CHAPTER 1

Introduction: Downtowns and Small City Development

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Since the 1920s, there has been a steady decline in the economic health of downtowns in the United States. The middle class and businesses that once provided the thriving economic force of cities have moved to the surrounding suburban fringe, leaving in their wake, lower income households, vacant lots, and abandoned buildings.

A number of reasons have been given for this trend in economic activity decentralization. First, land in the built up parts of cities is often difficult and costly to assemble for developers since land in the central city is usually owned by several people. Added to this is the uncertainty of environmental pollution on already developed sites which could increase the cost of land development to exorbitant levels. By contrast, the fringe of cities provides virgin land that is easy to assemble and to develop. Thus, firms are drawn to the fringe because of the lower land costs.

Second, American downtowns were shaped by pedestrian activity and mass transit. Due to the high densities in downtowns in the pre war years, and easy access to downtown locations via mass transit, this provided for a thriving market place. However, in the post war period, the federal highway program and homeownership subsidies for the middle class aided the suburbanization of population and business. Housing became more affordable for the middle class because of federal mortgage insurance programs and lower downpayments. Much of the new housing was built in the suburbs. Firms sought locations near highways to increase their visibility to auto-oriented customers and to take advantage of the middle class population that now lived outside of city centers.

The Problem

The decentralization of economic activity away from the downtown area to the fringe has posed several problems for cities. First, business decentralization has created a mismatch between work places and places of residence, especially for low income residents of cities. For example, about 71 percent of the black population reside in central cities, a majority of whom are low income households, but since 1948 suburban areas have received over 80 percent of the new employment in manufacturing, retail and wholesale trade (Darden 1991). Thus, newer and better jobs are locating away from the central city. Lower income households are unable to obtain housing in the suburbs because of exclusionary zoning laws that prevent the development of low income housing in these neighborhoods. As a result, these households have had to reside in the downtown and commute to work in the suburbs.

The second effect of economic activity decentralization is that cities lose tax revenues from those businesses and middle class households that locate outside city boundaries. This increases the fiscal strain on cities whose residual population is increasingly poorer and more dependent on public services.

Another concern of economic decentralization for cities is the sprawl and the loss of agricultural land that this trend causes. For example, the Minneapolis-St. Paul metropolitan population grew by 9.7 percent between 1970 and 1984, but the amount of urbanized land grew by 25.1 percent. The result is that large tracts of farmland that had once been used for farming is now consumed by sprawl development (Fischer 1995). This trend is evident even in smaller metropolitan regions. For example, in the Fox Valley region of Wisconsin, all four counties reported a decrease in farm acreage and in number of farms between 1970 and 1996. Fond du Lac had a decrease in farm acreage by 8.3 percent, Green Lake by 2.6 percent and Winnebago by 18.2 percent.

The increased decentralization of business and population from the downtowns has also been costly to cities in the provision of infrastructure amenities. A study by the Washington, DC Farmland Trust compared the cost of servicing residential, commercial, industrial and agricultural land in three metropolitan farm communities in Minnesota—Farmington, Lake Elmo, and Independence—and came to the conclusion that the cost of servicing residential development in all three communities exceeded the property tax revenues generated. The cost of providing such public services as fire services, streets, education, and police protection costs the cities $1.02 for every $1.00 of revenue generated in property taxes. Alternatively, farmland consumed 77 cents of every tax dollar raised (Fischer 1995).

Economic activity decentralization also increases the cost of transportation for city and suburban residents. A 1991 study by the U.S. Department of Transportation and the Federal Highway Administration found that Americans spend an annual average of $3,500 to own and operate a car. Frequently, those who live in the suburbs commute to work in white collar jobs in central cities while central city residents must commute to their blue collar jobs in the suburbs. This spatial mismatch of jobs and places of residence increases travel time and pollution in cities.

The Response

Since the 1950s, these shifts in economic activity have provided a fodder of research for urban scholars (see for example, Bluestone et. al. 1981; Sternlieb 1963; Vernon 1959). The research has documented not only the problem, but also some of the policy responses that cities are using to stem the tide of economic decentralization and inner city decay. For example, a study by Skelcher (1992) of downtown revitalization strategies in Galesburg, IL; Madison, IN; and Hot Springs, SD, shows that the use of historic preservation, enhancement of the visual qualities of Main Street, and business diversification, have helped to stimulate the economies of these cities' downtowns.

For cities located on bodies of water such as rivers and lakes, waterfront development has been the instrument for downtown revitalization. Thus, cities such as Louisville, KY; Milwaukee, WI; Portland, OR; and Rochester, NY; have all embarked on such a downtown redevelopment strategy (Robertson 1995). Yet, as Walzer and Kline observe in chapter Thirteen of this volume, some cities have continued to rely on the office sector as a critical component of their downtown revitalization strategy.

Despite the overwhelming literature on downtowns, however, the research findings and derivative policies have mostly been based on the experience of large urban areas such as Seattle (Daniels 1982), Los Angeles (Lloyd 1991), or

New York City (Quante 1976). Yet, most U.S. cities, and a majority of the U.S. population live in small urban areas (defined as settlements of 100,000 or less). Where small urban areas have been studied, these have usually been suburbs of the large metropolitan areas or their dormitory communities. At this point in time, we know very little about the pattern of economic activity shifts in free standing small urban areas, beyond the anecdotal comments of journalists in local newspapers.

Evidence from the few studies that have been conducted on such free standing small urban communities indicate that there is a distinctive difference in the forces that shape these small cities versus those of the large urban centers or their suburbs. Thus, Mattingly (1991) identified more differences than similarities between small and large urban areas in his study of location dynamics of physician offices in Bloomington-Normal, IL. In particular, he found that contrary to studies that indicate a trend towards office concentration in the large cities and their suburbs, the central business districts of small urban areas experienced office decentralization.

Filling in the gap in our knowledge of the economic activity shifts that are taking place in free standing small cities will greatly enhance our understanding of the phenomenon of business decentralization and our ability to provide appropriate policy responses in addressing the decline of downtowns. Economic development practitioners and policy makers in free standing small cities will also benefit from such findings. In dealing with problems resulting from business disinvestment and economic activity decentralization from their downtowns, these practitioners have had to rely on policies and programs derived from the findings on large urban centers that may not be suited to small cities.

This book provides a starting point for understanding the peculiar developmental problems of downtowns in small urban communities, across the nation. In this volume, contributors discuss the experiences of downtown redevelopment in over fifty such communities and how these communities have wrestled with, and in several cases, succeeded in bringing their downtowns “back from the edge.” Along the way, the authors point to the challenges and obstacles to downtown revitalization, but most especially, the lessons from these revitalization efforts are discussed so that cities in similar situations can avoid these costly lessons. This compendium of case studies is, thus, a guide to downtown revitalization in small urban communities.

The book is organized under four different themes. Principles of downtown revitalization and four specific case studies are discussed in Part One. In chapter two, Robertson first discusses the key differences between the downtowns of large and small cities and then lists some criteria that cities must bear in mind as they undertake the revitalization of their downtowns. Following from this, case studies of downtown revitalization in three states and one province in Canada are discussed. Readers are admonished to bear in mind the principles outlined by Robertson and to critically assess the extent to which these principles are followed. It becomes apparent in reading the examples of downtown revitalization in these cities, that the closer a community adheres to these principles the more successful is its efforts at revitalization.

In chapter three, Hardt explains how theories of bifurcation and sprawl in Billings, MT, have influenced the development of the city. Hardt tells of how community participation is vital to efforts at downtown revitalization. In chapter four, I discuss downtown revitalization in four urban communities in Wisconsin. I identify four primary strategies used by these cities. The chapter also covers some of the problems that arise in assessing revitalization efforts in these communities. Downes and others, provide a comparative discussion of similar efforts in five Oregon communities in chapter five. The authors stress the importance of a visionary and dynamic leadership to downtown revitalization of small urban communities. Finally, Horne discusses how Brandon, a small community in Manitoba, Canada, is galvanizing efforts to revitalize the city's downtown. Horne's discussion in chapter six sheds more light to the assertion that there is such a thing as, "the north American city." Brandon, Canada, shares similar developmental patterns and problems as the other U.S. cities discussed in this volume.

Part Two is devoted to a discussion of the role of urban design and infrastructure to the economic health of downtowns. Indeed, one of the factors of mainstreet renewal, as suggested by the National Trust for Historic Preservation, is design. McClure and Hurand in chapter seven discuss the use of co-design and community workshops in identifying the physical threads that bind a downtown together and contribute to its aesthetic appeal, while Sen and Bell in chapter eight provide a discussion of their experiences with physical design improvements for cities in several workshops they held with mayors in small communities in the northeast. In the concluding chapter of Part Two, Garr shows in chapter nine how the political culture in Santa Cruz influenced the city's policies and recovery efforts after the Loma Prieta earthquake.

Most U.S. cities owe their origins to a location near a water body. Factories and industry located close to water bodies to provide access to transportation for their raw materials and finished products. However, as water transportation became less of a factor in firm location, new development occurred away from the original settlement sites. Thus, these communities now have to contend with the water related types of development such as harbors, manufacturing plants, and ship yards that once provided the life blood for the communities, but that now lie idle, abandoned or underutilized. In Part Three of this book, Kotval and Mullin in chapter ten as well as Simmons in chapter eleven discuss how small cities are coping with this problem. Using examples from their planning practice and research on waterfront revitalization in cities both in the United States and Europe, Kotval and Mullin provide examples of successful efforts while pointing out some pitfalls that other cities must avoid.

Simmons examines the devolution of state brownfield policy at the local level in Wisconsin, and how cities in the Fox Valley are taking advantage of such a policy to nurture their shorefronts back to health. In the end, Simmons cautions that local environmentalism and a broadly construed vision, based on sustainable developmental principles, holds the key to waterfront and brownfield renewal in these cities.

While infrastructure, waterfront, and brownfields redevelopment have been important aspects of downtown development, most cities still view commercial development as the most vital part of downtown's health. Consequently, a lot of effort is put into attracting and retaining retail and professional services in the downtown. To what extent should a city go, to promote commercial revitalization? McClure, in chapter twelve, suggests that cities need to monitor the supply of retail space against demand in order to avoid over building of commercial space. Such an approach, he argues, will also prevent blight from occuring in the already built up parts of the city, especially the downtown. McClure provides an economic tool for monitoring the demand and supply of retail businesses to ensure that they are in equilibrium, using Lawrence, KS, as an example to make his case.

In chapter thirteen, Walzer and Kline discuss perceptions of downtown conditions in rural and metropolitan communities, examine the strategies pursued by these communities to revitalize their downtowns, and highlight the success stories of downtown revitalization in five small urban communities—Carril, IA; Galesburg, IL; Lanesboro, MN; LaFayette, IN; and New Cordell, OR. Haque observes in chapter fourteen that the key to successful downtown revitalization is a partnership between local, private, and public institutions especially the utilization of manpower available at local universities. He discusses successful revitalization programs in Dothan and Auburn, MS.

Siphoning through the wealth of experiences and revitalization initiatives shared by the contributors, I identify the elements of "best practices" in chapter fifteen, the concluding chapter of the book.