



# The Value of U.S. Downtowns and Center Cities

CALCULATING THE VALUE OF DOWNTOWN SACRAMENTO, CALIFORNIA  
A 2017 IDA STUDY

A 2017 PUBLICATION CREATED BY  
THE INTERNATIONAL DOWNTOWN ASSOCIATION



INSPIRED LEADERS  
SHAPING CITIES

## ABOUT IDA



### IDA

The International Downtown Association is the premier association of urban place managers who are shaping and activating dynamic downtown districts. Founded in 1954, IDA represents an industry of more than 2,500 place management organizations that employ 100,000 people throughout North America. Through its network of diverse practitioners, its rich body of knowledge, and its unique capacity to nurture community-building partnerships, IDA provides tools, intelligence and strategies for creating healthy and dynamic centers that anchor the well-being of towns, cities and regions of the world. IDA members are downtown champions who bring urban centers to life. For more information on IDA, visit [downtown.org](http://downtown.org).

**IDA Board Chair:** Tim Tompkins, President, Times Square Alliance

**IDA President & CEO:** David T. Downey, CAE

### IDA Research Committee

The IDA Research Committee is comprised of industry experts who help IDA align strategic goals and top issues to produce high-quality research products informing both IDA members and the place management industry. Chaired and led by IDA Board members, the 2017 Research Committee is continuing the work set forth in the IDA research agenda, publishing best practices and case studies on top issues facing urban districts, establishing data standards to calculate the value of center cities, and furthering industry benchmarking.

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A subset of the IDA Research Committee, this taskforce is focused on advancing the planning, guidance, and implementation of this project, providing insights and ideas on research methodologies, project management, and more.

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THE VALUE OF U.S.  
DOWNTOWNS AND  
CENTER CITIES



Stantec’s Urban Places

*Project Advisors for The Value of U.S. Downtowns and Center Cities*

Stantec’s Urban Places is an interdisciplinary hub bringing together leaders in planning and urban design, transportation including smart and urban mobility, resilience, development, mixed-use architecture, smart cities, and brownfield redevelopment. They work in downtowns across North America—in cities and suburbs alike—to unlock the extraordinary urban promise of enhanced livability, equity, and resilience.

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HR&A Advisors, Inc.

*Hired Consultants for The Value of U.S. Downtowns and Center Cities*

HR&A Advisors, Inc. (HR&A) is an industry-leading consulting firm providing services in real estate, economic development, and program design and implementation.

Special thanks to: Kate Wittels, Stan Wall, Candace Damon, Anton Walker, Lydia Gaby and Julian Sagastume

IDA would like to thank the following individuals for their efforts on this project:

**Baltimore**

Kirby Fowler  
Davon Barbour  
William Dorfman  
Claudia Freeland Jolin

**Charlotte**

Michael Smith  
Cheryl Myers  
Maggie Collister  
Moirá Quinn

**Grand Rapids**

Kris Larson  
David Wiener

**Lancaster**

Angela Riley

**Miami**

Alyce Robertson

**Nicholas Martinez**

Paris Williams

**Norfolk**

Mary Miller  
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**Pittsburgh**

Jeremy Waldrup  
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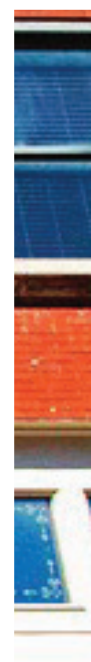
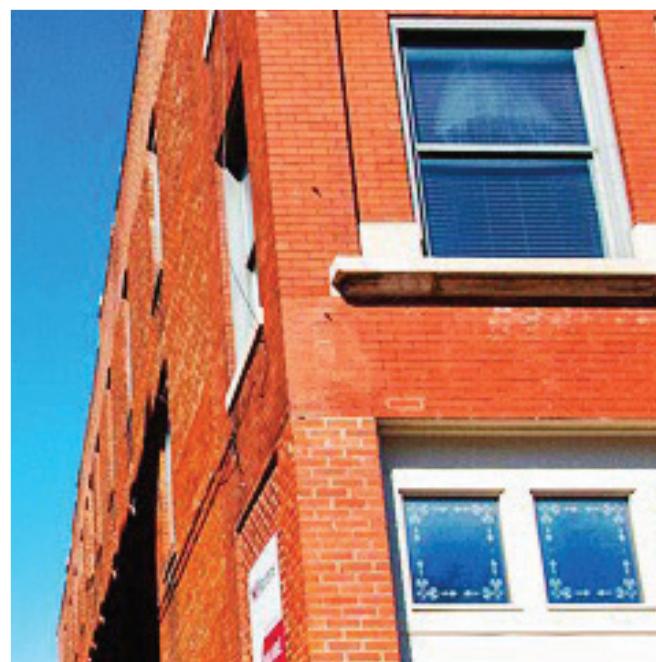
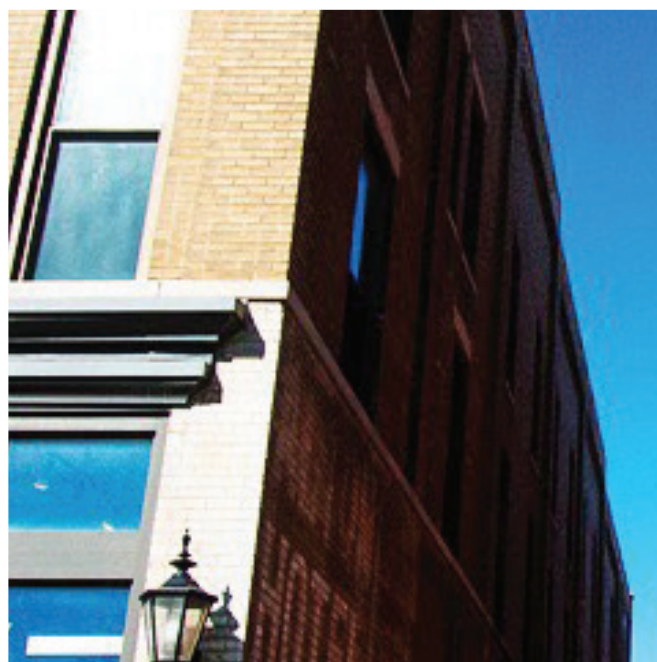
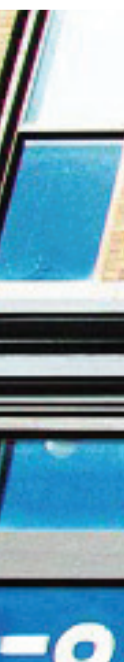
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SECTION ONE  
PROJECT  
OVERVIEW



# Introduction

## GREAT CITIES AND REGIONS START DOWNTOWN

A strong downtown is critical for a successful city and region. Downtowns and center cities are where people, capital and ideas have historically coalesced due to their size, proximity and density. Downtowns, with their relatively small share of land mass, provide significant economic and community impacts, with multiple benefits for both the city and region. They serve as the epicenters of commerce, capital investment, tax base, diversity, public discourse, knowledge and innovation, along with providing social benefits through access to community spaces and public institutions. Downtowns and center cities play a crucial role as the centralized hubs for a city and region in terms of a sense of place, employment, civic engagement, arts and culture, historic importance, local identity, and financial impact.

More than any other place in our cities, downtowns and center cities continue to transform and adapt to the needs of changing stakeholders, reflecting national civic, economic and social trends. The downtown of a city is a leading driver for the region, small only in physical size; downtowns are immensely valuable, flexible, dynamic, diverse, efficient, resilient and culturally resilient on various levels. The power of downtown and center cities “is rooted in its concentra-

tion of exceptional and highly significant functions—those that have a high ratio of human experience to their space demands—be they residents or ‘those who, due to their work or interests, are potentially the most enthusiastic participants in city life,’ the seat of government representation and key offices of both public and private organizations, and other functions that have an urban, regional, national or international significance.”<sup>1</sup> This project explores these notions by juxtaposing the inherently beneficial qualities of downtowns with comparative data from their greater cities.

Over the past two decades, U.S. downtowns have experienced a resurgence regarding their prominence, growth, livability, accessibility, and economic output. During this time, all but five of the fifty largest downtowns and Central Business Districts (CBDs) experienced residential population growth, and only two exhibited declines.<sup>2</sup> All the while, downtowns have continued to be culturally and historically significant and global trends “continue to appear favorable to promote growth in vibrant downtowns.”<sup>3</sup> U.S. downtowns are poised to continue enhancing economic and political prominence to match their cultural and historical value. This project begins to unpack these trends, quantifying the value of American downtowns.

## Overview

This project is informed by experts and downtown leaders from around the country, encompasses over 100 key data points over two-time periods (current year and historical reference year) and over two geographies (city and downtown), with 33 guiding benefits, and addresses nine distinct audiences to examine and evaluate downtowns through the lens of these give interrelated principles: Economy, Inclusion, Vibrancy, Identity, and Resilience.

The study achieves three goals: it articulates the multifaceted value of the American downtown, highlights its unique contributions and relative impact to its local city, and standardizes metrics to help evaluate those valuable qualities specific only to American downtowns and center cities.

## About the Project

Over the course of eight months, the International Downtown Association (IDA) partnered with Stantec's Urban Places and 13 downtown place management organizations across the United States. Collaboratively, this partnership created a replicable, accessible, standard methodology to calculate the value of downtowns, articulating the mutual benefits of downtown investment to a broad range of relevant stakeholders. The goal was to use key statistical data to highlight valuable qualities and trends of center cities in the contexts of their larger city and is scalable to compare to the greater region. The project emphasized the importance of a downtown, to demonstrate its unique return on investment, to help inform future decision making and to increase support from local decision makers. *The Value of U.S. Downtowns and Center Cities* project focused on American downtowns and center cities and was informed by the award-winning project, *The Value of Investing in Canadian Downtowns*. This project:

- Provided a framework of principles and related benefits to guide measurements for evaluating the value of downtowns and center cities.
- Determined key metrics for evaluating the economic, social, cultural and environmental impacts of American downtowns.
- Developed an industry-wide standard to calculate the economic value of downtowns, creating a replicable methodology for continued data collection.

- Convened various downtown organizations to help shape the IDA data standard and the key metrics for evaluating the impact of American downtowns.
- Provided individual analysis and performance benchmarks for the 13 pilot downtowns with this new data standard, including supplemental qualitative analysis.
- Empowered and supports IDA members' economic and community development efforts through comparative analysis.
- Increased IDA's capacity to collect, store, visualize, aggregate and benchmark downtown data over time.

Participating downtowns spent eight months informing and shaping the principles, methods, value statements, and audiences, producing the resulting metrics. The pilot downtowns provided input on the project's goals, values, and vision. Through this project, downtown place management leaders built on prior efforts and existing methodologies to expand upon downtown's value proposition. IDA identified the most compelling metrics to calculate the value of downtowns, producing new analysis-based arguments for the evolving status of U.S. downtowns. Thirteen downtown urban place management organizations across the U.S. (Baltimore, Charlotte, Grand Rapids, Lancaster, Miami, Norfolk, Pittsburgh, Sacramento, San Antonio, San Francisco, Santa Monica, Seattle, and Wichita) actively participated in testing this new industry-wide data standard.

**IDA and the pilot downtowns indicated the following top priorities for the study:**

ENABLE  
ARTICULATION OF  
DOWNTOWN'S  
**IMPORTANCE AND  
VALUE TO A RANGE  
OF STAKEHOLDERS.**

CREATE A USEFUL  
SET OF TOOLS  
FOR **REPLICABLE,  
DATA-DRIVEN  
MEASUREMENT  
OF VALUE.**

DEFINE A  
**BASELINE FOR  
ASSESSMENT  
OF PROGRESS  
AND PEER  
COMPARISON.**

## Methodology Overview<sup>6</sup>

A downtown and center city “has an important and unique role in economic and social development”<sup>4</sup> for the greater city. Downtowns “create a critical mass of activities where commercial, cultural, and civic activities are concentrated. This concentration facilitates business, learning, and cultural exchange.”<sup>5</sup> To measure the value of downtown in relationship to the city, this study relied heavily on data points that could be easily collected for both geographies and therefore easily compared. In cases where the downtown measured less than one square mile, the downtown-specific data has been extrapolated to facilitate per-square-mile comparisons with the city or region.

For the purposes of measuring the value of downtowns in relationship to their cities, the study relied heavily on data points that could be easily collected for both geographies.

To make one-for-one comparisons, the data for both the participating downtowns and their comparative cities and regions, the data was manipulated to show the data and metric per square mile, per acre, per resident, and per worker. The rationale for manipulating the data in such a way is to measure the density of downtown and citywide inputs. Downtown boundaries were chosen to reflect the greater downtown area as opposed to any boundaries set by a place management organization, such as an improvement district, to tell the full comparative story of the downtown’s impact on a city.

This innovative project analyzes the value of a downtown within its context to the greater city, slicing key metrics over time, geography, and density. The resulting value calculation focuses on the compelling metrics generated from the core indicators. A summary of data metrics includes:

**Economy:** employment, tax revenue, assessed value, retail sales and demand, employee typology

**Inclusion:** diversity, education level, attainability

**Vibrancy:** retail sales, demand, density, market vitality, typology, destination

**Identity:** events, destinations, visitors, downtown hashtags

**Resiliency:** environmental, social and economic resiliency including mode share, real estate, community resources

This pilot project focused on creating the framework, selecting and prioritizing the data metrics, collecting the data, creating and utilizing the new valuation methodology, providing individual downtown and aggregate analysis of the 13 pilot locations, and building a baseline dataset.

“DOWNTOWNS HAVE ‘AN IMPORTANT AND UNIQUE ROLE IN ECONOMIC AND SOCIAL DEVELOPMENT’ FOR THEIR CITIES AND ‘CREATE A CRITICAL MASS OF ACTIVITIES WHERE COMMERCIAL, CULTURAL, AND CIVIC ACTIVITIES ARE CONCENTRATED. THIS CONCENTRATION FACILITATES BUSINESS, LEARNING, AND CULTURAL EXCHANGE.’”

International Downtown Association

## ECONOMY



Downtowns make up a small share of their city's land area, but have substantial regional economic significance. As traditional centers of commerce, transportation, education, and government, downtowns are frequently economic anchors for their regions. Because of a relatively high density of economic activity, investment in the center city provides a high level of return per dollar of economic input. Just as regional economies vary, so do the economic profiles of center cities - the relative concentration of jobs, economic activity, retail spending, tax revenue, and innovation varies among downtowns and center cities. Comparing the economic role of downtowns and center cities in the context of the larger city or region is useful in articulating their unique value, as well as for setting development policy going forward.

## INCLUSION



Downtowns and center cities invite and welcome all residents of the region (as well as visitors from elsewhere) by providing access to opportunity, essential services, culture, recreation, entertainment, and participation in civic activities. Downtowns are inherently equitable because they enable a diverse range of users from across the region to access essential elements of urban life. These elements include high-quality jobs, essential services, recreation, culture, public space, and civic participation, among others. Though the specific offerings of each downtown may vary, their attributes (density, accessibility, diversity) enable a wide degree of access. Perhaps more importantly, downtowns are the places where we expect to experience the diversity of a region, where diversity is consciously sought out and welcomed.

## VIBRANCY



Due to their expansive and dense base of users, downtowns and center cities can support a variety of unique retail, infrastructural, and institutional uses that offer cross-cutting benefits to the region. Many unique regional cultural institutions, businesses, centers of innovation, public spaces, and activities are located downtown. The variety and diversity of offerings reflect the regional market and density of development. As downtowns and center cities grow and evolve, the density of spending, users, institutions, businesses, and knowledge allows them to support critical infrastructure, be it public parks, transportation, affordable housing, or major retailers that cannot be supported elsewhere in the region.

## IDENTITY



Downtowns and center cities preserve the heritage of a place, provide a common point of physical connection for regional residents, and contribute positively to the brand of the regions they represent. Whether from a historical event or personal memory, downtowns have intrinsic cultural value important to preserving and promoting the brand of the region. Downtowns and center cities offer a place for regional residents to come together, participate in civic life, and celebrate their region, which in turn promotes tourism and civil society. Likewise, the "postcard view" visitors associate with a region is virtually always an image of an attribute of the downtown.

## RESILIENCE



Resilience is broadly defined as the ability of a place to withstand shocks and stresses. Because of the diversity and density of resources and services, center cities and their inhabitants can better absorb economic, social, and environmental, shocks and stresses than their surrounding cities and regions. The strengths are drawn from the diversity and economic prowess of downtowns and center cities equip them to adapt to economic and social shocks better than communities which are more traditionally homogenous. Consequently, they can also support the resiliency of the region, particularly in the wake of economic shocks that disproportionately affect less economically and socially dynamic areas. Similarly, downtowns and center cities are better positioned to make the investments to hedge against and withstand increasingly-frequent environmental shocks and stresses.

“DOWNTOWNS ARE ICONIC REPRESENTATIONS OF CITIES’ STRENGTHS, IDENTITIES AND PRINCIPLES. THEY ARE THE ECONOMIC, CULTURAL, ENTERTAINMENT, AND CIVIC HEART OF A CITY AND **NEED TO BE NURTURED AND MAINTAINED** TO FUEL THE BROADER CITY’S HEALTH AND VITALITY FOR GENERATIONS TO COME.”

HR&A Advisors, Inc.

## Defining Downtown

This study uses an expanded definition of the commercial downtown beyond the boundaries of a downtown development authority or a business improvement district. Geographic parameters vary across data sources and may not align with existing geographic definitions of the place management organization’s jurisdictions, such as an improvement district boundary. IDA’s Value of Investing in Canadian Downtowns report reflects the aim of this study:

*“Overall, endless debate could be had around the exact boundaries of a downtown, what constitutes a downtown and what elements should be in or out. Yet it is the hope of this study that anyone picking up this report and flicking to their home city will generally think: Give or take a little, this downtown boundary makes sense to me for my home city.”<sup>7</sup>*

Similar to the Canadian study, this project has also been designed to address these boundary challenges. IDA recommended the downtowns utilize the commonly understood definition of downtown, using boundaries of hard edges, roads, water, natural features or highways. IDA worked with each downtown to determine their downtown boundaries for this project, with a focus on aligning with

census tract data boundaries for ease of incorporating publicly available data from the U.S. Census. This data contributed to key takeaways, all of which are reflected in the context of how a downtown proportionally contributes to the city in a given area, over time, per resident or per square mile.

“DOWNTOWNS ARE **LIVING, BREATHING THINGS THAT EVOLVE** OVER TIME. THEIR BOUNDARIES WILL CHANGE AS TIME GOES ON, AND THAT’S JUST PART OF THE INEVITABLE NATURE OF 21<sup>ST</sup> CENTURY URBANISM.”

Downtown San Antonio

## Urban Place Management Organizations



“WITHOUT A DOUBT, A **SUCCESSFUL DOWNTOWN IS CRITICAL.** THE CITY'S INVOLVEMENT IS EVEN MORE SO. DOWNTOWNS DON'T HAPPEN – MOST OF THEM HAVE TO BE NURTURED AND WORKED ON FROM BOTH THE PUBLIC AND THE PRIVATE SIDE.”

International Downtown Association

At the local level, urban place management organizations (UPMOs) lead the resurgence in downtowns and center cities by advocating for targeted investment to activate and maintain vibrant downtown spaces to make them ever-increasingly accessible and welcoming to all. These UMPOs, including business improvement districts, downtown development authorities, and other public-private partnership organizations, successfully bring together all the stakeholders of a place, providing place-based leadership, and bridging the gap between the public and private sectors. Since 1970, property and business owners in cities throughout North America have realized that revitalizing and sustaining vibrant and coherent downtowns, central business districts, and neighborhood commercial centers require special attention beyond the services city administrations can provide alone. Inspired downtown leadership is filling this initiative, growing downtown confidence and strengthening the urban place management industry. This

industry is now growing at a rapid rate with approximately 2,500 urban place management organizations in North America, and an estimated 3,000 globally.

The success of a downtown hinges on multilateral cooperation between individuals, developers, employers, and institutions who are seeking the same revitalization goals. Ensuring continued investment, urban place management organizations must continually articulate the value of center cities not only to a coalition of allies, but also to external stakeholders who benefit but may not recognize their part in ensuring that their downtown is economically, socially, and civically successful. Most downtowns “have active business improvement districts that have taken on critical leadership roles: they have improved the management of the public realm, offered strong advocacy for the area among public and private decision-makers, provided up-to-date research, funded capital improvements, and promoted long-term planning.”<sup>8</sup>

## Known Limits to this Project

Downtowns are ever evolving and adapting to local needs and challenges. Downtowns and center cities are never “done;” they require investment, improvements, and development to serve the community. Every downtown featured in this report is an original place, with its own history, culture, land use patterns and politics. Some downtowns may play multiple roles as related to their economic performance and relative importance, and these contextual differences should always be kept in mind. This project has been designed to assess and summarize how each of these downtowns relate to the valuation methodology through the lenses of common metrics and the principles of economy, inclusion, vibrancy, identity, and resilience. The findings in this report reflect a small sample of 13 downtowns across a range of geographies and contexts and the generalizations reflect this. Since the data also contains 2015 ACS Census data, some of the figures may not exactly align with the updated numbers from the local downtown, municipal, or proprietary sources. However, this methodology is focused on the proportional context to

highlight those impacts. This project was primarily piloted with publicly available data so that it would be replicable by those organizations without proprietary data access, though some downtowns also incorporate proprietary data. Whenever a data source was used, it had to work for both the city and the downtown to provide an apples-to-apples comparison.

Additional data challenges included difficulty acquiring data from partners or unavailable data, the length of time it may take a long time to get information from partners or city departments, the needed political will and relationships to acquire such data, the lack of municipal data at the ‘downtown’ level, selecting the appropriate boundaries that best align with data sources, defining the downtown boundary itself, acquiring updated data from all sources, acquiring full sets of municipal finance indicators, lack of GIS shapefiles, and the general issues around timing, funding, and staffing capacity.

## Future Research and Refinement

This was the first year of what will be many iterations of this project. The pilot offered an opportunity to reflect on what was the most useful, what should be continued in future iterations, and what was not as relevant. IDA will continue to evaluate this efforts with the pilot downtowns and the IDA membership.

Future rounds of this study should include:

- Regional (MSA) comparisons
- Pre-and-post-recession recovery analysis
- Public health and safety indicators
- Housing affordability implications
- Analysis of downtown adjacent neighborhood residential patterns

The next round of downtowns will incorporate the established methodology, incorporating several of these additional points. IDA will also work with Stantec’s Urban Places to create a Downtown Vitality Index to create a global standard, furthering this methodology to calculate the value of downtowns on a global scale.



## Project Definitions

For ease of reading this report, some commonly-used phrases are defined below.

**Average Daily Pedestrian Traffic** - The methodology for this figure may vary from place to place. Typically, the downtowns provide a figure for the average daily pedestrian traffic on one of their busier streets.

**Bachelor's Degree or Higher** - This study does not include Associate's Degrees.

**Census Tract** - A census tract is a small, relatively permanent statistical subdivision of a county or equivalent entity, updated by local participants prior to each decennial census.

**Census Block Group** - A census block group is a statistical division of a census tract, generally defined to contain between 600 and 3,000 people, which is used to present data and control block numbering in the decennial census.

**Commercial Use** - Commercial use is defined by all non-residential uses.

**Creative Jobs** - Creative jobs are represented by the share of Arts and Entertainment jobs.

**Deliveries** - Deliveries are a measure of the total square footage associated with the purchase or sale of real estate property.

**Destination Retail** - Destination retail includes clothing, electronics and luxury goods stores.

**Event Venue** - Event venue figures include those venues that are typically used for public events such as conferences, conventions, concerts, etc. (public access) As this metric is locally collected, it is somewhat subjective as the downtown has the final say on, for example, if there is a local venue that is more private, but that is part of the fabric of the event community, that would be included.

**Knowledge Industry Jobs** - Includes jobs within the following industries, as defined by the federal government's statistical North American Industry Classification System (NAICS): Finance, Insurance, Real Estate and Rental and Leasing; Management of Companies and Enterprises; Professional, Scientific, and Technical Services; Information; and Health Care and Social Assistance.



**Middle-Class/Middle-Income** - This study uses national definitions of employment earnings to define middle-class and middle-income when it comes to categorizing demographics, so for this reason the two terms (middle-class and middle-income) are used interchangeably in this report, realizing that it is not capturing those who self-identify as middle-class, nor those who have achieved certain aspirations, such as owning a home, having retirement savings, or sending children to college, etc. When analyzing household income data from the U.S. Census, the definition of middle-class or middle-income earnings is based on annual household income between \$40,000 to \$100,000.

- **Attainable middle-class rent** is defined as monthly rental rates between \$800 and \$1,500 a month.
- **Attainable middle-class housing prices** are those between \$300,000 and \$750,000.

**Professional Jobs** - Professional jobs are represented by the professional, scientific, and technical services sector, which is part of the professional and business services supersector, coded 541, within the federal government's statistical North American Industry Classification System (NAICS).

**Rent Burdened** - This study looks at rent-burdened populations as those defined in census table measuring gross rent as a percentage of household income in the past 12 months (table B25070), looking at the sum of renter populations living with a burden above 30 percent of the household income.

**Retail Demand** - Retail demand is a measure of the total spending potential of an area's population, as determined by residential population and household income characteristics.

**Income Tax Revenue** - This statistic represents income taxes paid by workers of the area.

**Public Capital Investment** - Public capital investment is open for definition by the specific downtowns but should generally include municipal, state, and federal investment in capital projects downtown (i.e. open space, infrastructure). If only a specific bucket of public investment is available for measurement (i.e. municipal public investment), this can be measured and footnoted in the profiles in lieu of capturing the entire amount. The timeframe is annual investment for the last full year (2016).

**Square Footage** - This study focuses on square footage, but also includes some acreage as a means of slicing data. For estimating square feet of built uses, it was assumed 1,000 square feet for residential units and 330 square feet for hotel rooms.

**Public and Private Investment** - These numbers represent total annual investment expenditures by the public and private sectors into the downtown.





SECTION TWO  
DOWNTOWN  
PROFILE

# Downtown Profile | Overview

A city's strength and prosperity hinge upon a strong downtown and center city. They have served as centers of culture, knowledge, and innovation since humans have gathered in cities. Downtowns and center cities continue to provide social and economic benefits within the realms of economy, inclusion, vibrancy, identity, and resiliency.

## Study Area



DOWNTOWN PARTNER

Downtown Sacramento  
Partnership

CITY

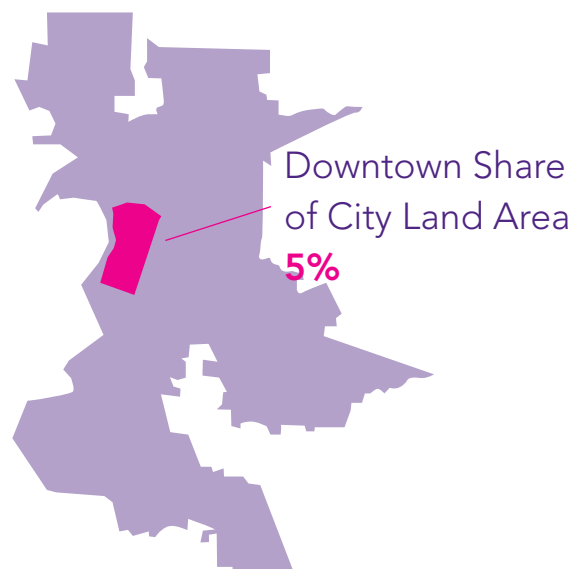
Sacramento, CA

**Defining Downtown Sacramento:** At the heart of Sacramento, California is downtown Sacramento: A dense, vibrant, economically thriving urban core. Greater downtown Sacramento is just under 5 square miles (4.9 square miles) and makes up 5 percent of the city's total land mass (98 square miles) and a fraction (0.1 percent) of the region's land mass (5,095 square miles). While downtown has a small geographic footprint, it is an economic and employment multiplier for the city and region and aspires to be inclusive to all who wish to live, work, play and gather in it. Downtown Sacramento enjoys a rich identity preserved by history and heritage, affirming its resiliency economically, socially, and environmentally. All this lends to its vibrancy in supporting a variety of unique uses<sup>1</sup>.

This study uses an expanded definition of the commercial downtown beyond the boundaries of the business improvement district as geographic parameters vary across data sources and may not align with existing geographic definitions of the place management organization's jurisdictions. IDA recommended the downtowns in this study utilize the commonly understood definition of downtown, using boundaries of hard edges, roads, water, natural

features or highways. IDA worked with each downtown to determine their downtown boundaries for this project, with a focus on aligning with census tract data boundaries for ease of incorporating publicly available data from the U.S. Census from 2010 to 2015. For the purposes of this study, downtown Sacramento is defined as the area south of the American River, east of the Sacramento River, north of Broadway, and west of 21st Street (census tracts 53.01, 6, 5, 20, 12, 11.01, 21, 7, and 8.)

To measure the value of downtown in relationship to the city, this study relied heavily on data points that could be easily collected for both geographies (via census tracts) and therefore easily compared. IDA measured various factors within each principle, including trends over time, the proportion to the city, growth, and city share. The key takeaways are reflected in the context of how a downtown proportionally contributes to the city in a given area, over time, per resident or per square mile.



**Downtown Sacramento is a vibrant place to live, work and play.** Downtown Sacramento is a major employment hub, with 39 percent of the city's employment, 34 percent of the city's office space and 18 percent of the city's knowledge jobs.



## Residential Population

Downtown	Share of City
19,758	4%

Residents per  
Square Mile  
3,992

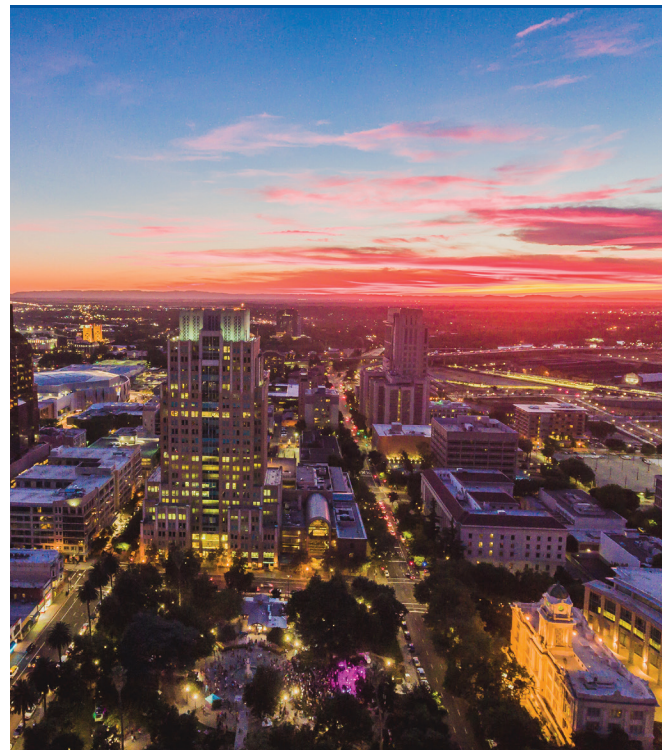


## Employment Population

Downtown	Share of City
105,173	39%

Employees per  
Square Mile  
21,247

While only accounting for 5 percent of the city's land mass, downtown Sacramento represents a share of the region's residents, workforce, and employers well above its geographic size. Downtown is home to 19,758 residents and 105,173 employees. Residents are drawn to the vitality, appeal, and accessibility of living in the urban core of Sacramento. Not only is downtown a thriving, highly sought after residential area, it is also a vibrant, economically robust employment center. While comprising just 5 percent of the city's land, employees in downtown account for 39 percent of the city's jobs (and 10 percent of the region's jobs), 18 percent of the city's knowledge-industry jobs, and 34 percent of all available office inventory in the city. Downtown employees have access to a 19,676,885 square feet of office space. Downtown office space is highly sought after, with 8.6 percent vacancy rates, compared to the city's 10.3 percent vacancy rates. Currently at a 5-year low, downtown's low vacancy rates highlight the resiliency of downtown following the economic downturn of the last decade.



## Inventory



OFFICE  
(SF)

Downtown

Share of City

Per Square  
Mile

20M

34%

4M



RETAIL  
(SF)

Downtown

Share of City

Per Square  
Mile

2.4M

6%

490K



RESIDENTIAL  
(UNITS)

Downtown

Share of City

Per Square  
Mile

5,806

7%

1,172



HOTEL  
(ROOMS)

Downtown

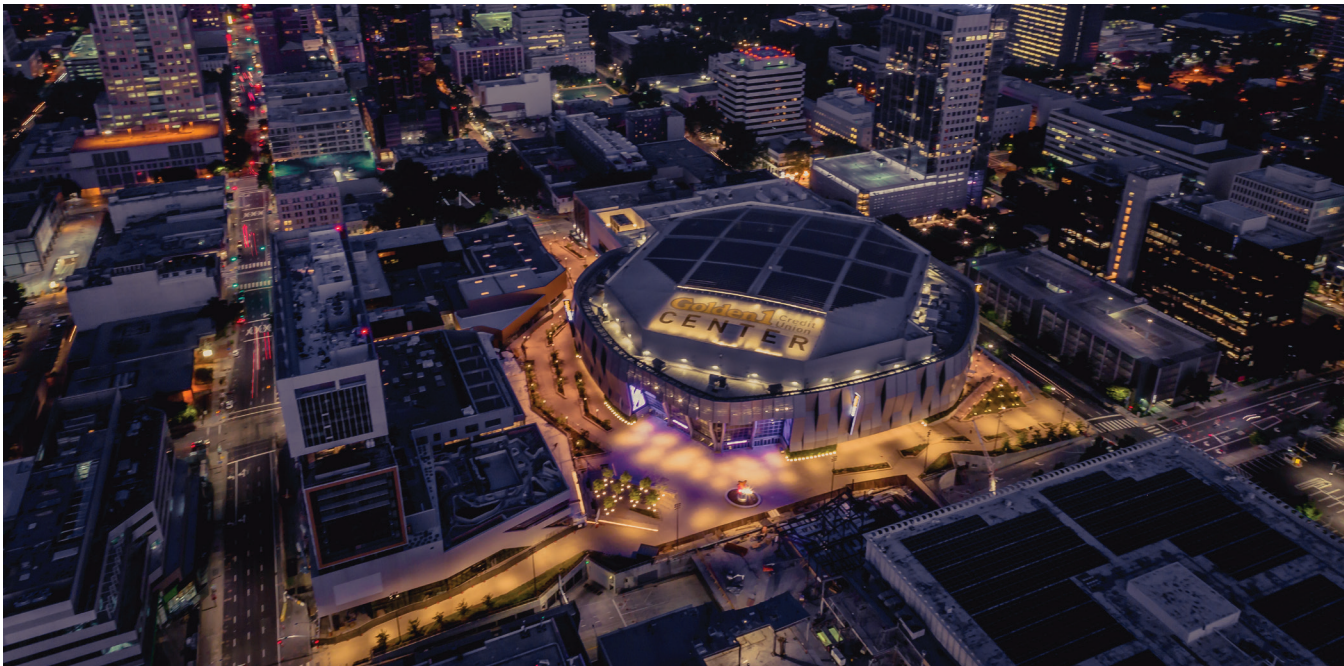
Share of City

Per Square  
Mile

4,056

39%

819



<sup>1</sup>For the purposes of this study, the data used to describe downtown and city-wide residents are derived from 2015 American Community Survey (ACS) data from the US Census. This data provides a point in time comparison between the downtown and the city. While the residential population in both the downtown and the city have continued to grow in recent years, this report will only reference figures from the 2015 ACS to focus on contextual comparisons and to preserve the integrity of the methodological data standard.

# Economy | Impact, Innovation

Downtowns make up a small share of their city’s land area, but have substantial economic importance.

While downtowns and center cities comprise a small share of their city’s land area, their regional economic importance cannot be understated. As traditional centers of commerce, transportation, education, and government, downtowns serve as economic anchors for their cities and regions. Due to their high concentration of economic activity, investment in the center city results in a high level of return per dollar of economic output. Just as regional economies vary, so do the economic profiles of center cities - the relative concentration of jobs, economic activity, retail spending, tax revenue, and innovation. Analyzing the economic role of downtowns and center cities in the context of the larger city and region is useful in articulating their unique value, as well as for setting development policy.

**Benefits of Economy:** Economic Output, Economic Impact, Investment, Creativity, Innovation, Visitation, Spending, Density, Sustainability, Tax Revenue, Scale, Commerce, Opportunity



**Tax Impact:** Downtown Sacramento provides the city with strong economic returns, investment, tax revenues, and other added fiscal benefits that are correlated with having a thriving economic base. Annually, downtown’s small geographic footprint generates approximately \$63.7 million in property tax revenue, compared to the city’s \$139.5 million in property tax revenue. Downtown is a major asset for tax revenue, generating \$13 million in property tax revenue for every square mile compared to the city’s \$1

million per square mile. Despite comprising just 5 percent of the city’s land area, downtown generates 46 percent of

Tax Revenues,  
Investment  
and Value

PROPERTY TAX	Downtown \$64M	Share of City 46%
HOTEL TAX	Downtown \$11M	Share of City 42%

the city’s total property tax revenue. Downtown Sacramento enhances the fiscal health of the city through its outsized contributions to the city’s overall tax yield.

The percentage of city tax revenue generated by downtown properties and residents far exceeds downtown’s size in relation to the city. Downtown Sacramento also performs higher than its comparative size when it comes to hotel tax revenue. Annually, downtown generates \$10.9 million in hotel tax revenue, while the city generates \$26 million in hotel tax revenue. The hotel tax generated in downtown accounts for 42 percent of the city’s total hotel tax revenue. Downtown generates \$2.2 million in hotel tax revenue per square mile, while the city generates \$265,500 per square mile. The economic base of downtown provides the city with strong economic returns, investment and development, tax revenues, and other integral benefits to the city’s overall well-being.

In property and hotel tax alone, downtown generates \$75 million in tax revenue for the municipality. This accounts for

45 percent of the city's tax revenue generated from property and hotel tax. Relative to the downtown's size, downtown Sacramento generates an outsized contribution to the city's coffers.

**Land Value and Investment:** Not only does downtown generate significant tax returns, but downtown's assessed value is also substantial. National findings indicate that the more valuable real estate in a metropolitan area is increasingly found in revitalized downtowns.<sup>1</sup> Downtown Sacramento is no exception. Downtown Sacramento represents a substantial asset in terms of land value. As of 2017, the 4.9 square miles of downtown are assessed at \$4.8 billion. On average, downtown's land is valued at just under a billion dollars per square mile at \$974 million. Another contributing factor to downtown's economic vibrancy is the amount of annual private investment received. Nationally, research has proven that successful downtown revitalization has shown that "for every \$1 of public investment, there will be \$10 to \$15 of private money."<sup>2</sup> As of 2016, downtown Sacramento attracted \$602.4 million in annual private investment, averaging \$121.6 million of annual private investment per square mile.



Downtown is just **5%** of the land mass, but assessed at **\$5B**

Assessed Value  
Per Square Mile

DOWNTOWN

**\$1B**

## Annual Downtown Investment

**\$602M** private investment

**Employment Center:** The vibrancy of the economy in downtown has led to a diverse, creative, professional, and successful worker population. With a high density of workers in downtown (21,247 per square mile) and a variety of professional opportunities, downtown provides opportunities for innovative spontaneity and collaboration. Downtown contains 43 percent of the city's share of creative jobs and 47 percent of the city's knowledge jobs. The diversity of employment opportunities in downtown attracts employees of varying educational levels and professional backgrounds.

Downtown's vibrant economy is powered by a diverse cross-section of companies. Downtown workers fill a wide array of employment opportunities, with a high concentration of employees in Information, Public Administration, Professional, Scientific and Technical Services, and other services (not including public administration). The vast array of professional fields thriving in downtown is indicative of its appeal to a creative and professional workforce. Research confirms a wide variety of businesses in multiple industries are choosing to locate in downtowns "to attract and retain workers, to build brand identity and company culture, to support creative collaboration, to centralize operations, to be closer to customers and business partners, and to support triple-bottom-line business outcomes (economic, sustainable, social)."<sup>3</sup>

Of the city's professionals, downtown is home to 19 percent Information professionals, 52 percent Public Administration professionals, 44 percent Professional, Scientific and Technical Services, and 44 percent of other services (not including public administration). The 2014 Downtown Sacramento Office Market Study found that downtown is perceived as the region's business hub where everything intersects, which makes it appealing to office tenants. It has a central location, a highly-charged energy and vibe, and is where important business deals and development activity is happening.

Downtown has an extremely dense worker population in comparison to the city. Downtown employs 105,173 workers, having 21,247 workers per square mile compared to the city's 2,769 workers per square mile and the region's 214 workers per square mile. Downtown has more than 7 times the number of workers per square mile than the city, accounting for 39 percent of the city's worker population and 10 percent of the region's workers. The concentration of professional fields thriving in downtown speak to its attractive nature and recruiting power and types of employers it attracts. The vitality of the center city and local talent pool helps downtown attract and retain businesses.

Creative and innovative employees are also attracted to the economic environment in downtown. Downtown has over 1,567 creative jobs, professionals working in the Arts, Entertainment, and Recreation industry (accounting for 43 percent of the city's overall creative jobs). Downtown also has over 7,900 employees who work in either Information, Professional, Scientific or Technical Services. The employment opportunities in downtown are diverse, offering those with varying educational and professional backgrounds the opportunity to find employment that best suits their talents and level of experience. Industry and professional agglomeration is prevalent and is an attractive aspect of downtown Sacramento.

Downtown's high density and variety of workers nurture professional spontaneity and collaboration. Downtown

Sacramento has 8 coworking and shared workspaces, fostering creativity and innovation, and attracting local entrepreneurs. In 2016, an estimated 60,000 square feet of new coworking space was announced to be delivered in downtown. In 2013, the Downtown Sacramento Foundation launched Calling All Dreamers to cultivate the next generation of downtown entrepreneurs, leading to the opening of 17 new businesses and tremendous media exposure. Most importantly, the competition has fulfilled its goal of helping countless entrepreneurs take their first steps toward opening a business in the city they love.

Downtown Sacramento is also attractive to high wage earners. This reflects national trends, with the share of educated and more affluent residents residing in the urban core increasing across the top 118 largest U.S. metropolitan areas since 1980.<sup>4</sup> The prevalence of downtown high-wage jobs is indicative of its draw for talented employees during their prime professional career. Downtown employees are more likely to be making at least \$40,000 per year compared to their city counterparts, with 75 percent of downtown employees making \$40,000 or more, comprising 47 percent of the city's share of this employee salary bracket. Due to the prevalence of downtown middle and high-wage jobs, downtown attracts talented employees during their prime professional career. Thirty-five percent of the city's share of all 30-54-year-old employees are located downtown.

## Knowledge Industry

### Share of City per Industry



32%

Finance, Insurance,  
Real Estate and  
Rental and Leasing



17%

Management of  
Companies  
and Enterprises



44%

Professional,  
Scientific, and  
Technical Services



19%

Information



6%

Health Care and  
Social Assistance

## Downtown Employment



39%

CITY'S JOBS



18%

CITY'S KNOWLEDGE  
INDUSTRY JOBS



43%

CITY'S CREATIVE  
JOBS



35%

CITY'S 30-54 YEAR  
OLDS WORKING  
DOWNTOWN

Knowledge-industry jobs are defined as those in finance, insurance, real estate, and rental and leasing; management of companies and enterprises; professional, scientific, and technical services; information; and health care and social assistance.



# Inclusion | Diversity, Affordability

Downtowns and center cities invite and welcome residents and visitors by providing access to opportunity, essential services, culture, recreation, entertainment, and participation in civic activities.

The inviting and welcoming nature of downtown provides opportunities to access and participate in important elements of urban life. Though the specific offerings of each downtown may vary, they share attributes like density, accessibility, and diversity that contribute to their success. Importantly, downtowns are the places where citizens expect to experience the diversity of a region, where it is consciously sought out and where it is welcomed.

**Benefits of Inclusion:** Equity, Inclusion, Diversity, Affordability, Civic Participation, Civic Purpose, Culture, Mobility, Accessibility, Tradition, Heritage, Services, Opportunity, Diverse Workforce

Inclusion “is one of many common characteristics of vibrant and thriving downtowns across the nation. So, what exactly does inclusion mean? It means that downtowns invite and welcome all residents and visitors by providing access to opportunity, essential services, culture, recreation, entertainment and participation in civic activities. Great downtowns are inherently equitable because they enable a diverse range of users to access essential elements of urban life. These elements include, but are not limited to, high-quality jobs, recreation, culture, use of public space, free passage, and civic participation. Perhaps more importantly, downtowns are the places where we should expect to experience the diversity so uniquely appealing to people everywhere.”<sup>5</sup>

## Employment

### Race\*

WHITE & HISPANIC



BLACK



ASIAN



ALL OTHER

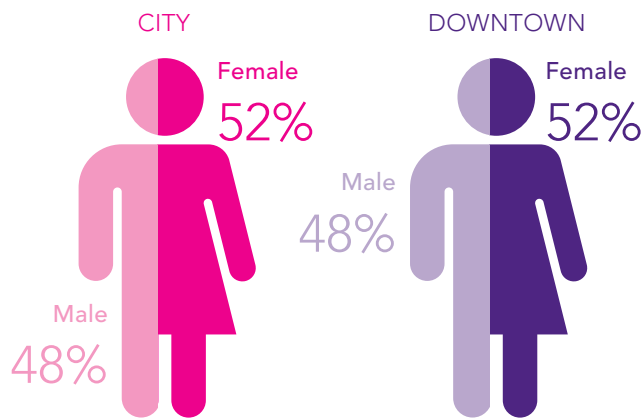


\*Due to rounding, percentages may not add up to 100 percent. Also, this study uses U.S. Census definitions of race and ethnicity. Race is defined as a person's self-identification with one of more racial groups (White, Black, African American, Asian, American Indian and Alaska Native, Native Hawaiian, Pacific Islander, or some other race). Ethnicity determines whether a person is of Hispanic origin or not. For this reason, ethnicity is broken out into two categories, Hispanic or Latino and Not Hispanic or Latino. Hispanics may identify as numerous races.

Downtown comprises 36% of the city's African American workforce, 37% of the city's Asian workforce, and 28% of the city's Pacific Islander workforce

**Diverse Workforce:** While downtown's racial and ethnic employment breakdown mirrors that of the greater city, when compared to the citywide share, one can see that downtown Sacramento is an inclusive enclave for the city, representing a large share the city's White, African American, American Indian, Asian, and Pacific Islander workforce. Downtown comprises 36 percent of the city's African American workforce, 37 percent of the city's Asian workforce, 28 percent of the city's Pacific Islander workforce and 17 percent of the Hispanic workforce.

## Gender in Employment

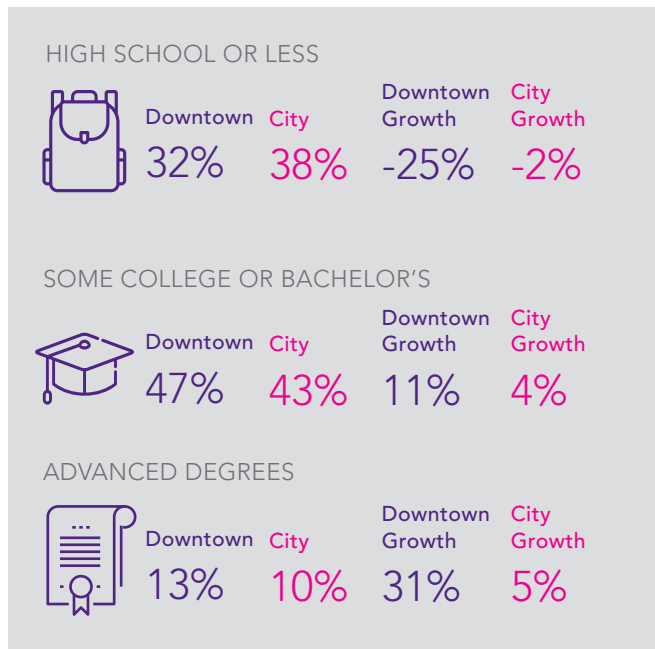


**Diverse Residential Population:** Residents of varying socio-economic status, educational attainment, professional experience, ethnicity, age, and wage, are all able to live and work in downtown. Home to 19,758 residents representing 4 percent of the city's overall residential population. There are 3,992 residents per square mile in downtown; creating a dense, active downtown environment.

Downtown enjoys a diverse residential population as well. Over 11 percent of the residential population is African American, 14 percent is Asian, and 20 percent is Hispanic. Eighteen percent of downtown residents are foreign-born.<sup>ii</sup> Downtown is also inclusive for residents at all ages. Forty-three percent of residents living in downtown are 65-74 years old, while 26 percent are millennials (age 25-34 years-old). Downtown is an attractive place for individuals of all ages and ethnicities to reside. As the demographics of the greater city and region of Sacramento continuing to grow more racially and ethnically diverse, downtown has the potential

to appeal to and serve a variety of diverse interests which in turn will continue strengthening its economy and culture of the entire region.

## Resident Education Level



**Household Income:** Downtown is home to households across a spectrum of socio-economic statuses, providing both housing and professional opportunities for a diverse population. Six percent of households in downtown earn less than \$10,000. Additionally, 3 percent of the city's residents seeking affordable housing live in the downtown, meaning those renters living with a burden above 30 percent of their household income. Residents seeking more affordable housing living in downtown account for 17 percent of downtown's total population. Downtown is accessible to residents considered low, middle, and high-wage earners.

Residents are attracted to downtown because it is an amenity-rich center city; connecting them to jobs, education, services, food, and quality public spaces. Downtown Sacramento is accessible to residents considered low, middle, and high-wage earners. As an example, 67 percent of the existing housing stock in the Central Business District is low-income or senior housing.

Downtown is also attractive to high-wage earners. Higher earning households have significantly increased in downtown

## Downtown Household Income



# 35%

MIDDLE CLASS\*  
RESIDENTS

\*Based on national definitions of middle-class, this may not align with local definitions. This study defines middle-class as those who make between \$40,000 and \$100,000 annually

with new housing options recently added. Since 2010, households earning \$100,000 to \$124,999 and \$125,000 to \$149,999 annually have increased by 36 percent, respectively, while 225 more households earned \$150,000 to \$199,999, and 197 more households earned \$200,000.

Downtown is home to residents across the spectrum of socio-economic statuses, providing opportunities for lower income households, while balancing the growth of high earning households. A challenge will be to maintain this balance.

### Rental Market:

After nearly non-existent new market rate development for decades, downtown is now experiencing the fastest growth rates among higher-end market-rate rental units in the region, in particular, units costing more than \$1,250 per month. The growth of high-end units is not isolated to downtown Sacramento. Heightened rents, low vacancy rates, and shrinking supply of available places to live has been felt throughout the state. The state is undergoing a surging housing crisis as the cost of living in California has become pervasive impacting individual's quality of life, causing extreme commutes, damaging the economy and damaging the environment.

The challenge will be to balance the growth of some of these household income segments moving forward, with a concerted focus on allowing for both housing for the "missing middle," those within the 80-120 percent average median income (AMI) group, as well as for "workforce" housing, those within 60-80 percent AMI.

The City of Sacramento estimated that over the past nine years, 17,200 housing units would be constructed, however, only 2,900 of those units have been created or are under construction.<sup>6</sup> A downtown specific initiative is being moved forward, to help alleviate the housing stress especially as more residents are being drawn to living in the urban core. Initiating a downtown plan that is geared towards the "missing middle" will be imperative as the downtown's housing pipeline shows that only 4 percent of new units over the next 5 to 10 years are expected to be affordable to low and middle-income families.<sup>7</sup>

**Diversity of Land Use:** Eighty percent of downtown's land-use is commercial (8 percent retail, 67 percent office, 5 percent hotel) and 20 percent is residential. Compared to the city, downtown has a significantly more diverse mix of land uses. The city's land use patterns are comprised of 47 percent residential uses and 53 percent commercial uses. Downtown, with its strong mixed-use development and land patterns positions itself for strong future development. Downtowns and center cities are uniquely equipped to respond to the growing demand by firms and employers for mixed-use development. Along with higher demand, utility, and values for walkable urban places, the mixed-use buildings themselves offer a higher return on property tax revenue. A study by the Sonoran Institute reports, "In terms of dollars per-acre, mixed-use downtown parcels bring in, on average, five times the property tax revenue as conventional single-use commercial establishments on the outskirts of town."<sup>8</sup> Downtown, with its strong mixed-use development and land-use patterns positions downtown for strong future development and economic returns for the city. Adaptive reuse and infill development are powerful tools that should be used for continued downtown investment and development. While more expensive up front to build than greenfields, dense urban development has a better return on investment in the long run for both the city, investor, and the environment.

<sup>6</sup>Note that percentages may not add up to 100 since "Hispanic" is not included in the non-white category of the US Census.

<sup>7</sup>Attainable middle-class rent is defined as monthly rental rates between \$800 and \$1500 a month and attainable middle-class housing prices are those between \$300,000 and \$750,000. This is based on the Bureau of Labor Statistics income classifications.



# Vibrancy | Spending, Fun

Due to their expansive base of users, center cities can support a variety of unique retail, infrastructural, and institutional uses that offer cross-cutting benefits to the region.

Downtowns and center cities typically are the regional epicenter of culture, innovation, dense public spaces, and commerce. These activities are supported by and flourish in downtown due to the center city's density, diversity, identity, and utilization. As downtowns and center cities evolve, the growth of spending, users, institutions, businesses, and innovation will support continued investment in critical infrastructure, be it public parks, transportation, affordable housing, or major retailers that cannot be supported elsewhere in the region. An engaging downtown "creates the critical mass of activity that supports retail and restaurants, brings people together in social settings, makes streets feel safe, and encourages people to live and work downtown because of the extensive amenities."<sup>9</sup>

**Benefits of Vibrancy:** Density, Creativity, Innovation, Investment, Spending, Fun, Utilization, Brand, Variety, Infrastructure, Celebrate

## Retail Sales



Annual Downtown Spending  
**\$874M**

Share of City  
**11%**

### ANNUAL RETAIL SPENDING PER CAPITA

Downtown  
**\$44,243**

City  
**\$17,102**

**Downtown Sacramento supports a variety of unique retail, infrastructural, and institutional uses.** Downtown Sacramento represents 11 percent of the city's retail sales and 16 percent of the city's retail offerings. The 715 businesses are supported by 2.4 million square feet of retail. This equates to 490,422 square feet of retail for every square

mile downtown, accounting for 6 percent of the city's overall retail footprint.

Retailers are attracted to both downtown and the city, as is evident by the comparable vacancy rates of 7 percent and 8.6 percent respectively. The annual retail demand and sales in downtown is \$1.2 billion. The downtown's retail demand is \$317 million, accounting for 4 percent of the city's retail

## Retail Market Vitality



SQUARE FEET OF RETAIL	Downtown	City
	<b>2.4M</b>	<b>40M</b>
RETAIL VACANCY RATE	Downtown	City
	<b>7%</b>	<b>9%</b>
RETAIL DENSITY	Downtown *	City*
	<b>490K</b>	<b>385K</b>

\*Retail square feet per square mile

demand. Due to the density and variety of retail options in downtown, it is of no surprise that downtown and city residents frequent downtown to make purchases. Downtown Sacramento generates a high volume of retail sales at \$874.2 million.<sup>10</sup> This correlates to \$176.5 million in retail sales per square mile compared to the city which generates \$81.6 million in retail sales per square mile. On a per square mile basis, downtown generates more than two times the amount of money from retail sales than the greater city. On a per capita basis, downtown generates \$44,243 while the city generates \$17,102.

## Retail Demand



Downtown Demand

\$317M

Share of City

4%

ANNUAL RETAIL DEMAND PER RESIDENT

Downtown

\$16,063

City

\$17,702

Developers and retailers are willing to pay premium prices to locate in downtown. Retail rents are approximately \$26 per square foot in downtown compared to \$18 in the city and \$17 per square foot in the region. Not only are retail rents higher in downtown, signaling high retail demand, but rents have grown significantly since 2010. Since 2010, retail rents have doubled, growing from \$13 to \$26 per square foot. Retail vacancy rates in downtown are low at 7 percent, showing that downtown is an in-demand market. Low vacancy rates and high consumer spending in downtown Sacramento drives

## Retail

NUMBER OF RETAIL BUSINESSES



Downtown

715

NUMBER OF RETAIL BUSINESSES  
PER SQUARE MILE



Downtown

144

16%

CITY'S SHARE OF  
RETAIL BUSINESSES  
IN DOWNTOWN

a retail market of high rent premiums. This strong retail market signals healthy growth for downtown as demand for downtown retail trends in a positive direction.

## Destination Retail

NUMBER OF DESTINATION  
RETAIL BUSINESSES



Downtown

96

City

710

NUMBER OF DESTINATION RETAIL  
BUSINESSES PER SQUARE MILE



Downtown

19

City

7

13%

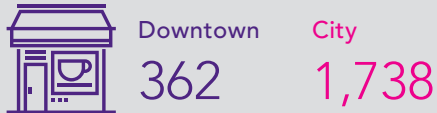
CITY'S SHARE OF  
DESTINATION RETAIL  
BUSINESSES IN  
DOWNTOWN

**Density:** The walkable nature of downtown is evidenced by the number of pedestrians in the downtown during a given period. The foot traffic downtown at 10th and K Streets averages 9,097 pedestrians per day. Pedestrians are indicators of a vibrant and engaging place, with downtowns typically having much higher daily pedestrian traffic than outlying areas. Walkable areas are desirable, healthy and economically viable. It is for this reason that retailers, developers, and investors look to pedestrian count data as an indicator of success. Within the last year, pedestrian traffic has increased approximately 50 percent at the intersection of 10th and K Streets in downtown Sacramento during events at the new arena nearby. Further, walkable urbanism is associated with "agglomeration economies," the phenomenon that companies are more productive in dense, urban environments where they can attract top talent and share knowledge with other firms.<sup>11</sup>

**Educational Attainment:** Downtown is also home to residents at varying levels of educational attainment. Thirty-seven percent of downtown's residents hold a bachelor's degree or higher. The percent of residents with a bachelor's

## Food & Beverage

NUMBER OF FOOD & BEVERAGE ESTABLISHMENTS



NUMBER OF FOOD & BEVERAGE ESTABLISHMENTS PER SQUARE MILE



**24%** CITY'S SHARE OF FOOD & BEVERAGE ESTABLISHMENTS IN DOWNTOWN

degree or higher is growing rapidly. Since 2010, the number of residents with a bachelor's, master's, or professional degree [combined] has grown by 28 percent; comparatively, the number of residents with a bachelor's degree or higher has grown by 2 percent in the city. More specifically, the number of downtown residents with a bachelor's degree has increased by 26 percent, residents with a master's degree has increased by 17 percent, residents with a professional school degree has increased by 93 percent, residents with a doctorate degree has increased by 9 percent. This rate of growth has far outpaced the rest of the city's rate of growth. Studies show that communities with a well-educated workforce tend to have higher wages and more vibrant economies.<sup>12</sup> Downtown Sacramento is an attractive center city for highly educated residents and is increasingly becoming more attractive for these segments.

**Residential Development & Density:** Downtown Sacramento is the economic hub of California's Capital Region, bringing together the dynamism of the business world with the excitement of a growing urban neighborhood. To accommodate this growth and density of the urban core, downtown's residential inventory is comprised of over 5,806 residential units, with 1,645 more under construction. Downtown's residential development accounts for 7 percent of the city's overall residential inventory. Developers view

downtown as a desirable place to invest, as the new residential deliveries in downtown comprise 26 percent of the city's total rental assets and 23 percent of the region's.

Opportunities for a high quality of life are abundant in downtown. With dense amenities ranging from parks to retail offerings to bars and restaurants, downtown provides enjoyable opportunities and moments for all users. As the center for jobs and employment, there are numerous professional opportunities that span the spectrum of industries and professions. The proximity, density, and closeness of center cities enable citizens to work, play and innovate together.<sup>13</sup>

Within the downtown retail market is 13 percent of businesses are destination retail,<sup>iv</sup> and 55 percent are food and beverage. Due to the density and variety of retail options downtown, it is no surprise that downtown attracts shoppers year-round. There are 326 restaurants, 36 bars, and 3 grocery stores in downtown, presenting people with the opportunity to dine out and experience the urban core. These amenities encourage people to visit, experience, and engage in the center city. Downtown is amenity rich and home to a dense retail sector with 715 retailers. On a per square mile basis, downtown has 144 retail businesses, and an average of 66 restaurants and 7 bars. The dense residential population is thus well served by downtown's vibrant amenities. The density and diversity of people living downtown is directly related to the neighborhood's ability to attract and support a healthy mix of businesses, firms, services and other amenities required to support the growth of an evolving urban core at the heart of the region.



# Identity | Visitation, Heritage, Tradition

Downtowns and center cities preserve the heritage of a place, provide a common point of physical connection for regional residents, and contribute positively to the brand of the regions they represent.

Whether from a historical event or personal memory, downtowns have intrinsic cultural significance to the brand of the region. Downtowns and center cities offer a place for regional residents to come together, participate in civic life, and celebrate their region, which in turn promotes tourism and civics. Likewise, the “postcard view” visitors associate with a region is virtually always one depicting downtown.

Downtowns are “iconic and powerful symbols for a city and often contain the most iconic landmarks, distinctive features, and unique neighborhoods. Given that most downtowns were one of the oldest neighborhoods citywide, they offer rare insights into their city’s past, present and future.”<sup>14</sup> The authentic cultural offerings in downtown enhance its character, heritage, and beauty; creating a unique feeling that is not easily replicable in other parts of the city.

**Benefits of Identity:** Brand, Visitation, Heritage, Tradition, Memory, Celebrate, Fun, Utilization, Culture

## Social Media

285,000+

FOLLOWERS ON FACEBOOK,  
INSTAGRAM, AND TWITTER



**Downtown Sacramento preserves heritage, connects regional residents, and contributes positively to the brand of the place.** In downtown Sacramento, there are 12 museums spread throughout downtown, averaging 2 museums per square mile. The authenticity of cultural offerings downtown enhances its character, heritage and beauty; creating a unique feeling that is not easily replicable in other parts of the city.

Downtown provides entertainment options, cultural events, historical artifacts and green space for all to enjoy. Downtown Sacramento is home to one NBA arena (Golden 1 Center) and “Old Sacramento,” the city’s historic entertainment district along the Riverfront, as well as 115 public art installations, 26 event venues, 22 parks, 12 museums, 6 theaters, 3 community centers and one convention center. There has been \$10 million in investment in public art in and around the arena, including the first publicly-owned, permanently displayed piece by internationally recognized artist, Jeff Koons. A sampling of annual events in downtown includes Concerts in the Park, St. Patrick’s Day Parade, Downtown Sacramento Ice Rink, Theatre of Lights, Farm-to-Fork Week, art festivals and more. The Downtown Farmers’ Markets runs for 26 weeks at 4 locations with 35 vendors and over 175,500 shoppers. Downtown’s 47 acres of available and easily accessible green space provides opportunities for physical activity, providing residents and visitors additional opportunities to engage in outdoor activities.

Downtown is a destination with appealing amenities for everyone, ranging from dense retail offerings to parks. These amenities contribute to a social media following of more than 285,019 (and growing) using the downtown hashtag #downtownsac to capture the fun, vibrant, and authentic moments that the center city offers. Downtown is activated by more than 400 events every year and the new downtown arena has become a stage for numerous major events and sports that provide comradery, attachment, and allegiance to the city’s sports teams, resulting in local pride and a sense of community in the urban core. This sense of place and attachment extend far outside the downtown’s borders and provide regional and statewide positive externalities. In its first year, the Golden 1 Center has had over 350 events and 1.6 million guests, including over 150 major events such as concerts, games, shows, sporting events and live entertainment, along with 43 concerts (28 sold-out), 43 NBA games, 34 family shows, 16 graduations, and 25 live sporting events. Golden 1 Center was rated a “top 15

venue” (number 6) in U.S. ticket sales in 2017.<sup>15</sup> The range of amenities and activities offered in downtown creates an attractive place for visitors and tourists.

Downtown Sacramento also attracts visitors through the convention business. In 2016, 875,000 annual convention attendees cycled through the convention center’s 370 conventions. The strength of the convention business translates into proximal hotel investments. As of 2016, visitors can stay at one of the 29 hotels in downtown, which collectively offer a total of over 4,000 hotel rooms, comprising 39 percent of the city’s overall share of hotel options.

## Downtown Events



26

EVENT VENUES

297

EVENTS PER YEAR

229

OUTDOOR EVENTS  
PER YEAR

370

CONVENTIONS  
PER YEAR



## Downtown Destinations



12

MUSEUMS



15

PLAYGROUNDS/  
POOLS



47

ACRES OF URBAN  
PARKS



29

HOTELS



115

PUBLIC ART



1

ARENA



3

LIBRARIES

# Resilience | Sustainability, Diversity

Resilience is broadly defined as the ability for a place to withstand shocks and stresses. Because of the diversity and density of resources and services, center cities and their inhabitants can better absorb economic, social, and environmental, shocks and stresses than other parts of the city.

The strengths drawn from the diversity, and economic prowess of downtowns and center cities equip them to adapt to economic and social shocks better than communities which are more traditionally homogenous. Consequently, they can also support the resiliency of the region, particularly in the wake of economic shocks that disproportionately affect less economically and socially dynamic areas. Similarly, due to their density, downtowns and center cities are better positioned to make the investments to hedge against and withstand increasingly-frequent environmental shocks and stresses.

**Benefits of Resilience:** Health, Resilience, Equity, Sustainability, Accessibility, Mobility, Services, Density, Diversity, Affordability, Civic Participation, Opportunity, Scale, Infrastructure

**Downtown Sacramento's diverse services and amenities enrich the quality of life for residents, while also providing economic, social, and environmental resilience.**



A downtown's diversity and density of resources and services make it better positioned to absorb economic, social, and environmental, shocks and stresses than other parts of a region. In fact, "in comparison to other parts of the new American city, namely suburbs and edge cities, preliminary evidence reveals that downtowns have been a little more resilient during the downturn and possess certain sectors with the potential for recovery."<sup>16</sup> Not only does density create an economically productive result, urban density

## Environmental Resilience



29  
LEED  
BUILDINGS



22  
PARKS

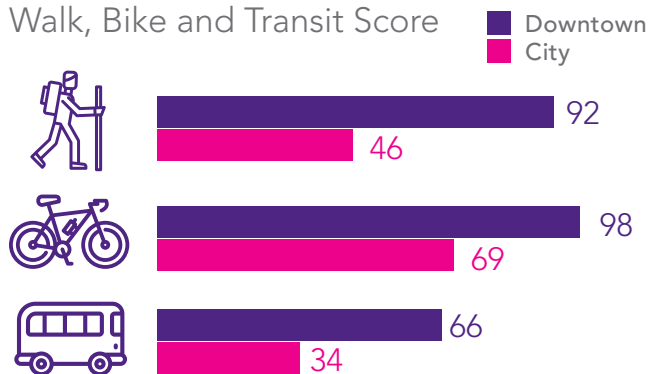
leads to efficiencies that cannot be replicated in suburban and less urban areas. The denser an area is, the more walkable, bikeable, and transit friendly the downtown is. The denser a center city, the more employees work in office buildings compared to the sprawling office parks of their suburban counterparts. These efficiencies that are inherent in downtowns and center cities, contribute to the downtown's overall resiliency.

Another crucial aspect of resiliency is social resiliency. Downtowns and center cities are well positioned to be socially resilient due to their diversity, density, and access to public gathering places. Furthermore, research shows

that walkable urban places are more apt to have greater diversity, a higher share of low-income people, and lower racial segregation compared to drivable sub-urban areas.<sup>17</sup> Additional research by the George Washington University School of Business finds that there is a positive relationship between walkable urbanism, economic performance and social equity, but cautions that it doesn't remove the growing concerns around affordability from a public policy standpoint.<sup>18</sup>

With 22 parks, 3 libraries, 3 community centers, and 13 religious institutions, downtown Sacramento provides the opportunity for residents, tourists, and others to congregate, meet, advocate, and exercise constitutional freedoms. As the stewards of downtown, urban place managers have an opportunity to help shape urban centers to meet the high demand for walkable urban housing offerings, and to "create communities that welcome people of all walks of life, offer the services necessary for residents, and create integrated and holistic communities."<sup>19</sup> Ongoing attention to affordability, safety, amenities, and transit is critical.<sup>20</sup>

### Walk, Bike and Transit Score



## Downtown Community Resources



3

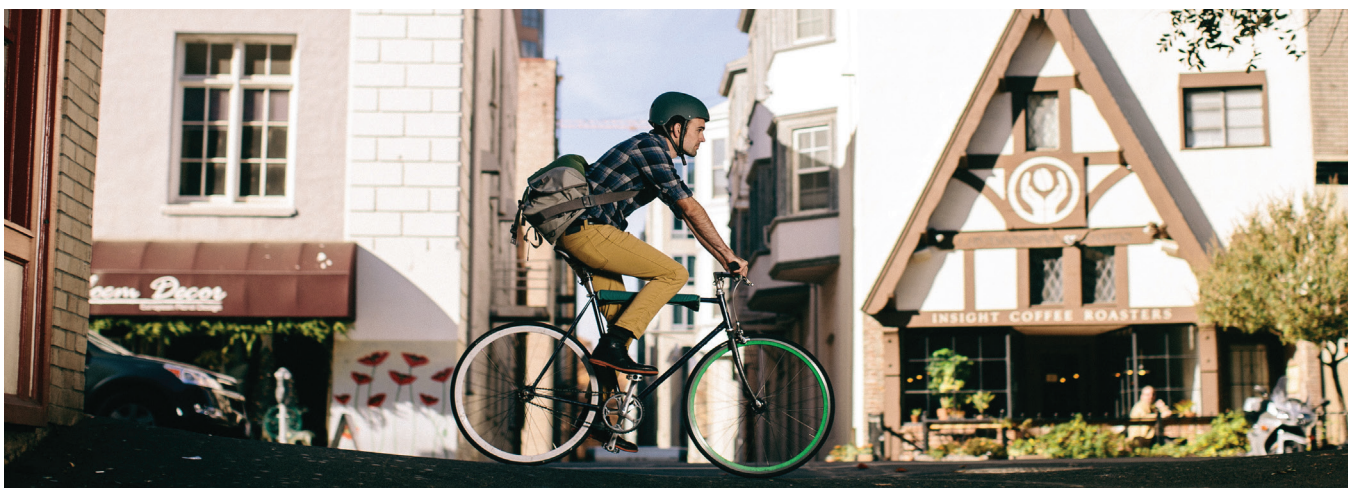
COMMUNITY  
CENTERS



13

RELIGIOUS  
INSTITUTION

Downtown's commuting patterns also contribute to the resiliency of the urban core. Downtown is a highly mobile district with a Bike Score of 98, Walk Score of 92 and Transit Score of 66. Downtown scores higher than the city in each of these categories, with the city receiving a Bike Score of 69, Walk Score of 46 and Transit Score of 34. Research from the George Washington University School of Business found that walkability is associated with increased economic productivity and that every one-point increase in Walk Score above 70 is correlated with an increase of between \$615 and \$692 in gross regional product per employee.<sup>21</sup> Downtown employees choose to commute to work via biking, walking, public transportation, or carpooling 47 percent of the time whereas city-wide employees tend to take alternative methods of transportation only 24 percent of the time. This is important for employers, as well as employees



since businesses are attracted to center cities with multi-modal transportation options.<sup>22</sup> A 2014 study by the Martin Prosperity Institute found that “startup and technology companies are significantly more likely to be located in transit-oriented and walkable areas.”<sup>23</sup>

With such a walkable, mobile, bikeable environment, it is no surprise that a higher majority of downtown residents choose to walk, bike and carpool to and from work. Downtown residents walk to work 22 percent of the time, compared to 2 percent of the time for city residents. Similarly, downtown residents bike to work 7 percent of the time, while city residents commute by bike only 1 percent of the time.

Downtown makes it easy for residents, tourists, and employees to travel via bike. There are 6 bikeshare stations in downtown, with more planned in the near future, averaging one bikeshare station for every square mile. The bicycle network in downtown is strong, allowing for easy access



throughout the greater bikeshare system. Furthermore, there are 3 car-share locations available in downtown, providing those who do drive with the access to drive into the urban core and experience the center city. The walkable and bikeable nature of downtown leads to healthy mobility and lifestyle choices. Bicycle and pedestrian infrastructure has also been shown to add stability to downtown real estate market values and it also maintains value and stability despite market downturns.<sup>24</sup>

The natural and built environment of the center city enhances the resiliency of downtown. The availability of parks, outdoor activities and open space in the center

### Non-Single Occupancy Vehicle Commuting



city provides the opportunity for healthier lifestyles for downtown residents. With 22 public parks downtown and 47 acres of green space, residents can readily experience and enjoy 4 parks every square mile. Available green space also translates into access to outdoor activities which enhance a high quality of life. This has a multitude of health, environmental, well-being and sustainability benefits. A 2008 study from the University of Utah found that increasing walkable environments, with higher density and pedestrian-friendly design, decrease the risk of weight gain.<sup>25</sup> Research has also proven a clear correlation between urban density and reduced carbon emissions. A 2014 report from the University of California, Berkeley found that “families living in denser urban cores had a carbon footprint that was half

## Downtown Commuting Patterns:

### BIKE



Downtown	City
7%	1%

### TRANSIT



Downtown	City
7%	3%

### CAR POOL



Downtown	City
4%	11%

### WALK



Downtown	City
22%	2%

### AUTO



Downtown	City
53%	76%

\*Percentages may not add up to 100% due to rounding and exclusion of taxicabs, while non-single occupancy commuting patterns include all modes beside SOV.

that of families living in the suburbs.”<sup>26</sup> Available green space is in high demand, exemplified in ULI’s 2015 survey of millennials in the Bay Area. Sixty-three percent of residents rated green space and parks as a top or high priority, whereas less than half (forty-two percent) rated having a private yard as a top or high priority, indicating that access to shared open space is a highly valued urban amenity.

The built environment is also green and sustainable, with 29 LEED certified buildings, adding to downtown’s sustainability

and resiliency. Accompanying this is downtown Sacramento’s proximity to the region’s waterfront, trails, parks, and open spaces. For example, the downtown riverfront streetcar project will connect major destinations between West Sacramento and Sacramento’s downtown and midtown districts. Downtown Sacramento is at the convergence of a natural environment that provides sustainable benefits for the triple bottom line, and that offers its natural beauty to the deep enjoyment of its employees, residents, and visitors.



# Downtown Profile | Summary

Downtown Sacramento is a growing and strong downtown. In comparison to the average downtown involved in this pilot study, downtown Sacramento accounts for a larger share of its city's property tax revenue, has lower than average office vacancy rates, and has a larger share of the citywide employment. While downtown Sacramento accounts for a significant share of the city's overall employment, it has an opportunity to grow that employment base, especially in its attraction efforts of knowledge professionals.

Downtown Sacramento is diverse and accessible, being home to a large share of the city's foreign-born and non-white population, especially in comparison to other pilot downtowns. As downtown continues to grow and housing affordability remains a challenge, maintaining a diverse population will be imperative. Affordable and attainable housing policy and development aimed at filling the "missing middle" will also be essential for downtown Sacramento, as downtown is home to a lower percentage of citywide middle class families than comparative downtowns.

Downtown Sacramento proves itself to be a vibrant downtown for arts and culture. Having more public art installations and museums than the average pilot downtown, it has ample authentic, community-inspired arts and cultural offerings. Additionally, downtown Sacramento has a higher volume of events and conventions than the average pilot downtown. Highlighting these advantage and assets to

further position downtown as a destination to experience the arts and culture, and to take advantage of events, will only amplify downtown as a regional attraction.

Additionally, downtown Sacramento provides residents and visitors with ample parks and recreational space. Having 9 more parks than the average pilot downtown, downtown Sacramento has the green infrastructure to maintain and enhance a high quality of life. Downtown also has the opportunity to strengthen its transit connectivity and usability. As compared to other downtowns, downtown Sacramento has a higher than average Bike and Walk Score, but a lower than average TransitScore. Strengthening downtown's connectivity will only enhance the multi-modal nature of downtown for social, environmental, and economic benefits.

Downtown's demography is diverse – and it will be in downtown's best interest to support its residents in creating and establishing their own business ventures. Downtown Sacramento will benefit from employment growth, encouraging a mix of retail amenities, and investing in infrastructure in downtown. Like many downtowns, downtown Sacramento is struggling to address the challenges that come with growth and development, while balancing inclusivity and equity. Downtown Sacramento has the potential to support equitable growth and evolve authentically.



APPENDICES

PROJECT  
METHODOLOGY

PRINCIPLES AND  
BENEFITS

DATA SOURCES

ADDITIONAL IDA  
SOURCES

BIBLIOGRAPHY



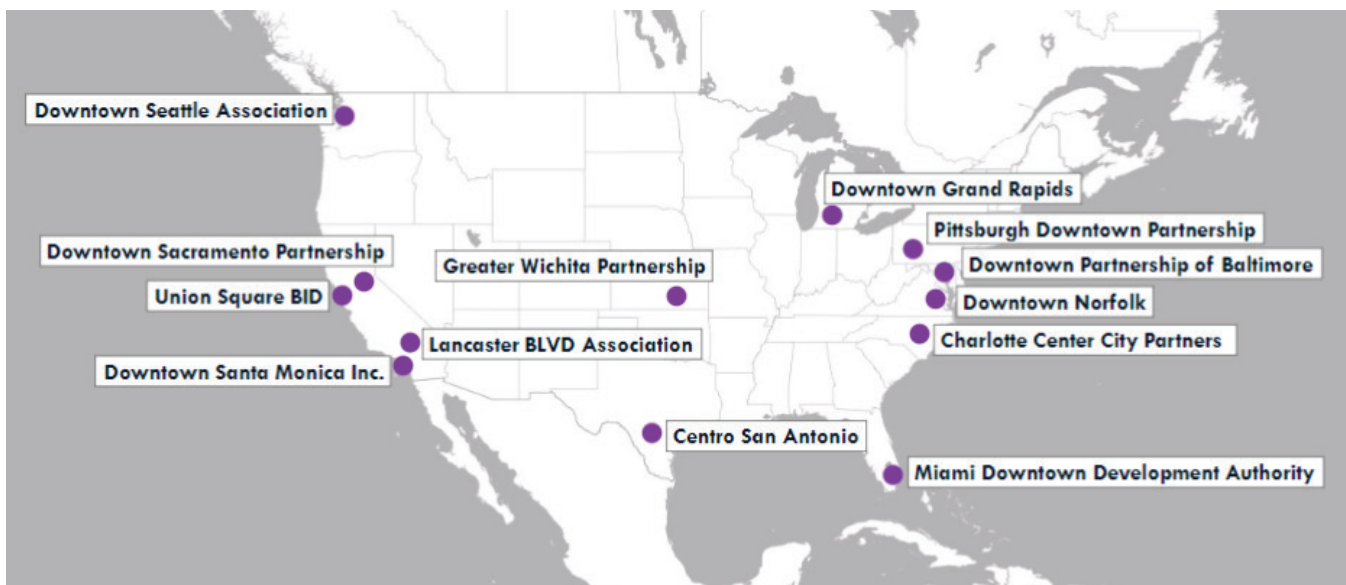
# Appendix I: Project Methodology

## PROCESS

The IDA Research Committee created a project taskforce with various downtown leaders across the country to embark on this project. The committee and the 13 pilot downtowns selected HR&A Advisors after reviewing all consultant submissions to host a Principles and Metrics Workshop and work with IDA to develop the valuation methodology. Stantec's Urban Places was part of the project taskforce as an expert advisor, evolving into a contributor and thought leadership for this final compendium report, *The Value of U.S. Downtowns and City Centers*. Participating downtowns spent eight months informing the resulting metrics. The pilot downtowns provided input on the goals, values and vision of the project. They also provided input on the questions they wanted answered to be able to prove the value of their downtown compared to their city. They were part of the planning, refining metrics, providing project input, geography selection, contributing funding, collecting data and information, and negotiating data sharing relationships with local partners.

## PILOT DOWNTOWNS

IDA partnered with 13 downtowns across the country to inform *The Value of U.S. Downtowns and Center Cities* by active engagement in shaping the principles, metrics, value statements, and audiences. The thirteen participating pilot downtowns were selected based on diversity of geography and population size, being defined as a traditional downtown place, and interest in the project. To the extent possible, the downtowns have been selected so that they represent diverse U.S. geographic regions that are relatively comparable in terms of the complexity and defined role of each downtown. Varying scales, geographies and characteristics to develop a replicable valuation methodology for all American downtowns. The sample of U.S. downtowns is representative of various U.S. regions (Northeast, West, South, Midwest), includes only IDA-members, where the area identifies as a center city node, with preference for downtowns that participated in IDA's 2013 Defining Downtowns analysis, willing to contribute to the project, and who expressed interest. The sample is small enough to work collaboratively on the details, but large enough to provide credibility.





## PROJECT PURPOSE

The purpose of this project was to measure the performance of American downtowns based on collaboratively developed principles that contribute to a vital downtown. The project aims were to:

- Benchmark performance of American downtowns- while this project doesn't aim to compare the pilots to each other, it does create a means to begin benchmarking for future comparisons by assessing downtowns against the same principles and data that will consistently be collected.
- Create a baseline for future data collection to continue articulating necessary investment in American downtowns by public and private sources- data standard.
- Develop a common set of metrics to communicate value of downtowns.
- Expand range of arguments UPMOs can make to stakeholders using primarily publicly available data.
- Save time and effort by automating portions of analysis.
- Create a framework that is accessible, replicable over time, scalable across jurisdictions.

## HYPOTHESIS

The hypothesis was that a downtown, with its relatively small share of land mass, would have a large economic and community impact, with multiple benefits for both the city and the region. These impacts include higher land values substantial economic development outputs, return on investment for both public and private sectors, and more efficient use of public utilities. These impacts prove that a strong downtown is critical for a region to prosper relating to economic development, identity and brand, social equity, culture, vibrancy, and resiliency.

Initial questions and challenges that the participating downtowns had going into this project included:

- What is the economic case for downtowns and what stands out about land values, taxes, or city investments?
- How do downtowns impact their regions?
- How can we standardize metrics to calculate the value of a downtown?
- How can downtowns measure their authentic, cultural and historical heritage?
- How does the diversity of downtown make it inclusive, inviting, and accessible for all?
- What are the inherent characteristics about downtown that serve as an anchor of the city and region?
- Due to downtown's mix of land-uses, diversity of jobs, and density – are they more socially, economically, and environmentally resilient?

## DOWNTOWN DATA SURVEY

The 13 pilot downtowns were surveyed to see which metrics they currently collected, which were the most impactful and what their priorities for this study were. This survey found that every participant relied on municipal data, public census, and labor data to articulate the importance and value of their downtown to a range of stakeholders. Additionally, most participants utilize proprietary real estate and labor data for their analysis. Very few participants had the research capabilities to utilize geographic information systems and economic impact software. The downtowns use (in order of greatest to least frequency): municipal data, public census and labor data, proprietary census or labor data, geographic information systems, and economic impact software. Part of the project, therefore, included sharing useful statistical tools and data sources with the pilot downtowns to enable them to replicate and scale this project over time and to use the results and methodologies to promote their downtowns in all the relevant spheres better. Based on the results of this survey, it became evident that while the majority of downtowns were fluent in utilizing public data and some proprietary data – not every downtown had the same research capabilities.

Quantitative data was collected to develop a specific set of data that could help identify key trends occurring in the downtown over time. The collection of quantitative data was generally undertaken by IDA, HR&A Advisors, and the local project partners. Data collected covers the following areas: publicly available census data (population, demographics, employment, transportation), local downtown economic data, municipal finance data, capital projects data, GIS data, and the local qualitative context.

## LITERATURE REVIEW

Before determining the data points and metrics to collect, IDA and HR&A Advisors first performed a comprehensive review of existing research on downtowns, as well as methodological standards for measuring their performance and impact. The first goal was to fully understand existing methodologies, and only then to deliver options for maximum value by identifying a list of areas of analysis, best practices, and potential metrics.



## PRINCIPLES WORKSHOP

A half-day, in-person, Principles and Metrics Workshop was held in Washington, D.C. in March 2017 with IDA, Stantec Urban Places, HR&A Advisors, and the 13 pilot downtowns. The goal of the meeting was to review and refine a set of successful principles to guide the analysis and identify potential metrics to be included in the valuation methodology. Workshop materials included a brief presentation on the study purpose, work plan, overview of existing research and a draft set of study principles and potential metrics for consideration. The downtowns provided feedback on value statements, a proposed set of audiences, types of data and metrics, types of data sources, and methodologies to form the basis for value assessment.

During this workshop, the convened stakeholders reviewed a draft set of principles, serving as areas of analysis for the methodology. The downtowns listed relevant audiences who have a stake in maintaining strong and thriving downtowns, workshopped a series of value statements (“arguments”) to articulate the potential value of a strong downtown to each audience group. Collectively, these value statements define the different characteristics of downtown and create a narrative that connotes value to the hearts and minds to the target audience of various stakeholders.



To provide a basis for articulating downtown value, the project team proposed a set of value statements, supported by measurable benefits. Existing research was analyzed to create a starting point or attributes for a successful downtown:

- **Demographics:** Is the downtown growing? How fast is it growing relative to the city and region? Is the downtown's growth inclusive?
- **Employment:** Regarding employment and wages, how does the downtown fit into its city and region? Is it a center for major industries? Is it driving the local economy?
- **Economic Impact:** Does the downtown provide proven value regarding economic output? Does it provide intangible values such as the clustering of firms or industries?
- **Accessibility:** Can the downtown be easily accessed by all modes of transportation (driving, walking, transit)? What is the downtown's role in regional connectivity?
- **Livability:** Does the downtown provide a high quality of life for residents and workers?
- **Tourism and Culture:** Does the downtown help the city market itself on a regional, national, and global scale?
- **Sustainability and Resilience:** Does the downtown adapt to mitigate the impacts of natural hazards? What is its impact on the surrounding environment?

These guiding attributes around demographics, employment, economic impact, accessibility, livability, tourism and culture, and sustainability and resilience were used as a baseline. During the workshop, feedback was solicited and gathered from the stakeholders on the preliminary study principles, range of potential data, feasibility of collection and capacity for data evaluation.

The workshop also:

- Identified key stakeholder groups
- Identified measurements of value
- Constructed sample value arguments
- Discussed what the most replicable and useful principles were
- Identified metric selection criteria
- Discussed geographic comparisons considerations
- Constructed value arguments
- Created matrix aligning value arguments with audiences to identify the guiding principles
- Discussed how the metrics met the selection criteria and developed arguments to communicate value to the assigned topic and audience combination

## Discussion: What factors make a vibrant downtown?

Because many of the participating downtowns have differing strengths; some are tourist hubs, while others are employment anchors, the downtowns refined the valuable attributes that are common across all downtowns regardless of unique characteristics. Some of the factors discussed that measured the value of a downtown

were: fun, diversity, density, creativity, size, economic output, mobility, brand, investment, resiliency, health, sustainability, affordability, fiscal impact and accessibility. These factors and discussions led to establishing the attributes that make downtowns valuable, value principles, statements, data points, and audiences.

Fun	Diversity	Density	Creativity	Size
Economic Output	Mobility	Brand	Investment	Resiliency
Health	Sustainability	Affordability	Fiscal Impact	Accessibility



### DETERMINING PRINCIPLES FOR A VITAL DOWNTOWN

The immutable and inherent value attributes of downtown are many and vast. Refining the value principles that collectively capture these many attributes and characteristics of downtown was informed by the participatory dialogue during the Principles and Metrics Workshop. These values were refined to appropriately speak to each valuable principle that makes downtown a vital piece of the city and regional puzzle. These value principles were broken into five categories to encompass the many benefits of downtown. The principles and benefits that make downtown valuable was the basis for determining the benchmarking metrics.

Incorporating input from each of the downtowns, the ten preliminary value statements were transformed into a series of five value statements organized around the following themes: Economy, Inclusion, Vibrancy, Identity, and Resilience. Though the ways in which each downtown articulates their value may differ, each of these statements should broadly apply to every downtown. Each value statement contains multiple metrics

and methods of articulation that could influence different audiences. For instance, within the economy argument, a downtown management organization could measure the generation of sales tax revenue within downtown for the city, county, and state, which would have resonance for local and regional government officials, but which is less likely to move visitors and workers. For these audiences, the downtown management organization could supplement tax data with an assessment of the types of retail available downtown, whether it meets user needs, and the level of utilization of these retail establishments by residents, visitors, and workers. During the creation of the data template, the goal was to maximize the relevance of each argument to appeal to multiple audiences, and to the extent possible, identify metrics that could support multiple value statements. The preliminary value statements discussed in the workshop were:

1. Downtowns are typically the economic engines of the regions they anchor due to a density of jobs, suppliers, customers, peers, goods, and services.
2. Downtowns offer convenient access to outlying markets of residents, customers, suppliers, and peers via historical and on-going investment in transportation infrastructure.
3. Downtowns provide a concentration of culture, recreation, and entertainment.
4. Downtowns offer choices for people who have different levels of disposable income and lifestyle preferences.
5. As a consequence of their density and diversity, downtowns enable agglomeration, collaboration, and innovation.
6. Downtowns are the brand of the cities and regions they anchor.
7. Downtowns can be economically and socially resilient, relative to their broader regions.
8. Downtowns support healthy lifestyles through their resources and urban form.
9. Their density drives relatively low rates of per capita natural resource consumption.
10. Due to relatively high rates of fiscal revenue generation and efficient consumption of public resources, downtowns have a high ROI on public investment.

These value statements were used to organize and develop the full range of applicable metrics for the valuation template. They also led to the five resulting principles guiding the project: economy, identity, vibrancy, inclusion, and resiliency.



### THE 33 SHARED BENEFITS

Each of the principles has a variety of sub-benefits related to it. These 33 benefits helped shape the metrics and arguments used in this study.



## DATA POINTS

Building off of the discussion during the Principles and Metrics Workshop, the literature review and exhaustive analysis of other data points and metrics used to evaluate downtowns and center cities a compendium of data points were collected. These data points were organized based on the benefit and principle that they articulated. Further, these metrics were evaluated by how they would help define, measure and present the value of downtowns in a way that is robust, replicable and useful for downtowns. Each data point was selected for its ability to articulate the benefit that it provides downtown.

By and large, data points were selected that either downtown place management organizations already collect or have access to:

- Collected by downtown place management organizations:
  - Retailer information
  - Employer information
  - Development activity
  - Pedestrian counts
  - Events information
- Publicly Available
  - U.S. Census Bureau
  - Bureau of Labor Statistics
  - State Departments of Labor
  - HUD State of the City Data Systems
  - Municipal Assessment Data
  - Municipal Land Use Data
  - U.S. Energy Information Administration (EIA)
  - Bureau of Transportation Statistics
  - FBI Crime Data
- Proprietary:
  - Real Estate Databases
  - Proprietary Demographic
  - Proprietary Labor
  - Economic Impact

Additionally, data sources were considered based on the frequency in which they are updated. Sources updated frequently enough to allow for annual longitudinal analysis were prioritized. Metrics were also determined based on their ability to argue the downtown's value from numerous vantage points. Similarly, a number of different metrics can all be used to illustrate similar arguments and can be manipulated in numerous ways to address a single principle or audience. Metrics were determined that could be clustered together to bolster a single argument, as well as separated out and augmented differently based on manipulation. Considering the above factors, input from the participants, and best practices from downtown and center city studies, a series of metrics were identified to be used to articulate downtowns value.

Metrics should rely on data already collected by urban place management organizations, publicly-available sources, along with some recommended proprietary sources. Data metrics collected by the local downtowns include retailer information, employer information, development activity, pedestrian counts and event information. Publicly-available data includes U.S. Census Bureau, Bureau of Labor Statistics, State Department of Labor, HUD State of the City Data Systems (SOCDS), Municipal Assessment Data, Municipal Land Use Data, U.S. Energy Information Administration (EIA), Bureau of Transportation Statistics and FBI Crime Data. Proprietary data includes real estate databases, proprietary demographic data, proprietary labor data, and economic impact software tools. Data is most compelling when communicated relative to another data point and placed in the context with the greater city or region.

When more recent local data from a proprietary source was available for both local geographies (city and downtown), it was used. Otherwise, for the purposes of this study, the data used to describe downtown and citywide residents are derived from 2015 American Community Survey (ACS) data from the U.S. Census. This data provides a point in time comparison between the downtown and the city. While in some individual reports, the residential population in both the downtown and the city may have updated figures from recent years, this report defaulted to reference figures from the 2015 ACS to focus on contextual comparisons and to preserve the integrity of the methodological data standard.

When reviewing the data figures and trends, it is worth noting that the size of the downtown population in downtowns with smaller populations can see some significant proportional increases or decreased based on some relatively minor shifts in numbers. Larger cities might see a slower proportional growth, while still densifying at a face pace. When reviewing these figures, it is also worth looking at the size of the study areas selected for each downtown. Some were significantly larger than others which can affect density calculations.<sup>9</sup>

As with any data source, ACS data estimates may better represent one place than it does another, over or underestimating as compared to locally collected data. IDA recommends utilizing On the Map to customize boundaries for the purposes of each downtown's analysis. Future research may be best utilized in creating a tiered approach for downtowns based on comfort level with data, sources, staffing capacity, and propriety data access, utilizing both qualitative and quantitative metrics.



## METRICS SELECTION

To meet the goal of providing metrics that are scalable across jurisdictions, we made sure the necessary data was available at all levels: the downtown, city, and surrounding region. For each metric, the data template required an input (i.e., total workers) and calculations were then performed on a number of additional metrics to include growth rates, geographic density, residential density, employment density, shares of cohort (i.e., workers by educational attainment), and downtown's share of city and region figures. The selected data points were collected for all 13 downtowns from the appropriate sources and then input into the data template. The recommended data sources for demographic and market data, labor data, and real estate data include LEHD On the Map, U.S. Census, American Fact Finder, local demographic and real estate market data, local municipal data, and downtown stakeholder data.

The goal was to determine a set of replicable, scalable, and accessible metrics for each value statement that could be used to advocate on behalf of downtowns to a range of audiences. The assessment tool will both standardize collection of baseline metrics, typically already collected by downtowns, and introduce new metrics which attempt to enable the measurement of important but challenging elements of downtown such as inclusivity, fun, heritage and memory. To support the value statements and identified characteristics, three types of data will be used to fully illustrate an argument:

1. Absolute **facts** provide quantitative context and an idea of the scale of the characteristic being used to make the argument.

For example, under economy, an urban place management organization may want to make the argument that its thriving financial services sector is critical to its city. The number of financial services jobs, their related earnings, and taxes paid are examples of absolute facts that can be used to make this argument.

2. **Indicators** measure an argument at a secondary level by focusing on its inputs or outputs and may reflect the subject geography or be benchmarks or case studies of other downtowns.

For this same argument, one could add that financial services are not only economically critical, but they provide a stable demand for a diversity of services and retail opportunities at a range of price points desirable to all residents. For this, the downtown management organization can look at retail vacancies and map them against the concentrations of financial services firms and hypothesize that there is a relationship between distance to financial services office nodes and viability of retail.

3. **Qualitative assessments** provide anecdotal context and color to an argument.

Finally, for qualitative detail, the downtown management organization could include news reports or an interview with the CEO of a major financial services firm that lays out the value they see in locating downtown.

Together, these different types of data allow us to articulate downtown's unique value to the city.

In addition to their relevance to audiences and ability to be easily consumed by the media, it was proposed to use three technical criteria to select metrics that considers the varying capacities of downtowns, the need for future replicability, and the difficulties encountered in comparing downtowns to each other:

1. Data must be **readily available** to most downtown management organizations (and ideally public);
2. Data must be **replicable** (enabling comparisons year-to-year); and
3. Data must be **scalable across jurisdictions**, allowing for benchmarking and regional comparisons.

Ideally, selecting metrics based on these requirements will allow downtowns to participate equally in the analysis regardless of financial resources or technical ability. For all metrics selected, detailed instructions were provided on data gathering. To enable the downtown management organizations to use metrics in their own publications confidently, each received a description of all utilized data sources including frequency of collection and method of collection. For proprietary or "crowdsourced" (i.e. surveys, Yelp reviews, Instagram posts) sources, their understood accuracy will be explicitly qualified. It is expected that most

downtowns rely on similar data sources, but downtowns were empowered to choose their preferred sources (i.e., CoStar or Xceligent) to obtain similar data depending on availability. To the extent possible, data sources remained consistent across comparative geographic areas (i.e., downtown, city, region) and remained consistent for longitudinal analysis.

To meet the goal of providing metrics which are scalable across jurisdictions, the majority of metrics enable comparison across the downtown, city, and region. While the data template and profiles will highlight data points for comparison purposes, it is also encouraged that each downtown customize its presentation of arguments to articulate the value most relevant to their downtown and the audience receiving the presentation. For instance, a downtown with a strong transportation system may choose to emphasize transit accessibility in articulating inclusion, while another downtown without major public transportation infrastructure may choose to emphasize the diversity of users.

## VALUE STATEMENTS

The immutable and inherently valuable attributes of downtown are too numerous to list. After incorporating feedback from each of the downtowns, IDA and the pilot downtowns identified a series of five value statements as themes for the project: Economy, Inclusion, Vibrancy, Identity, and Resilience. Though the way in which downtowns provide value for their city and region may differ, broadly applied, these statements convey the overarching value of downtowns. Each value statement is developed and communicated using multiple metrics and methods of articulation tailored to different audience groups. During the creation of the data template, the goal was to maximize the relevance of each argument to appeal to multiple audiences, and to comprehensively utilize metrics highlighting multiple value statements by effectively articulating all relevant findings.

## DEFINING DOWNTOWN

This study uses an expanded definition of the commercial downtown beyond the boundaries of a downtown development authority or a business improvement district. Geographic parameters vary across data sources and may not align with existing geographic definitions of the place management organization's jurisdictions.

Urban place management organizations vary widely in terms of their geographic definition. To make these definitions replicable and compatible between data sources, the study recommended that the downtowns align them with commonly used census boundaries. For most downtowns, it is recommended to use census tracts, which are the smallest permanent census-defined subdivisions to receive annual releases of the American Community Survey, making them ideal geographic identifiers since new data is frequently released and boundaries do not change.

For some downtown management organizations, however, using census tracts may not accurately reflect the value of downtown. In some cases, census block groups can more accurately capture the downtown boundaries. Though block groups are occasionally subdivided over time, block groups receive annual releases of data and are compatible with most data sources. Informing the downtown definitions recommended for this study, the recommendations were informed by *The Value of Investing in Canadian Downtowns*, which used the following criteria:

1. The downtown boundary had to include the city's financial core;
2. The downtown study area had to include diverse urban elements and land uses;
3. Where possible, a hard-edged boundary such as major streets, train tracks, or a natural geographic feature should be used;
4. An overarching consideration is that data compiled should align with selected downtown study areas.

“DEFINING DOWNTOWN BOUNDARIES IS A MAJOR CHALLENGE, AS EACH PERSON LIVING IN A CITY HAS A DIFFERENT UNDERSTANDING OF DOWNTOWN BASED ON THEIR PERSONAL EXPERIENCES.”

International Downtown Association

IDA's *Downtown Rebirth: Documenting the Live-Work Dynamic in 21st Century Cities* study also provided guidelines for selecting the boundaries and defining the downtown geography. Recommendations for defining downtown include defining employment nodes at the Census Tract level; expanding census tracts beyond the commercial downtown to account for the greater definition of downtown, including half-mile and one-mile polygons within the conformal conic projection; and calculating population, workforce, and live-work characteristics for the commercial downtown, half-mile, and one-mile areas. After determining boundaries, resident population statistics were calculated by these geographic definitions for U.S. Census data. Total Jobs statistics were calculated using Total Jobs data for each of the tracts identified in the buffered areas. Finally, live-work statistics were calculated using Primary Jobs data by taking the number of workers who live and work in an area divided by the total number of workers living in an area. Primary Jobs differ from Total Jobs: if an individual holds more than one job, Primary Job statistics are computed for the job at which a worker earns the highest wage. Maps for these boundaries were created within On the Map to show the borders of each area.

This study utilizes the recommendations from each and defines downtown beyond the boundaries of a district management organization to encompass the understood definition of the downtown by those in that community. To assist in geography selection, census tract and block group reference maps are available in PDF format the county level. With the reference maps, downtown management organizations can manually select the list of FIPS codes (two-digit numbers that represent census tracts within a county) that will define their downtown when pulling data. Reference maps provide a summary of all boundaries within a county, allowing downtown management organizations to select one or more tracts or block groups to analyze.

Alternatively, the U.S. Census Bureau's On The Map system also provides a useful tool for generating sets of census tracts and block groups based on custom drawings: [onthemap.ces.census.gov](http://onthemap.ces.census.gov).

Each downtown provided IDA with the geography selection for their downtown and IDA consulted with each downtown to determine their custom geography. For downtown boundaries, a customized shapefile or census tracts were used. For city and regional boundaries, the downtown management organization confirmed with IDA that the respective CDP or MSA were appropriate.

## TESTING THE DATA TEMPLATE

A set of metrics aimed at measuring downtown performance was created from using the draft attributes. These metrics were then tested on four of the 13 downtowns (Charlotte, Grand Rapids, San Antonio, and Union Square, San Francisco) to determine which ones were readily available, the most accurate, and the most useful. A valuation template reviewed the sources for data collection including publicly available sources and available primary data collected by the downtowns.

This test run of the methodology probed for issues of data availability, manipulability, and relevance. If the selected metrics did not produce results or were unavailable, the selected metrics were then revised and recollected, with a test run on the new metrics. Downtowns were encouraged to test the feasibility and practicality of being able to obtain and collect all the data points.



The data collection for the test downtowns and the remaining nine downtowns was guided by a work plan, an instruction manual and a valuation template to help the downtowns collect data on demographic and social characteristics, real estate market conditions, employment and occupational metrics, and economic and fiscal impact measures. Group conference calls were used to conduct group check-ins with the 13 participating downtowns to review progress, compare notes and share lessons learned among the participating downtowns. When all the data was collected, the valuation templates and findings were reviewed to ensure the accuracy, outcomes, and replicability of the exercise. The participating downtown provided feedback on the output of the methodology, the ease of implementation, suggestions for how to improve the methodology both in terms of process and output, guidance on how the methodology could be easily replicated, and suggestions for how to use the findings to present a case to local stakeholders for investment in downtown.

After incorporating feedback on this proposed framework and value principles, a data template was created that links these values with metrics. The value template was revised for data availability issues and to ensure that outputs reflect on-the-ground reality. Following the refinement, each metric within the data template had an identified preferred source and where appropriate, a set of alternative data sources. The pilot study participants were provided a detailed user manual that laid out instructions for how to access each data source, obtain data puts, and input data into the template. The user manual is a tool for IDA to continue to implement this methodology year over year but was used by the pilot downtowns to test the feasibility and accessibility of the data template.

## DATA SOURCES

The selected data points were collected for all 13 downtowns from the recommended sources and then input into the data template. Completing the data template will necessarily involve a wide range of sources. This section covers preferred sources for demographic and market data, labor data, and real estate data, which we expect will be commonly used by the majority of downtown place management organizations.

	Demographic + Market Data	Labor Data	Real Estate Data	Municipal Data	Primary Research
Preferred Source	<ul style="list-style-type: none"> <li>American Factfinder</li> <li>ESRI</li> </ul>	<ul style="list-style-type: none"> <li>LEHD on the Map</li> </ul>	<ul style="list-style-type: none"> <li>Costar, Market Reports, Brokers</li> </ul>	Varies	Varies
Other Sources	<ul style="list-style-type: none"> <li>Social Explorer</li> <li>PolicyMap</li> </ul>	<ul style="list-style-type: none"> <li>EMSI</li> </ul>	<ul style="list-style-type: none"> <li>Xceligent</li> </ul>	Varies	Varies

 Covered in this guide

The range of recommended data sources for demographic and market data, labor data, and real estate data include:

**LEHD On the Map:** The data template requires two datasets from LEHD: (1) an “area profile” of workers in the years 2014 and 2010 and (2) an “inflow/outflow” profile which describes how many workers live in the study area versus outside it.

### WHAT IS IT?

An intuitive, easy-to-use mapping and data tool for the U.S. Census Bureau’s Longitudinal Employer-Household Dynamics (LEHD) dataset.

### WHAT DOES IT DO?

On the Map pulls and aggregates labor data (e.g. employment, workforce composition, commute flows) from the LEHD based on an inputted geography.

### HOW ARE WE USING IT?

LEHD allows UPMOs to define their geographies in census-compatible terms as well as access labor data.

**U.S. Census, American FactFinder:** American Factfinder (AFF) is the U.S. Census Bureau's publicly available data source. It is a powerful tool for accessing the bureau's data. For this study, this source provides the basis of our demographic and social analysis. AFF pulls and aggregates demographic and social data from the U.S. census decennial census (every 10 years) and ACS (every year).

**WHAT IS IT?**

The U.S. Census Bureau's free, public data portal.

**WHAT DOES IT DO?**

American FactFinder pulls and aggregates demographic and social data from the U.S. Census bureau's decennial census (every ten years) and American Community Survey (every year). Any user can query the American FactFinder for a specific fact or set of facts, a geography, and a time period and receive raw numbers for use in a template.

**HOW ARE WE USING IT?**

FactFinder provides the basis of our demographic and social analysis.

**ESRI Business Analyst:** ESRI Business Analyst is ESRI's tool for accessing demographic and market data targeted towards business users. This source includes custom geographies, pull demographic and social indicators, as well as proprietary indicators such as retail spending and establishment data.

**WHAT IS IT?**

ESRI's proprietary data tool designed for casual and business users.

**WHAT DOES IT DO?**

ESRI Business Analyst allows users to define custom geographies (including drive times) and pull demographic and social indicators as well as proprietary indicators such as retail spending.

**HOW ARE WE USING IT?**

UPMOs will use ESRI to pull retail spending and establishment data, as well as demographic data within an average commute time.

**Real estate market data:** Real estate market data can come from a variety of sources including real estate data services, which require subscriptions; market reports, which can be accessed online; and local brokers and economic development agencies, who frequently track real estate information. This data includes indicators such as absorption, deliveries, vacancy rates, and average rent. Real estate data are accessed through real estate data services, market reports, or brokers, allowing the downtown to speak to the built form and economy of their downtowns from a variety of sources to make economic and density arguments.

**WHAT IS IT?**

Indicators such as absorption, deliveries, vacancy rates, and average rent.

**WHAT DOES IT DO?**

Real estate data, accessed through real estate data services, market reports, or brokers, allows UPMOs to speak to the built form and economy of their downtowns.

**HOW ARE WE USING IT?**

Real estate data, which can come from various sources, is used to make economic and density arguments in the data template.

**Local municipal data:** This is data collected at the local municipal level includes information such as local investments, capital projects, tax assessments, tax revenue, crime and safety statistics, and land uses. These municipal agencies include, among others, the mayor's office, the tax assessor's office, planning and zoning, licensing and codes, economic development and the comptroller's office. These data can further tell the story of the economic and fiscal impact that downtown commercial cores have upon the city.

**Downtown stakeholder data:** Data collected from the local downtown stakeholders at the place management level include bicycle and pedestrian counts, cleanliness and safety statistics, events, major employers, development tracking, residential tracking, surveys, and other insights into the localized place. These include many statistics that downtown management organizations report out in their annual reports or state of downtown reports.

## DATA TEMPLATE

After the testing phase, IDA integrated the final data metrics, principles, audiences, and downtown boundaries to calculate the contextual value statements within the project's data template.

The data template provides a framework for a three-step process. First, IDA input a series of static data points from the downtown and data sources for the downtown, city, and region in two-time periods: the current year and a historical reference year (in this case, 2010). Based on these inputs, a set of valuation metrics were automatically generated into a detailed outputs sheet. The outputs were then linked to final profiles with the most compelling statistics that could be used to construct value statements on the significance of downtowns.

## THE DATA TEMPLATE WAS CREATED WITH SEVERAL PURPOSES IN MIND:

Provide a **common set of metrics** to communicate the value of downtown.

Expand the **range of arguments** UPMOs can make to their stakeholders using publicly available data.

Save **time and effort** by automating portions of analysis.





Enter value for downtown, city, and region

Computed automatically

Selected and refined by downtowns

**INPUTS**

- Total land area
- Number of jobs

**OUTPUTS**

- Jobs per mi<sup>2</sup> downtown vs. city (dividing jobs by total land area)
- Growth in jobs over time (comparing 2010 to the current year)
- Percentage of city jobs (dividing downtown jobs by city jobs)

**ARGUMENTS**

"As the economic engine of the city, downtown has a density of jobs nearly three times the city average, a rate of job growth twice the city average, and nearly 40 percent of total city jobs."

For each static data point that was inputted, the "outputs" tab of the data template contained calculations which compared and normalized metrics across time and geography including:

- Change since 2010
- Value per square mile
- Value per acre
- Value per resident
- Value per worker
- Share of cohort
- Share of city
- Share of region (for some data points)

The selected data had to communicate the arguments for downtown while being scalable, compelling, and replicable across jurisdictions. The metrics underpin a framework designed to enhance advocacy efforts by downtown place management organizations by creating arguments relevant to various audiences.

The final methodology, informed by experts and downtown leaders, encompasses over 100 key data points, 33 benefit metrics, and nine distinct audiences, through the lenses of the five principles of economy, inclusivity, vibrancy, identity, and resilience. The resulting study articulates the value of downtown as a place, highlighting its unique contributions and inherent value on the local city and region.

Every downtown featured in this report is unique, having its own history, culture, land use patterns and politics. Some downtowns may play multiple roles as related to their economic performance and relative importance to the wider city, and these contextual differences should always be kept in mind. This project has been designed to assess and summarize how each of these downtowns relates to the valuation methodology through the lenses of common metrics and the principles of economy, inclusion, vibrancy, identity, and resilience.

## Making The Case: Audiences

Each metric can be used to support the various benefits and value statements. These benefits align differently with various stakeholder groups. Downtowns can customize their arguments for various audiences and stakeholder groups by using a “Value Statements” template. This provides a blueprint that will help downtown management organizations target their arguments towards various stakeholder groups based on the relevancy of the benefit. Based on feedback from the pilot downtowns, the following key audiences and their relationships to downtowns were proposed:

- Local government (representing downtown)
- Local government (representing outlying areas)
- State and regional government
- Business
- Philanthropy
- Residents
- Visitors
- Worker
- Media



### DISCUSSION: WHO NEEDS TO UNDERSTAND THE VALUE OF DOWNTOWNS?



#### GOVERNMENT

- City
- Regional
- State
- Federal
- Local + State Economical Development



#### BUSINESS

- Employees
- Retailers
- Organization members



#### PEOPLE

- Workers
- Residents
- Visitors



#### PHILANTHROPY

- Foundations
- Non-Profits
- Services



#### MEDIA

- Local
- National
- Specialty

**Each downtown management organization can select audiences most critical to target based on their priorities:**

**Local government, frequently including at large and city center elected officials and senior staff:** Over the past two decades, local governments have been the primary source of funding and infrastructural support for downtown investment. Local government allies recognize downtown as a place, defined by boundaries frequently created by infrastructure, in which a concentration of economic and cultural activity occurs, and which is an effective platform for marketing and visibility.

**Local government, frequently including elected officials from outlying urban districts:** Local urban governments are made up of elected officials representing both downtown and the surrounding neighborhoods. UPMOs need arguments that speak to the elected officials that represent surrounding neighborhoods and communities, who may otherwise default to the view that downtowns receive an outside share of capital investment relative to both their size and number of voters.

**State and regional government:** Outside the city limits, regional and state government officials also have a major stake in a strong downtown. Their stake in downtown centers both on the health of the regional economy, which is often anchored and fueled by downtown, and on the experiences of their constituents, who are frequent visitors to downtown and benefit from access to centers of employment, government, culture, and recreation. In many instances, these officials have played a small role in the broad coalition of downtown advocates, yet depending on the political environment can have the tendency to also default to the view that too much money is spent on downtowns relative to their size and population.

**Businesses:** For retail and corporate businesses, locating downtown has long been an attractive way to expand their access to customers and talent. Furthermore, these businesses receive increased visibility and an enhanced brand from locating downtown, as well as, agglomeration benefits from proximity to peers, partners, suppliers, and in some cases, transportation infrastructure. Though the extent to which downtown is a center of commerce varies from city to city, making the case of these benefits is key to attracting business investment.

**Philanthropy:** In many downtowns, philanthropy plays a key role in downtown capital investment, as well as, the provision of social services to underserved residents. Philanthropic organizations approach downtown both as a policy goal (i.e. philanthropic organizations may invest directly in downtown) and a philanthropic investment vehicle to efficiently and equitably achieve other policy goals.

**Residents:** An increased downtown resident population supports downtown investment, represents an engaged political constituency, and can be a potential source of downtown advocates. Residents move downtown to access a vibrant quality of life, as well as, proximity to desired jobs, services, culture, and recreation. By making the case for downtown value to current and prospective downtown residents, UPMOs leverage this population to catalyze political pressure for continued investment.

**Visitors:** Many visitors travel downtown to access centers of commerce, culture, and recreation. These visitors include tourists, business travelers, and residents of suburban geographies who are constituents of the state and regional elected officials described above. Similar to downtown residents, visitors' positive transactions, experiences, and memories in downtowns spur them to advocate for continued downtown investments.

**Workers:** Many downtowns serve as the central employment center of their regions. Workers often prefer downtown locations for its multiple modes of transportation and access to nearby entertainment, dining, recreation, and shopping options. Residing across the region, these workers represent a powerful political constituency in advocating for downtown investment and care about downtown success regarding accessibility, retail offerings, and safety.

**Media:** Although they are frequent downtown tenants, media frequently do not view themselves as having a direct stake in a strong downtown. However, the media influence many of the other key stakeholders by functioning as a conduit of information and the filter through which audiences learn about downtown. Therefore, each argument should be considered not only due to its relationship to these other audiences, but also in terms of its ability to be understood, consumed, and promulgated by the media.

		LOCAL GOVERNMENT (REPRESENTING DOWNTOWN)	LOCAL GOVERNMENT (REPRESENTING OUTLYING AREAS)	STATE AND REGIONAL GOVERNMENT	BUSINESSES	PHILANTHROPY	RESIDENTS	VISITORS	WORKERS	MEDIA
ECONOMY	ECONOMIC OUTPUT	MOST RELEVANT	MOST RELEVANT	MOST RELEVANT	MOST RELEVANT	LESS RELEVANT	LESS RELEVANT	LESS RELEVANT	LESS RELEVANT	RELEVANT
	INVESTMENT	MOST RELEVANT	RELEVANT	MOST RELEVANT	RELEVANT	LESS RELEVANT	RELEVANT	LESS RELEVANT	LESS RELEVANT	RELEVANT
	CREATIVITY/ INNOVATION	RELEVANT	RELEVANT	RELEVANT	MOST RELEVANT	RELEVANT	RELEVANT	LESS RELEVANT	LESS RELEVANT	RELEVANT
INCLUSION	DIVERSITY	MOST RELEVANT	RELEVANT	RELEVANT	LESS RELEVANT	MOST RELEVANT	MOST RELEVANT	LESS RELEVANT	RELEVANT	RELEVANT
	AFFORDABILITY	MOST RELEVANT	RELEVANT	RELEVANT	LESS RELEVANT	RELEVANT	MOST RELEVANT	RELEVANT	RELEVANT	RELEVANT
VIBRANCY	SPENDING	MOST RELEVANT	RELEVANT	MOST RELEVANT	RELEVANT	LESS RELEVANT	LESS RELEVANT	LESS RELEVANT	LESS RELEVANT	RELEVANT
	FUN/UTILIZATION	MOST RELEVANT	MOST RELEVANT	LESS RELEVANT	RELEVANT	RELEVANT	MOST RELEVANT	MOST RELEVANT	MOST RELEVANT	RELEVANT
RESILIENCE	SUSTAINABILITY	MOST RELEVANT	RELEVANT	RELEVANT	LESS RELEVANT	MOST RELEVANT	RELEVANT	LESS RELEVANT	LESS RELEVANT	RELEVANT
	HEALTH	MOST RELEVANT	RELEVANT	RELEVANT	LESS RELEVANT	MOST RELEVANT	MOST RELEVANT	LESS RELEVANT	LESS RELEVANT	RELEVANT
	DIVERSITY	MOST RELEVANT	RELEVANT	RELEVANT	LESS RELEVANT	MOST RELEVANT	MOST RELEVANT	LESS RELEVANT	RELEVANT	RELEVANT
IDENTITY	VISITATION	MOST RELEVANT	RELEVANT	MOST RELEVANT	RELEVANT	RELEVANT	RELEVANT	MOST RELEVANT	LESS RELEVANT	RELEVANT
	TRADITION HERITAGE/MEMORY	RELEVANT	RELEVANT	RELEVANT	LESS RELEVANT	RELEVANT	MOST RELEVANT	MOST RELEVANT	LESS RELEVANT	RELEVANT
	FUN/UTILIZATION	MOST RELEVANT	MOST RELEVANT	LESS RELEVANT	RELEVANT	RELEVANT	MOST RELEVANT	MOST RELEVANT	MOST RELEVANT	RELEVANT

# Appendix II: Principles And Benefits

**ECONOMY:** Within their regions, downtowns have substantial economic importance.

Downtowns and center cities make up a small share of their city's land area, but have substantial regional economic significance. As traditional centers of commerce, transportation, education, and government, downtowns are frequently economic anchors for their regions. Because of a relatively high density of economic activity, investment in the center city provides a higher level of return per dollar of economic input as compared to other parts of the city. Just as regional economies vary, so do the economic profiles of center cities - the relative concentration of jobs, economic activity, retail spending, tax revenue, and innovation varies among downtowns and center cities. Comparing the economic role of downtowns and center cities in the context of the larger city or region is useful in articulating their unique value, as well as for setting development policy.

**Benefits of Economy:** Economic Output, Economic Impact, Investment, Creativity, Innovation, Visitation, Spending, Density, Sustainability, Tax Revenue, Scale, Commerce, Opportunity

## Illustrative Metrics and Standards of Comparison:

- Total assessed value (square footage, average)
- Total property tax revenue
- Total hotel tax revenue
- Total parking tax revenue
- Total sales tax revenue
- Total income tax revenue
- Total public investment expenditure (\$), capital investment (\$)
- Total private investment (\$)
- Total worker population (per square mile, city share)
- Total worker population by age
- Total worker population by industry (2-digit NAICS)
- Percentage of citywide jobs located downtown
- Employment share, including percentage of knowledge jobs and creative jobs
- Office vacancy rates
- Office market (square footage, per square mile, city share)
- Total office inventory (square feet, city share)
- Total office deliveries (square feet)
- Average office vacancy rate (percentage)
- Average office rent (square footage, year)
- Total corporate headquarters



**INCLUSION:** Downtowns invite and welcome all residents of the region (as well as visitors from elsewhere) by providing access to opportunity, essential services, culture, recreation, entertainment, and participation in civic activities.

Downtowns and center cities welcome all residents of the region and visitors from elsewhere by providing access to a diverse range of uses and elements of urban life. Downtowns are inherently equitable because they connect a range of users to essential elements of urban life, including high-quality jobs, essential services, recreation, culture, public space, and civic activities. Though offerings vary by downtown, the consistently display the qualities of density, accessibility, and diversity. Just as important, we expect to find the region's diversity represented downtown.

**Benefits of Inclusion:** Equity, Diversity, Affordability, Civic Participation, Civic Purpose, Culture, Mobility, Accessibility, Tradition, Heritage, Services, Opportunity

**Illustrative Metrics and Standards of Comparison:**

- Employment diversity
- Demographic characteristics of downtown workers vs. city composition
- Distribution of jobs by industry, education level, salary
- Total worker population (by earnings)
- Total worker population (by race and ethnicity)
- Residential educational attainment
- Total non-white residents
- Total foreign-born residents
- Median household income
- Middle class residents (percentage and growth)
- Average monthly residential rent (square footage, city share)
- Median home value for owner-occupied housing units
- Percentage of downtown land reserved for public, institutional, or civic use
- Presence of major regional attractions (qualitative)
- Diversity of land use (percentage of commercial use)

INCLUSION IS ONE OF MANY COMMON CHARACTERISTICS OF VIBRANT AND THRIVING DOWNTOWNS ACROSS THE NATION. SO WHAT EXACTLY DOES INCLUSION MEAN? IT MEANS THAT DOWNTOWNS INVITE AND WELCOME ALL RESIDENTS AND VISITORS BY PROVIDING ACCESS TO OPPORTUNITY, ESSENTIAL SERVICES, CULTURE, RECREATION, ENTERTAINMENT AND PARTICIPATION IN CIVIC ACTIVITIES. GREAT DOWNTOWNS ARE INHERENTLY EQUITABLE BECAUSE THEY ENABLE A DIVERSE RANGE OF USERS TO ACCESS ESSENTIAL ELEMENTS OF URBAN LIFE. THESE ELEMENTS INCLUDE, BUT ARE NOT LIMITED TO, HIGH-QUALITY JOBS, RECREATION, CULTURE, USE OF PUBLIC SPACE, FREE PASSAGE, AND CIVIC PARTICIPATION. PERHAPS MORE IMPORTANTLY, DOWNTOWNS ARE THE PLACES WHERE WE SHOULD EXPECT TO EXPERIENCE THE DIVERSITY SO UNIQUELY APPEALING TO PEOPLE EVERYWHERE.”

Centro San Antonio

**VIBRANCY:** Due to their expansive base of users, downtowns can support a variety of unique retail, infrastructural, and institutional uses that offer cross-cutting benefits to the city.

Many unique city and regional cultural institutions, businesses, centers of innovation, public spaces, and activities are located downtown. The variety and diversity of offerings reflect the regional market and density of development. As downtowns and center cities grow and evolve, the density of spending, users, institutions, businesses, and knowledge allows them to support critical infrastructure, be it public parks, transportation, affordable housing, or major retailers that cannot be supported elsewhere in the region.

**Benefits of Vibrancy:** Density, Creativity, Innovation, Investment, Spending, Fun, Utilization, Brand, Variety, Infrastructure, Celebrate

An engaging downtown “creates the critical mass of activity that supports retail and restaurants, brings people together in social settings, makes streets feel safe, and encourages people to live and work downtown because of the extensive amenities.”<sup>10</sup>

#### Illustrative Metrics and Standards of Comparison:

- Total annual retail sales (per square foot, per resident, city share)
- Total retail demand (per resident, per square mile, city share)
- Average retail vacancy rate (percentage)
- Average retail rent (square footage and growth)
- Total number of retail businesses (per square mile, city share)
- Total number of destination retail businesses (per square mile, city share)
- Total number of food and beverages (per square mile, city share)
- Presence of unique retailers or attractions (qualitative)
- Total resident population by race and ethnicity
- Total resident population by age
- Total resident population by education
- Total resident population by income
- Presence of major universities, hospitals, and other institutions (qualitative)
- Future capital investment projects (qualitative)
- Resident and employee growth
- Total residential inventory (units)
- Total residential deliveries (units)
- Average residential rent (Square footage/month)
- Average daily pedestrian traffic (and methodology)
- Total annual visitors
- Total annual visitor spending
- Total annual downtown venue attendance



**IDENTITY:** Downtowns preserve the heritage of a place, provide a common point of physical connection for regional residents, and contribute positively to the brand of the regions they represent.

Downtowns and center cities preserve the heritage of a place, provide a common point of physical connection for regional residents, and contribute positively to the brand of the regions they represent. Whether from a historical event or personal memory, downtowns have intrinsic cultural value important to preserving and promoting the brand of the region. Downtowns and center cities offer a place for regional residents to come together, participate in civic life, and celebrate their region, which in turn promotes tourism and civic society. Likewise, the “postcard view” visitors associate with a region is virtually always an image of an attribute of the downtown.

**Benefits of Identity:** Brand, Visitation, Heritage, Tradition, Memory, Celebrate, Fun, Utilization, Culture

Downtown preserves heritage, connects regional residents, and contributes positively to the brand of the place.

Downtowns are “*iconic and powerful symbols for a city and often contain the most iconic landmarks, distinctive features, and unique neighborhoods. Given that most downtowns were one of the oldest neighborhoods citywide, they offer rare insights into their city’s past, present and future.*”<sup>11</sup>

**Illustrative Metrics and Standards of Comparison:**

- Types of destinations, events, traditions (qualitative)
- Total annual visitation figures
- Total number of events and outdoor events per year
- Total number of event venues
- Total hotels and hotel rooms
- Average hotel occupancy rate
- Total number of annual conventions and convention attendees
- Number of and attendance at museums and attractions
- Total number of public art installations
- Total number of registered historic structures
- Total number of farmers’ markets
- Total number of sports stadiums, sports teams and annual sporting events
- Total number of publicly accessible playgrounds and pools
- Total place-based Instagram tags



**RESILIENCE:** Because of the diversity and density of resources and services, downtowns and their inhabitants can better absorb economic, social, and environmental, shocks and stresses.

Resilience is broadly defined as the ability of a place to withstand shocks and stresses. Along with economic performance, diversity, density, and supply of resources and services equip city centers and their residents to absorb economic, social, and environmental, shocks and stresses more easily than the surrounding city and regions, traditionally more homogenous. Consequently, they can also support the resiliency of the region, particularly in the wake of economic shocks that disproportionately affect less economically and socially dynamic areas. Similarly, downtowns and center cities are better positioned to make investments to hedge against and withstand increasingly-frequent environmental shocks and stresses.

**Benefits of Resilience:** Health, Equity, Sustainability, Accessibility, Mobility, Services, Density, Diversity, Affordability, Civic Participation, Opportunity, Scale, Infrastructure

A downtown's diversity and density of resources and services make it better positioned to absorb economic, social, and environmental, shocks and stresses than other parts of a region. Research reveals that "in comparison to other parts of the new American city, namely suburbs and edge cities, preliminary evidence reveals that downtowns have been a little more resilient during the downturn and possess certain sectors with the potential for recovery."<sup>12</sup> Not only does density create an economically productive result, urban density leads to efficiencies that cannot be replicated in suburban and less urban areas. The denser an area is, the more walkable, bikeable, and transit friendly the downtown is. The denser a center city, the more employees work in taller more compact office buildings compared to the sprawling office parks of their suburban counterparts. These efficiencies that are inherent in downtowns and center cities contribute to the downtown's overall resiliency. Downtowns and center cities are well positioned to be socially resilient due to their diversity, density, and access to public gathering places. Furthermore, research shows that walkable urban

places are more apt to have greater diversity, a higher share of low-income people, and lower racial segregation compared to drivable sub-urban areas.<sup>13</sup> Additional research by the George Washington University School of Business finds that there is a positive relationship between walkable urbanism, economic performance, and social equity, but cautions that it doesn't remove the growing concerns around affordability from a public policy standpoint.<sup>14</sup>

#### Illustrative Metrics and Standards of Comparison:

- Average monthly residential rental rates
- Average residential housing costs
- Attainable middle-class rental rates
- Total rent or owner-cost burdened residents (city share)
- Percentage of city's residents in poverty
- Percentage of city's renter households
- Mix of real estate and land uses: retail, residential, hotel, office
- Total number of community centers, libraries and religious institutions
- Total number of parks (city share, per square mile)
- Total residents living within half a mile of a park
- Total acreage or square miles of public-access open space in downtown
- Average travel time to work
- Commute to work figures (transit, carpool, walk, bike, single-occupancy vehicle)
- Average bike score; Average transit score; Average walk score
- Total bike share stations
- Total carshare services
- Total electric car-charging points
- Total LEED-certified buildings

# Appendix III: Data Sources

## DATA SOURCES FOR THE VALUE OF U.S. DOWNTOWNS AND CENTER CITIES

Source	Data Available	Pricing	Geographic Limitations	Release Schedule
ESRI	Demographic, Housing, Detailed Establishments and Consumer Spending	Proprietary	None; allows for drawing of custom geographies; selection of sub-geographies down to census tracts	Most data available to most recent American Community Survey year; Some data available in current year
EMSI	Labor: workers and firms	Proprietary	Allows for selection of sub-geographies at the state, MSA, city, and zip code level	Data available in current year
Social Explorer	Demographic, Housing, Crime, Health	Proprietary	Allows for selection of sub-geographies down to the census block group level	ACS data released annually
PolicyMap	Demographic, Housing, Crime, Health	Proprietary; some features public	Allows for selection of sub-geographies down to census tracts	Varies by data product
American FactFinder	Demographic, Housing, Crime, Health	Public	Allows for selection of sub-geographies down to the census block group level	Data released annually
LEHD on The Map	Labor: workers and firms	Public	None; allows for drawing of custom geographies; selection of sub-geographies down to census block group level	Data released annually and quarterly
Bureau of Labor Statistics	Labor: workers and firms	Public	Most data products are available at the state level. Some at the county level. A few at the MSA level.	Varies by data product
State Departments of Labor	Labor: workers and firms	Public	Most data products are available at the county level. Some at the zip-code level.	Varies by data product
CoStar	Real estate: development, rents, vacancy, absorption	Proprietary	None; allows for drawing of custom geographies	Data available in current year
Xceligent	Real estate: development, rents, vacancy, absorption	Proprietary	None; allows for drawing of custom geographies	Data available in current year
Municipal Data Portals	Varies by city	Public	Varies by Data Product	Varies by data product
HUD State of the City Data Systems (SOCDS)	Housing statistics; building permits; affordable units	Public	Data available at municipal level, county level, state level	Data released annually

# Background: Additional IDA Sources

## *Quantifying the Value of Canadian Downtowns:*

**A Research Toolkit:** This toolkit is a groundbreaking effort to provide a downtown data standard, a common set of data and processes that will help Canadian place management organizations, such as BIAs/BIDs, establish and sustain evaluation and compare progress among downtowns. While this toolkit is geared towards Canadian downtowns, it also is of value for urban districts outside of Canada who are looking to move toward data standardization and data best practices. In the toolkit, organizations will find directions and insights on collecting, organizing, storing, and presenting downtown-specific data to make the case for continued investment and support. The toolkit includes instructions and rationale for data metrics, along with recommending core, trend and pulse metrics. The core indicators are framed around the principles of visibility (unique identity, brand, definition); vision (leadership, planning, collaboration); prosperity (economic data); livability (residential and uses); and strategy (types and values of public investment). The core indicators are: population density (downtown/city); job density (downtown/city); number of new commercial, residential, mixed-use buildings; current value assessment of downtown properties (commercial, residential, institutional); capital investment (downtown/city); transportation modal split; number of large format grocery stores; amount invested in parks and public realm; and number of annual cultural events and festivals.

**The Value of Investing in Canadian Downtowns, 2013:** This study provides an extensive portrait of the contributions being made by downtown areas across Canada, highlighting innovative approaches to revitalization and efforts being applied across the nation. It builds on 2012's initial phase of the study examining 10 of those downtowns, and tracks population, population density, job density and average block size of the downtown core and the municipality. The data were framed around visibility, vision, prosperity, livability and strategy.

**Creating a State of Downtown Report, 2012:** State of Downtown reports serve two major purposes. The first is to build upon the materials published by downtown organizations in Annual Reports to show how the work of downtown organizations have led to quantifiable

improvements in various areas of downtowns. The work done by downtown organizations does not just lead to cleaner downtowns or increased numbers of events, but also translates into successes in all areas of the downtown. The second purpose is to draw further investment in downtowns by showing companies that downtowns are thriving environments and profitable sources of investment. State of Downtown reports offer investors the supporting data which they require to make informed decisions about their investments. Common categories of indicators include: office market, employment, residential market, residential demographics, retail and restaurants, nightlife, tourism and hospitality, events, arts and culture, transportation, development and investment, sustainability, and education.

**Defining Downtowns - Downtown Rebirth, 2013:** Downtown Rebirth: Documenting the Live-Work Dynamic in 21st Century U.S. Cities is the culmination of a year-long effort by IDA and partners across the country to develop an effective way to quantify the number of people who live and work in and around 231 job centers in 150 American cities. Without standard geographic definitions for downtowns and downtown residential neighborhoods, previous research relied on overly simplified boundaries that did not capture the unique, idiosyncratic shapes of urban employment nodes and thus failed to maximize the use of existing Federal data resources. For the first time, Downtown Rebirth suggests a way both to define and quantify downtown workforce and population numbers and document how these employment hubs and live-work environments are quickly changing.

*The Value of U.S. Downtowns & Center Cities* study expands upon the efforts of IDA's "Downtown Rebirth: Documenting the Live-Work Dynamic in 21st Century Cities" study, that provided guidelines for selecting the boundaries and defining the downtown geography. This study utilizes these recommendations and defines downtown beyond the boundaries of a district management organization to encompass the generally understood definition of the downtown by those in that community. For a small sample of downtowns in this study, IDA also expands upon and updates the data from the Downtown Rebirth report.

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