

Upstairs Downtown Sponsors

Hutchinson, KS



Upstairs Downtown

One Story at a Time



Dan Carmody, Carmody Consulting
Mike Jackson, FAIA

Upstairs Downtown

Reclaiming Vitality



Hutchinson, KS

Monday & Tuesday August 16 & 17

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



First Floor Activation Programs

Stymied by COVID 19



Ishi is Closing Forever!

Hopefully things will brighten up when you see the great deals on everything in the store.

Sale starts Thurs., Oct. 9th, 9am!

224 N. 10th Street, Boise, ID 83702 • 424-1408

ISHI

Property Investment Cycle

Value of downtown properties shifted to upper floors

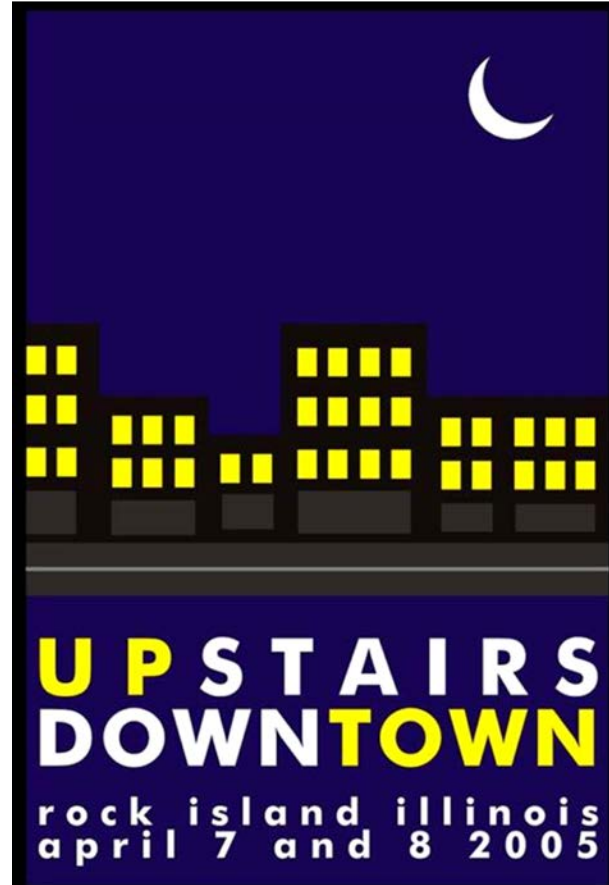


Complete reinvestment in systems

Multiple skill sets needed for redevelopment

Renaissance Rock Island

Innovative downtown housing



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



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

Who's job is it?

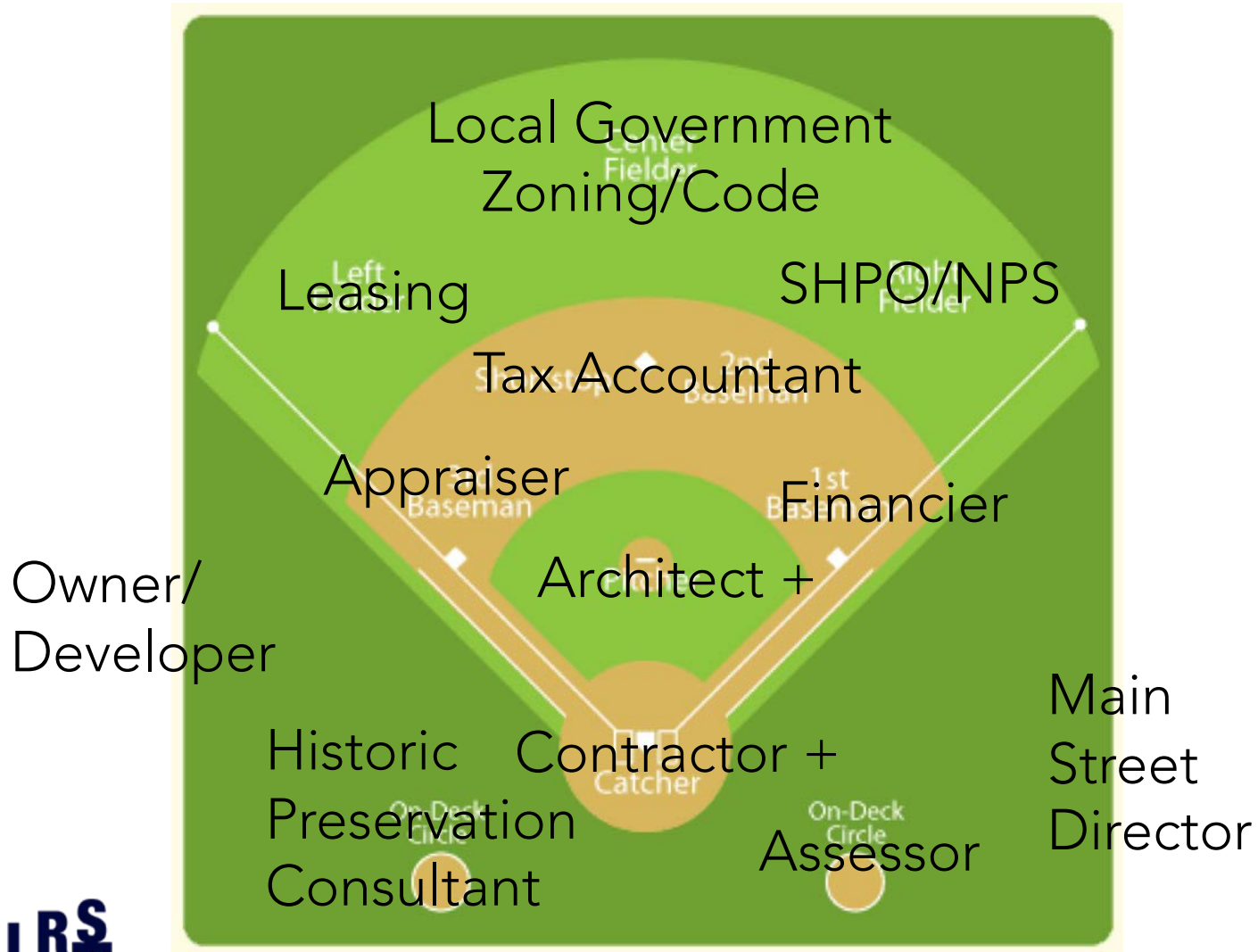
Community have to do it themselves



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



Development is a Team Sport

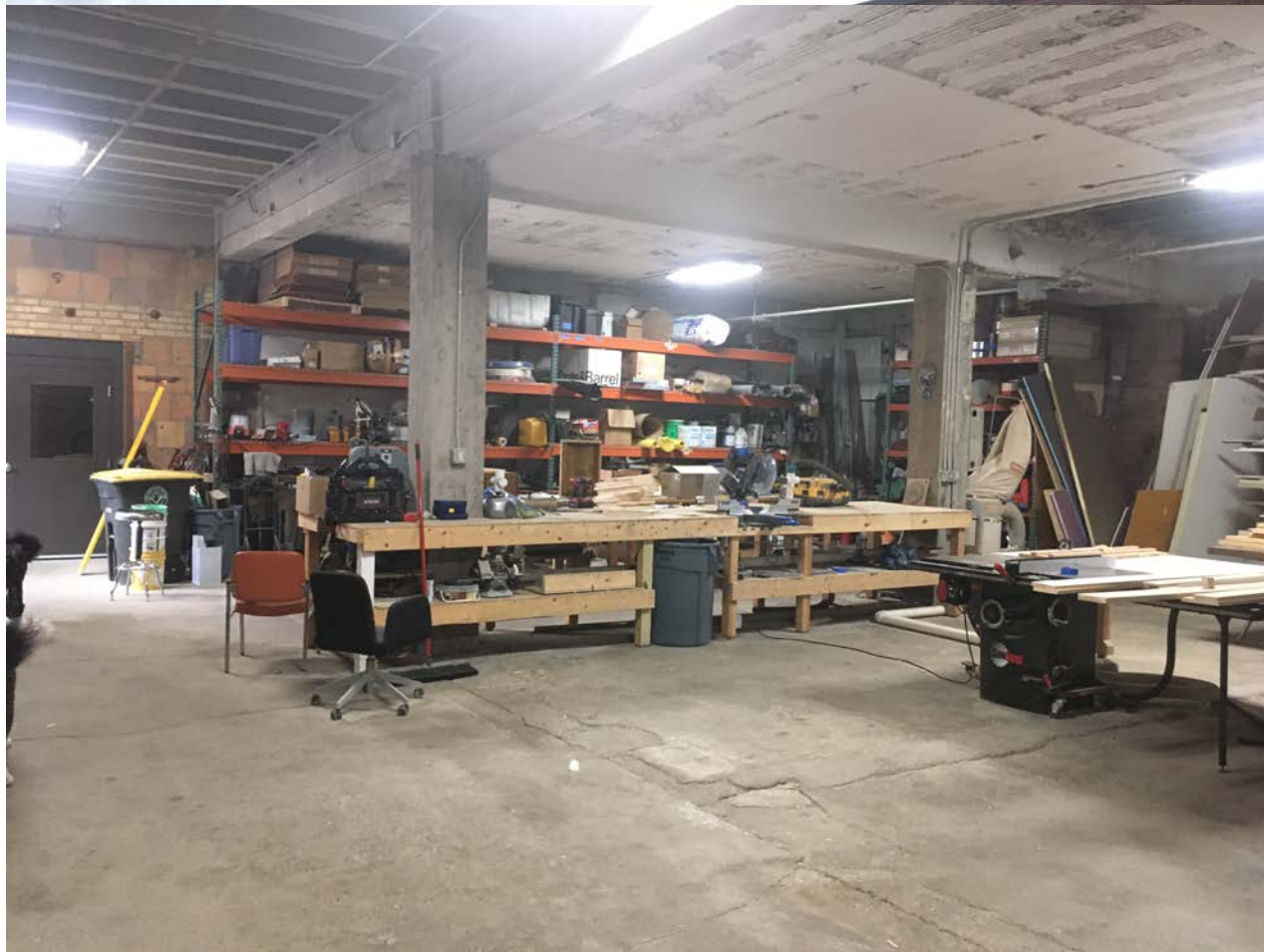
Scouting for Pioneers

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 Pioneers



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
Healthcare	\$380
Entertainment	\$977
Personal Care Products & Services	\$319
Reading & Education	\$236
Contributions & Miscellaneous	\$689
	\$18,619

Success Stories

In towns of all sizes

Why grow out? grow UP

- The space is there.
- It has utilities.
- It has infrastructure.
- It has a central location.
- It has visibility.
- It is in your midst.

look UP STAIRS
DOWNTOWN

Upstairs Downtown Agenda

Monday 16 August

- 9:30 Registration/Meet & Greet
- 10:15 Welcome and Introductions
- 10:30 Upstairs Downtown:
Creating a Market for Downtown Housing
- 11:30 Architectural Assessment
- 12:30 Lunch (on your own)
- 2:15 Financial Feasibility
- 3:00 Case Studies and Incentives
- 4:15 Wrap-Up and Q&A
- 5:30 Downtown Hutchinson Loft Tour

Upstairs Downtown Agenda

Tuesday 17 August

- 8:30 Registration/Meet and Greet
- 9:00 Panel Discussion 1: Rural Housing Improvement District – new tool for upper floor housing and upper floor projects in Emporia
Kayla Savage, Community Development Director, Kansas Dept. of Commerce and Casey Woods, Executive Director of Emporia Main Street.
- 10:00 Panel Discussion 2: Innovative Financing for Difficult Projects
Brian Hollenback of Economic Growth Corp., Bridge Investments, and Central States Development Partners.
- 11:00 Panel Discussion 3: Historic and Holistic Approaches
Katrina Ringler, Kansas State Historic Preservation Office and Jack Forinash, Blue Sky Center.
- 12:00 Adjournment

How can you learn more?

Visit www.upstairsdowntown.com

YOU CAN DO IT!

HISTORIC BUILDING REDEVELOPMENT

LEARN MORE

Let's get started

Market Driven Places





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



Renewing Assets

Organic regeneration



Housing is Pivotal

To re-densify cores of U.S. cities



Creating a Downtown Neighborhood

One story at a time



Photo by Greg Kendall-Ball

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

In cities of all sizes



Economic Foundations Shifted

Jobs and complacency disappeared



Lack of Compelling Places

Regardless of Prosperity



Compelling Places

Have strong competitive advantage



Compelling Places

Work together with peer cities

Key Characteristics:

- ✓ Population Range
- ✓ Interstate Location
- ✓ College or Community College
- ✓ County Seat
- ✓ Part of an Urbanized Area or Not
- ✓ Regional Character

Urban Landscapes Evolve

Demographics and preferences shift



How to Become Compelling?

No simple answer



Main Street Programs

New math for austerity

$$1 + 1 = 6$$



Organic 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.

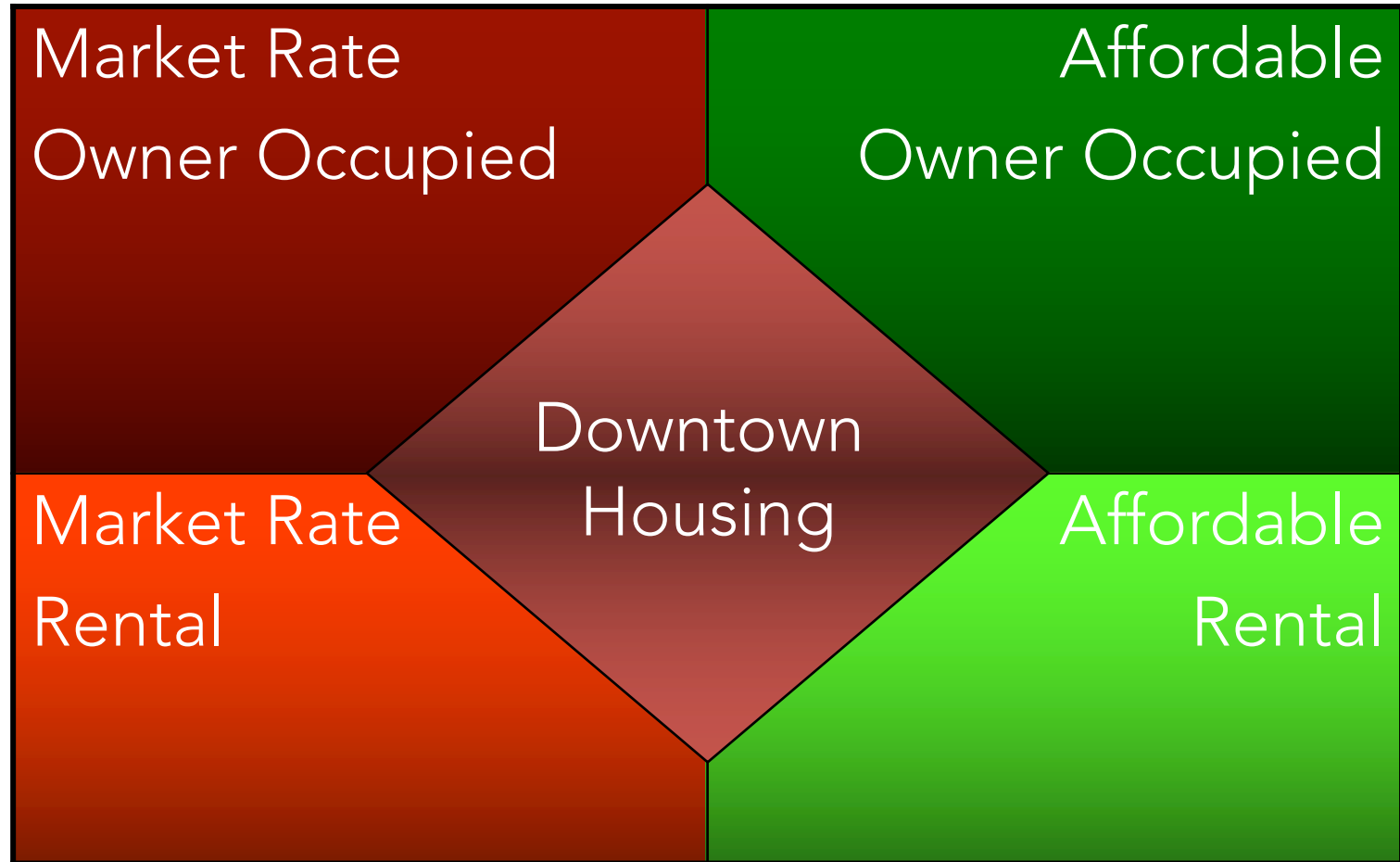
1939 Initial phase of Paseo Del Rio built with WPA funding

1968 Hemisphere expansion most significant in continuing evolution of River Walk.

1970's San Antonio emerges as a major convent

Inclusive Nature of Downtown Housing

It's everyone's neighborhood



Entrepreneurial sparks

Provided by successful main street Programs



Incremental Approach

To community-based development



Empirical Evidence

Demographics drives demand for new 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



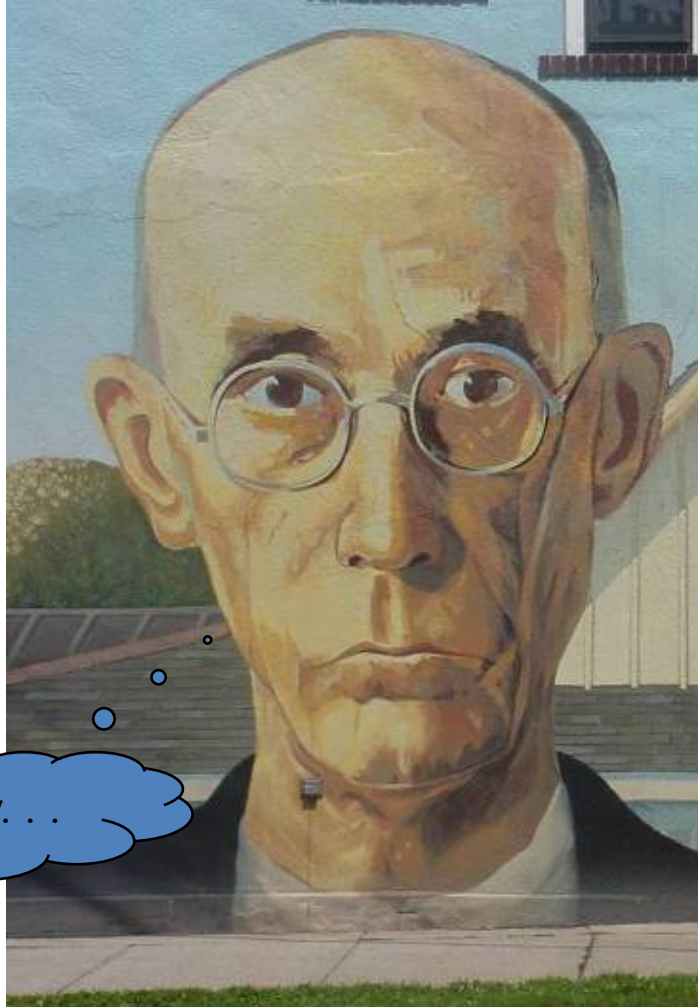
Consumer Preferences Changes



What's a "household" ?

What We Desire Changes

Variety of urban amenities as we age



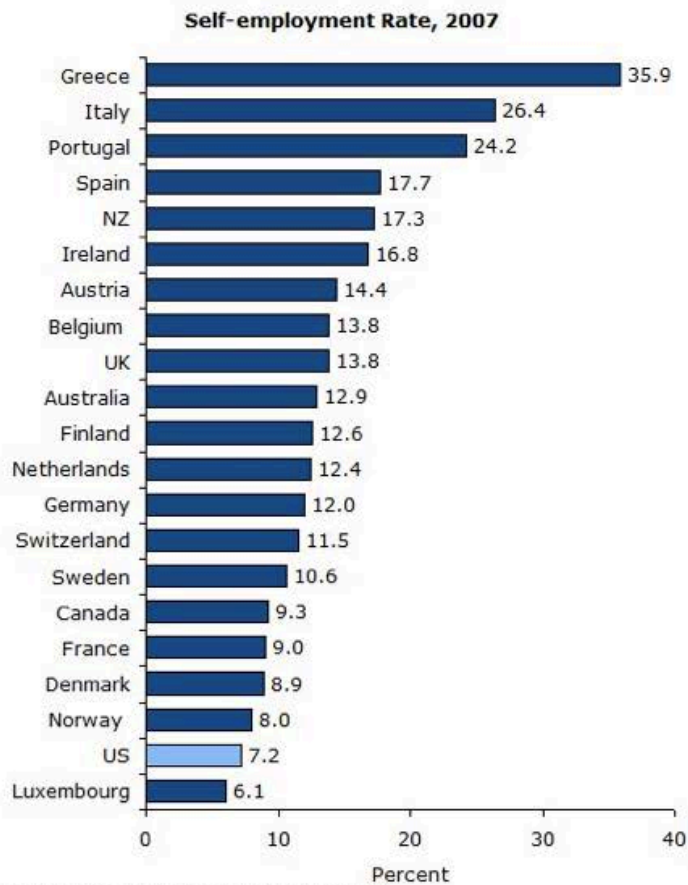
Oh my. . .

**LIVE FREE
ON THE WARD**

Gaslight Lofts
*New Construction
Luxury Loft Apartments*
425 East Menomonee
Historic Third Ward
414-276-LOFT
One Address Brings You Home™ www.mandelgroup.com

The Future of Work

50% of the workforce will be consultants by 2025



City amenities

Strong competitive advantage over suburbs



Influence of Automobiles Waning

Mobility isn't what it was

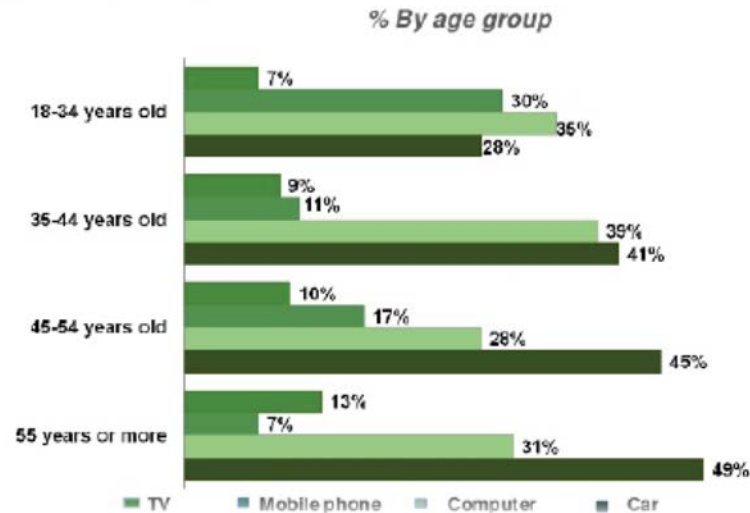
Millennials Say They'd Give Up Their Cars Before Their Computers or Cell Phones

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

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

- ✓ Greater emphasis on aesthetics
- ✓ Access to cultural amenities
- ✓ Proximity to adult learning
- ✓ 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

Centre @ 501

NOW LEASING

www.Centre501.com

Equal Housing Opportunity

Beds/ Bath	Size	Rent Range
1 Bed/ 1 Bath	780 – 1,134	\$700 – \$1,000
2 Bed/ 1 Bath	1,250 – 1,480	\$1,200 – \$1,250



Pet Policy

Service and Assistance animals only

Parking

Several parking garages are located one block to three blocks away from Centre @ 501. A designated Loading Zone is on site for residents to access when moving in and for deliveries.

Lease Length

12 months

Features

- Open, Spacious Floor Plan
- In-Unit Washer/ Dryer
- Dishwasher, Microwave, Stove & Refrigerator
- Smoke & Vape Free
- Cable & Internet Ready
- Wheelchair Enabled
- Secured Building
- Elevator
- Community Room

Kitchen

Island or Breakfast Bar

Transit (walkscore.com)

- Bus Lines: 0.0 – 0.1 mi
- Car Shares: 0.1 – 0.7 mi
- Walk Score: 86
- Bike Score: 62



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.

09 Urban Chic



Segment Code..... 09
Segment Name..... Urban Chic
LifeMode Group..... L2 Upscale Avenues
Urbanization Group..... U3 Metro Cities I

Demographic

Urban Chic residents are professional couples who live an urbane, inclusive lifestyle. More than half of the households are married couples, similar to the United States proportions. Less than half of them have children. Unlike the United States, there are fewer single-parent families and more single-person households. The population is also slightly older, with a median age of 41 years. Diversity is slightly below average compared to the United States diversity.

Socioeconomic

A median household income of more than \$40,000 and a median net worth of \$236,000 enable a stylish lifestyle for the Urban Chic segment. From a well-educated base, more than half hold a bachelor's or graduate degree; they are pursuing a variety of occupations, from self-employment through professional and technical jobs. More than half of the households also receive additional income from investments.

Residential

Urban Chic neighborhoods also parallel U.S. housing type and ownership: the setting is urban, and homes range from prewar to post-2000, high-rise to single-family. Approximately 60 percent live in single-family homes; 30 percent live in multiunit situations. Two-thirds own their homes, and 33 percent rent. But the preference for uptown living is also evident. Median home value is \$472,000, more than three times the U.S. median home value. Urban Chic residents clearly prefer expensive townhouses or high-rises in the city. Major concentrations of Urban Chic households are found on the coasts of Northern and Southern California and along the East Coast.

Preferences

Urban Chic residents attend to lifestyle more than ambience. Residents travel extensively, maintain luxury cars, and embrace city life by visiting museums, attending dance performances, participating in civic activities such as working for political parties, and shopping at upscale establishments. They are more inclined to buy dress clothes than casual wear, but they purchase apparel for every pursuit—running, hiking, golf, skiing, and yoga.

The busy, computer savvy Urban Chic residents are connected. They not only use PCs extensively, but they also read the news, to keep in touch and track their busy schedules. They frequently use handheld PDAs and cell phones. They access the Internet to arrange travel plans, buy books or tickets for concerts and sporting events, check their investment portfolios, and trade stocks. Urban Chic residents own \$75,000 or more in stocks, use stock rating services, and keep money market accounts.

To connect with Urban Chic residents, consider their favorite media. This is one of the top markets for all news/talk/public radio. They also read multiple newspapers and magazines, especially in art, fashion, airfare, and sports magazines. TV viewing is not as predominant in this market, but they have their favorites including channels such as Bravo, A&E, CNN, and MSNBC plus popular series such as The Beer Wagon.

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.”

08 Laptops and Lattes



Segment Code 08
Segment Name Laptops and Lattes
LifeMode Group L4 Solo Acts
Urbanization Group U1 Principal Urban Centers I

Demographic

Laptops and Lattes residents enjoy the single life. Single persons living alone or with a roommate represent the majority of all households in this segment. Average household size remains constant at 1.8. Although the market is increasing in size very slowly, it is maturing and diversifying more quickly. The median age of the population is 38 years, two years older than the U.S. median age. The Diversity Index, which measures the likelihood that any two people from this segment represent different racial or ethnic origins, has increased by six points since 2000—twice as fast as the U.S. index. Most of the population is white, but the faster growth of the black, Asian, Hispanic, and multiracial populations is increasing diversity in the Laptops and Lattes segment.

Socioeconomic

With a median income of more than \$80,000, these singles are affluent. Their median net worth is \$262,000, despite the minority of homeowners base. The labor force of Laptops and Lattes is elite. They are extremely well educated. 77 percent hold bachelor's degrees, and 32 percent have earned graduate degrees. Two-thirds holds professional or management positions, especially in the information, finance and insurance, or scientific and technology industries. More than half of the households also earn income from their investments.

Residential

Laptops and Lattes residents love city life and prefer to live in the major metropolitan areas of New York, Boston, Washington, D.C., Chicago, Los Angeles, or San Francisco. By virtue of their lifestyle or locale, these householders are more likely to rent than own their homes. Less than 40 percent are homeowners. Most of the population in Laptops and Lattes lives in multistory apartment buildings with more than 20 units. The neighborhoods are older and virtually untouched by urban renewal. Forty percent of the housing were built before 1940; only 5 percent of the housing inventory were added in the past 10 years. However, these are not inexpensive districts. Average rent is more than \$1,200 monthly, and median home value is \$629,000. Being typical city dwellers, many residents in Laptops and Lattes do not own a car.

Preferences

Laptops and Lattes residents are both cosmopolitan and connected. This is the top market for notebook PCs and PDAs. They use the Internet daily to trade stocks, purchase everything from apparel to peripherals, or arrange travel plans. While residents are not overly concerned with local transportation, they are well traveled, especially abroad.

In the city, they shop at upscale establishments and spend their leisure time at concerts, sporting events, shows, and museums. They dine out frequently and take adult education courses. In other words, they enjoy metropolitan amenities. They are health conscious and physically fit; they ski, sail, and participate regularly in an exercise program at the gym. Regular diners, Laptops and Lattes residents represent the top market for organic or natural foods and select vitamin supplements. They frequently participate in environmental groups and consider themselves liberal. They listen to classical, all-news, and public radio and read airline, travel, and women's fashion magazines.

Market Assessment

Using segmentation analysis

ERA

Table 7. Educational Attainment, 2005 (Population 25+)

Segment	United States	Michigan	Grand Traverse County	Metropolitan Area
No HS Diploma	15.8%	12.9%	8.6%	10.5%
HS Diploma	29.6%	31.4%	27.5%	30.5%
Some College	20.1%	22.9%	23.8%	22.6%
Associates	7.4%	8.00%	8.5%	7.9%
Bachelors	17.2%	15.1%	20.2%	18.5%
Post-Graduate	9.9%	9.9%	11.4%	9.9%

Source: ERA, U.S. Census

Tapestry Analysis

To further understand the demographic, economic, and cultural characteristics of Traverse City and the region, ERA utilized an analysis tool called Community Tapestry, developed by Environmental Systems Research Institute (ESRI). Tapestry is a tool that divides households into 65 categories or segments based on several key factors, including a variety of demographic characteristics of households and geographic characteristics of their neighborhoods. These segments correspond to certain age groups, income brackets, and education levels, as well as lifestyle choices, neighborhood housing preferences, and consumer spending habits. The following table highlights relevant concentrations of defined segments in the five-county area and Grand Traverse County.

Table 8. Tapestry Segments in the 5-County Area and Grand Traverse County

Segment	Households	% in 5-County Area	% in Grand Traverse	% in Michigan	% in U.S.
Rural Resort Dwellers	16,444	23.75%	5.99%	2.51%	1.60%
Middle-aged Crowd	10,336	14.93%	16.87%	3.12%	3.63%
Green Acres	7,954	11.49%	16.46%	6.82%	3.11%
Rooted Rural	4,095	5.91%	-	1.89%	2.45%
Up and Coming Families	3,929	5.67%	8.73%	1.77%	3.21%
Midlife Junction	3,676	5.31%	8.15%	2.25%	2.50%
Senior Sun Seekers	2,691	3.89%	4.38%	1.18%	1.18%
Old and Newcomers	2,499	3.61%	7.28%	2.32%	1.97%
Silver and Gold in Style	2,373	3.43%	1.33%	0.25%	0.93%
Metropolitans	2,099	3.03%	6.11%	2.56%	2.48%
Southern Satellites	1,943	2.81%	5.66%	1.49%	1.19%
Crossroads	1,681	2.44%	-	1.57%	2.76%
Milk and Cookies	1,366	1.97%	3.98%	2.67%	1.48%
Exurbanites	1,167	1.69%	3.40%	1.06%	1.90%
Salt of the Earth	1,086	1.57%	1.50%	2.93%	2.45%
Rustbelt Traditions	985	1.42%	-	5.57%	2.77%
Simple Living	955	1.38%	1.15%	7.01%	2.87%
Home Town	880	1.27%	2.56%	1.26%	1.45%
Commuters	871	1.26%	-	1.78%	1.50%
Prosperous Empty Nesters	777	1.12%	2.26%	0.98%	1.40%
Cozy and Comfortable	754	1.09%	2.20%	1.67%	1.84%
Retirement Communities	366	0.53%	1.07%	7.54%	2.84%
Total	69,250	100%	100%	62.14%	49.00%

Source: ERA, ESRI Business Solutions

Of the 65 tapestry segments, 23 are represented in the five-county area and identified in the above table. Slightly fewer, 19 segments, are represented in Grand Traverse County. The above table lists the number of households in each segment in the region. As the table shows, the "Rural Resort Dwellers" segment is

Each market is a different collection of segments.



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

More Recent Market Research

To identify current housing demand

The screenshot shows the Brookings Institution website. The header includes the logo and the text 'The Brookings Institution'. The main navigation bar is titled 'CITIES AND SUBURBS' and includes a breadcrumb trail: 'Brookings > Cities and Suburbs > Housing > Downtown housing'. A search bar is located in the top right corner with the text 'SEARCH BROOKINGS' and a 'GO' button. Below the search bar are links for 'Advanced Search' and 'Help'. The left sidebar contains a navigation menu with categories: Home, News & Events (with sub-items: News Releases, Calendar of Events, Transcripts, Communications Office), Scholars (with sub-items: Scholars by Name, Scholars by Issue, Scholars by Program), Research (with sub-items: 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), and Programs (with sub-items: Economic Studies, Foreign Policy Studies, Global Economy and Development, Governance Studies). The main content area is titled 'DOWNTOWN HOUSING' and lists several articles:

- Charting a Course for Downtown Living: Denver**
by Alan Berube
(Speech) *Downtown Denver Partnership*
5/18/2006
- Who Lives Downtown**
by Eugenie L. Birch
(Report)
November 2005
- Keep HOPE (VI) Alive**
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
- A Rise In Downtown Living**
by Center on Urban and Metropolitan Policy, the Fannie Mae Foundation
(Report)
November 1998

DIY Market Research

To provide empirical evidence for demand

Fort Wayne Downtown Improvement District - Mozilla Firefox

File Edit View History Bookmarks Tools Help

http://downtownfortwayne.com/housing_survey.php?cat=3

Google

Home | Downtown Fort Wayne | Visiting Downtown | Living Downtown | **Teens Dig Fort Wayne** | Summer Events | Downtown Events

Take the Downtown Housing Survey!

DOWNTOWN HOUSING SURVEY

Help the DID make Downtown a better place to live by telling us what you would want out of Downtown Housing. We know this survey is long, but it will be immensely helpful in allowing us to determine the best course of action is for Downtown housing improvements.

Name:	<input type="text"/>
Age:	<input type="text"/>
Sex:	<input type="radio"/> Male <input type="radio"/> Female
Your Current Residence:	<input type="radio"/> Own <input type="radio"/> Rent
Your Living Situation:	<input type="radio"/> Live by yourself <input type="radio"/> Live with other members of your family <input type="radio"/> Live with other unrelated individuals <input type="radio"/> Other

start | Calendar - Microsoft ... | Wisconsin Presentat... | My Documents | WI Upstairs Downtow... | Fort Wayne, Downto... | 7:54 AM

Upstairs Downtown

Demonstrates the E*I*E*I*O principles

E Empirical

I Incremental

E Entrepreneurial

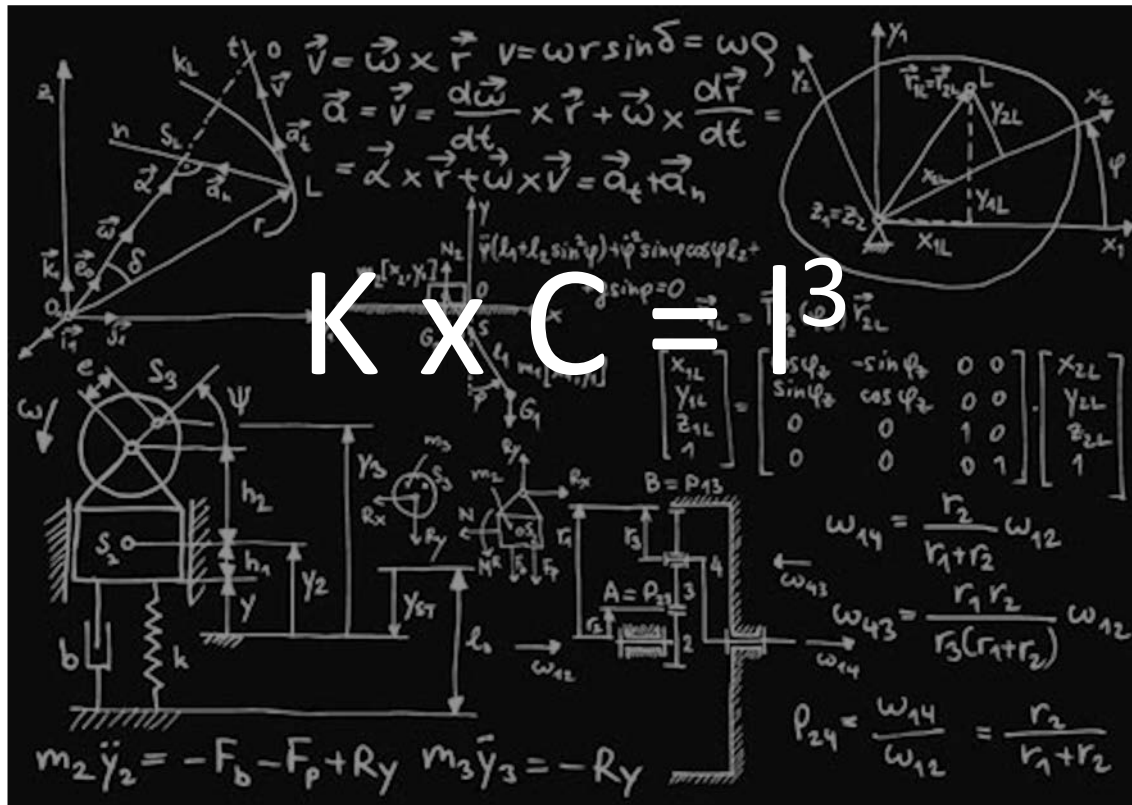
I Inclusive

O Organic



Upstairs Downtown Happens

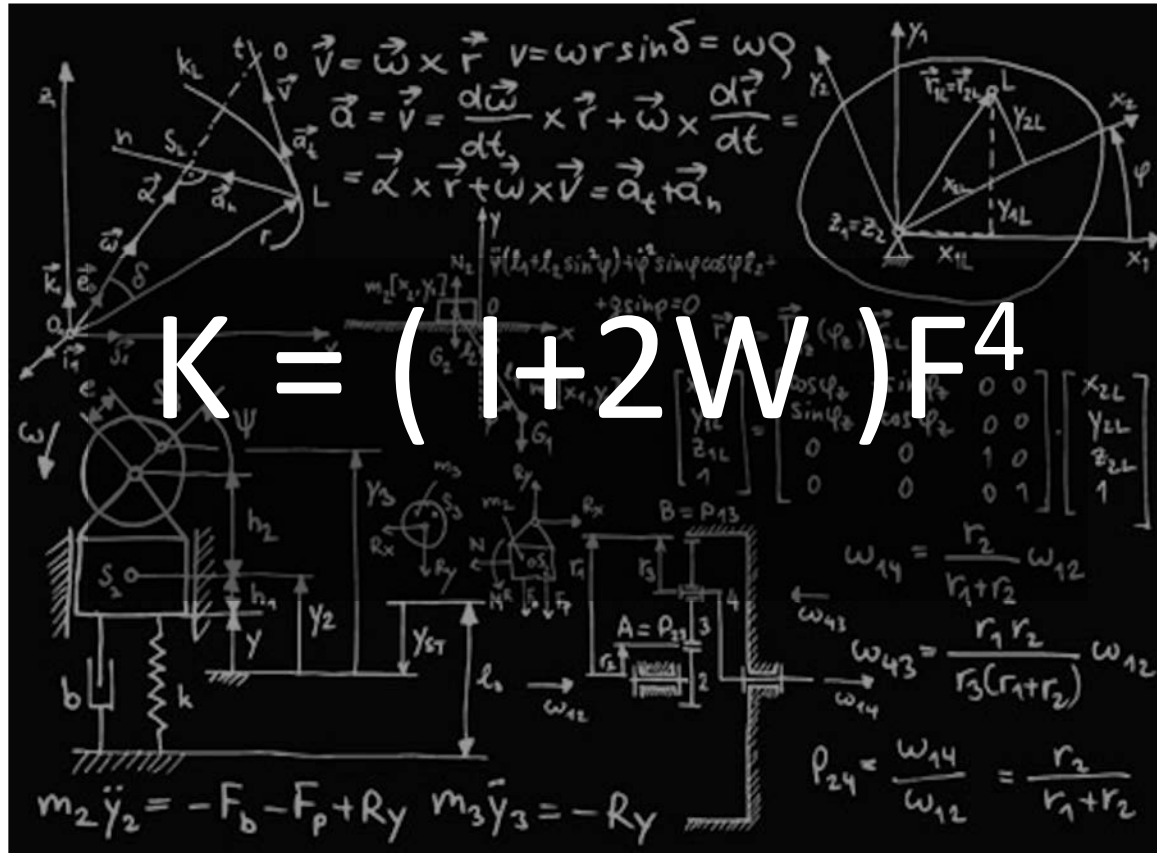
In towns with exceptional leadership



Outstanding Leadership
 Equals Knowledge
 Times Capacity

Exceptional Leadership

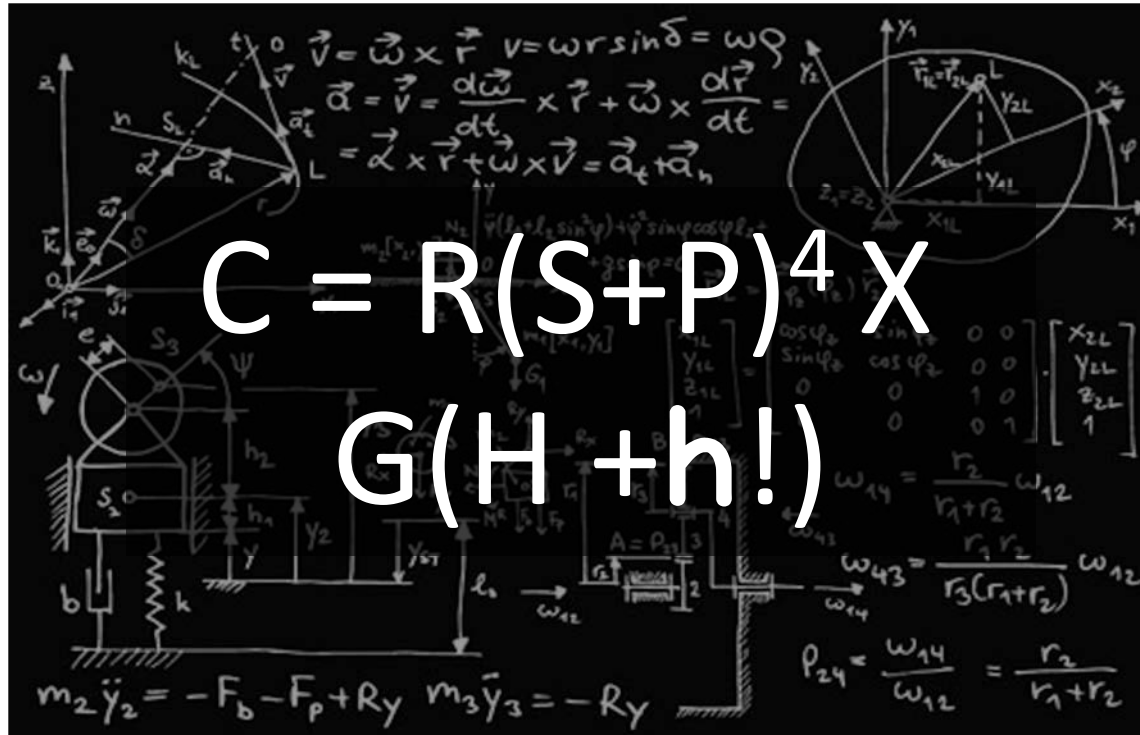
When knowledge meets capacity



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

Exceptional Leadership

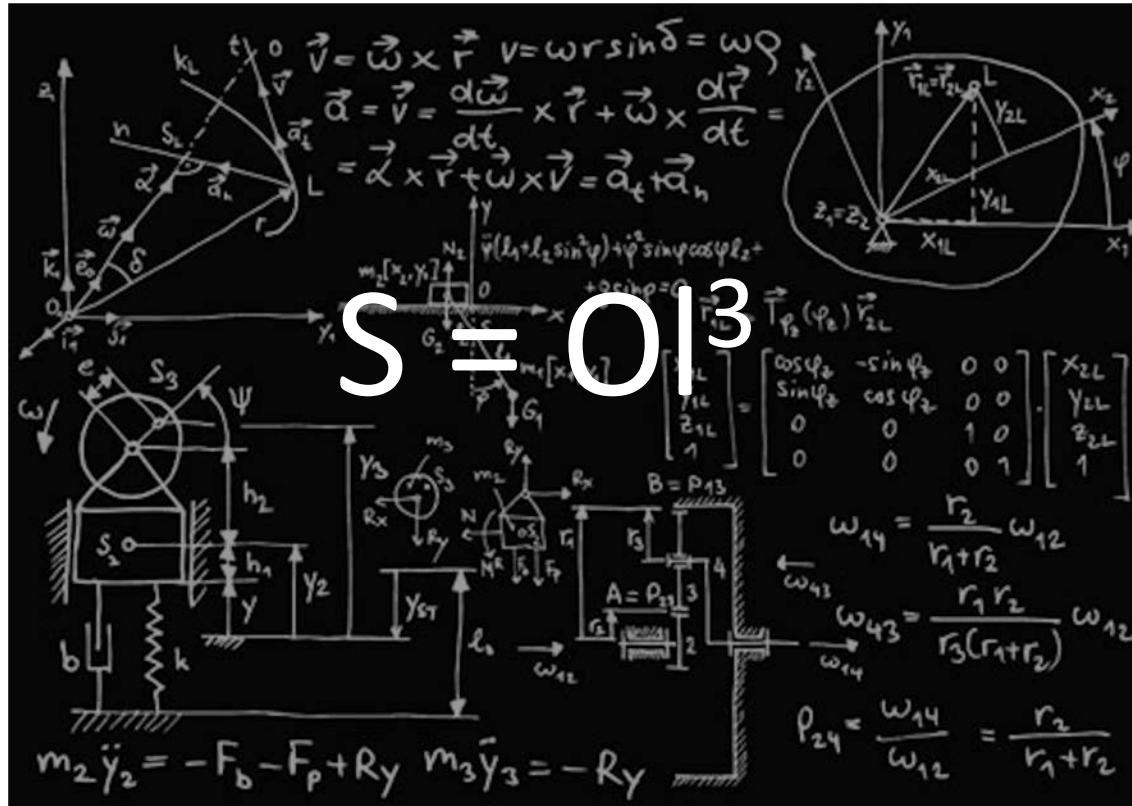
When knowledge meets capacity



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



It Starts By Knowing Your Building Stock

Careful assessment reduces barriers

