Some Strategies for Small Town Downtown Revitalization

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THE BASIC STRATEGIC AXIOM:

THINK PEOPLE BEFORE YOU THINK FIRMS
Three strategies will be discussed:

- **Attracting People and Nurturing Residents’ Job Development:**
  - New residents who either do not need jobs, will bring their jobs with them or can create their own good jobs
  - “Quality of life” business recruitment
  - In the downtown, helping start ups (they generate the jobs) and contingent workers (now 30% to 40% of the workforce) grow their businesses

- **CSDs and IDs:** Developing and strengthening your downtown’s Central Social District functions and Innovation District functions

- **Effective Regional Links to Needed Resources:**
  Strengthening organizational capabilities and resources available to the local downtown revitalization effort.
ATTRACTING PEOPLE AND NURTURING RESIDENTS’ DEVELOPMENT
The Pivotal Economic Challenge

- In our review of the literature, attracting more people and access to good jobs were identified as the pivotal economic problems of small and rural communities.
- **Without good jobs, people will neither want to stay in, or move to, these communities.**
- A favorite strategic response seemed to be, based on a cluster analysis, to try to recruit outside firms that can bring in lots of jobs.
- **That strategy, too often, has high costs, a low ROI and will fail too many small towns.**
While most American adults do not want to live in a rural area, a very significant percentage do!

![Bar chart showing preferences for urban, suburban, and rural areas. Urban Area: 26% live today, 22% would like to live in 5 years. Suburban Area: 53% live today, 50% would like to live in 5 years. Rural Area: 21% live today, 28% would like to live in 5 years.]

Based on Trulia survey of 2,008 American adults, November 2014
Extrapolating from the Trulia survey data...

Most Americans, today, still prefer living in a suburban area. But 22% prefer urban living, and 28% prefer small towns and rural areas. Converting some of those percentages into population numbers helps convey fully the survey’s findings:

- **28%** means that **about 69.3 million American adults** prefer living in rural areas. That’s greater than the entire population of the UK or Italy.

- **VERY IMPORTANT**: **About 7%** or **17.3 million American adults** would like to live in a rural area, but now don’t. That’s greater than the entire population of Greece, Hungary or Sweden.
Conventional wisdom: Millennials all flock to hipster urban areas. But, studies found:

Most of today’s Millennials want to live in suburban areas or small towns and rural areas*:

- 37 percent want to live in cities
- 36 percent prefer the suburbs
- 23 percent want to live in small towns and rural areas
- Additionally, more are likely to do so as they nest and have children
- And more may do so when they approach retirement.

The opportunity to recruit new residents will continue into the future. Can it be realized?


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One solution: Attract residents who do not need jobs, e.g.,…

- **Seniors with ample retirement incomes**
  - The 50+ age segment is 100 million strong, growing. They control 70% of the nation’s disposable income
  - Gehring, NE, is attracting retired ranchers and farmers. Many of its tourists are good prospects
  - Superior, NE, has attracted retired former residents
  - Meredith, NH, is seeing second home owners turn into full-time residents when they retire
  - Adequate healthcare services are critical.

- **Second home owners**
  - Feasible if big metro area is within a 2.5 to 3.0 hr drive; *creatives are a big potential market segment.*
Others will bring or create their jobs. For example:

- **“Knowledge/Creative Workers”**: they tend to put lifestyle opportunities ahead of job opportunities. No hard data, PROBABLY just as in the general population, a significant percentage of them prefer small town rural lives. There are countless examples of this.

- **Boomers and Their Rebooters**:
  - Among those who most like small and suburban towns
  - Accounted for 25.8% of new entrepreneurs in 2014, compared to 14.8% in 1996
  - They also have a slightly higher level of entrepreneurial activity than the 20 to 34 year old group, which accounted for 24.7%.
Don’t count any age group out

- The preference for living in the suburbs and countryside over urban areas is strongest among Baby Boomers (seniors) and Gen Xers. **They also have the most money!**
- But, even most Millennials now want to live in burbs and small towns. Also, 26% see themselves as rural or small town folks
- **Many urban Millennials can be expected to move as they marry and have children – and as rural and small town opportunities increase.**
To penetrate this pro rural- small town market segment, a town needs…

- **Job opportunities** – for those who need them
- **Attractive, affordable housing** (people buy on the fringe or beyond because of lower prices)
- **Good quality of life amenities** (schools, viable Main Streets, attractive parks and public spaces, scenic views, low crime, etc.)
- **Adequate health care services**
- **An adequate broadband pipe** (critical for job creation, health care, education, entertainment).
Nonemployer businesses are increasing in Illinois and US (chart from publication by Tessa Conway and Steven Deller)
The Contingent workforce: asset or liability

- Now accounts for as much as 40% (depending on definition) of the overall workforce and growing
- In urban, suburban and rural areas
- Blue and white collar workers included
- Many of them are mature creative/knowledge workers who lost regular jobs
- Others are building careers
- Areas in which contingent workers do not do well will suffer
- Conversely, if they prosper, so will their towns.
The Internet should be a big asset!!

- FOR CUSTOMERS AND JOBS
- IT ENABLES BUSINESSPEOPLE AND WORKERS IN SMALL AND RURAL COMMUNITIES TO SUCCESSFULLY OPERATE IN REGIONAL, NATIONAL AND EVEN GLOBAL MARKETS
Better Use of the Internet

Early hopes that the Internet would make more businesses “location free” are far from being fully realized

- Many areas had no or poor broadband access
- Too many small business people have not known how to effectively use the Internet – changing as internet savvy younger age cohorts get older
- Powerful web-based job training, telepharmacy, telemedicine, freelancer job marts (e.g., Freelancer, Elance, Upwork, Flexjobs), fundraising programs were slow to develop
- This is changing, but the pace of change must increase.
MISSOURI STAR QUILT CO
MISSOURI STAR QUILT CO

Company Info
- $20 million annual sales
- 200+ employees
- Owns 20 buildings; has B&M store
- Part owner of three restaurants
- Sends thousands of packages daily
- ORDERS COME VIA INTERNET

Its Town, Hamilton, MO
- Population: 1,711
- Median Income: $28,214
- Average Income: $42,555
- Have Bach degree+: 6.6%
- Closest big cities:
  - 47 miles to Saint Joseph
  - 62 miles to Independence

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Vermont Country Store: an omni-channel rural retailer

- Vermont retailer with large catalog and e-commerce operations as well as shops in Weston (pop: 566) and Rockingham (pop: 5,282)
- Started in 1945 as a catalog retailer
- People typically spend 30 to 90 minutes there
- Also major stops for tour buses (tourist season in VT runs about 9 or 10 months of the year)
Remote Jobs/Telecommuting

Remote job listings have recently grown the most in the following five job categories:

- Mortgage and Real Estate
- HR and Recruiting
- Accounting and Finance
- Pharmaceutical
- Education and Training

BUT known Lone Eagles are in a lot of other fields

There are at least 25 sites for finding remote jobs, e.g.

1. FLEXJOBS (HTTP://WWW.FLEXJOBS.COM/)
2. WE WORK REMOTELY (HTTPS://WEWORKREMTOTELY.COM/)
3. REMOTE.CO (HTTPS://REMOTE.CO/REMOTE-JOBS/)
4. REMOTIVE (HTTP://REMOTIVE.IO/)
5. SKIP THE DRIVE (HTTP://WWW.SKIPTHEDRIVE.COM/)
Target Tourists and Former Residents

- Convert tourists into local residents and local businesspeople through targeted quality of life recruitment programs
- This is happening organically now to some degree
- Organically, there now is some return of former residents. Superior, NE, shows active, targeted programs can really boost results
- Millennials leaving today still may be future small town assets, if they return with more skills, knowledge and resources.
CENTRAL SOCIAL DISTRICT (CSD) FUNCTIONS:

• They provide the connecting tissues that attract and bind people to their communities
• Are often becoming more important than traditional CBD functions
Your CSD is…

The downtown area with activity venues that facilitate people having enjoyable experiences with other people, usually relatives and friends, but, importantly, sometimes strangers.
Some CSD Components: (EN = entertainment niche)

- Housing
- Movie theaters (EN)
- PACs (EN)
- Concert Halls (EN)
- Museums (EN)
- Art galleries (EN)
- Arenas (EN)
- Stadiums (EN)
- Senior centers, community centers (EN)
- Pamper niche venues (gyms, nail & hair salons)

- Restaurants and drinking places (EN)
- Parks/public spaces (EN)
- Ice cream parlors; pizza, hot dog/sausage joints (EN)
- Places of worship
- Social clubs, (EN)
- Catering halls (EN)
- Public markets (EN)
- Schools
An entertainment niche is a critical subset of the CSD. It has four major elements:

- Formal Entertainment venues
- Parks and Public Spaces
- Movie Theaters
- Restaurants and drinking places
Formal Entertainment Venues include theaters, PACs, museums, arenas, stadiums, etc. They certainly can be strong assets, but:

- They are expensive to build
- They are expensive to operate
- Many exist under year to year threat of insolvency.
- Advocates are subject to the New Large Construction SWOON

Weston Playhouse, Weston VT

Legacy of Plains Museum, Gehring, NE
Parks & public spaces are often far better strategic choices than formal entertainment venues* because they:

- Are usually much cheaper to build
- Are much cheaper to operate and maintain
- Draw many more visitors
- Have far fewer user frictions

*PACS, theaters, museums, arenas, stadiums, convention centers
Mitchell Park in Greenport, NY – year round population 2,200

- Has a strong flow of tourists in season (many shops close in winter)
- The park has an antique carrousel, marina and winter skating rink on a waterfront location
- Cost about $14.9 million to build
- Costs about $1 million/year to operate. Most of the costs are covered by user fees
- Reportedly gets about 390,000 visitors/year
Small Town CSD strengthening efforts should first focus on restaurants

- They need relatively small market shares to be viable
- They have relatively low rent and labor costs
- Can be advanced by recruitment, marketing and start-up support.

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Sherwood, WI

Chester, NJ
Downtown movie theaters are treasures, but under constant threat

A closed cinema is a terrible loss! A viable rescue plan should be ready to go.

- They draw about 50,000 patrons/yr/screen
- They are affordable
- They are open days/ evenings/weekends
- They have relatively few user frictions
- But, they provide a small part of movie studio revenues
- The marketing platform they provide is what is keeping the studios connected
- Most movies are watched at home – cinema attendance down.
Small Town Resources and Organizations

The Essential Regional Program
Connections for Small Towns
Local Organizational Assets

- Local Government – essential!
- Informal groups of business and community leaders – they need to be empowered
- They need organizational exoskeletons
- BIDs, LDCs, etc. – properly adapted
  - For example: Some BIDs in NYS and MSDs in NC used mainly to raise program and project funds
  - EDOs with little or no paid staff (most small downtown EDOs do not require a full-time staff!)
    - But, informal or part time staff must be competent
    - Access to outside knowledge and experience is vital.
Most of the probable revitalization problems cannot be resolved just with local level organizations and resources!

- County and regional programs specifically designed to help small downtowns revitalize are needed!
- There also needs to be a “plug and socket” connection between county/regional programs and each small town’s revitalization effort!

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THAT’S IT, AND THANK YOU!

I WELCOME YOUR COMMENTS EITHER IN PERSON OR AT

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