

Economic Restructuring Activities in Downtown Revitalization

The Main Street Four-Point Approach includes organization, design, promotion and economic restructuring (ER). Economic Restructuring involves strengthening and diversifying the economic vitality of the business district. It is the ultimate goal of all Main Street revitalization programs. This article summarizes some of the ER activities and their use and effectiveness. It is based on literature from the National Main Street Center as well as recent research by Kent Robertson at St. Cloud State University.

Importance of Economic Restructuring ¹

As there are no quick fixes for distressed downtowns, the economic revitalization process must be gradual, well planned, and comprehensive. It must also involve both the public and private sectors of the community, each of which has unique skills and resources that must be mobilized for the process to be successful.

For real estate to stabilize or increase in value, there must be an increase in the money generated by the building owners through rents, other income, or earnings potential. Business owners can only afford to pay higher rents when sales are good and economic activity must increase in the district for sales revenue to rise. To be effective, a revitalization program must address both areas of economic impact: commerce and real estate.

Many design and promotional activities are linked to ER projects and affect main street's economic health. For example, façade improvements, which enhance the value of the district's real estate, are generally part of the design committee's agenda. The promotion committee will likely schedule activities and events designed to increase commercial activity.

Without an overall strategy for the business district's growth, these efforts will reap only temporary rewards. Thus, ER ultimately means establishing a comprehensive strategy to create positive economic change by attracting investment to the district.

Economic Restructuring Activities

The ER component of the Main Street approach includes a number of related activities. Examples follow:

- **Building/Space and Business Inventory** – An inventory provides a foundation for describing, understanding, and restructuring the economy of a business district. This database can help in the renting and selling of property. It can assist the realtors, developers and new businesses in efficient site selection.
- **Public/Private Partnerships** - To jumpstart economic renewal, public dollars can be invested in public improvements and other projects. Public and private partnerships can be used to provide capital to invest in building rehabs, business development and expansion and capital improvements.
- **Market Analysis** - A market analysis helps local business leaders, entrepreneurs, developers, and economic development professionals understand the changing marketplace and identify business and real estate development opportunities. It includes studying local market conditions, identifying areas of opportunity, and designing strategies to help the district and its businesses build on these opportunities. The market analysis provides information to support all of the other activities of ER.



- **Business Visitation Efforts** – Most economic revitalization efforts should start by working with existing businesses. During the early phases of the revitalization effort, strengthening a district's existing businesses and determining their best opportunities are more productive activities than launching a business recruitment effort.
- **Marketing and Recruitment Kits** - Information about the district and its market area including opportunities for investment can be professionally packaged and shared with business owners, potential investors and other interested parties. Quality kits must be current and relevant to the needs of the specific businesses that use them.
- **Seminars and Workshops for Business Owners** – Educational programs can help existing businesses sharpen their skills and become more profitable. Instruction can be offered on business planning, financial management, inventory management, advertising/marketing, employee training/hiring, customer service, window displays/interior store design, business market analysis and Internet/E-Commerce. Workshops on co-existing with the retail giants are especially popular in many communities.
- **Business Recruitment** - New businesses strengthen the downtown economic base by filling gaps in the existing business mix. A business recruitment team is typically formed to coordinate business recruitment. They make sure that the district presents itself as an inviting place to do business, develop active recruitment and marketing materials, find appropriate businesses that might be interested in a downtown site, and use a personalized sales effort that conveys a message that the district is a good location for expansion or new business development.
- **Identify New Economic Uses for Buildings** - To remain viable, most traditional business districts need to think creatively about the adaptive reuse of existing space. New uses might include housing, small-scale industry, offices, entertainment and religious or civic activities. Finding new ways to utilize unoccupied or underused space benefits the district. It provides property owners with additional rental income, which in turn encourages them to maintain or rehabilitate their buildings.
- **Provide Financial Incentives and/or Technical Assistance** - Revitalization programs can offer low-interest loans, incentive grants, and free technical assistance to building and business owners. They can conduct pro forma analyses of proposed rehabilitation projects to test their economic feasibility.

In addition to the above activities, ER involves monitoring economic performance of the business district. Retail sales, building investment, employment and other economic statistics can indicate the effectiveness of revitalization efforts. Data collection should be repeated every year or two to provide an economic track record.

Use and Effectiveness of Economic Restructuring Activities ²

Research by Kent Robertson reveals that ER is the least used of the four Main Street strategies. In a survey of 40 Main Street communities, Robertson found that promotions was the most heavily utilized component (36% of Main Street manager's time) followed by design (22%), organization (21%) and ER (20%).

The most effective ER activity reported in the Robertson research was the development of a building/space inventory. The least effective strategies were seminars and workshops for building owners and targeted business recruitment. Robertson explains that ER strategies tend to be more complex and require more sophisticated outside expertise, and involve more external forces that are beyond the control of the Main Street organization (i.e. state, national and global economic trends).

Additional Information

For more information on the Wisconsin Main Street Program, see:
<http://www.commerce.state.wi.us/CD/CD-bdd-overview.html>
 For case studies on economic restructuring activities at work in Wisconsin, see:
<http://www.commerce.state.wi.us/CD/CD-bdd-stories.html>

Sources:

1. Main Street 101: The Basics of ER: Rebuilding Downtown's Economy, Linda Glisson and Amanda West, Main Street News, Volume 167, August 2000
2. The Main Street Approach to Downtown Development: An Examination of the Four-Point Program, Kent Robertson, Journal of Architectural and Planning Research, Spring, 2004

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