

CITY OF CARBONDALE

DOWNTOWN REVITALIZATION BACKGROUND REVIEW

August 2012



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SECTION 1: INTRODUCTION

■ BACKGROUND, PURPOSE & GOAL

The City of Carbondale is a town of 26,000 located in the southwestern part of Illinois approximately 95 miles southeast of St. Louis, Missouri. It is home to Southern Illinois University and is a regional medical hub. Tourism is a growing industry, as the area includes the Shawnee Wine Trail of 12 wineries and the Shawnee National Forest.

The City has experienced a typical trend among small communities—businesses moving to the edge of town near residential areas and out of the downtown center. This has left a certain segment of the population yearning for a revitalized neighborhood that could give the University and medical community a showplace for recruitment and retention of employees from urban areas, provide a center for the tourism industry, and address community worries of blight in these blocks. The City itself is interested in the economic development potential of putting vacant lots back on the tax rolls. While the downtown does have a number of unique restaurants and bars, the Carbondale Business Development Corporation (CBDC) would like to see mixed-use development such as that in downtown Champaign, Illinois. This would allow for a mixture of retail, office and residential units, providing a base to support even more businesses and giving life to the area on a 24/7 basis.

In April 2012, after a visit to downtown Champaign, the CBDC hired One Main Development to provide background research and insight. Specifically, One Main Development's objective was to determine if downtown Carbondale is a viable candidate for a retail/commercial/residential development project which could become the catalyst for revitalizing the downtown area.



SECTION 1: INTRODUCTION

■ WHY IS DOWNTOWN IMPORTANT?

(source: National Preservation Trust Main Street Program)

A community's central business district often accounts for as much as 30 percent of its jobs and 40 percent of its tax base. It is a community's crossroads, a place in our hearts and minds that evoke strong emotions and helps define our identity. What are the benefits to downtown revitalization?

- **REVITALIZATION PROTECTS THE EXISTING TAX BASE.** Private investment in banks, businesses and commercial property and public investment in streets, sidewalks and water and sewer lines are protected and enhanced.
- **REVITALIZATION HELPS ATTRACT OTHER DEVELOPMENT.** Downtown reflects the overall image a community projects to potential investors. An invigorated downtown makes a very positive statement about the whole community.
- **REVITALIZATION PROVIDES A POINT OF FOCUS AND STABILITY.** A vibrant downtown gives the whole community and region a sense of pride and positive self image. It also serves as an anchor that holds the community together and provides the stability necessary for economic growth

■ CONSEQUENCES OF THE STATUS QUO

The Downtown and Campustown areas currently have a small, but growing, mix of interesting businesses. An argument could be made that the projected investment of resources is too great and wouldn't have a significant impact. On the other hand, there are several reasons to view this as an urgent problem in need of change:

Several business owners expressed frustration about current restrictions on business, including signage and outdoor seating, that they feel are impeding their growth. The possibility exists for business closures or relocations to other areas, further eroding the tax base.

Key leaders and personnel are becoming burned out by the endless debate and disillusioned by the stasis of the situation. Loss of these leaders will not only delay improving the City's long-term prospects, but make it difficult to recruit others of similar caliber.

Major employers, including the SIH medical system, have expressed challenges to recruitment efforts. This issue will be ongoing, due to the distance of the community from a major urban center with its attractions; however, it can be mitigated with attractive housing and retail options.

The University's image as a "party school", due in part to off-campus activities, damages its academic reputation and negatively affects its growth prospects. A shift in perception, facilitated by the City's commitment to a revitalized Downtown targeted to professionals, will help the school and the larger community.

SECTION 2: METHODOLOGY

■ METHODOLOGY

One Main Development conducted several multiple-day visits to the area which included numerous meetings with individuals and groups representing the following entities:

- Carbondale Business Development Corporation
- SIU administration & faculty
- SIH hospital administration
- Carbondale Mainstreet
- City of Carbondale administration
- Carbondale Arts Council
- Carbondale Chamber of Commerce
- Banking
- Insurance
- Real estate development
- Existing downtown business owners
- Various random residents

From those meetings, One Main Development was able to assemble a set of recurring themes.

1. There is a solid group of residents who are committed to thinking through this problem.
 - a. The CBDC is composed of a group of businesspeople, University employees and government personnel with means and leadership talent.
 - b. The SIH system would be supportive of, although not an investor in, downtown redevelopment. They may be interested in leasing medical office space.
 - c. SIU's Chancellor wishes for more cooperation between the community and the University.
 - d. A majority of residents love living in Carbondale.

SECTION 2: METHODOLOGY

2. There are 6 primary stakeholders in this project, apart from the residents of the City and surrounding areas. Each area participated in these discussions enthusiastically and must be represented in the formation of a new plan.
 - a. City of Carbondale
 - b. Southern Illinois University
 - c. Southern Illinois Hospital system (and other medical providers)
 - d. Chamber of Commerce/Carbondale Convention & Tourism Bureau/
Carbondale Main Street/
Carbondale Business Development Corporation
 - e. Banking community
 - f. Private sector investors

3. There is also a vocal group of naysayers who are not convinced that the effort is worth the time and money required. One Main Development has met with a number of these individuals and has gathered the following primary objections:
 - a. The lack of a positive message results in a negative message, creating a “perceptions are reality” mindset. The primary negative perception appears to be both that the city is a “college party town” AND its government officials are “dull fun-killers” (the latter resulting from efforts to control the Halloween Celebration, in particular).
 - b. There is no unified vision.
 - c. The local government has tried and failed on several occasions to be proactive in securing new development.
 - d. The city hinders, rather than aids and encourages, business development.
 - e. In the past, the city has been difficult to work with on regulations/ codes, etc. One major issue appears to be regulations regarding development and signage along State routes going through the downtown area. The perception is that the city is not assisting local businesses with overcoming state bureaucracy.
 - f. The downtown real estate market is very depressed.
 - g. The downtown area is perceived as unsafe.
 - h. The freight trains running through the middle of the downtown are a detriment to residential living, disruptive to outdoor enjoyment of cafes and potentially damaging to buildings.

SECTION 2: METHODOLOGY

4. Miscellaneous

- a. There are several surrounding towns that act as bedroom communities within a 20 mile radius: Carterville, Murphysboro, Herrin and Marion, which combined have another 25,000 residents. The positive aspect to this is the population which might be drawn to a downtown Carbondale entertainment district; however, several of these towns are aggressive competitors for business attraction and they also draw from the residential pool.
- b. John A. Logan Community College, 10 miles away in Carterville, is an accredited, ranked school with 8500 students. (www.jalc.edu) These students are also potential customers and residents of a revitalized Downtown.
- c. The Southern Illinois Healthcare System includes 2 hospitals and at least 6 clinic locations in Carbondale, plus over 10 clinics in the surrounding communities. The system, along with the University, is a major employer. Its flagship facility, Memorial Hospital, is adjacent to the downtown area.



SECTION 3: RECOMMENDATIONS

■ RECOMMENDATIONS

The bottom line is that the City of Carbondale possesses no shortage of talent and great ideas. In fact, the 2010 Comprehensive Plan commissioned and adopted by the City (referenced in the Exhibits section) outlines many excellent suggestions and implementation steps. The good news is that the leadership pool is there. The challenge is that we need to create a vision and plan for them to rally around.

This plan will take time, money and energy. One Main Development has seen success happen in its developments in Champaign, but it hasn't been without dips and roadblocks along the way. Nevertheless, there are many reasons to pursue this plan that will ultimately benefit the City of Carbondale and its citizens in the long run. Most importantly, local leaders must have the will and energy to save their Downtown. No one else will do it. The CBDC has already demonstrated commitment to change by hiring One Main Development to develop these recommendations.

IT IS ONE MAIN DEVELOPMENT'S OPINION THAT THE CBDC IS OPTIMALLY POSITIONED AS A GROUP TO LEAD THIS PROCESS AND THE TIME IS NOW TO TAKE ACTION TO CREATE A CULTURAL AND SOCIAL MECCA FOR THE REGION.

PROS TO TAKING ACTION ON THIS PLAN:

1. A City's downtown district defines its character and image. Not only do local businesses rely on this being positive to increase their bottom line, Southern Illinois University needs the downtown to enhance its ability to attract and retain students, faculty and staff. The City benefits from increased property and sales tax receipts as property transitions to private ownership and retail businesses.
2. The City's downtown is not currently deteriorating significantly; however, it is at a tipping point where inaction or negative action by City officials could damage the private sector's willingness to invest.
3. Personnel and other leadership appear to be aligned behind this opportunity to change the City's landscape and purpose. Because this doesn't happen without people who are sharp and dedicated, it is important to act and act quickly. Some talented people will start to lose enthusiasm and could even leave the area if something is not made.

SECTION 3: RECOMMENDATIONS

CONS TO TAKING ACTION ON THIS PLAN:

1. There will be significant costs to both the public and private sectors. The Carbondale Business Development Corporation has already demonstrated its courage in commissioning this report, which is the first step, but there will be further investment needed to really change the landscape of the neighborhood.
2. Change is hard. Public resistance is likely to arise. In starting on the public phase of forming a new plan, some people will emerge who fall into the CAVE (Citizens Against Virtually Everything) and NIMBY (Not in My Backyard) camps. It can be very challenging both politically and emotionally for the parties involved to persevere.

■ PLAN SPECIFICS

The stakeholder groups appear to be at a moment in time where there is energy and desire for change. One Main Development recommends that the various constituencies come together to take advantage of this opportunity to transform the downtown area. Specifically,

PHASE 1, THE PREPARATORY PHASE

Commission a “quick fix” of the perception problems. The City’s negative image is both local and farther-reaching. A good PR/marketing plan will lay the groundwork for increased business development in attracting new tenants and owners to the Downtown area. Note that both the City and the University have a stake in this perception issue—the City for Downtown revitalization and the University for recruitment of students and faculty.

- Differentiate the downtown districts into a “University/Campus town” district and a “Downtown” district, with Walnut Street as the north-south dividing line. The primary reason to do this is to address the perception that the town is a student party town—with all the negative connotations that entails, including public drunkenness, vandalism and unsafe conditions for families. The University’s image as a “party school”, due in part to off-campus activities, damages its academic reputation and negatively affects its growth prospects. A shift in perception, facilitated by the City’s commitment to a revitalized Downtown targeted to professionals, will help the school and the larger community. By creating a Downtown district that is targeted to adults, the City



SECTION 3: RECOMMENDATIONS

will begin to position itself as an entertainment destination for professionals both in the City and from the surrounding towns. This in turn creates an attractive demographic for unique independent restaurants, bars and shops, as well as making it a desirable place to live and work. One model for this is the Champaign Center Partnership (www.champaigncenter.com) which has both differentiated its districts and combined their sector's efforts to maximize resources.

- Community participation in the plan will be critical. Common language that catches on with the residents and business owners must be developed in order for it to be useful and effective. Southern Illinois University and the South Illinois Healthcare System are key participants in this discussion.
- The tone of the plan must be non-apologetic about the past and optimistic and visionary about the future. Carbondale has many positive features that should be highlighted.
- Concurrently, the City Council should consider reviewing its local ordinances and restrictions placed on development by the State routes in the downtown area. Signage limitations and fencing requirements for outdoor patios are immediate areas that should be re-considered in order to encourage a different atmosphere in the Downtown district.

PHASE 2, THE ACTION PHASE

- Create a comprehensive vision of what success looks like, in five years, ten years and beyond. The parties to this discussion include the City, the business community and the public. Many of these groups have expressed willingness to move forward with such a plan. The desired outcome of these meetings is both a visual representation of the future and buy-in from the various parties.
- Put some deals together.
 - * Create a strong package of financial incentives from the City and State for developers to consider creating new construction on the vacant lots at Walnut and Washington and sourcing tenants such as medical offices, small businesses and retail. Local banks are a key component in this equation.

SECTION 3: RECOMMENDATIONS

- * One or two larger mixed-use projects that provide a base of workers during the day and residents at night are necessary to spark a new redevelopment effort. These will need to be subsidized in some way by public investment in order to entice private parties to be the “first movers” in the cycle.
- * The topic of development of a new multi-modal center combined with mixed-income housing has been raised. This will involve a large public sector investment that will catalyze further private investment.

PHASE 3, THE LONG-TERM PHASE

- Two years after the first development has begun, re-assess how the downtown is progressing in relation to the initial success vision. This process should be repeated frequently, as unforeseen changes in the economy, local employers or City officials and policymakers occur. It is important to continue a focused PR effort, to prevent naysayers from having the only message.



SECTION 4: EXHIBITS

■ COMMUNITY INFORMATION

SOURCES:

www.wikipedia.org

www.carbondalemainstreet.com

www.ci.carbondale.il.us

Carbondale is a city in Jackson County, in the state of Illinois, within the Southern Illinois region. It is located at the junction of Illinois Route 13 and U.S. Route 51, 96 miles southeast of St. Louis, Missouri, on the northern edge of the Shawnee National Forest. Carbondale is the home of the main campus of Southern Illinois University.

As of the 2010 census, the city had a population of 25,902, and is the 20th-most populated city outside of the Chicago Metropolitan Area. In addition, the city is the most populous in Southern Illinois, outside of the Metro-East area. Since 1970, the City has experienced a growth rate of 11.9% and the County has grown by 8.6%.

POPULATION

Year	City	County	State
1970	22,816	55,008	11,110,285
1980	26,414	61,522	11,428,518
1990	27,033	61,067	11,430,602
2000	25,597	59,612	12,419,293
2010	25,902	60,218	12,830,632

MAJOR EMPLOYERS

Carbondale is the home of Southern Illinois University, a comprehensive teaching and research institution with approximately 61 graduate programs and professional schools of Law, Medicine, and Engineering. The University, with approximately 6,799 employees, is the area's largest employer. SIU enrolls approximately 20,000 undergraduate and graduate students.

South Illinois Healthcare (SIH) system is a dominant employer and has a network of 23 provider facilities in 6 regional communities. Memorial Hospital, is located just west of the downtown Carbondale area, surrounded primarily by residential neighborhoods. It is the leading cardiac care program in Southern Illinois, home to a regional cancer treatment center, the only Level II plus neonatal intensive care unit south of Springfield and the only pediatric unit in southern Illinois. As

SECTION 4: EXHIBITS

such, it is a major generator of visits to the City and is integral to the downtown economy.

EXISTING INCENTIVE PROGRAMS

The downtown Carbondale area (Exhibit 1) is located in an Enterprise Zone and a TIF district, with parts of it situated in an area identified as low-income by the Treasury Department. These designations make monies available from local, state and federal sources for re-development. Exhibit 2 shows a corner owned by the City that it is hoping to re-develop in a strategic area of the downtown district.

ENTERPRISE ZONE INCENTIVES

1. ABATEMENT OF PROPERTY TAX ON NEW IMPROVEMENTS

Property tax on real estate improvements that raise a commercial, industrial or manufacturing property's fair market value by more than \$10,000 is abated .

2. DEDUCTION OF SALES TAX FOR BUILDING MATERIALS

100 % of sales tax on materials used for construction or renovation of buildings in the Enterprise Zone can be deducted at the time of purchase.

3. WAIVER OF BUILDING PERMIT FEES

City building permit fees on any renovation, expansion or new construction project within the Enterprise Zone are waived. This waiver of fees applies to building, plumbing, electrical, demolition, site plan and zoning certificate fees for permits issued for rehabilitation, expansion or new construction.

4. STATE OF ILLINOIS TAX INCENTIVES

There are a number of state tax incentives for investment in an enterprise zone. These incentives are related to income, utility, and sales taxes.

- Enterprise Zone Investment Tax Credit
- Jobs Tax Credit
- Dividend Deduction
- Corporate Contribution Deductions
- Income Tax Deduction for Financial Institutions
- Manufacturing Machinery and Equipment Sales Tax Exemption
- State Utility Tax Exemption

SECTION 4: EXHIBITS

Tax Increment Financing (TIF) helps municipal governments stimulate redevelopment in a designated area. Using this financing tool, the City can reimburse developers for certain expenses using the property tax revenue that new development in the TIF district generates. Expenses eligible for reimbursement include:

- Architectural, engineering, legal, environmental, financial, planning, and other services
- Property assembly costs, including acquisition of land, demolition of buildings and site preparation
- Costs of rehabilitation, reconstruction or repair or remodeling of existing buildings, fixtures and leasehold improvements
- Cost of financing during construction
- A portion of the interest cost incurred by a developer related to the construction, renovation or rehabilitation of a redevelopment project

■ 2010 COMPREHENSIVE PLAN COMMENTS

(source, City of Carbondale Comprehensive Plan, drafted by Kendig Keast Collaborative, adopted by the City Council on June 22, 2010, chapter five, Focus Area 5.4)

In a comprehensive plan adopted in June 2010, the City of Carbondale accepted the recommendation to “Revitalize Downtown and connect the City’s major Downtown institutions.”

Specifically,

1. Redevelop the area connecting the downtown with the University and Memorial Hospital.
2. Work to retain and expand existing storefront business and maximize adaptive reuse of upper floors for work/live lofts.
3. Expand the size and visibility of the City’s arts, culture and tourism markets.
4. Improve the physical appearance of the streetscape.
5. Continue supporting Carbondale Main Street.

The report provides some detailed action steps and initiatives in pages 13-16 of this section. Many of the suggestions could be the base of a specific Downtown Action Plan.

EXHIBIT 1: DOWNTOWN CARBONDALE

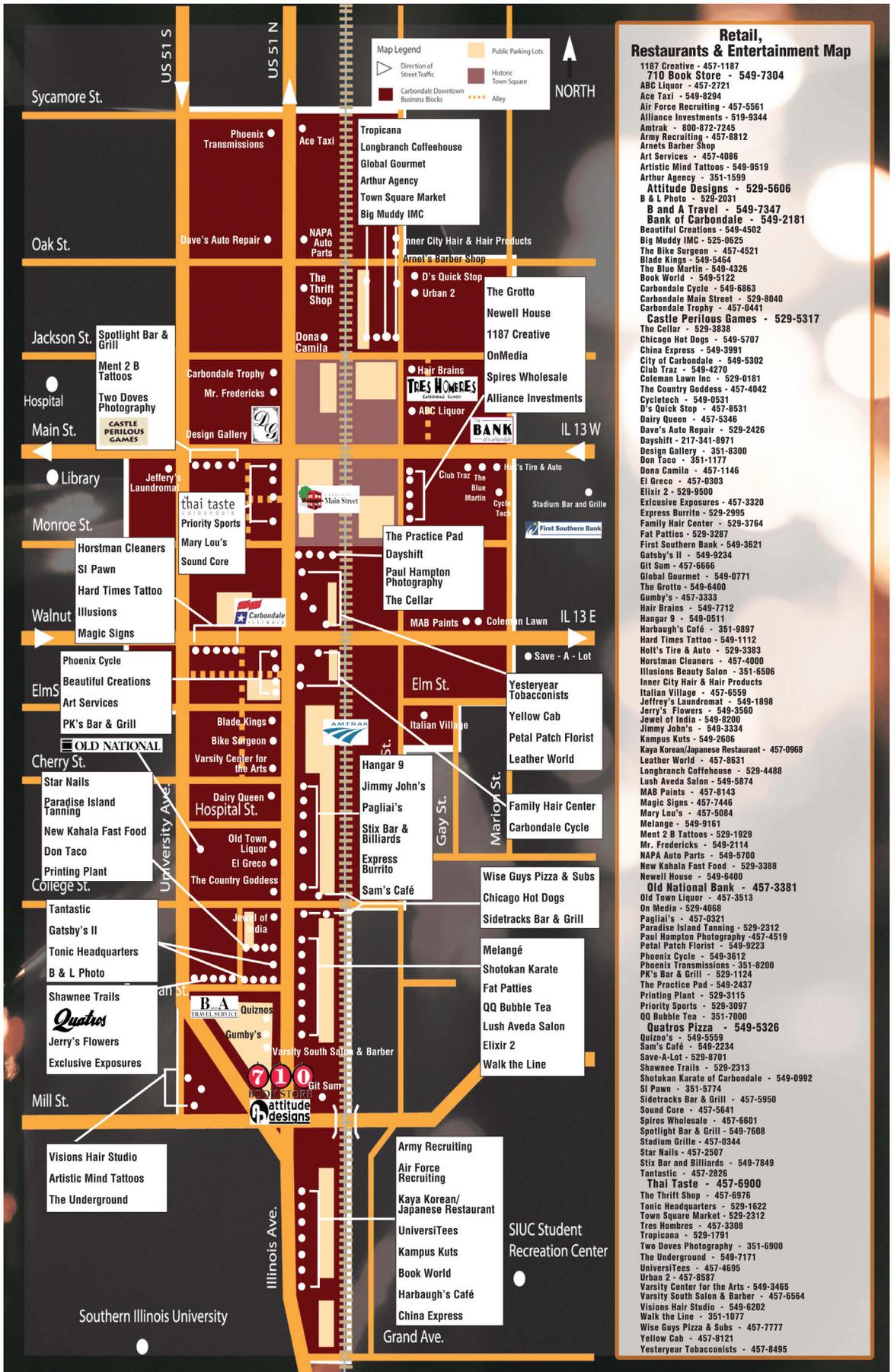


EXHIBIT 2: AVAILABLE DOWNTOWN PROPERTY



Available for Development Intersection of Washington & Walnut Streets

(IL Route 13)



Property Information

Zoning: Mixed –
SB – Secondary Business
BPR – Primary Business

Lot Size: Four corner
properties, 1/2 - 1 acre

Site Information:
Redevelop this prime
downtown intersection into
a mixed use, multi-story
attraction

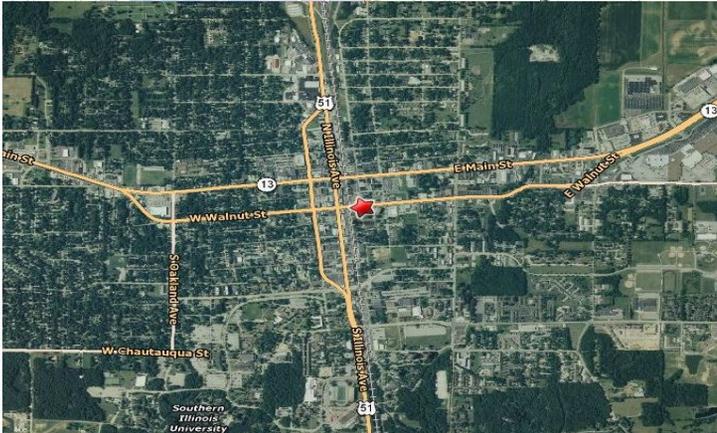
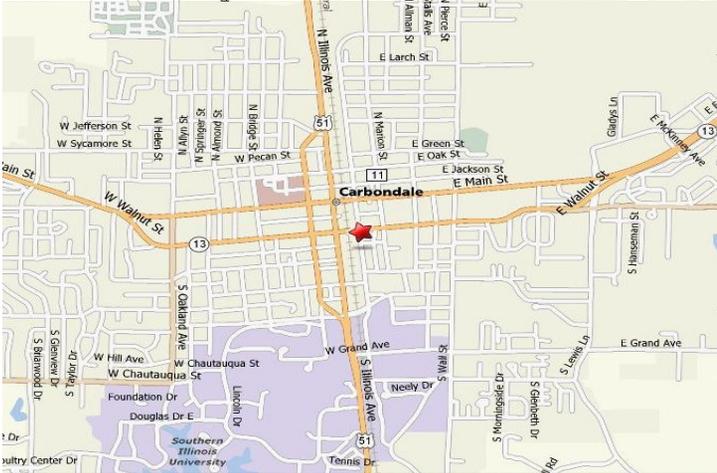
Adjacent Businesses:
City Hall/Civic Center
Amtrak, Grocery Stores,
Parks/Plazas
Professional offices
Restaurants, Banks

Incentives Available:
Enterprise Zone
Tax Increment Financing

Demographics

Population:
Carbondale: 25,597
SIU Students: 21,000

Traffic Counts: 27,200



■ ONE MAIN DEVELOPMENT'S FUTURE ROLE

One Main Development's experience in developing its properties in downtown Champaign and being a catalyst for the revitalization of the area uniquely qualifies the company as an advisor to similar communities facing like challenges. OMD, while not being a credentialed expert in economic development, understands both the private and public sector issues and approaches them from an entrepreneurial mind-set.

The company is interested in being involved in facilitating the recommendations set forth above, in any degree the community prefers. This involvement could range from leading an RFP process to choose a group for leadership, to leading the community feedback phase, to actively executing some of the plans. We appreciate the opportunity to get to know your community and have high hopes for your future, which we see as prospectively very bright.

■ OUR STORY

One Main Development, LLC (www.1-main.com) is a full-service development group located in Champaign, IL. With a focus on mixed-use property and on the revitalization of downtown communities, One Main Development works closely with community leaders, city officials, retailers and other visionaries to transform core urban environments to spur economic growth, bring social and intellectual value and build more sustainable communities.

It's more than constructing Class A, mixed use, environmentally-friendly buildings. It's about encouraging new business, new retail development and unique living environments for people who thrive on the energy of the city and become impassioned participants in its growth and success. One Main Development plants these seeds for community revitalization. But more importantly, we nurture their growth, working to retain the character and value of the existing community while partnering with business, civic and community leaders to build for the future.

In 2002, Cody Sokolski, CEO, and investors embarked on the development of a mixed-use facility on the footprint of a municipal parking lot. In 2003, Mike Royse joined the firm as President. One Main Plaza in Champaign opened a year later. Our second building, M2 on Neil, opened in mid-2009, replacing another surface parking lot. Both properties have retail, restaurant and office tenants, plus owners in residential condos, and are the centerpiece of downtown Champaign.

SECTION 5: ONE MAIN DEVELOPMENT

One Main's experience of being both an active developer and an advisor to groups interested in revitalizing their downtowns uniquely positions the company in the space between public and private investors. We are interested in facilitating collaboration, while being objective regarding resources and prospects.

