Expanding on Downtown Revitalization

The East-West Corridor in Downtown Atlanta
The Pendulum Moves in How America Invests 40% of Our Wealth

Walkable Urban

Option of Either

Drivable Sub-urban

Post 1946

Mid-1990s on
Walkable Urban Places are Different

- Must Have a Strategy & Be Managed to Succeed
- Each New Element Adds Value to Existing Assets…IF within Walking Distance
- Creates a Special Place…and Significantly Greater Asset Values and Taxes
- More is Better—Upward Spiral
Reasons for Market Demand for Walkable Urban Places

- Baby Boomers Becoming Empty Nesters and soon retirees (2012)
- Generation Xers—television shows
- 75% of Households with No School Age Children in Household
- Boredom with Conventional Development since “More is Less”
- Possible Attraction of Walkable Urban to 30% to even 55% of the market
## Market Demand for Walkable Urbanity

<table>
<thead>
<tr>
<th>Housing Preference</th>
<th>Atlanta Demand</th>
<th>Boston Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walkable Urbanity</td>
<td>29.4%</td>
<td>40%</td>
</tr>
<tr>
<td>Agnostic</td>
<td>29.6%</td>
<td>30%</td>
</tr>
<tr>
<td>Drivable</td>
<td>41%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Source: Levine, *Zoned Out*, 2006, University of Michigan
## The Long View: Arthur C. Nelson in JAPA

<table>
<thead>
<tr>
<th>2003</th>
<th>2025</th>
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<tbody>
<tr>
<td>Large Lot</td>
<td>Range of Demand</td>
</tr>
<tr>
<td>SFD</td>
<td></td>
</tr>
<tr>
<td>57,000,000</td>
<td>Loss of 1MM -22MM DU</td>
</tr>
</tbody>
</table>

### Large Lot SFD
- 2003: 57,000,000 DU
- 2025 Range of Demand: Loss of 1MM -22MM DU

### Small Lot/Attached
- 2003: 49,000,000 DU
- 2025 Range of Demand: Gain of 35MM-56MM

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Progressive Analytics for Downtown Development

THE BROOKINGS INSTITUTION
5 Types of Regional-serving Walkable Urban Places

- **Traditional Downtowns** (San Diego, Denver, Downtown NYC, Seattle, Chattanooga, DC, etc.) FAR: 4.0 +++
- **Downtown Adjacent** (Dupont Circle, Georgetown, Hollywood, West Hollywood, Atlantic Station, Midtown Atlanta, etc.) FAR: 2.0-6.0
- **Suburban Town Center** (Pasadena, Glendale, Santa Monica, Beverly Hills, Palo Alto, Mountain View, Bellevue, Redmond, Bethesda, White Plains, Birmingham, etc.) FAR: 2.0-6.0
- **Suburban Redevelopment** (Ballston, Friendship Heights, Belmar, Santana Row, Kendall Square, etc.) FAR: 1.0-4.0
- **Suburban Green Field** (Valencia Town Center, Reston Town Center, new generation of lifestyle centers, etc.) FAR: 1.0-5.0
- **Others Evolving**, such as hospital-based development?
Washington as the Model
For the Early 21st Century
### Downtown Sea Change from 1985 to 2005

<table>
<thead>
<tr>
<th></th>
<th>1985</th>
<th>%</th>
<th>2005</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Platinum</td>
<td>4</td>
<td>6.5</td>
<td>12</td>
<td>20</td>
</tr>
<tr>
<td>Gold</td>
<td>2</td>
<td>3</td>
<td>8</td>
<td>13</td>
</tr>
<tr>
<td>Silver</td>
<td>1</td>
<td>1.5</td>
<td>16*</td>
<td>26</td>
</tr>
<tr>
<td>Copper</td>
<td>15</td>
<td>25</td>
<td>16</td>
<td>26</td>
</tr>
<tr>
<td>Lead</td>
<td>39*</td>
<td>64</td>
<td>9</td>
<td>15</td>
</tr>
<tr>
<td>Total</td>
<td>61</td>
<td>100</td>
<td>61</td>
<td>100</td>
</tr>
</tbody>
</table>

* Downtown Atlanta
Change in Median Sales price of Existing Properties, Nationally

4.8% VS 4.5%  →  11.4% VS 8.6%  →  8.1% VS 6.6%

Result: 40-200% Premium For WU

Source: National Association of Realtors
Turn Around of the Washington DC Metropolitan Area’s Office Market (1950-2006)

Source: The Brookings Institution and RCLCo, using Co-Star primary data
Washington DC Metropolitan Area Office Rents & Vacancy Rates (4th Quarter 2006)

DC Metropolitan Office Markets

Source: The Brookings Institution and RCLCo, using Co-Star primary data
Traditional Downtown: Washington D.C.
Settling the Stage

1. Intention and Vision
2. Strategic Plan
3. Role of Public Sector
4. Make the Right Thing Easy
5. Establish BID and Other Non-Profits
6. Create a Catalytic Development Company

Source: Turning Around Downtown, The Brookings Institution
www.brookings.edu/metro/walkable_urbanism.htm
Progressive Introduction of Real Estate Products in a Reviving Downtown

- Urban Entertainment (#7)
  - Early start
  - Late start

- Rental Housing (#8)
  - Early start
  - Late start

- Affordable Strategy (#9)
  - Organization

- For Sale Housing (#10)
  - Early start
  - Late start

- Local Serving Retail (#11)
  - Early start
  - Late start

- Office Employment (#12)
  - Early start
  - Late start

Source: Turning Around Downtown, The Brookings Institution
Dupont Circle
Golden Triangle BID
Anacostia Waterfront
South Federal Complex
NoMa
West End
Downtown Adjacent
Downtown Adjacent: Dupont Circle/Golden Triangle BID
Downtown Adjacent: Georgetown
Downtown Adjacent: West End
Downtown Adjacent Lessons Learned

- Downtown Adjacent only as strong as the Traditional Downtown
- Best when uses spill over from the Traditional Downtown; office, hotel or residential
- Best if immediately adjacent to Downtown
- Examples: Philadelphia, Detroit, Los Angeles, Chicago, Denver, Sacramento
Bryant Park: From “Needle Park” to Best in Country
Sacramento as Management Model for Atlanta

- 2nd largest government concentration
- Downtown redevelopment at Silver +; 2-3 projects from critical mass
- State government immediately south of downtown
- Downtown Adjacent east side; Mid-town
- Downtown Adjacent south side; managed by state-sponsored catalytic developer, Capital Mall Development Authority
Management Lessons Learned for Downtown Adjacent Places

- Maximize existing organizational expertise, esp. senior management, market research, etc.
- CAP as strategist/horizontal developer with one or more private vertical developers as partners
- Government uses are a slight net positive use, universities are a major positive & hospitals may become a net positive
- Residential *must* be the majority use
- Transportation drives development; inter-modal center will be critical
Gaming: Lessons from Las Vegas Strip, Atlantic City and Detroit (yes, Detroit)

- Walkable urbanism is key to success, if managed
- Hub and spoke system fed from high tax states (30-40%) to low tax hubs (10%)
- Surprisingly high wages ($45k+)
- Detroit now 3rd with 3 casinos and 7200 jobs VS 12 casinos and 30-30k jobs
- “Grown-up” entertainment concentration (Detroit now has 15 MM visitors)
www.cleinberger.com or www.brookings.edu/metro/walkable_urbanism.htm

- *The Option of Urbanism; Investing in a the New American Dream*, Island Press, to be published in December, 2007
- “Building for the Long-Term”, Urban Land magazine, December, 2003
- “Taming Gentrification”
- “The Need for Alternatives to the 19 Standard Product Types”, Places magazine, Fall, 2005
Catalytic Developer Requirements

- Site Control, may include condemnation
- Patient Capital Base
- Long Term Vision
- Short Term Desire to Get Things Done
- Willingness to Encourage Competition
- Unique Relationship with City
- Acceptance of High Risk Investments
Public Policy Challenges

- Stop subsidies of drivable sub-urbanism (use impact fees), make MXD legal, encourage patient equity and developers to build WU
- Moral Imperative to Increase Densities
- Affordable Housing as Part of Strategy…eventually
- DO WE HAVE TIME? 80% of CO2 Emissions from Built Environment
- Tilt Playing Field Toward Walkable Urbanity?
Spectrum of Revenues for Walkable Urbane Place Management

- City Department
- Contributions
- Business Improvement District
- Events & Sponsorships
- Service, Dev’t & Rents

The Brookings Institution
Spectrum of Revenues for Walkable Urbane Place Management

- Incremental growth in good years
- Subject to budget cuts in bad years
- Little customer focus
- No incentive or legal means to raise outside revenues
- Generally not integrated into overall strategy for place
- Difficult to implement high standards on an exceptional basis
- Example: NPS management of downtown DC parks
Spectrum of Revenues for Walkable Urbane Place Management

- Relatively easier to obtain initially due to enthusiasm for place management
- Difficult to maintain for more than 5 years due to funder fatigue
- Household membership expensive to run and yields relative low returns
Essential for walkable urbane place to emerge/improve
- First employed for clean and safe, in essence, common area maintenance
- Requires willing and capable property owners
- Direct benefit to property owners paying bills
- Can include “paid in lieu” fees from government and non-profits
- Can instill a customer orientation if properly managed
- May involve capital investment for signage and street improvements
- Not immune to bureaucratic malaise and lack of incentive to raise additional revenue
- Can be a means out of homelessness
- Can generate revenue by providing services to city or private plaza owners
- Example: The over 1000 BIDs in the country, such as Philadelphia, DC, NYC, ABQ
• Using unique venues for events that pay rent
• Provide location for companies to contact many “persons on the street”
• May be perceived to have privatized public space, pushing out the public
• Example: Campus Martius, Bryant Park
• Provide new services for the public in a park setting or on street
• Eating in a park is an “urban winner”: Holly Whyte
• Will require capital investment
• May be perceived to be competitive to property owners or restaurants
• Rent Example: Campus Martius, Bryant Park
• Example: RiverCity (Chattanooga),