URBAN GROWTH INITIATIVE FOR GREATER DOWNTOWN KALAMAZOO

PRIORITIES FOR SUCCESS

01 BUSINESS RECRUITMENT & RETENTION

02 INFILL TO MEET RESIDENTIAL DEMAND

03 LARGE-SCALE, TRANSFORMATIVE, MIXED-USE DEVELOPMENT

04 IMPROVE MOBILITY

05 DEVELOP A HEALTHY LIVING DISTRICT

06 COORDINATED MANAGEMENT FOR DOWNTOWN ACTIVITIES & INITIATIVES
Beginning in the summer of 2016, The City of Kalamazoo and the Brownfield Redevelopment Authority engaged the W.E. Upjohn Institute for Employment Research to create an economic development strategy for the urban core of Kalamazoo. Part of this process was to engage local business leaders, residents, and key stakeholders to begin a candid discussion around the creation of such a strategy. The purpose of the first part of the strategy was to bring together key stakeholders and anchor organizations in the downtown area to further enrich the existing partnerships among these entities and to collaborate on the priorities they see for future development of the downtown during the next 10 years.

Two groups were formed: an Advisory Council and a Strategy Team. Each contained key members, including the CEOs of these organizations. As a second part of the strategy, the W.E. Upjohn Institute for Employment Research compiled a quantitative profile of the area, which was used in several structured discussions by the two groups. The Strategy Team, using both qualitative and quantitative data, developed six priorities that are critical in sustaining the progress that has already been made downtown and in further encouraging development in the downtown area. The priorities were then presented to the Advisory Council for acceptance. These priorities are:

**01 BUSINESS RECRUITMENT AND RETENTION**
The goal is to increase business growth in the downtown and urban core.

**02 INFILL TO MEET RESIDENTIAL DEMAND**
The goal is to increase opportunities for both market and affordable housing options in the downtown and adjacent neighborhoods.

**03 LARGE-SCALE, TRANSFORMATIVE, MIXED-USE DEVELOPMENT**
The goal is to use opportunities of scale to change the economic landscape of the urban core, downtown, and the adjacent neighborhoods.

**04 IMPROVE MOBILITY**
The goal is to make downtown more accessible to pedestrians, cyclists, and motorists by improving connections with neighborhoods, employment centers, and the downtown, which would positively increase economic and residential activity.

**05 DEVELOP A HEALTHY LIVING DISTRICT**
The goal is to formalize a district that capitalizes on the anchor institutions and creates a synergy with the downtown and its neighborhoods.

**06 COORDINATED MANAGEMENT FOR DOWNTOWN ACTIVITIES AND INITIATIVES**
The goal is to create an organizational structure and financial platform for supporting aspects of the other five priorities.

In establishing their six priorities, the two teams drew heavily upon insights from the analysis of trends in the downtown, from their own experiences in leading and working in their organizations, and from experiences in other communities.

While the analysis and recommendations for each objective stand alone, it is important to note that, as indicated in Figure 1, all priorities are essential and need to be integrated together to form a healthy and growing downtown. If all issues are not addressed concurrently, it will slow progress in business and residential growth.
SUMMARY REPORT

Urban cores and central cities matter to the rest of the city as well as to the rest of the region. First and foremost, they help give definition and a sense of place. A downtown is a space that is traditionally public in nature. Note the emphasis on public. When spaces are essentially public in nature, they allow users from all incomes and crosswalks of life to participate; they are not exclusive in providing access based on economic opportunity. This is opposed to destination retail, lifestyle retail, and traditional malls that can limit access to non-patrons as well as exclude groups, such as unaccompanied minors, to the properties.

Downtowns and urban cores give a spatial definition that is easily agreed upon and understood. When thinking of the retail clusters of southwest Michigan, most are generally referred to by city name or cross street with little intuitive location determined by those definitions. Yet when "downtown" is mentioned, there is an immediate understanding of location and place.

Downtowns are also places where “clusters” usually occur. Often centrally located, they are a convening space for activities such as legal services, and come together with common interests, such as courthouses, law firms, and bail bondsmen. As a central space, they also serve as employment centers, providing opportunities for commuters from various parts of the region. In these roles, they are often the “glue” to a region.

But downtowns, like any other evolving entity, need care and nurturing. Downtowns need direction, planning, and, in some cases, incentives to achieve a common set of goals and outcomes for businesses, workers, and residents. Success in growing businesses, increasing employment, and adding to the residential population are not exclusive targets, but are intertwined. The right set of resources and direction create a nurturing, symbiotic ecosystem that makes all successful; however, if these resources and direction are not collectively addressed, they can lead to decline and a withering downtown landscape.

For more details on the process of reaching these priorities, please refer to the Urban Growth Initiative for Greater Downtown Kalamazoo Technical Report, which can be found at www.downtownkalamazoo.org.
BUSINESS RECRUITMENT & RETENTION

01

OUR CHALLENGE

Increase business growth in the downtown and urban core

SALES
To increase total sales, including retail and eating and drinking establishments in the downtown.

EMPLOYMENT
To increase employment across all sectors in the downtown including office and population-serving industries such as retail, restaurants, entertainment, and others.

To collaborate on developing space and how it is used in the downtown area.

CONDITIONS/WHY

Growing businesses, both in consumer services and in business services, is essential to expanding the economic landscape of downtown. Business growth provides jobs to both commuters and residents, and creates demand for housing as millennials and baby boomers look to a more urban environment, yet also demand bundles of services that are easily accessible.

* As evidenced in a recent study on retail commissioned by the city of Kalamazoo, both the city and the region have, even with increased online purchasing, unmet demand that is being met by consumers purchasing outside of the area.

* While CoStar reports current vacancy rates in the sub-3% range for both retail and office space, information provided by key informants suggests that a targeted approach to the mix of business and co-location opportunities is needed to make downtown businesses more vibrant and sustainable.

Current attraction/retention efforts for downtown are not strategic. Over time, funding has diminished and core activities have been reduced to both servicing debt and infrastructure investments. There needs to be a structured and proactive approach to bring new businesses to the downtown, and to grow and sustain existing investments.

OUR OPPORTUNITY

KEY STATS

While vacancy rates for office space are low in the downtown, the nature of demand is unclear. Although there is significant new product coming on the market, there is an opportunity to better align the product with demand.

KEY TAKEAWAYS

Capture additional retail demand as evidenced by the retail market study conducted by Robert Gibbs and Associates on behalf of the city of Kalamazoo. Changing access patterns in the downtown, reducing the number of one-way streets, and introducing parking to facilitate retail sales would help to attract people and businesses to the urban core.
BUSINESS RECRUITMENT & RETENTION

IMMEDIATE ACTIONS

01 CREATE A BRAND IDENTITY
Brand identity needs to be developed for the downtown so that consistent messaging is put out in an immediate recognizable format to clients. Clients would include both new and existing businesses, as well as residents and visitors in the downtown.

02 BUILD A MERCHANDISING PLAN
Leverage recently completed market analysis showing strong demographics, high consumer demand, and low vacancy through completion of a downtown “merchandising plan,” which details ideal locations for expanded retail, along with rents, upcoming availability, floor plans, and technical specifications of buildings. Assemble for distribution by retail recruiter.

03 DEVELOP A RECRUITING PROGRAM
Develop an attraction/recruiting program by implementing actionable items, beginning with creating a detailed, up-to-date inventory of available retail, eating, drinking, and office space in the downtown. The inventory should include owner contact information, current rental rates, the size and floor plan map, and it’s downtown location.

04 ESTABLISH A RETENTION PROGRAM
One of the keys to success in retention (and attraction) is to supply data to businesses. This would come in two forms: first, market data that helps the business know what is happening both locally and nationally in its industry; and second, customer-based data to help the business know from where its customers are coming, and data that provide perceptions of both Kalamazoo and the downtown.

LONGER-TERM ACTIONS

01 UPDATE INVENTORY DATA
It’s necessary to continue to update the data in the current downtown inventory. These data would include owner contact information, current rental rates, the size and a map of the floor plan, and its location in the downtown.

02 DESIGNATE STAFF
A second actionable item is to designate a staff person dedicated to bringing new companies to the downtown and assisting existing companies to remain downtown.

03 ANALYZE RETAIL MARKET
Use the recent retail market analysis as a roadmap to the types of businesses to attract downtown, and their level of demand by both sales and square-footage needs.

04 RECRUIT BUSINESS
With both an inventory and a list of prospects, the staff person would identify businesses in these areas and work to recruit them to Kalamazoo.

METRICS
Establish a baseline for 2017 or 2018 and look for positive directional outcomes to:
* Employment
* Sales
* Vacancy rates
* New businesses
* Retained businesses
* Taxable value
* Other measures of downtown health

For More Information visit downtownkalamazoo.org
INFILL TO MEET RESIDENTIAL DEMAND

Increase opportunities for market rate and affordable housing options in the downtown and adjacent neighborhoods

CONDITIONS/WHY

The market for housing in the downtown remains strong, but current construction of actual units is only at 50% of the forecasted demand of 1,400 units stated in the 2014 Zimmerman-Volk Target Market Analysis (TMA). Most housing in the downtown has been at market rates. Affordable housing, when defined as rents being 30% of household income, continues to be in short supply (see Figure 1).

- The vacancy rate for rentals is 0.6 percent, which suggests that demand exceeds supply (see Figure 2).
- Many workers in the downtown cannot afford the prices of downtown rentals. Downtown has more rentals at $1,000 per month than the rest of the city and county.
- There is a lack of variety in housing type in and adjacent to the downtown. Many types of mid-density development, such as townhouses, are not available.
- Although new residential units are being constructed, production is half of forecasted demand reported in the TMA. New units are also priced higher, suggesting demand for affordable units is not being met.

For More Information visit downtownkalamazoo.org
02 INFILL TO MEET RESIDENTIAL DEMAND

OUR OPPORTUNITY

KEY TAKEAWAYS

To attract downtown developers, streamline the development process for new housing by simplifying the review process, creating a single point of contact, allowing the reuse of existing development plans, and coordinating with city offices and services. Increase the percentage of those who live and work downtown. Currently less than 1% of downtown workers also live downtown. New affordable housing targeted to downtown workers would help save commuting time and costs. Provide housing that appeals across age and income levels.

ACTION STEPS

KEY ACTIONS

IMMEDIATE ACTIONS

01 RELAX ZONING RESTRICTIONS
Zoning ordinances can be both difficult to navigate and prohibit some types of development. Imagine Kalamazoo is working to streamline and update city zoning to help facilitate growth in the city. Need to utilize Imagine Kalamazoo actions but target zoning changes specific to the needs of the urban core.

02 ADJUST ZONING
Begin adjustments to zoning based on Imagine Kalamazoo actions.

03 DEFINE AFFORDABLE/WORKFORCE HOUSING
Establish common definitions of affordable/workforce housing.

04 SET DOWNTOWN HOUSING MIX
Establish goal for mix of workforce/market housing downtown.

05 CREATE ONE-STOP SERVICE
Implement one-stop service with navigator to facilitate development.

LONGER-TERM ACTIONS

01 CREATE FINANCING STRUCTURE
Create non-traditional financing structure for affordable housing such as community ownership, crowdfunding, employer-based incentives, and equity funds.

02 RESIDENTIAL DESTINATION
Market the downtown as a residential destination as new units become available.

03 DEVELOP PLAN FOR HOUSING
Develop regularly updated comprehensive housing plan that monitors and addresses residential preferences/concerns.

METRICS

✽ Number of units constructed and according to TMA demand
✽ Residential vacancy rate
✽ Alignment of income and available properties
LARGE-SCALE, TRANSFORMATIVE, MIXED-USE DEVELOPMENT

OUR CHALLENGE

Facilitate, encourage, and support the development of transformative projects in and around downtown Kalamazoo

CONDITIONS/WHY

Downtown Kalamazoo is unlikely to attract many large-scale transformative projects, given its current conditions and prior attempts to do so. Rather, downtown Kalamazoo is more likely to see several smaller projects that collectively have a transformative impact. To that end, downtown Kalamazoo’s leadership should employ a decentralized strategy that encourages smaller projects that embody the hallmarks of transformative development while maintaining a lower level of focus on large-scale, transformative projects.

The impediments to transformative development are:

- Development doesn’t make great financial sense without incentives. Developers could achieve the same or better rates of return in other areas of the greater Kalamazoo market with lower risk exposure, but many have a desire to improve downtown Kalamazoo. Many developers anticipate that development in Kalamazoo will net them a modest profit but with a moderately high risk: They cite factors beyond financial return as contributing motivations for investing in downtown.

- The development costs (land purchase and preparation, construction, and regulatory expenses) are high, given the rental rates available in the Kalamazoo market.

- Downtown Kalamazoo has an industrial history; as such, much of the land needs improvements before development can begin. This forces developers to work through the City of Kalamazoo Brownfield Redevelopment Authority, which can slow the development process.

OUR OPPORTUNITY

Align partners around a comprehensive plan for transformative development in and around downtown.

Create new, and assemble existing, resources to encourage transformative projects.

Attract new large-scale development to downtown Kalamazoo.

Cultivate smaller projects in concentrated areas of the downtown.

KEY TAKEAWAYS

For More Information visit downtownkalamazoo.org
LARGE-SCALE, TRANSFORMATIVE, MIXED-USE DEVELOPMENT

IMMEDIATE ACTIONS

01 CREATE A PROJECT SELECTION PLAN

Create a comprehensive and coordinated project selection plan:
- Work with stakeholders to prioritize the type and place of development
- Align resources around the plan to encourage transformative development

02 REPURPOSE DOWNTOWN TOMORROW INC.

Use an existing organization such as Downtown Tomorrow Inc (DTI) that would be dedicated to attracting, coordinating, and promoting development in downtown Kalamazoo:
- Kalamazoo needs an organization to serve as the primary point of contact and navigate for development in and around the downtown.
- Provide technical assistance to smaller developers and cultivate developers from within the region.

LONGER-TERM ACTIONS

01 CULTIVATE FUNDING FOR REAL ESTATE DEVELOPMENT

Cultivate non-traditional sources of funding for real estate development:
- Examine the possibility of creating a community-based equity fund, real estate investment trust, and other pools of community resources. An equity fund and a community-based real estate investment trust could work to encourage development.

02 MAKE SITES AVAILABLE FOR DEVELOPMENT

Make key sites ready and available for redevelopment:
- Create a vision and plan for key sites throughout downtown, with input from stakeholders.
- As part of the plan, the city could pre-approve a site plan for key sites. Local leaders could create a pro forma that corresponds to the model site plan and takes into account all applicable local, state, and federal incentives.

METRICS

- Dollars invested in downtown
  - Public/Non-Profit
  - Private
- Jobs located downtown
- Residents living downtown
- Tax base changes within downtown
- Visitors to the downtown
- New buildings constructed
- External developers contacted
04 IMPROVE MOBILITY

OUR CHALLENGE

Make downtown more accessible to pedestrians, cyclists, and motorists to increase economic and residential activity

CONDITIONS/WHY

- Current parking structures and one-way streets reduce opportunities for access within the downtown. The downtown parking system should be restructured to help customers access downtown businesses.

- Navigating the downtown due to the maze of one-way streets can be both difficult and confusing. Business owners and residents have suggested that the conversion to two-way streets will increase and ease access to the downtown.

- Accessing the downtown other than by vehicle can be challenging at best. Several roads into and within the downtown are multiple lanes. Traffic on these roads tends to move quickly. Fast-moving traffic and crossing as many as four lanes creates a barrier to accessing the urban core.

- These barriers are particularly felt by students at Western Michigan University and Kalamazoo College due to a lack of crosswalks on Stadium Drive between Michigan Avenue and Lovell Street.

KEY STATS

- Based on a recent Gibbs Planning Group study, increasing turnover in prime parking spaces can help to facilitate access to downtown merchants and improve sales.

- Improve safety for not only pedestrians and cyclists but also for vehicles.

- Increasing foot traffic and other nonmotorized transportation can create accessibility to businesses operating in the downtown.

- Improve navigation by making the streets consistently two way.

For More Information visit downtownkalamazoo.org
## 04 IMPROVE MOBILITY

### IMMEDIATE ACTIONS

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<tr>
<th>Key Actions</th>
<th>Action Steps</th>
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| **01** Create a Connected Community | Bring together the city, anchor institutions, and developers to create a connected community compact:  
  - Outline high level principles.  
  - Create a plan for motorized and nonmotorized traffic. |
| **02** Add Bicycle Parking | Create additional parking spaces for bicycles. |
| **03** Conduct a Comprehensive Parking Review | Conduct comprehensive review of downtown parking situations:  
  - Encourage retail parking turnover through metered system. |
| **04** Begin Street Conversions | Identify a single street, likely Lovell as per Imagine Kalamazoo and the UGI process, and begin the conversion of one-way streets to two-way streets. |

### LONGER-TERM ACTIONS

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<tr>
<th>Action</th>
<th>Description</th>
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<tr>
<td>01 Convert to Two-Way Streets</td>
<td>As discussed in several plans and through the UGI process, converting streets to two-way traffic is a shared priority.</td>
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<td>02 Connect to Campuses</td>
<td>Reconfigure network and intersections that connect campuses to the downtown.</td>
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### METRICS

**Utilize metrics for parking from the Gibbs study:**  
- Goal of always one available onstreet parking space per block  
- Goal to increase the turnover rate of onstreet parking near businesses  
- Develop pricing model set to drive 85% occupancy rate for parking spaces in the core

**Traffic metrics that point toward calming measures:**  
- Reduce number of one-way streets to none  
- Reduce traffic speeds, especially on Michigan and Kalamazoo avenues  
- Reduced number of traffic incidents, both motorized and nonmotorized

For More Information visit downtownkalamazoo.org
DEVELOP A HEALTHY LIVING DISTRICT

The goal is to formalize a district that capitalizes on anchor institutions, and creates a synergy with the downtown and its neighborhoods

CONDITIONS/WHY

Bronson Hospital and Kalamazoo Valley Community College (KVCC) have been proactive in developing the area they commonly share in and around their campuses. There have been significant investments in both campuses, as well as the recent addition nearby of Western Michigan University’s new Homer Stryker, MD School of Medicine.

Large employers are concentrated in the downtown and many would like to have their workforce co-located in the adjacent neighborhoods. Aside from those already mentioned, other large employers include Western Michigan University, Zoetis, Kalamazoo College, the city of Kalamazoo, and Kalamazoo County.

Developing a formalized district targeted to coordinating the anchor’s objectives, as well as moving forward with the other priorities identified in this study like Housing Infill and Transformative Development, will be essential in attracting talent to the city and the region.

The potential district and its anchors are both part of the downtown and adjacent to the downtown, at least when defined by Census tract 2.01. This is part of a concentrated geography that is connected to and within the downtown, and to the neighborhoods. This creates an opportunity for synergies between the businesses, employers, workers, consumers, and residents. When looking at the combined buying power of the health care and educational institutions, and the private sector entities, there is also an opportunity to collaborate on procurement and group purchasing.

KEY STATS

Work within the coordinating downtown organization to formalize an anchor district that would allow dedicated resources from anchors and other stakeholders to pursue an agenda that will leverage both existing and future resources to the benefit of the anchors, stakeholders, and residents of the nearby neighborhoods.
DEVELOP A HEALTHY LIVING DISTRICT

IMMEDIATE ACTIONS

01 MANAGE THE DISTRICT
Formalize the district with identified stakeholders, and institutionalize both structure and finances. It is not necessary to create a new organization to manage this; using an existing not-for-profit, such as DKI or DTI to staff and manage the district’s agenda, is recommended.

02 IMPROVE MOBILITY
Improve mobility both to and within the Healthy Living District by changing the one-way streets to two-way streets and engage in traffic calming.

03 COORDINATE ADVOCACY
Coordinate advocacy for actions recommended and outlined in the other priorities.

04 SUPPORT HOUSING INFILL
Use the scale of the anchors to support housing infill across many types of residential units – from duplex and triplex to townhouse and multiplex developments — that can meet the needs of residents.

05 SUPPORT INFRASTRUCTURE
Continue to support infrastructure investment that allows easier and safer access for multimodal users.

LONGER-TERM ACTIONS

01 CREATE A PUBLIC MARKET
Offer healthy food options through the creation of a public market that would allow vendors with locally sourced (where possible) fresh and unprocessed foods access to a year-round and full-week facility to support demand from the residents, workers, and visitors to the Healthy Living District and the downtown.

02 CONTINUE TO SUPPORT INFRASTRUCTURE
Continue to support infrastructure investment that allows easier and safer access for multimodal users.

03 INVEST IN URBAN FOOD HUB
Continue to capitalize on investments such as an urban food hub that can be beneficial to supplying not only Bronson Hospital with locally sourced and healthy food options, but also other users, including personal and commercial interests, with healthy food options.

METRICS

* Formalize anchor district
  - Public/Non-Profit
  - Private

* Create content and engage in advocacy in support of
  - Increased mobility through conversion of one-way streets to two-way streets
  - Developing plans and working with the city and employers to develop incentives to support the co-location of employees in the downtown and adjacent neighborhoods

* In the longer run
  - Create a public market that helps to reduce the size of the food desert in the downtown
  - Continue to develop the food hub and healthy food options
To ensure an organizational structure and financial platform are in place to support priorities 1 through 5

**CONDITIONS/WHY**

- The current mechanisms do not provide adequate support to sustain funding for downtown programs/activities/initiatives:
  - Downtown property values declined since the Great Recession, and as values have recovered, tax capture in the TIF has not kept pace with the market.
  - Tax capture in the TIF is only allowed on properties and parcels that meet a certain threshold, but not all tax capture in the TIF is held by the DDA.

- There are several public/private/nonprofit sectors participating in downtown development:
  - Coordinating leadership could improve communications and efficiency for downtown development, activities, and programs.
  - There may be some duplication of services and resources.

**OUR OPPORTUNITY**

- Provides a more sustainable and stable flow of funds to support services, programs, and activities for downtown.
- Ability to provide additional services and resources for downtown businesses and residents.
- Attract new businesses to downtown.
- Increase tourism activity to downtown through branding and marketing.

**KEY TAKEAWAYS**

- Attract new businesses to downtown.
- Increase tourism activity to downtown through branding and marketing.
- Ability to provide additional services and resources for downtown businesses and residents.
- Provides a more sustainable and stable flow of funds to support services, programs, and activities for downtown.
IMMEDIATE ACTIONS

01 MAINTAIN ORGANIZATIONAL PARTNERSHIP STRUCTURE

Maintain the current downtown public/private organizational partnership structure:
✽ Downtown programs/initiatives are currently managed and operated by the Downtown Development Authority (DDA), Downtown Kalamazoo, Inc. (DKI), and Downtown Tomorrow, Inc. (DTI). This partnership structure could coordinate and manage duties and responsibilities of all five prior objectives.

02 MODIFY EXISTING TIF AGREEMENT

Modify the existing TIF agreement to better capture changes in values within downtown:
✽ Amend DDA agreement with applicable taxing jurisdictions to expand its boundaries to broaden revenue generation and to serve areas in need of services.

03 INITIATE RECRUITMENT & RETENTION STRATEGY

Initiate a business recruitment and retention strategy for downtown focusing on:
✽ The execution of targeted business recruitment
✽ Advocacy and support for existing businesses
✽ Serving as a navigator to walk developers through the city’s permitting process

LONGER-TERM ACTIONS

01 ENACT A BID

Enact a new business improvement district (BID):
✽ Survey property owners to better understand unmet needs
✽ Establish budget to provide services
✽ Calculate assessment formula
✽ Develop communications strategy around costs/benefits

02 WORK WITH ANCHORS

Work with anchors and other not-for-profits to support the benefits received from the downtown organization.

03 IDENTIFY A FOCUS

Identify a focus for each of the three organizations (e.g., DDA, DTI, DKI).

METRICS

✽ Analyses on the total taxable value of the BID (e.g., increase in total taxable value, trends over the years)
✽ Increase in the number of residents (e.g., downtown occupancy)
✽ Increase in the number of net new jobs downtown
✽ Increase in downtown business satisfaction
✽ Increase in downtown sales activity (e.g., sales per sf)
For References and information related to the study, please visit:
www.downtownkalamazoo.org