

Seven Ingredients for Building a Healthy Downtown, Part 2

by Andy Kitsinger, AIA, AICP

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5. Targeted Incentive Tools

Incentives come in various forms, but traditionally focus on tax incentives and infrastructure improvements. Incentives that relate to the construction or redevelopment of public infrastructure can have the largest impact on private real estate investment. Clearly, the construction and location of utilities, roads, public plazas, parking structures, and transit facilities have a major impact on where development occurs.

Traditionally, most capital improvement programs fund public infrastructure through municipal bond issues backed by local taxes. But in today's competitive global economy, it is vital that communities also have access to and utilize innovative development incentive tools.



Pioneer Courthouse Square, now the most site in Portland Oregon, was created from a surface parking lot at the intersection of surrounding four transit lines utilizing a combination of local and federal incentives. ¹

Many communities utilize tax increment financing and tourist development zone financing to assist in backing traditional bond financing.



Local, state, and federal tax credits are used to assist in financing of targeted development projects such as historic renovations and low-income housing.

Location-based tax credits, such as new market and enterprise zones, often support investment in targeted downtown areas. These can be combined with local incentives, such as low-interest development loans or historic façade improvement grants, in strategic geographic areas.

Pioneer Square in the heart of downtown Portland. photos by Wayne Senville

Public incentives should be used as strategy that is tied to the goals and objectives of the community

plan. They should target specific locations in order to attract private investment in locations desired by the plan. Uniform or excessive allocation of tax incentives remove their effectiveness.

6. An Authorized Entity to Shepherd the Plan

Across the country, governments are being challenged to operate more efficiently and cost-effectively and are increasingly turning to public-private partnerships (often referred to as P3s) as an effective tool for serving public needs.

Downtown P3s come in many shapes and sizes in order to address the specific needs and local legislation of various communities. The common theme is that public-private partnerships have been extremely effective in addressing community needs that neither the public sector nor private sector can do alone.

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In many cases local elected leaders have established P3s in forming and authorizing an entity to shepherd the central city redevelopment plan. Some of the most common forms that P3s take are Business Improvement Districts (BIDs), Community Development Corporations (CDCs), or Main Street Programs.

A Business Improvement District (BID) is a public-private partnership in which businesses in a defined area elect to pay an additional tax (or assessment) in order to fund improvements to the district's public realm. In some parts of the country, BIDs are referred to as business improvement areas (BIAs), or as community improvement districts (CIDs). BIDs are often grassroots organizations driven by community support. They do, however, typically require legislative authorization in order to be established.

BIDs are widely used throughout the United States, as mentioned by Beth Humstone in her Planning Commissioners Journal article, "[Turning Downtowns Around: Business Improvement Districts](#)":

"Today there are an estimated 800 downtown business districts in the United States in communities ranging in population from 1,000 to over 8 million."

*Business Improvement Districts*² — jointly published by the Urban Land Institute and the International Downtown Association — is another great reference, which identifies best practices for planning, organizing, and financing BIDs; the services they provide; and how BIDs are operated and managed.

Editor's note: we've also previously posted field notes on two BIDs: "Campus Martius Park in Downtown Detroit," and

"There's a Good Story Here!" (about Greeley Square in midtown Manhattan and the 34th Street Partnership, a BID).



Greeley Square in midtown Manhattan is maintained and managed by a BID.

Community Development Corporations (CDCs) are not-for-profit organizations incorporated to provide programs, offer services, and engage in other activities that promote and support community development. CDCs often serve struggling neighborhoods. They can be involved in a variety of activities including economic development, education, community organizing, and real estate development.

Some downtown revitalization efforts are led by Main Street Programs using the Main Street's four-point approach to revitalize and strengthen their traditional commercial districts, whether they have officially designated Main Street programs or simply incorporate Main Street into existing economic development, historic preservation, city management, or urban and community planning programs.

The Main Street Program is promoted by the National Main Street Center (NMSC), a nonprofit subsidiary of the National Trust for Historic Preservation. ³ <http://www.preservationnation.org/main-street/about-main-street/> The NMSC provides research and resources to existing Main Street programs and historic commercial districts that are not yet part of the Main Street Network.

7. Regional Support

Today's metropolitan areas function as economic units that compete for jobs, investment, visitors, and residents. In order to have a strong city and region, there must be a healthy heart. It is critical that a community's downtown be an asset that is valued and supported by the entire metropolitan region. As I noted in my previous column, downtowns are the heart of not just the city, but of the region — and without a healthy heart, the whole region is at risk.

Community leadership and all center city stakeholders should work to increase a regional understanding of the economic benefits of public and private investments in the downtown core.

There are no fool proof formulas that guarantee instant success in building a healthy downtown. Revitalizing downtowns remains more of an art than a science, which makes it challenging, exciting, and rewarding.

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Kitsinger's thirty-year career as an architect, urban designer, city planner, and teacher has focused on creating authentic places that are strongly influenced by their context and have a positive impact on their community. He



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Kitsinger served as the Senior Vice President of Planning & Development for the Downtown Memphis Commission (formally Center City Commission) for the last eight plus years where he helped continue the momentum of downtown while working to improve the livability and the quality of life in the City.

We look forward to upcoming columns by Kitsinger on a range of downtown and main street issues.

Notes:

1. Editor's note: for more on Pioneer Courthouse Square, see my post "[Reflections on Portland: A Sense of Place ... and More.](#)" ↩
2. Lawrence O. Houstoun, Paul R. Levy, BIDs – Business Improvement Districts (Washington, DC, The Urban Land Institute, International Downtown Association, 2003) ↩
3. The National Trust for Historic Preservation, "Nation Main Street Center (NMSC)" ↩

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