



A Management Framework for Downtowns and Commercial Districts

Organizing Development Tools and the Toolbox for Each Phase of a Business District's Growth Cycle

There are a variety of public/private partnership options for advancing downtown and community development. The menu can include a dizzying array of tools such as tax increment financing, business improvement districts, community development corporations, parking management authorities and others. Given the variety and complexity of tools, how do local government officials, property owners, businesses, residents and other stakeholders determine the starting point for organizing a business district to advance their economic development? While there are many options, each district has its own unique economic, demographic and political dynamics, therefore, one size does not fit all.

Much like a business, there is a natural lifecycle for a business district. If it can be determined where the district is evolving along the lifecycle, then a general framework can be employed for matching the most appropriate resources and designing an effective organizational structure.

The following management framework considers business districts in one of three stages of evolution:

Stagnant: The stagnant business district is challenged with high vacancies, underutilized properties, an uninviting public realm and suffers from a poor regional image. There are several local leaders motivated to change the fortunes of the district, but high levels of apathy and cynicism among property and business owners create formidable barriers to pursuing public/private partnership solutions.

Growing: In the growth phase, the business district is viewed as "up and coming," with a sprinkling of new businesses, pioneering new investments and an image of a district in transition. There is a core group of vested property and business owners that are benefitting from the additional energy created by new entrepreneurs entering the district. Local stakeholders are motivated to explore public/private partnership approaches to improve the district.

Mature: The mature business district has an established brand identity, a strong mix of retail, restaurants and jobs, an inviting public realm and a successful regional image. Mature districts are often led by an experienced core group of property and business owners that are well organized and have a track record of participating in public/private partnerships to market and manage the district.

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Stirring Up Stagnant Districts

In a stagnant business district, development advocates need to demonstrate the advantages of collaborative approaches to revitalization in order to inspire and engage cynical stakeholders. A history of inertia often needs to be overcome to create momentum. There is a premium on visible results and on solutions that can be viewed as accessible to many stakeholders.

Program priorities for management organizations in stagnant districts include attracting new investment, stabilizing the environment, creating confidence among local stakeholders and combating regional stigmas. A market-based approach requires an organization to be savvy about real estate development and finance, and realistic about the investment options that can be sustained by the district's primary market segments.

At this stage of the district lifecycle, it is unlikely that private sector stakeholders can be motivated to invest in a collaborative approach to move the district forward. Public and non-profit organizational structures are most effective for generating the visible results that can in turn inspire private property and business owners. Organizational options that can be effective in stagnant districts include:

- **Appointed Commission:** If revitalization is a top priority of the community, a city council or mayor-appointed commission can help mobilize energy and bring focus to the business district. Appointees include community leaders and business district stakeholders that are charged with creating and/or implementing a revitalization plan.

The commission must be backed with local government resources, including staff, services and project funding.

- **Community Development Corporation:** Underutilized in downtowns and business districts, community development corporations (CDC) are non-profit grassroots organizations focused on revitalization. As non-profit organizations, they can obtain charitable and government funding. With community-based boards of directors, CDCs can help to secure land use entitlements, build neighborhood support and bring specialized real estate expertise to a tough market, envisioning and developing innovative housing, commercial real estate and small business concepts.

- **Redevelopment Agency:** Redevelopment agencies are quasi-public organizations that are able to use tax increment financing to jump start development in a stagnant business district. Tax increment financing is a common redevelopment tool whereby a project area is identified and the existing property and sales tax collected is designated as a "base" for government collection. A portion of future increases in property and sales tax collections (i.e. tax increment) is then captured within the area to support the costs associated with development. In addition to tax increment financing, the redevelopment agency brings an institutional presence that is committed to a long-term effort to improve the business district.

- **Main Street Program:** In rural areas, the Main Street Program, sponsored by the National Trust for Historic Preservation, can provide a useful framework for improving a stagnant business district. Main Street's "Four Point Approach," which includes organization, promotions, economic restructuring and design, offers a structure for guiding local civic leaders through the basic foundations of revitalization.

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Accelerating the Development of Growing Districts

In a growing district, the need for collective action shifts from development to marketing. District stakeholders seek to capitalize on the sense of momentum that is present by accelerating new investment and promoting district offerings to a broader consumer market.

Program priorities for a growing district may include attracting and growing businesses, marketing the district to consumers, beautifying and improving the public realm, providing meaningful participation for new owners and businesses, and conveying a positive image as an emerging destination.

Stakeholders in a growing district tend to be more receptive to public/private approaches to improve the area. Led by a core group of property and business owner champions, a variety of options are available for the private sector to financially contribute to improvements and leverage public sector resources.

- **Membership Organization:** Most established downtown and business district management organizations started as a dues-based membership group. The membership organization remains useful to broaden participation among district constituents and mobilize marketing efforts and as a platform for advocacy. As the business district grows, representation on policies, issues and regulations affecting the district becomes more valued by property and business owners. Membership organizations can be difficult to sustain over

time due to the voluntary nature of the dues base and the uneven distribution of benefits – stakeholders that do not pay dues become "free riders" benefiting from, but not paying for, district improvement efforts.

- **Business Improvement Districts:** Business improvement districts (BIDs) are ideal for helping to advance growing and mature districts. Through a BID, stakeholders assess themselves via a petition and/or legislative action creating reliable and sustainable resources to improve and market the district. BIDs are self-governed, usually by boards of directors consisting of affected property owners and businesses. BID assessments are also mandatory and enforceable through property tax collections, eliminating the free rider problem found in membership organizations.

- **Downtown Development Authorities:** Downtown Development Authorities (DDAs) differ from state to state, but generally a DDA combines the benefits of tax increment financing found in a redevelopment agency with an operating assessment found in a BID. Most DDAs require affirmative action by stakeholders and local legislation to form them. They are recommended for growing and mature districts with the expectation that these areas are better organized and, similar to BIDs, have a group of private sector champions to lead the DDA formation effort.

- **Foundation Subsidiary:** A 501(c)3 foundation subsidiary can be a valuable addition to a growing business district. The 501(c)3 status expands opportunities for government grants, charitable giving and sponsorships from corporations. Common uses for a foundation subsidiary include raising funds for a public art program, a special event with broad community benefit or studies to chart the future of the business district.

Managing the Success of Mature Districts

In successful mature business districts, complacency can become a primary challenge and the role of the management organization becomes more proactive. A premium is placed on research, education and communications to anticipate change, guide adjustments to the land use mix and update the overall experience to keep the district competitive. The management organization becomes the business district's reliable leader – the place that new investors, businesses, local government agencies and elected officials seek direction for the district's current market dynamics and future vision.

Program priorities for a mature business district may include retaining and growing existing businesses, strategically guiding new investment, marketing the area to consumers, managing the parking supply, keeping the organization fresh to keep stakeholders engaged and strengthening the overall image of the district.

In addition to many of the preceding organizational options, management organizations in mature districts are often found with additional tools:

- **Parking Districts:** A variety of parking management tools is available to growing and mature business districts. The most common is a designated parking district that utilizes revenue from paid parking to reinvest in expanding and managing the parking system. Resources for a parking district can include revenues from parking meters, lots and structures, and/or special assessments on properties. Some business districts also pursue private sector management of public parking, whereby a local government contracts for management and marketing of parking with a BID or other business district organization. The guiding philosophy is to view parking as support-

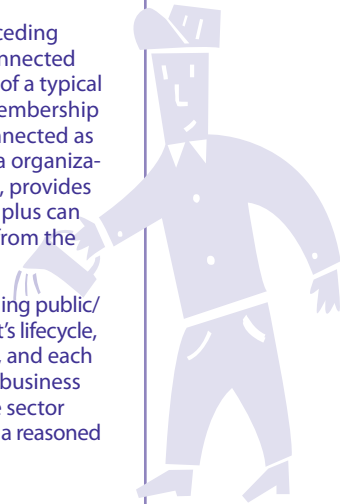
ing the overall economic development of the district, as opposed to simply infrastructure or a lucrative source of revenue for the community's general fund.

- **Transportation Management Organization:** Common in urban areas with traffic congestion, transportation management organizations (TMOs) offer education, marketing and incentive programs to promote transit and reduce vehicular traffic. In a mature business district, a TMO can be helpful to reduce parking demand and advance transit alternatives, including streetcars and light rail.

- **Events Production Company:** In many mature business districts, major special events, such as arts festivals, holiday promotions and music and food celebrations, can develop their own identity and financial sustainability. As a subsidiary to a business district management organization, a formal events production company can elevate professionalism and provide focus on the event business, plus maximize accountability for sponsors.

- **Entrepreneurial Holding Company:** Many of the preceding organizational options for all types of districts can be connected and unified in a holding company structure. An example of a typical business district holding company may include a BID, membership organization and parking management company all connected as subsidiaries to one "umbrella" organization. The umbrella organization is the home for all program staff and administration, provides the organization's primary identity to the outside world, plus can be led by an executive committee consisting of officers from the subsidiaries offering leadership and vision.

While the preceding framework offers guidelines for matching public/private partnership tools to each stage of a business district's lifecycle, there are no absolutes. Every business district is different, and each will require its own tailored approach. By evaluating the business district's market conditions and the capacity of its private sector champions, and identifying its priorities for improvements, a reasoned organization and financing approach can emerge.



A Management Framework for Downtowns and Commercial Districts:

Organizing Development Tools and the Toolbox for Each Phase of a Business District's Growth Cycle

District Lifecycle Stage	Stagnant	Growing	Mature
General Conditions	A challenged business district, with high vacancies, underutilized properties, uninviting public realm and poor regional image.	An up and coming business district, with a sprinkling of new businesses, pioneering new investments and an image of a district in transition.	An established business district with a strong mix of retail, restaurants and jobs, inviting public realm and strong regional image.
Private Sector Champions?	Several local leaders motivated to change the fortunes of the district. High levels of apathy and cynicism among property and business owners create barriers to public/private partnerships.	A core group of vested property and business owners, with energy from new entrepreneurs entering the district. Motivated to explore public/private approaches to improve the district.	An experienced core group of vested property and business owners with a history of being organized and participating in public/private partnerships to improve and manage the district.
Program Priorities	<ul style="list-style-type: none"> • Attract new investment • Stabilize the environment • Create confidence among local stakeholders • Combat regional stigma 	<ul style="list-style-type: none"> • Attract new businesses • Market the area to consumers • Beautify and improve the public realm • Provide meaningful participation for new owners and businesses • Convey a new emerging image 	<ul style="list-style-type: none"> • Retain and grow businesses • Manage new investment • Market the area to consumers • Parking management • Keep organization fresh to keep stakeholders engaged • Strengthen a positive image
Organizational Options	<ul style="list-style-type: none"> • Appointed commission • Community development corporation • Redevelopment agency • Main Street program 	<ul style="list-style-type: none"> • Membership organization • Business improvement district • Downtown development authority • Foundation or 501(c)3 subsidiary 	<ul style="list-style-type: none"> • Entrepreneurial holding company • Parking districts • Events production company • Transportation management organization
Tools & Resources	<ul style="list-style-type: none"> • Tax increment financing • Local government support, both money and services • Charitable grants • Earned income from development 	All of the preceding plus... <ul style="list-style-type: none"> • Property or business assessments • Revenue generating promotions and special events • Membership dues 	All of the preceding plus... <ul style="list-style-type: none"> • Parking revenue • Local improvement bonds • Philanthropic grants • Merchandising the district

Updates on projects and conferences during the upcoming spring season...

Anna Jones

Anna recently returned from a five week sojourn to Sri Lanka to visit family and tour the country, reunified after decades of civil war. When not on the other side of the planet, Anna has been managing several of our Colorado projects, including the evolving Center City Catalyst Master Plan in Grand Junction and recommendations for reconfiguring the special districts function within the City of Denver. Anna was recently named vice president at P.U.M.A., and she has been appointed to the board of directors of Downtown Colorado, Inc.

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Anna tests new project management tools in Sri Lanka.



Pamela Phox

From Minnesota to Maui, our maven of manipulating market data has been supporting two intriguing downtown planning projects. In Rochester, Minn., we are part of a team that is developing a Downtown Master Plan sponsored by the City of Rochester, Mayo Clinic and University of Minnesota. For Wailuku, the county seat of Maui, we are creating a market-based downtown plan.

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Jill Mendoza

We are pleased to introduce Jill Mendoza as the newest member of the P.U.M.A. team! Starting in March, Jill will provide project support for P.U.M.A.'s downtown management, planning and community development practices. Prior to joining P.U.M.A., Jill served as executive director for the Jackson Downtown Development Corporation in Jackson, Tenn., where she managed all facets of a non-profit economic development organization. *Please join us in offering a warm welcome to Jill!*

jill@pumaworldhq.com



Brad Segal

Between juggling time zones as we help advance BIDs and downtown plans in several cities, Brad has been co-chairing a working group for the Downtown Denver Partnership looking at forming a year-round public market. The effort is in its second phase, as the working group now determines the concept's overall market and financial feasibility. Brad will be presenting a forum on "Creating BIDs in Challenging Times" at the upcoming National Main Street conference in Oklahoma City, May 2 through 5.

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Strategic problem solving for downtowns and communities

Progressive Urban Management Associates (P.U.M.A.) is a consulting firm providing management, marketing and financial services to advance downtown and community development. The firm has provided services to more than 200 clients in 32 states, the District of Columbia, Canada, Jamaica and the Bahamas. Clients include downtown management organizations, local governments, community development corporations and private firms.

Specialties include:

Economic Development Strategies

P.U.M.A.'s economic development strategies merge an understanding of the marketplace with organizational development to create realistic action plans and the tools to implement them.

Strategic Planning

P.U.M.A. helps create, grow and refocus organizations that advance downtown and commercial corridor revitalization, community development and other civic agendas.

Community Engagement

P.U.M.A. designs and facilitates a variety of community engagement techniques that are tailored to fit the unique dynamics of our projects and client communities.

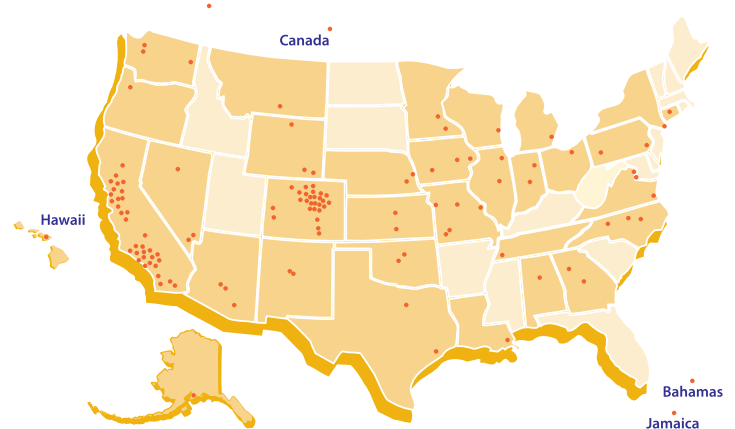
Business Improvement Districts

P.U.M.A. is acknowledged as an international leader in business improvement districts, bringing experience from throughout North America and a track record of success to BID development, start-up and operations.

Community Development Tools

In addition to BIDs, we have worked with a variety of community development financing tools, special districts and grassroots approaches.

Communities include:



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