Northern California
Downtown Revitalization Playbook

nado.org

CAPTURING MORE LOCAL SPENDING AND ECONOMIC OPPORTUNITY

NADO
National Association of Development Organizations

CAPTURING MORE LOCAL SPENDING **AND ECONOMIC OPPORTUNITY**

Economic leakage occurs when residents spend money outside their community, often in larger nearby cities or online. For small downtowns, reducing leakage to other markets requires making it easier and more attractive for residents to shop and spend money locally.

During interviews, local stakeholders identified that residents leave town for dining, shopping, entertainment, and services. Nearby larger towns have more options, later hours, and more of a critical mass of things to do and see.

Small downtowns generally struggle for success unless they offer something distinct, not just convenient.

Why It Matters

When residents spend money outside their community, local businesses and the downtown district lose sales, jobs, and tax revenues. These losses are not only felt through direct business impacts but are reflected in municipal services and other downstream areas that are supported through overall economic activity.

Step-by-Step Actions

1 **Assess Local Market Conditions, Competing Locations, and Existing Network of Partners –** Working with partners like regional planning organizations or higher education institutions to access and examine available market demographics and economic information can be key to understanding the existing market environment. Gaining a greater perspective of the consumer market, income levels, travel patterns, business establishments, and related information can help shape strategies for addressing shortcomings in the downtown environment.

It is also critical at this point to analyze the network of partners and stakeholders who have historically participated in downtown efforts and who will remain engaged going forward.

2 **Understand the Needs of Consumers and Visitors** – Market information accessed in the prior step will provide context on consumer preference (sales made, income generated, etc.) but surveying consumers directly for interests and desires not served in the local market can be revealing. The survey effort can be undertaken by a variety of means including in person, in writing, online, mail in, or other methods that can be supported by local officials and stakeholders. Results from any survey and information gathering efforts should be reviewed in tandem with the market information gathered in step one above.

Local consumers should be included in this effort as they are the primary customer base, and their repeat business forms the critical demand that will shape the market.

Consumer market research can be time-consuming and expensive. Talking to aggregators of demand (those intermediaries between actual consumers and producers) or anchor institutions are other options. For example, if a community is attractive to bicyclists, talking to bike clubs or outdoor clubs may be less time-consuming than talking to many individuals. Talk to anchor institutions that connect directly with consumers (hospitals, schools, colleges/universities, senior communities, or other large organizations).

3 **Fill Retail and Service Gaps by Supporting Existing Businesses (Retention), Working with Entrepreneurs, and Fostering the Local Business Ecosystem** – Providing support to existing businesses striving to succeed in the local environment should be a top priority. Utilizing the information gathered from the informational assessment and surveying will provide business recruitment strategies to fill identified gaps. If additional supportive services such as loan programs, small grants, or business incubation are desired, exploration of these solutions could begin at this point. Identifying available retail spaces suitable for short-term use or activation can also take place.

4 **Strengthen the Downtown Experience as a Community's Primary Gathering Place** – People often choose nearby cities for the overall experience, not just additional product availability. Residents are less likely to drive to a neighboring community if their local downtown area offers attractive public spaces and regular activities. Improvement efforts here are generally broader and include considerations like streetscape, lighting, and public spaces – with special value placed on outdoor seating, public art, and gathering spaces. Connections with anchor institutions like libraries, public markets, educational institutions, healthcare facilities, arts and cultural facilities should be emphasized where possible.

5 **Support 'Buy Local' Campaigns and Other Efforts to Prioritize Local Institutions** – Efforts to promote, prioritize, and support local vendors and institutions in the downtown area can take place at any point and should be ongoing and perpetual. At this phase, more sophisticated efforts including local gift-card or certificate currency style programs could be conceptualized for consideration. Local business directories and other promotional materials could also be considered.

6 **Cultivate a Unique Local Identity** – This is an exercise that is likely to be perpetual in the ongoing revitalization effort. This would be the point where a comprehensive review of efforts and their results could lead to the establishment of a theme or identity unique to the community. This could lead to the generation of branding materials, the generation of events relevant to the theme, focused marketing and advertising, as well as unique products and experiences aimed at capitalizing on the shared area of focus.

Who to Involve

- City/town manager or planner
- Economic development district or regional development organization
- Local banker/lender
- Contractor or developer
- Nonprofit representative
- Chamber of Commerce
- Main Street organization
- Community/family foundations

Potential Timeline

Phase 1 – Complete the assessments and data examinations for local market conditions. These will form the base of information that will support the ongoing effort and next steps. Provide immediate and ongoing support to existing business owners and operators in the downtown area to maximize both business and customer retention.

Phase 2 – Use the results of assessment and survey information to begin the identification and recruitment of businesses that could fill identified market gaps. Deploy any support programs that might benefit existing businesses, property owners, and prospective business operators evaluating opportunities in your community. This could include loan and grant programs, permitting improvements, business incubation and related support services, or any other resources that will benefit the local economic environment. Launch 'buy local' campaigns and other marketing efforts that highlight revitalization efforts and intentions to grow the local retail market.

Phase 3 – With assessment, analysis, outreach, and promotion well initiated and underway, identify themes around which to build an identifiable and unique local identity. Continue efforts that promote business support and retention, marketing and promotion, as well as supportive resource programming to entice new entrants to the local market.

Costs

Many of the items outlined here are intended to be completed by local stakeholders, municipal staff, or representatives of regional organizations as part of their ongoing work.

Research efforts involving regional development organizations or educational

institutions could be structured as internships or research projects at a relatively low cost, potentially up to $2,500. Engaging third-party professionals for basic market analysis would be quite a bit more costly.

When appropriate and when there are funds to spend, establishing a brand image suitable for external marketing would be another relevant cost. This type of brand package would include logos, colors, and other design themes that can carry through online, print, and other channels.