



Strategies for Revitalizing Our Downtowns and Neighborhoods: Evaluating California Main Street Programs

Task 1. The Impact of a Main Street Program on a Local Economy

A Study for the Local Government Commission.
Funding Provided by The James Irvine Foundation.

Eichenfield & Associates
July 2002

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Editing and Design: Initiatives



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Purpose of the Study

In December 2001, the Local Government Commission, a private non-profit organization working to build livable communities throughout California, secured the services of Eichenfield & Associates to conduct a study – funded by the Irvine Foundation – to assist the California Main Street Program in evaluating and maximizing its effectiveness as an economic development tool.

The study's four major tasks provide California Main Street with:

- 1 **An analysis of historical data on participating communities to help promote the state program.**
- 2 An analysis of data regarding the reasons why participating communities leave the state program.
- 3 An analysis of the capacity of the state program to serve California communities.
- 4 A marketing brochure, which can be periodically amended by California Main Street, to better promote the program.

Background: California Main Street

California Main Street is a program of the California Technology, Trade and Commerce Agency. Since 1985, California Main Street has provided commercial district revitalization training and technical assistance to communities using the Four-Point Main Street Approach to Revitalization™ – Organization, Promotion, Design and Economic Restructuring – as developed by the National Main Street Center, a subsidiary of the National Trust for Historic Preservation.

California Main Street provides training, technical assistance and information services to communities statewide in subject areas such as organizing local stakeholders, promoting districts through special events, rehabilitating older and historic buildings, capitalizing on the marketable appeal of historic commercial buildings, and strengthening each district's economy through business retention and recruitment.

Some training and technical assistance services are available to all communities in the state. Intensive services and on-site assistance are available only to communities that have been certified through the program's rigorous application process.

Since 1985, 72 districts throughout California have participated in the formal program. Thousands of local revitalization supporters have attended statewide trainings or received telephone assistance from the state staff. There are currently 37 certified districts across the state.

The California Technology, Trade and Commerce Agency is the State's lead agency for promoting economic development, job creation, and business retention. To improve California's economic climate, the Agency works closely with domestic and international businesses, economic development corporations, cities, counties, and chambers of commerce, among other state and local organizations.

California Main Street is housed within the Agency's Division of Economic Development, which oversees many programs that provide a variety of services and assistance to local communities and small businesses. The majority of these programs are aimed at improving the overall community capacity for economic development resulting in an environment where businesses can grow and develop.

Methodology

The study sought to determine the impact of a Main Street program on the local community by using the following data:

- Job creation*
- Cost per job
- Downtown employment
- Business creation*
- Vacancy rates
- Sales tax revenue
- Property values
- Crime rates
- Rent structures (retail, office, housing)
- Public and private reinvestment*
- Return on investment (for every local dollar invested in operating a Main Street program, what is the return)
- Local program budget*
- Volunteer hours

Eichenfield & Associates used data from certified communities accepted in 1996 or earlier that are still operating today.

The items for which California Main Street currently collects data are designated with an asterisk (*) [Exhibit A]. CMS also provided each community with the following data from the time its local program was designated (from its original Certification Application¹):

- The community's population
- Number of blocks in its program area
- Number of jobs in its program area
- Number of businesses in its program area
- The commercial vacancy rate in its program area
- Median housing price in its program area
- Median housing rent in its program area

Eichenfield & Associates created a survey instrument to collect the remaining quantitative data and crosscheck the data supplied by California Main Street [Exhibit B].

¹ Not all applications could be located, and some contained incomplete data.

The following pages include brief case studies that illustrate how this study's results play out in individual communities across the state.

Case Study: Eureka

CAPITALIZING ON EXISTING ASSETS – THE ARTS

Eureka's beautiful location and affordable cost of living has made it a magnet for artists. It recently earned the #1 spot in the book *100 Best Small Art Towns in America*. But artists were a scarce commodity downtown before the community started its Main Street program.

Eureka Main Street knew that the arts would help downtown carve out a unique niche and increase visits by both local residents and visitors. Using the comprehensive Four-Point Approach, Eureka Main Street partnered with local arts organizations, made itself a friendly resource for artists seeking space, sponsored public art and mural projects, held arts-related special events and placed musicians in downtown clubs and public spaces.

Eureka's downtown now has eight galleries, and 45 other retailers have installed small gallery spaces in their stores.

A second survey instrument was used to collect non-numerical “qualitative” data on the programs’ impacts on the communities, such as changes to quality of life, governance and management practices, and community building. [Exhibit C]

Surveys were delivered to each community, and Eichenfield & Associates followed up the surveys with e-mail and phone reminders. Completed surveys were returned four to eight weeks later. Eichenfield & Associates worked with communities that had difficulty in understanding and/or collecting the data.



“If implemented correctly with balance, the Four-Point Approach provides a stable and enduring strategy for incremental improvements.”

[ENCINITAS]

Case Study: Encinitas

REVITALIZING WITHOUT REDEVELOPMENT FUNDS

In the 1980s, when residents of the newly incorporated town of Encinitas began exploring ways to revitalize their downtown, located on the Highway 101 coastal corridor north of San Diego, they chose an approach that emphasized community involvement rather than designating it as a redevelopment area.

They organized the Downtown Encinitas MainStreet Association (DEMA), formed a strong board of directors, hired staff and, in partnership with the City, raised \$7 million from a dozen sources for downtown streetscape improvements. The association also raises \$400,000 annually for operations through festivals; city, county and arts grants; membership dues; an arts center/café; and Highway 101 souvenirs.

The Main Street Approach has helped downtown supporters focus on outreach and partnerships, and has given them access to tools that have helped them implement a stable and enduring strategy for incremental improvements.

Results: Quantitative Data

The surveys show strong results from participation in the California Main Street Program, both as a group of communities and in the individual stories they have to tell.

The results of the quantitative surveys are summarized in Exhibits D and E, which provide the raw numbers collected from each community as well as a summary of this data.

Sixteen of the 22 communities returned the quantitative survey – a statistically adequate sample on which to draw conclusions. The six communities that were not able to complete the surveys cited staff vacancies and competing workload priorities. Nonetheless, Exhibit D contains some data for all 22 communities, pulled from data that California Main Street had already collected on each community.

Note: In some cases, the data on net job gains, net business gains, and public and

“Main Street has meant community pride and makes everyone part of the solution.”

[LAKEPORT]

private improvements reported by the 16 communities differed from that previously collected by California Main Street. For this study, we used the values reported by the communities in our own surveys. California Main Street will, however, need to determine if it needs to adjust its own running tallies to reflect these new numbers, or if it needs to work with the communities to determine exactly where the discrepancies come from (perhaps from mathematical errors over the years by the program or community data collection for our surveys).



Case Study: Hollister RECOVERING FROM NATURAL DISASTER

On October 17, 1989, downtown Hollister and its two-year old Main Street program were shaken to their core by the Loma Prieta earthquake. More than a dozen downtown buildings were damaged or destroyed, including the Showcase Theater. Streets were closed, utilities disrupted, and historic resources were lost.

Leaping into action, the Hollister Downtown Association published its own “Downtown Quake Information” newsletters, distributed earthquake impact assessment forms to affected owners, and acted as an advocate for business and property owners with federal, state and local government agencies. Within a week, California Main Street-funded teams of architects, engineers and marketing experts arrived to help the downtown begin its recovery. Since that time, the downtown association has been instrumental in creating downtown design guidelines, building rehabilitation incentives, a downtown historic district, and a downtown specific plan and redevelopment activities.

Today, Hollister’s downtown is the thriving heart of the community and a regional destination. Since 1987, it has realized a 100% increase in commercial property values, and benefited from \$28 million in public improvements and \$6 million in private design projects.

While median population growth in the towns since their Main Street program was designated was 20%:

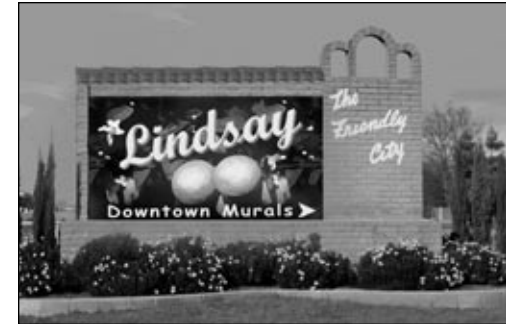
- The net number of businesses increased 24%.
- The net number of jobs increased 31%.
- The cost per job was \$4,551. (The total money spent operating a local Main Street program divided by the number of net new jobs.)
- Retail sales increased 105%.
- Commercial property values increased 167%.
- Storefront vacancy rates declined 76%.

“We survived a 57% unemployment rate and went from a ghost town to a thriving community. You should see us now!”

[LINDSAY]



- Retail and office rental rates increased 65% and 71%, respectively.
- The value of public improvements (buildings and infrastructure) made in each community was more than \$2.2 million.
- The value of private building improvements in each community was nearly \$3.9 million.
- For every dollar a community invested in its Main Street program operations, \$7.13 was invested in public and private improvements.
- The number of local Main Street program volunteers increased more than 200%.



Case Study: Lindsay

WEATHERING AN ECONOMIC CRISIS

In 1990, the small agricultural town of Lindsay suffered a crippling blow with the closure of three major employers and a deep freeze that devastated the region's orange groves. Citywide unemployment and downtown vacancy rates soared to 57%. Sales and commercial property values plummeted. People just locked their doors and left town.

But as community leaders say, “you should see us now! We’ve gone from ghost town to a thriving community.” Using the Main Street Approach, they say, has “kept us on track and on target. Each committee understands its function, and each works closely with the other to keep everyone informed and singing the same tune. Our annual Main Street work plan helps us think ahead.”

“Networking with the other Main Street communities is another benefit. It is great to send an e-mail and find there are many other cities with the same concerns. We learn more from other Main Street managers than any other single source.”

The data the communities reported for crime rates and housing prices was not useful. Most respondents gave crime rates for the entire community because the local police departments did not track crime rates just for the downtown.

For housing prices, many of the communities again gave statistics for the entire community. There are also so few for-sale housing units in the downtowns that the numbers were not fairly representative of a trend.

Communities have had their local Main Street programs between seven and 16 years, with a median of 14 years. Realizing that normal economic growth over these years has contributed to some of the reported sales gains, we sought out some statewide averages for comparison.

“Main Street has given us the education and tools to carry out the projects and plans to revitalize our downtown, but mostly has provided motivation and a ‘can-do’ attitude in those who have participated.” [DINUBA]

- The state’s population increased 22% since 1988.
- Taxable retail sales statewide increased 77% since 1988, as compared to 105% in the 16 Main Street downtowns. (*source: California Department of Finance*)
- The state’s Consumer Price Index of inflation between 1988 and 2001 was 53%. (*source: California Department of Finance*)

Although not a scientific comparison, since some of the programs have been in existence less than 14 years and some for more than 14 years, the comparisons are interesting nevertheless. It appears that the Main Street towns do the same or better than the statewide average – which is particularly positive for towns in need of economic revitalization – and that inflation accounted only for half the local sales gains.

Case Study: Coronado

IMPROVING IMAGE AND ATTITUDES

Just steps away from the historic Hotel Del Coronado, downtown Coronado did not always share in the grand hotel’s limelight. When the community formed its Main Street program in 1988, downtown suffered from tired looking buildings, ugly signage, vacant storefronts and few streetscape amenities – and it had lost its role as a community and visitor destination. To bring downtown back to life, supporters had to improve its image and change people’s attitudes.

Since starting with a massive flower-planting program, Coronado Main Street Ltd. has worked closely with the City and the business community to establish design guidelines, create a new sign ordinance, develop a historic preservation plan, facilitate building improvements and historic rehabilitations, improve streetscape amenities and cleanliness, and hold special events like ‘Motorcars on Main Street’ and ‘Downtown Goes Ghostly.’

The effort has paid off handsomely. Downtown Coronado has realized more than 60 net new businesses, a 93% drop in vacancy rates, and a 125% increase in sales. In 2000, its efforts earned it a Great American Main Street Award from the National Main Street Center. No longer an also-ran, downtown Coronado is now the proud jewel of the community and an international visitor destination.

Qualitative data: The story behind the numbers

Seventeen communities returned the qualitative survey. This qualitative data, summarized in Exhibit F, tells the story behind the numbers. The towns are very happy with the Main Street Approach™ and California Main Street. They are also very happy about the improvements that Main Street has brought about in their communities' appearance, levels of downtown economic activity, and the ways their community members work together to bring about revitalization.

The 17 communities credited Main Street with bringing about the following benefits:

- 100% reported improved working relationships between businesses and local government.
- 100% reported increased merchant involvement in district revitalization.
- 88% reported increased property owner involvement in district revitalization.
- 77% reported increased involvement by other community groups in district revitalization.
- 77% reported improved volunteer management systems.

- More than 76% reported new redevelopment plans and activities.
- 72% reported increased involvement by financial institutions in district revitalization.
- 100% reported an improved image of the district within the community and the region.
- 100% reported improvements in the condition of building stock.
- More than 70% reported the creation of design guidelines and incentives.
- 100% reported improved cleanliness and maintenance, and 94% reported improved safety.
- 77% reported improved skills of existing businesses.
- 93% reported increased tourism.
- 69% reported improved business mix and new commercial uses built.



Case Study: Monterey

PUBLIC-PRIVATE PARTNERSHIPS

When Monterey established a revitalization program for its often-forgotten historic downtown in the early 1990s, supporters realized that achieving consensus and overcoming roadblocks needed to be a community-wide project.

The Old Monterey Business Association established a board comprised of one-third business owners, one-third property owners, and one-third city appointees (from the neighborhood, city council, planning commission, architectural review board, parks and recreation department, and a downtown educational institution).

Adopting the Main Street Approach's inclusiveness of the whole community, OMBA funded the program through a combination of a business improvement district (\$80,000 in annual revenues), an annual \$50,000 city grant, and a farmers' market that nets \$100,000 a year.

This true public-private partnership gives everyone an equal stake in the downtown's revitalization. Issues and buy-in get worked out very early in the process, and the whole community takes pride in downtown's success.

There were a few areas where the communities did not experience benefits that California Main Street might hope for:

■ Private Grants

Only 41% reported receiving more private grants for revitalization work. This may be a function of the towns' inexperience in grant writing, or of mismatches between funders' goals and the types of projects Main Street programs typically undertake.

■ Historic Preservation

While 94% of the communities reported an improved awareness of historic resources, very few towns developed historic preservation plans and ordinances or experienced increased use of the State Historical Building Code.

This dropoff could be a function of the downtowns having few historic buildings, but is more likely the result of businesspersons and property owners' hesitancy to have their properties declared historic.

■ Residential Uses

Housing in the downtown provides a built-in customer base and "eyes on the street" security. Only 38% of the communities reported new residential construction. However, the survey did not ask about residential uses rehabilitated or taken out of "mothballs."

“Main Street has reinforced the downtown area and its businesses as the backbone of the community. More of the community is aware of downtown and more and more people take advantage of the area. Main Street provides resources and networking for every conceivable eventuality.” [FAIRFIELD]



Case Study: Paso Robles VOLUNTEERS MAKE A BIG DIFFERENCE

Knowing that downtown merchants are often too busy running their businesses to volunteer for all the things a Main Street program wants to do, Paso Robles Main Street runs an aggressive volunteer recruitment and appreciation program that racked up more than 17,000 volunteer hours in 2001.

How did the Main Street program do it? Not all at once.

First, it took small steps to get people involved. It hired a real “people person” with roots in the community as its program manager. It kept the program’s successes highly visible and in the news. It matched people’s talents with the right volunteer opportunities in each of Main Street’s Four Points.

It gave awards and made the work fun. It held mixers, sent volunteers birthday cards, put their photos all over the program’s newsletters, and made them feel like they belonged.

Volunteers now come from all corners of the community – residents, elected officials, developers, the media, realtors, schools, property owners, wineries, businesses, arts organizations, and the historical society. Local contractors even donated the labor and materials to build a downtown bandstand and informational kiosk.

The communities' positive feelings about the value of Main Street and their local programs were also expressed in the survey's open-ended questions:

- “We survived a 57% unemployment rate and went from a ghost town to a thriving community. You should see us now!” (Lindsay)
- “Main Street has given us the education and tools to carry out the projects and plans to revitalize our downtown, but mostly has provided motivation and a “can-do” attitude in those who have participated. (Dinuba)
- “Main Street has reinforced the downtown area and its businesses as the backbone of the community. More of the community is aware of downtown and more and more people take advantage of the area. (Fairfield)
- “Main Street has meant community pride and makes everyone part of the solution.” (Lakeport)
- “If implemented correctly with balance, the Four-Point Approach provides a stable and enduring strategy for incremental improvements. (Encinitas)
- “Our successful downtown is the largest sales tax area in the city, is a

major draw for tourism, and is the cultural, social and entertainment center of the county among other achievements. While a lot of the pieces were in place for this to occur, bringing the downtown into an award-winning position with Main Street brought added interest in the area and it continues to thrive. (San Luis Obispo)

- “It makes us look at our downtown as a whole, not just promotions or design, but all the components that make a successful, vital district.” (Dinuba)
- “Main Street provides resources and networking for every conceivable eventuality.” (Fairfield)
- “Main Street has helped us to create an identity for our district and to organize diverse constituencies toward the goal of neighborhood revitalization.” (Oakland’s Fruitvale Neighborhood)

Most communities said the local Main Street program produced no negative impacts. The few “critical” comments received related to downtowns becoming too popular, concerns about a loss of character, and parking problems arising from too much business or an influx of too many visitors or chain stores.

Case Study: Oakland’s Fruitvale District

BUILDING CONSENSUS AROUND A VISION

When the Fruitvale’s Unity Council formed a Main Street program in 1995, one of its first priorities was to help the community to develop a consensus for what role the district would play in the local marketplace.

Recognizing that the area was rich with Latino neighborhoods, culture and buying power, Main Street leaders began educating the Latino, Asian and Middle Eastern business owners on the benefits of target marketing to this audience.

Outreach by program “cheerleaders” brought together dozens of stakeholders at a community visioning process facilitated by the National Main Street Center. The result was a clear mission statement for “ethnically and culturally diverse groups of people working together, responding to a regional Latino-oriented market” and creating a “thriving, bustling shopping area that is safe, clean and green.”

The Fruitvale program’s early clean-up activities, storefront improvements and hugely popular Dia de los Muertos Festival all reinforced the vision and continue to cement community support and involvement in this successful urban Main Street program.

Community Recommendations

The communities responding to the surveys had several suggestions for additional services they would like California Main Street to provide (though the number of communities responding to the question was small):

- More on-site training and program evaluations
- More free training and technical assistance
- Specific economic development training for staff and boards of directors
- Video or web-based training for business people
- More workshops and in-depth educational classes

“Main Street makes us look at our downtown as a whole, not just promotions or design, but all the components that make a successful, vital district.”

[DINUBA]

- Help in securing grants
- Help in retaining Executive Directors by providing them with state employee benefits
- More statewide publicity and awareness of the program; more leadership advocacy
- Main Street community signage
- Funding

The suggestions for service delivery are discussed in more depth in our report on the capacity of the state program to serve California communities [Task 3].



Case Study: Grass Valley

BALANCING THE NEEDS OF LOCALS AND VISITORS

While California's Gold Rush region is a favorite visitor destination, the residents of Grass Valley want to make sure their historic downtown remains relevant to hometown shopping too.

The 20-year-old Grass Valley Downtown Association (GVDA) keeps downtown local by making sure that all its activities have the community in mind. Special events and festivals are family-oriented and prohibit on-street alcohol. GVDA partners with the three downtown schools and more than 25 non-profits to recruit volunteers and make downtown events fundraisers for these causes – spreading goodwill and positive word-of-mouth about downtown.

GVDA actively works with property owners and realtors to recruit local-serving businesses. The program manager does a regular radio spot about downtown trends and activities, and sends downtown newsletters to 2,000 addresses. GVDA studies local market trends and consumer preferences, and recommends ways merchants can capture sales that are going outside the community.