## Upstairs Downtown Sponsors Springfield, IL





DOWNTOWN SPRINGFIELD

FOUNDATION

Downtown Springfield, Inc. live • work • play



Johanna Favrot Fund



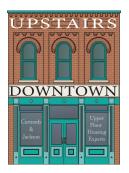


Community Development Corporation



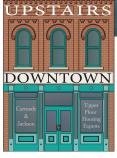






## Upstairs Downtown One Story at a Time

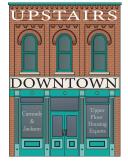




Dan Carmody, Carmody Consulting Mike Jackson, FAIA

## Upstairs Downtown Reclaiming Vitality

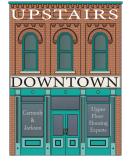




Springfield, IL Monday & Tuesday July 19 & 20, 2021

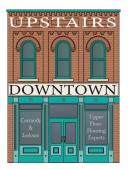
## Vacancy rates of 50% or higher Common in Small to Mid-Sized Communities





## First Floor Activation Programs Stymied by COVID 19

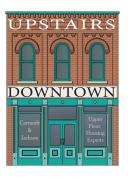




## Property Investment Cycle

Value of downtown properties shifted to upper floors



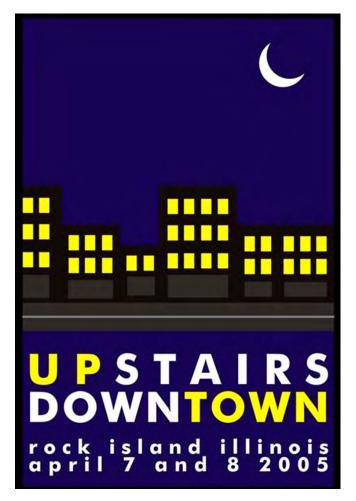


Complete reinvestment in systems Multiple skill sets needed for redevelopment

# Renaissance Rock Island



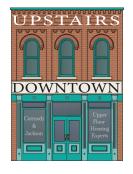




Carrado Jacon

## Four Part Training Session For community leaders and non-developers

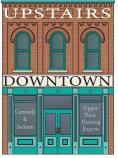
✓ Driving a market for upper floor space
 ✓ Assessing buildings and their capacities
 ✓ Financial assessment tools
 ✓ Case studies & incentives



Since 2005 -- 20 presentations in 16 states

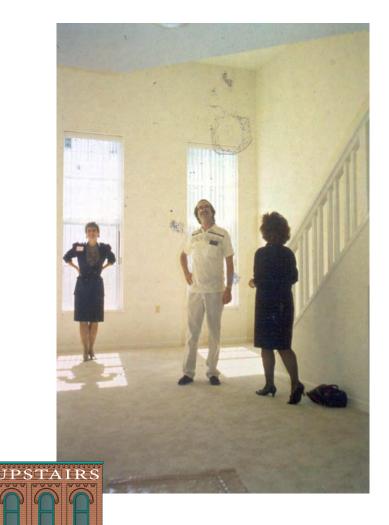
## Typical Building on Main Street DIY Developers





Two - three stories Masonry bearing wall structure

## Market Feasibility Understanding market dynamics

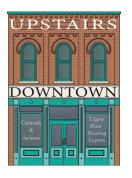


OWNTOW

- ✓ Market absorption
- ✓ Reuse scenarios
  - Residential
  - Office
  - Hospitality
- ✓ Economic analysis
- ✓ Filling financial "gap"

## Who's job is it? Community have to do it themselves





Professional real estate developers rarely look for buildings under 30,000 sq. ft.

## Development is a Team Sport Main Street Helps Put the Team on the Field



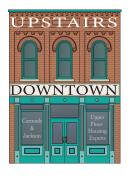
**JPSTAIRS** 

DOWNTOWN

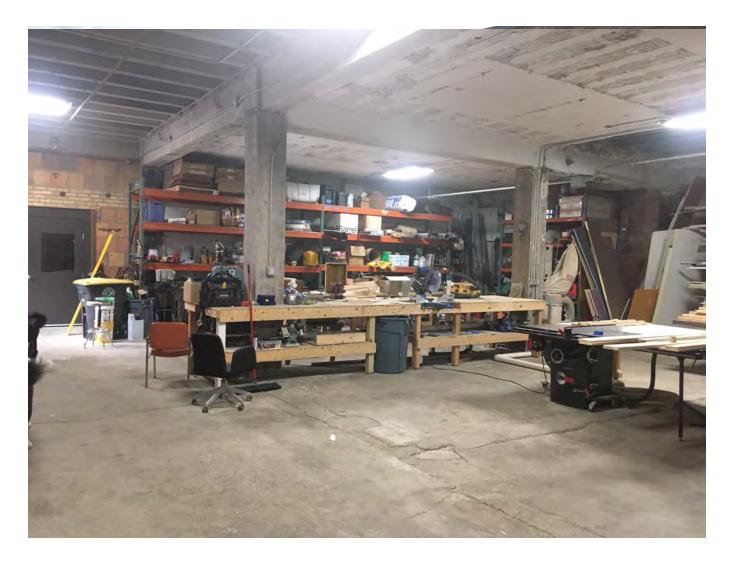
Development is a Team Sport Scouting for Rookie Phenoms

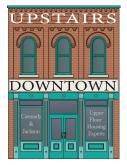
## Potential Owners/Developers with capacity to overcome barriers to early projects:

- ✓ Pride
- ✓ Wealth
- ✓ Control Construction Costs
- Existing Building Owners
- ✓ Boomerangs



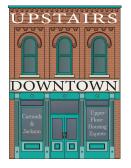
## Development is a Team Sport Scouting for Rookie Phenoms





Architectural Assessment Leveraging a building's character

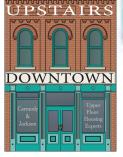
*"Big ticket" items:*Accessibility
✓ Elevators
Fire Protection
✓ Exit capacity
✓ Sprinklers



## **Residents Spend More**

\$18,000 per year per downtown resident

Rent	\$9,000
Food at Home	\$2,322
Food Away from Home & Alcohol	\$997
Household Supplies	\$308
Household Furniture & Equipment	\$390
Apparel and Footwear	\$960
Auto Related	\$2,042
Heathcare	\$380
Entertainment	\$977
Personal Care Products & Services	\$319
Reading & Education	\$236
Contributions & Miscellaneous	\$689
	\$18,619



www.mhpn.org/wp-content/uploads/2014/06/

Economic-Impacts-of-Main-Street-in-Michigan\_2014.6.20.pdf

## Success Stories

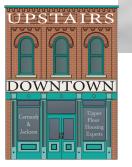
In towns of all sizes

#### Why grow out? grow UP The space is there. It has utilities. It has infrastructure.

TRS

It has a central location. It has visibility. It is in your midst.

look



Upstairs Downtown Agenda Monday 19 July 10:00 - 10:15 Welcome and Introductions 10:15 - 11:15 Creating a Market for Downtown Housing 11:15 - 12:15 Architectural Assessment 12:15 – 2:00 Lunch on Your own 2:00 – 2:45 Financial Feasibility 2:45 – 3:00 Break 3:00-4:00 Case Studies 4:00 - 4:30 O&A Momentum on Main Street Networking 4:30 - 6:30

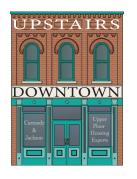
Event

OWNTOW

## Upstairs Downtown Agenda Tuesday 20 July

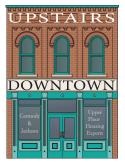
- 9:00 10:15 Available Financial Incentives
- 10:45 11:30 Advanced Finance Transactions

PARKING: Parking is free on the street but cars must follow the posted time limits per space during the day. The parking garage across the street is free.



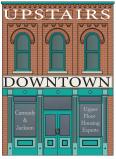
How can you learn more? Visit <u>www.upstairsdowntown.com</u>





### Let's get started Market Driven Places

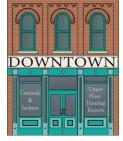




## Market Driven Places

Fortifying Main Streets in cities of all sizes

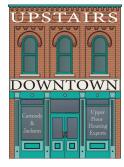




Main Streets strive to recapture lost vitality

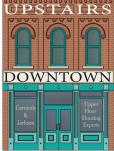
## Rich History with Great Stories Leveraging the past to build a brighter future





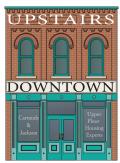
## Great Bones Irreplaceable architecture





## Leverages Previous Investment Streetscapes and other infrastructure





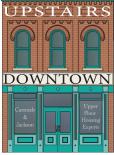
### My Downtown Living History Since 1977





## Conducted Market Research 1983 model unit



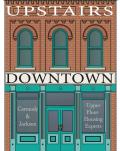


# Community-Based Developer



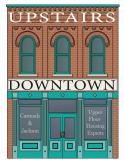
## Renewing Assets Organic regeneration





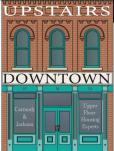
## Housing is Pivotal To re-densify cores of U.S. cities





#### Creating a Downtown Neighborhood One story at a time





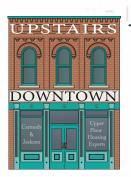
## Abilene Reporter-News Upstairs Downtown: An introduction

Reporter catches glimpse in new series By Greg Kendall-Ball

I've lived in Abilene for nearly 10 years, and for most of that decade, the empty windows above McKay's Bakery on Cypress Street have taunted me.

There were a lot of second-story spaces, it turned out, whose siren call could no longer be ignored And with the cooperation of a few property owners, I was granted access to those spaces and given permission to share a glimpse of what's "Upstairs Downtown."

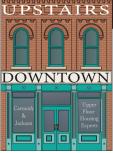
There are people living and working in these spaces, and some spaces are just waiting to be given new life. As one downtown dweller said,



There's a whole world beyond the curb."

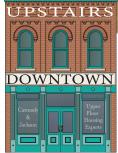
# Upper Floors Are Being Activated





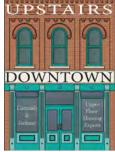
## Economic Foundations Shifted Jobs and complacency disappeared

## PLANT CLOSED No Trespassing For Information Call: 309-752-3200 For Emergencies-Call: Fire: 911 Police: 911



## Lack of Compelling Places Regardless of Prosperity





## Compelling Places Have strong competitive advantage

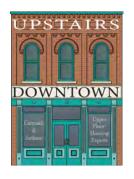




### Compelling Places Who are your peer cities?

### Key Characteristics:

- $\checkmark$  Population
- ✓ Interstate Location
- ✓ Community College
- ✓ Not Part of Larger Urban Area
- $\checkmark$  Midwest and Plains States
- ✓ Population 24-30,000



### Urban Landscapes Evolve Demographics and preferences shift



# How to Become Compelling?



### Patient Vision Building with authenticity

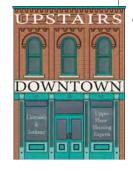
Project Timeline

1929 Local Architect Robert Hugman proposes "The Shops of Aragon and Romula" combining flood control and commercial development.

> Hugman branded a lunatic by those who wanted to pave over and put the troublesome San Antonio river in a box culvert.

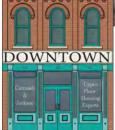
- 1939 Initial phase of Paseo Del Rio built with WPA funding
- 1968 Hemisphere expansion most significant in continuing evolution of River Walk.

1970's San Antonio emerges as a major convent

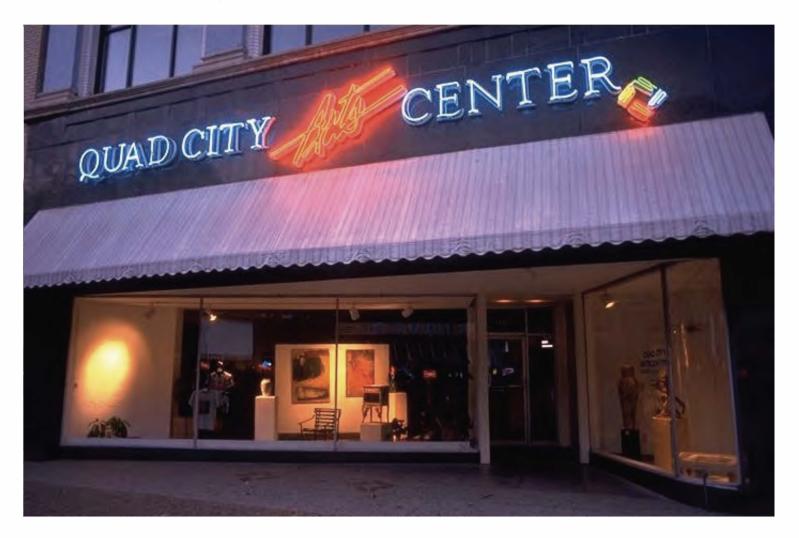


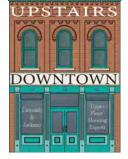
### Main Street Programs New math for austerity



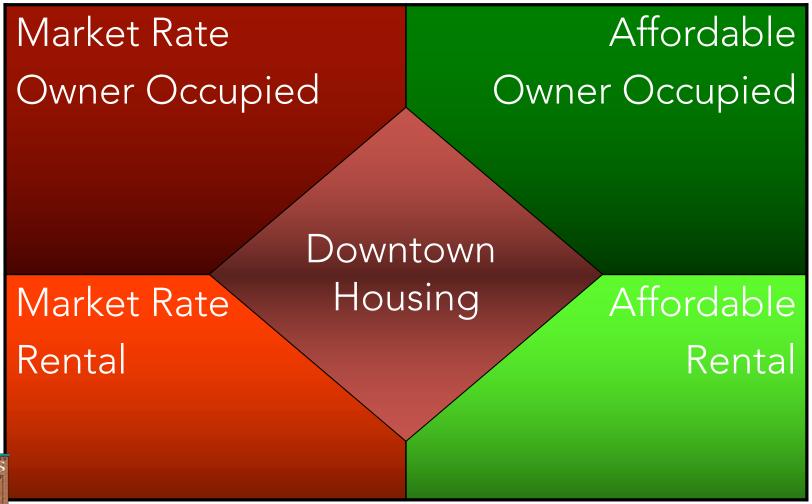


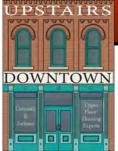
### Main Street Programs Providing the entrepreneurial spark





### Successful Downtown's Are Inclusive It's everyone's neighborhood





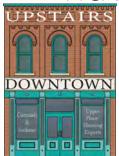
### Demographics Driving demand of urban housing forms

The most common household type found in 2010 US Census? Couples with no kids

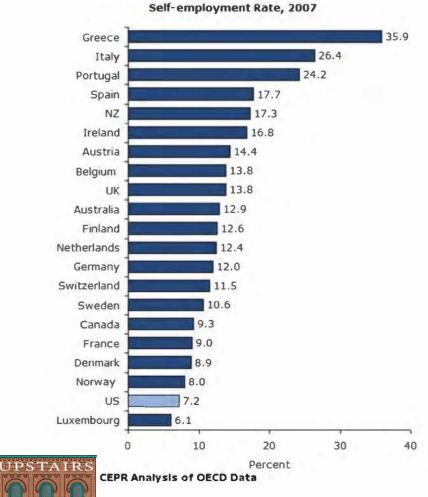
Second Place? The Single Person

Only 21% of US households have school-age children





### The Future of Work 50% of the workforce will be consultants by 2025





# Consumer Preferences Changes



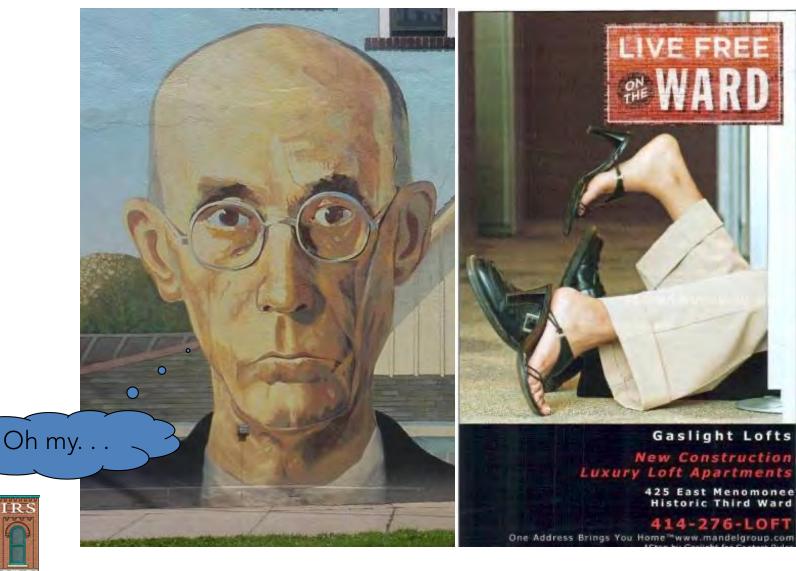




What's a "household" ?



### What We Desire Changes Variety of urban amenities as we age



UPSTAIRS

DOWNTOWN

# City amenities

### Strong competitive advantage over suburbs





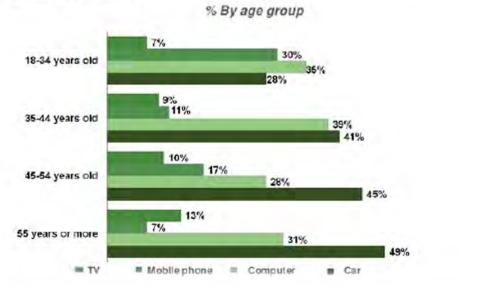
### Influence of Automobiles Waning Mobility isn't what it was

### Millennials Say They'd Give Up Their Cars Before Their Computers or Cell Phones

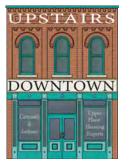
EMILY BADGER FEB 28, 2013 COMMENTS

Once a week or so we come across yet another sign that Millennials care much less about car ownership than previous generations. They're less likely to drive than their parents. They've got less debt tied up in cars. They'd rather hang out with their friends on Twitter than get in a car to go see them.

And here's yet another: Ask Millennials which piece of technology they could least live without, and it turns out they'd more happily part with their cars than their computers or cell phones. That question, graphed below, comes from the third installment of Zipcar's annual Millennial survey.

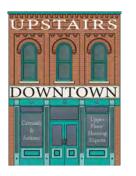


In your daily routine, losing which piece of technology would have the greatest negative impact on you?



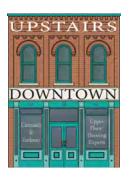
Urban Housing Needs Less Subsidy No need to extend infrastructure

- Green field sites long benefited from communities' desire to grow. Cities invested in costly extension of public infrastructure and services.
- Downtown housing takes advantage of existing infrastructure and services that require far less public investment



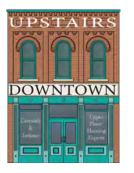
### Developers Often Risk Adverse Many burnt by the real estate market cycle

- The average length of the real estate market cycle is 18 years.
- Many long-time developers went through the financial wringer as demand contracted sharply when real estate markets moved quickly from boom to bust.



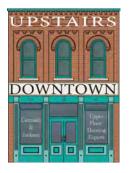
### Great Recession / Pandemic Impacts Regarding household formation

- $\checkmark$  Average household size continues to decline
- ✓ The rate of household formation plunged after the Great Recession but has recovered some.
- $\checkmark$  More kids moving in with parents
- $\checkmark$  More parents moving in with kids
- ✓ Childcare issues



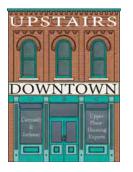
Great Recession / Pandemic Impacts Regarding household mobility

- ✓ Mobility dropped 50 percent in the Great Recession and is slowly recovering
- $\checkmark$  Where to do you work?



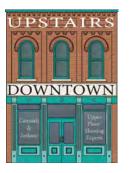
Long Term Pandemic Impacts TBD Regarding space demand

Hospitality ✓ On site consumption Retail ✓ Online dominance Office ✓ Gig economy



### Secondary Markets More Savvy Mixed-use projects are the new "normal"

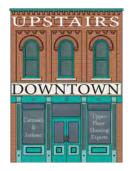
- Initially the growth of secondary finance markets encouraged product standardization.
- Since the Great Recession, secondary markets have been forced to become more familiar with mixed-use product as urban housing markets recovered faster than suburban markets.



# Main Street Are Strong Competitors

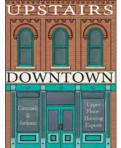
In markets that value urban amenities & sustainability

- $\checkmark$  Greater emphasis on aesthetics
- $\checkmark$  Access to cultural amenities
- $\checkmark$  Proximity to adult learning
- $\checkmark$  Reduced auto dependency
- Energy efficiency



### Proving Demand When there is no supply



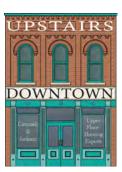


# Traditional Market Studies

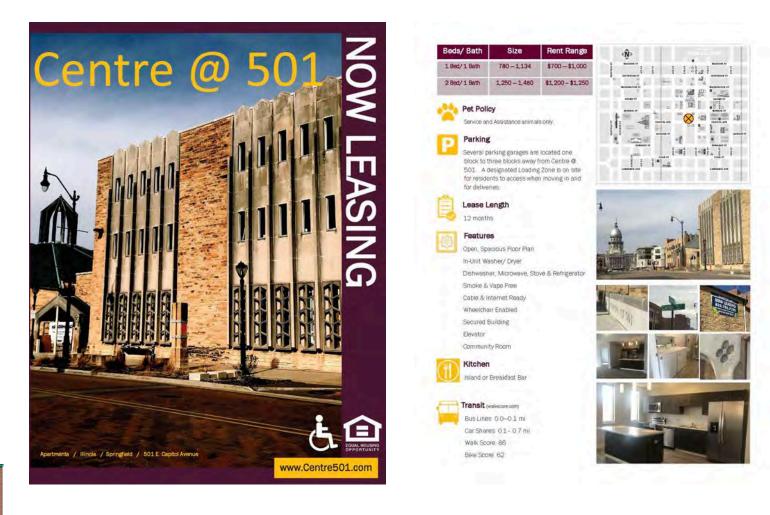
Market absorption of currently available product

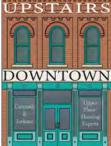


The focus on comparative sales analysis feeds an insulated spiral that reduces choice and variety of housing product.



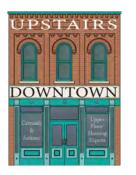
### Traditional Market Studies Market absorption of currently available product





### Housing Market Potential Studies New data to estimate demand for urban housing

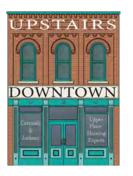
- ✓ Study Migration patterns of households that moved in recent years now (30-50% of the total)
- IRS data much more current to determine where people move from in order to better understand draw areas.
- Market segmentation data helps assess which new residents will have an interest in urban housing.



Proprietary Housing Potential analysis developed by: Zimmerman / Volk Associates, Inc. / Clinton, New Jersey

### Segmentation Analysis You are known by your expenditure pattern

- ✓ Systems classify of all US neighborhoods into segments. (i.e. 65 for Tapestry\* or 66 for PRIZM\*\*)
- Household buying patterns from credit card data helps identify segments likely to be interested in urban housing product.



\*ESRI, Business Information Systems \*\*Claritas

### Segmentation Analysis You are known by your expenditure pattern

"Urban chic residents attend to lifestyle more than ambience. Residents travel extensively, maintain luxury cars, and embrace city living by visiting museums, attending dance performances, participating in civic activities, such as working for political parties, and shopping at upscale establishments.



### Demographic

Mann Ohr vesicles to are performed incident who live an instance, inclusive lifestyle. More than half of the households are marvied coughs, whether to the infield Starss proporsions, isous than half of them have colliders. Unlike the Unlike Stars, them are free single-period in willing and more single-person households. The population is also slightly alder, with a meshan age of 41 years. Downly is defined before average compand to the Unliked Stark dewrifts.

### Socioeconomic

A needan tausehold income of mare than SKU,000 and a medion net warth of \$256,650 enable a ctylich libragie tre the lichter (Tou sugners). From a woll-efficient down, more than halt hold a liabelier's or graduat degree; they an parsing a satisfy of occupations, from self-engloyment. Hereagh professional and become jobs, from self-engloyment, all the hoseholds also relate additional income from inversents.

### Residential

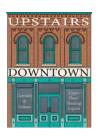
Drives Chir registerinesis des parallel US, hastensynge and committigs the petiting is urban; and hannes range frant provers to post 2006, high-net to single-family dependent mately 60 percent live in single-family homes; 30 percent est. 30 percent est. Bat the preference for updates lines is using adderd. Meetian home salar is \$472,000, male than three, firms the US, median home value. Is \$472,000, male than three firms the US, median home value. Is \$472,000, male than three firms the US, median home value. Is \$472,000, male than three firms the US, median home value. Excitence of biologies in the city. Major concentrations of UANer Chir households are found as the coasts of Northers and Sexthern Calibornia are lising first fire).

### Preferences

Column Chie meiderna artierd na kinstyle moore than anthierna. Resolution owell extendedly, maintach Joary carta, and envinces only lie by visitige measures, altereding daren performances, participanting in crick activities such as inotiting be political participanting in crick activities such as inotiting be political participanti, and strong at a sociale activities. They are more indired to copy dress datase than cancel write, has they parchase appand for every particular-customers hilling add, using, and span.

The basy, computer servery UPDen Dirk nositients are conmotion. They not only use PCs extensively, but they also lead the nearback. To keep in touch raised tools their house, strand-are, they frequently are rounded PDAs and will phones. They access the internet to annuage many plane, hay books an discuss for annuals and apartment plane, hay books an discuss for annuals and apartment plane. Deir nearboment portfolios, and hade stocks. Usban Dirk residents over \$75,000 or more in stocks, use stock raising services, and keep remover resides.

To connect with Linban Chir residents, consuber their function reads. This is one of the tag markets for all newshall budde tade. They also read truthple revenpapers and trugstown, reportally tired, factors, when, and sports magistres. In specially sized, or professional in the market, but they have then tanentes including channels such as finave, AdS, OH, and MONIC plus popular arises such as finave, AdS, OH, and MONIC plus popular arises such as finave. Mark When,



### Segmentation Analysis You are known by your expenditure pattern

"Laptop and Lattes lives in multistory apartment buildings with more than 20 units, the neighborhoods are older, and virtually untouched by urban renewal."



### Demographic

Laptops and Latter residence enjoy the single Ke. Single persons living above or with a rocennette represent the majority of all households in this segment, Average household site mension constant at 1.8. Although the market is increasing in site very lowle, it is maturing and diversifying more suddly. The median age of the population is 39 years, two years older than the U.S. median age. The Diversity ledge, which reasons the fillelihood that any tars people from this regment represent different racial or ethek origins, has increased by us points since 2020—take as last as the U.S. index. Most of the population is white, but the faster growth of the black. Astan, Heganic, and multinucial populations is increased.

### Socioeconomic

With a methan income of more than \$10,000, these singles are attauent. Their modular net worth is \$252,000, despite the minority of hormoverses here. The bloc force of Laptops and Lathon's rifte. They are entermely well educated, 37 percent hold bachelor's degrees, and 32 percent have earned graduate degrees. Two-thirds holds professional or management positions, expectively in the information, hence and insurance, or scientific and technology inducties. None than half of the heapholish also earn income from their investments.

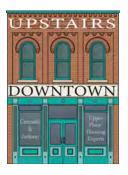
### Residential

Explose and Lattes residents love oilty life and parter is low in the might metospatian areas of New York Bostan. Washingtro, RC, C. (Arago, Lan Angelia, or San Therefers. By intraort fine Bhetgle or locale, these householders are team Redy to next Bhetgle or locale, these householders are team. Redy to next Bhetgle or locale, these han 80 percent are bornrowners. Most of the population in Lapipa and Latins Bonin metistany apartment buildings with mose than 20 units. The neighborhoods are older and sittaally unitsoched by urban tenewal. Forty parcent of the housing invertibuil before 1948; only 5 percent of the housing invertibuil added in this gain 10 years. Towaves, these are not inexpensive districts. Average rent is more than \$1,200 monthile, and median house value is \$459,000. Being typical city dwellers, itany insulation is logipage and Latters do not even a cite.

### Preferences

Zaptops and Latter residents are both connepsition and connected. This is the top market for notebook PCs and PDAs. They use the Internet daily to trade strock, panchase everything toom apparel to pergeterality, or amongs travel plane. While residents are not ownly micromed with local transponticies, they are well traveled, especially atomad.

In the utip, they shop at upscale establishments and spend their klowe time at concerts, sporting exemts, shows, and measure. They time out frequently and take adult docation courses, in other words, they enjoy metropolition amenties. They are health conscious and physically fit: they dis, sail, and participate regularity in an exercise program. At the gynflegular district, Lapitops and Lather excelents represent the top maties for organize or instand foods and celect vitamin supplements. They frequently participate in emissions and goaps and certaker themasives literal. They laten to descal, and news, and public radio and read attine, travel, and women's labelism megazines.



### Market Assessment Using segmentation analysis

Each market is a different collection of segments.

Segment	Unithed States	Michigan	Grand Traverse Country	Micropolitan
No H5 Dipidena	15:8%	12.9%	8.67%	10.5%
HS Diplomé	29.6%	31.4%	27.5N	30,5%
Some Colline	20,1%	22.9%	23.8%	22.6%
Associates	7 8%	8.00%	8.5%	7.9%
Bactesion	17.2%	15.1%	20.2%	16.5%
Post-Graduate	9.9%	9.9%	11,4%	9.9%

### **Tapestry Analysis**

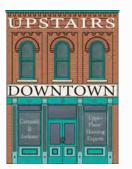
To further understand the discographic, constants, and cultural characteristics of Transverse City and the region, ERA utilised as analyze tool called Community Tapestry, developed by Environmental Systems. Research levels in the California of the Company of Annagement of Comparison of Segments based on ascenal key factors, including a variety of Annagements correspond to certain user groups, income transferres of their neighborhoods. These segments correspond to certain user groups, income transferres of the neighborhoods. These segments correspond to certain user groups, income tradients, and solucition levels, as well as lifestyle choices, neighborhood lunating preferences, and consumer specialize listics. The following table highlights relevant concentrations of defined segments in the free-coarty area and Commit Torverse Courty.

Segment	Households	To in 5- County Area	Thin Grand Traverse	% in Michigan	thin U.S.
Rural Resort Dwellers	16,444	23.75%	5,99%	2.51%	1.60%
Alighant Crowd	10.336	14.93%	70.27%	3.12%	3.635
Green Azrika	Y.915.8	11.49%	10.45%	6.82%	4.739
Rooted Rural	4,095	5.91%		1.89%	2,45%
Up and Conting Families	3,929	5.67%	8,73%	1.77%	1,215
When America	3.676	5.31%	# 15%	2.25%	2.50%
Santaor Sentens	2.8991	3.39%	4.38%	1.48%	1,18%
Old and howcomers	2,499	3.61%	7.28%	2.32%	1.97%
and lock	2,373	3.4 Ph	1.33%	0.25%	0.93%
Style	2,099	3.03%	611%	2.56%	1.489
Metropole, m	1,943	2.81%	5.66%	1.49%	1.199
Schutter of Saturdities	1,691	2.44%		1.57%	2.76%
E TOS TOARS	1,366	1.97%	3.98%	2.67%	1.48%
Milt and Cuchans	1,167	1.69%	3.40%	1,06%	1.50%
Louisannes	1.086	1.575	1.50%	2.93%	2.459
Can of the Earth	985	1,42%		5.57%	2.779
Runtinett Traditions	965	1,385	1.19%	¥.01%	2.879
Simple Living	850	4.27%	2.56%	1,26%	7.459
Hornut Town	871	1.2659		1.78%	1.589
Lannosiem	777	1.12%	2.26%	0.98%	1,405
Programma Empty Nesters	754	1.09%	2.20%	1.67%	1.849
Copy and Committable	386	0.53%	0.07%	7.54%	2.849
flatesment Communities	313	0.45%	0,91%	7,94%	1,499
Tertal	19,250	100%	100%	62.14%	49,00

Source ERA, ESRI Business Solution

tics Research Associat

Of the 65 tapentry segments, 23 are represented in the five-one my area and identified in the above table Studiely lever, 19 segments, are represented in Grand Tapverse Lounds. The above table limit the marker of bauseholds in each segment in the regime. An distable show, the "Rural Reset Dwellers" segment is

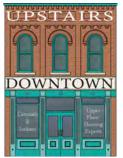


Urban Marketing Collaborative MJB Consulting, NY, NY Economic Research Associates (ERA) Page 8

ERA

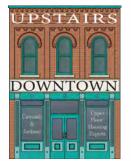
### Springfield Market Research 2013 Comprehensive Market Study





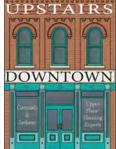
### More Recent Market Research To identify current housing demand

<b>B</b> The Brookings Institution	CITIES AND SUBURBS					
Institution	Brookings > Cities and Suburbs > Housing > Downtown housing					
June 27, 2007 Home	DOWNTOWN HOUSING	SEARCH BROOKIN	GS			
News & Events	Charting a Course for Downtown Living: Denver	Advanced Search	Help			
News Releases     Calendar of Events     Transcripts     Communications     Office	by Alan Berube (Speech) Downtown Denver Partnership 5/18/2006 Who Lives Downtown					
Scholars	by Eugenie L. Birch					
<ul> <li>Scholars by Name</li> <li>Scholars by Issue</li> <li>Scholars by Program</li> </ul>	(Report) November 2005					
Research	Keep HOPE (VI) Alive					
Business     Cities and Suburbs     Defense     Economics, Global     Economics, U.S.     Education     Environment and     Energy     Governance     Politics, Global     Politics, U.S.     Science and     Technology     Social Policy	by Henry Cisneros, Bruce Katz (Op-Ed) Atlanta Journal-Constitution* 5/17/2004 Vacant Land in Cities: An Urban Resource by Michael A. Pagano, Ann O'M. Bowman (Report) January 2001 Ten Steps to a Living Downtown by Jennifer Moulton (Report) October 1999					
Programs	A Rise In Downtown Living					
Economic Studies     Foreign Policy     Studies     Global Economy and     Development     Conoment	by Center on Urban and Metropolitan Policy, the Fannie Mae Foundation (Report) November 1998					



### DIY Market Research To provide empirical evidence for demand



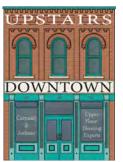


Upstairs Downtown Demonstrates the E\*I\*E\*I\*O principles

# E Empirical

### Incremental

# E Entrepreneurial

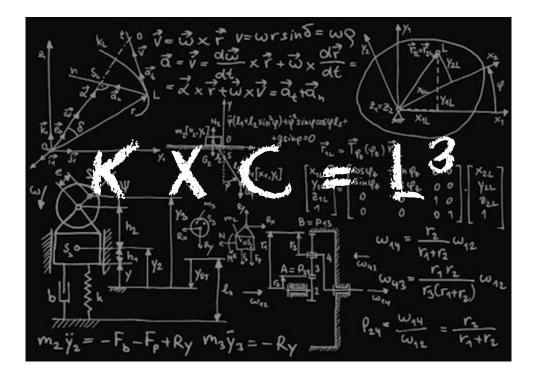


Inclusive Organic

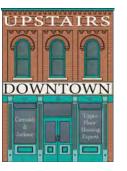
Ο



### Upstairs Downtown Happens In towns with exceptional leadership

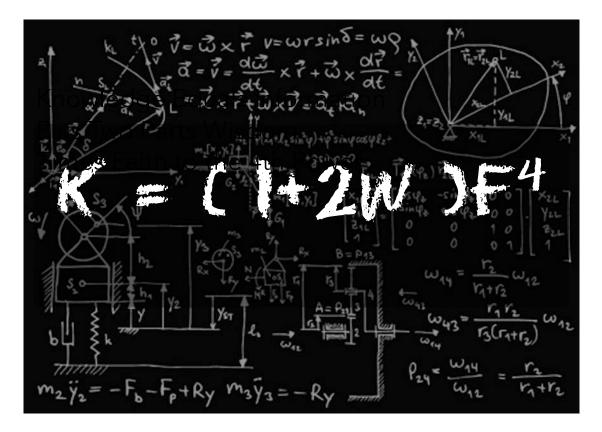


Outstanding Leadership Equals Knowledge Times Capacity

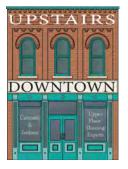




### Exceptional Leadership When knowledge meets capacity

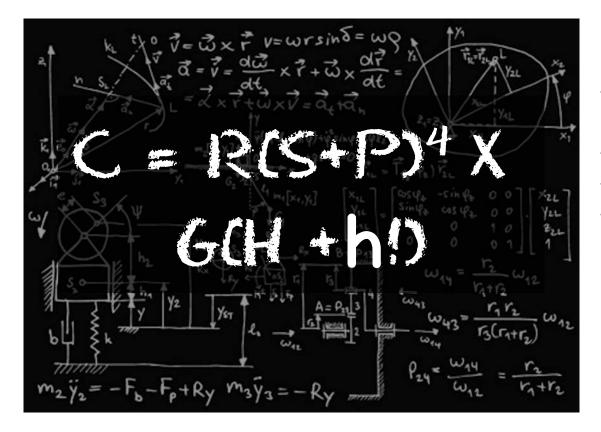


Knowledge Equals Information Plus Two Parts Wisdom Times Faith to the 4th Power

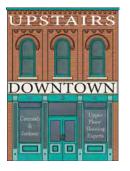




### Exceptional Leadership When knowledge meets capacity

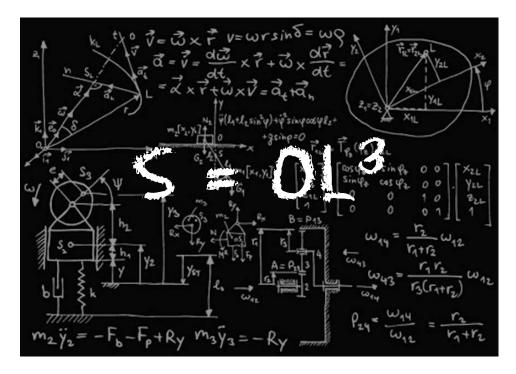


Capacity Equals Responsibility Times Sum of Sweat and Passion To the Fourth Power Times Gumption Times The Sum of (Humility and humor)



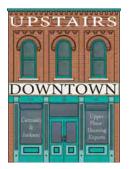


### Implementing Upstairs Downtown Helps build exceptional leadership



Success Equals Opportunity Times Outstanding Leadership





### It Starts By Knowing Your Building Stock Careful assessment reduces barriers



