

CITIES & DOWNTOWNS

Building Blocks to Recovery



Every downtown is special and no two are alike.

Likewise development challenges and opportunities are not the same for all downtowns. The built environment, infrastructure, location, population, economic diversity, and access to transportation are all ingredients that contribute to the strength of the local economy. Despite having a set of unique strengths, all of Georgia's downtowns have been hit hard by the great recession the state and nation is experiencing. These challenges point to the need for a better appreciation of the importance of downtowns and a strategy that is sensitive to the unique characteristics and capacities of Georgia's cities and their downtowns.

Downtowns are rich in history and memory, and are the anchor and heart and soul of a much broader community. Downtowns are also where the first investments in traditional public infrastructure took place such as streets, water, sewer, electricity, and telecommunications. Georgia has a great deal invested in its downtowns. Like the cities that host them, downtowns are forever evolving, adapting to the changing dynamics of the state and global economy.

Georgia's downtowns face new challenges, ones that have not been experienced since the Great Depression. While some downtowns have quickly adapted, others struggle as they look for ways to reinvent themselves. The current economic downturn once again raises some fundamental questions about downtowns.

- *How important are healthy downtowns to Georgia's cities?*
- *Do they matter to the economy of a city or the state?*
- *Are they important to a community's sense of place?*
- *Will downtowns become more or less vibrant after the recovery?*
- *How difficult will it be to fill vacant buildings?*
- *Will tenants of tomorrow be substantially different from the tenants of today?*
- *Is it important for government to provide support to downtowns?*
- *If so, what should this support look like?*

A partnership between the Georgia Cities Foundation, the Georgia Municipal Association and the University of Georgia's Fanning Institute was formed to address these questions and more. This partnership's work has resulted in a better understanding of the importance of downtowns and has identified a number of policy recommendations that can provide city leaders with the tools necessary to support vibrant downtowns well into the future. Every step of this process and every aspect of this work has been a collaborative effort. This is important because when we speak on behalf of Georgia's downtowns, we need to be certain that we have the ear of downtowns and the ear of those individuals and organizations that work hard to represent their interests.

FINDINGS

Having surveyed more than 1,000 Georgians, conducted 14 focus groups, studied what other states are doing, and assessed the results from 14 case studies of Georgia cities, several conclusions have emerged that help clarify the most pressing issues Georgia's downtowns are facing. This executive summary identifies four issue areas that form the framework for a comprehensive strategy that will support the continued viability of downtowns.



DOWNTOWNS NEED A VISION, A PLAN & LEADERSHIP

To be viable, critical masses need to live in or near downtown before it can become a sustainable place in which people also work and play. For this to happen, downtowns must be attractive and safe and must provide desired amenities and services. To successfully attract residents, workers, visitors, and private investment, downtowns need a vision, a plan, and leadership. Unfortunately, not every downtown has its own vision or plan. Many downtowns with formal paper plans lack a commitment to implement them. There needs to be a clear expectation that every downtown in this state will plan for itself and will attempt to develop a strategy that builds on its unique assets. For good planning to have a chance to work, cities must be ready to make the investments necessary to give hope for prosperity well into the future. This is vital. **If our downtowns fail, our cities will fail; and if our cities fail, our state will fail.**

Leaders cannot go it alone. They need a support network that provides them with the tools they need to be successful. More technical assistance is needed for downtowns. Downtown development authority members and others working in downtown development need access to training and continuous exposure to successes and best practices from other places in Georgia and around the country.

Resources in Georgia to assist with downtown development are seriously underfunded by a state government struggling to close the gap on a **\$2 billion budget deficit and trying to determine its future core mission.** The Main Street and the Better Hometown programs are effective and utilized by many, but because of funding limitations their principles and values are not widely known in all downtowns and certainly not in the broader community. The Georgia Cities Foundation, while held in high regard, has more loan financing demand that it can meet and limited resources for technical assistance.





DOWNTOWNS ARE ECONOMIC ENGINES

The second clear and unambiguous finding is that downtowns are economic engines for the community and the state, but unfortunately are not always recognized as an important sector of the economy. Sixty-four percent of all jobs are located in cities, and downtowns host a significant number of small businesses. Among those surveyed for this assessment, more than 80% consider downtowns critical to a city's prosperity. As economic sectors, downtowns generate investment, jobs, and tax revenue for cities, counties, schools, and the state. Downtowns have critical infrastructure in place to support business and housing (much of it well out of public view). The existence of these infrastructure investments should lower the cost of total development when compared to making new investments required for greenfield development.

Consistent and equal attention to this vital component of downtowns is needed. Downtowns should be treated like any economic enterprise or new industry. There is a compelling need to enhance and brand downtown as vital economic engines that should be extensively marketed.

When viewed as economic engines, downtowns face an overpowering obstacle – limited access to capital that threatens the economic viability of downtowns. Lack of access to capital markets is a major barrier to reinvestment in downtowns. Restrictive lending policy also hurts existing businesses when they need it the most. This problem is reaching crisis proportions and little is being done to address the issue. Creative ways to open capital markets to the special needs of downtown merchants and businesses is needed. The Georgia Cities Foundation is an important resource in this effort but the private capital market must adjust to the unique downtown real estate product for the Foundation's potential to be fully realized.



STATE AND LOCAL COLLABORATION IN SUPPORT OF DOWNTOWNS IS NEEDED

State elected and appointed officials and many citizens do not place enough value on downtowns or their downtown development authorities. If they don't go downtown, they assume the condition and vitality of the downtown is of no concern to them. Sometimes even city councils and local government officials don't seem to value downtowns as essential to their prosperity, resulting in a significant stranded investment that limits growth.

Much closer collaboration is needed on both the state and local level. Far too often there is a tendency to treat downtowns in isolation or as novelties, ignoring their interconnection and impact on the rest of the community. When city, county, chambers of commerce, and school leaders sit together with downtown merchants and property owners, and openly and candidly deliberate about the viability of their downtowns, good things happen. When city and county government leaders take actions to move offices out of the traditional downtown area, there is a negative economic impact on the entire community. When state agencies fail to coordinate downtown programs, the resulting expenditure of state funds can be both inefficient and ineffective.





GEORGIA NEEDS A STATE STRATEGY FOR DOWNTOWNS

Embedded in all the findings from this assessment is the lack of a state strategy for downtowns. Most noteworthy is the absence of policies that recognize the state's responsibility to support downtowns as vital segments of the Georgia economy. Many other states do this well. Both Tennessee and North Carolina have been much more strategic and have developed policies and assistance for their cities and downtowns that differentiates on the basis of size. North Carolina offers a good example of using state support, such as a mill rehabilitation tax credit, to stimulate development and spawn economic growth as a way to reinvent communities across that state.

Traditional economic development incentives designed to attract new business and industry should be available and even tailored to downtowns. If included as inputs into any cost model, the long-term public policy expenditures of land-use sprawl, air quality, water resources, and access to transportation make it far cheaper to locate in downtown environs than in a greenfield. The state must view downtowns as centers of entrepreneurial development, job creation, wealth production, and revenue generation by providing downtowns with the tools they need to grow and prosper. Ignoring this connection is done at the peril of the state and the state's economy. In a competitive, global economy the state must be sensitive to what competing states are doing. Right now the absence of a cohesive policy that supports downtowns as a significant source of economic activity threatens the long-term viability of the state and its cities.

GROWING FORWARD

These findings represent a clear and unambiguous call to action. We have learned that the stress our downtowns face is attributed to more than the state of the economy; it also reflects the failure of public policy. This assessment argues for a clear and comprehensive policy that recognizes the critical role vibrant downtowns play in a strong local and state economy and it also argues that downtowns are more than historic buildings and pleasing aesthetics, more than the picture-perfect places we remember visiting as children. We need to see downtowns as places of significant private and public investment, as brands for a city and county, as job creators, and as economic drivers. Maintaining and enhancing downtowns should be a priority for both state and local governments. Just as state government is revisiting how it delivers core services, local government needs to reinvent ways to invest in and strengthen their downtowns.

This assessment includes much more in-depth information than this executive summary allows. It is our recommendation that steps need to be taken now to develop public-private actions that are responsible and sustainable. Therefore, we recommend that the Georgia Municipal Association and the Georgia Cities Foundation create a joint task force to review all the findings of this assessment and develop specific recommendations for the GMA membership to consider at its Annual Convention in Savannah and the Foundation Board of Trustees to consider at its summer meeting.



Georgia's economic
vitality depends on
healthy downtowns.

MAKING CHANGE HAPPEN

CHARGE TO GMA/GCF SPECIAL TASK FORCE

The Joint GMA/Georgia Cities Foundation Taskforce will address the findings of this recently completed study and will craft a specific set of recommendations and implementation strategies for consideration by the Georgia Municipal Association and the Georgia Cities Foundation.

TASK FORCE MEMBERS

Co-Chair: The Honorable Casey Cagle, Lieutenant Governor

Co-Chair: Mike Starr, President, Georgia Cities Foundation

Dorothy Leland, President, Georgia College & State University

Pam Sessions, Founder and Co-owner, Hedgewood Properties, Inc.

Eric Johnson, President, Hussey, Gay, Bell & DeYoung

Ira Levy, President, Paper Recovery of Georgia

Kirby Godsey, Chairman, Myers McRae

Speer Burdette III, President, Callaway Foundation, Inc.

Richard Whaley, Chairman, The Citizens Bank of Americus

Paul Bowers, President & CEO, Georgia Power Company

Joseph Brannen, President and CEO, Georgia Bankers Association

The Honorable Kenneth Steele, Mayor, City of Fayetteville

The Honorable William Floyd, Mayor, City of Decatur

The Honorable Philip Goldstein, Councilmember, City of Marietta

Richard Bishop, President/CEO, Uptown Columbus, Inc.

The Honorable Deke Copenhaver, Mayor, City of Augusta

Walter Huntley, Jr., President, Huntley Partners

Scott Taylor, President, Carter & Associates

Wendell Starke, Principal, Willis Investment Counsel

Craig Lesser, Managing Partner, The Pendleton Consulting Group





Access to Equity and Capital Financing

- Identify strategies to increase access to downtown development capital by working with lending institutions, the state Department of Economic Development and the Georgia Cities Foundation.
- Consider establishing a development bank to work with the private banking community to help finance downtown projects.
- Improve the use of state authorized tax credits by making access to tax credits less complex and more accessible to downtown investors.
- Consider creating a tax credit bank that could facilitate the full utilization and transferability of available tax credits.
- Develop a comprehensive strategy to increase utilization of federal New Market tax credits as well as other available state or federal tax incentives.
- At a minimum, be certain that the state's existing economic development tools are equally available to downtowns as they are to other types of typical economic recruitment and development entities.

Empowering and Branding Downtowns as Economic Engines

- Recommend a public/private marketing strategy that could be employed to highlight downtowns as good places to do business and make investment.
- Identify the matrices needed to track comprehensive economic activity in downtowns and how best to publish an annual assessment of their contribution to the state's economy.
- Identify specific actions that could be put in place to engage county, local school board, chamber and city officials in developing goals and standards for location of public facilities downtown.
- Develop a clear state policy that recognizes the role of downtowns as economic engines and sources of state and local revenue. Look to North Carolina's Small Towns Economic Prosperity Program and Tennessee's newly created downtown initiative for guidance.

Technical Assistance

- Assess the continued loss of public and private technical assistance resources to identify the unmet needs and recommend how this void could be filled including the:
 - Role of DCA / Mainstreet and Better Hometown programs;
 - Role of utility companies;
 - Role of other stakeholders such as Georgia Trust, Georgia Downtown Association, etc.;
 - Role of Georgia Cities Foundation; and
 - Role of Georgia Municipal Association.
- Revisit Downtown Development Authority board training to determine if additional statewide sessions should be considered, if local customized training is satisfactory, and if distance learning delivery technology, like Webinars, would expand the availability of training.
- Consider and recommend an incentive system for those downtowns that have put in place a strategic downtown development plan and have identified implementation strategies. The incentives could be offered by the Georgia Cities Foundation, GMA, state agencies or a public/private partner.
- Revisit zoning and land use regulations that appear to work against downtown development efforts as places to live, work, and play.
- Create a model for development overlays and development districts that can tailor downtown redevelopment strategies to maximize use of existing infrastructure and other physical assets.
- Establish achievable and sustainable annual goals to address the special redevelopment needs of downtowns across the state.
- Identify specific actions to engage DOT in establishing more flexible regulations for street improvements, crossway, and right-of-way development.



An Assessment of
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