Thank you for joining us, we will begin shortly!
Washington, DC
CENTRAL BUSINESS DISTRICT
Actionable Recovery and Economic Resilience

ULI ADVISORY SERVICES
VIRTUAL ADVISORY SERVICES PANEL
NOVEMBER 17-19, 2020
About the Urban Land Institute

**ULI Mission:** to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide

- A multi-disciplinary membership organization with more than 45,000 members in private enterprise and public service

- What the Urban Land Institute does:
  - Conducts Research
  - Provides a forum for sharing of **best practices**
  - Writes, edits, and publishes **books** and **magazines**
  - Organizes and conducts **meetings**
  - Directs outreach programs
  - Conducts **Advisory Service Panels**
ADVISORY SERVICE PANELS

Since 1947, ULI’s Advisory Services Program have helped more than 700 communities find independent, strategic, and practical solutions for the most challenging land use issues.
Thank you to our sponsors!
Thank you everyone else!

Leona Agouridis • John Sikaitis • Jeff Chod • Shawn Townsend • Jenny Bilfield • Rebecca Lindner • Chanell Autrey • Kevin Wayer • Art Turowski • Tracey Bibbens • Joe Judge • Cleashay China Sutton • Harrison Suarez • Melvin Hines • Angela Franco • Nicole Quiroga • Corey Griffin • Antwayne Ford • Ahnna Smith • Rahsaan Bernard • Benton Murphy • Arlen Herrell • Jodie McLean • Grey Meyer • Anthony Chang • Matt Klein • Kevin Storm • Christopher Leinberger • Brian Kenner • Melissa Bradley • Grace Langham • William Rich • Brian Grant • David Bowers • Neil Albert • Robin-Eve Jasper • Deborah Ratner Salzberg • Caitlin Rogger • Oswaldo Lopez • Marla Bilonick • Raj Agrawwal • Stephanie Thomas • Elliott Ferguson • Kathy Hollinger • Solomon Keene • Greg O’Dell • Hugo Mogollon • Kristi Whitfield • Harold Pettigrew • Marie Johns
ULI Panelists and Staff

Selected for their subject matter expertise to provide **objective, volunteer** recommendations

**Marilyn Jordan Taylor (Panel Chair)**
University of Pennsylvania
Philadelphia, PA

**William Gilchrist**
City of Oakland
Oakland, CA

**David Greensfelder**
Greensfelder Real Estate Strategy
Berkeley, CA

**Diane Gormely-Barnes**
HNTB
Chicago, IL

**James Lima**
James Lima Planning and Development
New York, NY

**Julie O’Brochta**
Skidmore, Owings & Merrill LLP
Chicago, IL

**Maggie Parker**
Innovan Neighborhoods
Dallas, TX

**Local Advisor**
**Robert Peck**
Gensler
Washington, D.C.

**ULI Staff**

*Kelsey Steffen*, Director, Advisory Services  |  *Georgia Gempler*, Senior Associate, Advisory Services  |  *Deborah Bilek*, Vice President, Advisory Services
Actionable Recovery and Economic Resilience Strategies for Downtown DC

Washington, DC — November, 2020
A New CBD Model
Economic Geographies:
Regional Transit-Oriented Mixed-Use Centers
The CBD by the numbers

- 97.9 million SF office space
- 15.5% office vacancy Q3 2020
- 249,000 jobs in 2017 / 21,425 residents
- 3.1% of population of the city, but 44% of the jobs
- Nearly 12x as many workers as residents downtown
- Hotel occupancy down 72.5% year-to-year in July 2020
- 21.7% reduction in consumer spending
Capital follows talent. Talent follows place. Place needs investment.
The Downtown: A 15 Minute City

Study Area

15 Minute Walk
Connecting New Hubs and Nodes
Vibrant Neighborhoods and Nodes
World-Class Cultural Amenities
Network of 3rd Places

Source: David Greensfelder
Racial Inequities Amplified

Image via iStock.

Source: DC Office of Planning
Economic Growth, Social Equity, Knowledge Creation

Source: James Lima Planning + Development
Use Class B/C Buildings to Create an Innovation District Cluster

Consider a partnership with UDC-CC to launch a downtown hub

Source: James Lima Planning + Development
# The Alliance Functions

<table>
<thead>
<tr>
<th>Execution Roles</th>
<th>Catalytic Roles</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Leveraging Anchor Procurement</strong></td>
<td><strong>Diminish the Impact of Parasitic Economy</strong></td>
</tr>
<tr>
<td>Increase procurement to small and Black-Owned businesses, redefining the sustainability of NBDs by providing them with access to a broader, more stable pool of capital and source of demand.</td>
<td>Promote advanced planning and zoning regulations designed to facilitate the establishment of a community-oriented NBD.</td>
</tr>
<tr>
<td>Includes actions to:</td>
<td>A NBD model that builds wealth by presenting small business owners with greater opportunities to own the real estate where their businesses are located, over time.</td>
</tr>
<tr>
<td>- Match supply / demand of anchors, businesses and business districts</td>
<td></td>
</tr>
<tr>
<td>- Push uniform system for data collection and transparent reporting</td>
<td></td>
</tr>
<tr>
<td>- Identify growth opportunities in anchor demand</td>
<td></td>
</tr>
<tr>
<td>- Promote efforts to buy local and from minority businesses</td>
<td></td>
</tr>
<tr>
<td><strong>Support Small &amp; Black-owned Businesses</strong></td>
<td><strong>Build Local Wealth</strong></td>
</tr>
<tr>
<td>Create a more resilient business ecosystem that attracts, develops and supports Black and minority-owned companies, and leverages the impact of limited resources.</td>
<td></td>
</tr>
<tr>
<td>Includes actions to:</td>
<td></td>
</tr>
<tr>
<td>- Recruit businesses to NBDs</td>
<td></td>
</tr>
<tr>
<td>- Advocate for anchors to support regeneration</td>
<td></td>
</tr>
<tr>
<td>- Identify cost efficiencies and manage shared services</td>
<td></td>
</tr>
<tr>
<td>- Help businesses grow and scale, from startup to maturity</td>
<td></td>
</tr>
<tr>
<td><strong>Maximizing Real Estate</strong></td>
<td><strong>Driving Quality Place-Making</strong></td>
</tr>
<tr>
<td>Create NBD real estate assets that contribute to a sustainable and neighborhood-oriented usage model.</td>
<td>Reconfigure streetscapes, enhance public spaces, and apply innovative land use models appropriately designed for current and future circumstances.</td>
</tr>
<tr>
<td>Includes actions to:</td>
<td></td>
</tr>
<tr>
<td>- Drive the real estate vision and identify the ideal mix in NBDs</td>
<td></td>
</tr>
<tr>
<td>- Match tenants with real estate</td>
<td></td>
</tr>
<tr>
<td>- Address building vacancy</td>
<td></td>
</tr>
<tr>
<td>- Optimize land bank</td>
<td></td>
</tr>
<tr>
<td><strong>Increase Access to Capital</strong></td>
<td><strong>Build Local Wealth</strong></td>
</tr>
<tr>
<td>Increase funding opportunities to develop NBDs and minority businesses by deploying comprehensive funding proposals (acting both in the demand and supply side) that increase chances of success.</td>
<td></td>
</tr>
<tr>
<td>Includes actions to:</td>
<td></td>
</tr>
<tr>
<td>- Differentiate NBDs</td>
<td></td>
</tr>
<tr>
<td>- Optimize use of streetscape, public space and land</td>
<td></td>
</tr>
<tr>
<td>- Promote clean, safe and beautiful NBDs</td>
<td></td>
</tr>
<tr>
<td>- Create and manage the civic identify of NBDs</td>
<td></td>
</tr>
<tr>
<td><strong>Driving Quality Place-Making</strong></td>
<td><strong>Build Local Wealth</strong></td>
</tr>
<tr>
<td>Includes actions to:</td>
<td></td>
</tr>
<tr>
<td>- Push forward zoning and regulation to decrease the impact of parasitic chains</td>
<td></td>
</tr>
<tr>
<td>- Assist oversight with city government</td>
<td></td>
</tr>
<tr>
<td><strong>Build Local Wealth</strong></td>
<td><strong>Build Local Wealth</strong></td>
</tr>
<tr>
<td>Includes actions to:</td>
<td></td>
</tr>
<tr>
<td>- Optimize opportunities for real estate and business ownership</td>
<td></td>
</tr>
</tbody>
</table>

---

*Novak Metro Finance Lab*  
*Lundy Institute for Urban Innovation*  
*Accelerator for America*
Equity and New Business Models
COVID-19 Disruption

How have we evolved?

- Distributed workforce
- Retail changes accelerated
- Need for equity-driven interventions
Office

Going forward

- Quality and environment of the space
- Collaboration and creative work done in the office
- Production work done in a distributive format (i.e. at home)

Source: DC Economic Partnership
Retail – New Equilibrium

Going forward

- We have 24 SF of retail per capita in the US. This compares with 16 SF in Canada, and approximately 5 SF in Europe and parts of Asia.

Source: David Greensfelder
Retail – New Equilibrium

Going forward

- A new equilibrium with less square feet of retail per capita is likely being established as space devoted to retail is being repurposed or replaced with new uses.
Retail – New Equilibrium

Going forward

- Even the strongest retail projects need broad reasons for customers to visit.
- Uses ranging from medical and educational services to distribution activity, with mixed-use or dense settings adding further support.
- The headlines should be “What kinds of brick-and-mortar retail will survive?” and “How will we repurpose unneeded retail space?”

Source: DC Economic Partnership
Types – Commodity Retail

- A retailer selling goods and services which are consumed without emotional connection by the consumer and for which the consumer's primary motivation is price and convenience.

- Examples include grocery and drug stores, mass merchants such as CostCo, Target or Wal-Mart, office supply stores such as Staples or Office Depot, or electronics, books and music.
Types – Specialty Retail

▪ Retailers selling goods and services which are consumed on a discretionary or emotionally-driven basis using discretionary funds/income, and where experience and a sense of place is a primary component when deciding how and where to spend discretionary time.*

▪ Examples include fine dining, clothing, luxury hard and soft goods, or electronic, books and music, and even specialty shopping districts.

* With the rise of platforms and influencers, the importance of “place” is evolving.

Source: David Greensfelder
Hospitality

Going forward

- Tourism is a key element of vitality in the CBD
- Is the conversation about conversion or about repositioning and converting the leftovers?
  - Having hospitality in better locations (eg. close to the convention center),
  - Having the product more up to date (eg. limited service, extended stay).
  - Combining more than one hotel product in the same building.

Source: Shutterstock, Dorti
Traffic Patterns and Gravity

The CBD is well located!

- Traffic patterns may be more important than demographics in certain situations.
- The “gravity direction” is defined as the general direction from which residents and daytime workers enter a trade area and to which they travel in order to leave.
- Thinking about the CBD makes it easy to understand this “gravity” phenomenon.
- It is no coincidence that so much retail has historically been located in the CBD.
- **An effort should be made to facilitate travel to and from the CBD**, including:
  - improved signage and wayfinding resources,
  - clear design signals along key corridors, and
  - the relocation of monuments to key intersections that better highlight gateway intersections and the presence of the study area for visitors and residents alike.
Retail where the **pedestrian interacts with built/retail space** even if he/she doesn’t go in to buy something.

Examples include grocery/drug, specialty, mass merchants (Costco or Target perhaps to a lesser extent), and even a karate studio, art gallery, or real estate agency.

Source: David Greensfelder
Types – Inactive Retail

- Retail where the *flow of the retail district is broken* so that *pedestrians don’t interact* with the built environment, or where there are limited hours so that spaces become dark during non-office hours.
- Examples include offices, medical facilities, garages, or auto repair. Inactive retail can be caused by poor design and poor location choices!

Source: David Greensfelder
Individuals who become entrepreneurs because of unemployment are customarily thought of as necessity entrepreneurs … their business formation is associated with a lack of alternatives or opportunities.

In contrast, individuals who are employed are traditionally thought of as opportunity entrepreneurs because they are taking advantage of an opportunity or perceived inefficiency in the marketplace.

For this reason, opportunity entrepreneurism is frequently pro-cyclical with respect to the business cycle, and necessity entrepreneurism is usually anti-cyclical.

We are at a point in the economic cycle that corresponds with an increase in necessity entrepreneurism.

The serendipity of timing and circumstance may provide additional opportunities for entrepreneurs … owners are reaching to fill a greater amount of vacant space and may show a willingness to accept tenants with less financial wherewithal, accept lower rents, and to fund a greater amount of tenant capital costs.
Incentives for forward economic thrusts are required.

These incentives and jumps in activity have not come to pass, bringing us to another model for economic development, the Critical Minimum Effort model.

Economic development is not possible unless a critical minimum level of investment is made.

“Critical level” means an investment of a significant enough size to jump start the economy out of its stalled state.

A level of investment that is less than a critical level would not create long-term, sustainable economic development.

In the case of the CBD, this critical minimum level of investment might be from the public sector, the private sector, or a combination and private and public sectors.

From an equity perspective, in addition to infrastructure investment, business attraction investment should be prioritized, and targeted at necessity entrepreneurs.
Equitable Approaches in the New CBD

Value:
Integration of community needs alongside the repositioning of existing assets.

Opportunity for DC:
Re-imagine how community-serving anchors, small & POC-owned businesses can thrive in the downtown market.

Opportunity for the CBD:
Utilize ‘nodes’ of activity, where office and retail space can be intertwined across many buildings over many blocks, similar to intown business clusters.

Source: Shutterstock, Allison C. Bailey
## Equitable Approaches in Action

### Four Strategies for Inclusive Economic Development

<table>
<thead>
<tr>
<th>LEVERAGE EXISTING ANCHORS</th>
<th>ALIGN EXISTING OPPORTUNITIES FOR AFFORDABLE OPTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leverage existing educational anchors that are adjacent to the district via research or innovation centers.</td>
<td>Build upon the trend of non-profits and other social entrepreneurs office in the CBD, given the prevalence and affordability of Class B and Class C office space.</td>
</tr>
</tbody>
</table>

### ELEVATE PARTNERSHIP OPPORTUNITIES

Align workforce development strategies with prevalent needs.

For example, co-locating resources benefiting DC’s Make Food Work Strategy, gives another ‘node’ for collaboration that services hard-hit industries due to Covid-19.

### COLLABORATION FOR SMALL & POC-owned BUSINESS GROWTH

Ensure equitable access for small and POC-owned businesses to lease and/or own spaces in the CBD, requiring collaboration across sectors.
Equitable Approaches in Action
Collaboration for Small & POC Business Growth

1. Foundations/CDCs serving as guarantors on leases.

2. Foundations/CDCs taking on master leases
   • Example: Childcare Centers & Mission Driven Finance’s real estate investment structure.

3. Partnerships with CDFIs/POC-oriented Accelerators provide a pipeline of businesses.

4. Ownership models that focus on aligning equity capital alongside POC investors
   • Example: Chicago TREND’s equity investments in shopping center acquisitions

Source: Shutterstock, Kristi Blokhin
Equity & Inclusion Through the Process
Anchors that Position & Frame this Work

Inclusion can **not** be ‘performative’.

Ownership & wealth creation should be **primary strategies**.

Small and/or POC-owned businesses’ value proposition is repositioned in a fluctuating market.

Working *with* rather than *for* a community should be at the forefront.

‘The Community’ is relative.
Workforce Training
Essential Element for Equity

- Critical toward achieving equitable participation of reinvestment in Downtown

- Noteworthy accomplishments through the Workforce Investment Council, the Department of Employment Services, and the Greater Washington Community Foundation with engagement of potential employers.

- Align coherent strategy to provide the greatest opportunities for Washington, DC’s unemployed and underemployed to enter a reemerging job market.

Source: William Gilchrist
Workforce Training

Essential Element for Equity

- Pursue robust and coordinated initiative to augment the strong program foundation.
  - Institutionalize a training program across a range of employment opportunities
  - Structure to broaden existing consortium by adding multiple anchor employers, foundations, and government agencies
  - Serve as effective “one-stop” for Washington DC to provide both economic and workforce development.

- Requires the dedication of government, not-for-profit and business partnerships.

- Washington, DC can launch this model in the study area; then expand across the city
Workforce Training

Essential Element for Equity

- A single point of entry for business attraction, retention and workforce development
- Coordination of initiatives with the local small business community, new startups, and technical assistance for small and disadvantaged businesses.
- Information clearinghouse about programs and incentives to local and national developers.
- City could monitor equity goals, local hire efficacy and living wage objectives across City projects and private projects receiving local incentives.

Source: William Gilchrist
Public Space, Placemaking, and Civic Infrastructure
The Essential Role of the Public Domain

- Celebrate the **diversity of urban character**
- **Prioritize nodes** for commercial and neighborhood recovery and resilience
- Provide nodes with **multiple mobility options**
- Repurpose unique and underutilized **open spaces**
- **Reconnect** federal and city spaces
- Embrace iconic place making: **BE BOLD**
The Essential Role of the Public Domain
A Street Configuration Unlike Any Other

- Washington DC is renowned for a street configuration unlike any other in either the United States or the world.

- The downtown must be welcoming and accessible to all Washingtonians.

- Repurpose the generous sidewalk widths for multiple activities and gathering spaces

- Changing cross sections of major thoroughfares to enhance mobility and active transportation
The CBD is a series of places – not one.

- A network of places offer **varied experience and activities**.
- Public nodes are **points of connection and arrival** with the surrounding districts.
- Public nodes are **points of orientation and movement** throughout the CBD.
- **Resilience strategies can build upon the distinct characteristics within the urban tapestry that is the CBD.**

Source: Shutterstock: Kristi Blokhin | Andy Feliciotti | Jon Bilous | BlackMac
Private Development and Placemaking

- **Leverage the Value that Public Spaces** offer for Private Developments

- Program major boulevards to take advantage of broad sidewalks accommodate **development opportunities for placemaking**.

- Consider development strategies that benefit from **continuous campus configurations**, where streetscapes may be programmed for non-vehicular use to organize “spines”

- Pursue Opportunities for **Public Private Partnerships** to create vibrant active Places that entice Customers and Visitors to Stay in Development Districts Longer

Source: Shutterstock: photomatz | aphotostory
Parks offer Inclusive, Active Engagement

- Parks within the district should offer active engagement and programming for these spaces, as well as options for passive contemplation.
- Parks should allow the users to adapt the environment for their use.
- There is the potential to design an even more active, compelling and vibrant urban spaces.
- A comprehensive assessment of parks can determine new opportunities for them to support current needs and lifestyles.
A Neighborhood Scale Park

Washington, DC — November, 2020

Community-Oriented Passive Space

Large Interactive Event Spaces

The New Franklin Park

14th St NW

13th St NW

K Street Transitway

McPherson Square Metro

Programming and Activities

Flex Streets

Art and Culture

Pedestrian Connections

Activated Ground Floors

Source: Shutterstock: rblfmr
Parks offer inclusive, active engagement
Use Unique and Underutilized spaces

Engaging Interactive Art Installations
Source: Shutterstock: rbffmr

Pedestrian Priority Street Segments
Source: Shutterstock: Antwon McMullen

Use Plazas and Art as a Gateway to A New Innovation Corridor

Pennsylvania Avenue
H Street NW
19th Street SW

Programming and Activities
Gateway Art
Flex Streets
Activated Ground Floors
Capital follows talent. Talent follows *place*. Place needs *investment*. 
Thank you!
http://www.uli.org/advisoryservices