

Laying the Groundwork

By Carrie W. Gray

HOW TO PREPARE YOUR DOWNTOWN FOR RETAIL GROWTH

Wilmington, Delaware, provides a unique look at what can happen when nonprofit organizations and private investors collaborate with government to revitalize a downtown area – bringing vacant and dilapidated buildings back to life, establishing new residential opportunities where none existed before, and rejuvenating the retail and entertainment offerings to foster the rebirth of a city. Lessons learned from Wilmington's experiences will undoubtedly help other cities that are either just beginning this work or that may have become stalled in their efforts.

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Like many urban centers in the United States, Wilmington, Delaware, has struggled in the last 40 years to bring life back to its downtown district. The city's challenges have not been unique, nor have its solutions to those challenges. What has been different is the coordinated, strategic approach that has brought tens of millions of dollars of investment into the downtown.

That approach started 20 years ago when Wilmington Renaissance Corporation (WRC) was founded as a public-private partnership focused on the revitalization of the downtown. Founded by a small group of corporate leaders, in partnership with the newly-elected mayor, WRC's private funding, independent nonprofit status, and strong partnership with local government made it the perfect model to quickly accomplish some key first steps to get Wilmington's downtown district back on track. These included establishing a business improvement district (BID), actively recruiting businesses to locate downtown, promoting downtown residential opportunities, and strengthening our infrastructure.

Since then, a number of other strategic projects were implemented that have dramatically changed the face of the downtown. These included restoring Market Street's historic character and charm, focusing on rehabilitating vacant properties into residential units, and engaging in a new marketing and branding campaign to change negative perceptions about the city.

Now, Wilmington is realizing the reward for this work – the downtown is more alive after five than it has been in years, and the downtown is now a hot spot for great dining and arts and cultural experiences. But even more importantly, new retail is blossoming like never before.

Founded by a small group of corporate leaders, in partnership with the newly-elected mayor, WRC's private funding, independent nonprofit status, and strong partnership with local government made it the perfect model to quickly accomplish some key first steps to get Wilmington's downtown district back on track. These included establishing a business improvement district (BID), actively recruiting businesses to locate downtown, promoting downtown residential opportunities, and strengthening our infrastructure.

What Wilmington did to make this its new reality is explored in this article as a case study for a best practice in how to lay the groundwork for successful retail recruitment and retention. While this is a best practice, Wilmington, like all cities, is its own unique case and should be seen as a model to emulate, not replicate. Very few economic development strategies that are replicated to the letter from one city to another work because the dynamic in each community is unique; but learning from Wilmington's example is never a bad thing.

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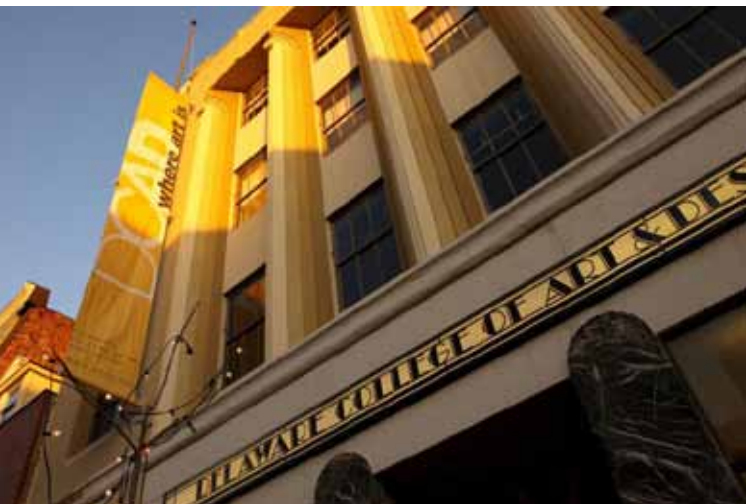
ESTABLISH A BID

From the very beginning, one of the first identified priorities for Wilmington was establishing a business improvement district (BID) in the downtown. Establishing a BID puts in place enhanced city services to provide a targeted focus to specific needs within the district. As a special taxation district, BIDs require state legislation that local municipalities can then enable.

However, it's not always as simple as it sounds. In particular, establishing a BID requires a coordinated education and outreach effort to the property owners within the proposed district so that they

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The Delaware College of Art & Design's opening in the mid-90's transformed a vacant building into a beautiful art deco landmark on Market Street.

will support establishing the BID. Essentially, a lot of relationship building and communication must occur in order for the BID establishment process to go smoothly. Otherwise, property owners may see a BID as simply a mechanism for government to increase taxation.

In Wilmington's case, at the urging of the WRC Board of Directors, elected officials, and key corporate partners, the Wilmington Downtown Business Improvement District was established in 1994 by a state enabling legislation and authorized by Wilmington City Council. Operating under the name Downtown Visions, initially the BID focused on "clean and safe" initiatives in the downtown – weed abatement, graffiti and trash removal, serving as the eyes and ears for the police department, and providing additional security at downtown events, etc. This effort provided a major improvement to the aesthetic in the downtown and began to change people's perceptions about the cleanliness and safety of the downtown.

Since then, Downtown Visions has expanded its focus to include a Main Street program that works with city government and other partners to focus on retail recruitment and retention strategies. The Main Street program has offered signage and façade grants to small business owners in the BID as well as helped remove the roll-down, garage door-style security gates that have plagued downtown storefronts for years. All of these efforts have contributed greatly to laying a good groundwork for successful retail recruitment efforts in Wilmington.

LEVERAGE ANCHOR INSTITUTIONS

After establishing the BID, WRC turned its focus to finding strategies to increase critical mass in the downtown and considered the activity that an anchor institution like a college or university located downtown would generate. At the time, the success of the Savannah College of Art & Design (SCAD) and its impact on the re-

vitalization of downtown Savannah, Georgia, was often discussed in downtown redevelopment circles. SCAD was hailed as a successful model of how an art college could redevelop and occupy vacant buildings, while also changing the dynamic of street traffic and activity. WRC's leadership wondered if a similar model could work in Wilmington and add more of a 24/7 presence of students in the downtown.

From outreach efforts to a number of art colleges and universities around the country, a unique partnership between NYC's Pratt Institute and Washington D.C.'s Corcoran School of Design was established to create the Delaware College of Art & Design (DCAD). DCAD opened its doors in 1996, offering a two-year Associate of Fine Arts degree program and providing a feed of qualified students to other four-year degree art and design programs.

Eighteen years later, DCAD is a fully-accredited two-year college and has grown to 77 employees (including seven full-time faculty and 48 part-time and continuing education faculty), over 200 enrolled full-time students, and three facilities, including two residence halls that house over 100 students in Wilmington's downtown.

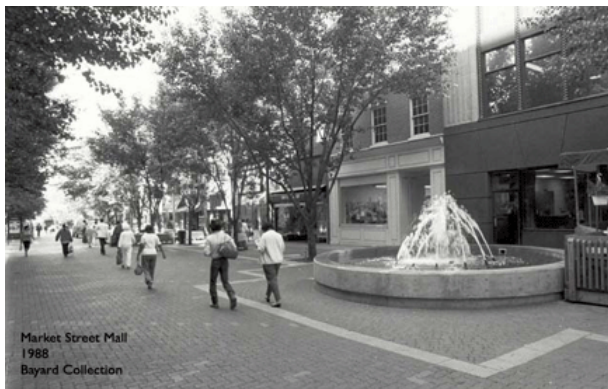
The impact that DCAD has had on the downtown is palpable, particularly with the acquisition of its third building in 2012, which brought back to life a hotel that had been vacant for more than three years. The project created a mixed-use facility that includes student housing, a dining hall, and retail space that fronts on Market Street which houses Jerry's Artarama – a growing family-owned art supply store with 17 locations in 11 states. The addition of Jerry's Artarama to the downtown was a major win for Wilmington and has been a welcome addition to the retail mix.

WILMINGTON FYI

Wilmington's brand, In the Middle of it All, successfully plays on its unique attribute of being located half-way between NYC and Washington, D.C. on the I-95 corridor. Just 30 miles south of Philadelphia, Wilmington is considered part of the greater-Philadelphia region, along with Philadelphia's western suburbs and parts of southern New Jersey.

Located in New Castle County, which boasts a population of 500,000, Wilmington's population hovers at 70,000. Major employers in the Wilmington region include the following industries: banking, legal, chemical, education, hospitality, government, health-care, and pharmaceuticals.

The Central Business District is approximately 80 blocks and extends from the north at the Brandywine River to the south at the Christina River.



As most cities did, Wilmington established a pedestrian walking mall to try to compete with the suburban shopping mall that had been built.

STRENGTHEN THE INFRASTRUCTURE

With the BID and DCAD established and operating, WRC turned its focus to strengthening Market Street's infrastructure. The organization tackled this challenge by advocating for the removal of the pedestrian mall to create better vehicular traffic flow in the downtown and easier access to Market Street retail establishments.

From the dawn of Wilmington's history, Market Street has been the main retail corridor in the downtown. At the founding of the city, it's where all of the public markets, pubs, and hotels were located. As Wilmington has evolved, it has become the core of the city's retail, restaurant, and nightlife activities.

As stated earlier, not all of Wilmington's solutions were unique, and pedestrian malls were certainly very trendy in the late 1970s and early 1980s. As many cities did, in the early 1970s Wilmington redesigned Market Street as a pedestrian walking "mall." The creation of the Market Street Mall was an attempt to help the retailers compete with the new major shopping mall that had been developed less than 10 miles outside of the city limits.

Unfortunately, Wilmington's Market Street Mall was plagued with a number of challenges that made it less than successful – first, it was partially open to vehicular traffic, so people were often confused by its function and use; second, traffic patterns were one way in opposite directions at each end of the mall, confusing drivers as to how to access Market Street at all; and third, the critical mass of customers that were needed to make the mall

While WRC focused on improving the infrastructure along Market Street, it also focused on expanding residential living in the downtown by restoring the historic character and charm of its architecture to create an attractive downtown neighborhood that would draw people to live.



Market Street's removal of the pedestrian walking mall and transformation into a two-way street included installing period lighting, brick sidewalks, and granite curbing.

successful were not present on Market Street. Therefore, in the late 1990s, WRC's board appealed to the city and state to invest in the redevelopment of Market Street, reopening the street as a two-way vehicular street with pedestrian-friendly brick sidewalks and crosswalks, historic lighting, and on-street parking that would make the retail more accessible by vehicle.

The nine-block project was completed in three phases over a six-year period. It included major infrastructure improvements, such as: upgrading the city's largest water main; rebuilding underground utility vaults; upgrading natural gas service; and increasing water capacity and pressure so fire hydrants and building sprinkler systems would be appropriately supported. Although at the time it was very painful for the existing businesses to go through, the project has undoubtedly improved Wilmington's ability to attract new retail establishments to Market Street.

CREATE RESIDENTIAL GROWTH BY RESTORING CHARACTER & CHARM

While WRC focused on improving the infrastructure along Market Street, it also focused on expanding residential living in the downtown by restoring the historic character and charm of its architecture to create an attractive downtown neighborhood that would draw people to live.

In 1999, WRC identified Lower Market Street (an area now known as "LOMA") as a major redevelopment opportunity for Wilmington. Partnering with city government and a number of major financial institutions, WRC acquired properties on the west side of the 200 block of Market Street as the first phase in this effort. The goal was to assemble entire blocks of properties that could then be redeveloped by a private developer into a mixed-use project of residential units on the upper floors and retail space at street-level, creating a vibrant around-the-clock community.

At the time, Delaware was one of only a handful of states that had not yet enabled local historic tax credit legislation. Using this important financing tool was going to be critical to save the crumbling buildings. To advo-



Above: Before its transformation into the LOMA Neighborhood, the 200 block of Market Street was one of the most blighted blocks in the downtown.



Left: LOMA is now a thriving neighborhood of coffee shops, restaurants, creative businesses, and retail.

cate for the passage of Delaware's historic tax credit legislation, WRC partnered with Preservation Delaware, the Delaware Historical Society, and a small group of preservation-minded organizations and individuals.

In 2001, the Delaware General Assembly passed the Delaware Historic Tax Credit Program and the first phase of LOMA moved forward, restoring 13 buildings into 86 loft-style apartments and 30,000 square feet of retail space. The project cost more than \$36 million to complete and in the end, the financial structure to make the redevelopment work included Low-Income Housing Tax Credits and New Markets Tax Credits, in addition to the Historic Tax Credits. These tools provided a variety of financial incentives for the redevelopment and helped accomplish what was thought to be a near-impossible feat of bringing the vacant, crumbling buildings back to life. Today, all of the apartments and retail spaces are occupied and thriving.

Reflecting on the last 15 years of efforts along Market Street, it is very clear that the redevelopment of LOMA and the creation of the Historic Tax Credit Program were major catalysts for investment and development in Wilmington's downtown. Since WRC's efforts in the 200 block, private investment along Market Street has quadrupled, and the Historic Tax Credit Program has supported the redevelopment and restoration of several historic buildings. These buildings now accommodate new residential complexes and a flurry of new retail businesses, including coffee shops, restaurants, art galleries, clothing stores, flower shops, and more.

After the redevelopment of LOMA, the next wave of activity started in 2008 when the city of Wilmington established the "Upstairs Fund," a \$15.5 million redevelopment program that targeted vacant and historic properties on Market Street, providing financial incentives to

make possible the costly renovation of key properties along the corridor. This program allowed for the vision for LOMA to be extended further up Market Street, most notably at a major building at 5th & Market Streets – the long-vacant Queen Theater.

Originally built as a hotel, the property was converted into a theater in 1916 and was in operation as a vaudeville stage and then a movie theater, closing its doors in 1959 and remaining vacant ever since. In 2005, a group of investors began to discuss what might be possible for the Queen, but conversations stalled as the economic downturn set in. Good news, however, wasn't too far away when in 2008 the owners of World Café Live, a restaurant and live music venue in Philadelphia, announced they would open a second location in Wilmington at the Queen Theater site.

With support from the newly established redevelopment fund as well as private sources and foundations, construction began in 2009 and the doors of World Café Live at The Queen opened in April 2011. Selling over 50,000 tickets and welcoming over 120,000 guests to 700 performances and 170 special events in its first year alone, the \$25 million project is a major success for Wilmington, signaling the restoration of what was then the largest vacant structure on Market Street and providing a much-needed anchor in the middle section of the corridor.

In addition to the restoration of the Queen, several other buildings were redeveloped and restored at this time with the support of the Upstairs Fund. Between 2009 and 2011, the fund produced 35 new residential units, eight new retail stores, and seven new office spaces within six renovated buildings. One of the major projects (completed in 2012) occurred immediately adjacent to the Queen's redevelopment and created another 17 residential units and nine retail/office spaces across 13 buildings just one block south. Since the Queen's opening, new restaurants and retail have been clustering around the building, adding the vibrancy of this middle-section of Market Street just north of LOMA.

In addition to the mix of residential and retail development that occurred in LOMA, two other major, formerly commercial buildings were redeveloped into apartments. Since 2000, the downtown residential population has grown from 100 residents to over 1,200, mostly due to the creation of residential oppor-



Top: The Queen in its pre-renovation condition.

Bottom: The World Café Live at The Queen is now a key entertainment and dining anchor along Market Street.

tunities that did not previously exist. Wilmington has also benefited from the national trend of people wanting to live in urban centers, and with Wilmington's urban vibe beginning to take shape, the residential population has grown.

The importance of this residential growth in the downtown cannot be emphasized enough. The old adage, "retail follows rooftops," is very evident in Wilmington as it is in other communities around the country. However, there is always that "chicken or the egg" question – will people come live in an area that doesn't deliver on the promise of a walkable, urban experience? If there's not a Whole Foods around the corner, will they still come? In Wilmington, the answer has been yes. The residential growth in Wilmington has far outpaced the retail growth and it's only in the last few years that the city is finally seeing its downtown retail catch up to its downtown residential; but a lot more of both are still needed.

In Wilmington, among the entities that are actively partnering to continue the downtown revitalization (WRC, Downtown Visions, private developers, city government), there is a general understanding that until there are 5,000 people living within two blocks of Market Street, the desired feeling of a 24-hour presence of activity on Market Street won't be realized. This also means that if the residential population continues to grow, Wilmington's retail establishments will continue to grow and greater reflect the residents living in close proximity.

CREATING NEW PERCEPTIONS

Just as important as some of the major developments noted here are to establishing strong retail growth, there are some other softer, but equally important things that can be done to strengthen a community's retail environment. First, help establish a strong sense of place in the downtown and second, create a comprehensive marketing strategy that tells the story.

Wilmington has a strong reputation for being a city of festivals. It seems that every year around Mother's Day

Wilmington

In the middle of it all

The Wilmington: In the Middle of it All Campaign has helped to promote Wilmington's strategic location and incredible assets.

weekend, the festival season kicks off and there's a festival almost every weekend (sometimes two in the same weekend) through the month of October. However, very few of those festivals have taken place in the downtown.

In 2007, in an effort to create a new reason for people to come downtown and see all that had changed, WRC, the city, tourism groups, arts organizations, and private developers established the Wilmington Grand Prix – a professional cycling event that in its eight-year history has grown from a one-day event to a three-day event and is now considered one of the premier cycling events on USA Cycling's Criterium Race Calendar.

The Grand Prix's goal was to showcase the downtown and highlight all of the positive changes that have taken place on Market Street, particularly in the last 10 years. Race events start and finish on Market Street, and organizers work with local merchants to showcase their restaurant and retail establishments.

What has resulted in this effort is an event that draws over 20,000 people to the downtown and infuses almost \$1 million of impact into the local economy. Further, anecdotal comments from attendees proved that hosting the Grand Prix provided a reason for people to rediscover the downtown.

As successful as the Grand Prix has been for Wilmington, and as important as events are to showcasing a downtown district and supporting retailers, like everything else, they are not a silver bullet to creating a sense of place. A strong marketing strategy is also needed to make sure that the messaging about your community is consistent and comprehensive.

In September 2007, in conjunction with the launch of the Grand Prix, Wilmington unveiled a new campaign to promote the city and all it had to offer. *WilmINGton: In the Middle of It All* was meant to highlight the many benefits of being IN Wilmington had to offer, as well as play on Wilmington's geographic location benefit of being located half way between Washington, D.C. and New York City. Whether a resident, business, employee or visitor, the message was clear – when you are in Wilmington, you are in the middle of it all.

The IN campaign has been the longest running and most beloved campaign in the city's history, being adapted by dozens of nonprofits, festivals, and other initiatives for their messaging. Its success over the years, in fact, has been grounded in its versatility and ability to be adapted for a variety of purposes.



The IN Campaign's first message, "In This Together," rallied community pride for city and regional residents.



The Wilmington Grand Prix has worked to change perceptions about downtown while also creating almost \$1M of economic impact for Wilmington.

LOOKING AHEAD

Looking to the future and determining how Wilmington can continue to grow and expand its retail offerings, any number of recommendations could be made. One thing remains clear – developing more residential opportunities in the downtown will be critical and should remain a strong priority. In the next three to five years, conservative numbers estimate another 500 residential units will be built within the two-block perimeter of Market Street. This could mean another 500-1500 residents in the downtown in the next three years. This creates the potential for some of the current retail gaps to be filled – a small grocery store, a shoe store (non-athletic), a home goods store, etc.

In addition, Wilmington may want to consider developing a comprehensive incentive program. To date, Wilmington has handled incentives on a case-by-case basis. These incentives have been offered on a limited basis by the city, but mostly have been offered by property owners (rent abatements, fit-out, etc.). By the city investing in a stronger recruitment package that includes stated incentives, these public dollars could be leveraged by additional incentives offered by private property owners to recruit the retail that is still desired.

There is still a lot of work to be done and there may be other strategies that need to be considered to continue to grow the retail environment in Wilmington; but it is very clear that Wilmington has come a long way from the

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Hopefully the lessons learned from Wilmington's experiences can be useful to other communities around the country that are interested in ways to grow their retail business environment. 🌐

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