Doable City Reader

CHAPTER 5: THE BUSINESS CASE

www.8-80cities.org/doablecity/
Summary

Business Case reveals how urban planners, business owners and every day citizens in the city of Portland embraced the notion that good public realm and lively business communities go hand-in-hand. As a result, the city has seen benefits to its public transportation design, opened new opportunities for local businesses and witnessed a revitalization of its commercial districts.

In this chapter, you'll read about solutions that will help you:

**Learn about the economic benefit of good public spaces:** Strong business communities, green spaces, and property values can re-inforce one another. Find out what trends strengthen all three and how this can apply in your city.

**Find out how improved transportation design can drive sales for local businesses:** Public transit and cycling infrastructure can help businesses thrive. Find examples of simple solutions that local business can enact to improve public space and the bottom line.

**Find out how young, talented workers are inspiring urban revitalization:** A major shift is occuring in the modern history of urban development. Find out what these trends are, and what they mean for urban revitalization.

**Learn how businesses work together to create neighborhoods that bring people together and grow the economy:** By learning how one local business can complement another, Portland business owners have created neighborhoods that enrich local life and attract tourists year-round. Learn what they did and what small-scale regulatory changes helped make this happen.
Business Case:
How the public realm and the urban economy go hand in hand

“The more successfully a city mingles everyday diversity of uses and users in its everyday streets, the more successfully, casually (and economically) its people thereby enliven and support well-located parks that can thus give back grace and delight to their neighborhoods instead of vacuity.”

- Jane Jacobs

In biological terms, a community is classified as a group of organisms living in a shared space. An ecosystem on the other hand, is made up of both living and nonliving components. In a forest ecosystem, plants, insects and animals are the communities, while sunlight, soil and nutrients are the equally important non-living components.

In the context of a city, we tend to define communities geographically. But what if we considered our neighbourhoods and streets ecosystems? In urban settings, humans and businesses act as communities while roads and sidewalks are its non-living components.

The health of a community, in the forest or city, relies on constant interaction with both the living and non-living aspects of the ecosystem. A lively business community attracts customers, but the same business community supported by quality public space that is filled with people attracts more customers. Conversely, a good public space accompanied by a vibrant business community becomes more active and engaging. The two operate in symbiosis.

In his book *Life Between Buildings*, Danish architect Jan Gehl outlines how the quality of outdoor public space influences how often and for what purposes a space is used. Gehl, who has observed behavior in public spaces around the world, notes that when the quality of a public space is low, it is used only for necessary tasks like walking the dog or getting to the bus stop.

When a space is welcoming, designed to be accessible and enjoyable, “a wide range of optional activities” will occur in between those necessary tasks, writes Gehl.
These might include spontaneous social interaction, reading a book, eating, window shopping or simply being in and enjoying the space. Good public realm brings people out of their homes and offices, into the world. And that’s good for business.

THE ECONOMIC BENEFIT OF GOOD PUBLIC SPACE

Like any ecosystem, the city ecosystem is cyclical; it is difficult if not impossible to pin down exactly where it begins and ends. A strong business community means jobs, which help people save and invest in property. They pay property taxes, which go towards parks, trees and improving infrastructure to support commercial zones. All of this results in a higher quality of living for urban residents, and that means residents are more likely to stay in their communities and support a strong local business economy.

Let’s start with green space. There’s value in massive urban parks like New York’s Central Park but green space also includes the tiniest patch of grass between a sidewalk and roadway and street trees that encourage pedestrian traffic. In fact, business owners have reported an up to 12 per cent increase in revenue where trees have been planted, according to walkability expert Dan Burden.

In Portland, Oregon, an estimated 26 per cent of the city is under the canopy of trees. In 2010 it was estimated that street trees generated an additional $15.3 million in property tax revenue for the city of Portland, as they resulted in increased assessed value of homes, especially when the trees were located between the sidewalk and roadway. The same study estimated the benefit-cost ratio of a street tree was 12:1. Interestingly, a different study of rental values in Portland showed that a tree on the curb increased the perceived value of a rental space four times more than a tree in the yard.

Similarly, parks have been found to increase nearby property values. This is an example of a direct economic benefit; parks also save money by absorbing rainfall and preventing the overloading of expensive drainage and sewage systems. On top of this,
good parks increase tourism. In 2006, the estimated net benefit of San Diego, California, parks to the tourism industry was more than $40 million.

GETTING THERE
Transportation systems are foundational both to the public realm and strong business communities. We know that the less frequently people drive, the more disposable income they have to spend on goods and services. So public design that encourages people to walk, cycle and take public transportation benefits businesses. Conversely, the more difficult it is to move around a city, the harder it is for supply chains to reach businesses.

On top of that, increased foot traffic results in higher sales for shops and restaurants. The private sector can help contribute to walkability of neighbourhoods by investing in assets, like planters and art that create vibrant streetscapes.

Much has been made of the economic case for cycling as well. A study in Melbourne, Australia, showed that bike parking spaces generated more revenue than car parking for area businesses, in part because cycling customers had more disposable income but also because there was room for more of them. Making cyclists feel welcome by providing bike parking and infrastructure such as free air-pumps or tools has also been shown to benefit the bottom line, simple solutions within control of any local business.
CITIES ON THE RISE
For decades, job growth and population growth in suburban areas has outpaced city centers. Now, young Americans are moving back to urban centres. According to Portland-based City Observatory, the percentage of talented, young workers living in neighbourhoods within three miles of the centre of the nation’s largest metropolitan areas has increased to 55 per cent from 43 per cent in 2000. This trend isn't only true of trendy cities like New York, Los Angeles or San Francisco. It includes economically challenged and formerly hollowed-out cities such as Buffalo, Cleveland and Detroit. These young, educated workers attract new business, spurring economic growth and urban revitalization.

This represents a major shift in the modern history of urban development. After World War II, a mass exodus from downtown cores to outlying areas created a pull effect on businesses, which followed their customers into the sprawl. As manufacturing and distribution firms moved into the suburbs, banks, retail and restaurants followed. Businesses became just as spread out as people, and just as reliant on highways, cars and a steady suburban population.

Between 2002 and 2007, job growth in outlying areas was growing at about 1.2 per cent each year compared to 0.1 per cent in centralized urban areas. After the 2008 financial crash, that trend completely reversed. From 2007 to 2011, job growth in urban areas increased at a rate of 0.5 per cent per year while falling 0.1 per cent in the ‘burbs.

What this means is not only are people moving back to central areas, but employers are following them. “The demand for urban living is growing in the United States,” says Joe Cortright, economist and founder of City Observatory. He points out that there is currently a shortage of space and that local governments will need to meet that demand by densifying in order to remain competitive and attract new residents. “As cities attract more people, that builds more of the character and attributes that make cities more livable which in turn attracts people,” says Cortright.

STRIP MALLS VERSUS HIGH STREETS
In the suburbs, retail models mainly take the form of multiple chain stores grouped into shopping complexes, strip malls or mega malls. The physical, not to mention ecological, footprint of the complexes and parking lots is huge.

One thing malls and shopping centres have going for them is coordination. Landlords and developers set parameters for signage, anchor tenants pull in patrons and a critical mass of goods and services guarantees some level of traffic. Marketing is often
managed centrally and business directories guide patrons. But while these businesses can attract customers, the business community as a whole is hampered by bad design. For example, studies have shown that when people visit a massive shopping centre they are less likely to visit multiple outlets compared to patrons walking along a high street or main street commercial district. When they did visit multiple stores, they were more likely to drive from store to store despite the outlets’ relative proximity to one another. That means that those shopping centre business are potentially missing out on foot traffic from the other businesses around them.

On the flip side, more urban shopping areas such as high streets are lacking coordination. Businesses don’t always work well together. The city of Ottawa, Ontario, faced serious backlash from brick-and-mortar restaurant owners when looking at policies to regulate food trucks. San Francisco cancelled “Food Truck Fridays” following similar complaints. But if neighbourhoods are ecosystems and businesses make up a community within the ecosystem, it would stand to reason that businesses would do well to work together to attract and retain customers.

Charles Montgomery describes this phenomenon with an amalgamation of research in Happy City: “Aesthetics matter. We walk further when streets feel safe and interesting. People who live in New York or London typically walk between a third to half a mile to go grocery shopping. Even in Montreal, with its freezing winters and sweat-soaked summers, people report walking about a third of a mile (six to eight minutes) between shops, bags in tow. The numbers are almost as high for people arriving at enclosed shopping malls, which mimic the downtown experience, at least once you’re in the building. But dump us in a vast parking lot surrounded by big-box outlets, and our inclination to walk evaporates. Even when people are equipped with shopping carts, they won't endure so much as a three minute stroll between retailers. Researchers observed that a third of the shoppers at one Canadian power centre actually parked their cars three or more times during one visit. They just hated trudging across the asphalt desert. It felt ugly, uncomfortable, and unsafe.”
THE STREET AS A COMMODITY

Businesses are competitive by nature. It’s normal for a restaurant owner to initially react with fear or apprehension when a food cart pod moves onto their turf. But Portland, Oregon, is a great example of why that might not be the best approach. A city known for its vibrant and diverse local economy, most of Portland’s most active business districts have adopted a different approach to competition.

Portland’s Mississippi Avenue boasts a food cart pod (the city has over 700 food carts gathered in groups called pods, a micro example of cohabitation among competitive businesses), many restaurants and plenty of local retailers. But, like many now hip neighbourhoods in the city, Mississippi Ave. wasn’t always the place to be. In the mid-90s, its local businesses included a laundromat and ice cream vendor at opposite ends of the street with boarded-up shops in between.

But things started to change in 1998, when Portland’s ReBuilding Center, which sells reclaimed building materials from tear-downs and construction projects, opened up on Mississippi Ave. The architecture of the unique building added character to the street, and its eclectic wares have since become a tourist attraction.

Another business owner in the city, Philip Stanton, correctly predicted the arrival of the ReBuilding Center would attract more traffic and business to the area, so he opened a restaurant called Mississippi Pizza across the road. Business quickly ramped up as more shops and restaurants opened on the street and Mississippi Ave. began to develop its own character and became a destination for tourists and locals looking for local wares, art and a wide spread of culinary choices.

Today, Mississippi Pizza has become a community gathering space and one of the neighbourhood’s most successful businesses. But Stanton says his success has less to do with the hot slices of pizza dripping with delicious cheese than it does with the locale. “Your entire street is a product essentially. Every great restaurant that comes to the street, food cart that comes to the street, great retail that comes to the street, that creates a guaranteed flow of walking traffic. The street itself is a commodity that people come to,” he says.
Portland serves as a great example of how public and private sectors meet to capitalize on each other. Small blocks make walking through Portland a breeze. Tons of local businesses make for rich shopping, dining and entertainment experiences. The streets are lined with rose bushes, art and bike parking. But perhaps most importantly, local entrepreneurs seem to understand the importance of a business or neighbourhood ecology. Together, they have created commercial districts throughout the city that enrich local life and attract tourists year-round.

Another of Portland’s trademark commercial districts, Alberta Street, is in part the busy street it has become today thanks to the commitment of local developers who saw value in improving the entire street and not just their own lot or business. “My vision for buying property is basically, if it’s ugly and I don’t like it, I buy it,” says Roslyn Hill, a board member of Alberta Main Street, the local business association. She has purchased and improved about a dozen properties and leased them to tenants with a few strict rules: no bars on the windows, no closing during business hours (which must be posted) and business owners must interact with the community. Hill, born and raised in Portland, opened the second restaurant on Alberta Street and was a huge part of the area’s transformation from an economically challenged area to a booming commercial area.

WHY PDX?

Some of Portland’s success lies in the city’s hands-off approach to regulations. This is certainly the case with the city’s flourishing food cart business, which are allowed to park anywhere that a car can, and congregate in pods without much burdensome permitting or regulation. Where the carts group in semi-permanent pods, they attract visitors, becoming a part of the local business ecology. A patron who finds themselves at a food cart pod one day, might visit a neighbouring restaurant or store the next.

But the city isn’t completely laissez faire in their approach to business regulations. The balance of relaxed and regulated has been critical to the healthy growth of the city’s public realm.

In the 1960s and 70s, Portland was at a major crossroads. Businesses were leaving downtown for the suburbs, the private bus system had filed for bankruptcy and the downtown core had all but ground to a halt economically. When a 1970s study suggested that downtown would benefit from 10,000 new parking spaces, Portland’s mayor and the federal department of transportation instead limited the number of parking spots in downtown and focused on building public transit to the core. Then, in a move that has gone down in urban planning history as one of the boldest moves
undertaken by an American city in the modern era, the city banned blank wall space at ground level and legislated storefront windows along the sidewalk. Why? It was simply more engaging, exciting and inviting.

Cities can capitalize on the demand for urban living, attract new residents, businesses and jobs. How each individual city gets there will be different.

The health of urban ecosystems depends on the strength of many factors. A valued, vibrant place will provide fertile ground for unique and resilient business and attract young, educated residents. A growing population is a pull factor for strong businesses which in turn benefits the public realm and helps create and maintain healthy, active communities, strengthens the economy and continues the cycle.

Lede image: Courtesy of Aaron Blake
Doable City Reader

CHAPTER 5: RELATED STORIES

www.8-80cities.org/doablecity/
Why a Whichita developer invests in public space before he even invests in a building

Multiple dump trucks running eight hours a day for ten days, and more than $50,000 in dirt. That’s what it will take to fill a massive hole in Wichita’s downtown business district. Once the dirt is in, it will become a temporary park with concrete ping pong tables, food trucks and local art installations. Then, it will all come down, and a building will go up.

But this park isn’t being paid for through the city’s park budget. Instead, it’s the developers of the building that will eventually rise from its ashes that are forking out the cash. Why would a private developer pour $50,000 into dirt for a space they’re not even occupying? Developer Michael Ramsey says investing in activating the entire area will benefit him as he owns nearby buildings and wants to attract new tenants—both residential and commercial.

“It’s really about building on a future synergy where all of a sudden it becomes a very cool place to be, a very inviting environment and then more people will come… to me people and jobs are synonymous,” says Ramsey, adding that the more people who want to live in the area the better it becomes for developers, businesses and residents.

Credit: Whichita Downtown Development Corporation
It’s a powerful illustration of the power of public space and neither the city or developer could accomplish such an undertaking alone.

Dubbed “the Hole” by locals, the 5,000 cubic-yard void was once the site of two historical buildings. Both were knocked down in favour of a proposed multi-use village-style development that would have been the first of its kind in Wichita. Unfortunately, construction was halted shortly after the financial crisis in 2008, after the hole had been dug. The land is private and the city has very little jurisdiction over its future. The sheer cost of filling the hole, around $100,000 after prep work and dirt hauling, was enormous. The developers don’t have access to all of the resources and networks the city has utilized, such as design students at Kansas State University, grants from the Knight Foundation and the planning skills of the Wichita Downtown Development Corporation. A developer willing to invest in the health of a city and a planning corporation willing to collaborate with the private sector is going to directly benefit the public realm and businesses surrounding it.

All of this might seem like a lot of work for a temporary park, but Jason Gregory, vice president of the Wichita Downtown Development Corporation, says he imagines it will exist for about five years. And for all of the financial and logistical challenges the project faced, Gregory’s team never lost sight of the intended outcome of the park.

“We knew if we just created a park, that was going to do nothing. We have plenty of pocket parks that nobody uses. So we had two goals: number one we wanted to fill it in and make it aesthetically attractive. Number two, we knew we had to have something that would activate the space on a daily basis,” says Gregory.

To achieve the latter, the park will include food carts which will rotate throughout the summer season and hopefully attract downtown employees who, Gregory says, currently drive to more desirable areas for their lunches.

In line with the park’s temporary nature, furnishings and other assets like planters, trees and art will be modular. Patrons will be able to move furniture as needed, adding to the flexibility of the space. These assets are planned to be used in future parks once the pop-up park downtown gives way to development.
Rebooting the 'burbs of San Jose, one urban village at a time

In 1940, the small farming community of San Jose, California, sat nestled between sloping hillsides and the rugged Pacific Ocean. Back then, its humble downtown core was surrounded by walkable neighbourhoods. But when the post-war boom came in the 1960s and 70s, San Jose was one of the fastest growing cities in America. This rapid expansion coupled with the mid-century demand for a suburban lifestyle resulted in San Jose, like so many other cities, developing around the needs of cars, not people.

The city became a network of ribbons of asphalt linking low-density suburban areas as it swelled from a quaint town of 70,000 to one million. By the 1970s the suburban exodus had taken its toll on the city’s once vibrant downtown. Businesses closed or moved to malls in the suburbs, buildings were demolished and the core became littered with vacant lots.

That meant that when 2008 rolled around and San Jose city planners were pigeon-toeing their way into a new age of urbanism—one less beholden to the rollercoaster of international oil prices, and focused instead around people and vibrant places—they were grappling with the same question that dozens of other cities across the country were grappling with as well. San Jose is projected to grow by nearly half a million people by 2035. How on earth would they accommodate that level of growth while starting to shrink a giant, sprawling auto-centric city to a walkable, human scale?
Their first step? Urban villages.

Urban villages are walkable, mixed-use neighbourhoods close to transit amenities. In San Jose’s urban plan, most housing and job growth is slated to take place in urban villages. The idea is to put these villages throughout the city to concentrate growth in strategic locations and enable both newcomers living in the villages as well as those in more traditional nearby neighbourhoods to be closer to day-to-day amenities. The goal is to create pockets of vibrant spaces where people can live, work, eat, drink, shop and be entertained all throughout the city, reducing the need for cars and making the city more livable as it grows.

Currently San Jose has approved one urban village, a few miles east of the downtown core in the neighbourhood of Alum Rock and has eight more in the works.
How Portland's beloved food carts transform public space and ask, "what's next?"

A bubblegum pink trailer hawking a saccharine rainbow of Hawaiian shaved ice sits perched just off a sidewalk in southeast Portland, Oregon, inviting passersby into a 15,000-square-foot urban culinary experiment—the Tidbit Food Farm and Garden, a food cart pod.

A phenomenon Portland is now famous for, the food cart pod is a relatively simple concept: small carts, from which vendors sell food, group together on private lots, sometimes parking lots, creating a sort of outdoor food court. And while this is great for satiating hungry urban explorers, there’s more to the trend than that.

Ethan Seltzer, a professor of urban studies and planning at Portland State University, sees the emergence of food cart pods in parking lots and empty spaces as a fantastic experiment in enlivening urban spaces and helping them evolve. Not only do the carts bring vibrancy to blocks that might otherwise be lifeless, but they also spark the public’s imagination and help them re-imagine what potential that space—or others like it, for that matter—could hold. “In many ways, to me what
food cart pods in parking lots do is they beg the question: what is the next step?” Seltzer says.

Portland’s Tidbit food cart pod, for example, transformed an empty space into a neighbourhood destination. The lot, previously occupied by an auto repair shop that burned down in the early 1990s, sat vacant for more than 15 years before developers Aaron Blake and Christina Davis scooped it up and created Tidbit.

Now, more than 20 bustling food carts, some oriented towards the sidewalk and others thoughtfully positioned to frame pedestrian pathways that wind through the lot toward a central courtyard, serve up waffle sandwiches, coffee, burgers and other treats to hungry customers. On any given summer night, neighbourhood families gather around the pod’s fireplace below strings of glowing lights, listening to live music and chowing down on local fares.

The Alder Street food cart pod, on the other hand, is flipped inside out. Located downtown, where it is dwarfed by surrounding towers and shopping centres, the Alder Street pod serves thousands of tourists and employees in the business district each day. Here, instead of being oriented toward a central courtyard that serves as a community social space, the carts instead line the outside of an operational parking lot. In fact, as you stroll alongside the carts browsing your options—which range from traditional street food-style Pad Thai to gluten-free vegan grilled cheese sandwiches (it’s Portland, after all)—you might nearly miss the fact that the bustling façade is masking an otherwise boring downtown commuter parking lot. (Check out the video above to see what we mean.) It’s like having your gluten-free vegan cake on a sidewalk patio and eating it too.

So how did Portland make this all happen? Part of it comes from Portland’s famously relaxed regulations. When it comes to food carts, so long as they remain mobile, vendors can operate them anywhere in the city, be it in parking lots or on private land. The location of bricks and mortar restaurants does not limit the location of a food cart pod like they do in some cities, and there is currently no cap on the number of food cart licenses.
And they are a big part of the small business ecology, especially for their size. Blake estimates the roughly two-dozen carts at Tidbit alone employ about 80 people.

But, like Seltzer asks, what’s next? While other cities look to Portland as a food cart Mecca, Portland is already trailblazing new uses for otherwise empty lots.

Tidbit has gone one step beyond food carts, allowing retail operations to take place out of vehicles in the same space. The Alder Street pod leaves space for downtown parking and activates the streetscape. One new food cart pod owner dreams of transforming an old gas station, currently a food cart pod, into outdoor space with a big screen television to show sporting events, a cart that sells beer and an on-site bricks and mortar bike shop.

But one lot in Portland is really pushing boundaries: Caravan, the tiny house hotel.

At Caravan, owners Deb Delman and Kol Peterson rent six miniscule mobile homes ranging from 100 square feet to 200 square feet to visitors.

The miniature dwellings sit atop trailers, rendering them mobile and therefore regulated as vehicles, just like food carts.

Unlike a traditional hotel, Caravan does not offer room service or have a restaurant. Instead, they send their patrons out to the many restaurants and bars in the artsy shopping and dining Alberta Street district to support the thriving business ecology they exist within and also thrive from. “When you don’t have everything you need in your own small space, you tend to reach out to your neighbours or interact with your community more,” says Delman. “It creates more of an interaction with the world outside your door.”
ABOUT THE DOABLE CITY READER

8-80 Cities works with the aim of helping people learn how to kick start change in their communities. In June of 2014, 8 80 Cities collaborated with the Knight Foundation to bring two hundred civic innovators from around North America together in Chicago at the Doable City Forum to share and discover methods for rapid change making.

The Doable City Reader is inspired by the rich conversations amongst presenters and participants at that forum. It is a resource for any and all people who want to make change in their cities and is meant to educate, inspire and empower anyone to do so.

“The Business Case,” the latest addition to the Doable City Reader, combines the lessons 8 80 Cities took away from the Portland Study Tour. 8 80 Cities organized the tour in May of 2015 with economist Joe Cortright of Impresa Consulting, Ethan Seltzer of Portland State University, and urban planner Lizzy Caston.

This chapter explores lessons from Portland and elsewhere that other cities can learn from for developing homegrown strategies to support local business through supporting the development of good public space and vise versa.

For the full Doable City Reader, including chapters on Making Change, Hidden Assets and Network Connections, visit: www.8-80cities.org/doablecity/