Downtown Springfield
Market Study and Business Development Plan

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November 2012
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   Jennifer Rose, Downtown Diva

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Acknowledgments

Thanks to Downtown Springfield, Inc. (DSI), which initiated this work with a desire to take a new look at economic development opportunities in downtown Springfield. Thanks to Mayor Mike Houston for supporting the project and for his early engagement. Thanks especially to Victoria Ringer who managed this project and coordinated survey teams, stakeholder interviews and meetings, and data collection for the property and business database.

The database built for Downtown Springfield, Inc., was populated in part with GIS data sets provided by the Springfield-Sangamon County Regional Planning Commission. Our thanks to Norm Sims, Joe Zeibert, and Steve Keenan for their collaboration and partnership.

Thanks to our surveyors – Tracey Boyce, James Covington, Ross DeVer, and Janine Toman – for their excellent work in fielding the downtown intercept survey, and to the 280 Springfield residents and visitors who took the time to complete it.

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Downtown Springfield Market Study
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Edie Weaver
Penny Wollan Kriel
Springfield Mass Transit
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State Journal Register
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ex officio
Executive summary

The impetus for this downtown market study and business development plan began with the looming endpoint of the downtown Tax Increment Finance (TIF) District in 2016 – and with that, the anticipated loss of critical financial incentives for downtown development. But this work was also motivated by the continued desire to improve downtown through a variety of means (both financial incentives and otherwise): to find new sectors where downtown can grow and excel, to attract new businesses, and draw new residents.

Observations
After analyzing the downtown economy, surveying customers, quantifying the customer base, and observing the district, we came to the following conclusions.

- Retail variety downtown is limited. The range of goods and services available is not sufficient to bring someone downtown for an extended shopping trip. The opening of County Market will fill a very important grocery component and it will make downtown an easier sell to potential new residents. Its location just on the edge of the downtown retail core means its impact on adjacencies will be limited. Creating a full-line retail district downtown remains a challenge.

- Downtown’s customers are primarily office workers. Of the people currently on downtown streets, 53% work in the downtown district. They are the current driver of downtown retail, dining, and entertainment.

- A few downtown businesses are quite successful. Strong businesses include locally well-known retailers and restaurants which have a loyal following. The most compelling cluster of businesses downtown is restaurants, though they are known mostly by their individual reputations, rather than as a restaurant district.

- Downtown needs to attract a new population segment. It also needs a “cool” factor – something that will make downtown a place people see as vibrant and a place they want to be a part of.
Memorial Medical Center and St. John’s Hospital employees are enigmatic customers. While they account for over 6,000 employees, plus visiting friends and families of patients, the hospitals are just far enough away from the downtown retail and restaurant core as to make lunch out or a mid-day shopping errand a deliberate trip.

One-way streets deter downtown commerce. The one-way streets make downtown easy to bypass entirely and they make it difficult to navigate when downtown is the destination and one is trying to get to a store or find parking.

Downtown suffers because of development outside downtown. The more retail built in the city, the more the available household spending gets sliced up. With the development of Legacy Pointe, and additional development planned for South MacArthur Blvd, downtown’s economy is weakened.

Recommendations
With a small full-time population downtown, a diminished downtown workforce, and increasing retail options elsewhere in the city, downtown needs to carve out a market position where it can grow and attract new residents and users. We believe its setting and historic buildings are an important part of the backdrop for creating a new economy downtown.

We recommend pursuing three integrated strategies:

1. Establish a creative economy downtown;
2. Connect visitors with downtown; and
3. Prioritize downtown, regionally.

Establishing a creative economy downtown will be a five to ten-year effort, but it can be advanced incrementally through shorter-term projects. Ultimately, downtown Springfield should attract young, creative workers, students, and residents by developing target-market-appropriate housing and applying existing and new incentives. Some adaptive-use projects currently in development downtown may benefit from addressing this market.

In the shorter term, downtown can grow the creative economy by stimulating less-capital-intensive, highly engaging projects, such as:
• Pop-up retail (an expansion of DSI’s recent pop-up competition);
• Crowdsourced business and real-estate development; and
• Coworking facilities.

In drawing creative workers and residents to become a permanent part of downtown, other customers will follow: traditional residents outside downtown will want to participate in downtown’s creative atmosphere, even if they themselves are not the movement’s leaders. We call this a “piggyback” phenomenon.

The second strategy, to connect visitors and tourists with downtown, fits alongside establishing a creative economy. By engaging visitors in new ways, DSI and its partners can generate new kinds of interaction between cultural visitors and downtown businesses. We recommend a variety of projects that include:

• Working with partners like the Hoogland Center to create performances in downtown spaces and storefronts;
• Establishing a small number of self-catered lodging rooms in upper-story spaces;
• Encouraging ephemeral installations (such as temporary public art projects) that foster an interactive experience.

The third strategy, prioritizing downtown, is a policy initiative. It is important that public policy, land use regulation, and financial incentives reflect the great importance of the downtown district to the city’s overall position and health. This includes considering:

• Development impact fees for projects outside downtown;
• Reestablishing a bonded TIF; and
• Instituting an incremental hotel/motel and/or sales tax in the downtown district.

The principal goal is that the work of DSI and its partners be organized around market-based strategies and that all of the leaders involved in improving downtown Springfield work in concert to advance the same set of goals.
Introduction and framework

Downtown Springfield shares challenges with many other business districts: Residents and supporting retail amenities have moved away from the traditional core, to lower-density residential communities and larger retail spaces. In the retail sector, a growing number of sales have migrated to online purveyors, largely located outside of Illinois.

Amid this national trend, Springfield has faced losses related to its hometown industry: the State of Illinois has relocated or eliminated approximately 4,000 jobs from the Springfield area over the past 10 years. The loss of those jobs has had a disproportionate impact on downtown Springfield relative to the rest of the city and county. Approximately 2,500 of the jobs moved or eliminated had been based in downtown, and those jobs had supported a series of interrelated economic activities: The state rented office space in privately owned downtown buildings; employees shopped and dined at downtown shops and restaurants; property owners purchased building services and supplies from area contractors; employees and their families purchased or rented homes in and around downtown. The list of indirect impacts is much longer.

New and exciting changes have happened at the same time: During the same period, the new Abraham Lincoln Presidential Library and Museum opened and Springfield’s two major medical centers have expanded significantly, adding to Springfield’s visitor and healthcare sectors. A new supermarket is getting ready to open, bringing full-line groceries downtown for the first time in decades, and the long-neglected (and covered-up) Ferguson and Booth Buildings are being restored as part of a mixed-use development.

But it has been the reduction of downtown-based jobs – and the resulting surplus of office space and the decline of downtown consumer spending – that spurred Downtown Springfield, Inc., to engage downtown economic development in a new way and to adopt a new strategy for action.

Study questions and goals
The purpose of this work was to craft a practical business development plan that can be embraced by DSI, the City of Springfield, and their private-sector partners – and implemented by these entities collectively, led by DSI.
With that in mind, we had four study questions:

1. How is downtown Springfield performing today, as a retail and entertainment hub and as a real estate product?
2. Who is currently shopping and dining downtown and what are their needs?
3. How have recent shifts in employment and local industries changed the very role of downtown Springfield?
4. What are the barriers to developing new businesses, new housing, new offices, and new customers in downtown Springfield and how can those barriers be addressed?

Ultimately, our goal is to provide a useful and data-based strategy and implementation plan to DSI so it can continue to lead downtown Springfield’s renewal.

The market research and strategy components of this market study were led by Josh Bloom of the Community Land Use and Economics Group, LLC.

A database
In addition to the market research and economic development strategies, our work included a database product. DSI sought an information management system for tracking downtown businesses, real estate, individuals, event participation, and public and private improvements. CLUE Group partnered with Downtown Diva to provide this tool.

The database is further described later in this report. It will be used as a day-to-day information management system in the DSI office. The database incorporates data sets from public and private sources, merged into a seamless Main Streets Database Template. Wherever possible, we verified information through on-street observation. Database files and training have been provided to DSI.

The database constituted approximately one-third of our overall effort on the market study assignment. This portion was led by Jennifer Rose of Downtown Diva.

Separate from this engagement, Downtown Diva also set up DSI with a ConstantContact account (with newsletter and email templates) to facilitate communication with DSI’s constituents.
**Work components**

The market research and strategy portion of our work consisted of five interrelated pieces, and two stand-alone products (addenda to this report) which can be used in marketing and business recruitment.

1. **Consumer survey.** Working with DSI (and surveyors recruited by DSI), we conducted an on-street survey of shoppers in downtown Springfield in order to understand their behaviors and shopping preferences and needs.
2. **Trade area analysis.** We used geographic data gathered in the on-street consumer survey to identify the areas where downtown shoppers and visitors live, and the extent to which downtown functions as a convenience hub or a destination.
3. **Sales void analysis.** Using the consumer surveys, trade areas, and other data sources, we estimated the extent to which downtown businesses are capturing available spending, and the opportunities for downtown to recapture money being spent elsewhere.
4. **Business survey.** We surveyed downtown businesses in order to assess their current performance, their needs for future development and expansion, and the barriers they face.
5. **Strategies.** We synthesized our research into a set of strategies for strengthening downtown’s economy and attracting future investment.
6. **Customer profiles.** We developed customer profile sheets which should be distributed to businesses to help them better understand and market to their target audiences.
7. **Recruitment targets.** We developed business recruitment “cut-sheets” which DSI can use in its recruitment efforts.

**Limitations**

As is true of all demographic, economic and market studies, the reliability of our analysis is limited to the reliability and quality of the data available. Our research assumes that all data made available by federal, state, and city sources is accurate and reliable. Several other factors also affected our research and findings:

All downtowns experience seasonal swings in economic activity. In addition to typical variability (such as holiday spending), downtown Springfield is also affected by tourism seasonality related
to historic site visitation, and by the legislative sessions. Our on-site research was conducted April to May 2012, which included a portion of the legislative and tourism season.

Sales tax data is not available for downtown area alone. We made conservative estimates of actual sales based on standard third-party data sources and on our experience working in other cities.

Given these limitations, our report reflects what we believe are reasonable estimates of current conditions and future possibilities.
Observations: Consumers

Downtown commerce depends first on the presence of consumers, or access to consumers. While there are unique businesses that can create their own market and generate their own customer traffic, a business district with shoppers already present makes business development easier and makes new businesses more likely to succeed. For people already present in downtown Springfield, both existing businesses and potential new businesses should seek to fulfill shoppers’ unmet needs. For those consumers who are readily accessible to downtown but don’t regularly patronize downtown, businesses should align their products and services with those most likely to come. We therefore began by investigating downtown’s Springfield’s current and potential customers.

We have divided our look at consumers into six snapshots:

- Trade area;
- Shopping habits;
- Perceptions and satisfaction;
- Demographic characteristics and consumer segmentation;
- Consumer segmentation (“psychographics”);
- Sales void (or leakage); and
- Visitors.

Trade area
The concept of a “trade area” – the geography from which businesses draw most of their shoppers – has changed meaning over the last 60 years. For centuries, downtowns functioned as the commercial, civic, and social hubs of their communities – and trade areas were correspondingly small. And while downtown Springfield still serves some of those functions, a series of profound transformations in retailing over the past several decades means many of the staples of everyday living (like food markets and department-store merchandise) have moved to larger-format stores in shopping centers outside of downtown. The relocation of physical retail stores is compounded by the growth of online sales, bypassing physical stores entirely. These
illustrate both the transformation and consolidation of traditional retailing – and they have changed the functional definition of trade area.

Today, a trade area most closely correlates to purchases that people make near their home or near their work – so-called “convenience purchases”.

- Springfield’s downtown shoppers live at relatively large distances from downtown. Only 7% live within a mile of downtown and a total of about 50% live within three miles of downtown.¹ (This is lower than most other cities where we have conducted downtown shopper surveys.) Almost half of consumers live at a distance of five miles or more from downtown. This is significant because consumers who live farther away have many shopping alternatives closer to their homes than downtown.

<table>
<thead>
<tr>
<th>Where downtown customers live</th>
<th>%</th>
<th>Cumulative %</th>
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<tr>
<td>Within 1 mile</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>1-3 miles</td>
<td>43%</td>
<td>50%</td>
</tr>
<tr>
<td>3-5 miles</td>
<td>4%</td>
<td>54%</td>
</tr>
<tr>
<td>5-15 miles</td>
<td>20%</td>
<td>74%</td>
</tr>
<tr>
<td>Over 15 miles</td>
<td>25%</td>
<td>100%</td>
</tr>
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</table>

- More than half (53%) of survey respondents work in downtown. This is not surprising in that we sampled people on downtown sidewalks and employment remains an important component of the daytime population. Only 3% of people who work downtown live very close-by or within a mile.² The implications of this small number are many: 97% of downtown workers live beyond walking distance to downtown, which in turn places a heavy parking demand on downtown. In addition, it means that once workers are home (during the evenings or weekends), they likely have several shopping, dining, and entertainment alternatives closer to home than downtown.

- Downtown workers tend to live at a greater distance from downtown than the general shopper population. Among the general shopper population, 50% live within three miles

¹ The “center” was defined as East Adams and 6th Streets.
² Calculated separately, based on distances associated with each survey respondent. Not illustrated in table or figure.
of downtown. Among downtown workers, only 27% live within three miles. If downtown workers are to be captured as customers, their distance of residence makes it even more important that they shop or dine while they are in town. (Distance also serves as a barrier for weekend events participation by downtown workers and their families.)

Habits and preferences
While work is the primary reason most people come downtown, other factors draw people downtown to a lesser extent.

- Dining is the primary reason for 14% of trips downtown;
- Shopping initiates 10% of trips;
- All business visits combined (conventions; business meetings; visits to state, county and city offices) initiate 13% of trips.
- Downtown is a strong competitor for several types of purchases, including banking, café, greeting cards, post office, and restaurant dining. These purchases may not have been the reason for the trip (e.g., someone may already be downtown for work), but the capture rate is high for shoppers already downtown.

<table>
<thead>
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<th>Last purchase of item or service was made downtown</th>
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<tr>
<td>Banking</td>
<td>44%</td>
</tr>
<tr>
<td>Cafe / coffee shop</td>
<td>59%</td>
</tr>
<tr>
<td>Cleaner/laundry</td>
<td>5%</td>
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<tr>
<td>Clothing (men's)</td>
<td>5%</td>
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<tr>
<td>Clothing (women's)</td>
<td>4%</td>
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<tr>
<td>Antiques or collectibles</td>
<td>28%</td>
</tr>
<tr>
<td>Flowers</td>
<td>30%</td>
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<tr>
<td>Greeting cards</td>
<td>46%</td>
</tr>
<tr>
<td>Groceries</td>
<td>4%</td>
</tr>
<tr>
<td>Hair/nails/barber</td>
<td>12%</td>
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<tr>
<td>Medical offices</td>
<td>12%</td>
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<tr>
<td>Pharmacy + personal care items</td>
<td>14%</td>
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<tr>
<td></td>
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<td>------------------</td>
<td>--------</td>
</tr>
<tr>
<td>Post Office</td>
<td>63%</td>
</tr>
<tr>
<td>Restaurant: casual/family dining</td>
<td>46%</td>
</tr>
<tr>
<td>Restaurant: fine dining</td>
<td>48%</td>
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- Downtown has a poor capture rate for several categories of retail purchases, notably men’s and women’s apparel, and groceries (see table above). Other data reveal that about one-third of these shoppers are making their apparel purchases at White Oaks Mall. We anticipate that the opening of the new downtown supermarket will change the number of people who buy groceries downtown, previously a product category limited to a couple convenience and specialty food stores downtown.

**Satisfaction**
Satisfaction is one measure of how happy shoppers are with downtown. It can also be viewed as an indicator of how likely shoppers are to choose downtown over other options that may be available to them.

- In our experience, we have found a score of approximately 3.5 on a five-point scale to be average. (Lower scores indicate a need for an improved shopper experience before the district can advance.) Shoppers scored downtown favorably for most qualities and characteristics, meaning that downtown has a relatively positive perception among people who come there.

- Customer service and cleanliness/attractiveness stood out for their positive ratings.

- While parking scored a respectable 3.4, it ranked lowest among the five attributes queried. Since our own and the SDAT team’s observations indicated a sufficient supply of parking, reasons for the low parking score probably lie elsewhere, such as access or way-finding signage, cost, or enforcement (real or perceived).
Though better than parking, business hours scored below most other attributes. We have found predictable and extended business hours to be a critical factor in making downtown shopping and dining viable. Unlike parking (where perceptions seem to be at odds with reality), evening retail hours in downtown are limited. Restaurant hours extend beyond retail hours, but they have been known to change occasionally (particularly nights open and meals served), which can lead to unpredictability for customers.

Word associations to downtown
The perceptions of those surveyed were similar when asked to describe downtown in three words. Most comments positive. "History"/"historic" and "Lincoln" were mentioned most often (21% and 13%, respectively). Many commented on downtown's positive qualities using words similar or compatible with "historic", such as "quaint" and "cute". Downtown was frequently described as "clean." Negative comments focused primarily on "parking" and "vacant"/"vacancies".
In this "word cloud", the size of text indicates frequency of mentions in the intercept survey.
Population characteristics
Downtown’s current shoppers differ in a few significant ways from the profiles of households in and around downtown. They are wealthier and older than the general population, and they are smaller, with fewer one-person households than the general population. These factors influence the kinds of businesses, housing, and events that would best serve their needs. They also reveal opportunities to attract new populations and users downtown, both as shoppers and residents.

- Since so many respondents work downtown, the relative wealth of downtown’s users is likely a function of their full-time employment and the quality of jobs available downtown. While we did not ask about specific vocations, those who work in State, City, or County offices, or in healthcare, are likely to earn relatively high household incomes.

- Young people are underrepresented among those present downtown – perhaps because they are less likely to hold jobs downtown and/or because they don’t see downtown as meeting their needs.

- Downtown users are comprised of more one-person households than the general population, but that observation can be misleading: While downtown users are more
likely to live alone than the general Springfield population, the great majority (63%) still live in multi-person households, including 37% who live in households with three or more people. This finding affects our recommended housing strategies (discussed later) because, while downtown users primarily represent two-person or larger households, those inclined to live downtown tend to be singles and couples.

Buying power and sales void
The concept of sales void is based on the idea that there is a certain amount of money to be spent by households in a given geographic area, and that we can make reasonable estimates of how much of their money is spent within the target area (i.e., downtown). If much of their spending is “leaking” outside the target area (and being spent someplace else), Springfield can apply a variety of tools to recapture some of the spending.

Retail sales void is the result of subtracting local retail sales (i.e., total actual sales at local businesses) from consumers’ available spending (i.e., “buying power”). It is a traditional benchmark for determining supportable new retail uses, or sales leakage to other communities that might be recaptured locally (with the right product mix and effective marketing). Sales void analyses are frequently applied to convenience-type purchases (groceries, prescription drugs, or dry cleaning, for example) because such shopping typically happens near where people live or work.

But sales void analyses have changed in recent years. Sales void analyses have become less meaningful as more convenience-type purchases – and even prescription drugs and household supplies – have migrated first to big-box stores and, more recently, to online retailers. Nevertheless, buying power and sales voids still serve a purpose in identifying potential recruitment targets or marketing opportunities.

With the residential base in the downtown district comprising only about 647 households, the buying power of downtown residents is very small. Rather, it is workers and visitors coming into downtown who account for the majority of spending. The following table identifies retail spending and voids across a variety of typical purchases for a three-mile radius from downtown Springfield.
### Retail Demand, Supply, and Gap (or Surplus) for 3-mile radius from Downtown Springfield

#### Summary

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<th>Summary</th>
<th>NAICS</th>
<th>Demand (Retail Potential)</th>
<th>Supply (Retail Sales)</th>
<th>Retail Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Retail Trade and Food &amp; Drink</td>
<td>44-45</td>
<td>$729,397,335</td>
<td>$722,868,576</td>
<td>$6,528,758</td>
</tr>
<tr>
<td>Total Retail Trade</td>
<td>44-45</td>
<td>$619,168,886</td>
<td>$596,382,942</td>
<td>$22,785,944</td>
</tr>
<tr>
<td>Total Food &amp; Drink</td>
<td>722</td>
<td>$110,228,449</td>
<td>$126,485,635</td>
<td>-$16,257,186</td>
</tr>
</tbody>
</table>

#### Industry Group

<table>
<thead>
<tr>
<th>Industry Group</th>
<th>NAICS</th>
<th>Demand (Retail Potential)</th>
<th>Supply (Retail Sales)</th>
<th>Retail Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture &amp; Home Furnishings Stores</td>
<td>442</td>
<td>$15,585,518</td>
<td>$13,020,089</td>
<td>$2,565,429</td>
</tr>
<tr>
<td>Furniture Stores</td>
<td>4421</td>
<td>$12,177,655</td>
<td>$9,901,962</td>
<td>$2,275,693</td>
</tr>
<tr>
<td>Home Furnishings Stores</td>
<td>4422</td>
<td>$3,407,864</td>
<td>$3,118,127</td>
<td>$289,737</td>
</tr>
<tr>
<td>Electronics &amp; Appliance Stores</td>
<td>4431</td>
<td>$17,393,181</td>
<td>$12,051,873</td>
<td>$5,341,308</td>
</tr>
<tr>
<td>Blgd Materials, Garden Equip. &amp; Supply Stores</td>
<td>444</td>
<td>$22,877,159</td>
<td>$9,629,107</td>
<td>$13,248,053</td>
</tr>
<tr>
<td>Food &amp; Beverage Stores</td>
<td>445</td>
<td>$113,824,986</td>
<td>$121,968,966</td>
<td>-$8,143,981</td>
</tr>
<tr>
<td>Grocery Stores</td>
<td>4451</td>
<td>$106,864,260</td>
<td>$114,804,152</td>
<td>-$7,939,892</td>
</tr>
<tr>
<td>Specialty Food Stores</td>
<td>4452</td>
<td>$1,772,014</td>
<td>$2,992,011</td>
<td>-$1,219,997</td>
</tr>
<tr>
<td>Beer, Wine &amp; Liquor Stores</td>
<td>4453</td>
<td>$5,188,712</td>
<td>$4,172,804</td>
<td>$1,015,908</td>
</tr>
<tr>
<td>Health &amp; Personal Care Stores</td>
<td>446,4461</td>
<td>$30,649,382</td>
<td>$31,589,268</td>
<td>-$939,886</td>
</tr>
<tr>
<td>Gasoline Stations</td>
<td>447,4471</td>
<td>$115,738,760</td>
<td>$120,291,825</td>
<td>-$4,553,065</td>
</tr>
<tr>
<td>Clothing &amp; Clothing Accessories Stores</td>
<td>448</td>
<td>$25,699,702</td>
<td>$8,034,677</td>
<td>$17,665,025</td>
</tr>
<tr>
<td>Clothing Stores</td>
<td>4481</td>
<td>$20,186,629</td>
<td>$6,008,190</td>
<td>$14,178,439</td>
</tr>
<tr>
<td>Shoe Stores</td>
<td>4482</td>
<td>$2,996,468</td>
<td>$843,307</td>
<td>$2,153,161</td>
</tr>
<tr>
<td>Jewelry, Luggage &amp; Leather Goods Stores</td>
<td>4483</td>
<td>$2,516,605</td>
<td>$1,183,180</td>
<td>$1,333,425</td>
</tr>
<tr>
<td>General Merchandise Stores</td>
<td>452</td>
<td>$99,263,634</td>
<td>$46,719,631</td>
<td>$52,544,003</td>
</tr>
<tr>
<td>Miscellaneous Store Retailers</td>
<td>453</td>
<td>$11,138,847</td>
<td>$8,785,184</td>
<td>$2,353,663</td>
</tr>
<tr>
<td>Florists</td>
<td>4531</td>
<td>$878,652</td>
<td>$1,202,720</td>
<td>-$324,067</td>
</tr>
<tr>
<td>Office Supplies, Stationery &amp; Gift Stores</td>
<td>4532</td>
<td>$4,110,241</td>
<td>$3,370,757</td>
<td>$739,484</td>
</tr>
<tr>
<td>Used Merchandise Stores</td>
<td>4533</td>
<td>$1,203,335</td>
<td>$1,079,287</td>
<td>$124,048</td>
</tr>
<tr>
<td>Other Miscellaneous Store Retailers</td>
<td>4539</td>
<td>$4,946,619</td>
<td>$3,132,420</td>
<td>$1,814,198</td>
</tr>
<tr>
<td>Food Services &amp; Drinking Places</td>
<td>722</td>
<td>$110,228,449</td>
<td>$126,485,635</td>
<td>-$16,257,186</td>
</tr>
<tr>
<td>Full-Service Restaurants</td>
<td>7221</td>
<td>$43,886,876</td>
<td>$60,312,609</td>
<td>-$16,425,733</td>
</tr>
<tr>
<td>Limited-Service Eating Places</td>
<td>7222</td>
<td>$56,154,823</td>
<td>$48,076,981</td>
<td>$8,077,842</td>
</tr>
<tr>
<td>Drinking Places - Alcoholic Beverages</td>
<td>7224</td>
<td>$5,613,492</td>
<td>$9,545,490</td>
<td>-$3,931,999</td>
</tr>
</tbody>
</table>

*Source: ESRI*

---

*3 Positive (green) numbers indicate leakage – theoretical opportunities for business development and sales capture. Three miles was selected because it corresponds to a reasonable distance for convenience-type purchases. (1 and 5-mile data is included in the appendix.)*
In the table above, the most relevant categories for downtown are:

- Furniture and home furnishings,
- Clothing and clothing accessories, and
- Goods that fall under “General Merchandise Stores” or “Miscellaneous Store Retailers.”

Retail gaps (or surpluses) change with the radius drawn from downtown. The following table compares retail gaps for 1, 3, and 5-mile radii from downtown. For the 5-mile area, most retail categories reflect a sales surplus, with the exceptions of home furnishings, gasoline stations, sporting/hobby/book/music stores, and “other miscellaneous retailers”. While there are many more households within the 5-mile radius (compared to the 1 or 3-mile radii), there are also many additional shopping options, as this area contains many of Springfield’s big-box stores and shopping centers (most of which lie just beyond three miles from downtown). These large-format stores and shopping centers on the periphery appear to draw customers from both closer-in residential areas and from suburban communities further away. This accounts for the significant sales surpluses, beyond the estimated household spending.

**Retail Sales Gap (or Surplus) for various distances from downtown Springfield**

<table>
<thead>
<tr>
<th>Category</th>
<th>1 mile</th>
<th>3 miles</th>
<th>5 miles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture &amp; Home Furnishings Stores</td>
<td>-$1,124,918</td>
<td>$2,565,429</td>
<td>$1,165,074</td>
</tr>
<tr>
<td>Furniture Stores</td>
<td>-$1,351,837</td>
<td>$2,275,693</td>
<td>$2,960,965</td>
</tr>
<tr>
<td>Home Furnishings Stores</td>
<td>$226,920</td>
<td>$289,737</td>
<td>-$1,795,891</td>
</tr>
<tr>
<td>Electronics &amp; Appliance Stores</td>
<td>-$2,874,260</td>
<td>$5,341,308</td>
<td>-$4,854,642</td>
</tr>
<tr>
<td>Bldg Materials, Garden Equip. &amp; Supply Stores</td>
<td>-$610,108</td>
<td>$13,248,053</td>
<td>-$29,371,537</td>
</tr>
<tr>
<td>Food &amp; Beverage Stores</td>
<td>$7,111,177</td>
<td>-$8,143,981</td>
<td>-$3,031,085</td>
</tr>
<tr>
<td>Grocery Stores</td>
<td>$8,672,663</td>
<td>-$7,939,892</td>
<td>-$517,876</td>
</tr>
<tr>
<td>Specialty Food Stores</td>
<td>-$504,155</td>
<td>-$1,219,997</td>
<td>-$2,139,527</td>
</tr>
<tr>
<td>Beer, Wine &amp; Liquor Stores</td>
<td>-$1,057,331</td>
<td>$1,015,908</td>
<td>-$373,682</td>
</tr>
<tr>
<td>Health &amp; Personal Care Stores</td>
<td>-$7,558,884</td>
<td>-$939,886</td>
<td>-$1,483,088</td>
</tr>
<tr>
<td>Gasoline Stations</td>
<td>-$1,881,120</td>
<td>-$4,553,065</td>
<td>$8,427,642</td>
</tr>
<tr>
<td>Clothing &amp; Clothing Accessories Stores</td>
<td>$840,270</td>
<td>$17,665,025</td>
<td>-$10,343,926</td>
</tr>
<tr>
<td>Clothing Stores</td>
<td>$971,151</td>
<td>$14,178,439</td>
<td>-$8,580,684</td>
</tr>
<tr>
<td>Shoe Stores</td>
<td>$247,705</td>
<td>$2,153,161</td>
<td>-$782,242</td>
</tr>
</tbody>
</table>

4 “General Merchandise Stores” refers to department stores, discount department stores, and warehouse clubs and super-centers. It covers a wide range of merchandise, some of which is sold in other retail formats downtown.
Jewelry, Luggage & Leather Goods Stores  
$-378,587  
$1,333,425  
$-981,000  

Sporting Goods, Hobby, Book & Music Stores  
$-123,454  
$2,241,419  
$665,352  

General Merchandise Stores  
$2,901,412  
$52,544,003  
$-50,156,704  

Miscellaneous Store Retailers  
$-1,822,460  
$2,353,663  
$-2,063,166  

Florists  
$-744,609  
$-324,067  
$-182,885  

Office Supplies, Stationery & Gift Stores  
$-391,313  
$739,484  
$-2,236,327  

Used Merchandise Stores  
$-272,494  
$124,048  
$765,089  

Other Miscellaneous Store Retailers  
$-414,044  
$1,814,198  
$1,121,135  

Food Services & Drinking Places  
$-28,877,873  
$16,257,186  
$138,142,672  

Full-Service Restaurants  
$-14,213,034  
$16,425,733  
$-58,351,777  

Limited-Service Eating Places  
$8,245,611  
$8,077,842  
$63,704,175  

Special Food Services  
$2,318,162  
$3,977,296  
$12,363,631  

Drinking Places - Alcoholic Beverages  
$-4,101,065  
$3,931,999  
$-3,723,089  

Source: ESRI

Other sources of buying power

In addition to those who live downtown Springfield’s trade area, downtown also benefits from the regular influx of visitors to Springfield’s historic sites and government offices. According to the US Travel Association, tourism in Sangamon County accounted for $389 million in economic activity.\(^5\) The great majority of visitor attractions in the county are in downtown Springfield. The visitors to these sites bring additional purchasing power not contained within the traditional trade area.

About 33% of people surveyed downtown were overnight visitors and, of that group, about 58% stayed at a downtown hotel.

According to our survey of downtown businesses, Springfield retailers report doing best in the pre-Christmas season and in the spring; restaurants report their best months in spring through early summer. Restaurants seem to follow lodging trends, which report low sales in the winter but begin to pick up in the early spring (when the legislature returns) and continue to gain strength as tourist season begins, through early summer.

\(^5\) 2011 Economic Impact of Domestic Travel on Illinois Counties.
Businesses and employment

Downtown Springfield is a critical employment center for the city, accounting for approximately 31,500 workers, including those at the medical centers and the Capitol complex. But despite its daily influx of workers, downtown has a weak retail environment: The TIF district contains about 46 retail businesses (NAICS numbers beginning with 44 or 45), about 16 retail-service businesses (such as hair salons and repair shops), and 55 bars, restaurants, or other food service establishments.

<table>
<thead>
<tr>
<th>NAICS</th>
<th>Description</th>
<th>No. of Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>441</td>
<td>Auto dealers &amp; parts</td>
<td>4</td>
</tr>
<tr>
<td>443</td>
<td>Electronic equipment, computers, audio</td>
<td>6</td>
</tr>
<tr>
<td>444</td>
<td>Building materials</td>
<td>2</td>
</tr>
<tr>
<td>4451</td>
<td>Food - Grocery stores</td>
<td>1</td>
</tr>
<tr>
<td>4452</td>
<td>Food - Confectionery &amp; nut stores</td>
<td>2</td>
</tr>
<tr>
<td>4453</td>
<td>Beer, wine &amp; liquor stores</td>
<td>1</td>
</tr>
<tr>
<td>4461</td>
<td>Pharmacies, health, personal care</td>
<td>5</td>
</tr>
<tr>
<td>4481</td>
<td>Clothing stores</td>
<td>4</td>
</tr>
<tr>
<td>4483</td>
<td>Jewelry</td>
<td>2</td>
</tr>
<tr>
<td>4512</td>
<td>Books</td>
<td>3</td>
</tr>
<tr>
<td>4531</td>
<td>Florists</td>
<td>1</td>
</tr>
<tr>
<td>4532</td>
<td>Gift, novelty &amp; souvenir stores</td>
<td>7</td>
</tr>
<tr>
<td>4533</td>
<td>Used merchandise stores</td>
<td>4</td>
</tr>
<tr>
<td>4539</td>
<td>Art dealers</td>
<td>1</td>
</tr>
<tr>
<td>4539</td>
<td>Other misc. retailers (exc. tobacco)</td>
<td>3</td>
</tr>
<tr>
<td>5221</td>
<td>Banks, credit unions</td>
<td>13</td>
</tr>
<tr>
<td>5242</td>
<td>Insurance agencies</td>
<td>12</td>
</tr>
<tr>
<td>5312</td>
<td>Real estate agents, appraisers &amp; lessors</td>
<td>17</td>
</tr>
<tr>
<td>5411</td>
<td>Lawyers</td>
<td>148</td>
</tr>
<tr>
<td>6211</td>
<td>Physicians</td>
<td>597</td>
</tr>
<tr>
<td>6213</td>
<td>Other health professionals</td>
<td>75</td>
</tr>
</tbody>
</table>
(Note that in business directories, licensed professionals (e.g., lawyers, physicians) are generally counted as individuals, so the number of physicians and lawyers is not representative of the number of law offices or doctors’ offices.)

More broadly speaking, retail businesses generally fall into one of three broad categories:

- **Convenience**: Retail goods and services for which shoppers tend to patronize the closest business, like gas stations, dry cleaners, and grocery stores. “Impulse” retail – like card shops, florists, and bakeries – also fall into this category.

- **Comparison**: Retail goods and services for which shoppers like to compare styles, brands and prices before making a purchase, like apparel, shoes, appliances, furniture and restaurants. For this reason, comparison retail businesses tend to cluster together (e.g., several shoe stores in a mall), and a comparison business is likely to be more successful if located in a cluster than if it is freestanding, without related businesses nearby.

- **Destination**: Retail goods and services for which shoppers will travel significant distances. These include specialty businesses, clusters of related businesses, or businesses that offer exceptional service and have developed a very loyal clientele.
The categories are not hard-and-fast and they are not always mutually exclusive, but the concept is helpful in thinking about how customers relate to businesses in downtown Springfield. A downtown employee who runs out to grab a sandwich is making a convenience purchase. If she returns for dinner and theater on Saturday night, she is making a destination purchase.

Like many traditional business districts, downtown Springfield has ceded the broad comparison categories to larger retailers. The opportunities for grown are to strengthen the convenience and destination offerings, and to drive additional traffic to both.

**Employment**

State government remains the largest employer in downtown Springfield, accounting for about 50% of jobs. The two major hospitals, Memorial Medical Center and St John’s, account for about 6,200 jobs, or 20% of downtown jobs. Other businesses whose employment accounts for at least 0.5% of downtown employment include:

<table>
<thead>
<tr>
<th>NAICS</th>
<th>Description</th>
<th>Employment</th>
<th>% of all DT employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>5221</td>
<td>Banks, credit unions</td>
<td>236</td>
<td>0.7%</td>
</tr>
<tr>
<td>5242</td>
<td>Insurance agencies</td>
<td>3,832</td>
<td>12.2%</td>
</tr>
<tr>
<td>5312</td>
<td>Real estate agents, appraisers &amp; lessors</td>
<td>157</td>
<td>0.5%</td>
</tr>
<tr>
<td>5411</td>
<td>Lawyers</td>
<td>587</td>
<td>1.9%</td>
</tr>
<tr>
<td>7121</td>
<td>Museums, historical sites &amp; historical parks</td>
<td>154</td>
<td>0.5%</td>
</tr>
<tr>
<td>7211</td>
<td>Hotels</td>
<td>537</td>
<td>1.7%</td>
</tr>
<tr>
<td>7225</td>
<td>Full-service restaurants</td>
<td>427</td>
<td>1.4%</td>
</tr>
<tr>
<td>8133</td>
<td>Social advocacy organizations</td>
<td>233</td>
<td>0.7%</td>
</tr>
<tr>
<td>8139</td>
<td>Business associations, labor unions, political organizations</td>
<td>292</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

*Source: Infogroup and City of Springfield*

The healthcare sector has been a growth industry for Springfield (as it has nationally), as state government has been contracting and moving jobs out of Springfield. The healthcare sector may not continue to expand at its recent pace in the coming years. Some economists have forecast a
leveling-off of the industry. Given the possibility of slowed healthcare growth and continued contraction of government workforces (state, county, and city), it would be prudent for Springfield to look to other sectors for downtown development.

**Retail sales and rents**

Of 37 downtown businesses responding to our business survey, six ground-floor tenants provided enough information to assess rents and sales. This was not a large enough sample to calculate reliable averages for the cost of retail space or the performance of retail businesses. We can report that rents were tightly clustered in the range of $10-12 per square foot per year, with one outlier of $21. Gross retail sales ranged widely, from a low of $50 per square foot to a high of $400.

As a benchmark, performance of retail stores can be benchmarked against shopping center industry standards. The following table includes businesses appropriate to a downtown district and their average gross sales per square foot.
As a guideline, retail businesses can afford to spend up to 10% of gross sales on rent, depending on the type of business, margins, and other factors. Grocery stores should only 2.24% of gross sales on rent; apparel and other retail stores 5-7%; restaurants 6-9%; and coffee shops about 8%. Assuming 10% as a conservative guideline, a business paying $10 per square foot should be producing at least $100 per square foot in sales.

<table>
<thead>
<tr>
<th>Tenant classification</th>
<th>Median sales per SF</th>
<th>Shopping center type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee/tea</td>
<td>$404</td>
<td>Neighborhood</td>
</tr>
<tr>
<td>Fast food/carry out</td>
<td>$202</td>
<td>Convenience</td>
</tr>
<tr>
<td>Dry cleaner</td>
<td>$147</td>
<td>Neighborhood</td>
</tr>
<tr>
<td>Restaurant with liquor</td>
<td>$223</td>
<td>Neighborhood</td>
</tr>
<tr>
<td>Restaurant without liquor</td>
<td>$199</td>
<td>Neighborhood</td>
</tr>
<tr>
<td>Sandwich shop</td>
<td>$289</td>
<td>Neighborhood</td>
</tr>
<tr>
<td>Dollar store/novelties</td>
<td>$104</td>
<td>Neighborhood</td>
</tr>
<tr>
<td>Hair salon</td>
<td>$184</td>
<td>Neighborhood</td>
</tr>
<tr>
<td>Women’s clothing</td>
<td>$171</td>
<td>Neighborhood</td>
</tr>
<tr>
<td>Other retail</td>
<td>$248</td>
<td>Convenience</td>
</tr>
<tr>
<td>Supermarket</td>
<td>$473</td>
<td>Neighborhood</td>
</tr>
<tr>
<td>Ice cream shop</td>
<td>$102</td>
<td>Neighborhood</td>
</tr>
<tr>
<td>Cards and gifts</td>
<td>$120</td>
<td>Neighborhood</td>
</tr>
<tr>
<td>Jewelry</td>
<td>$317</td>
<td>Neighborhood</td>
</tr>
<tr>
<td>Drug store/pharmacy</td>
<td>$429</td>
<td>Neighborhood</td>
</tr>
<tr>
<td>Flowers/plants</td>
<td>$226</td>
<td>Neighborhood</td>
</tr>
<tr>
<td>Mailing/packaging store</td>
<td>213</td>
<td>Neighborhood</td>
</tr>
</tbody>
</table>

Source: Dollars & Cents of Shopping Centers, ULI & ICSC, 2008

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6 Averages for chains and independents, except where noted.
7 ICSC sorts shopping centers into five broad categories, based on the size and the draw of the center. From smallest to largest: Convenience, Neighborhood, Super Community, Regional, and Super Regional. “Convenience” and “Neighborhood” centers are most closely analogous to traditional downtown retailers.
8 Independent restaurants.
9 Average of national chains and independents.
10 National chains.
Housing

The City and DSI estimate 1,000 to 1,200 people live in the downtown district, and that the number has declined slightly in the last several years. Nevertheless, based on decennial Census trends, the downtown housing market has seen modest growth over the last 20 years, typically adding about 10 units per year. While housing is currently a very small portion of the real estate use, demand in some segments of the market is high.

Over the last 20 years, the downtown population has grown at a faster rate than the city as a whole, and housing units have increased from 594 in 1990 to 647 in 2010.

<table>
<thead>
<tr>
<th>Census year</th>
<th>Population</th>
<th>Growth rate</th>
<th>City of Springfield</th>
<th>Growth rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>911</td>
<td>108,721</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>928</td>
<td>1.8%</td>
<td>111,454</td>
<td>2.5%</td>
</tr>
<tr>
<td>2010</td>
<td>1,027</td>
<td>10.6%</td>
<td>116,250</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

The vast majority of downtown residents are renters. Only 14 housing units in the Census tract are reported as owner-occupied. While the numbers are too small to quantify a trend, the number of owner-occupied units appears to be inching up slightly.

<table>
<thead>
<tr>
<th>Census year</th>
<th>Housing units</th>
<th>Owner-occupied units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>594</td>
<td>4</td>
</tr>
<tr>
<td>2000</td>
<td>532</td>
<td>8</td>
</tr>
<tr>
<td>2010</td>
<td>647</td>
<td>14</td>
</tr>
</tbody>
</table>

Households downtown tend to be much smaller than households in the city as a whole, with an average size of 1.23 persons downtown compared to 2.23 persons in the city overall.

11 Sangamon County Census Tract 14.
Downtown housing products can be sorted into three broad categories:

- Traditional apartments in managed buildings: These include primarily one and two-bedroom units at Lincoln Square Apartments or Lincoln Tower, which range from $720 to $975 per month. Some buildings offer leasing incentives.

- High-end “loft” apartments: Examples include one and two-bedroom units at the former Illinois State Police office building (201 E Adams St) and upper-story apartments currently being developed cattycorner, on the 300 block. These offer traditional floor plans in historic buildings, with new amenities and higher-end features. Apartments are typically offered at $1,200 to $1,350.

- Older apartments in smaller buildings: These buildings are typically located adjacent to the downtown district and are listed directly by the owners. Prices vary, but cluster in the range of $400 to $650 per month for one and two-bedroom units.

A fourth category of housing product – single family homes – can be found in the neighborhoods adjacent to downtown. This account for an important close-in population for downtown, but do not compete directly with the development of new downtown housing options.

Within the three apartment categories, demand is mixed. High-rise buildings often offer leasing incentives, while some loft-style and townhouse-type apartments have waiting lists. New apartment conversions have typically needed a TIF subsidy of approximately 30% to get off the ground.

Recent experience at the top end of the market has demonstrated solid demand, particularly for one-bedroom apartments. Recent lease signings reflect a wide spectrum of life stages, from medical center staff to empty-nesters, along with State and association executives wishing to live near the Capitol. Solid lease-up rates but the lack of waiting lists lead us to conclude that incremental growth at the high end of the downton apartment market will continue, but we do not see an excess of pent-up demand for rapid expansion at this price point.

As our work on this market study was concluding, a new project at a highly visible corner was just getting a green light: The Ferguson and Booth Buildings (516-518 and 524 East Monroe...
Street) are in the process of having their historic facades restored and the project is expected to receive a $1.7 million commitment from the TIF district. The development currently calls for 21 residential units, primarily efficiencies and one-bedrooms. Price points have not yet been established.

**Who wants to live downtown?**

The market for downtown living in Springfield has both range and limitations. It’s not for everyone; most Springfielders choose traditional detached houses and a suburban-oriented lifestyle. There are, however, be several demographic clusters, who choose to live downtown, and those segments seem to be growing modestly.

Downtown’s challenge is to add residential units – and residents – at scale. Doubling downtown’s population by adding another 1,000 households would add approximately $20 million in disposable income to the downtown economy.

The chicken-and-egg puzzle has been much discussed in Springfield: In order to attract residents, downtown must offer more convenience-type retail. And retailers are attracted by more “rooftops”. This puzzle is usually solved by pioneering downtown residents leading the movement. Retail – an opportunistic industry by nature – typically follows.

Through strong incentives and assistance from the City and DSI, downtown is about to fulfill its most-needed retail amenity: a full-line grocery store. County Market fill a critical “missing link” when trying to sell downtown as a place to live.

In addition to retail and retail services, selling downtown presents two resistance points which show up in our surveys and in online apartment reviews: parking and safety. The Springfield residential market has an expectation of free and convenient parking. There is also a perception of downtown being less safe than other areas, particularly as a result of a visible homeless population. People who live downtown tend not to be put off by the homeless presence (and do not feel unsafe), but these are likely resistance points for people considering moving downtown.

A variety of housing options will create a diverse, 24-hour downtown community. To accelerate residential growth, downtown needs something in addition to financial incentives – important
as those incentives are. Subsidy will lower the cost of development to a limited degree, but subsidy alone (and the development it stimulates) will not change attitudes toward downtown. Downtown needs to be seen as a cool place to be.

Young, creative people often serve as the catalyst for making a place cool – and therefore appealing – to more traditional markets. Springfield has been advancing traditional downtown housing in positive, incremental steps. We recommend now targeting a youthful, creative population segment who, as market leaders, can have a transformational effect on downtown’s image and economy. Many older cities are courting this market for similar reasons, and Springfield can adapt some of their tools. (See the Strategies and Recommendations chapter for additional information.) In Springfield, the affordable price point for this market is about $600 per month for a one-bedroom apartment. Achieving that low price in newly converted apartments will likely require a subsidy of 30-40%, and very utilitarian finishes.
Organization and governance

How DSI is organized (e.g., where it places its resources or how its committees are set up) can facilitate the implementation of the strategies recommended in this report. We were not asked to evaluate DSI’s organizational model, and because our research focused on quantitative analysis of downtown development, we don’t have standing to offer an assessment. But from a strategic implementation perspective, we believe we can offer suggestions to enhance the effectiveness of DSI and its partners in the downtown.

The organizational emphasis at DSI which caught our attention was in the area of marketing and special events, initiatives where DSI excels.

DSI’s event production is unmatched in Springfield, running a full series of monthly “First Fridays”, a twice-weekly farmers market, Blues & BBQ, Wine Festival, and Holiday Walk. In all, DSI’s events are estimated to attract tens of thousands of people downtown annually. They have been a key to generating pedestrian traffic, enhancing downtown’s image, and funding DSI’s work. Collectively, events (along with contributions related to events) generated a net surplus of about $86,000 in 2011 – a critical portion of DSI’s operating income. Along with memberships, events have become a primary funding resource for DSI.12

By contrast, many downtown organizations we encounter produce a very limited number of events because they face capacity and funding challenges. (Events are often money-losers in their early years.) We observed DSI facing a challenge of managing excess, which has strained the capacity of the two-person staff. The annual calendar of events requires a very large effort and consumes the majority of DSI’s human capital.

12 For 2011, events and related contributions yielded a net surplus of $86,277. Membership contributions accounted for $87,566. DSI also received $24,524 in project-related revenue.
Is the current set of DSI functions the right set?
In aggregate, DSI’s events produce a surplus. But the revenue comes at a cost, notably staff time. Some events take a year to plan and an army of volunteers, and they depend on a full-time promotion and event coordinator plus a significant portion of the executive director’s time. The events also have high direct expenses of approximately three times their net surplus, and some events also carry risks (such as weather) that can affect their profitability.

Most surplus revenue generated by events is reinvested in DSI’s operations to keep DSI running. The arrangement is circular because DSI would not be able to execute its events program if the events did not generate income. In view of DSI’s broad mission to revitalize downtown, the emphasis on events raises questions which the board should pose to itself about where, in addition to event, it wants DSI to have a larger impact.

Are events meeting their target markets?
DSI events would benefit from an internal review and realignment specifying what customer audience each is trying to attract downtown, whether that customer audience aligns with the target markets described in this report, and how the event’s success in attracting or engaging that audience can be measured. Current promotional events are broadly appealing and attract a wide audience of attendees. We think there are opportunities to hone events toward a target audience as well as establish new, niche promotions based on downtown customer segments. In the Recommendations section, we discuss “market-driven events.”

How should DSI’s functions change?
DSI should continue its marketing and events functions, but with a more critical eye toward a strategy behind each event. At the same time, because DSI is the principal organization charged

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13 Some individual events lose money, but they are viewed as important to DSI’s mission and, therefore, worth doing.
14 If DSI were to apply “Activity Based Costing” to its activities, events expenses would be even higher because they would include the prorated staff time, office, and other expenses associated with producing the events.
with revitalizing the downtown district, it is the logical home for expanded economic development services.

DSI initiates economic development programs (such as the new “pop-up” store program) through its Business Retention and Expansion Council. However, this work receives a lesser emphasis than events programs, and it is under-resourced. In order to add capacity and expertise in real estate and business development, we believe DSI needs a third staff member, focused exclusively on these issues. In the Recommendations section, we outline the roles and responsibilities of such a person.
After the TIF

The downtown Tax Increment Finance district has a fixed end date of December 31, 2016. Established in 1981, the TIF is widely viewed as a success, however it cannot be extended under the current terms. If the downtown TIF were to be reestablished, the district’s base property taxes would be reset to their current levels which would have the effect of greatly reducing the increment available for development incentives.

The downtown TIF currently provides four principal incentives:

- Building rehabilitation gap financing, up to 50% of project cost, at 0-5% interest;
- Lease payment assistance, up to 50% of first year’s rent for retail businesses;
- Façade improvement grants, maximum $40,000 (or 75% of project cost);
- Residential assistance loans, maximum $35,000 at 3% (or a six-month rent rebate for the first tenant).

The TIF currently generates about $5 million per year for reinvestment. The TIF’s benefits have been extensively used and they have spurred a range of downtown improvements and developments, from streetscapes to hotels and housing. For this assignment, we did not assess the feasibility of reestablishing a TIF (e.g., political support, adjusted boundaries, and revenue capture), but we considered it among the set of future tools available for downtown development.

We believe the downtown TIF should be reestablished. We believe the economic and political climate would make it difficult to establish a business improvement district (i.e., a Special Services Area with an assessed fee on all properties) at this time. TIF has been a very useful tool for downtown Springfield, but significant work remains. Among the TIF’s attributes, property owners are familiar with the tool and the process – and the City already has a system in place for using TIF funds for public improvements and gap financing. Predictability of the development process and the availability of incentives will give property owners additional confidence in considering projects and making investments. And, if downtown improvement is a priority, there are few other tools that can be initiated by the City that are as powerful as TIF.
Strategies and Recommendations

For Springfield, with its mature downtown revitalization efforts and the 2016 expiration of the downtown TIF, the needs are three-fold:

- Review and adjust existing tools and incentives;
- Replace, or add, incentives which the TIF has provided but which are now fully committed;
- Generate more demand – for housing, retail, and entertainment – by expanding downtown’s audience.

Expanding downtown’s audience is the greatest challenge. The 2,600 State employees, who once buoyed downtown’s office real estate and retail businesses, are not expected to return. In order for downtown to thrive, it must reposition itself in the marketplace by attracting a new segment and it must make better connections with customers who are already there or nearby. To do this, revitalization work should be organized around “market-based strategies” – that is, economically-grounded development plans which also have broad public support. To do this, DSI, the City, property owners, business owners, and others must buy into a coordinated approach. We recommend the following three integrated strategies, along with a fourth category that includes complementary actions that don’t precisely fit into the strategies themselves:

I. Establish a creative economy downtown. Establishing a creative economy will require attracting a young, innovative population. Their presence will have a ripple effect and they will make downtown a more interesting place. Their “coolness” will rub off on downtown’s image and, as a result, other Springfield area residents and visitors will come, too: The “creatives” make the place cool, and their followers (the people who want to be associated with a cool place, but are not its leading edge population) bring new customers, residents, and buying power.

II. Connect visitors with downtown. Springfield draws tens of thousands of visitors annually – to Lincoln sites, the Capitol complex, to Route 66, and other features, but it does not strategically connect them to downtown businesses.
III. Prioritize downtown. Because Springfield cannot support ever-expanding commercial
development, and because downtown is so important to the city as the center of state
government and commerce, it should be the highest regional priority for retail and
entertainment. Planning and incentives should reflect that.

IV. Other things. Even as DSI organizes its activities around Market Strategies, there will still
be other initiatives that may not directly relate to the three strategies, but which have a
place on the revitalization agenda. These “Other things” include priorities which can
play a supportive, complementary role.

The Market Strategies described here are not the only possible approaches to downtown
development, of course. But of the available options to strengthen and grow downtown
Springfield’s economy, we think these hold the best potential for success. Tools to support each
strategy follow.

I. Establish a creative economy downtown.

A. Build housing that attracts young creatives. We believe there is an opportunity to
build small footprint, efficiency-style apartments that would appeal to and attract
young residents downtown. This product would be a complementary addition to
recently-completed luxury units (for which there is a proven but small market) and
the traditional apartments offered at Lincoln Square and Lincoln Towers. We think
there is a niche opportunity for:

 Efficiency-sized units for singles;
 Clean, white, “no-frills” finishes – a blank canvas that the resident can
customize – in a historic building;
 Priced at under $600 per month.

Such a project will likely require a 30-40% subsidy. A 20% tax credit (off the bottom
line) is available by applying for the Federal Historic Rehabilitation Tax Credit.
Depending on the building’s program, the project may also be eligible for New
Markets Tax Credits, Low Income Housing Tax Credits (for designated units), and
downtown TIF funds.
As of this writing, the development plans for the historic Ferguson and Booth buildings were still being formulated. The project plans to use Historic Preservation Tax Credits and has a commitment from the downtown TIF. This use and target market would be a good fit for the project.

B. **Offer a renter savings incentives geared toward the target market.** The TIF already offers a six-month rent rebate to first-time tenants, a very attractive offer. For this target market (young singles who may become home buyers five years or so after moving into a downtown apartment), a “forced savings” incentive would be an attractor in addition to the leasing incentives. For example, the developer could offer a rebate on rent (e.g., 3-5%), held in escrow, to be applied to a future down-payment on purchasing a condo unit downtown. The tenant might choose to purchase the unit s/he occupies, or purchase a larger unit in the same development, or purchase a unit elsewhere in downtown. (If the tenant does not purchase downtown, the rebate becomes void. It could be structured to revert to the developer or to DSI).^{15}

C. **Attract an art department downtown.** Of the many ways to attract young, creative people downtown, attracting an art department from one of the local colleges would establish a visible presence and, because of its scale, would create momentum. The project would likely require three to five years to plan the transition, acquire and rehabilitate a property, and place the building in service.

An art department’s classrooms and studios would be a great reuse of underutilized downtown office space – and an easier conversion than residential uses. It would have several additional impacts:

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^{15} Federal Historic Preservation Tax Credits require that the property be operated as income-producing (e.g., apartments, commercial space) for five years – the tax credit recapture period. After that time, apartments or retail or commercial spaces may be sold as condos. If Low Income Housing Tax Credits are used, the units must remain affordable for 30 years, but transfer of ownership of the overall project is permitted.
- Some students would choose to live downtown, adding to the 24-hour population;
- It would encourage permanent, temporary, and interactive art projects on downtown streets and sidewalks; and
- It could catalyze the establishment of an art gallery in downtown retail space.

Benefits to the school(s) include greater public exposure for its programs, the students, and their work, and teaching the arts in an urban environment in which creativity thrives. We recommend DSI approach:
- Benedictine University’s Fine Arts Department
- Lincoln Land Community College’s Art Department
- Robert Morris University’s Institute of Art and Design

Through an understanding of the specific needs of each school, DSI can establish a set of incentives and begin a long-range plan.

There is a great model for this: In 2005, after operating for more than a century in the Eden Park neighborhood of Cincinnati, the Art Academy of Cincinnati relocated to two historic warehouse buildings in the Over-the-Rhine neighborhood of the city, a historic district which had fallen on hard times, but which was starting to attract a vibrant, creative mix. The AAC made the move because it believed the setting of the Over-the-Rhine neighborhood and the arts community it was beginning to attract would be inspiring to its students. The new presence of the Academy, in turn, has fueled the neighborhood’s renaissance.\(^{16}\) The relocation took five years to implement, after the AAC’s board approved the plan in 2000. The adaptive reuse of the historic warehouse buildings took advantage of the Federal Historic Preservation Tax Credit, and the actual move was paid for, in part, by a local foundation.

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\(^{16}\) More information about the project can be found at the following links. Art Academy of Cincinnati: “Over-the-Rhine and Cincinnati”; Design Collective: “The Art Academy of Cincinnati Bets Its Future on an Old Building and on Over-the-Rhine”; National Trust for Historic Preservation: Case study (see sidebar).
D. **Create a gallery that interacts with downtown.** Even before a creative population is attracted to *live* downtown, DSI can partner with local colleges’ art departments to establish a gallery presence downtown and create connections between the schools, Springfield residents and visitors, and downtown.

Syracuse University in Upstate New York led an initiative called the Warehouse Gallery, an art gallery that is designed to create interaction between the school, the community, and downtown.**17** Housed in a historic downtown building, the gallery’s “Window Project” features artists from Central New York State and uses a wide range of programming to generate interactivity between the gallery and the city, such as urban hikes and video projects. The hikes originate at the Gallery and use the Window Project installation as a springboard for leading people out into the city. Different from a storefront retail gallery, the Warehouse Gallery both draws people in and leads people out and around the downtown.**18**

E. **Stimulate pop-up businesses downtown.** A pop-up store is a temporary store. It brings an element of surprise to downtown, and it can serve as a testing ground for potentially permanent businesses. In addition to DSI’s “Pop-Up Permanently” contest this fall, we suggest using pop-ups as a way to incubate new, creative, temporary businesses downtown. The following models are adaptable and worth emulating:

- Detroit’s Pop-Up Retailers for The Villages. This fall (2012), the Detroit Economic Development Corporation issued an RFP to attract pop-up (and permanent) businesses to activate a row of vacant storefronts on a single street. The RFP provides profiles, amenities, and floor plans for each

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**17** More information about Warehouse Gallery can be found at its website: thewarehousegallery.syr.edu.

**18** The gallery, art department, and housing may be developed in the same project. Artspace (artspace.org) has been a pioneer in the development of artist housing and live-work housing. They offer predevelopment consulting services, owner-developer services, and management services.
storefront space. Lease terms are highly negotiable, and business planning assistance is provided by DEDC. (The full RFP is provided in the Appendix.)\(^{19}\)

- OPENHOUSE, New York. OPENHOUSE is a retail space that houses short-term, pop-up businesses. It is a “permanent pop-up”, in that the raw, white space is provided on short-term leases and the tenants change regularly. Various businesses lease the space, testing new retail concepts.\(^{20}\)

- Pop-Up Hood. Pop-Up Hood is a for-profit social enterprise founded by an artist and a retail-space architect in Oakland, California, to revitalize a street in Old Oakland, a business district with a large number of vacancies. Working with local property owners, they got commitments to offer six months rent-free and placed eight retail concepts/ventures into six vacant storefronts – all at once. The result was the instant creation of a retail district, filling vacancies and drawing customer traffic. The team is now replicating the concept in other cities.

F. Apply crowdsourcing and crowdfunding to downtown real estate development. Crowdsourcing is a means of using public input to generate and shape ideas. Because of the grassroots nature and broad involvement, the crowdsourcing participants become future supporters (and customers) of the product. Crowdsourcing can use a combination of online tools (e.g., Facebook, Twitter) and public meetings. Crowdfunding is a collection of tools to leverage the financial resources of a community to support a project – whether that project is crowdsourced or a venture of an individual entrepreneur.

- Kickstarter.com and Indiegogo.com are two early funding platforms which have been used to crowdfund thousands of projects, from films to bakeries. These tools can be used by Springfield entrepreneurs to attract investors to a downtown venture.

\(^{19}\) The RFP may also be found online: [RFP for Detroit Pop-Up Retailers for The Villages](http://example.com).

\(^{20}\) More information about OPENHOUSE can be found at its website: [http://openhouse.me/](http://openhouse.me/).
Bristol, Connecticut. CLUE Group is currently engaged in a project to rebuild and revitalize downtown Bristol, Connecticut – a downtown that was partially razed and replaced with a shopping center in the 1960s. We are working with Neil Takemoto of Cool Town Studios in Washington, DC. Neil has established online and real-time communities in Bristol to envision a new downtown. Residents generate, vet, and vote on retail concepts and other ideas through the project’s website, bristolrising.com. The “crowd” is now engaged in implementation, going out and meeting with prospective businesses in the region and working with a developer to bring those businesses to Bristol. The first business, Bare Bones Café, opened this year.

Fundrise and Popularise. Two young real estate entrepreneurs launched Popularise.com (a real estate crowdsourcing platform) and Fundrise.com (a real estate crowdfunding platform) in Washington, DC, this year. The venture is focused first on a few neighborhood commercial developments in Washington. They are raising capital by offering (through Fundrise.com) equity investment opportunities to interested members of the community.
G. Establish a coworking space. The economic downturn has caused many businesses to lay off workers. But the problem is even more acute for young people and recent graduates, who have the hardest time entering the workforce. One result of both the downsizing of mid-career professionals and the surfeit of highly educated but underemployed young people has been the generation of new entrepreneurs and a new kind of self-employed knowledge worker. A new type of shared office model has emerged in recent years to fill a need: “Coworking” spaces are different from flexible desk models used by some corporations. The goal is to create both a workspace and a community for creative entrepreneurs. The coworking movement is growing, with new collaborative spaces opening in cities around the world. Three examples we have followed closely are:

- Independents Hall (indyhall.org) is located in a former industrial building in Center City, Philadelphia – just blocks from the Independence Hall of Revolutionary fame.

- Affinity Lab (AffinityLab.org) was one of the earliest coworking spaces in the U.S., located in Washington, DC. As in Springfield, government is the principal industry in Washington, which itself supports a large private sector of professional services. Several Affinity Lab members work in lobbying and public relations for national causes which have a presence in Washington.

- Beehive (BeehiveBaltimore.org) is a relatively new coworking space in Baltimore, so named for the city’s famous “Baltimore Hon” beehive hairdos. Each of these examples was started by an individual entrepreneur or by a partnership. The entrepreneur established the business, signed a master lease on the space, invested in a low-cost build-out, and then offered part-time and full-time memberships to individuals and small companies. The offices are typically open-plan with flexible work tables.

A coworking space could also be established as a cooperative, where the coop leases the space and its members contribute equity toward the build-out.)
Coworking

Different from more traditional forms of shared or flexible offices, coworking is a community. The draw is more than the space itself: it is a place to collaborate and share ideas, and to be “part of something.”

The experiences of various coworking initiatives have shown that, at outset, at least, coworking is typically a “reflector” rather than a magnate. It is not so much a “build it and they will come”, but more a community of entrepreneurs who aggregate organically – meeting in a café or people’s homes and ultimately creating a work space. Though organic, the process can be seeded: e.g., DSI could provide help in organizing by giving people a place to gather and become a part of downtown.

Create bi-weekly gatherings of a small, startup group. As ideas surface, leaders will emerge, and the group will grow. The group of coworkers who emerge do not have to share the same demographic profile; they need to share the same outlook.

Coworking ventures tend to attract a mix of tech workers (e.g., game and app developers), freelancers (e.g., writers, bookkeepers, public relations professionals), and applied arts professionals (e.g., graphic designers, architects). Springfield is uniquely suited to replicate this model, especially because of its many small associations, its seasonal legislative calendar, and the many independent professionals who support their work.

H. Use incentives to grow green retail concepts. Two growing retail categories in the current economy include “second-hand stores” selling high-style gently-used or vintage clothing and other merchandise, and repair stores of various kinds. Both are green retail concepts that tend to gravitate to traditional business districts and fit well with a creative downtown economy. Businesses in this sector would complement several existing Springfield businesses, including Recycled Records. Most vintage stores and repair shops are independent businesses, but a few are rapidly growing regional and national chains. We recommend applying retail incentives strategically to expand this cluster. This new angle on an old business category can be seen in the following examples:

- Businesses specializing in repairs of electronic devices are cropping up all over. UBreakIFix is a rapidly expanding national chain with 45 stores.
- Green Street, a consignment clothing shop, is a regional chain with eight locations in Pennsylvania and New Jersey.
- Robot Supply & Repair, a downtown Ann Arbor, Michigan, business, is actually a social-enterprise retail store. All sales proceeds support volunteer student tutoring programs in Ann Arbor.

Photos on next page.
I. **Hire a “Director of Creative Economy” at DSI.** In order to jumpstart the business and housing development projects necessary to attract young people and grow a creative economy downtown, DSI needs an individual who can focus on this work. This individual can work hand-in-hand with DSI’s Business Retention and Expansion Council, and help the Council establish and implement an aggressive new work plan based on DSI’s market strategies. We recommend this new staff person:

- Be an entrepreneur him or herself. That is, in addition to having an entrepreneurial spirit, the position would benefit from someone who has started his or her own business – even if it was a small one.
- Understand basic real estate development, incentives, and gap-financing tools.
- Live in the downtown district.
- Be a member of the target demographic downtown seeks to attract. Ideally, the new position should be spearheaded by someone who understands instinctively the kinds of housing, retail, and entertainment that appeal to creative twenty-somethings and thirty-somethings, and young medical professionals.
- Be given responsibilities that are broad but strategic. The Director of Creative Economy is not just a deal-maker, but someone who will, for example:
  - Cut red tape so developments can proceed quickly;
  - Work with City leaders to identify and reduce barriers such as TIF approvals or adaptive-use building code challenges;
  - Set up or facilitate crowdfunding projects; and
  - Bring together small investor groups.

A few options for funding this position are discussed under Strategy III, “Prioritize Downtown.”
II. Connect visitors with downtown.
This strategy parallels Strategy I, “Establish a creative economy.” Whereas the recommendations in Strategy I aim to attract young residents and catalyze new businesses, the following recommendations aim to create more interaction between downtown and the people who come there – workers, regional visitors, and tourists.

J. Assess and realign all events so they are market-driven. Many of downtown’s events (especially those led by DSI) are highly developed and extraordinarily successful, attracting thousands of participants. We think there is an opportunity to evaluate the full calendar of events (both DSI’s and those of its partners) in the context of downtown’s customers and thereby make event production more strategic.

We recommend reviewing each event to assess its connection to the markets downtown seeks to attract. In order to assess events and make adjustments, the following questions should be used as a guide:21

- Define the audience the event seeks to draw downtown. Why do you want to attract this customer segment?
- How large is this segment? What is the size of the audience and what portion of it do you think you could realistically draw?
- What are that population segment’s negative perceptions of downtown Springfield? Are any of these perceptions inaccurate or able to be influenced? How could this event help to change specific negative perceptions?
- What kinds of characteristics or qualities about downtown would appeal to this group? How could you use this event to reinforce these positive attributes?

21 These questions were adapted from the National Trust Main Street Center’s “Market-Driven Event Planning Worksheet”.

Downtown Springfield Market Study
Based on their age, education, interests, and lifestyle, where are people in this group most likely to look for or encounter information about this event?

Which downtown businesses would appeal to this audience? How could you connect these businesses to the people, once they are at the event?

What other potential consumer segments share similar characteristics or “lifestyle” attributes with the target segment? How might you attract this additional audience as a “piggyback” segment?

The answers to these questions need not necessarily entail a full market study for each event. (Informed estimates of target audience sizes are a reasonable first step.) The usefulness in asking them is to question the ways things have always been done and make adjustments. It is also likely that some events do not have a strong rationale for continuing, and they might make space on the calendar (and in human capital) to create something new.

K. Increase connections between the performing arts and downtown. As with the Syracuse Warehouse Gallery’s “hikes” (Strategy I, item D), there are many ways to leverage the presence of performing arts throughout downtown – not just at the theaters themselves. Four adaptable ideas to build upon would bring the Hoogland Center out into the public space of downtown:

- Produce interactive performances in downtown storefront windows. The performances could be “pop-up vignettes”, using traditional and social media to engage the public. Alternatively, the performances could interact with passersby through video cameras or smartphone apps. The example at left, a ballerina in the window of a shoe store, is actually a projected image of a virtual ballerina. The image is activated and “directed” by pedestrians on the sidewalk.

- Produce a live soap opera or mini-series on the Adams Street plaza, or in a storefront window. The script can be “crowdsourced” (written by
Springfield community members), and performed by professional or amateur actors.

- The Walker Art Center in Minneapolis produced the first Internet Cat Video Festival this past summer, drawing tens of thousands of people simply by showing YouTube cat videos in a public space. The event attracted international media attention.

- Opera Memphis turned the outside of the Germantown Performing Arts Center into a scene of “Street Life in Paris” to support their presentation of La Boheme.

L. **Self-catered, self-service lodging:** Downtown Springfield is well-served by traditional hotels, and the Inn at 835 offers a more elegant, small-scale lodging option. There is no shortage of rooms downtown. (For much of the year, there is an inventory surplus.) Nevertheless, we believe adding a small number of rooms in a different product category would not impinge on existing hotels and would attract an additional submarket of Springfield visitors to stay downtown, rather than at highway “suite-style” hotels.

Long a popular lodging option in European cities, recently some American small cities have started to offer self-service/self-catered lodging for visitors looking for a convenient, inexpensive hotel alternative. This type of lodging is also an excellent use of surplus upper-story space. The Roadrunner Inn (theroadrunnerinn.com) in Fredericksburg, Texas, is one example: it offers three studio-style apartments above downtown retail stores. Guests pick up their key in the retail shop downstairs and the rooms are serviced between guests.

M. **Encourage interactivity and ephemera.** An important part of “placemaking” – helping people connect to and experience downtown Springfield – is accomplished through interactivity. Catalysts for interactivity may be permanent or temporary, and they may be physical or online (or both). The best kinds of interactivity connect
to downtown as a place (it’s hard to imagine the following examples working at a mall) and engage the participant in the creation of the experience.

- “Yellow Arrow” (yellowarrow.net) is a global public art project where people place yellow arrow stickers on things or places, then connect that physical arrow to an online map, and then write a few lines about the significance of the place.

- “Murmur” is a documentary oral history project that began in Toronto in 2003 (murmurtoronto.ca) and has expanded to other cities. Visitors record a story about a place (sometimes historical or sometimes personal) and connect the recording to an online map. The stories can be heard by dialing an access number from a cell phone (sign markers at each site contain a unique code), or they can be perused by exploring an online map with virtual markers.

- UrbanQuest (urbanquest.com) creates urban scavenger hunts, with questions to answer and puzzles to solve along the way. A visitor can download an UrbanQuest for a particular area and, with a friend, race to solve the mystery. The UrbanQuests are designed to connect participants to local businesses – they all end at a mystery restaurant related to the puzzle.

- Fairy Doors is a public art project (urban-fairies.com) in Ann Arbor, Michigan, where artists have installed miniature doorways – some elaborately designed – in hidden places throughout downtown, both inside and outside buildings. As a collection, they create a kind of self-discovery reason to explore downtown.

- Bubblewrap bus stops were a recent “art” installation in Milan, Italy – though there is nothing to stop Springfield from adapting the idea. An artist who creates things in the public space simply hung squares of bubblewrap at transit stops, offering different size squares for different wait times (3, 5, and 10 minutes). The sign says, “Anti-stress – For free!!”.

Photos, top to bottom:
- YellowArrow.net;
- Murmur project, Toronto;
- UrbanQuest.com;
- Fairy Door, Ann Arbor, MI;
- Bubblewrap “anti-stress” project, Milan, Italy.
III. Prioritize downtown, regionally.

N. Establish a development impact fee for development outside downtown. Trying to revitalize downtown while simultaneously encouraging new commercial development at the periphery puts downtown at a competitive disadvantage. Downtown should be the easiest place to develop, and impact fees are a means to make developing downtown more attractive (and developing elsewhere less attractive). As a way to encourage development downtown – or, at least, to mitigate negative impacts of sprawl – the City should impose a development impact fee for retail or office projects larger than 20,000 square feet. The fees should be directed toward downtown improvements and incentives, or they could be used to fund DSI’s continued operation.

O. Reestablish the TIF. A “pay-as-you-go” TIF will not have much power during the first few years, but bonding of future increments can enable larger up-front investments. A bonded TIF would make it possible to offer a powerful, direct incentive specific development projects. The projects would need to be at a predevelopment stage where their new tax/TIF revenue could be accurately projected.

P. Consider an additional hotel tax increment. An additional 1% hotel/motel tax on rooms in the downtown district would generate approximately $250,000 for downtown revitalization activities, based on approximately $25 million in gross sales.

Q. Consider an additional sales tax increment. As it is being used to pay for infrastructure improvements in Springfield’s new “South Central Business District”, consider 1% sales tax increment in the downtown district to replace some of the lost TIF revenue. A 1% sales tax on retail and restaurant sales could generate approximately $420,000, based on an estimated $42 million in gross sales.
IV. Other things.

R. Facilitate locating Medical Center administrative offices downtown. As Memorial Medical Center considers expansion plans, work with the facility to locate back-office functions in existing downtown office buildings. Using existing downtown space is cheaper than new construction on the Medical Center’s campus and, for the City, it mitigates the development of new buildings exempt from real estate taxes.

S. Work with institutions to establish a forgivable housing loan incentive program. Key institutions like Memorial Medical Center could add momentum to downtown residential development by providing a forgivable loan or an additional rent rebate to employees who purchase a condo or rent an apartment in the downtown district.

T. Establish a “vanilla box” interiors incentive. For difficult-to-lease downtown retail spaces, a clean interior will make the space more attractive to prospective tenants. Expand the façade improvement incentive to include “vanilla-box” interior improvements for first-floor storefronts vacant more than two years.

U. Gradually expand “luxury” housing units for young couples and empty-nesters. This category has been growing slowly and sustainably. (It is a different product from that which young singles could afford.) Specifically, we believe there is an opportunity to redevelop the historic “Motor Inn” parking garage at 4th and Monroe Streets into “drive-up” loft apartments. This conversion would address one of the major objections to downtown living: parking convenience. The Garage Apartments in Oklahoma City provide a model.

V. Residential tax abatements. In addition to the development of small apartments to attract a creative economy downtown, downtown requires a mix of housing types – and incentives. The power of the residential assistance loans has been blunted by extremely low mortgage rates, which are expected to continue for the next several years. The City should consider offering a 10-year tax abatement for new downtown condos and improvements to existing downtown residential properties.
W. Revert one-way streets to two-way traffic. It was our experience and the experience of the SDAT team that the one-way streets make it easy to get through downtown, but they work against making downtown a destination. In some cases, it is challenging to find the way back to a particular block, once one has driven past. Two-way streets calm traffic and support the coexistence of multiple users, including pedestrians and cyclists. Changing the street configuration will require more study, but we believe it is an important goal.

X. Leverage DSI’s human resources in new ways. DSI brings an unusual level of volunteer participation to its event production. There is an opportunity to bring a similar level of participation to downtown economic development by adding a new Creative Economy staff position (Strategy I, item H) and by engaging the Business Retention and Expansion Council in leading many of the recommendations contained here.

Y. Share the plan. Revitalizing downtown requires the collaboration of a broad base of partners: property owners, business owners, City leaders, a variety of institutions – and DSI. In order to advance strategic projects, all of the partners need to support the plan. As DSI prioritizes its next activities for implementation, it should share its plan broadly in order to enlist the support of all of downtown Springfield’s leaders.
As part of its work for DSI, CLUE Group consultant Jennifer Rose of Downtown Diva provided DSI with the Main Streets Database Template. The database is a dynamic set of files which were populated with baseline information and are now managed and maintained by the DSI office. The following narrative describes the workflow in setting up the database.

Starting with business information purchased from SalesGenie.net (a division of Infogroup, and formerly known as Polk City Directories), we imported the data, then refined it and confirmed it by a visual inspection of the district as well as additional web research. We also inventoried vacancies, based on on-street observation and properties listed for lease on Loopnet.com. In addition, we took membership data, data from the Holiday Walk, Taste of the Downtown and Farmers’ Market and incorporated that into the database, customizing the fields and layouts to accommodate specialized information. Finally, using property data provided by the Sangamon County Planning Office, we imported property ownership and location information.

The several information categories and sources were then “synchronized” with the already imported contact information so that, for instance, properties owned by a business owner were linked to that contact’s business record, rather than having a separate record for the two roles played by that person. This means that it is possible to get a 360-degree view of someone’s participation in the organization and the district all in one place. If someone owns multiple properties, those will also all be linked to one identity. (This is particularly advantageous when running formula scenarios for a business improvement district, or SSA, in that it is easy to see a particular property owner’s bottom line for all his or her properties.) We linked all records where we could identify matching names and addresses. Additional matching and linking of multiple property owner entities to one identity will need to be done by DSI staff based on their intimate knowledge of the district.
DSI staff were provided with on-site instruction in use of the database. They will also have the opportunity to attend regularly scheduled on-line trainings, which provide an opportunity for further learning.

As a result of discussions about how DSI was doing its electronic outreach, we also established a Constant Contact account for DSI, imported the organization’s various contact lists, and created sample templates for different types of event announcements.
Team background

Joshua Bloom, Community Land Use + Economics Group

Josh Bloom is a principal in the Community Land Use and Economics Group, LLC, an Arlington, Virginia-based consulting firm that helps cities create vibrant downtowns. Josh teaches communities how to revitalize their commercial centers by first gaining an understanding of their local economies and then helping them apply that knowledge to a series of market-driven and achievable projects. He has particular interests in using research on local customers to deepen the picture painted by traditional demographic data sources, and in cultivating sustainable clusters of chain and independent businesses. He has published articles on both of these subjects.

Before joining the CLUE Group, Josh spent ten years as a program officer at the National Trust for Historic Preservation’s National Main Street Center. While he works in communities of all sizes, he was instrumental at the Main Street Center in expanding the program’s urban reach to cities that included Boston, Cleveland, St. Louis, Los Angeles, Philadelphia, and others.

Josh received his B.A. from Columbia University and a master’s in historic preservation from the University of Pennsylvania. He is a former molecular biologist, and in 2007 he completed a two-year course in preservation carpentry at the highly regarded North Bennet Street School in Boston.

Jennifer Rose, Downtown Diva

Jennifer Rose, Downtown Diva principal, has worked with downtown organizations across the country and was the executive director of Allston Village Main Streets, an urban revitalization program in Boston, from its founding in 1996 until 2007. She co-developed the Main Street Database Template, a tool used by more than 70 downtown organizations across the U.S. She has been a frequent speaker at national conferences, including the National Trust’s National Main Streets Conference, LISC’s Urban Forum, and International Downtown Association meetings, on topics ranging from running a Taste festival to working in multicultural neighborhoods. Jennifer’s extensive background in non-profit administration and community
organizing as well as communications and marketing serves as a valuable asset in her work with both downtown programs and small businesses. Her expertise also includes event-planning, fundraising, farmers’ market management, and office systems, technology and training. She received her B.A. in Communications and English from Simmons College and a Master’s of Urban Affairs from Boston University. When not working to revitalize downtowns and small businesses, Jennifer is a poet. She is the author of two books, *The Old Direction of Heaven* and *Hometown for an Hour*. 
Disclaimer

Retail market analyses, their components (such as retail sales gap analyses) and derivative business development plans provide important guidance on how a commercial district should, theoretically, be able to perform and on the sales and rent levels businesses should be able to achieve. However, a number of factors affect the actual performance of retail businesses and commercial districts, including skills of the business operator, level of business capitalization, quality of the physical environment, changes in overall economic conditions, district marketing programs, and numerous other factors. The information and recommendations in this market study are intended to provide a foundation of information for making retail development and marketing decisions in downtown Springfield, but they do not and cannot ensure retail success.

This report’s findings, conclusions, and recommendations are solely those of the consultant and should not be assumed to represent the opinions of Downtown Springfield, Inc., or any other party.
Appendices