 6: Create a Catalytic Development Company

Most conventional suburban developers do not have the experience, investors, bankers, or inclination to come downtown. The difference between modular, single product, car-oriented suburban development and integrated, mixed-use, walkable urban development is substantial. And the very fact that a downtown sorely needs revitalization generally scares off the development community. The market risk is perceived as being too high for most developers, most of whom do not relish being pioneers.

Revitalizing downtowns have overcome the problem of attracting developers by establishing a "catalytic developer." This organization is formed to develop the initial projects that the market and consumer research shows have potential demand but above market risk. The catalytic development firm demonstrates to the rest of the development community and their investors that downtown development can make economic sense.

A catalytic development company can engage in varying activities in the development process. Among the possibilities are: undertaking land assemblage and land development to prepare lots for new construction; financing the gap between conventional financing and the amount of money required to make the project happen; or developing a complete building from start to finish.

In the early years of the revitalization process, it is probable that the catalytic development firm will have to engage in complete building development. Eventually, once the market is proven, the catalytic developer can joint venture with other building developers, possibly providing land for deals. In a successful downtown, the catalytic developer will eventually work itself out of business as more developers come to understand the financial benefits of downtown development.

The major challenge the catalytic development firm faces, particularly in a clinically dead downtown, is that until critical mass is reached, it is likely there will be little return on invested equity capital. There will be projects that will take far longer to develop and lease up than conventional development. There will be financial returns which do not appear to be worth the market risk. And there may be projects that fail altogether. However, once critical mass is achieved, the catalytic developer should be well-positioned to take advantage of the upward spiral of value creation that should occur downtown. There should hopefully be sufficient land and buildings tied up at favorable prices that will rapidly appreciate in value as the spiral takes off.[10]

Given the fundamentally different approach to development that is required to create walkable urbanism, a catalytic developer pioneers this new market and speeds up the revitalization process. It deviates from traditional development, particularly regarding construction quality and investment time horizon, but given the upward spiral of value creation that downtowns can potentially generate, it can be an attractive approach from a financial perspective. A catalytic developer is a manifestation of "doing well while doing good" or "double bottom line" investing.

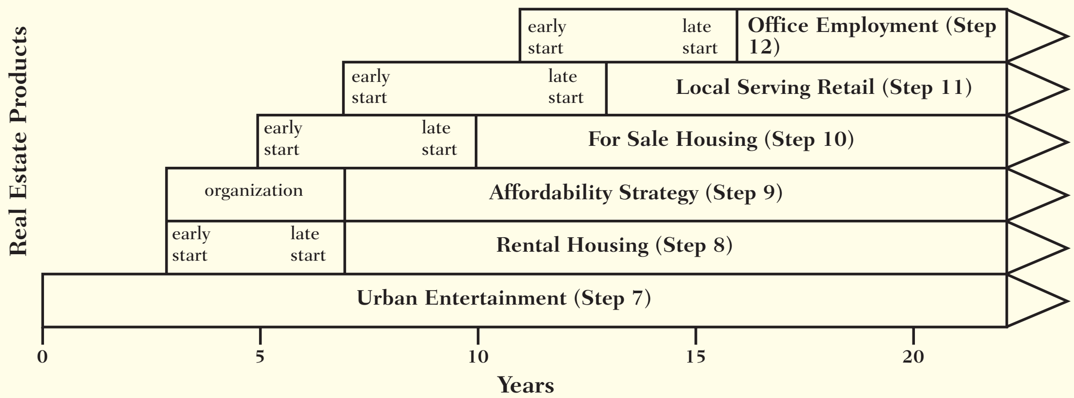
Implementation of the Real Estate Strategy

Once the stage for downtown development is set, as outlined in the first six steps above, the private real estate market begins to emerge. The implementation of the real estate strategy for downtown revitalization follows a process observed over the past 20 years in most downtowns throughout the country. It involves an overlapping layering of ever greater complexity that ultimately leads to a critical mass of walkable urbanism. It starts with urban entertainment, which creates a "there there," the initial reason people want to live downtown. It is followed by rental housing, where young urban pioneers come for a unique lifestyle not available in the suburbs. Rental housing is followed by for-sale housing, usually targeting older households who are willing to put their largest household asset, their home, in a reviving downtown. As the number of rooftops downtown increases, the need for local-serving retail becomes obvious. Finally, office employment expands and there is a need for more office space. Through this process, land and building values accelerate, necessitating mechanisms very early on to ensure affordability for residential and commercial space.

This implementation process takes any where from 10 to 20 years from the time the initial urban entertainment appears until the first new speculative office building is built. However, given that for-sale housing comprises half of the built environment, critical mass is usually achieved once there is a proven for-sale housing market, usually in six to ten years.

These next six steps outline how a downtown can become a viable, sustainable, private real estate market, propelling the upward spiral of value creation.

Figure 2. Downtown Real Estate Strategy Time Chart



Source: Christopher B. Leinberger, Arcadia Land Co. and Robert Charles Lesser & Co.

Step 7: Create an Urban Entertainment District

Walkable urbanism starts with urban entertainment venues and retail that are within walking distance of one another. It must be in place before households can be enticed to move downtown.

It all starts, as in any real estate development, with market demand. Understanding which of the many urban entertainment options that have the greatest potential for success is a crucial first step. These can include:

- **Arenas, performing arts centers, or stadiums.** Since 1990, the vast majority of all new arenas, performing arts centers, and stadiums have been built downtown. They work better financially by having higher average attendance than their suburban competitors, and there is significant economic spin-off within walking distance.

- **Movie theaters.** The new generation of movie theaters—mega-plexes with digital sound and stadium seating—also benefit from a downtown location, assuming large amounts of evening and weekend parking can be provided for free. They also spark significant restaurant demand.

- **Restaurants.** A crucial part of any urban entertainment strategy, downtown restaurants provide lunch for the office workers and dinner for the night-time crowd, broadening their appeal and financial success.

- **Specialty retail.** Unique clothing, shoes, cosmetics, gift, and other specialty stores—as well as service providers such as day spas and design studios—can be attracted downtown. These will be mostly small, locally-owned retailers but will also include national chains.

- **Festivals.** One of the initial urban entertainment concepts, street festivals can be introduced relatively quickly to a reviving downtown since there is little or no capital outlay.

- **Arts.** The vast array of arts organizations, particularly music performers and visual artists, has a natural affinity for downtown. They are generally in the vanguard of urban dwellers.

Arts festivals, galleries, museums, and workshops are among the best and earliest urban entertainment providers.

- **Night Clubs.** Generally aimed at people in their 20s and 30s, night clubs also have a natural affinity for downtown; these venues tend to be loud and stay open late so there are constraints on where else they can locate in the region.

These urban entertainment concepts appeal to different clientele, yet can all be accommodated within walking distance. There can be a night club district a few blocks away from the performing arts center. There can be an arts district close to a movie theater and restaurants. An arena can be shoe-horned near office towers, double using the commuter roadways, transit, and office parking lots. This complexity gives all sorts of people a reason to come downtown, which is particularly important in the early years when downtown's image may not be positive.

The most important benefit of entertainment is to get "feet on the street," especially at night. And just as a crowded restaurant is the best recommendation that it is a good place, crowded sidewalks recommend downtown, signaling a safe environment, and providing an excitement and spectacle that draws people to the area.

Step 8: Develop a Rental Housing Market

The initial urban pioneers looking to live within walking distance of the urban entertainment growing in downtown will tend to be young, often students and those in their 20s. This age group was probably raised in the suburbs, and probably doesn't have as negative an impression of downtown as their elders. They also look upon it as exciting and interesting, especially compared to where they were raised.

The young also tend to rent, as they don't have the assets, income, or location stability required to buy a home. They are more flexible, tied only to the lease they have signed, probably for a year or less. Once an urban entertainment concentration begins to emerge, this group generally has both the propensity to move downtown, and the ability to make the move quickly.

Rental housing projects can be conversions of existing office, industrial, or institutional buildings or new construction. The renovation of existing buildings offers some of the most exciting new housing options, as they are unlike other rental products in the regional market. Though often a source of great challenge for developers, converting obsolete, sometimes decrepit buildings into attractive, active uses has ancillary benefits. This type of development also begins to take lower end, class C office buildings off the market, paving the way for the eventual recovery of the office market.

New construction of rental housing has its own unique trials. While construction costs are much better known up front, with fewer surprises than conversions, these new costs tend to be high. There is no existing steel or concrete structure frame, parking, or re-useable heating and cooling systems to recycle. Since apartment rents tend to have an absolute ceiling in any market, the cost of new construction must come in at a level that is financially feasible, which can be very difficult to do, especially early in the redevelopment process when rents are probably low.

Like suburban development, an initial downtown turnaround requires sufficient parking. Only after critical mass is reached will parking ratios begin to drop, as more of the residents are walking or taking transit for their daily needs. The majority of the parking for rental apartments typically needs to be on-site. While converted office or industrial buildings may have more than sufficient parking, new construction will likely require structured parking, which is approximately 10 times more expensive than surface parking to build. In either case, the amount of parking on the site will drive the number of units that can be built.

In spite of the obstacles, downtown can often achieve the highest rents in the metropolitan area. If you offer a unique rental product in a unique, walkable downtown that is on the way back, the rents are likely to float to the top of the market.

Albuquerque

Since 1945, 31 studies have been conducted on how to turn downtown Albuquerque around. Every one of these studies focused on one or two "solutions," such as a new convention center, a civic plaza, streetscape improvements of the main retail street (redone twice), a pedestrian mall, and so on.

None of these "magic bullets" worked.

Then, in 1998, the newly elected Mayor Jim Baca made revitalizing downtown his number one priority, building upon initiatives started by his predecessor, Mayor Martin Chavez. He convened civic and business leaders to ask whether they would contribute the necessary financial and other support to kick off a strategic planning process. Within 15 minutes, $150,000 in contributions had been pledged, and the strategic planning process took off.

The strategy process resulted in 17 task forces to implement plans for constructing new parking structures, creating a business improvement district, building a new arena, sparking the development of new housing, developing a signage program, and replacing the existing zoning code with a "form-based" code that was easy to understand and resulted in building approvals in a rapid 21 days. In addition, a catalytic development company, the Historic District Improvement Co. (HDIC), was identified to help re-introduce private real estate development to downtown, where there had not been a private-sector building permit in 15 years.

HDIC is a for-profit/non-profit joint venture, organized as a for-profit limited liability corporation. It is partly owned by two non-profits, the McCune Charitable Foundation and the Downtown Action Team, which manages the BID; and the for-profit managing member is Arcadia Land Co, a new urbanism development company. HDIC combines the long-term, social perspective of its non-profit partners with the "get it done yesterday" perspective of a for-profit firm.

The McCune Foundation investment in HDIC has been unique in the nation. Characterized as a "program-related investment" (PRI), McCune provided below-market interest rate loans to HDIC to spur downtown development, making it one of the first times a foundation has attempted to line up its charitable mission with its investments. The foundation offered a type of investment capital that is crucial for downtown redevelopment yet is extremely rare: patient capital. Combined with the social mission of the foundation, this patient capital allows for much higher quality projects to be built with the kind of construction walkable urbanism demands. The managing member, Arcadia, is also in a position to be patient in achieving financial returns.

HDIC has developed over $50 million in new projects between 2000 and 2004, including a 14-screen movie theater, restaurants, specialty retail, office, and for-sale housing. It has an additional $60 million in the planning pipeline, which is primarily housing.

In the past two years, there have also been a number of new developers attracted to downtown Albuquerque. HDIC has provided these prospective developers access to its market and consumer research, introductions to their investors and bankers, and partnerships on parcels HDIC controls. HDIC has recently acted as the land, or horizontal developer, partnering with a building or vertical developer for 109 units of new rental housing. After critical mass is achieved in downtown, it is probable that HDIC will go out of business, leaving the field to private developers attracted to the then proven market, and it will eventually return the capital, hopefully significantly appreciated, to the McCune Foundation.

In 2003, National Public Radio's Smart City program called downtown Albuquerque "the fastest downtown turnaround in the country," due to the implementation of its complex strategy for downtown. To date, there has been over $400 million of new public and private sector development in downtown Albuquerque since the development and initial implementation of the 1998 strategy.

Step 9: Pioneer an Affordability Strategy

Like most things in life, turning around a downtown means good news and bad news. The good news is that if a critical mass of walkable urbanism is created, the rents, sales values, and land values will probably be the highest in the metropolitan area, rewarding those willing to take the risk, build high quality construction, and wait patiently for returns. The bad news is that the values will be some of the highest in the metropolitan area, meaning only the well-to-do can live downtown. To address this issue, an affordability strategy must be developed early-on in the revitalization process.

The issue of affordability generally focuses on housing. Specifically, lower paid workers who are employed downtown will not be able to afford the newly converted or new construction rental or for-sale housing due to the basic cost to deliver the product, and the high demand generated for it. Federal government-sponsored affordable housing programs have recently been cut back and the red-tape is discouraging to some developers. And the community development corporations (CDC's) who specialize in affordable housing generally do not have the capacity to fill the need.

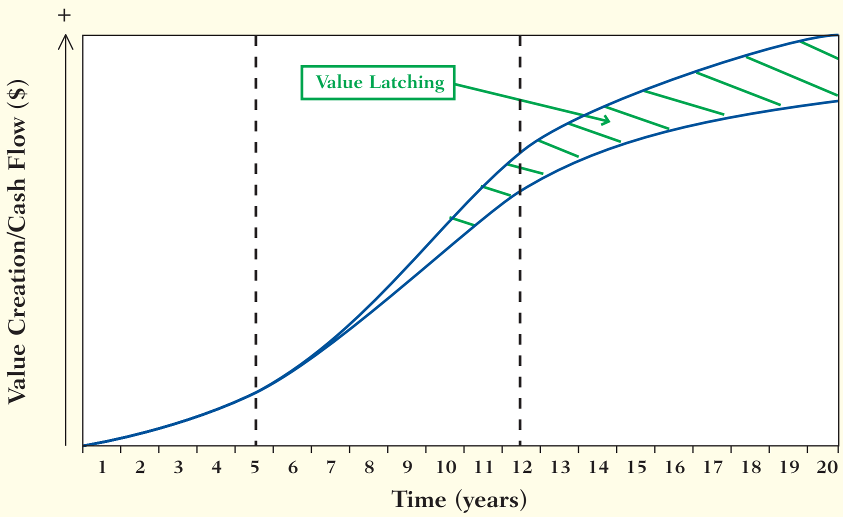
However, affordability is also an issue for commercial space. For example, even in a depressed downtown, there are unique retail and service establishments which will probably be pushed out as rents increase. In downtown Albuquerque, for example, there is a 60-year old, four generation-owned shoeshine parlor paying approximately $8 per square foot per year for its space. As redevelopment occurs, fancy new retail a block away is obtaining rents above $20 per foot. When the shoe shine parlor's lease ends, it will probably have to move; given that its customer base is downtown, this may push it out of business altogether. Artists who work and show in downtown face a similar fate by rehabilitating obsolete space in a dead downtown that is then rediscovered and renovated for higher-income professionals.

One of the usual approaches to affordability is to simply mandate it be addressed. Some downtown projects have a quota of affordable housing, such as 20 percent, particularly if the project had some form of government assistance. While this approach is required if federal housing tax credits are employed, it is counter-productive if they are arbitrarily used. In essence, the use of an affordable set-aside means the other 80 percent of the tenants or buyers must pay for the 20 percent being subsidized. So just at a time the downtown is struggling to come back, the very families they are trying to attract are "taxed" for pioneering the downtown revitalization. If all housing developments in the metropolitan area, or even in the city, had an affordable housing set-aside, that would be both fair and socially beneficial. Yet almost no affordable housing advocates have the will to take on the powerful suburban homebuilders. It is much easier to mandate affordable housing program on developers willing to take on socially-oriented development, like the revitalization of downtown.

An alternative experiment in downtown Albuquerque may bear watching. The Albuquerque Civic Trust has been established to finance affordable housing and commercial space and provide new parks for the reviving downtown.[11] Initially funded by the Ford, Enterprise, and McCune foundations, it is an attempt to have gentrification pay for affordable space on a permanent basis by the private sector. It works under the assumption that as the upward spiral of value creation occurs in a redeveloping downtown, there will be unanticipated profits made by the private sector. These private developers are being encouraged to dedicate a portion of those profits to the Civic Trust, a concept known as "value-latching" (Figure 3). If a development project exceeds the financial projections the project's backers used to underwrite their investment, only then will a portion of the unanticipated profits be given to the Civic Trust.

Why would a developer do such a thing? First, the developer is being asked to give a portion, say 20 percent to 40 percent, of the profits that were not anticipated and thus will not affect the underlying financial feasibility of the project. Second, it will be known by the consuming public that by patronizing the restaurant, movie theater, or business located in the project, they are helping to support the good work of the Civic Trust. This is similar to using an affiliation credit card that helps one's favorite charity, and in turn increases customer loyalty. Third, the work of the Civic Trust will add to the complexity of downtown, keeping the funky retail and

Figure 3. Progressive Real Estate Cash Flows with Value Latching



Source: Christopher B. Leinberger, Arcadia Land Co. and Robert Charles Lesser & Co.

artists in the area and providing potential housing within walking distance for the business' employees. This complexity just adds to the upward spiral of value creation. Fourth, the use of old-fashioned guilt at not participating can be very influential. Finally, there are still civic-minded people and developers who would do it because it is a good thing to do for the community.

The future cash flows that are dedicated to the Civic Trust can be employed to provide equity investments in market-rate housing projects in return for an agreed upon number of affordable housing units. These housing units will be affordable for the long-term, not for 15 years like Federal programs. For example, the Civic Trust may finance CDCs in their development work, buy land and hold it and then contribute the land for future development which includes affordable commercial space and housing.

The obvious problem with value-latching is that the funds from the market rate development projects are not available to the Civic Trust when the downtown is just in the beginning stage of redevelopment, when the prices are the most affordable. Waiting until those funds become available then means that the prices of land and buildings have already begun to rapidly escalate, making it harder for the Civic Trust to fulfill its mission.

The answer to this dilemma is to borrow money from foundations who have a "program related investment" (PRI) loan program. First created by the Ford Foundation in the 1970s, PRIs allow foundations to lend substantial amounts of money which fulfill their mission. PRIs are usually invested in affordable housing or commercial projects that must then pay back the loan from that project's cash flow. Basically, this constitutes a non-recourse loan with the real estate project as the only potential source of repayment, a daunting proposition for most lenders. As a result, PRIs have a relatively high default rate. However, the Civic Trust can obtain PRI loans which will have two sources of repayment to the foundation making the loan: the market rate real estate project which dedicated its unanticipated profits to the Civic Trust and the affordable housing or commercial project that the money was invested in. This mechanism allows the Civic Trust to get in front of the gentrification curve, obtaining a capital base before the gentrification of downtown drives prices too high.

Getting in front of the issue of affordability adds tremendously to the complexity and social equity of downtown. At the same time, having households of all income levels living within

"Having households of all income levels living within walking distance provides another unique aspect to life in downtown."

STEP 1
Capture the Vision
STEP 2
Develop a Strategic Plan
STEP 3
Forge a Healthy Private/Public Partnership
STEP 4
Make the Right Thing Easy
STEP 5
Establish Business Improvement Districts and Other Non-Profits
STEP 6
Create a Catalytic Development Company
STEP 7
Create an Urban Entertainment District
STEP 8
Develop a Rental Housing Market
STEP 9
Pioneer an Affordability Strategy
STEP 10
Focus on For-Sale Housing
STEP 11
Develop a Local-Serving Retail Strategy
STEP 12
Re-create a Strong Office Market

walking distance provides another unique aspect to life in downtown, something not available in any other part of largely income-segregated America. This is yet another competitive advantage for a reviving downtown.

Step 10: Focus on For-Sale Housing

Following the establishment of urban entertainment and the initial "colonization" of downtown by urban pioneers who rent, for-sale housing can return to downtown. For-sale housing appeals to a very different set of households than renters. They are generally older, not as adventuresome, and are prepared and able to invest in the largest asset of their personal net worth, their home.

The natural markets for for-sale housing in a reviving downtown include young professional singles and couples and Baby Boomer empty nesters. These are typically childless households who likely demand less living space, and aren't concerned about the quality of the schools. Still, far-sighted civic strategists responsible for downtown revitalization would be wise to include improving the downtown schools in their strategic plan. This would allow for the young professionals to stay in downtown if they eventually have children. In downtown Albuquerque, for example, the schools were a part of the strategy. There is a magnet elementary school serving downtown and in the fall of 2005, a charter high school with 200 students is moving into an old federal Building.

Another likely market to come downtown, though generally after the initial wave of for-sale housing, is retirees. The ability to access goods and services without the need for a car, coupled with close proximity to medical care in many cities, make downtown an ideal location for this group. This allows them to stay in the same city near friends and family while maintaining their self-sufficiency, especially if they are not able to drive.

Having an established for-sale housing market is the ultimate test of whether the downtown has achieved critical mass. Given the size of the for-sale housing market, it is crucial to the success of a downtown turnaround. Bringing middle and upper-middle housing to downtown will provide the tax base so sorely needed by most cities, and members of these households will demand a level of service that will continue the upward spiral. These services—whether they be safety, cleanliness, or parades—will benefit all elements of the community, not just those who choose to make their home downtown.

Today, with around two-thirds of U.S. downtowns in some stage of revitalization, there are many more examples of cities where for-sale housing has been profitably built. Well-known successes in downtown Denver, San Diego, Dallas (Uptown), Houston, Baltimore, Atlanta, and others have given the buyers, developers, bankers, and investors confidence that it can work in other downtowns around the county sooner than one might expect.

Step 11: Develop a Local-Serving Retail Strategy

Once downtown begins to be repopulated, the demand for local-serving retail will grow. As new downtowners often come to realize, however, long-time inner-city households have had to drive to the suburbs for most of their daily shopping needs for the past 20 to 30 years. In the initial stages of redevelopment, the new downtown residents have to as well. There are two primary reasons why many of these urban areas are under-retailed, despite their high density of demand for goods and services.

First, the structure of retail has changed considerably over the past several decades, evolving into fewer and larger outlets. These larger outlets draw from a consumer radius that has become wider and wider, increasingly undercutting smaller retailers in the area in price and selection. In the grocery business, A & P and Winn-Dixie put the small mom and pop corner grocer out of business, just as Wal-Mart is putting A & P and Winn-Dixie out of business today. The mom and pop grocer had a three to four block consumer draw, A & P had a one to two mile consumer draw and Wal-Mart has a three to five mile consumer draw. Store sizes went from 5,000 square feet mom & pop stores to 20,000 to 40,000 square feet regional and national chains to 180,000 square feet super centers. More significantly, the 40,000 square foot grocery store had about five acres of land, 80 percent under asphalt for parking, while the super center has a need for about 20 to 25 acres of land, most of it used for parking. Finding five acres in or near downtown is difficult, and finding 20 to 25 acres is nearly impossible in many cities.

As each succeeding generation of retailer's stores and parking lots became geometrically larger in size, the obsolete retail space was abandoned or under-utilized, resulting in the miles of deteriorating strip commercial littering American arterial highways. The big retail boxes went further to the fringe to obtain the vast amount of land required for their "modern" concepts. This includes selling goods in larger quantities and portions than those found in traditional grocery stores (flats of soda, not six-packs, and 180 ounces of dishwasher detergent, not 16 ounces), which then requires a car, or an SUV, to haul the stuff home. No one walks to a Sam's Club.

Second, local-serving retail is a "follower" real estate product, i.e., the housing must be in place before a grocery store can build a store. As a downtown redevelops, there are not enough households initially to justify the conventional grocery store. This is coupled with the fact they these stores have little or no experience in an in-fill urban location with parking challenges. Over the past three decades, these stores have been built primarily in the suburbs, relying upon new housing sub-divisions for demand and cheap surface parking. These national and international companies have top down policies for site selection, based upon this suburban paradigm. Obtaining an exception to these policies is very difficult, even if the local or regional management understand the demand for their store in downtown.

The super-sizing of retail and its subsequent flight to the fringe meant that as people began moving into American downtowns, they had no choice but to drive to the suburbs to shop. That, however, is changing.

There are some national and regional local-serving retailers who are experimenting with downtown and inner-city locations, making significant modifications to their format to fit the smaller urban sites and confined parking. These include the Ralph's, Safeway, and Kroger grocery chains, Home Depot, and the major book stores, among others. Grocery stores in particular are finding urban locations exceeding profitable due to less shelf space devoted to low-profit paper goods, like diapers, and more space for more profitable take-out food for busy professional households. The limitation on land that can be assembled in and near downtown also has an advantage for national, regional, and local chains that move there: Wal-Mart super centers will have a hard time getting very close.

Of course, there are still locally-owned retailers who provide groceries, drugs, and hardware and offer the "in and out" convenience—especially for one and two item trips—that larger stores lack. Unfortunately, they have become a dying breed. These companies often have weak balance sheets and thus have difficulty obtaining financing from banks for new development. Only if a project has sufficient patient long-term equity is it possible to lease or build space for smaller retailers with a shaky financial history. Thus while some of these stores will continue to thrive, as a group they are probably only part of the solution to downtowns' growing local-serving retail demands. The other part of the solution is finding ways to entice national "big box" retailers to integrate into a walkable landscape.

Step 12: Re-create a Strong Office Market

As entertainment, housing, and retail are established downtown, the office market will begin to follow.

In every metropolitan area in the country, there is at least one major concentration of upper-income housing. This concentration may be to the northeast, like Phoenix, the south, like Kansas City or the west, like Philadelphia. In each area, this is also where most of the office space has been built over the past 40 years.[12] It is known as the "favored quarter," the 90 degree arc coming out from downtown that includes the bulk of high end housing, the major regional malls, most of the new infrastructure, and the vast majority of new office space in the metropolitan area for two generations. The explosion of growth in the favored quarter is the major reason downtowns went into decline from the 1950s to the 1990s.

As upper-middle income for-sale housing is built in downtown, there will gradually be a return of a healthy office market and the employment it houses.

Once the bosses, who make the ultimate decision about office location, begin to live downtown, they will decide to bring their office there as well. Why should they drive to the suburbs from downtown when they could walk to work or have a very short drive? This has happened in those downtowns that have been redeveloping the longest over the past generation, particularly Denver, Portland, and Seattle. Denver, for example, had a vastly overbuilt office market following the energy bust of the early 1980s, which left office vacancies over 30 percent. Due to the combination of the 1990s economic boom, the conversion of obsolete office space into housing, and the construction of new for-sale housing in downtown, office buildings were once again being built in the last few years.

This step in the redevelopment process will probably only fill existing, vacant office space in most cities, due to the past overbuilding and the weak demand for office employment in the economy in general. However, it will be a tremendous benefit for city revenues and the employment prospects of other downtown and city residents. With most new metropolitan jobs located in the favored quarter of the suburbs, they were hard to reach by city residents, especially those with lower incomes. A growth in office development will address this imbalance, though it generally takes 15 to 20 years from the start of the revitalization process.

Conclusion

This paper summarizes what is known today about how to revitalize a downtown. In succeeding years, much more will be learned as greater numbers of American downtowns revitalize and the process proceeds to successive levels of development. As such, this paper will become dated.

As the demand for walkable urbanism continues to grow, so does the number of revitalized downtowns. Moreover, enclaves of density and walkable urbanism are also being created in other city neighborhoods—such as around universities, hospitals, and new or existing transit stops—as well as in both older and newer suburban business districts. More traditional looking lifestyle centers are rising in greenfield locations. Edge cities are being remade. And in some places, obsolete commercial corridors are now being retrofitted with high density development fronting the street. In short, there are plenty of places for walkable urbanism to emerge. While not as obvious, and without the emotional attachment of downtown, they will be the next frontier in the rediscovery of great urbanism in America.

Downtown revitalization is one of the most complex, challenging undertakings anyone can embark on. There are many skeptics and even those who support the process may have unrealistic expectations and frustrations. Yet, seeing a dead downtown come to life is a great reward for any community—and worth investing time, energy, and emotion.

"Ultimately, reaching critical mass means that the redevelopment process is unstoppable and cannot be reversed."

Endnotes

1. Christopher B. Leinberger is a partner in Arcadia Land Co, a new urbanism development company with projects in Pennsylvania, Missouri, and New Mexico. Arcadia is the managing member of the Historic District Improvement Co. (HDIC), the catalytic development company in downtown Albuquerque. Leinberger is also a managing director of Robert Charles Lesser & Co., one of the leading real estate advisory firms in the country, and has consulted on downtown revitalizations in over 50 cities world-wide. He has written or contributed chapters to six books on metropolitan development and strategy and his articles have appeared in numerous national magazines and trade and academic journals. Leinberger is a graduate of Swarthmore College and the Harvard Business School. His web site, which has copies of his articles and links to various development projects, is **www.cleinberger.com**.

2. Eugenie Birch, "Who Lives Downtown" (Washington: Brookings Institution, forthcoming).

3. Robert E. Lang, *Edgeless Cities: Exploring the Elusive Metropolis* (Washington: Brookings Institution, 2003).

4. For more in-depth analysis of this phenomenon, see "Building for the Long-Term" (Urban Land, December, 2003), at **www.cleinberger.com**.

5. These lessons come predominantly from Robert Charles Lesser & Co. experience consulting in large cities that include Baltimore, Los Angeles, Seattle, Portland (OR), Chicago, Minneapolis, Chicago, Dallas, Houston, El Paso, Phoenix, San Diego, Denver, Atlanta, Miami, Orlando, Jacksonville, Savannah, Nashville, and one of the finest examples in recent years, Chattanooga. There has also been consulting work in many small towns, such Provo (Utah), La Grange (Georgia), and Hershey (Pennsylvania), among others. Finally, they are also based on direct development experience in two very different places, St. Petersburg, Russia and Albuquerque, New Mexico.

6. *America's Real Estate*, Urban Land Institute, 1997

7. Richard Florida, *The Rise of the Creative Class* (New York: Basic Books, 2002).

8. Ansley Park, just north of downtown Atlanta, is a prime example. Averaging under $30,000 twenty years ago, today homes in this neighborhood are among the most valuable single family housing in the region, with values topping $1 million.

9. Go to **www.cabq.gov/planning/publications/down2010** to see the Albuquerque Downtown 2010 Plan.

10. The first catalytic development companies were the redevelopment agencies cities set up in the 1950s and 1960s to spur downtown redevelopment, generally called community redevelopment agencies or something similar. These were government departments, managed by public employees. By the 1970s, however, the opportunity for political interference, combined with the fact that public employees had no entrepreneurial incentives to motivate their work, made it clear that an alternative structure was required. That alternative took the form of quasi-independent special purpose government organizations with their own board of directors. While still managed by government employees, there was less political interference and a focused purpose for the organization. However, the incentives this type of organization could offer its employees were constrained, as it was still an arm of government. Two of the best examples of this kind of catalytic developer have been the Centre City Development Corporation in downtown San Diego and the Portland Development Commission, which have overseen two of the most impressive revitalization processes in the country over the past 30 years.

11. For more information go to **www.abqcivictrust.org**

12. Robert E. Lang, *Edgeless Cities* and Christopher B. Leinberger, "The Changing Location of Development and Investment Opportunities" (Urban Land, May, 1995). Available at **www.cleinberger.com**

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