MAY YOU LIVE IN INTERESTING TIMES

Saint Paul DOWNTOWN ALLIANCE
2020 Speaker Series

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FEBRUARY 4, 2020
Agenda

- IDA: the Value of Downtowns Study
- New norm 101
- The other side of opportunity: equity
- Shaping the next 20 years
IDA: The Value of Downtowns Study
The Value of U.S. Downtowns and Center Cities

Economy:
- employment, tax revenue, assessed value

Inclusion:
- diversity, education level, housing and rent prices

Vibrancy:
- retail sales, demand, density, market vitality, population growth

Identity:
- events, destinations, visitors, downtown hashtags

Resilience:
- environmental, social and economic resilience,
Great downtowns = regional success...and correlate with faster regional growth for higher wage jobs

Growth in high wage jobs (000s) 2000-14
...and higher concentrations of college-educate millennials (read “scarce talent”)
10 cities with the highest concentration of college educated millennials

MSP has landed on the successful side of a growing regional economic divide

In 2040 the MSP metro is projected to represent 1.5% of US GDP (and 1% of US population)
Examples of really successful urban projects—Boston, Tampa, Dallas.

Downtown Wichita Water Street, new downtown Tampa district.
Downtown Hammond IN
The **new norm 101**: demographics, knowledge economy, disruptive technologies
“North America is a suburban continent with an urban population”
1. An urban opportunity: shaped by two decades of unparalleled demographic change

Downtown Wichita

The US is growing rapidly older

- 1990-2010
- 2010-2030

- 35 to 65
- under 35
- over 65
Families with kids dominated US growth or decades.
Over the next two decades approx. 80% of net new households will be singles & couples.
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...for Minneapolis/St. Paul the figure is roughly 70%
This demographic shift is creating an epic housing mismatch:
The traditional market for single-family detached houses is households with two adults and kids.
The great housing mismatch:
Today more than 80% of the housing market is seeking housing that represents less than 40% of supply.
Higher-income households are moving into cities...lower-income households are moving out.

Moving to cities

Leaving cities

1ST DECILE
2ND
3RD
4TH
5TH
6TH
7TH
8TH
9TH
10TH

-15% -10% -5% +5% +10% +15%

...similarly college educated millennials are moving into cities...those with less then four years of higher education are moving out.
Downtown populations 2010-19:

City Populations  +~5%

Downtown populations  +~25%

Downtown millennial Populations  +~50%
Downtown St. Paul’s population 2010-19:

City Population  +~8%

Downtown population  +~100%

...regional population projections suggest it could easily triple over the next 2 decades
Urban housing values are rising much faster than suburban values.

Price/SF

$400/SF

$300/SF

$200/SF

$100/SF

2003

2019

Cities
+~80%

Suburbs
+~30%

Median income change (Boston Metro) 2005 to 2014

Includes condos, co-ops and single-family homes

-30% -20% -10% 0% +10% +20%

Average Boston Metro Area
-9.0%

Haverhill
-22.3%

Lawrence
-26.7%

Cambridge
+23.6%

Brookline
+20.8%

Boston
+9.3%

Cohasset
+7.7%

Biggest increase

Marcus and Millichap
Urban housing values are rising much faster than suburban values

Cities +~80%
Suburbs +~30%

Price/SF
$400/SF
$300/SF
$200/SF
$100/SF

2003  2019

Highest Appreciating St. Paul Neighborhoods Since 2000

1. City Center
2. 7th St W / Ann St
3. 7th St W / Saint Clair Ave
4. 7th St W / Smith Ave N
5. 7th St E / Jackson St
6. 7th St W / Bay St
7. University Ave W / Pelham Blvd
8. Energy Park Dr / Kasota Ave
9. Jefferson Ave / Brimhall St
10. Snelling Ave S / Jefferson
2. Urban imperatives:

It’s the economy stupid... driven by a surging knowledge economy... US economic growth is concentrating in regions with lively urban cores that attract “talent”
US workforce growth—along with the rest of the developed world—has slowed significantly since 2010.
Virtually all of the net growth in jobs 2010-2020 requires 4 or more years of higher education

- % of total jobs requiring some college
- % of total jobs requiring no college

Creating a significant knowledge worker shortage across the developed world—already reducing US GDP by 2-3%

- Shortage of ~17M workers
- High-skill workers
- Surplus ~35M workers
- Medium-skill workers
- +11%
- Shortage of ~1M workers
- Low-skill workers
- -1%
College educated 24-34 year-olds are more likely to live in urban neighborhoods

College educated 25-34 year-olds are...

• ~60% more likely to live in urban neighborhoods than their peers without college degrees

• ~70% more likely than all adults 18+ year-olds
More established downtowns capture a larger share of their city and region’s economies.

2019: Share of total ALL CITYWIDE jobs

- Established downtowns: 52%
- Growing downtowns: 30%
- Emerging downtowns: 17%
More established downtowns capture a larger share of their city and region’s economies.

2019: Share of total **ALL CITYWIDE CREATIVE** jobs

- Established downtowns: 53%
- Growing downtowns: 38%
- Emerging downtowns: 23%
More established downtowns capture a larger share of their city and region’s economies.

2019: Share of total **ALL CITYWIDE KNOWLEDGE** jobs

- **Established downtowns**: 62%
- **Growing downtowns**: 32%
- **Emerging downtowns**: 15%
Urban office rents are rising much faster than suburban rents

Rent/SF
$40/SF
$30/SF
$20/SF
$10/SF

2003 2019

Cities +~60%

Suburbs +~20%

Storage operators tap into market of empty office space
AGING COMMUNITIES

...oppose higher real estate taxes
...cities are increasingly dependent on growing downtown values to fund fiscal growth

50% of the Minneapolis/St. Paul region’s growth 2020-40 will consist of folks over 65
3. Disruptive technologies:

CYBER MONDAY... ALL YEAR-LONG
Dramatic Changes to Retail Markets:

- Retail anchors are losing sales
- Food and experiential retail will animate streets
Late 2020s: Connected cars will be mainstream in <10 years…and self-parking

Late 2030s: Shared autonomous mobility will be the urban norm…and will rarely park
The story in **traditional suburbia** will be about **personal autonomous vehicles**.
The story in urban cores will be about shared autonomous vehicles (SAVs)
Forbes: “General Motors is racing to adjust to a... rapidly approaching future of shared, electric, autonomous, vehicles.”
Why plan now?

Late 2020s

60%

- Of vehicles will be connected by 2025
- Mix of AV and legacy vehicles on the road
- SAV fleets appearing in urban cores (Stantec)
Late 2030’s

75%

Of vehicles will be driverless by 2040 (Stantec)

Source: www.flickr.com/photos/gmanviz/1646780297
Amenity dividend:

Downtown OKC’s multiple 5-minute “amenity sheds” become one…
Density dividend:

\[ \text{Density dividend} = \text{building SF supported by reusable parking} \]

2010 mixed-use building

Potential reusable parking SF

Parking SF required to serve 2010 building SF

Existing parking will support steadily increasing densities—starting today

- **2010**: 3M SF
- **2018 (shared parking)**: 2M SF
- **Late-2020s**: 1M SF (60% of vehicles connected)
- **Late-2030s**: 1M SF (75% of vehicles driverless)

Density dividend:

- Existing parking will support steadily increasing densities—starting today

- **2010**: 3M SF
- **2018 (shared parking)**: 2M SF
- **Late-2020s**: 1M SF (60% of vehicles connected)
- **Late-2030s**: 1M SF (75% of vehicles driverless)
National experts to examine future of transportation in Buffalo
The other side of opportunity: today downtown’s growing opportunities flow in one direction...
Most American incomes have been stagnant for 5 decades.

Deloitte (2018): “…much of the lowest 80%’s income will be increasingly consumed by ballooning healthcare debt, education debt, and food costs.”
As more affluent folks spur downtown success, the deck is stacked against inclusion.
As downtowns become more walkable, amenity-rich...fun...our equity issues will grow more challenging.
Urban success is generating an explosion of suburban poverty...are regions where suburban poverty is exploding
% increase in people living in poverty 2000-2015

60% | Suburban
22% | Urban
24% | Rural

Brookings: in 2015...
- 43.1 million people (or 13.5 percent of the population) were poor
- 5.8 million higher than before the recession began in 2007
- 11.5 million more than in 2000.
Shaping the next two decades: more livable, competitive, equitable, and resilient downtowns
1. Thresholds for success

- Leadership
- Engagement
- Partnership
- Transformative planning
- Equity
LEADERSHIP...think downtown alliances!

...and launching transformative community conversations

Jeff Fluhr, launched revival of downtown Wichita and grew the downtown partnership into a regional partnership
Mayor Eva Galambos led her conservative, affluent community to create a de novo downtown...
ENGAGEMENT…think downtown alliances!

…and making the entire community informed participants in shaping the future
PARTNERSHIPS...think downtown alliances!

...and the power of effective P3s...and building public will to launch them
Transformative planning…think downtown partnerships!
South Bay new urban neighborhood, Boston
EQUITY...think downtown partnerships!

...and tapping growing downtown value to pay for a robust equity agenda

One Charlestown: transforming New England’s largest public housing development into a mixed-income community—without displacement
Creating a public realm that transforms diversity into community
Cincinnati’s Uptown Consortium emphasizes minority business participation in reviving this university/healthcare district
2. **Principles for community building**

- Making walkability real
- Connecting people and place
- Creating a complete public realm
- Building authenticity
MAKING WALKABILITY REAL

...starts with getting density right—1-2,000 housing units within a 5-minute walk can bring a Main Street...and a public realm...to life (next come programming and design...)

“Marshal’s Plaza” in suburban Newton MA
“Marshal’s Plaza” in suburban Newton MA is reemerging as a new “village center”
“Build up not out!” Plan for writing the next chapter for Downtown Memphis focuses on concentrating new housing to create compact critical mass.
Crystal City in Arlington VA is leveraging its density by reprogramming empty lawns into a “veneer” of retail that connect auto-oriented buildings into icons of walkability.
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With density and programming in place, design can step forward and work its magic.
CONNECTING PEOPLE AND PLACE

...starts with mobility for all and continues onto connecting downtown directly to lives of everyone in the city and region.
There was no central heart of Sandy Springs, a place that people could call a city center. Birmingham AL’s Railroad Park has emerged as a badly needed central park—and badly needed common ground for the city and region.
Creating a complete public realm

...starts by creating a hierarchy of spaces from the most personal—a quiet conversation, people-watching, kids playing—to places that draw the entire community together.
BUILDING AUTHENTICITY

...starts not my mimicking the past but celebrating the artists, makers, stories, and entrepreneurs that represent a community's living culture today...and tomorrow.

Parking garage whose street frontage has been converted to artists working gallery spaces.
Makers’ Alley, Water Street downtown district, Tampa
A Memphis entrepreneur brings his vision to life in a pop-up retail “square”