

DOWNTOWNS EMERGING IN NEW FORMS

by James A. Cloar

A decade ago American cities were revamping their downtown skylines. Block after block of new office towers and hotels seemed to confirm that the city center was alive and well, and reasserting its place as the community's economic hub.

This was welcome validation for downtown advocates. The increasing exodus of retail shopping that began after World War II meant fewer customers on the sidewalks and in the stores, symbolizing a loss of economic and social vitality. For many, shopping was the primary link to downtown. It was an activity open to everyone.

So, when many traditional merchants began closing or scaling back their downtown locations, the popular perception was that these areas were dying. Understandably, many cities undertook a variety of heroic but too often futile efforts to reverse or at least retard the trend.

The financial outlays incurred sent most localities to the federal government for help with urban renewal programs. For many this was considered ironic since it was the combined Washington-backed interstate construction and FHA/VA housing programs that had fueled suburban growth in the first place.

Downtowns Re-emergence As The Office Hub

Though falling short of many original goals, downtown revitalization efforts seemed to finally pay off in the early 1980s. Developers responded aggressively to pent up demand for office space and hotel rooms, and with the availability of liberal financing, the city center's economic vitality seemed to be reaffirmed. Again, the federal government played a major role, primarily through Urban Development Action Grants (UDAG) and favorable tax laws.

Planners and city leaders weren't the only ones pleased with the revitalization efforts. The new buildings commanded higher leases and, in turn, prompted increased land prices. Property owners raised their expectations, each anticipating that their site was a prime location for the next new high rise.

The only bothersome issue was an occasional complaint that downtowns were becoming large office parks, dead during nights and weekends. Non commercial activities that couldn't compete for land on a cost basis had to find more affordable sites in outlying areas. The remaining retail frontages were ripe for demolition to make way for the more dense development justified by the higher land prices.

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What initially were welcomed incentives often turned out to terribly skew the normal balance between market and production. The saga of "see through buildings" which began in the suburbs, soon impacted downtown areas in a massive way.

The Outlook For The Downtown Office

Today, despite some signs of stability, lingering real estate doldrums still affect large segments of the office sector. Many cities which now boast of low vacancy rates for Class A space carry large inventories of unoccupied older buildings. The outlook is aggravated by corporate downsizing and decentralization. Trends such as telecommuting and office "hoteling" may further reduce the ratio of space required per employee.

With 70 percent preleasing requirements now the standard before new construction can be financed, the task of aggregating sufficient firm commitments from small tenants has become almost impossible for larger buildings. Thus, as the office market slowly recovers, it is doubtful that more than a handful of million square foot structures will be built in the foreseeable future. It is even more doubtful that they will be built downtown. Corporations which might be candidates for a single-tenant, build-to-suit are likely to have a large percentage of clerical or back office personnel, a situation that in most localities suggests a suburban campus-type layout.

New Roles For Downtowns

As America's cities prepare to enter the 21st century, the measures of success for downtowns are ripe for change. If, for the most part, the great retail giants have indeed abandoned the city center for good and if new office structures will be of more modest scale, a new realism must make its way into the expectations of both community leaders and ambitious property owners.

Invariably, people want their downtown or city center to be the community focal point, the hub of commerce but also of culture and entertainment. They look for it to be the seat of local government and education. They want it to contain restaurants and specialty one-of-a-kind shops. It's where they look for the opportunity to come together for great celebrations.

This article advocates that well-founded downtown development will take a different form. New office and retail structures will be built but at a more modest scale.

Those cities which are enjoying a city center resurgence—and there are a fair number of them—are emphasizing such markets as the arts, tourism, sports and entertainment. New retail ventures are frequently oriented to these directions.

Entertainment Centers

The latest trend to catch the imagination of developers and planners is entertainment centers. The entertainment complexes often feature interactive arcades, virtual reality attractions, large theme stores and multi-screen movie theaters. They build on the understanding that the appeal of the retail mall, especially for younger people, is only coincidentally for shopping. For many it is primarily a place for entertainment.

Sports

Reversing an outward movement that began in the 1950s, new sports facilities now are returning to the inner city. New basketball arenas in Orlando and Phoenix and new baseball stadiums in Cleveland and Baltimore are credited with spurring ancillary development in the surrounding downtown district. Evidence that sports venues could serve as an economic redevelopment stimulus prompted the decision in Tampa to build a new NHL arena near the downtown waterfront. Buffalo, San Jose, Denver, Charlotte, St. Louis and Washington, D.C. are among other cities where downtown sports facilities have recently opened, are under construction or are planned.

The Arts

Surprising to some, the cultural arts are reported to attract an even larger annual attendance than sports. Here, too, there is a growing recognition of the potential economic impact on a downtown. Almost immediately after relocating from a previous site almost two miles away, the Dallas Museum of Art began to thrive on the higher visibility of its new location which provides easier accessibility and proximity to downtown office workers and hotel guests.

In several cities, both new and existing museums, theaters and performance halls have joined together to form arts districts. The most successful districts are often marked by cooperative ventures among the affected institutions for efforts such as design compatibility, joint programming and marketing, common signage and banners and shared parking arrangements. Together, they form a larger presence, with the district itself becoming a destination and precursor of new restaurants, galleries and complementary retail shops. Tucson, Denver, Dallas, Cleveland and Tampa illustrate this pattern of development.

Tourism In Downtown

Tourism has emerged as an effective revitalization focus and with good reason. As noted, downtowns are becoming the home for more cultural, sports and entertainment attractions. Restored waterfronts and historic districts, normally found in or near the city center, are growing in popularity.

Tourists are a good market for downtown business hotels, and many provide favorable weekend rates. Numerous places of interest are often available within walking distance or a short ride by taxi or public transit. In turn, tourism provides an additional market for restaurants and shops otherwise dependent solely on the nine to five work force.

Baltimore, Norfolk, New Orleans and Seattle are among the cities that exhibit the economic impact of revitalized waterfronts. The Main Street program of the National Trust for Historic Preservation helped demonstrate the drawing power of restored older buildings, particularly in smaller towns. Old Town in Alexandria, Virginia is a wonderful example of a successful historic district with a waterfront setting.

Managing Downtown's Assets

Attracting tourists requires a new way of thinking for downtowns, particularly in Florida where Disney, Busch Gardens, Universal Studios and others offer experienced, sophisticated and well-funded competition. On the other hand, a good theme park can actually be a model rather than an impediment.

What shapes the experience for the tourist, prompting them to make a repeat visit or give a favorable recommendation, is similar to what makes downtown an attractive place for business. The customer experience is favorably influenced by cleanliness, timely repairs, user-friendly design, good directional signage, a sense of security and personal attention. These are among the factors that allow downtown Orlando, for instance, to hold its own in a market that is also served by some of the world's premier tourist attractions only a few miles away.

Providing a higher level of services is difficult in downtown areas where the infrastructure generally is older and more intensely used. With federal cut-backs, local governments are strapped to fund services as well as development. Civic organizations are well-organized and articulate; their demands for improved neighborhood security and other residential-based programs take priority in leaner times.

In many cities, public-private partnership is traditional and typically applied to the development of critical community projects. The privatization of services, however, is a more recent trend. The concept had its roots in a variety of specific programs such as those initiated by Downtown Tulsa Unlimited. DTU is a private, nonprofit that in the early 1970s contracted with the Tulsa Urban Renewal Authority to manage parking operations on cleared predevelopment land parcels, providing shuttle bus service for transport workers from peripheral lots to

the office core. In addition, DTU offered sidewalk cleaning services to subscribing downtown businesses.

The concept was popularized with the development of the 16th Street Mall in Denver. From the outset, it was acknowledged that the dollars spent on this marvelous civic improvement would be wasted if not accompanied by an intensive program of cleanliness, maintenance, marketing and promotion. The creation of a Mall Management District, funded by assessments against affected properties, provided the financial resources to insure an effective, dependable program of services. Recently, the district concept was expanded to include a larger area of the downtown.

The advantage of these programs is that they provide a consistent funding source, spreading the burden over all benefitting properties. Typically the programs are administered by existing downtown organizations or newly created quasi-public or non-profit entities whose sole focus is the city center district.

There are now reported to be over 1,000 such districts throughout the United States and Canada. Similar programs are emerging overseas, particularly in England. Initial resistance normally includes concern that the proposed services should be provided by the municipality and that city government may use the existence of the assessment district as an excuse to further reduce downtown expenditures.

It is crucial to get beyond philosophical objections and to obtain binding commitments that funds will go for services beyond the level already provided. Once implemented, successful programs pay constant attention to feedback from property owners through newsletters, meetings and other forums. Though most districts have a sunset provision, it is rare that one is not recertified.

The management programs are the latest trend as cities take charge of their own future. Dependence on the federal government has often led communities in the wrong direction or prompted ill-founded expectations. As financial support becomes more limited, the successful downtowns of the future will once more reflect those qualities that initially gave them strength.

Their function again will be as the community gathering place, the focal point for civic and social life that binds the various neighborhoods together. To do so will require local acceptance of a new vision which is rooted in realistic but ambitious expectations, persistence to overcome setbacks along the way and, above all, an entrepreneurial spirit and cooperation.