

# Why Downtowns (Should) Matter to Planning Commissioners

by Kennedy Lawson Smith

*Editor's Note: This is the first of a series of columns by Kennedy Lawson Smith about downtowns. In coming issues, Kennedy will be talking about various aspects of downtown revitalization, downtown economics, business development, historic preservation policies, parking and pedestrian issues, and the role of downtowns in our changing society. Kennedy has a tremendous amount of experience in this field, having served as director of the National Trust for Historic Preservation's National Main Street Center from 1991-2004, and spoken on downtown issues in towns and cities across the country. We certainly share her strong belief that downtowns matter!*

America's downtowns have had a rough time over the past fifty years or so.

In the mid-1970s shopping malls clobbered many small downtowns. Malls flooded the retail market with far more commercial space than American spending, robust as it might be, could support: retail space grew almost ten-fold between 1960 and 2000, from four to 38 square feet of retail space *per capita*. It wasn't that Americans had suddenly gotten rich (we hadn't). But, thanks to the passage of the Interstate Highway Act of 1956, we were moving farther away from town centers, buying our own private pieces of paradise in the new suburbs. And retail – always a market follower, never a market

leader – followed us out there and sold us all the stuff we'd been buying downtown, but now in a spiffy, climate-controlled environment with artificial trees and free parking.

A DOWNTOWN'S HISTORIC BUILDINGS MAKE IT A ONE-OF-A-KIND PLACE, UNLIKE ANY OTHER COMMUNITY. THAT DISTINCTIVE IDENTITY ... HAS GREAT MARKET VALUE.

Around 1980 a new player – Wal-Mart – appeared on the scene, single-handedly bringing about the greatest transformation (so far, at least) in the history of retailing. About half of all the retail space in the U.S. has been built since 1990, and most of it has come in the form of discount superstores.

The malls and superstores not only diluted the nation's market for retail space, they also pitted communities against one another in the competition for retail sales tax and property tax revenues. In 1950, the average retail trade area of a typical small- or mid-sized

American community was about 15 miles. That was as far as someone was generally willing to travel to go shopping or do business. By 2000, it had grown to 50 miles, meaning that a community's retail trade area now routinely overlaps those of four or five other similarly-sized communities.

Downtowns – whose

business and property owners had never before had to organize themselves to compete with significant threats like these – were poorly prepared to deal with this new world of retailing. As downtown businesses died or relocated, downtown property owners had less rental income with which to maintain their buildings. Downtown buildings began deteriorating, and many downtown districts started looking shabby, deterring shoppers. America's main streets slipped into a downward cycle of disinvestment and decay.

## DOWNTOWN REVITALIZATION

Fortunately, many downtowns have made a successful comeback, and many more are doing so every day. Revitalizing a downtown is a complex process, requiring patience, innovation, and ongoing commitment from a broad range of organizations and agencies.

One of the greatest ironies about downtown revitalization is that it doesn't really take place downtown. Sure, there are lots of things that can happen downtown to make the district healthier and more attractive – from building improvement programs, to business development initiatives, to festivals and special events. But if the community's planning, zoning, and other land use policies do not encourage the concentration of economic activity needed to support the downtown, all the revitalization activities that happen downtown will ultimately have short-lived benefits. That makes planning commissioners' jobs particularly crucial to the revitalization process.

Downtown revitalization is essentially a real estate exercise: to make a downtown "succeed" economically, there needs to be enough sales activity taking place there to generate sales levels high enough for the businesses to afford the rent levels that property owners need to

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The 95-acre two-level Southdale Center Mall, with parking for 5,200 cars, opened on Oct. 8, 1956 in Edina, Minnesota, near Minneapolis. It was the country's first fully enclosed shopping center, with a constant temperature of 72 degrees.

## Why Downtowns (Should) Matter...

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rehabilitate and maintain their buildings.

Sales > Rents > Maintenance and Rehabilitation

There are many different combinations of businesses and other uses that can fit into this equation. But regardless of the combination, there must be enough sales activity to support the rent levels needed for the real estate to work.

Downtowns *should* be the easiest place in the community for someone to open a new business, rehabilitate a building, or develop a new infill project. Unfortunately, the reverse is too often the case.

Zoning regulations and overly restrictive codes, for example, frequently make it difficult to put residential units upstairs, above a restaurant or a retail space (not only limiting potential rental income, but leading to fewer people living downtown). Design review can take time and slow down the process. On-site parking requirements – designed for suburban-style detached housing – are often excessive for upper-floor housing in a walkable district. The list goes on.

But slicing through red tape and eliminating unnecessary regulations is not enough. It is essential for communities to make creating an economically and culturally vibrant downtown a top priority.

Downtown development needs to be at the center of the community's land use priorities.

There are a number of reasons why downtowns (and downtown revitalization) should be a top priority for planning commissioners:

- **Downtowns are an extremely efficient land use form.** Compact and walkable, downtowns pack a wide variety of functions – retail and service businesses, small industry, housing, government activities, religious institutions, civic organizations, cultural activities – into a relatively small amount of land.

- **Downtowns represent an enormous amount of investment already in place.** The city has already spent money for water and sewer lines, curbs, streets, police and fire stations, and lots of other infrastructure downtown. It makes fiscal sense to maximize use of existing investments.

- **A downtown's historic buildings provide a distinctive market identity for the community.** Shopping malls and commercial strips look essentially the same everywhere. But a downtown's historic buildings make it a one-of-a-kind place, unlike any other community. That distinctive identity, when used correctly, has great market value, distinguishing each downtown from all other commercial centers.



*Freedom of expression for all ages can be celebrated in our downtowns.*

- **Downtowns attract and cultivate independent, locally-owned, businesses.** In part, this is because shopping mall developers usually prefer national retailers, as nationals are (generally) financially stable “credit tenants” with excellent credit references and able to commit to long-term leases. The rent structure of many downtowns is also lower and more flexible than that of malls, important for smaller, start-up businesses. Finally, the distinctive character a downtown provides tends to attract independent retailers, who generally return a higher percentage of their profits to the community than national retailers (who typically return their profits to their stockholders or invest them in corporate expansion).

- **Downtowns create new jobs.** Just as downtowns are natural incubators for independently owned businesses, the small businesses that locate downtown are incubators for new jobs. In recent years the number of jobs in historic downtown districts from “location neutral” businesses – businesses that, because of the advent of the internet and overnight delivery services, can locate anywhere – has soared. Many of these are in small industries that gravitate to upper-floor spaces, old warehouses, and other unique downtown spaces.

- **Downtown development minimizes air pollution.** This may seem counter-intuitive, given the traffic that sometimes seems to jam downtowns. But because they are walkable (once you're there) and have a dense concentration of



*Keeping downtowns strong means keeping them attractive. Here, new trees and paving are being installed along Burlington, Vermont's main downtown street.*

uses, downtowns are actually much less automobile-dependent than highway-oriented commercial development. Given their density, even small downtowns also provide areas in which public transit can operate more efficiently. The U.S. Environmental Protection Agency, in fact, promotes downtown revitalization as a tool for improving air quality in smog-prone regions.

There are a few more reasons important to me – and perhaps to others – for making strong downtowns a priority:

- **Downtowns are true civic places,** where you can organize a festival, stage a

demonstration, or hand out political flyers. You can't do those things at most malls or lifestyle centers.<sup>1</sup>

- **Downtown revitalization is the ultimate form of recycling.** Each year, the U.S. buries about 33 million tons of wood-related construction and demolition debris in solid-waste landfills, accounting for almost half of all the material there. As this wood decomposes, it releases 5 million tons of carbon in the form of methane gas, equivalent to the yearly emissions of 3,736,000 pas-

senger cars. So, why don't we make it our highest priority to reuse historic buildings?

- **Downtowns are places where true innovation often occurs.** Superstores' predictable formulas make our communities one big, homogeneous blur. Independent downtown businesses are the incubators of the great new ideas and the mirrors of local character.

Many of the best businesses and building uses I've seen in the hundreds of main street districts I've visited over the past two decades would never have made it through a developer's or a shopping mall management company's filters. Yes, downtowns can have their kinks, and at times be unpredictable places. But we can learn to smooth out some of the kinks, live with others, and celebrate the unpredictability! ♦

*Kennedy Lawson Smith is a principal with the Community Land Use and Economics (CLUE) Group, a consulting firm specializing in downtown economic development. She served as director of the National Trust for Historic Preservation's National Main Street Center from 1991 to 2004.*



Portland, Oregon's, huge Lloyd Center was the focus of a landmark 1972 U.S. Supreme Court ruling which found no First Amendment right to distribute leaflets in a privately owned shopping mall. See footnote.

<sup>1</sup> Editor's Note: The U.S. Supreme Court has found no First Amendment right to protest or distribute political leaflets in privately owned shopping centers. *Lloyd Corp., Ltd. v. Tanner*, 407 U.S. 551 (1972). As the Court held: "There has been no dedication of petitioner's privately owned and operated shopping center to public use so as to entitle respondents to exercise First Amendment rights therein that are unrelated to the center's operations." Most state Supreme Courts have come to similar conclusions applying state constitutional provisions.

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