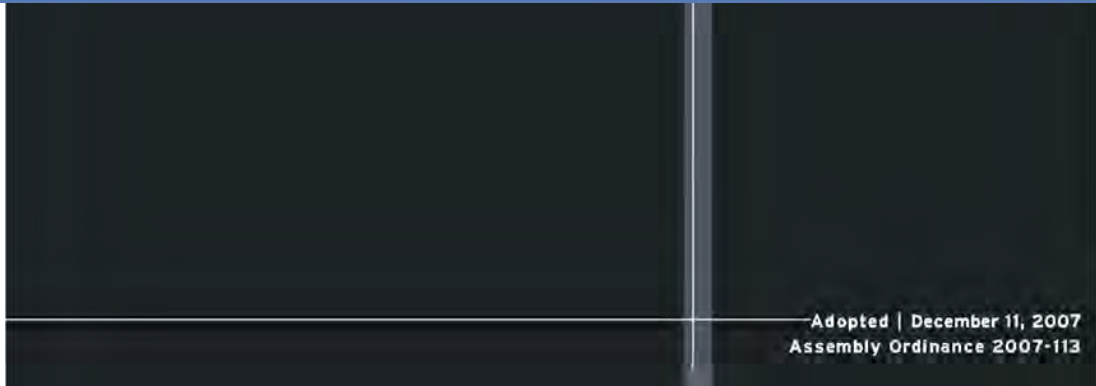




## **“Reinvesting In Our Downtown”**

**Smart Growth America - May 10, 2016 – Workshop Report - APPENDIX**



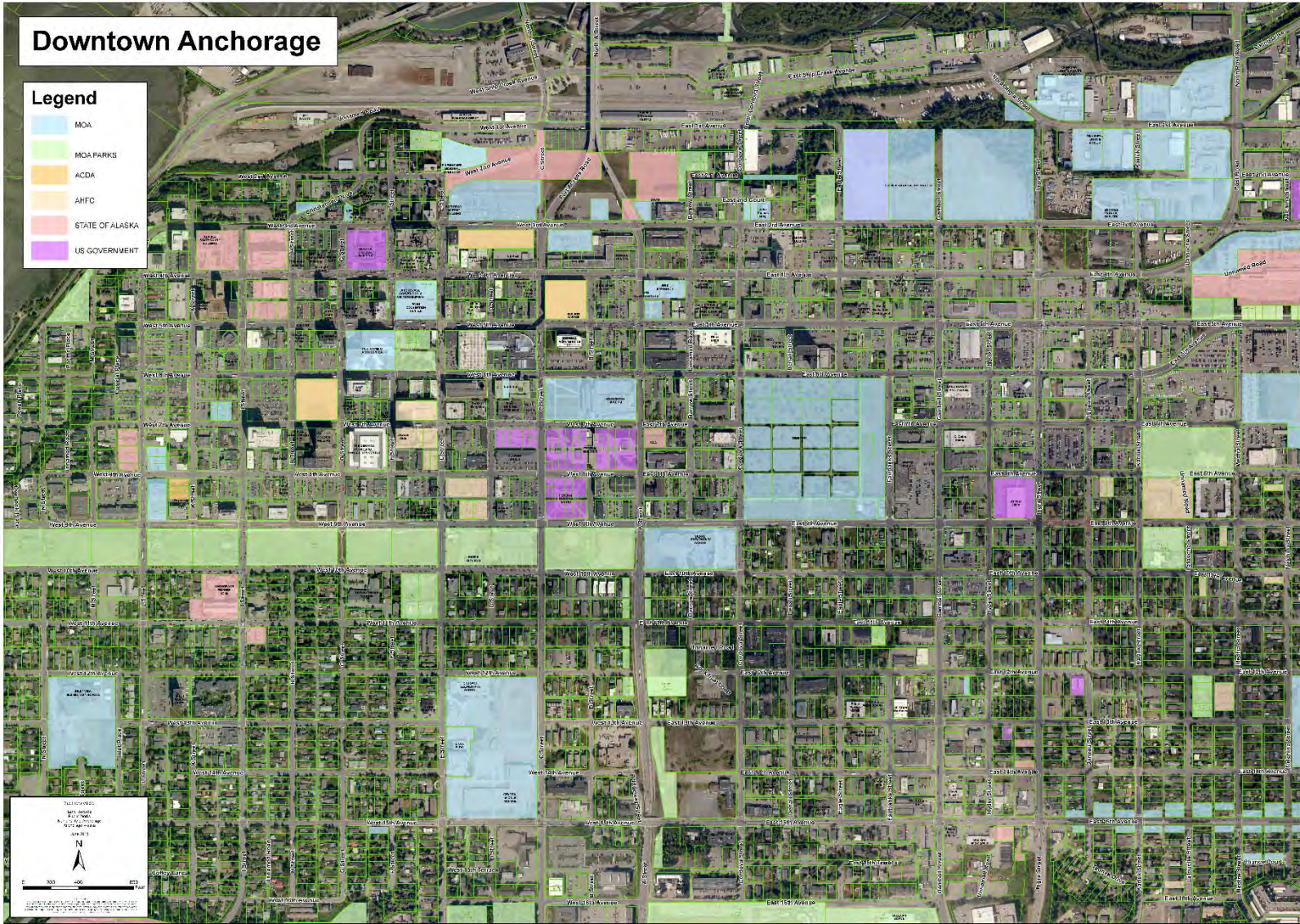
**MUNICIPALITY OF  
ANCHORAGE**

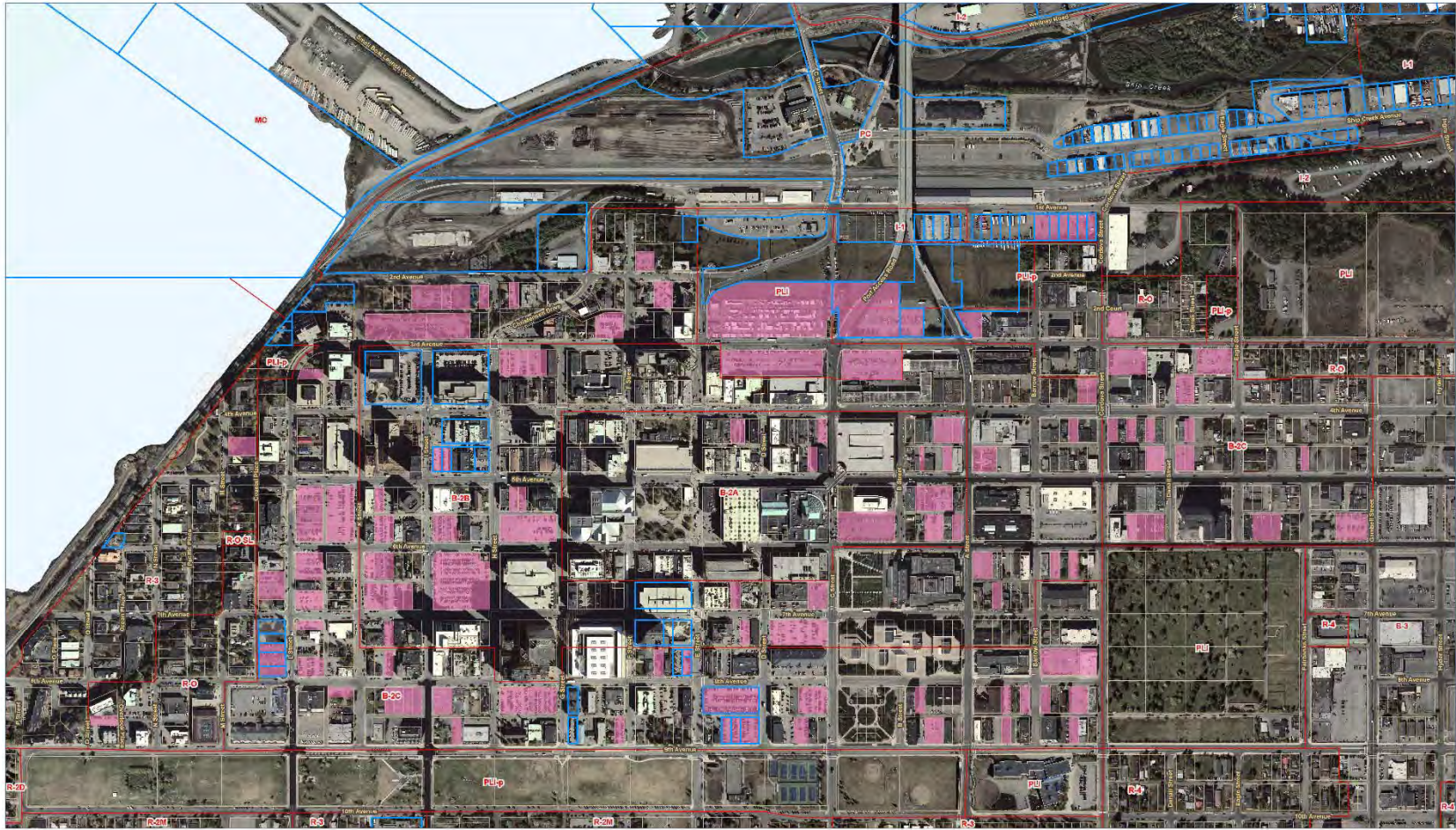
## APPENDIX –

- \* Downtown Ownership – GIS Map MOA Public Works
  - \* Downtown Parking Lots – GIS Map MOA Public Works
  - \* Downtown Districts - Downtown Comprehensive Plan
  - \* Downtown Strategy Plan – Downtown Comprehensive Plan
  - \* Overarching Goals – Downtown Comprehensive Plan
  - \* AEDC 2016 Annual Outlook Presentation
  - \* Peach Investments Anchorage Re-Dev 4||5 Project
  - \* Smart Growth America – Planning for Economic & Fiscal Health – Chris Zimmerman
  - \* Smart Growth America – Case Studies – Alex Hutchinson
-

# Downtown Anchorage

- Legend**
- MOA
  - MOA PARKS
  - ACDA
  - AHFC
  - STATE OF ALASKA
  - US GOVERNMENT



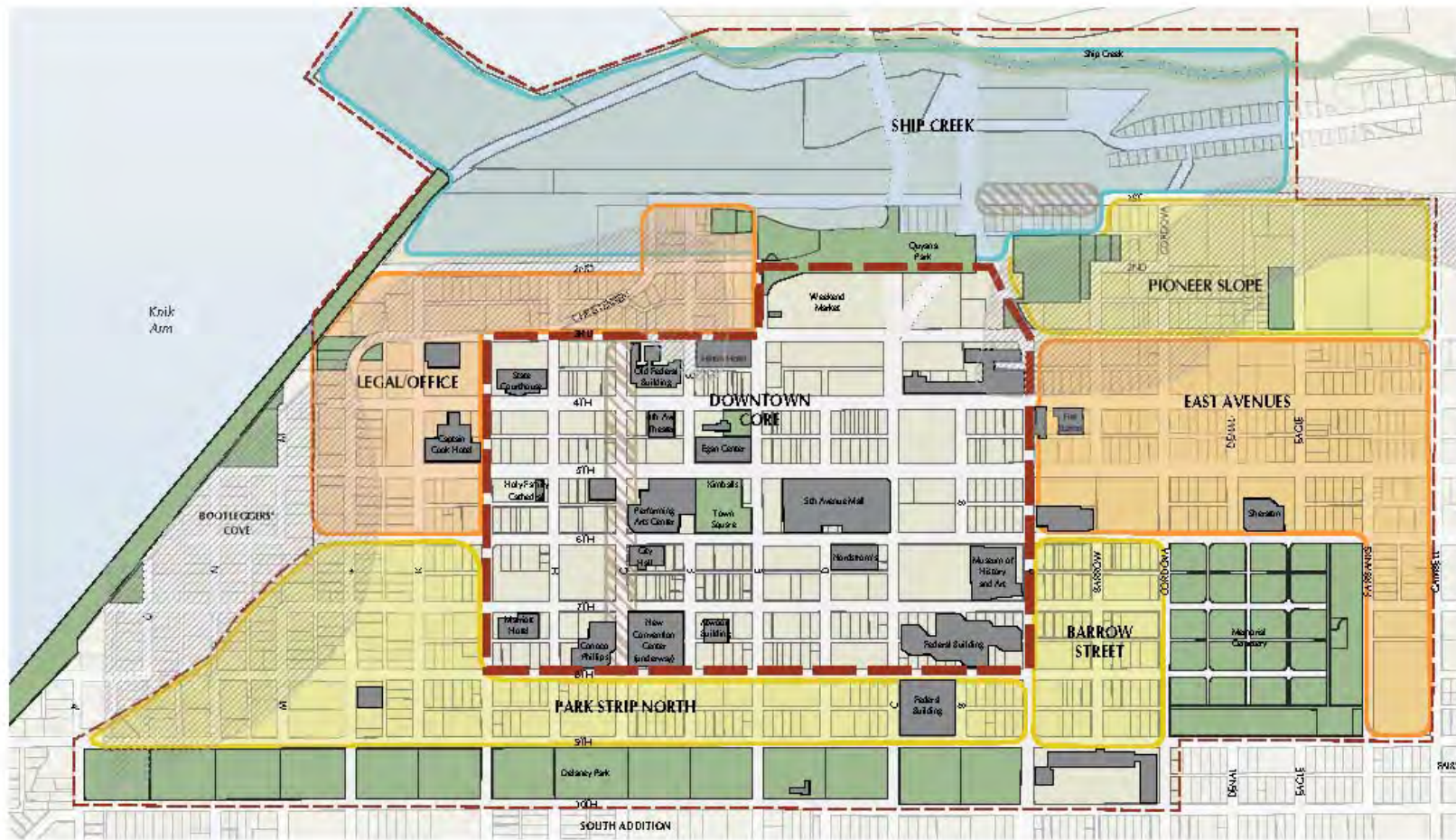


Smart Growth America  
 Economic and Fiscal Health Tools Workshop  
**Surface Parking Lots as Separate Parcels in Downtown Anchorage**

Municipality of Anchorage May 2016

  Property Owned by State of Alaska  
  Surface Parking Lots in Downtown  
  Zoning Boundaries

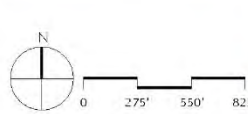
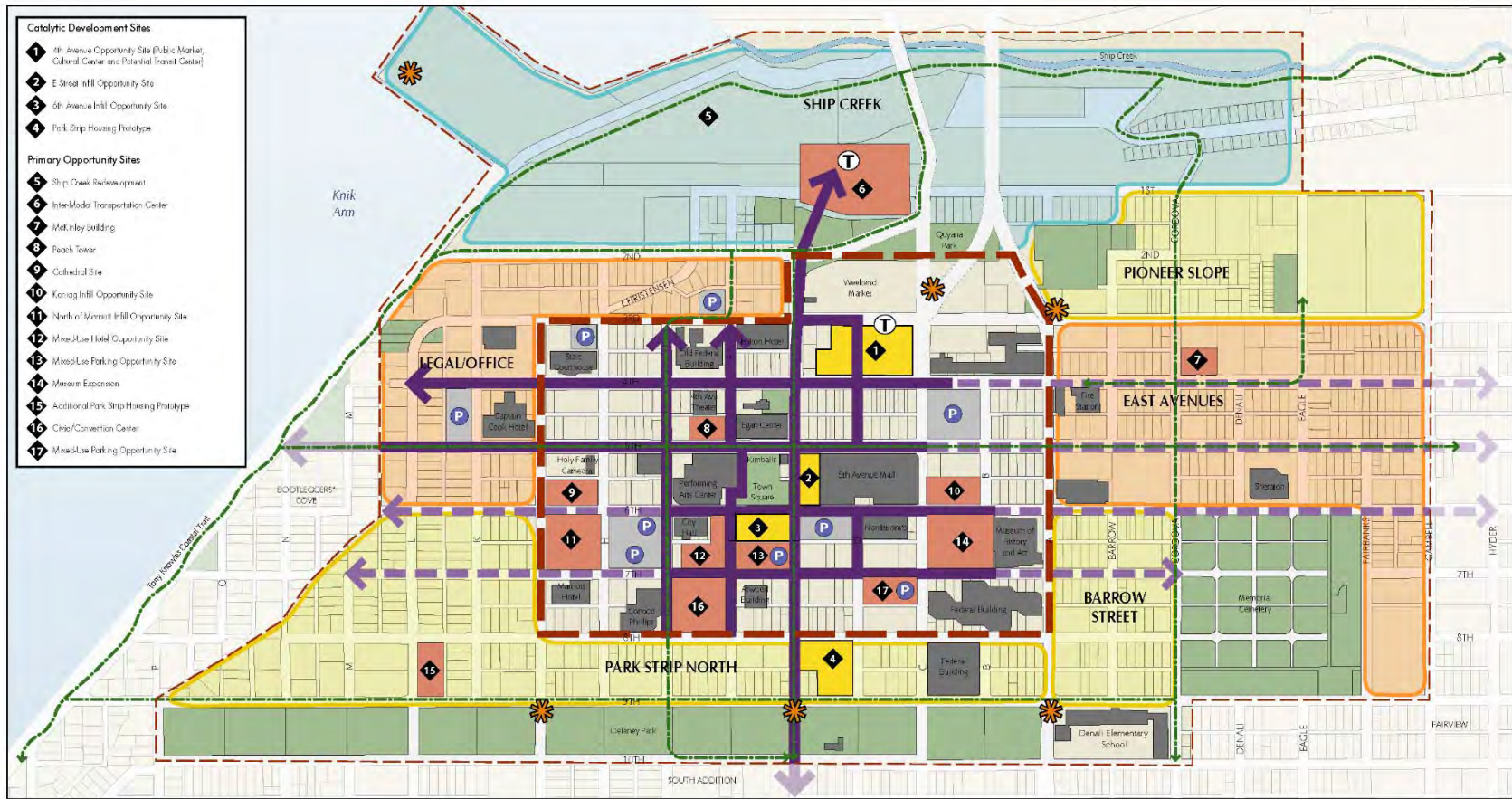




Downtown Districts Diagram

Legend

- Downtown Study Area
- Park/Open Space
- Downtown Mixed-Use
- Ship Creek
- "Notable" Building Footprint
- Downtown Mixed-Use; Residential
- Arts District/Corridor
- Seismic Ground Failure Zone #5



- Legend**
- Downtown Study Area
  - Catalytic Development Site
  - Downtown Mixed Use; Focus on Residential
  - Downtown Core
  - Opportunity Site
  - Downtown Mixed Use
  - Park/Open Space
  - Ship Creek
  - "Notable" Building Footprint
  - Ship Creek
  - Gateway
  - Ship Creek
  - Transit Station
  - Parking Structure
  - ← Primary Pedestrian Connection
  - ← Secondary Pedestrian Connection
  - ← Bike/Pedestrian Connection

\*These footprints are intended to better orient the viewer to the map and do not suggest that these are the only buildings of significance in Downtown.

## Strategy Diagram

# Overarching Goals



**Create a Downtown for All**  
Celebrate Anchorage's diversity by offering amenities, goods, attractions and services that appeal to persons of varying ages, backgrounds and incomes. Downtown crowds should be a reflection of the community.



**Provide More Housing Downtown**  
Make Downtown a great place to live by developing diverse housing options and resident-serving amenities that will boost commerce, build community and create round-the-clock vibrancy.



**Jump-Start Development**  
Coordinate and leverage the substantial public sector investment of major planned projects to catalyze private development.



**Improve Connectivity**  
Link amenities, housing, office space, retail and natural resources to enhance Downtown's sense of place and connectivity among destinations. Strengthen inter-modal connections, making it easier for Downtown pedestrians to use Anchorage's air, rail, bus and ferry terminals.



**Activate the Ground Floor Environment**  
Ensure that the ground floors of all buildings and sidewalk treatment engage pedestrians and create an active, inviting, urban experience with a comfortable, safe and vibrant pedestrian environment year-round.



**Provide a Clear, Sensible Regulatory Framework**  
Establish codes and guidelines to ensure that new development achieves the vision for Downtown while providing clarity and flexibility for the development community.



## EMPLOYER SURVEY

**140**  
BUSINESSES RESPONDED

**88**  
PCIBUSI

companies with 1000+ employees

**24%**  
respondents use a relocation company

**32%** offer a relocation package that includes assistance with housing

**80%** of relocated employees are looking to buy within the Anchorage Circle

**90%** had 5 relocations to Anchorage last year, yet are still negatively impacted by our housing market

**47%**

Feel the Anchorage housing market is impacting their ability to attract workers

### COMMON EMPLOYER CONCERNS:

- Employees choosing higher commutes in exchange for lower cost housing
- Overall neighborhood quality (including school) and availability of public transportation
- Increasing need for higher wages to attract/motivate
- High cost of housing impacts company profitability
- Limited rental unit availability means it is difficult to attract workers with low quality amenities

### TOP 5 SOLUTIONS IDENTIFIED BY EMPLOYERS:

- Redevelop deteriorated areas with new denser housing (64)
- Build more affordable housing units (61)
- Provide tax relief for new housing in deteriorated areas (53)
- Build more rental housing units (53)
- Upgrade streets, water/sewer, sidewalks in deteriorated areas to encourage redevelopment (45)

### TOP 5 REASONS FOR RESPONDENTS:

- Professional business or industry
- Oil and mining construction job
- Other trade
- Finance
- Other

**82%**  
respondents live in Anchorage

**15%**

had job candidates decline to relocate to Anchorage because of housing-related issues

**20%**

realtors/agents are being quickly satisfied or very satisfied with finding housing to buy in Anchorage

**ONLY 8%**

rated their employees as being mostly satisfied or very satisfied when evaluating their satisfaction with rental housing in Anchorage

**44%** mostly dissatisfied or very dissatisfied (26)

## EMPLOYEE SURVEY

**603**  
TOTAL RESPONDENTS

Gender of the respondents?  
**39% MALE**  
**61% FEMALE**

### DEMOGRAPHICS

**60%** BETWEEN AGE OF 18-44  
**32%** 18-24 (Millennials) • **36%** 25-44 (Generation X)

**73%** HAVE BACHELOR'S DEGREE OR HIGHER  
**45%** Bachelor degree • **28%** Graduate degree

MAJORITY OF HOUSEHOLDS "MARRIED"  
**57%** Married couple • **13%** Single person

**51%** ANNUAL HOUSEHOLD INCOME \$50K-\$125K  
**21%** \$10,000-\$19,999  
**15%** \$20,000-\$29,999  
**15%** \$30,000-\$39,999

### DOWNTOWN #1

NEIGHBORHOOD WHERE THEY WANT TO LIVE

- **49%** DOWNTOWN
- **59%** UPTOWN
- **38%** WEST ANCHORAGE
- **27%** LOWER HILLSIDE

### 62% CURRENTLY RESIDENTIAL "OWNERS"

- **62%** Owners
- **34%** Renters
- **3%** Live with Parents
- **1%** Other

### 75% "OWNERS" RESPONDENTS OWN SINGLE-FAMILY HOMES

- **75%** Single-family home
- **17%** Condo or townhouse
- **6%** Duplex
- **1%** Multi-home

**72%** OF CURRENTLY RESIDENTIAL USE

**13%** Tried to Rent • **15%** Just do that

Do you remember why potential buyers did not purchase?  
**68%** HOUSING TOO EXPENSIVE

PLANNING TO MOVE WITHIN ANCHORAGE IN THE FUTURE? **48%** Yes • **38%** No

### TYPES OF HOUSING RESPONDENTS WOULD BE INTERESTED?

- **76%** Single-family multi-level
- **71%** Single-family 1-story
- **47%** Townhouse
- **40%** Duplex
- **36%** Condo

### WHAT DO RESPONDENTS WANT IN NEW HOUSING?

- **79%** Garage
- **60%** Location in a safe neighborhood
- **61%** Washer/Dryer in unit
- **56%** Proximity to parks & trails
- **53%** Yard
- **48%** Ability to have pets
- **47%** Proximity to work
- **33%** Proximity to shopping, services, restaurant, or coffee shop

### TOP 5 SOLUTIONS IDENTIFIED BY EMPLOYEES:

- Redevelop deteriorated areas with new denser housing (80%)
- Build more affordable housing units (49%)
- Provide tax relief for new housing in deteriorated areas (39%)
- Build more single-family housing units (37%)
- Upgrade streets, water/sewer, sidewalks in deteriorated areas to encourage redevelopment (36%)





# 2016 AEDC Annual Outlook

Smart Growth America Workshop

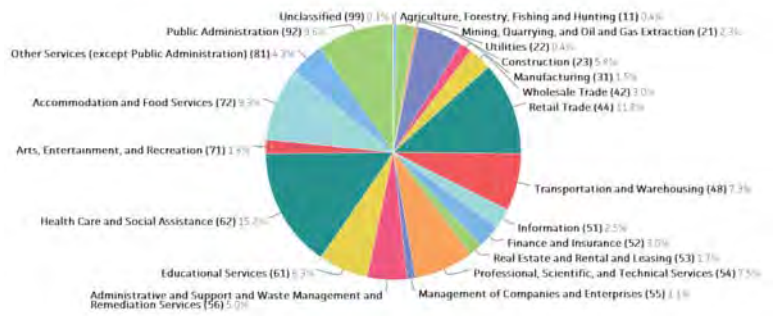
Bill Popp, President & CEO  
May 10, 2016

## ECONOMIC OVERVIEW



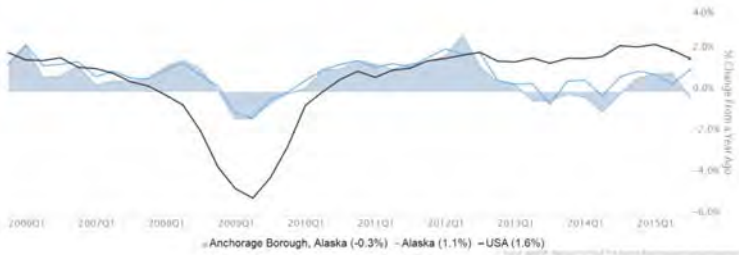
Source:  BLS

## Total Workers for Anchorage by Industry (As of 2015 Q4)



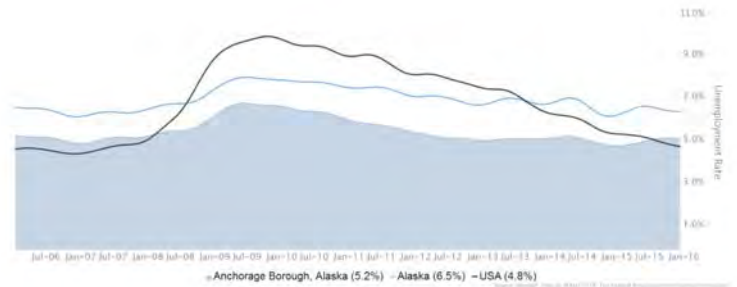
## Employment for Anchorage

(Data as of 2015 Q4)



## Seasonally Adjusted Unemployment Rate for Anchorage

(As of March 2016)

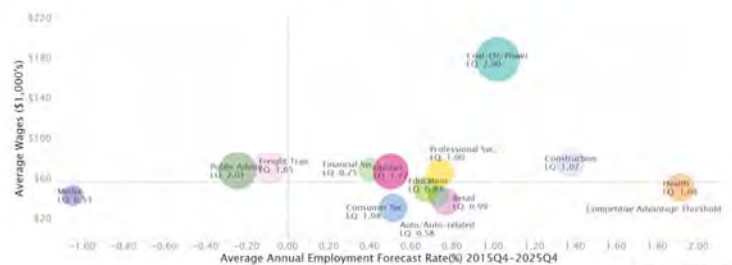


## Cost of Living Index

	Annual Average Salary	Cost of Living Index (Base US)	US Purchasing Power
Anchorage Borough, Alaska	\$57,332	131.5	\$43,597
Alaska	\$54,618	128.1	\$42,635
USA	\$52,402	100.0	\$52,402

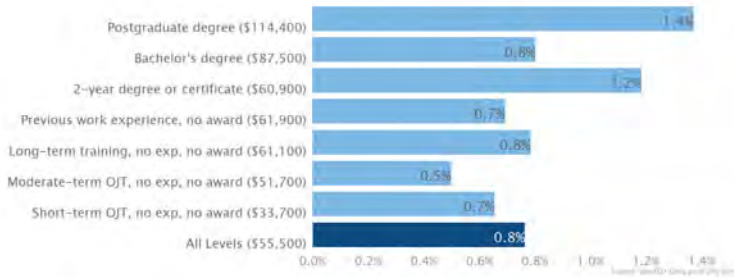
## Industry Clusters for Anchorage

(As of 2015 Q4)



### Annual Average Projected Job Growth by Training Required for Anchorage

(As of 2015 Q4)



# 2015 JOBS RECAP



→ **2015**  
**+1,000 jobs**  
 5.0% avg.  
 unemployment

## 2015 Anchorage Employment Numbers

- Construction **+600**
- Health Care **+500**
- Transportation **+400**
- Retail **+300**
- Leisure & Hospitality **+300**
- Information **+100**
- Oil & Gas **FLAT**
- Manufacturing **FLAT**
- Government **-100**
- Other Services **-100**
- Financial Activities **-100**
- Professional & Business Services **-300**

AEDC Monthly  
 Employment Reports  
 Available on  
[www.AEDCweb.com](http://www.AEDCweb.com)



# 2016

through March 2016

**-100** JOBS

**-0.1%** DECLINE

## 2016 EMPLOYMENT NUMBERS

through March 2016



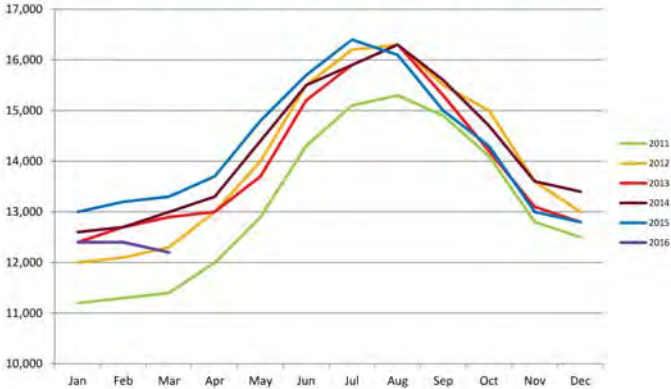
+200 TRANSPORTATION  
+200 LEISURE & HOSPITALITY  
+200 RETAIL  
+300 GOVERNMENT  
+400 HEALTH CARE

**FLAT**

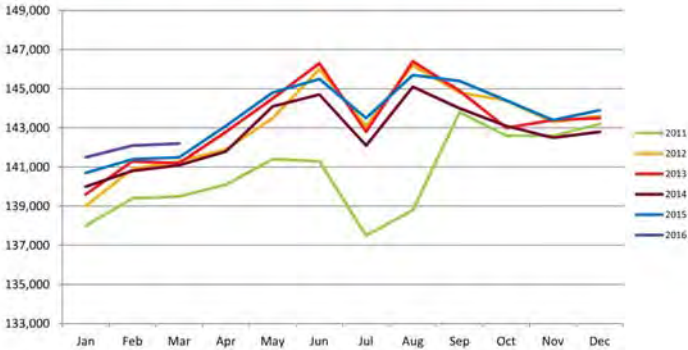
financial activities  
manufacturing



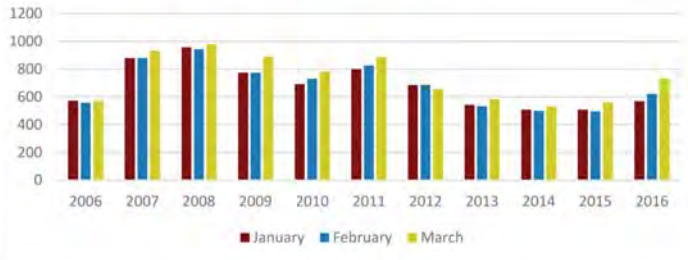
**GOODS PRODUCING JOBS**  
**Municipality of Anchorage 2011-present**



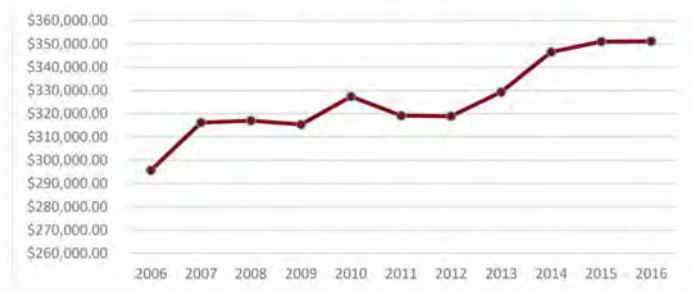
**SERVICES PRODUCING JOBS**  
**Municipality of Anchorage 2011-present**



**MLS 1st Quarter Single Family Active Listings**  
**Average Monthly Inventory**  
**10-year history**



## MLS 1st Quarter Single Family Homes Average Sale Price 10-year history



## 2016 Q1 Anchorage Consumer Optimism Index (ANCI) Results

Sponsored by  
**KeyBank**  
Compiled by  
**Northern  
Economics**

- Q1 composite fell to 50.3, lowest since survey started
- Personal Financial Confidence at 63.8
- Expectations of the Future lowest on record at 42.3



## 2015 Anchorage Cost of Living Index (COLI)

<b>Overall Index</b> .....	<b>{132.4}</b>	<b>14th</b>
Grocery Items.....	<b>{122.8}</b>	<b>13th</b>
Housing.....	<b>{163.9}</b>	<b>16th</b>
Utilities.....	<b>{104.8}</b>	<b>69th</b>
Transportation.....	<b>{118.3}</b>	<b>21st</b>
Health Care.....	<b>{139.4}</b>	<b>3rd</b>
Misc. Goods & Services	<b>{121.8}</b>	<b>10th</b>

## What is Live. Work. Play.?



Live. Work. Play. is a grassroots effort focused on community improvement and engagement for the people who live here.



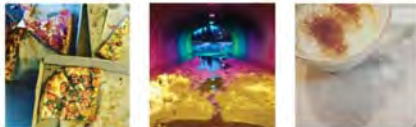
## VISION

By 2025, Anchorage will be the #1 city in America to Live, Work and Play.



## PARTNERS

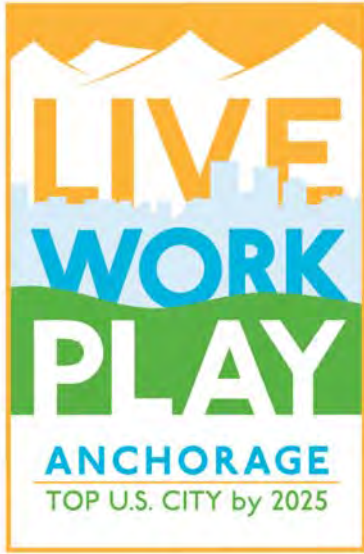
- Non-binding Memorandum of Understanding (MoU)
- To date: 150 signed MoU's



## AREAS OF FOCUS

- EDUCATION
- HOUSING
- WORKPLACE WELL-BEING
- COMMUNITY SAFETY
- TRAILS INITIATIVE
- CREATIVE PLACEMAKING
- ONE ANCHORAGE, ONE ECONOMY





By 2025, Anchorage  
is the #1 city in  
America to **Live.**  
**Work. & Play.**

 [facebook.com/AnchorageLWP](https://facebook.com/AnchorageLWP)

 [instagram.com/iloveanchorage](https://instagram.com/iloveanchorage)

## 2016 AEDC 3-Year Outlook Luncheon

July 27, 2016



Featuring Keynote Speaker:

**Jeffrey Hayzlett**

television & radio host  
and best-selling author

# Thank you!

Find all of today's reports online

**[www.AEDCweb.com](http://www.AEDCweb.com)**

Join us July 27, 2016  
AEDC 2016 3-Year Outlook Luncheon





# anchorage re-dev 4||5

NEW 24/7 VITALITY IN THE HEART OF DOWNTOWN

peach investments llc



## Peach Investments, LLC

- Own multiple properties in Anchorage; here for the long term
- Committed to quality development; record of successful, high quality projects in Anchorage, San Francisco, and around the Pacific Rim
- Experience with mixed use, historic preservation projects, for example One Kearny project in San Francisco.



## Downtown Anchorage is not keeping up

### Anchorage Downtown Plan 2007

Category	2015 Target	Actual
New Office Sq Feet	1,257,500	<ul style="list-style-type: none"> <li>• LIO and NANA renovation, no net gain</li> <li>• Last significant new office NPS in 2002</li> </ul>
New Hotel Rooms	375	<ul style="list-style-type: none"> <li>• Lost about 100 due to "Lofts" conversion</li> <li>• 100's built in Midtown</li> </ul>
New Retail Sq Feet	185,000	<ul style="list-style-type: none"> <li>• Loss of Indigo, Diane's, no retail in LIO or State garage; Orso, Snow Goose closed for lunch in the winter</li> <li>• Williwaw, North Face coming</li> <li>• Many vacant storefronts</li> </ul>
New Housing Units	1,200	<ul style="list-style-type: none"> <li>• Lofts at 4<sup>th</sup> Avenue &amp; A – 100 units</li> </ul>

Source: Sue Fison, Fison & Associates 2015

## Anchorage residents want to live downtown!

A recent AEDC Live Work Play survey of Anchorage employers and employees indicated

- Downtown is the number one neighborhood where people want to live
- When asked how to solve the lack of housing in downtown, the majority of respondents answered "redevelop deteriorated areas with new, denser, housing."



## Downtown Plan: "Opportunity Sites"

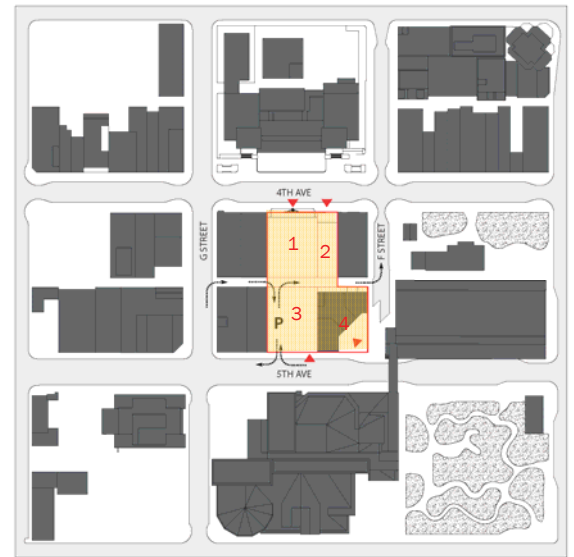


## 4||5 project area

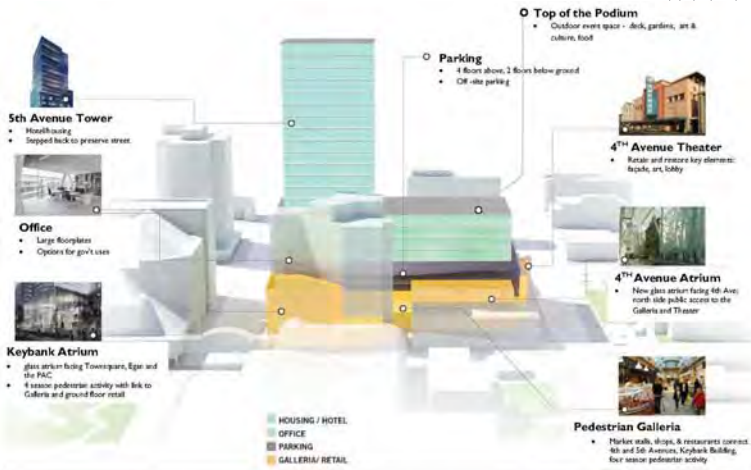
just under an acre  
42,605 SF

- 4<sup>th</sup> Ave. Theater  
11,375 SF
- Reed Bldg  
5,200 SF
- Key Bank Parking  
13,000 SF
- Key Bank & Plaza  
13,030 SF

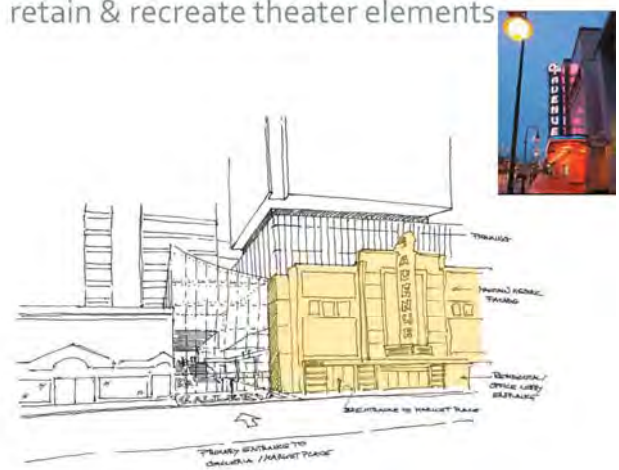
Alley, 2,000 SF



## the vision|| new vitality; people in downtown 24/7



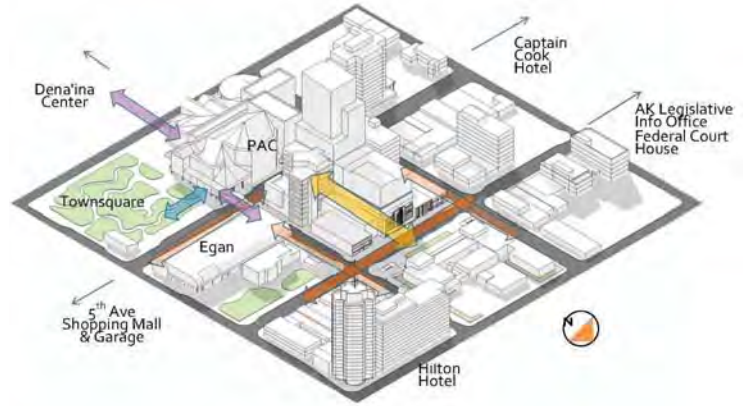
## concept||4<sup>th</sup> ave theater retain & recreate theater elements



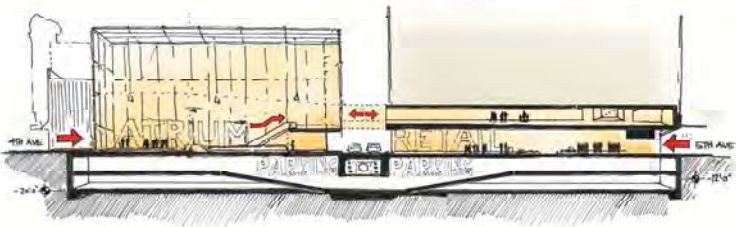
## concept||retail galleria commerce & connections



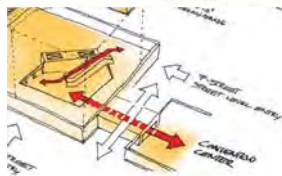
## concept||walkable core 4 seasons connections



## concept||pedestrian linkages connecting 4<sup>th</sup> & 5<sup>th</sup> ave



possible below grade connection to Egan

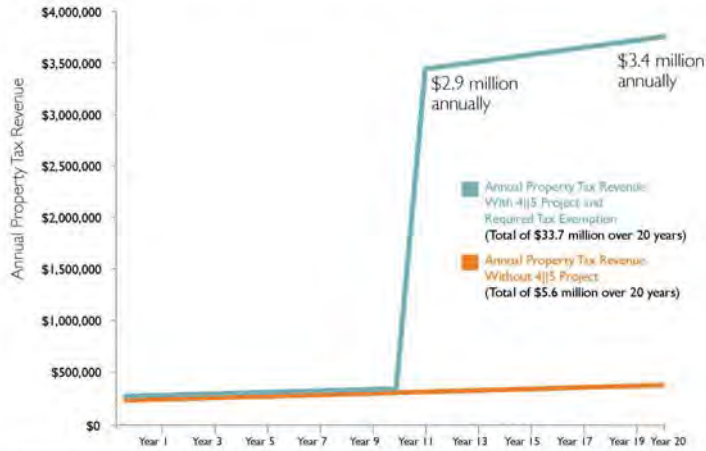


## 4||5 Project – What it could mean for Anchorage

- Brings people and spending to downtown! – a lively mix of shopping, dining, office, hotel/housing, parking in the heart of downtown
- Revives the long boarded up 4th Avenue Theater building; preserves/recreates/restores façade, marquee sign and mural/friezes
- Implements the Downtown Plan: hotel/housing, retail, four-season activity for residents, visitors
- Increases MOA property tax revenue from \$235,000 to \$2.0 - 3.0 million per year for the 4||5 parcels.
- A catalyst for new spending, support for existing and jobs and business opportunities, at a time when Alaska is facing an uncertain future



Comparison of Property Tax Revenue at 4115 Downtown Redevelopment Project:  
With Municipal Tax Exemption vs. Without Tax Exemption



If calculated to the net present value, 20 years worth of property tax revenue with the project and a tax exemption are \$16.6 million while the status quo yields \$4.1 million in tax revenues over 20 years. Annual tax revenues estimated at 1.7%

## “Deal Points”

Project needs a public/private partnership

- ✓ **Deteriorated Area Designation** First, and most important **DONE**, approved May 14, 2015, Assembly Ordinance 2015-49.
- **Property Tax Exemption – on the Increment:** MOA abate incremental property taxes for 10 years. Developer will continue to pay current level of property tax ~ \$235,000 (includes existing Key Bank building). **Must be submitted by September 30, 2015 along with a memorandum of agreement (MOA) that outlines what will be in the eventual development agreement.**
- **Parking:** Initial support from ACDA for the construction of approximately 180 (of 300 total) on-site, shared parking spaces. Estimated cost ~ \$11million. ACDA manages parking and receives parking user fees. Dedicate appropriate off site spaces to project use.
- **Utilities:** Partnership to provide needed power, water, sewer to project.
- **Streamlined Process:** MOA to fast track entitlement and permitting process. Provide high level staff support re: alley vacation, access from 5th avenue, improvements to F Street, utility re-routing and support, project conditional use permits, consolidation of parcels, other required permits and approvals.
- **Development agreement** that formalizes mutual commitments

## Deteriorated Area Designation: Secured

✓ **Step 1: Deteriorated Area Designation per AMC 12.35.000**

- Requires property to meet at least **one** of the following criteria:
  - unsafe, unsanitary or overcrowded buildings
  - environmental contamination
  - vacant, overgrown and unsightly lots
  - a disproportionate number of tax delinquent properties
  - economically or socially undesirable land uses
- Allows adjacent property to be included if it encourages, enhances, or accelerates improvement of deteriorated properties



## AO 2015-49 set the stage for:

**Step 2: Apply for Financial Incentives under AMC 12.35.001**

- Peach must submit an application to the CFO by September 30, 2015
- Approval requires meeting two tests:
  1. Evidence that incentive is necessary for project's economic viability
  2. The project provides measurable public benefits commensurate with the level of incentive granted
- **Test 1:** Initial feasibility results show return on project is not viable without partnership
  - Risky, pioneering, catalytic downtown mixed use project
  - High construction costs
  - Constrained, narrow lots; including demolition costs
- **Test 2:** Project benefits include:
  - Catalyst for new life, people and investment downtown
  - Affords the opportunity to preserve/recreate/revive key theater building elements
  - ~ 830 new jobs
  - No loss in current tax revenue; 6 time increase the current tax base over 20 year period

# Northern Lights Inn Property



# Planning for Economic and Fiscal Health

Alex Hutchinson  
Christopher Zimmerman

Anchorage, Alaska  
May 10, 2016



## Who is Smart Growth America?

Smart Growth America is a national non-profit organization dedicated to researching, advocating for, and leading coalitions to bring smart growth practices to more communities nationwide.



- SGA Leadership Institute
- Local Leaders Council



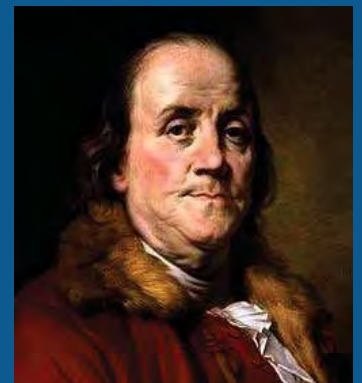
## What is "smart growth?"

- Smart growth is a better way to build and maintain our towns and cities.
- Smart growth means building urban, suburban and rural communities with housing and transportation choices near jobs, shops and schools.
- This approach supports local economies and protects the environment.

## Why plan?

"By failing to prepare, you are preparing to fail."

-Benjamin Franklin



# Why plan?

“Have a plan. Follow the plan and you’ll be surprised how successful you can be. Most people don’t have a plan. That’s why it is easy to beat most folks.”

- Paul “Bear” Bryant



5

The ways we plan our cities

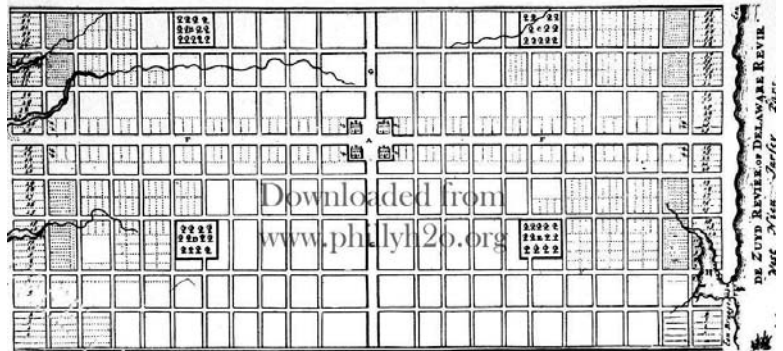
## Patterns of development



### Traditional town plan

- Mixed-use
- Compact
- Buildings of several stories
- Blocks with multiple building types
- Street grid

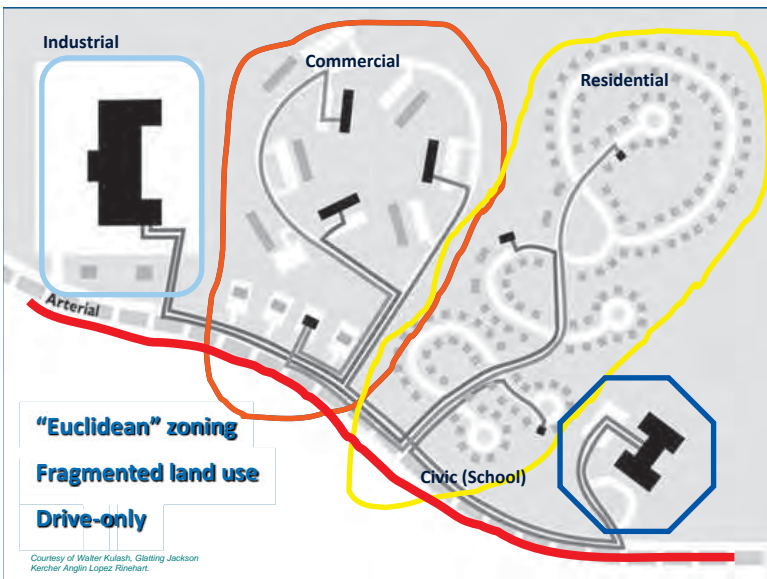
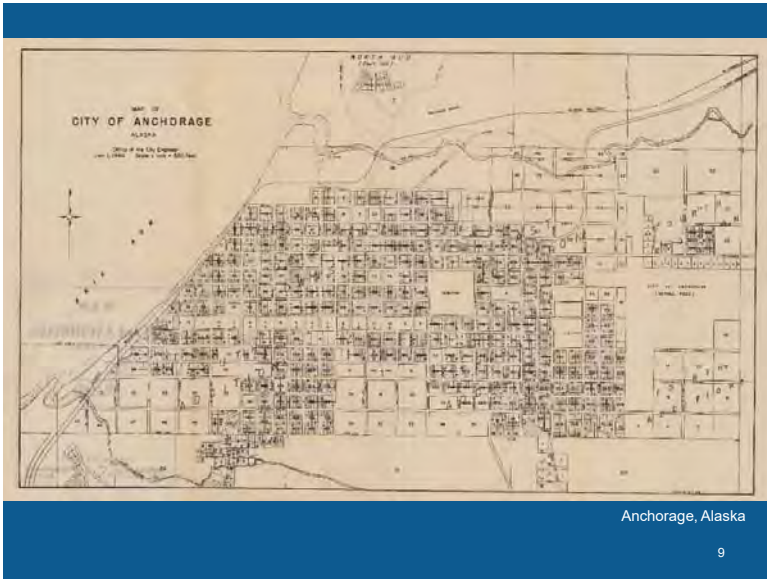
Courtesy of Alex MacLean, Landforms



William Penn's plan of the City of Philadelphia. The idea of straight streets and rectangular blocks without curves or diagonals has been carried out in the enlarged city, while the system of small plots is not.

Philadelphia, PA

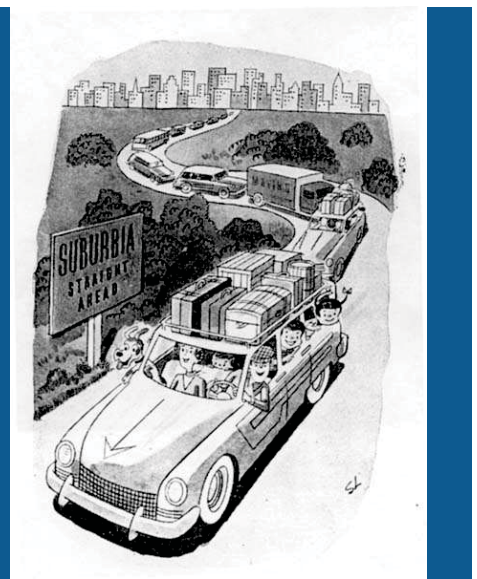
8



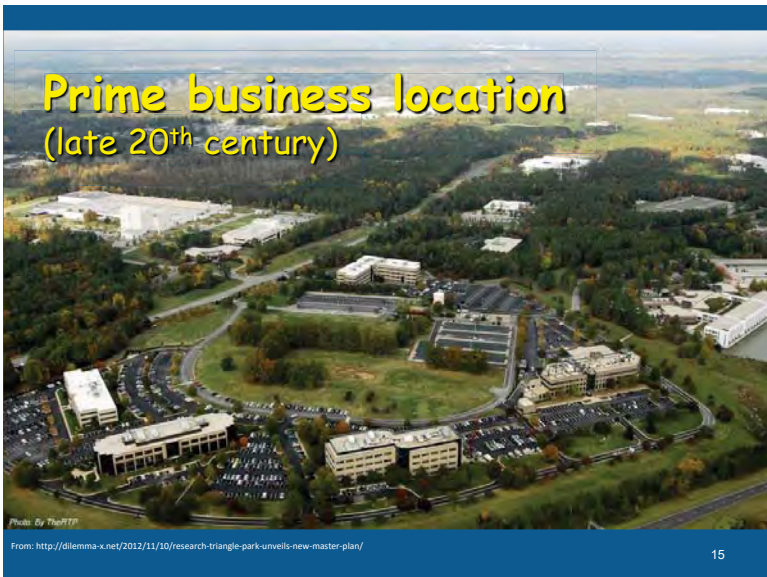
... and the automobile ...

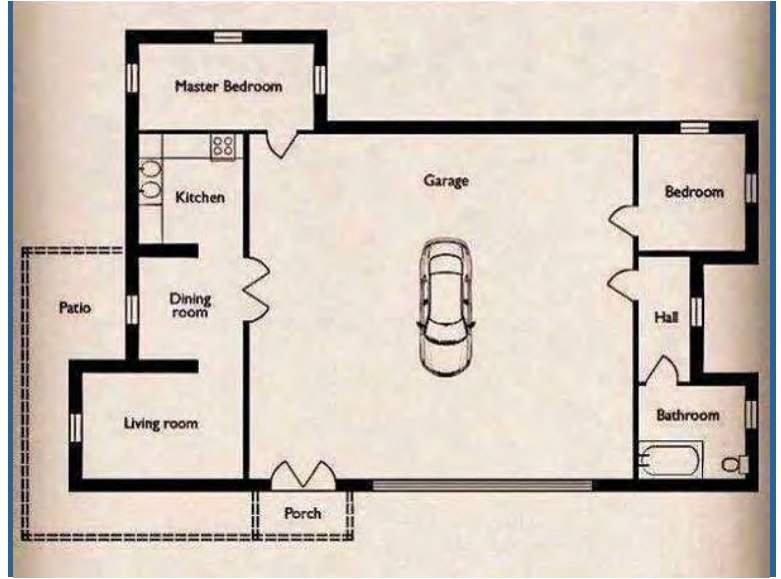
(and the interstate highway program, and new federal programs for homebuilding, and new rules for capital depreciation ...)

5/16/2016

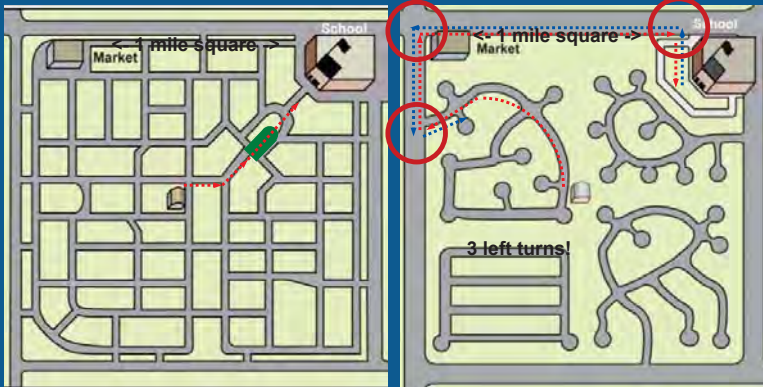








## Poor local street connectivity



Smart Growth America  
Making Neighborhoods Great Together

What's been happening?

The demographic and economic fundamentals have shifted

## Demographic Change

20<sup>th</sup> century vs. 21<sup>st</sup> century

Retirement of the Baby Boom

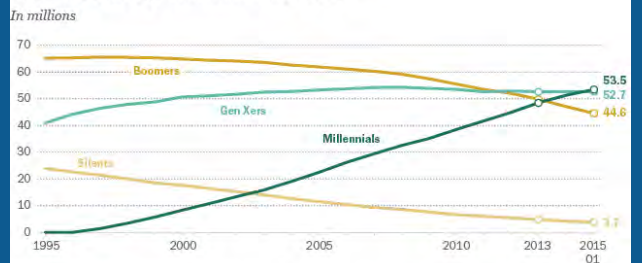
Rise of the Millennials

Smaller households

Different preferences

## Millennials now largest share of the work force

U.S. Labor Force by Generation, 1995-2015



Note: Annual averages plotted 1995-2014. For 2015 the first quarter average of 2015 is shown. Due to data limitations, Silent generation is overestimated from 2008-2015.  
Source: Pew Research Center tabulations of monthly 1995-2015 Current Population Surveys, Integrated Public Use Microdata Series (IPUMS)

PEW RESEARCH CENTER

# Millennials are different

# Millennials

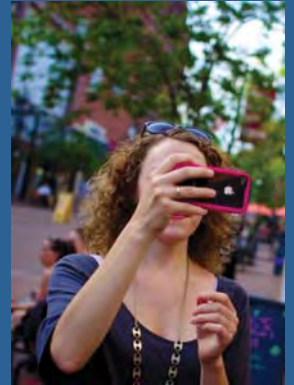
## mil·len·nial

/miˈlɛnəəl/ <sup>43</sup>

**noun**

plural noun: millennials; plural noun: Millennials

a person reaching young adulthood around the year 2000; a Generation Yer.  
“The industry brims with theories on what makes millennials sick”



# Millennials

“But millennials – the largest generation in American history – will soon define how America does business, how America thinks and feels, and whether America holds fast to its free speech ideals.”

Julie Lythcott-Haims, *The New York Times*  
November 2, 2015



# Millennials

“We can all agree that Millennials are the worst.”

Philip Bump, *The Atlantic*, March 25, 2014



# Millennials

They follow lifestyle, not jobs.

Millennials choose where to **live** before finding a **job**.

Of all college-educated 25- to 34-year-olds **64%** looked for a job **after** they chose the city where they wanted to live.

(U.S. Census)



# They want urban living

The New York Times <https://nyti.ms/2pab1Yq>

N.Y. / REGION

## Suburbs Try to Prevent an Exodus as Young Adults Move to Cities and Stay

By JOSEPH BERGER APRIL 16, 2014

It is a well-trod trail: Suburban youngsters enter their early 20s, leave their parents' comfortable Tudors or colonials for the pizzazz of the city, dawdle a few years until they find mates and begin having children and then, seeking more space and good public schools, move back to the suburbs and into their own Tudors or colonials.

But that pattern is changing, or at least shifting. A recent report on the suburb-dotted New York counties of Westchester, Nassau and Suffolk, based on United States census data, found that those young people seem to be lingering longer in New York City, sometimes forsaking suburban life

30

BUSINESS INSIDER

## Millennials Are Renting Instead Of Buying And The Retail Industry Is Freaking Out

ASHLEY LUTZ  
AUG. 14, 2014, 12:01 PM



Millennials' tendency to rent instead of buy is turning the retail industry upside down.

They want experiences more than things.

31

THE CHANGING MARKET

CNNMoney  
A Service of CNN, Finance & Money

## Young Americans ditch the car

By Steve Hargreaves @CNNMoney September 17, 2012: 11:30 AM ET



And they don't seem to want cars

NEW YORK (CNNMoney) — America's young people just aren't buying cars like they used to.

The share of new cars purchased by those aged 18-34 dropped 30% in the last five years, according to the car shopping

# Preferences: Transportation

## Millennials are driving less

– From 2001 to 2009, the average annual number of vehicle-miles traveled by people ages 16-34 **dropped 23 percent**.

(source: National Household Travel Survey)

– 26 percent lacked a driver's license in 2010, up 5 percentage points from 2000

(source: Federal Highway Administration)



NEWS RELEASES

## Millennials Favor Walkable Communities, Says New NAR Poll

MEDIA CONTACT: JANE DOLLINGER / 202-383-1042 / EMAIL

WASHINGTON (July 28, 2015) – Millennials prefer walking over driving by a substantially wider margin than any other generation, according to a new poll conducted by the National Association of Realtors® and the Transportation Research and Education Center at Portland State University.

The 2015 National Community and Transportation Preference Survey found that millennials, those aged 18–34, prefer walking as a mode of transportation by 12 percentage points over driving. Millennials are also shown to prefer living in attached housing, living within walking distance of shops and restaurants, and having a short commute, and they are the most likely age group to make use of public transportation.

The poll also found that millennials show a stronger preference than other generations for expanding public transportation and providing transportation alternatives to driving, such as biking and walking, while also increasing the availability of trains and buses. Millennials likewise favor developing communities where people do not need to drive long distances to work or shop.

“Realtors® don’t only sell homes, they sell neighborhoods and communities,” said NAR President Chris Polychron, executive broker with 1st Choice Realty in Hot Springs, Ark. “Realtors® aid in improving and revitalizing neighborhoods with smart growth initiatives, helping create walkable, urban centers, which is

# Millennial housing preferences

## Millennials especially are trending away from traditional suburbs

– 47% would prefer to live in a city or a suburb with a mix of houses, shops, and businesses

– 40% would prefer a rural or a **small town**

– 12% say they would prefer a suburban neighborhood with houses only

## A downtown apartment is an elusive and expensive dream for millennials



The young, "millennial" in their early 20s, recently moved into a third-floor loft apartment above Flanagan's 15th Pub on First Street NW in the heart of downtown.

Beresh, a freelance media consultant, and Walsh, a digital marketing consultant, moved into the 800-square-foot, two-bedroom unit earlier this year after moving out of the house they were renting in the city's Eastside neighborhood.

At 31,400 a month, Beresh said they are delighted to be in the heart of downtown, where vibrant events, outdoor festivals and vibrant live dining are less than a block away at Rose Park Circle.

"We just know that in the summer, everybody is going to be congregating where we live. It's just really exciting for us to be here, and we see it as a great value because of that."

"We're happy to pay a slight premium to be close to all these things that enrich our lives." -- Downtown resident Ziev Beresh

## Boomers are a different kind of Senior Citizen

37

## “Adulthood II”

### Boomers not ready for the rocking chair

- Today’s retiree can live past 90
- “These additional 31 years of expected life have not been just tacked on at the end . . . Today’s 65-year-olds are starting new careers or continuing old ones, traveling around the world, and eloping with new loves, in a stage of life we are calling ‘Adulthood II.’”

- cultural anthropologist Mary Catherine Bateson, quoted in ULI report

## Boomers and housing

### Boomers are **downsizing**

- Increasing numbers, smaller households
- The number of senior households will grow twice as fast as all others over the next couple decades (A.C. Nelson)
- Shrinking, aging households will be a source of supply of SFD housing, and demand for smaller and multi-family housing

## Boomers and housing

- From 1990 to 2010, downsizing households (with residents 65 and older) made up 20 percent of new housing demand. But over the next 20 years they will account for **85 percent** of the demand share.
- Market research shows this segment prefers smaller **homes on smaller lots** or **attached options**.

#### Aside:

They’re not that interested in moving to “retirement communities.”

Average age entering senior housing used to be 70 – **now it’s 86**.

Source: Nelson.

40

# Boomers and transportation

## Turning in their keys

- Using local buses and trains more (source: National Household Travel Survey)
- Bike trips increased 64 percent between 2001 and 2009. (AARP)



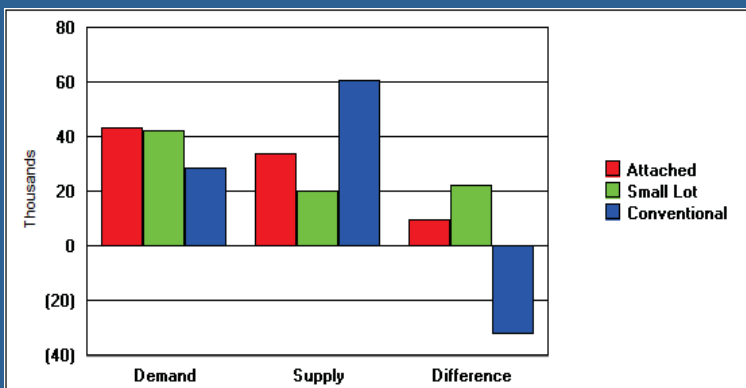
# “Americans Prefer to Live in Mixed-Use, Walkable Communities”

-- National Association of Realtors (October 2013):

- 78 percent say neighborhood is more important than the size of the house
- Fifty-seven percent would forego a home with a larger yard if it meant a shorter commute to work

Source: Oct. 2013 Consumer survey conducted for the National Association of Realtors

# Occupied Housing Demand-Supply Mismatch 2011



Source: Adapted from American Housing Survey 2011 by Arthur C. Nelson, University of Arizona.

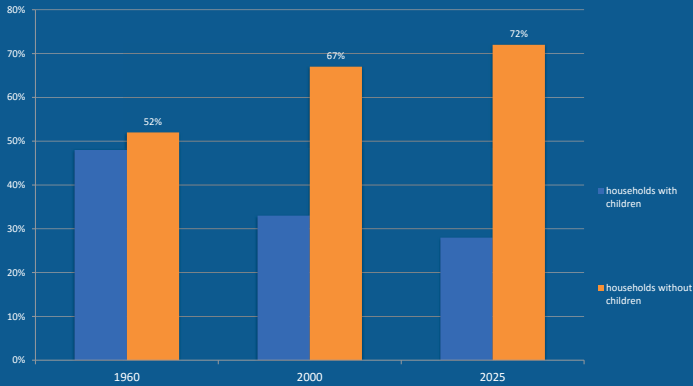
Why this is probably not a short-term fashion, but a structural change

(We're getting steadily older – not just individually, but as a whole)

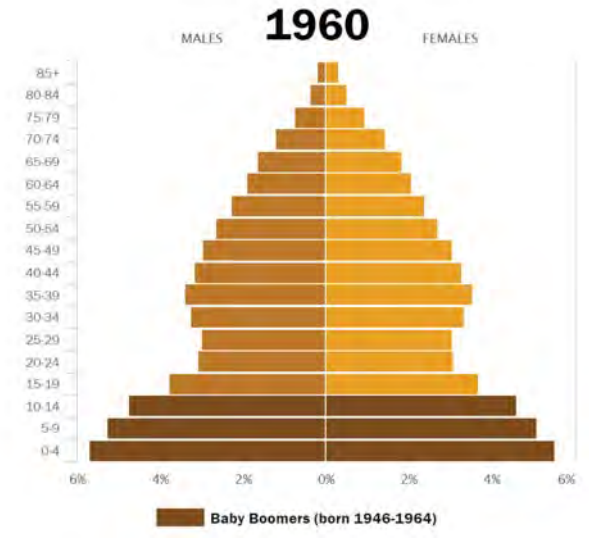


# Changing household composition

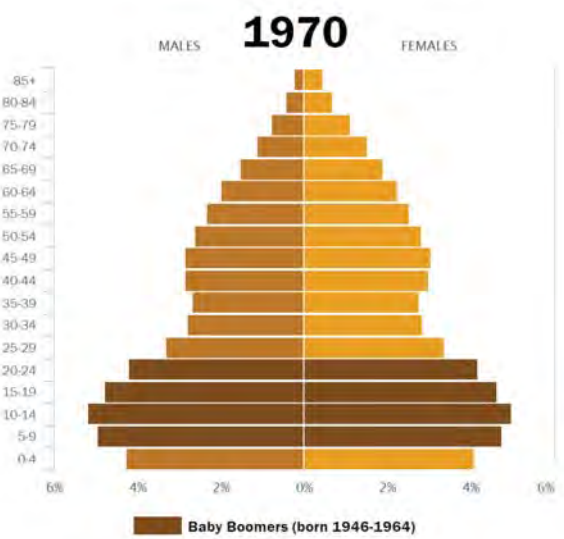
Households with and without children, 1960-2025



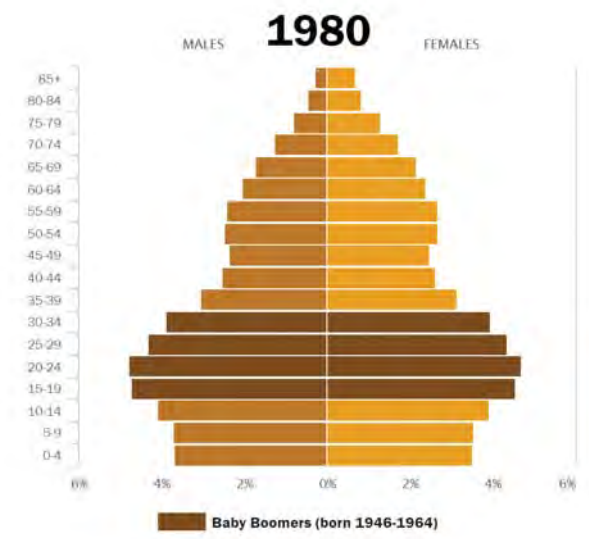
PewResearchCenter

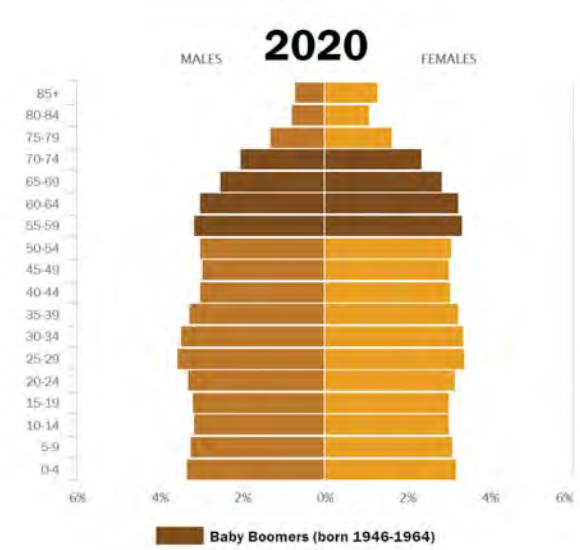
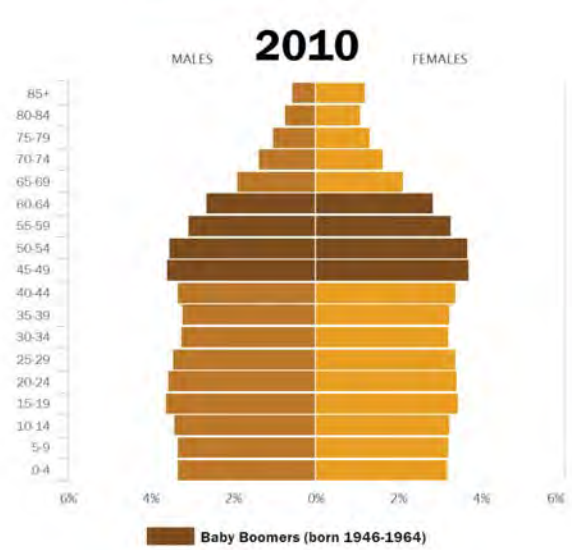
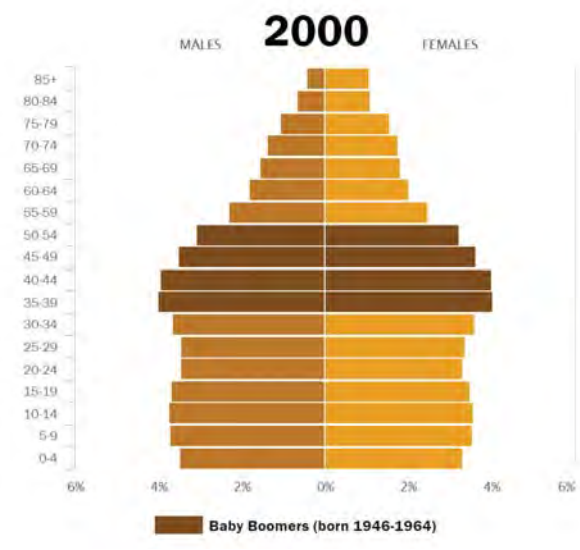
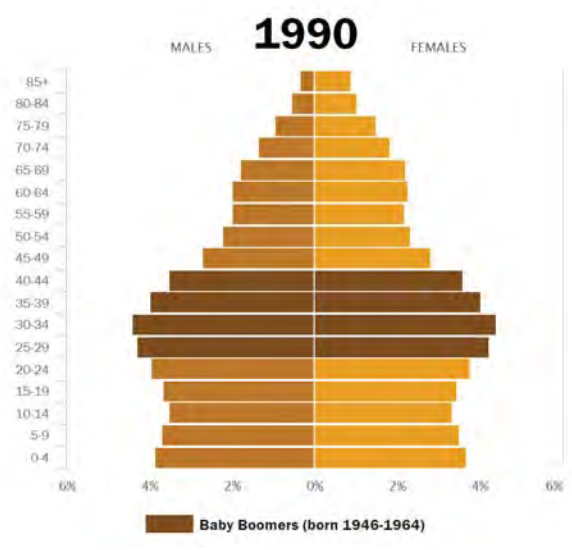


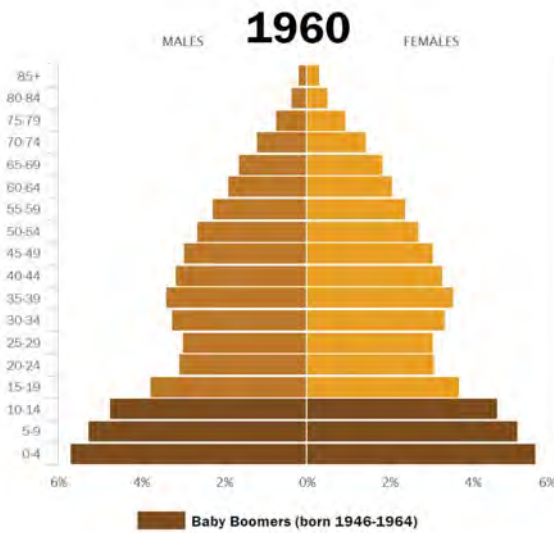
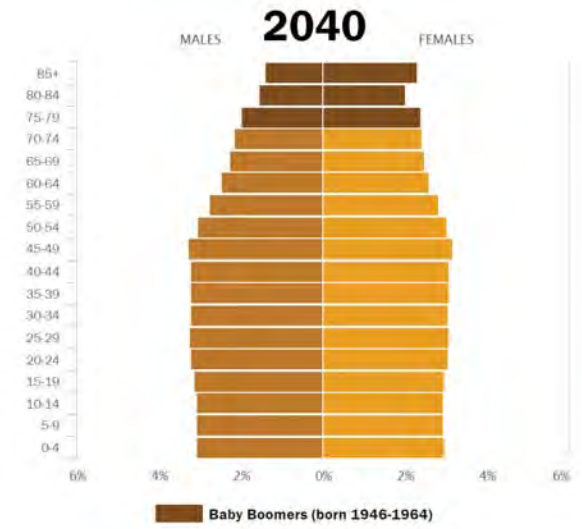
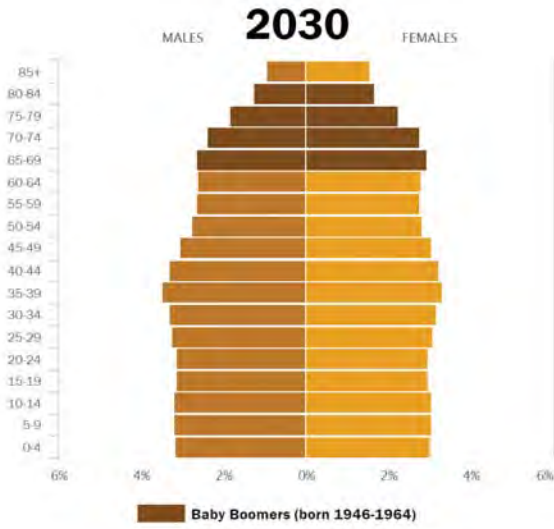
PewResearchCenter



PewResearchCenter







## Economic growth

20<sup>th</sup> century vs. 21<sup>st</sup> century

- Manufacturing economy vs. Knowledge economy
- Chasing smokestacks vs. Chasing talent



## The 21<sup>st</sup> Century Economy

- Creativity, knowledge, innovation
- Importance of networking, interaction
- Demand for skilled workers

“A region’s most important source of competitive advantage is its workforce. . . it’s the pool of talent that attract firms, particularly in the knowledge economy.”

-- Ania Ania Wieckowski,  
Harvard Business Review, May 2010

## Forbes.com\*

“One of the main factors businesses consider when deciding on where to relocate or expand is the available pool of college-educated workers. And that has cities competing for college-educated young adults.”

“And there’s one place this desired demographic, college-educated professionals between the ages of 25 and 34, tends to want to live: tight-knit urban neighborhoods that are close to work and have lots of entertainment and shopping options within an easy walk.”

\* Downtowns: What's Behind America's Most Surprising Real Estate Boom – March 25, 2013 58

Responding to the market

## Business moves back downtown

## “Surging City Center Job Growth,”

Joe Cortright, Feb. 2015



“During the economic expansion from 2002 to 2007, the historic trend of job decentralization was very much present. . . .

But since 2007 . . . the picture changed dramatically. While only 7 city centers outperformed their surrounding metros in the 2002-07 period, 21 outperformed the periphery in 2007-11.”

# Businesses respond to changing preferences



“Locations deemed walkable appreciate more than those that are car-dependent”

## Core Values

Why American Companies are Moving Downtown

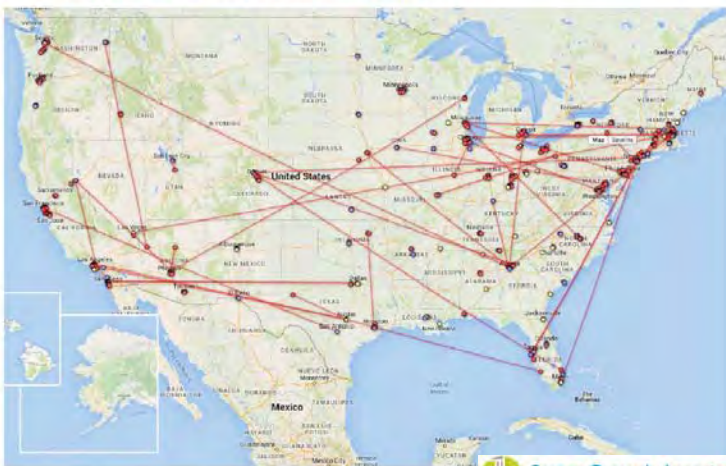


IN PARTNERSHIP WITH



Center for Real Estate and Urban Analysis  
THE NATIONAL CENTER FOR REAL ESTATE RESEARCH

FIGURE 3  
Map of where companies are moving



### WALK SCORE



### TRANSIT SCORE



### BIKE SCORE



## Businesses respond to changing preferences

- Across the country corporations are responding to employee preferences and **moving to the talent**.
- They are **choosing to relocate** from drive-only office parks to walkable locations.

## It's not just big metropolitan areas, but small towns too



"The same demographic and market trends that are driving a return to big cities can also boost the prospects of smaller cities and towns surrounded by suburbs and countryside."

-- Robert Steuteville, *Small cities and towns are urban places, too* - Better! Cities & Towns

### The Other Walkable Urban Trend

66

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Wednesday, April 22, 2015, 10:05 a.m.

## RED RIVER AWARD SEASON EVENT

2015

### 3 tech firms to add 140 jobs in Conway

By ArkansasOnline  
This article was originally published January 29, 2015 at 10:49 a.m. Updated January 29, 2015 at 10:57 a.m.

3 Comments

Three technology companies announced Thursday that they will add locations in downtown Conway, spending a total \$2.5 million and creating a combined 140 new jobs.

The companies are: Metova Inc., a mobile-app development company founded in Franklin, Tenn.; Atlanta-based Big Cloud Analytics, a predictive analytics software company; and Eyenalyze, a Conway-based company that develops software for use in the food service sector, the Arkansas Economic Development Commission said in a statement.

Gov. Asa Hutchinson joined Conway officials and representatives from Metova, Big Cloud Analytics and Eyenalyze to make the announcement in downtown Conway.

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The demand for walkable, downtown development

## What the market wants

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Home / About NAIOP / News / NAIOP Source Weekly E-Newsletter / NAIOP Source January 6 2015 / Today's Office Tenants Prefer Live, Work, Play Locations [Print](#) [Share](#)

**Today's Office Tenants Prefer Live, Work, Play Locations**

Office tenants today prefer to be located in amenity-rich, mixed-use suburban vibrant centers (also known as "live, work, play" locations) rather than single-use suburban office locations by a margin of 83 percent to 17 percent, according to a recent NAIOP Research Foundation report. The report, "Preferred Office Locations: Comparing Location Preferences and Performance of Office Space in CBDs, Suburban Vibrant Centers and Suburban Areas," combines expert opinion and accurate property-level data to explain what tenants seek in their office location – and how different office locations perform on key metrics.

69

Home » Blogs » TheRealtyShow

Salt Lake City 66 \* Traffic

The Salt Lake Tribune  
WWW.SLTRIB.COM 2015

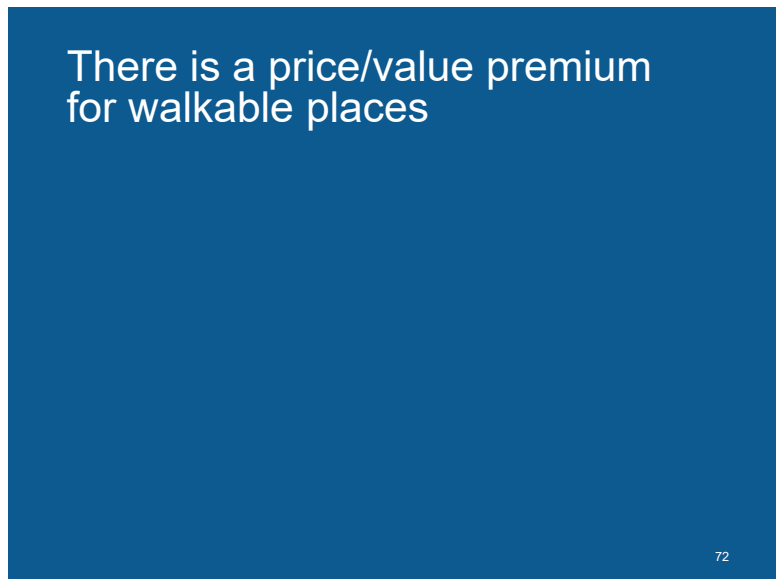
"Business leaders say that walkable downtowns are becoming a crucial tool in what they do."

The Realty Show

**How do you attract the best workers? Set up shop in a walkable downtown**

Tony Semerad

First Published Jun 19 2015 04:18PM - Last Updated Jun 19 2015 04:18 pm



## There is a price/value premium for walkable places (residential)

Applies to residential real estate -

Above-average walkability:

→ \$4,000 to \$34,000 more in home sales price



\*Sources: "Walking the Walk" by Joseph Cortwright, CEOs for Cities and "The Walkability Premium in Commercial Real Estate Investments" by Gary Pivo and Jeffrey Fisher

## There is a price/value premium for walkable places (commercial)

Applies to commercial real estate -

Greater walkability:

→ 1% to 9% increase in commercial property value depending on type; also higher incomes and lower capitalization rates



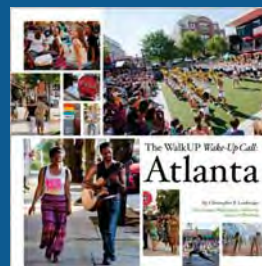
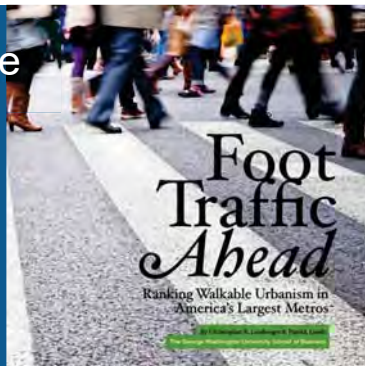
\*Sources: "Walking the Walk" by Joseph Cortwright, CEOs for Cities and "The Walkability Premium in Commercial Real Estate Investments" by Gary Pivo and Jeffrey Fisher

## There is a price/value premium for walkable places

2014 study ranks the top 30 US metropolitan areas in walkability

Major findings:

- The top ranking metros have an average of 38% higher GDP per capita as compared to the low ranking metros.
- Office rent in urban WalkUPs rent at a 74% higher premium per square foot over drivable sub-urban areas.



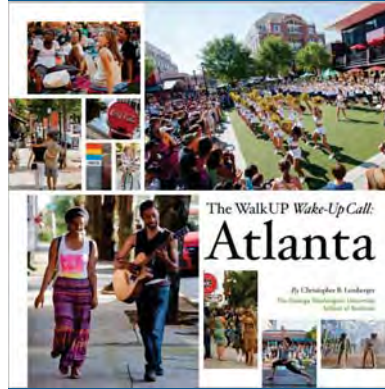


# Walkable Urban Places



“ . . . walkable urban places and projects will drive tomorrow’s real estate industry and the economy”

# Walkable Urban Places - Atlanta



Report finding:

From 1992-2000, roughly 13 percent of real estate investment in the region went into Current and Emerging ‘WalkUPs.’

From 2001-2008, that number **doubled** to 26 percent.

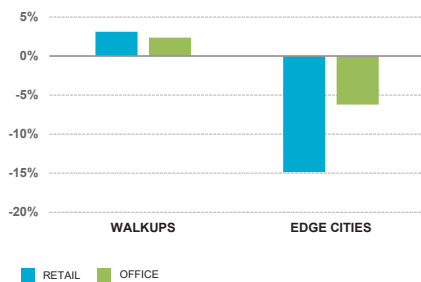
Since 2009, it more than **doubled again**, reaching 60 percent.

## Office & Retail in WalkUPs Outperforms Edge Cities

- Average Edge City Office and Retail rents are still *lower now than in 2008*.
- **But WalkUP rents have risen**, indicating market preference.

Change in Average Rents per Square Foot Since 2008:

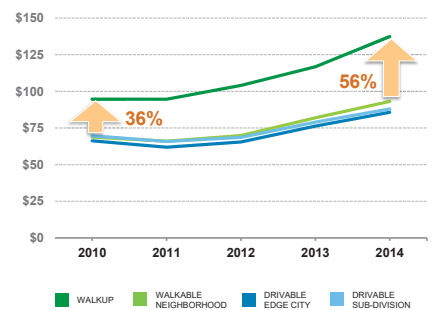
Weighted Average Across All Michigan Metros

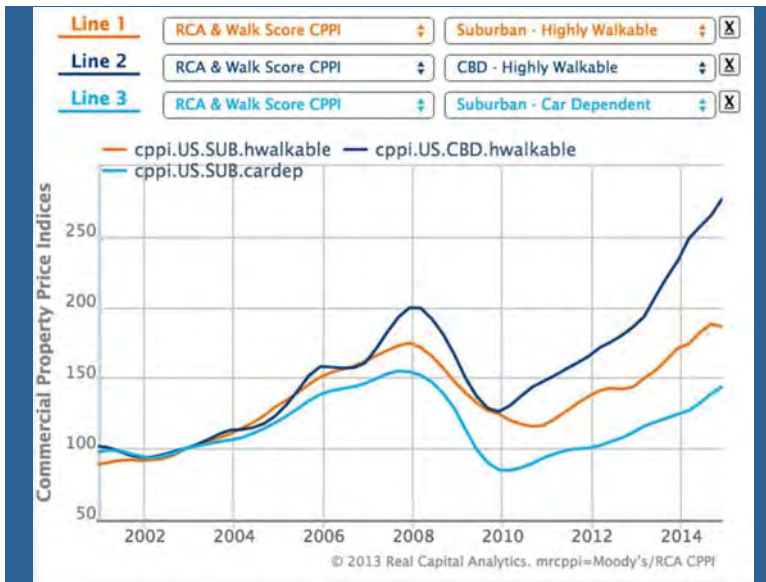


## For-Sale Residential Prices Are Rising Fastest in WalkUPs

- The WalkUP price premium has increased since 2010
- A slight premium has also emerged for Walkable Neighborhoods

Average Home Prices per Square Foot in the Michigan Metros





How communities **develop** affects government **expenditures** and **revenues**.

## Development affects costs




Expenditures for infrastructure and services are more efficient in denser, better connected areas.

## Development affects costs

Compact development offers efficiencies in delivering **services**.

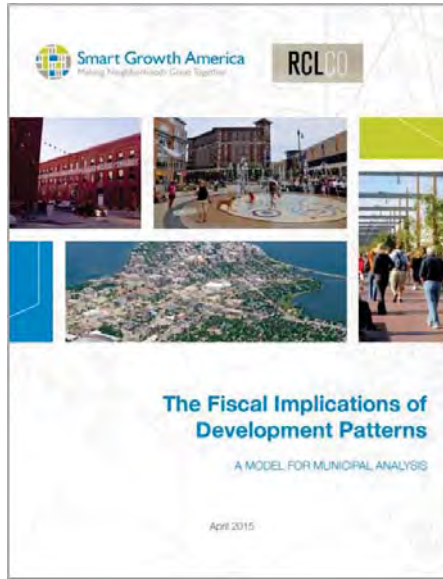
- Police and fire departments have less area to cover.
- Fewer miles of road to cover for trash pickup, school buses.
- Fewer miles of water and sewer pipes to maintain.



Savings on infrastructure  
**38%**

Savings on services  
**10%**

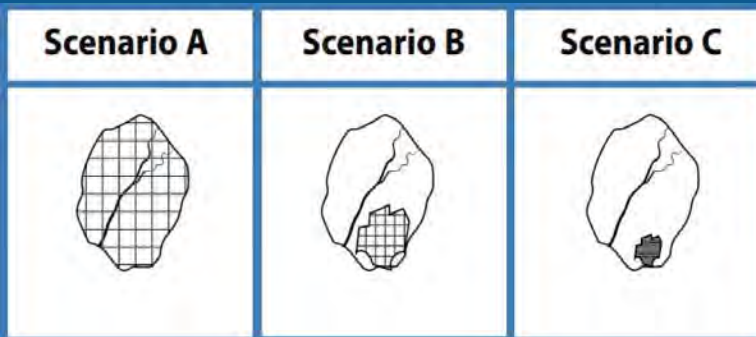
Revenue generated  
**10x**



A scenario analysis tool

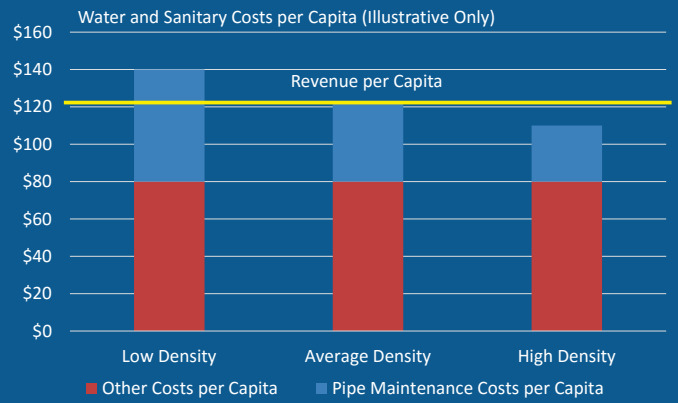
A fiscal impact model focused on the relative effects of sprawl versus compact development

Comparative development patterns for the same population



Source: US EPA, OSC. Protecting Water Resources with Higher Density Development. 2006.

**LOW DENSITY DEVELOPMENT REQUIRES MORE PIPE – MEANING HIGHER MAINTENANCE COSTS**

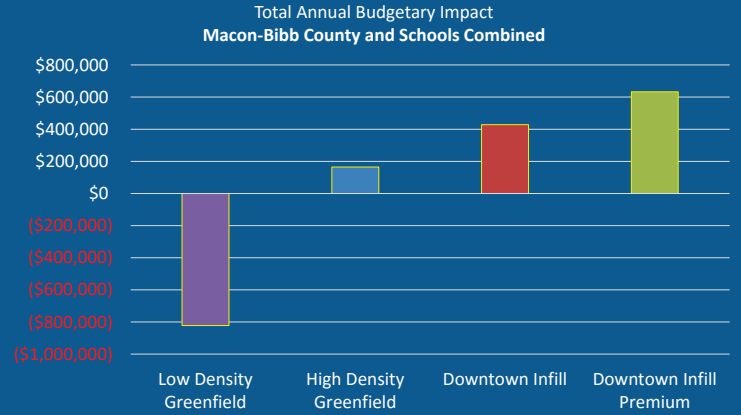


## CASE STUDIES

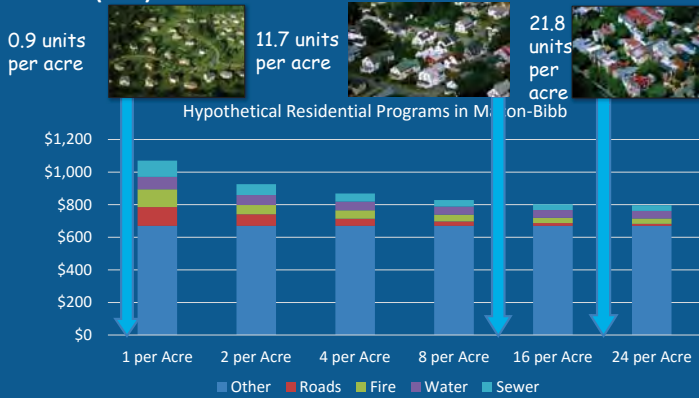
- Madison, Wisconsin
- West Des Moines, Iowa
- Doña Ana County, New Mexico
- Macon, Georgia
- Indianapolis, Indiana



## SUMMARY OF RESULTS BY SCENARIO

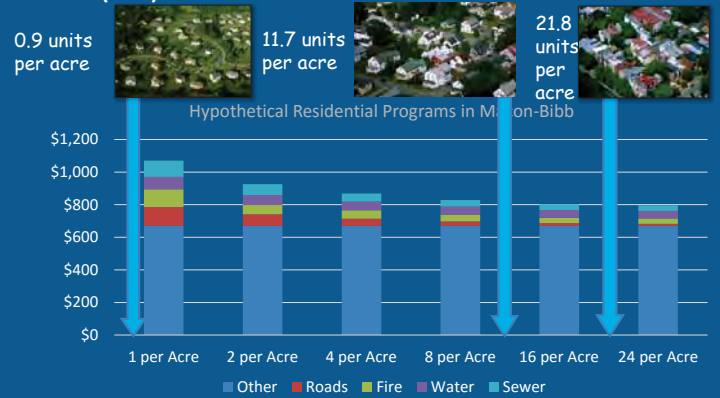


## MACON MODEL PROJECTS THAT MOVING FROM 1 UNIT PER ACRE (NET) TO 16 REDUCES PER CAPITA COUNTY COSTS BY 25%



NOTE: Does not include potential density-related savings associated with solid waste or use of existing infrastructure

## MACON MODEL PROJECTS THAT MOVING FROM 1 UNIT PER ACRE (NET) TO 16 REDUCES PER CAPITA COUNTY COSTS BY 25%

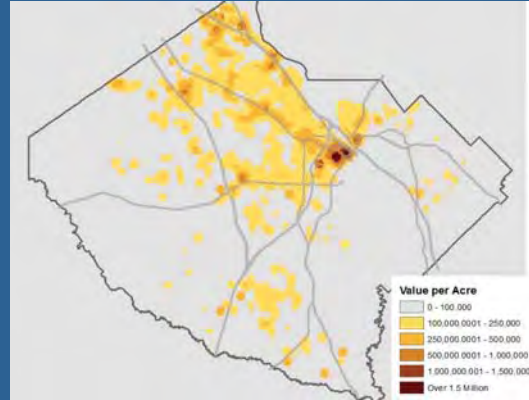


NOTE: Does not include potential density-related savings associated with solid waste or use of existing infrastructure

## Development affects revenue

- Low-density suburban development generates much less per acre revenue.
- “Main streets” and dense mixed-use areas create synergies that produce substantially higher revenues than commercial sprawl.

## DOWNTOWN MACON HAS HIGHEST AVERAGE PROPERTY VALUES PER ACRE IN BIBB COUNTY



- Downtown Avg. Assessed Value per Acre: \$1.3 million
- Shoppes at River Crossing: \$967,000 per Acre
- County Avg: \$77,000

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What does this mean?

## Implications for policy

## The bottom line

“A region’s most important source of competitive advantage is its workforce. In the past, employers attracted workers, but now, according to a study by CEOs for Cities, it’s the pool of talent that attract firms, particularly in the knowledge economy. The vast majority of college educated young people chose where to live based on factors other than employment opportunities. **Creating attractive, mixed use communities attracts the talent, and that business.**”

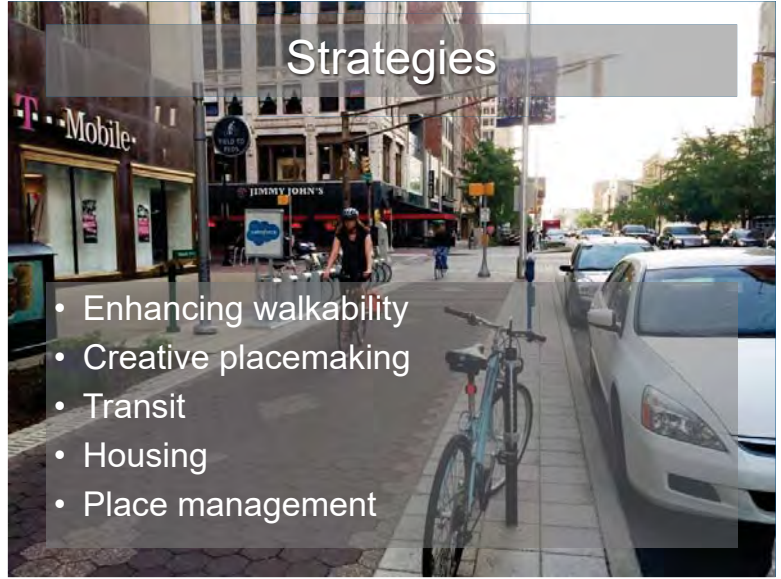
– Ania Ania Wieckowski,  
Harvard Business Review,  
The Magazine, May 2010

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Economic development is increasingly a competition over placemaking.

97



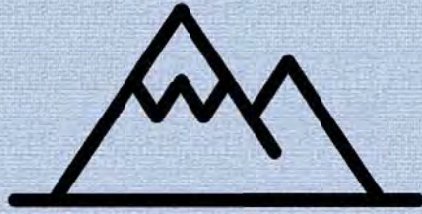
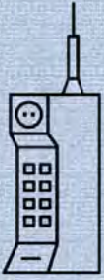
## Strategies

- Enhancing walkability
- Creative placemaking
- Transit
- Housing
- Place management

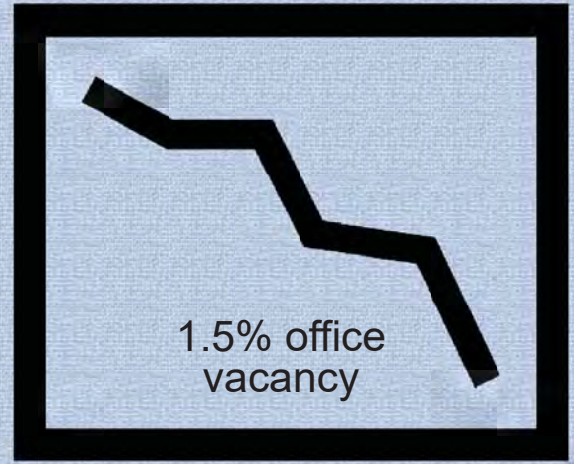


Thank you

Denver, CO  
1970-1985



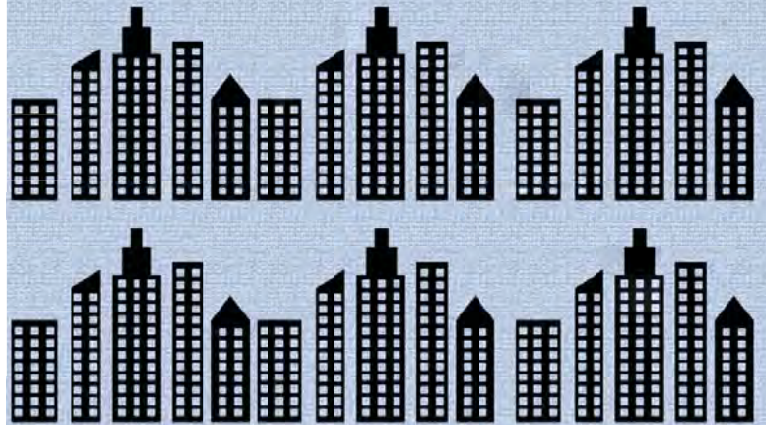
Denver, CO 1970

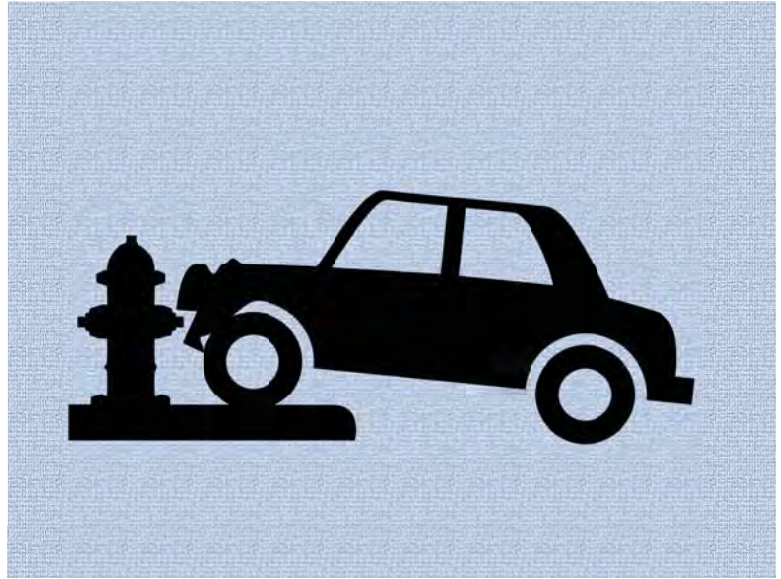


Denver, CO  
1970




Denver, CO  
1985





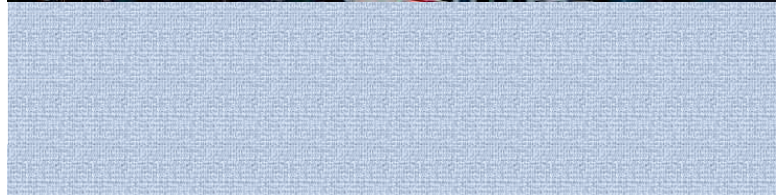
“Denver, a town that's never been No. 1 in anything but carbon monoxide levels.”

Two football helmets are shown at the bottom of the text block. On the left is a New York Giants helmet with "GIANTS" written on it. On the right is a Denver Broncos helmet with the number "XXI" and the Broncos logo on it.





- Downtown development
- Economic diversification
- Transportation
- Innovative finance







## 2016 largest employers

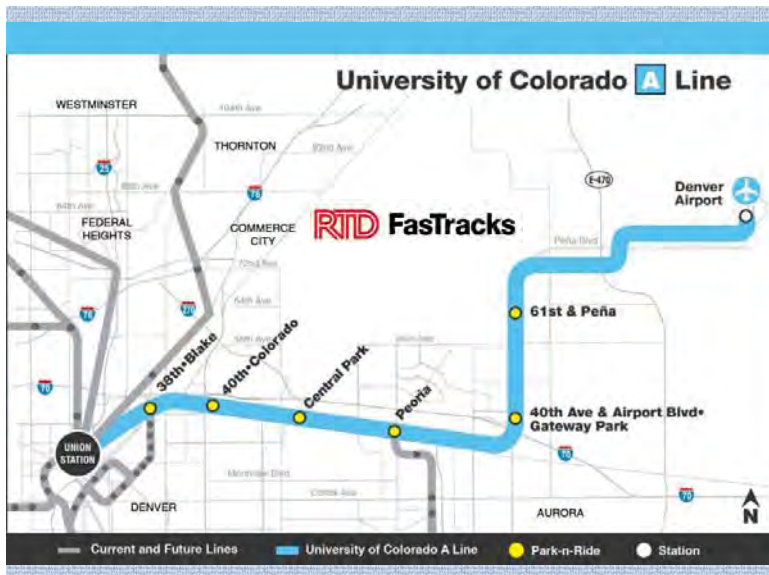


Health  
Care  
202k Jobs

finance  
97k Jobs

Energy  
54k Jobs

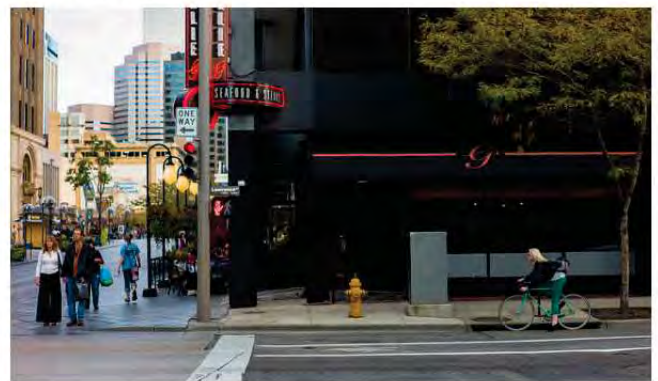
## Denver International airport



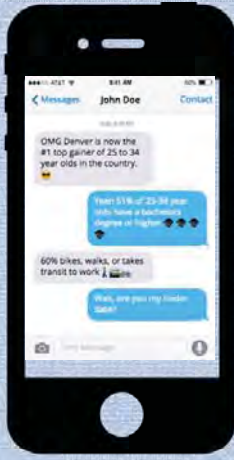
## DENVER TECH COMPANIES: 'THE NO. 1 THING THEY WANT IS BIKE LANES'

October 31, 2013

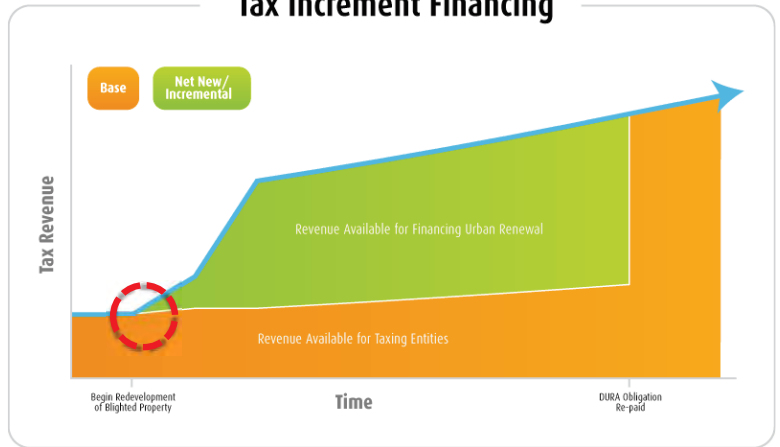
Michael Andersen, Green Lane Project staff writer



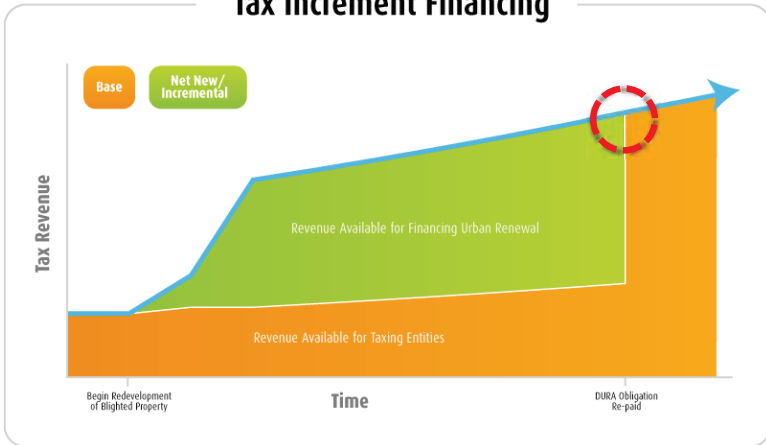
# Denver, CO 2016



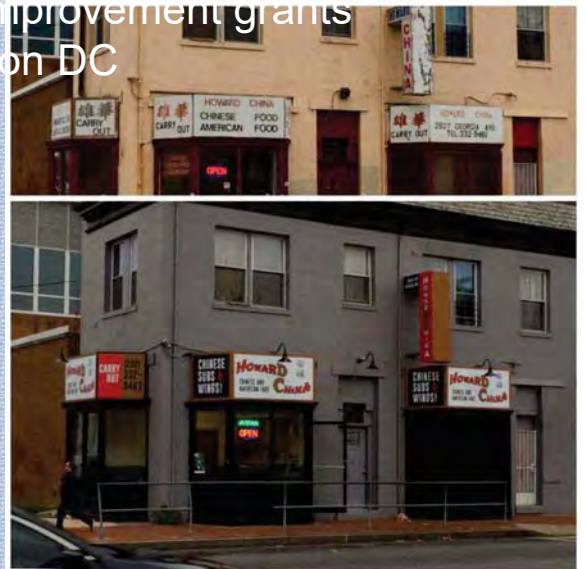
## Tax Increment Financing



## Tax Increment Financing



## Façade improvement grants Washington DC



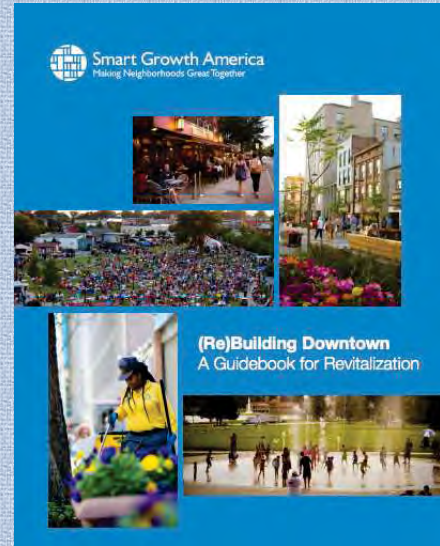
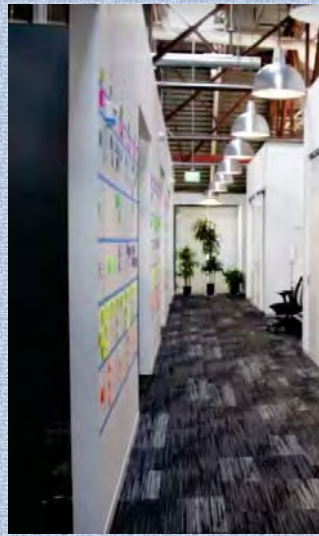
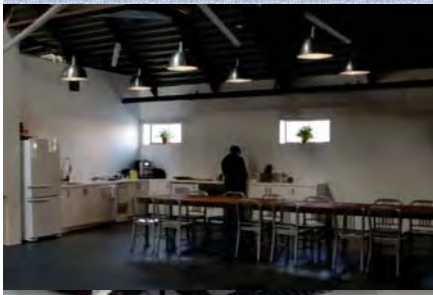
Small Business Assistance  
Nashville, tn



Eb-5 immigrant investor program  
Washington, DC







## *(Re)Building Downtown: A Guidebook for Revitalization*

- 1. Understand your community**
- 2. Create an attractive, walkable place**
- 3. Diversify economic uses**
- 4. Plan for equity**
- 5. Align governance and institutions**
- 6. Finance projects**
- 7. Manage for the future**

## Review

- Economic dev is about placemaking
- Placemaking means walkability
- What makes for walkability?



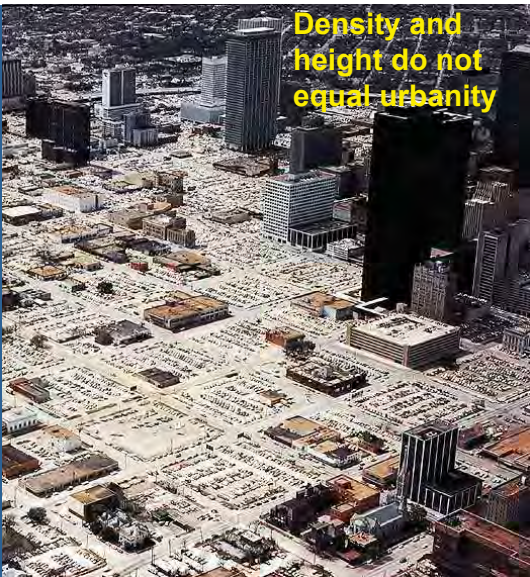
## Key points: Roadway design

- Streets are all about pedestrian comfort
- Generous sidewalks - In core shopping area, sidewalks wide enough to accommodate outdoor dining
  - Max 2 lanes on internal streets
  - On-street parking
  - Provide a network of small blocks – divide up superblocks
  - Park once and walk

## Key points: Position of buildings

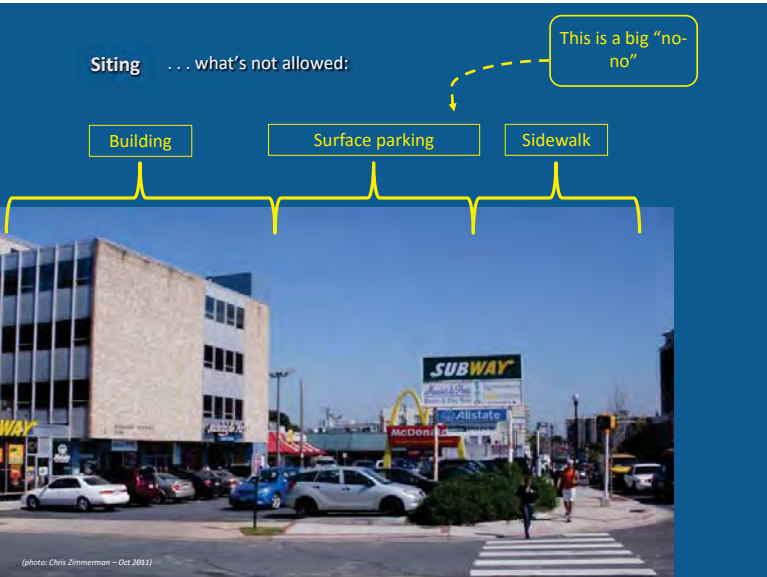
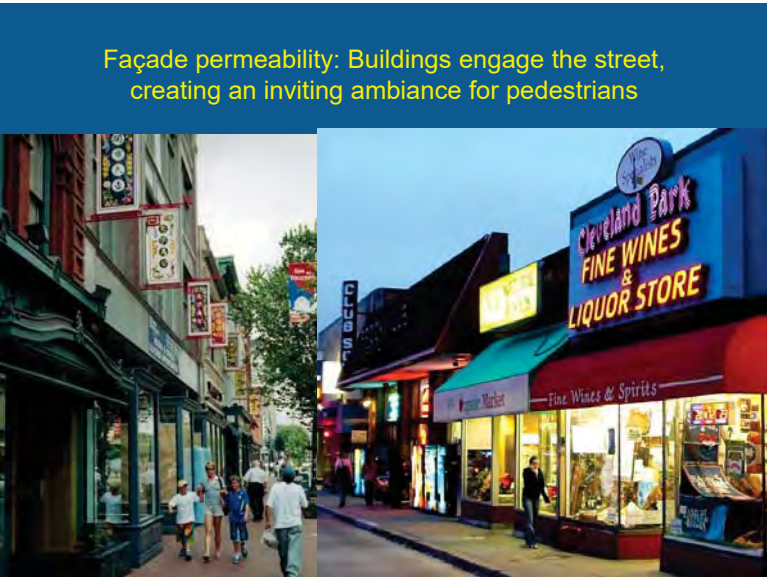
- Buildings are oriented to activate the street
- Ground-level shops, cafes, restaurants, and community services define and activate
- Centers are inviting to pedestrians - oriented towards streets, plazas, and town squares
- Public sidewalks are lined by shops, buildings with large display windows, frequently placed doors, and human-scaled signs

Density and height do not equal urbanity



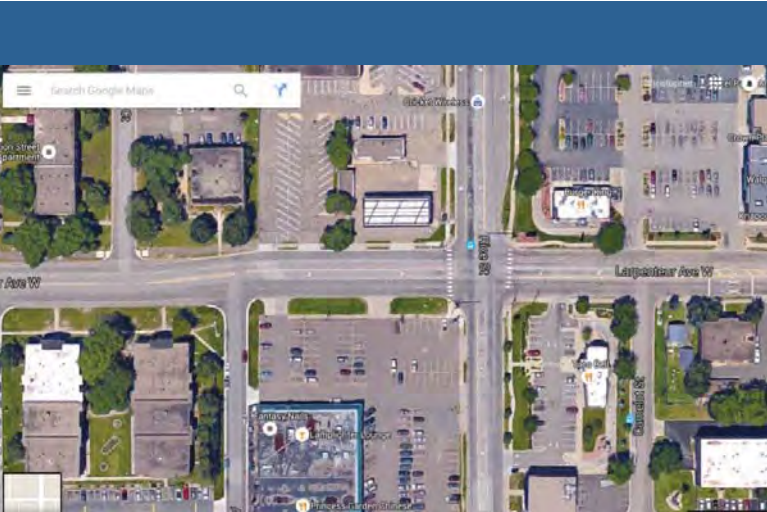
Why is no one using this sidewalk?





# Activate empty spaces

Create a "street wall"



Old, pedestrian un-friendly buildings (circa 2002)



Same site (2010)



- 6 stories
- 5 of apartments
- 30,000 sq. ft. ground-floor retail



And now we have actual pedestrians.

## Discussion Questions

1. Why aren't developers coming to us with projects that the community would like to see, both in terms of project location and the character of the development?
2. What will it take for you to develop new high density mixed use projects that the MOA, and the community want to see in the Downtown area?
3. Please help us identify and then codify those incentive tools, that the community can be willing to support, that will bring new growth and development in Downtown.
4. Many Social Service providers are in the Downtown area. Do the services that they provide need to be disbursed around the Anchorage Bowl to provide better coverage and relieve the concentration that is here? Has this helped or hindered Downtown?
5. What other codes or regulations are needed to make Downtown better?
6. Are there current business practices, ordinances or lack of, that are impacting Downtown?
7. How should infrastructure improvements support new Downtown development?
8. Will the things that we have talked about in previous questions support small businesses in Downtown? If not, what can we do to support small businesses in the Downtown area?

*Smart Growth America Workshop was made possible by the:*

*Thank you!*

