



Strategic plan for downtown Beverly, Massachusetts

Prepared for the Beverly Main Streets Program

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Executive summary

Downtown Beverly has assets of which most communities would be envious: a very rich history; a cohesive core of historic buildings; easy access to an expansive waterfront; proximity to two colleges and a major industrial/research center; two major commercial corridors, each with its own distinct personality; a daytime worker population of almost 2,000 people; a vast range of businesses, including some that are unique within the United States; easy access to the Boston metropolitan region.

But downtown Beverly is also going through a significant economic transformation that has left the downtown without a clear commercial development direction.

In part, these changes stem from the profound shift the community has experienced over the past 50 years or so, from serving as a manufacturing center to becoming a bedroom community for people who work throughout the Boston metropolitan area. In part, these changes stem from the development of new commercial centers within the region – North Shore Plaza, in particular – that have deflected sales from downtown Beverly and from other historic and traditional commercial districts nearby. Long-time residents talk about how the district used to be vibrant and lively – but how, now, it seems to lack some of the energy it used to have. The streets feel empty at night. Buildings and public spaces look a little tired. Visitors bypass the community.

Over the past year, the Beverly Main Streets program has organized and led a series of meetings to articulate a new vision for downtown Beverly. Beverly Main Streets then asked our firm to help it create a strategic plan to achieve this new vision.

The plan focuses on three interconnected, interdependent strategies:

- **Strengthen and expand the district's creative sector.** The district already contains a core of creative businesses. We believe this core can continue to grow, creating additional jobs and businesses for the community and enhancing downtown Beverly's position as a regional center for arts and culture.

- **Strengthen Cabot Street’s role as a commercial center for the community, colleges, and tourists.** Cabot Street has historically served as Beverly’s primary commercial corridor, and many of the key components that made it a strong, community-serving commercial corridor are still in place and can be augmented with new businesses.
- **Strengthen Rantoul Street’s role as a center for small industries and as a commercial center for the community.** Rantoul has historically served as Beverly’s primary industrial corridor and as a neighborhood-serving commercial corridor. Its strategic advantages – including its concentration of small industries, its affordable commercial rent structure, and its proximity to the waterfront and a commuter rail station – make it ripe for new housing development and for the continued growth of small, creative industries.

In order to successfully implement these three major strategies, we believe that all downtown Beverly’s stakeholders – working as a unified team – will need to slowly untangle some of the snags and obstacles that contributed to some of the problems that have affected the district over the past several decades. Its stakeholders will need to create some new tools and tap some new resources to support the district’s new direction. And, it will need to bolster the Beverly Main Streets organization itself as the organization grows from its initial, ‘catalyst’ phase into a robust development organization with the resources needed to effectively stimulate and guide growth. The plan therefore also includes two strategies that apply equally to the Cabot Street and Rantoul Street corridors:

- **Streamline and stimulate the development process.** Creating a larger arsenal of economic development tools and incentives, streamlining permitting and design review processes, recapitalizing historic buildings, and sharpening business skills.
- **Strengthen the revitalization organization’s foundation.** Work towards generating permanent, ongoing support for the organization within three years – and make a strong, new, community-wide commitment to support the organization in the interim.

Downtown Beverly's vast assets offer it a rare opportunity to not only successfully maneuver its transformation from a manufacturing town to a new-economy community but to position itself as a regional center for arts, culture, creative industry, and innovation. We believe the time is ripe for downtown Beverly to begin a new chapter – and for Beverly Main Streets to take the next big step in its evolution as the coalition organization guiding its growth.

Process

Our assignment follows a series of meetings of downtown stakeholders that were organized and conducted by the Beverly Main Street program over the past year or more to determine priority actions for downtown Beverly's future. Our assignment asked us to:

- to review and provide feedback on the viability of the Downtown 2020 Vision report's recommendation to create "neighborhoods" with unique personalities and business clusters;
- to provide ideas on how each neighborhood might be branded and marketed and on the businesses appropriate for each neighborhood, based on demographic and urban design characteristics;
- to identify and prioritize specific actions for each goal; and
- to recommend strategies for engaging stakeholders.

Our work involved several steps:

1. Review of existing plans and studies.

We began this assignment by reviewing existing plans prepared in recent years. The studies we reviewed included:

- *Downtown 2020*, by Beverly Main Streets' Economic Restructuring Committee (May 19, 2009), outlining the need to create a vision of what downtown Beverly could look like by 2020, with active guidance; the importance of consensus and support for the vision; and the major components of the desired plan. These components include defining five downtown "neighborhoods", for purposes of planning, marketing, and business development; developing an attractive, effective wayfinding system; incorporating public art throughout the district;

improving the appearance of the district's streets and buildings; having effective design guidelines; developing gathering places in each of the five "neighborhoods"; and enlivening the waterfront and riverfront. The document concludes with a call to action: money, resources, and participation.

- *Research Study Update*, by Beverly Main Streets (August 2008), summarizing a downtown business inventory and a needs assessment survey, asking business owners, residents, and college students about the types of downtown businesses they want and need. The research found strong desire for a greater variety of retail businesses, particularly unique retail businesses ("retail that's not at the mall"), and for more gathering places and activities; a sense that the biggest roadblocks were parking, city hall efficiency, cleanliness, and the underused waterfront; and appreciation for the district's architecture, its arts, its "cool"ness, but a desire for the district to be more lively and attractive and to have more unique businesses.
- The City's zoning ordinance and ancillary materials on signs, downtown design guidelines, and parking
- Inventories of businesses, historic properties, and city-owned parcels in downtown Beverly
- *City of Beverly Financial Forecast, FY2011 to FY2013*, prepared by The Financial Forecasting Committee (January 2010)
- *Mayor's Report on Financial and Administrative Activities, Fiscal Year 2009* (August 2009)
- "State of the City" address (February 2010)
- A variety of demographic reports from the Massachusetts Department of Housing and Economic Development, the Massachusetts Institute for Social and Economic Research at UMass/Amherst, and other sources.

2. Stakeholder meetings.

During our March 2010 visit to Beverly, we met with a number of stakeholders to learn more about downtown Beverly and about the factors that drive development in Beverly. The discussions included business and property owners, city and state staff and elected officials, bankers, representatives of nonprofit organizations, Endicott and Montserrat College officials, community residents, representatives of arts-related organizations, and several others. Several consistent themes emerged in these meetings and discussions:

- Concern that downtown Beverly is losing opportunities to other commercial districts
- Excitement about the foundation the Beverly Main Streets organization has built for the district's development, but uncertainty about how to sustain the organization
- Uncertainty about how to attract or develop new businesses, particularly locally owned businesses
- Frustration over the pace of parking lot improvements
- A strong desire for businesses that can provide a more complete and comprehensive shopping experience for Beverly residents
- Uncertainty about how Cabot and Rantoul should relate to one another, particularly in terms of business development
- Strong interest in creating stronger links between downtown Beverly and the Cummings Center, Endicott and Montserrat Colleges, and regional financial institutions

- A strong desire for waterfront development to move forward, providing a greater range of recreational, residential, and commercial opportunities for residents and visitors

In addition to talking with stakeholders about the challenges and opportunities, we also asked stakeholders for their thoughts on what questions they would most like this assignment to answer for them. The three main responses were:

- What are the right starting points?
- How does an organization decide which business choices to make?
- What is the “low-hanging fruit”, and what are the big, meaty things we should do?

3. Market research.

In order to have a solid understanding of Beverly’s current market performance and of the retail “buying power” of the community’s households, we estimated the amount of retail demand currently generated by Beverly residents for approximately 70 products and services (*see Appendix 2*). We then compared current retail demand with estimates of actual retail sales being captured by businesses in Beverly (*see Appendix 3*), identifying retail categories in which the city is likely losing potential sales and in which it is likely attracting purchases from visitors and residents of nearby communities.

Observations

STRENGTHS

1. The quantity and quality of downtown Beverly's commercial and cultural resources are enviable. Downtown Beverly's assets include:

- Proximity to two waterfronts, offering recreational resources for the community and also opportunities for high quality, highly desirable development
- Proximity to Endicott College and to Montserrat College, each of which offers unique resources and possibilities for downtown Beverly's development
- An extraordinarily rich history, reaching back towards the earliest years of America's colonial past
- Historic architecture, reflecting the community's evolution over several centuries
- A compact commercial core, relatively uninterrupted by breaks in the streetscape
- Proximity to the Cummings Center, its several thousand workers, and its dozens of creative businesses
- Several engaged developers interested in rehabilitating and building new downtown buildings
- Economic and cultural diversity
- Proximity to Boston and its many assets - businesses, industries, colleges, research institutions, financial institutions, residents, visitors, etc.

- 2. Downtown Beverly appears to be the city's second-largest employer, after the Cummings Center.** Even though it is not performing at optimum levels, downtown Beverly is a very significant economic engine for the city. Using data from Polk City Directories and Dun & Bradstreet, we identified over 300 business entities on the 0-400 blocks of Cabot and Rantoul Streets alone, with a conservative estimate of more than 1700 workers.
- 3. There appears to be enough market demand to support dozens of new product lines and businesses in downtown Beverly.**
We believe that there are particularly strong opportunities in the furniture/home furnishings and food services/drinking places categories, with some additional opportunities in the clothing/accessory category.
- 4. The region is growing ... slightly.** In 2004, the Massachusetts Institute for Social and Economic Research at UMass/Amherst projected that the city's population would grow from 39,862 in 2000 to 40,649 in 2010 and 41,288 in 2020 – steady, but not explosive, growth¹. The US Census Bureau's American Community Survey has since projected that Beverly's population has actually decreased slightly since 2000, from 39,862 then to approximately 38,577 in 2008 (a 3.2 percent decrease). But Essex County's population has grown by about 1.4 percent in that same period of time, from 723,419 in 2000 to an estimated 733,404 in 2008. As the population grows, new demand for products and services will grow, as well.
- 5. Downtown Beverly's commercial tenants include some with a significant internet market presence.** As retail markets have shifted from local to global, it has become increasingly important for downtown businesses (particularly retail businesses, but also service-sector businesses) to have an internet presence, helping businesses maintain current customer relationships and develop new markets. It appears that a good number of downtown Beverly's businesses have online storefronts.
- 6. The buying power of Beverly's households is gradually growing.** Between 2000-2008, the number of Beverly households earning less than \$100,000 annually

¹ http://www.umass.edu/miser/population/Documents/age_sex_mcd_county_state.xls

declined, and the number of households earning more than \$100,000 increased. Some of this shift is attributable to inflation and to incremental income growth – but the number of city households earning between \$150,000-\$200,000 annually increased by 136 percent during that eight-year period of time, outpacing growth in this household group in both Essex County (91 percent increase) and the nation as a whole (109 percent). Similarly, the number of households with no wage or salary income declined slightly during this period of time, and the number of households with Supplemental Security income dropped by a significant 20 percent (versus a 14 percent drop in the County and a 7 percent drop nationwide).

- 7. Beverly has a large – and growing – number of commuters.** The city’s shift from an industrial economy to a “bedroom” economy is quite evident by the number of commuters traveling through its rail stations. In essence, the district’s rail stations have opened a pipeline to downtown Boston and the greater Boston metropolitan region, vastly expanding the city’s growth potential and opportunities for economic transformation.
- 8. Most of the essential ingredients are in place.** Most of the ingredients Beverly needs to create a thriving downtown – a compact core, historic buildings, a critical mass of businesses and jobs, good traffic, a growing population, access to public transit – are already in place. These are the most difficult resources for a community to acquire; without these, revitalization is much more difficult. The tools and resources Beverly needs to revitalize its downtown are, relatively speaking, much easier to develop.
- 9. The Beverly Main Streets Program appears to be well respected.** In its first few years, the Program appears to have established a solid reputation as an organization that effectively convenes stakeholders to explore options for the district’s future, markets the district, and solves problems.

WEAKNESSES

10. Downtown Beverly’s economic uses lean heavily towards small-scale industry and personal/professional services. Downtown Beverly’s predominant uses are services – professional (medical, legal, engineering, etc.), personal (hair salons, massage, etc.), health care, public administration (city and state government), and “other services” (religious service, auto repair, daycare, etc.). Together, these uses make up 33 percent of the district’s uses. Other non-retail uses make up an additional 49 percent; only 18 percent of the district’s business entities are retail businesses.

| NAICS | Industry group | % of uses |
|-------|---|-----------|
| 23 | Construction | 2% |
| 31-33 | Manufacturing | 4% |
| 42 | Wholesale trade | 3% |
| 44-45 | Retail trade | 18% |
| 48-49 | Transportation and warehousing | 1% |
| 51 | Information | 2% |
| 52 | Finance and insurance | 4% |
| 53 | Real estate and rental and leasing | 5% |
| 54 | Professional, scientific, and technical services | 6% |
| 56 | Admin and support and waste mgmt and remediation svcs | 2% |
| 61 | Educational services | 3% |
| 62 | Health care and social assistance | 9% |
| 71 | Arts, entertainment, and recreation | 1% |
| 72 | Accommodation and food services | 16% |
| 81 | Other services (except public administration) | 19% |
| 92 | Public administration | 7% |

Table 1. Percent of commercial uses in downtown Beverly, by industry group (Sources: Polk City Directories, Manta.com)

- 11. The permitting process for new development appears difficult to maneuver, discouraging new property and business development.** Whether permitting problems are *real* or *perceived*, or a combination of both, the perception that permitting is complicated and difficult to maneuver has become a tangible barrier to downtown property and business development.
- 12. The City has relatively few permanent financing tools or venues for partnering with the private sector on economic development initiatives.** Many of the tools and resources available to encourage and support targeted business and property development in comparable communities do not appear to be available in Beverly. A growing number of communities similar to Beverly in size, demographic composition, and economic foundation offer incentives (small grants, tax abatement, public amenities, or expedited permitting, for example), dedicated and/or enhanced financing, access to state and federal resources, and other tools to encourage and stimulate downtown economic development.
- 13. The Beverly Main Streets program devotes a disproportionate amount of time toward marketing and promotion.** Marketing and promotion are, of course, fundamental components of successful downtown revitalization programs – but the amount of time, effort, and expense that the Beverly Main Streets program devotes to marketing and promotion means that the program has less time available for business and property development. In the short run, this might mean needing to rebalance areas of emphasis and attention for the organization; in the long run, it strongly suggests the need for additional staff, either within Beverly Main Streets or within one of its partner organizations, in order to broaden the community’s overall organizational capacity for economic transformation.
- 14. Redevelopment of the waterfront appears to be proceeding too slowly.** Beverly’s waterfront is one of its greatest assets – and, as the city continues moving through its transition from an industrial-based community reliant on the waterfront for manufacturing and shipping to a metropolitan “bedroom” community, college center, and creative-economy hub, the waterfront is one of the city’s greatest *untapped* asset. We believe that untangling the various obstacles to waterfront

development within the next one to two years will be crucial to unlocking the waterfront's value.

15. Salem is just down the road. Of course, Salem's proximity is actually one of Beverly's strengths, also – Salem attracts visitors to the region, and Beverly benefits, to some degree, from the added visibility Salem's popularity provides. But, during our discussions with stakeholders in downtown Beverly, downtown stakeholders expressed frustration that Beverly's economic development agenda is not as aggressive or successful as Salem's, engendering a sense of discouragement.

Recommendations

Strategy 1

Strengthen and expand the district's creative sector.

Downtown Beverly is already home to a surprisingly large number of creative-sector businesses and industries – businesses that create things (products, designs, ideas). Many of these businesses are tucked away in upper-floor spaces, on side streets, and in other out-of-the-way locations and thus aren't as readily visible as businesses located in ground-floor storefront locations, but they are a significant force in downtown Beverly's economy and provide a substantial foothold for further business growth and development.

During the planning meetings organized by Beverly Main Streets as part of its Downtown 2020 Vision process, one of the strong themes and desires that emerged is that of expanding arts in downtown Beverly. We believe that one of the keys to downtown Beverly's economic growth is not only to incorporate arts into public space design but also further diversifying its mix of arts and cultural offerings, broadening the working definition of "arts and culture" to encompass a wider range of creative industries and businesses.

A. Develop and implement a public art program for downtown Beverly.

- 1. Create a strategic plan specifically for public art development and programming.** A strategic plan will help provide general direction for public arts and art development in downtown Beverly, helping the district avoid the somewhat haphazard and random public arts development that often takes place in towns and cities, with art objects appearing to be scattered throughout a community without a sense of cohesiveness or without conveying an overall message. The strategic plan need not be lengthy or involved. It should focus primarily on major themes and messages, rather than on details. Major themes might include the community's naval/maritime heritage, its industrial heritage,

its ‘hidden’ history (people from its past, for example), or its emerging role in high tech industries.

2. **Engage artists in the process of planning public spaces, gateways, wayfinding systems, and other core components.** Many communities hire artists to create signs, furniture, and other public space components – but too few communities involve artists directly in the process of overall community planning or of creating comprehensive public art strategies. We recommend involving artists in the process of developing the strategic plan for the district’s public arts development *first*, then in designing specific elements and components *second*.
3. **Consider creating a percent-for-arts program to support public art in downtown Beverly.** Percent-for-art programs typically require developments over a certain size to contribute a percentage of development costs to a fund dedicated to public arts development. Cities like Seattle² and Chicago³ have developed successful percent-for-arts programs. The National Endowment for the Arts’ Design program⁴ can provide additional information on percent-for-arts programs.
4. **Incorporate arts and entertainment, in the informal sense, into as many downtown businesses as possible.** The desire for a wider variety of casual entertainment in downtown Beverly came up repeatedly during our discussions with stakeholders. While it is likely that the district could soon support one or more freestanding entertainment venues (particularly venues for live music and theatrical performances), we encourage the district’s businesses to begin incorporating entertainment into their operations right away. Some examples:
 - A restaurant in a New Jersey seaside town hires aspiring singers as servers. When a customer asks what flavors of ice cream the restaurant offers for

² www.seattle.gov/arts/publicart/default.asp

³ www.cityofchicago.org/city/en/depts/dca/provdrs/public_art_program.html

⁴ www.nea.gov

dessert (prompted by a leading phrase in the menu), the servers quickly assemble at the table and sing the ice cream menu in four-part harmony, to the tune of Handel's "Hallelujah" chorus.

- An art gallery in a small town in Washington State nails bicycle reflectors in the shape of various objects to a blank exterior wall of its building, encouraging motorists to flash their headlights onto the wall to see the hidden objects outlined there.
- A clothing store – Stop the Shop – in a London suburb built its walls around the slowly- revolving platform base of an old carousel on which most of its merchandise is displayed. When a customer wants to enter the store, s/he pushes a button to literally stop the shop from revolving.

We believe downtown Beverly could be significantly enlivened by incorporating entertainment into ongoing business activities. We recommend, for example, that all specialty businesses – not just retailers, but service and professional businesses, also – make their window displays as lively and unique as possible, helping generate energy and excitement on the sidewalk. If a restaurant sells kebabs, have a grille in the window, with a cook spinning the skewers and interacting with pedestrians. If it's a furniture maker, have some stage of the production taking place in the window. If it's a yarn shop, consider putting a spinning wheel in the window, with staff occasionally using it. If it's a brokerage, have an electronic ticker in the display window. A motion sensor might activate a video. A clothing store might put a small fan in a window, simulating an ocean breeze blowing a mannequin's clothing. The key point is to create a sense of movement and dynamic activity that will capture the attention of passers-by, encourage them to stop and look, and make the simple act of strolling through the district feel like an unexpected bit of fun entertainment.

We also encourage business and property owners to design creative business signs – essentially, treating signs as works of art that not only effectively promote the individual businesses but also help solidify downtown Beverly's role as a center of arts and culture. Beverly Main Streets or one of its partners

(the City, or perhaps the Massachusetts Cultural Council, for example) could provide incentives to encourage creative sign design – streamlining the sign design approval process, for instance, or providing cash incentives. Washington, DC’s H Street Main Street program created a program called Expressive Signs⁵, pairing interested (and qualified) local artists with business owners and providing (via the District of Columbia Commission on the Arts and Humanities) \$7,000 grants to artists to cover their design costs.

5. **Use blank exterior walls for murals, poems, and video.** Using blank exterior walls for artwork is a relatively easy and low-cost way to bring arts activity outside, into the public realm, within the District. Painted, embedded, or projected art can be either subtle or bold, depending on the specific site, property owner interest, and public opinion.
 - a. Identify key walls throughout the district (high visibility; nearby gathering space; key nodes and vistas; property owner interest).
 - b. Work with area visual and video artists to plan installations.
 - c. Implement the installations and programming in partnership with civic associations, businesses, school groups, and other potential partners whenever possible.

B. Create dynamic public spaces.

1. **Create a better connection from the Commons to Cabot Street and from the Commons to the waterfront.** The Commons is an attractive, versatile, historic – and underused – public space. We believe it could, and should, play a much more prominent role in serving as a performance space, a place for casual interaction, a dining space, and a link between Cabot Street and the waterfront.

⁵ www.mainstreet.org/MediaLibrary/Signs%20H%20Street%20DEC04.pdf

2. **Program frequent small-scale activities and events in downtown public spaces.** We believe that staging casual, frequent performances and events in public spaces can help quickly change public perception of downtown Beverly, positioning it as a true arts and cultural district. Outdoor programming need not be time-consuming or extensive; it can (and should) include small, seemingly spontaneous performances and exhibits. For example, Washington, DC's National Opera recently surprised locals and tourists lunching outdoors with seemingly *impromptu* five-minute performances from Verdi's "La Traviata" and Ambrose Thomas's "Hamlet" in courtyards and on street corners in downtown Washington⁶.
3. **Increase the supply of bike racks in both the Cabot Street and Rantoul Street corridors.** Bike racks should be practical, attractive, and easy to maintain.
4. **Enable and encourage mobile vending in public spaces.** Mobile vending – particularly vending involving pushcarts and specialty food trucks – helps enliven public spaces and engender a sense of energy and excitement. We recommend exploring options for introducing food carts to downtown Beverly.
 - a. Identify and resolve any regulatory hurdles that might exist. Some communities have found that there are both zoning hurdles (e.g., ensuring that the vending carts do not block public access) and health and safety hurdles (e.g., ensuring that the vending carts are stocked with food prepared in an approved, sanitized kitchen).
 - b. Talk with downtown and area restaurateurs about the possibility of augmenting their existing businesses with food carts.
 - c. Talk with downtown and area restaurateurs about the possibility of augmenting their existing businesses with food trucks in under-served parts of the community and region (e.g., selling to-go meals at the train stations during rush hour).

⁶ <http://www.washingtonpost.com/wp-dyn/content/article/2010/05/15/AR2010051503369.html?hpid=artslot>

Projects for Public Spaces⁷, a New York-based nonprofit organization, has considerable information available on its website and resource library about mobile vending in public spaces.

C. Cultivate entrepreneurs and entrepreneurial activity throughout the district.

1. Explore creative entrepreneurial development programs from other communities, and extract components that might work well in Beverly.

Entrepreneurial development – a focus on developing entrepreneurs, rather than on developing businesses – has gained considerable ground in the past decade as a sound economic development strategy. By investing time and resources in people with entrepreneurial talent, community leaders have found that the results are often likely to be more business creations, and greater business longevity, than if they invest comparable time and resources focusing on development of specific businesses. With its proximity to two colleges and the Cummings Center (not to mention the overall Boston metropolitan area), downtown Beverly is in a prime, privileged position to be able to identify entrepreneurs and to work with them to cultivate new downtown businesses.

There are a growing number of programs and a growing body of literature available on entrepreneurial development. Among the best:

- The Ewing Marion Kauffman Foundation⁸ has had a strong commitment to entrepreneurial development for several decades. Its website provides a wealth of information on successful entrepreneurial development programs.
- The President’s Council on Entrepreneurship was disbanded during the Bush Administration, but some of its activities have been assumed by the

⁷ www.pps.org

⁸ www.kauffman.org/Section.aspx?id=Entrepreneurship

nonprofit Small Business and Entrepreneurship Council⁹ and by a private consulting firm, EntreWorks¹⁰. Both provide information and resources on their websites.

- One of the most extensive entrepreneurial development programs – and one that focuses specifically on creative economy industries – is in Cornwall County, in western England. Its strategic plan¹¹ for creative industry development defines creative industries as “... those industries that are based on individual creativity, skill and talent” and as “... those that have the potential to create wealth and jobs through developing intellectual property.”
2. **Create a set of incentives, dedicated loan products, and equity investments for development and expansion of innovative creative economy businesses.** Most of the commercial loans executed in the US for retail development are used for development and expansion of national and regional retail chains – “credit tenants” – that, if necessary, can collateralize their loans with their inventory, equipment, and facilities. There is, unfortunately, relatively little capital (either debt or equity) for development of small, independently owned retail- and service-sector businesses.
- a. To make capital available, a growing number of communities are creating their own investment funds to support development and growth of independently owned businesses, helping to both provide jobs for community residents and to also ensure that the goods and services that residents want and need are available to them.

⁹ www.sbecouncil.org

¹⁰ <http://www.entreworks.net/>
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<http://somensetcultureonline.co.uk/doc.asp?ID=41&Doc=/documents/Regional/CornwallsCreativeIndustriesStrategy-2008-2012.pdf>

We recommend that Beverly Main Streets and its partners encourage local investors to pool funds to create an investment group to jump-start creation of key new businesses in the district. The investment pool would own the businesses, hiring highly skilled management staff to operate each business and to meet or exceed quarterly performance benchmarks. The investment group could offer managers the option of buying out the group's investment after a period of years (either revolving the repaid investment into new businesses or returning the capital to investors) or it could maintain ownership of the businesses. Doing so would accelerate the business development project, pair skilled local mentors with business managers, and help ensure development of one or more clusters of key businesses that could help catalyze economic development in downtown Beverly. The investment group could also purchase key downtown businesses whose owners are retiring, holding them until a new buyer can be found or managing them indefinitely.

The pool could include private individuals and/or local institutions; it could be structured to consist of a relatively small number of investors or could be structured as a stock company, with a large number of investors. Funds could be used for direct loans to and/or investments in new businesses, product lines, or business growth, or they could be used to guarantee loans from conventional lenders, or both.

A few examples:

- A group of investors in Bonaparte, Iowa formed Township Stores in the late 1980s, selling 50 shares of stock for \$2,000 each and using the capital to buy and rehabilitate several downtown buildings and to launch a small grocery store, which it has successfully operated for more than 20 years.

- In the early 2000s, a group of 15 investors in Effingham, Illinois created an investment pool to launch several new downtown restaurants¹².
 - More than a dozen communities in the Mountains/Plains states have created local investment groups to launch and operate downtown discount department stores, offering viable alternatives to big-box retailers¹³.
- b. In Strategy 2-A-1, later in this report, we have outlined some potential scenarios for capitalizing a small incentive grant program for façade improvements. We believe that a small incentive grant program for business development could be capitalized using the same techniques, and we recommend that Beverly Main Streets consider combining a request to funding agencies and foundations to capitalize small grant programs for both business development and façade improvements.
3. **Partner with Endicott and Montserrat Colleges to place students in internships and to help them launch businesses downtown.** Downtown Beverly’s proximity to Endicott and Montserrat Colleges is one of the district’s greatest assets, and students and alumnae/alumni of the two colleges could be one of the greatest sources of new businesses and business innovation in the downtown district. We strongly encourage Beverly Main Streets to forge a comprehensive, ongoing partnership with the two colleges to encourage and help students and alums to launch businesses downtown. We suggest beginning this process by putting together a small working group with representatives from both colleges, the City, the Chamber, local financial institutions, and Beverly Main Streets to

¹² See, for example, www.boomtowninstitute.com/News/news061206b.html. Also, economist Michael Shuman cites numerous examples of local ownership programs in his book *Going Local: Creating Self-Reliant Communities in a Global Age* (Routledge, 2000).

¹³ See, for example, “Community-Owned Stores Provide Alternatives to Chains” on the New Rules Project’s website (www.newrules.org/retail/news_archive.php?browseby=slug&slugid=228).

explore possibilities, establish goals, and identify a short list of short-term actions to take. Some ideas:

- The Savannah College of Art and Design¹⁴ (SCAD) could be, in several ways, a potential model for more fully integrating programs and services for both colleges into downtown Beverly. Many of SCAD's academic and administrative offices and student housing are located in historic downtown buildings in Savannah, and classes routinely use downtown Savannah as a living laboratory for arts, business, urban design.
- The Ewing Marion Kauffman Foundation offers a wealth of resources on entrepreneurship in colleges and universities; its website¹⁵ might stimulate ideas and discussion. The Foundation also offers grants in entrepreneurship and might be a potential funder or sponsor of this partnership for downtown Beverly.
- Downtown businesses might consider offering internship programs in business management, marketing, and merchandising to Endicott and Montserrat College students.
- Placing new product lines in existing businesses can be an excellent way for young entrepreneurs to get started. Launching a single product line requires only a fraction of the cash outlay of launching a new, freestanding business. Because the host business provides staff and space, the business providing the new product line has no long-term commitment for overhead expenses. And, in addition to providing valuable exposure for the new product line, the host business can mentor the young entrepreneur and help them learn successful retailing. It could also be a good way for older residents and workers to supplement their income.

¹⁴ www.scad.edu

¹⁵ www.kauffman.org/entrepreneurship/higher-education.asp

InQBox¹⁶, a Singapore-based company, offers a potential model for hosting merchandise from one or more micro-businesses inside other downtown Beverly businesses. InQBox provides small cubicles (approximately 3x3 feet), each of which features products manufactured or sourced by a small business, in a storefront space with shared staff and overhead. Each small business pays a percentage of the space's staff and overhead expenses. We think a similar model might work well in downtown Beverly, with small cubicles providing retail incubator space for small retail distributors or product manufacturers within the community and region.

4. **Actively promote downtown Beverly as an inviting and accommodating district for creative economy businesses.** Contact regional media with ideas for feature stories about some of downtown Beverly's creative businesses and industries. Invite media representatives to tour the district's creative businesses. Develop a mailing list of public- and private-sector agencies and organizations (including funding agencies and foundations) involved in community development, arts development, and economic development within the region, and keep these entities up to date on downtown Beverly's progress in expanding its creative business sector. Consider sponsoring a (highly creative) annual lunch or dinner meeting for media, agencies and organizations, highlighting some of the district's creative industry success stories and inviting their ideas, involvement, and support.

D. Increase nighttime activity, particularly along the Cabot Street corridor.

1. **Animate storefront windows for nighttime visibility.** Encourage downtown business owners to put their storefront window display lights on timers that will turn display lights off around midnight or 1:00 a.m., helping invite evening window browsing as well as providing ambient sidewalk lighting to help the district feel safer.

¹⁶ www.inqbox.com

2. **Extend or shift store hours to later closing.** Downtown Beverly's limited store hours are one of the factors most limiting to the district's success. We believe that the district could boost its retail performance by a minimum of 15-20 percent simply by routinely maintaining retail store hours until 7:00 p.m. There have been numerous studies conducted throughout the United States in recent years to try to determine the volume of retail purchases that are made at different times of day and different days of the week and, while each differs slightly in its findings, all agree that the overwhelming majority of retail sales in the United States are now made between 5:00-8:00 pm, on Saturdays, and on Sunday afternoons. This does not necessarily mean that downtown businesses need to stay open more hours; it could simply mean shifting store hours from nine-to-five to, say, noon-to-eight. We therefore recommend that downtown Beverly's retail businesses routinely maintain store hours until 7:00 pm (even if this means moving stores' opening times an hour or two later), with later hours on Friday and Saturday evenings, and that downtown property owners consider including clauses in their leases dictating specific mandatory store hours.

3. **Schedule promotional events to take place after work and in the evenings.** One of downtown Beverly's greatest assets is its proximity to thousands of downtown workers during the daytime. We recommend that Beverly Main Streets place significant marketing emphasis on increasing shopping, dining, and browsing by downtown workers in its promotional planning. Lunchtime and after-work events help encourage downtown workers to use the district more fully.

Many communities have organized successful after-work events, from Charlottesville, Virginia's Fridays After Five to Des Moines, Iowa's Seniors (Des Moines, spelled backwards). But events do not necessarily need to be programmed or permanent to have a positive impact; even casual and *impromptu* performances and exhibits, offered often enough that workers begin to anticipate them, can significantly boost interest and visibility. For example, Washington, DC's National Opera recently surprised locals and tourists lunching outdoors with seemingly *impromptu* five-minute performances from Verdi's "La

Traviata” and Ambrose Thomas’s “Hamlet” in courtyards and on street corners in downtown Washington¹⁷.

E. Create a coworking space.

We recommend developing a coworking space for ‘creative economy’ businesses. Like traditional office suites available on a short-term basis, coworking spaces provide shared facilities for tenants, such as conference rooms, office equipment, high speed internet service, and kitchens. But coworking spaces differ from traditional short-term office suites in several important ways. First, they typically have a core group of long-term tenants or members who use the coworking space as their primary place of work. Second, they bring together people with shared or overlapping professional interests, creating synergistic working relationships by bringing them together in the same physical environment.

1. **Become familiar with coworking spaces in other communities.** A few examples of coworking spaces:

- Affinity Lab (www.affinitylab.com), in Washington, DC
- Independents Hall (www.indyhall.org), in Philadelphia
- The Reactor (<http://reactorsf.com>) and CitizenSpace (www.citizenspace.us), in San Francisco
- Office Nomads (www.officenomads.com), in Seattle
- Carrboro Creative Coworking (<http://carrborocoworking.com>), in Carrboro, North Carolina

Several recent articles about coworking – one in the *New York Times*¹⁸ and one in *Newsweek* magazine¹⁹, in particular – discuss the growth in coworking in recent years. There is also an online wiki providing lots of information about coworking spaces, at <http://wiki.coworking.info>.

¹⁷ www.washingtonpost.com/wp-dyn/content/article/2010/05/15/AR2010051503369.html?hpid=artslot

¹⁸ www.nytimes.com/2008/02/20/business/businessspecial2/20cowork.html

¹⁹ www.businessweek.com/smallbiz/content/feb2007/sb20070226_761145.htm

2. **Decide on an operating model and identify an owner/operator or a team to launch and manage the coworking space.** The space might be owned and managed by a single entrepreneur or small team of entrepreneurs; it might be owned and managed as a collective or cooperative venture by a group of people (perhaps its first tenants); it might be owned by one entity and managed by another. CoolTown Studios²⁰, a DC-based consulting firm and a tenant in one of the nation's oldest co-working spaces, AffinityLab, has extensive experience in helping communities and individuals launch coworking spaces and could be a resource to interested individuals in downtown Beverly.

3. **Market the coworking space, tapping into Endicott and Montserrat College and Cummings Center networks, in particular.** Other ways to market the coworking space might include:
 - Obtaining a list of residents who currently work from home offices (using business licenses to identify them)

 - Creating a co-working group on Meetup.com, a website that helps people find others with common interests

 - Spreading the word informally through graphic design firms, architecture and planning firms, law firms, nonprofit organizations, and other businesses with high numbers of sole proprietorships

 - Holding a community meeting to explain what a coworking space is and to generate interest

F. Bring active theatre into the district.

²⁰ www.cooltownstudios.com and www.cooltownstudios.com/category/workplaces/

1. **Create a permanent home for the North Shore Jazz Project in downtown Beverly.** This might be a long-term strategy – but the initial steps in this process could begin in the near future: discussions with representatives of the North Shore Jazz Project, placing jazz performances in public spaces and storefront windows downtown, organizing a jazz-focused downtown festival.

One option that Beverly Main Streets might explore with representatives of the North Shore Jazz Project – then, if the Project is interested, with area entrepreneurs and investors, would be to create a restaurant that might also function as a performance space and art gallery. “Busboys and Poets”, a restaurant/entertainment venue in Washington, DC, might serve as potential prototype. Busboys and Poets consists of several components:

- A full-service restaurant, open from breakfast through the late evening
- A bookstore, operated by a nonprofit organization, that rents space from the restaurant (providing the restaurateur with an additional revenue stream)
- An art gallery that uses the restaurant’s walls to display art
- A performance space, with a small stage and with seating for about 100 people at dining tables, used mostly for authors’ readings/book signings in conjunction with the bookstore, poetry readings, and musical performances
- A wifi hotspot in the front of the restaurant, where people can have a snack while reading or working on their laptop computers at communal tables

Each of these uses generates traffic for the business’s other uses. People waiting for a restaurant table might browse in the bookstore, for example, and authors whose books are featured in the bookstore might schedule a reading and book-signing in the performance space. When the art gallery launches a new exhibit, the restaurant caters the opening party.

The name “Busboys and Poets” is derived from a poem by poet Langston Hughes, who once lived in the restaurant’s neighborhood, and much of its character and branding stems from Hughes’s work and personality. Should a facility like this become the permanent home for the North Shore Jazz Project,

the facility's identity could be similarly shaped around jazz heritage, providing a culturally rich experience that helps reinforce the North Shore Jazz Project's mission.

2. **Integrate storefront theatre into Beverly Main Streets' marketing programming.** As discussed in Strategy 1-A-4, we believe that animating downtown Beverly's storefront windows by making window displays more active and engaging will help both increase shopping and also boost the district's image as an arts and cultural center. We also recommend using storefront display windows occasionally for small theatrical and musical performances. One of New York's neighborhood commercial districts recently organized a series of storefront performances, for example, and several years ago one of Washington, DC's neighborhood commercial districts sponsored an occasional lunchtime series called "Power Lunch", simply inviting prominent politicians and other well-known political and business people to eat lunch, in pairs, at catered tables in storefront windows – invariably attracting surprised looks from passersby and generating considerable media attention.

Strategy 2

Strengthen Cabot Street's role as a commercial center for the community, colleges, and tourists.

Cabot Street has served as the community's main commercial corridor for several centuries – and we believe it should continue to do so. Similarly, we believe that Rantoul Street should continue to serve as one of the city's strong secondary commercial streets and main industrial corridor, with the two streets working in tandem – complementing, but not replicating, one another. We also believe that Beverly Main Streets should simplify the areas of focus it proposed in Downtown 2020 Vision, from a focus on five downtown “neighborhoods” to just two – the Cabot Street and Rantoul Street corridors.

Although the economic character of Cabot Street has changed somewhat in recent decades (particularly with the erosion of the apparel and general merchandise retail categories in the decade or so after North Shore Plaza opened), many of the corridor's defining economic characteristics are still in place: mixed uses; civic and cultural center; primary retail core; public assembly place; transit corridor; employment center. The key challenges for the community in the years ahead are to solidify and strengthen the corridor's existing economic footholds, to recapitalize its physical infrastructure, and to cultivate new, sustainable economic footholds to re-establish the corridor's economic balance and, by doing so, to improve the community's overall economic condition and quality of life for its residents and visitors.

A. Stimulate building redevelopment, particularly redevelopment of older and historic buildings.

- 1. Design, seed, and launch a small-scale incentive program for basic façade improvements.** Hundreds of communities in the US offer successful small grant programs for façade improvements. We suggest creating a three-year grant program that could be used to stimulate investment in a range of improvements in downtown Beverly (façade improvements, interior improvements, sign

improvements, upper-floor development, etc.) but that would begin by focusing on small-scale façade improvements.

We recommend a pool that would provide maximum grants of \$5,000, with a 1:1 match required, and with work required to be completed within six months. The grant program might be capitalized in one of two ways:

- Community Development Block Grant funds, awarded by the US Department of Housing and Urban Development (and, for non-entitlement communities, available competitively through the state agency that administers the CDBG program – in Beverly’s case, the Massachusetts Department of Housing and Economic Development²¹)
- It might be capitalized with program-related investment (PRI) capital²² from a foundation, financial institution, Community Development Block Grants, or other sources, or from a combination of these sources. A grant program capitalized with \$2.5 million of program-related investment capital could spin off \$100,000 in interest annually (assuming an eight percent rate of return, of which four percent of the interest earned would be made available for small grants, 1.5 percent would be used for grant program administration and technical assistance, and 2.5 percent returned to the *corpus* to keep pace with inflation and to compensate the entity providing the capital for the use of its capital. The grant program could be operated for five years, after which the original \$2.5 million, plus the 2.5 percent returned annually to the *corpus*, would be returned to the investor (or investors).

2. **Create a historic preservation revolving fund.** Many states and scores of US communities have created historic preservation revolving funds to provide

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www.mass.gov/?pageID=eheadterminal&L=3&L0=Home&L1=Community+Development&L2=Grant+and+Funding+Programs&sid=Ehed&b=terminalcontent&f=dhcd_cd_cdbg_cdbg&csid=Ehed

²² Essentially, PRI is a loan of capital for a set period of time and for a specific purpose.

dedicated capital for the rehabilitation of historic buildings. Historic preservation revolving funds typically play one or both of two key roles: they provide funding for rescuing highly significant historic properties in danger of decay or demolition, and they provide gap or full financing for rehabilitation projects for which traditional lenders might not be willing to extend full financing.

We believe a historic preservation revolving fund could play an important role in Beverly by providing partial financing for downtown historic building rehabilitation projects for which traditional lenders might not be willing to provide all the financing needed. We recommend that such a revolving fund be established by, or in tandem with, the Beverly Historical Society.

One of the nation's best examples of a historic preservation revolving loan fund is within easy reach of Beverly. The Providence Revolving Fund Island's Historical Preservation Loan Fund²³ provides loans specifically for historic building rehabilitation projects. One of its two loan funds could serve as a good model for supporting rehabilitation projects in downtown Beverly: the Fund's Downcity Loan and Grant Program makes small incentive grants for sign, awning, and other small-scale storefront improvements; loans for more extensive façade improvement projects; and gap financing for larger development projects. The program was initially funded with a program-related investment from the Rhode Island Foundation. We recommend that representatives of Beverly Main Streets, the Beverly Historical Society, and local financial institutions set up a meeting in Providence with Clark Schoettle, the executive director of the Providence Revolving Fund (and one of the first three Main Street program directors in the nation), to learn more about the Fund and to tour some of the commercial building projects the Fund has supported.

The National Trust for Historic Preservation offers a comprehensive technical bulletin²⁴ on establishing and operating preservation revolving funds.

²³ www.revolvingfund.org/about.php

²⁴ <http://www.preservationbooks.org/Bookstore.asp?Item=1017>

3. **Encourage and facilitate greater use of historic rehabilitation tax credits and New Markets tax credits.** There are two federal tax credit programs that could help finance the rehabilitation of Beverly's downtown commercial buildings.

Historic rehabilitation tax credits: Since 1976, the federal government has offered tax credits to encourage property owners and developers to rehabilitate historic, income-generating commercial buildings. The federal historic rehabilitation tax credit has been the most significant tool for stimulating historic rehabilitation projects in the United States.

There are two federal historic rehabilitation tax credits available: a credit equal to 20 percent of qualified rehabilitation expenses (QREs) for buildings listed in (or eligible for listing in) the National Register of Historic Places, and a credit equal to 10 percent of qualified rehabilitation expenses for non-historic buildings built before 1936.

Applying for the 10 percent credit is relatively straightforward: the state historic preservation office (the Massachusetts Historical Commission²⁵) must first certify that the building is not historic, then the property owner simply submits a form itemizing her/his qualified rehabilitation expenses when filing federal income taxes.

Applying for the 20 percent credit is more complicated – but the financial benefits are quite significant. Project qualifications include the following:

- The rehabilitation must comply with the Secretary of the Interior's Standards for Rehabilitation²⁶, a set of federal guidelines for building rehabilitation.

²⁵ www.sec.state.ma.us/mhc/

²⁶ www.nps.gov/hps/tps/tax/rhb/stand.htm

- Qualified rehabilitation expenses must equal or exceed the adjusted basis of the building or \$5,000, whichever is greater.
- The property owner must submit a three-part form to the state historic preservation office: Part 1 certifies that the building is historic; Part 2 (*ideally* completed before rehabilitation begins) outlines the preservation plans; Part 3 (completed when rehabilitation is complete) describes the actual rehabilitation process. When the state historic preservation office and National Park Service approve Part 3 (thereby certifying that the rehabilitation took place as it was proposed in Part 2), the National Park Service issues a certificate that the owner or developer files with her/his taxes to claim the tax credit. The credit can be carried back one year and/or forward 20 years.

Through syndication, the tax credit can also be transferred to an investor who uses the credit to offset federal income tax liability and, in turn, invests equity in the rehabilitation project. Because of restrictions on the amount of passive income that can be offset by tax credits for individuals, this method of using the tax credit is usually most useful for downtown property owners. Doing so, however, can be time-consuming and costly, so most tax credit investors prefer to invest in rehabilitation projects that offer tax credits of \$1 million or more (meaning \$5 million or more in qualified rehabilitation expenses). This is usually beyond the scope of many individual building rehabilitation projects – but, by bundling projects together, owners of historic commercial buildings are often able to attract tax credit investors and reduce due diligence costs.

New Markets tax credits: Introduced about ten years ago, federal New Markets tax credits were created to help attract capital to underserved business development projects. Since its introduction, the New Markets program has been enormously popular and successful, with applications for tax credits exceeding credit availability by almost ten times (unlike federal historic rehabilitation tax credits, there is an annual cap on the amount of New Markets tax credits that the federal government issues). The New Markets tax credit program is structurally different from the historic rehabilitation tax credit

program, in that credits are awarded to “Community Development Entities” (CDEs) certified by the US Department of Treasury; CDEs then pass the credits along to investors who, in turn, invest equity in the CDE, and the CDE then uses that equity to make loans to or equity investments in qualified commercial development projects in eligible areas. Eligibility is based on the median family income of the Census tract in which a potential projects is located. Tax credits are equal to 39 percent of eligible project costs but, because they are awarded over the course of several years, their present value to investors is reduced to about 30 percent.

It appears that most of downtown Beverly meets the eligibility requirements for New Markets tax credits – and, because New Markets credits can be combined with historic rehabilitation tax credits, downtown Beverly has the potential to attract substantial amounts of rehabilitation capital from tax credit investors. We therefore recommend that the Beverly Main Streets program’s staff and several interested volunteers attend a training program in historic rehabilitation tax credits and New Markets tax credits, then help downtown property owners use the credits to finance building rehabilitation.

There are many resources available online:

- The Federal Reserve Bank of Boston published an article²⁷ two years ago providing a general overview of tax credits for historic preservation projects.
- The National Park Service’s website offers an overview of the historic rehabilitation tax credit program and links to applications, guidelines, and other information²⁸.
- The National Trust for Historic Preservation publishes *A Guide to Tax-Advantaged Rehabilitation*.²⁹

²⁷ www.bos.frb.org/commdev/c&b/2008/fall/Leigh-Tetrault_Kennedy_tax_credit.pdf

²⁸ www.nps.gov/hps/tps/tax/

- The National Trust Community Investment Corporation, a subsidiary of the National Trust for Historic Preservation, provides a walk-through guide to the historic rehabilitation tax credits on its website³⁰. NTCIC also helps find tax credit investors for eligible rehabilitation projects.
- The New Markets Tax Credit Coalition³¹ and the US Department of the Treasury’s CDFI Fund³² offer information on the New Markets tax credits on their websites.

B. Attract new retail businesses to the Cabot Street commercial corridor.

1. Concentrate most new community-serving retail development in Beverly along Cabot Street (versus along Rantoul).
2. **Develop a small cluster of destination clothing businesses.** Downtown Beverly already contains several destination clothing businesses that draw customers from throughout and beyond the community, and we believe this cluster could be expanded by adding additional *destination* clothing businesses, particularly if placed in relatively close proximity to established, successful apparel stores.

In general, developing a cluster of apparel-related businesses is usually difficult to do in older and historic downtowns. When people shop for clothing (particularly women’s clothing), they like to be able to go to several stores and compare styles, brands, and prices before making a purchase. For this reason, clothing stores (and, particularly women’s clothing stores) are much more likely to succeed if they are part of a cluster of clothing stores than if they are the only clothing store within the district. This means that enough market demand must

²⁹ www.preservationbooks.org/Bookstore.asp?Item=1049

³⁰ www.ntcicfunds.org

³¹ <http://nmtccoalition.org>

³² www.cdfifund.gov/what_we_do/programs_id.asp?programID=5

exist to support an entire cluster of clothing stores, rather than just one or two stores – and, because of the dominance of regional shopping malls (like North Shore Plaza) in the apparel category, it is relatively rare for communities to have enough unmet market demand to support an additional cluster.

Apparel stores that function as destination businesses tend to be exceptions to this, however, attracting customers because they offer a unique shopping experience or unique merchandise not likely to be available in the (mostly) national retail apparel chains that tend to locate in regional shopping malls. Some examples of apparel stores that function as destination businesses include:

- Second-hand designer clothing
- “Modular” clothing (e.g., separates that can be mixed and matched)
- Uniforms
- Plus-sized clothing
- “Clothing by the pound”

3. **Develop a small cluster of home furnishings businesses.** Our market research suggests that Beverly has enough retail buying power to support additional sales in the furniture/home furnishings category. We believe this could be an advantageous cluster to develop along Cabot Street, both reinforcing the district’s role as an arts and cultural district and also serving as a regional destination relatively distinct from other commercial districts within the region.

- Set as a target of attracting or actively cultivating a cluster of 5-10 specialized home furnishings and custom construction businesses over the next three years.
- Begin the process by adding new home furnishings lines to existing downtown businesses, promoting these product lines (and the entire home furnishings niche), and gradually growing each of these product lines. Encourage businesses adding new product lines to explore the

possibility of spinning their new product lines out into new, freestanding businesses if market growth supports it.

- Develop a list of successful home furnishings retailers in the Boston metropolitan area and, over the course of the next year, talk with each of them about the possibility of opening a new home furnishings business in downtown Beverly. In particular, target business owners with considerable experience and relatively little debt.
- Create a name for the furniture/home furnishings cluster. For example, a cluster of art, antique, and unique home furnishings stores in downtown Hilo, Hawaii has adopted the name “The Keave Collection” (pronounced kee-AH-vay) for joint advertising and marketing purposes.

We have included a list of potential home furnishings businesses and product lines in Appendix 4.

4. **Create a set of business-friendly incentives and resources to help support business development.** We think that some of downtown Beverly’s major business development challenges could be solved with some patient capital. We therefore recommend that Beverly Main Streets and its partners augment the tools already available to help capitalize new businesses, business expansions, and business transitions within the district, helping attract new businesses to downtown Beverly and to retain catalytic businesses.
 - a. Adopt Winston-Salem, North Carolina’s “Restaurant Row” financing model for targeted start-up businesses (not necessarily restaurants, of course; this model could, for instance, be used to stimulate development of a cluster of furniture and home furnishings businesses in downtown Beverly). Winston-Salem, North Carolina created a financing program for the purpose of attracting eight new restaurants to a high-vacancy section of its downtown. The Restaurant Row Loan Program blended federal and private financing to provide subordinated loans to qualified restaurateurs willing to open in the targeted section, with repayment deferred for two

years to help new restaurants get established. This made it possible for restaurants to more affordably cover start-up costs while gradually developing clientele.

- b. Encourage creation of one or more private investment groups for targeted start-ups, expansions, and transitions. In a growing number of communities, private investment groups have been formed to provide investment capital for start-up downtown businesses – particularly for retail businesses, restaurants, and businesses likely to have a catalytic benefit on a district or a portion of a district.
- c. Explore the possibility of community stock ownership to help capitalize targeted businesses. Residents of some communities have launched, purchased, or helped capitalize new or existing businesses and business expansions by putting together stock ownership programs. Many of these initiatives have taken place in small, rural communities, but a growing number are being launched in urban areas. One of the best-known urban examples is Vox Pop³³, a popular bookstore/coffee shop in Brooklyn, whose customers bought stock in the business when its owner found himself in financial trouble.

A few resources:

- The lead article in the June 2010 issue of *Main Street Now* – “Community Owned Businesses: How Communities Become Entrepreneurs” - focuses on community-owned and community-capitalized businesses, with lots of examples³⁴.

³³ www.voxpopnet.net/home.php

³⁴ www.preservationnation.org/main-street/main-street-now/2010/marchapril-/community-owned-businesses.html

- The Institute for Local Self Reliance’s New Rules Project³⁵ has articles and references about community-owned businesses on its website.
- Attorney, author, and BALLE executive director Michael Shuman provides some information about community-owned businesses in his book *Going Local*³⁶.

C. Improve parking lots.

1. **Implement promised municipal parking lot improvements within the next year.** The City has been accruing funds for parking lot improvements for several years – and, from our discussions with downtown stakeholders, it appears that public sentiment is impatient for changes to begin. We believe it will be important for improvements to begin by late this fall and be completed within one year.
2. **Integrate art into parking lot improvements.** The district’s parking lots should be an integral component of the public arts strategic plan (*see Strategy 1 – Action A – step 1*).
3. **Consider augmenting parking ticket machines with iPark car meters.** iPark meters are small electronic devices – about the size of a pack of cigarettes – that are loaded with parking fare value and that public parking users display on their cars’ dashboards or hang from their rear-view mirrors. So, instead of using a parking meter or parking ticket machine, users simply press the ON button on the iPark device and leave. The devices can be re-loaded online from the municipality’s website. iPark devices save users considerable time, making them particularly valuable for people who frequently park in fee-based municipal parking spaces. They can be used for both parking spaces in fee-based lots and

³⁵ www.newrules.org

³⁶ www.indiebound.org/book/9780415927680

also in metered spaces. And, because users turn them off as soon as they return to their cars, users pay only for the amount of time actually used, saving them money. iPark devices are common in European cities and are now used in about a dozen US cities (the closest being Manchester, New Hampshire).

D. Provide free public wifi along the Cabot Street commercial corridor.

We recognize that Salem explored the option of providing free public wifi in its downtown district and, for a variety of reasons, ultimately decided against doing so – and that Salem’s experience has discouraged Beverly from pursuing free public wifi in its downtown. We are also aware that some downtown business owners are concerned that making free public wifi available in downtown Beverly might encourage wifi users to linger too long in businesses and prevent other potential customers from patronizing those businesses. We believe, however, that offering free public wifi – at least in certain spots downtown – could be essential in attracting young people, creative economy workers, and new businesses. We therefore encourage Beverly Main Streets to reopen the issue, talk with representatives of other Main Street organizations throughout the US that provide public wifi, and make a new recommendation about whether or not to offer public wifi – and, if so, about how to proceed.

The National Main Street Center³⁷ can provide contact information for Main Street organizations that have decided to offer public wifi. There are also several articles in *Main Street News* on this topic – notably “Why Wifi? Using Mobile Technology to Create a Sense of Place on Your Main Street”, in the June 2006 issue.

E. Increase the supply of upper-floor housing.

Revitalizing and sustaining the economy of an older or historic downtown ultimately means finding a combination of uses for its buildings that generates enough

³⁷ www.mainstreet.org

revenue to support the rent levels building owners need in order to be able to rehabilitate and properly maintain them. Using the buildings as fully as possible helps make rehabilitation and maintenance more affordable.

Many of downtown Beverly's upper floor spaces are being used for office space, and some for residential units. But many are vacant or underused, making them less economically productive than they could be and, ultimately, putting undue pressure on ground-floor tenants to provide enough rental revenues for property owners to rehabilitate and maintain the buildings. We therefore recommend that Beverly Main Streets and its partners launch an initiative to encourage and facilitate greater use of the district's upper floors.

1. **Create an inventory of upper-floor uses and building characteristics, and update the inventory at least annually³⁸.** In order to identify potential locations for new office and residential space, the City and Beverly Main Streets must have an up-to-date inventory of all building space in the district, providing information that includes (at a minimum) the following:
 - Street address
 - Physical description
 - Year built
 - Lot size
 - Number of stories
 - Street frontage
 - Approximate square footage of the building, by floor
 - Photos of the building
 - Owner's name and contact information (including email address)
 - Current building occupancy, by floor
 - Map reference numbers and property ID numbers
 - Building history and architectural/cultural significance
 - Property assessment history (building and land)
 - Property sale history

³⁸ See "Assessing Your Business District's Commercial Base: Conducting a Business Inventory", a two-part article that appeared in the October and November 2000 issues of *Main Street News*, for guidance on conducting business and building inventories.

The database need not seek to compile *all* information before being used; instead, we recommend starting with the most essential components for the purposes of stimulating upper-floor development (street address, current building occupancy, owner's name and contact information), then filling in additional data as time permits. Different parts of the database can be assembled by different agencies and organizations, as well. For example, it is likely that the City already has some of the information needed, but it may be spread among several City databases (e.g., taxation records, building permit records, historic preservation records); this information could be added to the database by the City agencies who maintain each of these types of data. The Beverly Historical Society might be able to provide information on building history and to find historic photos of buildings. Civic organizations might be willing to provide volunteers to enter data and to collect missing parts of the database.

2. **Review regulations affecting upper-floor housing development, identify potential snags, and streamline regulatory processes.** Although downtown buildings historically contained a mix of uses, many modern zoning codes have evolved to support development of single-use “zones”, such as shopping centers, industrial parks, and residential neighborhoods. These regulations often inadvertently make it difficult to develop mixed uses in downtown buildings again. In order to help stimulate upper-floor development, many downtown revitalization initiatives sift through the regulatory processes that would come into play when someone converts a vacant or underused upper-floor space to a new use, identify potential snags, and remove them. For example, Rock Island, Illinois adopted the International Existing Building Code, amended its zoning ordinance to streamline the process of developing mixed-use buildings downtown, and listed its entire downtown district in the National Register of Historic Places so that property owners could take advantage of federal historic rehabilitation tax credits. We recommend that Beverly conduct a similar review and, based on its review, make whatever modifications are necessary to remove potential regulatory hurdles to upper-floor development.

3. **Talk with building owners about developing upper-floor housing.** We recommend holding several group meetings for downtown property owners and others in the area interested in investing in developing downtown property, explaining the benefits of developing upper-floor spaces for new uses, possible uses for upper floors, some of the techniques for overcoming obstacles, and the incentives and tools available for upper-floor development. Then, follow up individually with property owners to explore options for each space and to gauge each property owner's interest. Maintain periodic contact with each property owner for at least the next five years, providing updates on projects underway and completed, on new incentives, and on other relevant news.

We have often found that downtown property owners are interested in the concept of upper-floor development but do not wish to take on the redevelopment activity themselves. In these instances, a developer might work with a group of property owners to redevelop their upper-floor spaces for them, either for a fee or on a long-term lease basis.

4. **Create a set of incentives and resources to encourage and support upper-floor development.** Some communities have created incentive programs specifically to help property owners convert upper floor spaces to new housing and offices. For example, Rock Island, Illinois created a special assessment district, generating revenue to capitalize a loan pool that makes up to five forgivable loans of \$20,000 per unit per year for upper-floor development. Walla Walla, Washington provides a ten-year tax credit for upper-floor housing development.
5. **Market upper-floor housing, particularly to young professionals.** For example, some downtown revitalization organizations organize annual "upstairs/downtown" open-house tours to publicize the availability of upper-floor office space, studios, apartments, and condominiums. We particularly encourage Beverly Main Streets to help market upper-floor housing to young professionals, both through marketing activities (such as upper-floor open houses) and also through creative incentives. For example, a developer in Detroit, Michigan who created upper-floor housing for offers young faculty from Wayne State University and other young professionals sets aside a small

percentage of rent paid for his apartments in an interest-bearing escrow account that can be used as a down payment to purchase the unit rented after several years.

F. Develop a five-year strategy to increase shopping by Endicott and Montserrat College students.

In communities with colleges in or near older or historic downtown commercial districts, we have found that it takes at least five years to significantly change student perceptions of the district and to change their shopping habits. Outgoing fourth-year students influence the attitudes and habits of incoming first-year students – so, in order to change student behavior, it generally takes five full academic years.

1. **Add students from Endicott and Montserrat Colleges to the Beverly Main Streets board and committees.** Quite a few Main Street organizations have added high school and college students to their board of directors and committees. The Main Street organizations in Encinitas, California; Athens, Georgia; and Morgantown, West Virginia have been particularly active in engaging students in shaping their Main Street program activities.
2. **Weave recommendations from Endicott and Montserrat College students into the Beverly Main streets program’s marketing and business development programs.** Ultimately, it would be ideal for Endicott and Montserrat College students to think of downtown Beverly as the *de facto* location for businesses they might launch (or for businesses in which they might work, to gain skills for business ownership and management), either right after graduation or later in life. Involving students in planning and implementing marketing and promotional events can be a good way to more fully familiarize students with the district.
3. **Conduct surveys annually to measure changes in students’ shopping habits and perceptions of downtown Beverly.** We recommend conducting a relatively

comprehensive survey at the beginning and end of the five-year strategy, then conducting briefer annual surveys that focus primarily on perceptions and on gathering open-ended feedback. Surveys should be conducted online, with email invitations going to all students (and possibly members of the faculty and staff), using an online survey service like SurveyMonkey³⁹ or Zoomerang⁴⁰.

The comprehensive survey might include questions such as:

- How often do you visit downtown Beverly?

- How much do you spend on these goods and services (include a list of 12-15 items) annually – in total, and from businesses in downtown Beverly?

- Which of these downtown businesses have you visited?

- Thinking about your most recent visit to downtown Beverly, please indicate how much you agree or disagree with the following statements (on a 1-5 scale, with 1 being “strongly disagree” and 5 being “strongly agree”):
 - Business hours were convenient for my schedule.
 - Parking lots and sidewalks were clean and well-maintained.
 - The businesses I visited were clean and attractive.
 - Customer services was very good or excellent.
 - I found the mix of businesses met my needs.
 - Prices were fair for the value received.
 - I found it easy to move about as a pedestrian.

- What do you like best about downtown Beverly?

- What do you like least about downtown Beverly?

³⁹ www.surveymonkey.com

⁴⁰ www.zoomerang.com

- What new product lines or businesses would you like to see in downtown Beverly?
- Do you have any suggestions for making downtown Beverly a better place?

The annual survey might simply include questions about visit frequency, impressions, with perhaps one open-ended question asking for comments or suggestions.

In both instances (the comprehensive survey at the beginning and end of the five-year strategy, and the briefer annual surveys), it will be important to use the same survey instrument in order to ensure consistency.

4. **Use crowdsourcing to engage Endicott and Montserrat College students in the process of designing promotional events and identifying potential new product lines and businesses for downtown Beverly.** “Crowdsourcing” involves engaging a group of people in the process of designing a product or activity, helping customize the product or activity for the group’s particular interests as well as tapping the combined creativity and expertise of the group’s members. For example, Elements, an environmentally sustainable restaurant opening soon in Washington, DC, was designed by a group of approximately 400 people who contributed ideas for the restaurant’s physical design, menu, branding, merchandising, and marketing⁴¹. Participants earned points for attending meetings and for recruiting other participants, and those who earned one percent or more of the total points awarded became eligible to share in a ten percent portion of the restaurant’s profits the owner agreed to set aside for crowdsourcers. By opening the design process to a group of people, the restaurant’s owner was virtually guaranteed an initial base of 400 enthusiastic customers. We believe that, similarly, Endicott and Montserrat College students could help the Beverly Main Streets program design promotional events and

⁴¹ www.washingtonpost.com/wp-dyn/content/article/2008/07/26/AR2008072601978.html?hpid%3Dtopnews&sub=AR

identify and shape new product lines and business concepts for downtown Beverly.

Strategy 3

Strengthen Rantoul Street's role as a center for small industries and as a commercial center for the community.

Just as Cabot Street has served for centuries as Beverly's main commercial street, Rantoul Street has served for centuries as one of the city's secondary commercial streets and one of its main industrial corridors. Like Cabot Street, Rantoul Street has been undergoing an economic transformation in recent decades – but, while Cabot Street's transformation is linked primarily to shifts in the retail industry, Rantoul Street's transformation is linked primarily to Beverly's transformation from an industrial community to a commuter community. We believe its economic direction should continue to be connected to that of Beverly's waterfront and that its commercial composition should be strengthened to better serve current residents, to accommodate new industries (particularly small-scale, creative economy industries), and to meet the needs of residents of future development near the commuter rail station and the waterfront.

A. Develop new housing and restaurants near the commuter rail station and along the waterfront.

1. **Appoint a task force to identify and systematically resolve barriers to waterfront development.** At the risk of recommending creation of too many short-term task forces, we recommend creating another small, short-term task force – this one to identify and systematically resolve barriers to waterfront development. During our discussions with downtown stakeholders, it became very obvious to us that the public is eager for waterfront development – particularly new housing and recreational development – to occur soon, and that the frustration level with the amount of time that has passed without significant new development taking place is rising. We therefore recommend that this task force not only address the larger, longer-term actions that need to take place to stimulate waterfront development, but that it also place considerable emphasis on tangible actions that can take place within the next

12-24 months. The Waterfront Center⁴², a national nonprofit organization, can provide considerable information on the experiences of other communities that have successfully tackled waterfront development obstacles and turned their waterfronts into dynamic, clean, productive places for recreation and new development.

2. **Issue an RFQ for new housing development near the commuter rail station.** By issuing a Request for Qualifications, Beverly Main Streets, the city, and their partners can best assess the development expertise and experience of potential developers and can then select one or more developers to create new housing near the commuter rail station and along the waterfront in the coming years. The Urban Land Institute⁴³, a nonprofit land use development organization, can provide examples of Requests for Qualifications and access to names and addresses of potential developers.
3. **Identify and market opportunities for smaller-scale housing and retail development near the commuter rail station and along the waterfront.** While there are some obvious opportunities for multi-unit infill development near the rail station and waterfront, there are also numerous opportunities for smaller-scale development. We recommend connecting these opportunities to similar opportunities along the Cabot Street corridor (e.g., upper-floor housing development) and extending the tools and resources assembled to stimulate and support Cabot Street housing and commercial development to small-scale development opportunities along the Rantoul Street corridor, as well.

B. Use industry linkage information to develop additional small industries in the Rantoul Street corridor.

Almost all of the industries within the region buy products and services from other businesses, from raw materials for their manufacturing processes to office furniture

⁴² www.waterfrontcenter.org

⁴³ www.uli.org

to accounting services. Each of these represents a potential opportunity for outsourcing to other businesses in downtown Beverly. Procuring goods and services from businesses close by is not only economically advantageous for the community but is also environmentally sound, as it reduces or eliminates shipping and transportation costs. We believe there could be numerous opportunities to develop new businesses in, or relocate existing businesses to, downtown Beverly in order to better support the community's and region's industries and to create new businesses for the downtown area.

1. **Gather information on the products and services procured by industries within the community and region.** Beginning with industries in Beverly, gather information on the raw materials, products, and services; on where each industry currently procures these; and on approximately how much each industry currently spends on each product or service. As the information accumulates, identify product and service lines for which there appears to be sufficient demand to support one or more new businesses or to support development of a new product line in an existing business.
2. **Contact current suppliers and invite them to locate in downtown Beverly.** Also identify out-of-town product or service suppliers whose goods or services appear to be procured in sufficient quantity to perhaps warrant opening an office or outlet in downtown Beverly.
3. **Work with regional small business development and entrepreneurial development entities to pair entrepreneurs with local industry procurement opportunities.** If there appear to be significant opportunities for new business development, work with representatives of organizations and agencies that support entrepreneurial development – the Chamber of Commerce, Massachusetts Small Business Development Center, the Department of Veterans Affairs, and Endicott and Montserrat Colleges, for instance – to identify individuals that might be interested in launching or taking over a business to meet these needs.

C. Attract new retail businesses serving convenience-oriented needs of Rantoul Street corridor's working population.

- 1. Focus new retail development along Rantoul on neighborhood-serving, convenience-oriented goods and services, rather than destination goods and services.** We do not believe that Beverly can support *two* major centers for *destination* goods and services. Because of its existing business and physical composition, Cabot Street is better suited to strengthen its role as the community's primary destination commercial center. We recommend that commercial development along the Rantoul Street corridor focus on meeting the convenience needs of residents of the corridor and its adjacent neighborhoods and of its daytime work force, and that its development also focus on a broader range of small, creative industries.
- 2. Create a set of business-friendly incentives and resources to help support development of neighborhood-serving businesses and small industries.** See *Strategy 2-B-4, earlier in this report.*

D. Develop the parking garage at the train station.

- 1. Nudge along the planned MBTA parking garage at the train station.** Should MBTA not be able or willing to develop the planned parking garage at the rail station within the next couple of years, we recommend that the city consider offering the site to one or more developers identified through the RFQ process outlined in Strategy 3-A-2, above.

Shared strategy

Actions that apply to both the Cabot Street and Rantoul Street commercial corridors

Many of the actions needed to stimulate and support business and property development along both of downtown Beverly's two major commercial corridors are identical.

A. Create a larger arsenal of economic development tools and incentives.

Beverly appears to lack many of the economic development tools and incentives available in other communities comparable to Beverly in size and demographic characteristics. For example, it has no economic development commission, no historic preservation revolving fund, little track record in using historic rehabilitation tax credits, no experience with using New Markets tax credits, no dedicated funding sources for downtown business and property development, few small-scale financial incentives to stimulate targeted types of business or property development, and no downtown business improvement district.

- 1. Appoint a short-term task force to identify needs, explore potential tools and incentives, and recommend a set of tools for implementation.** The task force should explore best practices in other communities, develop a list of tools and incentives it thinks would work well in Beverly, vet this list with key stakeholders, then make recommendations to Beverly Main Streets and the City on which resources and incentives it believes should be pursued (and by which entity). The task force's membership should include one or more business and property owners and representatives from the City, the Cummings Center, the two colleges, and local financial institutions.
- 2. Explore the possibility of private investment for business start-ups.** *See Strategy 1-C-2, earlier in this report.*
- 3. Actively seek federal, state and foundation funding for downtown economic development and historic preservation activities.** There are a number of

federal, state, and foundation funding sources that might be interested in downtown Beverly's strategic plan and its new direction – particularly because of its smart growth, environmental sustainability, and entrepreneurial development aspects. These include:

- The Oram Foundation⁴⁴. Also called the Fund for the Environment and Urban Life, the Oram Foundation recently announced that it will dedicate half of its grants to “sustainable urban development” initiatives, such as greening, walkability, and compact development.
- The Surdna Foundation⁴⁵
- The Cabot Family Charitable Trust⁴⁶ and the Virginia Wellington Cabot Foundation⁴⁷
- The Paul and Edith Babson Foundation⁴⁸
- The Rappaport Charitable Foundation⁴⁹
- Bank of America⁵⁰
- The Massachusetts Bankers Association Charitable Foundation⁵¹

⁴⁴ www.enviro-urban.org

⁴⁵ www.surdna.org

⁴⁶ www.cabwel.com/cabot_family_charitable_trust_v3.htm

⁴⁷ www.cabwel.com/v_w_cabot_foundation.htm

⁴⁸ www.babsonfoundations.org/peguidelines.htm

⁴⁹ www.rappaportfoundation.org/

⁵⁰ www.bankofamerica.com/foundation/

- The Ford Foundation recently announced that it will make \$200 million available over the next five years for its Metropolitan Opportunity initiative⁵². Like the Oram Foundation, Metropolitan Opportunity will focus on sustainable urban development activities – particularly those related to transit oriented development (TOD) and those that also support the Foundation’s underlying goals of economic development and eliminating poverty.
- The Doris Duke Charitable Foundation⁵³
- The US Economic Development Administration⁵⁴ offers several grant programs for economic development planning.

We recommend that Beverly Main Streets begin developing a relationship with these organizations – meeting with program representatives, keeping them updated on the organization’s progress – as well as identifying other funding organizations and agencies that might be interested in the organization’s mission and its commitment to environmentally sustainable development and entrepreneurship. While a *pro rata* share of the Beverly Main Street program’s administrative costs might be included in proposals for support of one or more of its initiatives to these funding sources, its proposals to these entities should focus primarily on program-related support (such as business development and building rehabilitation) rather than on general operating support.

B. Streamline the zoning and permitting process.

⁵¹ www.massbankers.org/content.aspx?id=158

⁵² www.fordfoundation.org/issues/metropolitan-opportunity

⁵³ www.ddcf.org/

⁵⁴ www.eda.gov/InvestmentsGrants/Investments.xml

1. **Appoint a short-term task force to identify current and potential snags in the zoning and permitting processes.** For a variety of reasons, it is very common for inadvertent snags and barriers in the process of developing businesses and buildings to exist in older and historic downtowns⁵⁵. Some of these snags and barriers typically exist in the zoning code itself; others exist in permitting processes. Development dollars typically flow along the path of least resistance – so, in order to stimulate downtown development, it is important to remove regulatory (and other) barriers to sustainable downtown development.

We recommend that Beverly Main Streets appoint a small, short-term task force to comb through the community’s zoning and permitting processes and identify snags, and potential snags, in these processes. The task force should review its findings with the Beverly Main Streets program’s board of directors and city officials, then should work closely with city staff and planning commissioners to recommend remedies for each snag.

The State of Georgia’s Quality Growth Partnership program, a program launched and administered by 30 collaborating agencies and organizations, has produced a searchable online toolkit of best practices in zoning that includes a number of model ordinances, policies, and procedures⁵⁶. Smart Growth America⁵⁷, a national nonprofit organization, also provides a wealth of information on identifying and resolving zoning and permitting problems on its website. We recommend that the task force scan through these two online resources, in particular, to identify examples and potential remedies that might be applicable to downtown Beverly.

2. **Implement short-term remedies to common zoning and permitting snags.** The task force’s recommendations should explicitly include remedies that can be

⁵⁵ Some examples of common zoning problems in older downtowns are discussed in “Planning Tools for Main Street”, in the October 1996 issue of *Main Street News*.

⁵⁶ www.georgiaqualitygroth.com/toolkit.asp

⁵⁷ www.smartgrothamerica.org

implemented within 3-6 months. We believe that doing so will provide a much-needed boost to private-sector downtown development planning.

- 3. Develop and adopt a form-based code, with embedded design guidelines, for downtown Beverly.** We strongly recommend that Beverly Main Streets and its partners explore the possibility of adopting a form-based code to guide design and development decisions in downtown Del Mar, replacing most of the current relevant zoning ordinances, the comprehensive plan, streetscape plan, landscape plan and other design regulations relevant to the district with the new form-based code.

Form-based codes streamline the development process by making all desired design elements clear from the beginning, making development decisions more predictable. Unlike traditional zoning codes that concentrate primarily on building use, with design being a secondary consideration, form-based codes concentrate primarily on design, with use being a secondary consideration. The codes themselves are heavily illustrated, providing very specific guidance on location, building form, and the design of buildings and streetscape elements. Community members are heavily involved in shaping the form-based code, with major design issues being resolved at that stage, rather than being debated when each new development or building improvement project is proposed.

Some communities have adopted form-based codes as an option that developers and property owners can choose as an alternative to existing development regulations. Projects that meet the form-based code's requirements receive expedited approval and, in some cases, development incentives (such as density bonuses or tax abatement). More than 500 communities have now adopted form-based codes, and they are almost always credited with encouraging responsible downtown development. Petaluma, California's "Smartcode", for example, has been widely credited with clearing up nearly a decade of conflict over creation of a specific plan for a key downtown redevelopment site.

There are many resources available to guide local governments and their private-sector partners through the process of developing, implementing, and administering form-based codes. Among them:

- The Local Government Commission has published two useful bulletins – “Form-Based Codes: Implementing Smart Growth”⁵⁸, and “Smart Growth Zoning codes: A Resource Guide”⁵⁹.
- The National Association of Realtors’ Smart Growth Program’s website on land use, zoning, and growth management⁶⁰ offers several articles about form-based codes. The National Association of Realtors also offers a small grant program⁶¹ (maximum grant: \$3,000. This year’s applications are due October 1, 2010) to help organizations advance smart growth initiatives, including organizing public workshops and sponsoring speakers to learn more about form-based codes.
- SmartCode Central⁶² provides online models of form-based codes and code modules.

4. **Relax on-site parking requirements along both the Cabot Street and Rantoul Street corridors.** As is the case in many older and historic commercial districts, it appears that parking standards originally developed for the shopping center industry – which is inherently auto-dependent – might be being applied to older commercial districts in Beverly. We recommend that the city relax on-site parking requirements along both the Cabot and Rantoul Street commercial

⁵⁸ www.lgc.org/freepub/community_design/factsheets/form_based_codes.html

⁵⁹ www2.lgc.org/bookstore/detail.cfm?itemId=34

⁶⁰ www.realtor.org/government_affairs/smart_growth/land_use_zoning

⁶¹ http://204.146.162.1/government_affairs/smart_growth/grants

⁶² www.smartcodecentral.org/

corridors, recognizing the mixed-use characteristics of both streets. The National Main Street Center publishes a manual⁶³ on downtown parking in small and mid-size communities that might be helpful in revising parking requirements for the Cabot and Rantoul Street corridors.

C. Improve gateways and wayfinding signs and systems.

1. **Generate ideas for the design of the district's gateways.** Incorporate gateway design into the district-wide arts development strategy recommended in Strategy 1-A. Seek gateway design that reflects unique messages about Beverly's heritage.
2. **Collect examples of attractive district gateways from other communities.** All of the best district gateways are visually attractive and well maintained – but some of the best are also somewhat quirky. For example:
 - Several US communities have used big chairs to celebrate and draw attention to their furniture-making industries. Gardiner, Massachusetts installed a 12-foot-tall Mission-style chair in 1905. Thomasville, North Carolina built a slightly larger chair - a Duncan Phyfe - several years later. Bennington, Vermont then installed a 19-foot-high ladderback chair. It soon became a competition for the world's largest chair, and a few other communities entered the game - Anniston, Alabama; Wingdale, New York; Binghamton, New York; Morristown, Tennessee. Some of these have been lost over the years, and Washington, DC's Anacostia neighborhood currently holds the record for having the tallest chair, a 19-foot-high Duncan Phyfe Mahogany chair that sits in a landscaped island at a prominent corner⁶⁴. The chair attracts thousands of visitors, many of whom pose for photos with it. It has inspired the names of a nearby coffee shop (Big Chair Coffee), a neighborhood chess club (BigChair Chess), and dozens of activities.

⁶³ www.preservationbooks.org/Bookstore.asp?Item=1345

⁶⁴ "World's Largest Chair: The Battle Rages"(www.roadsideamerica.com/set/CIVlchair.html)

Originally built to attract attention to a furniture showroom there, the chair quickly became a local landmark and a source of neighborhood pride. For many years, a Santa Claus would sit on the giant seat and waved to the crowds that assembled to see him. Early in its life, the furniture store that created the chair even built a special small apartment that it placed in the chair's seat, serving as home to a fashion model for more than a month, a stunt that attracted national media attention.

- Last year, an unknown artist installed an 18-foot-tall fork in the road at, appropriately, a fork in the road at the gateway to one of Pasadena, California's residential neighborhoods⁶⁵.
3. **Enlist community organizations to install and maintain gateways.** Civic associations, neighborhood associations, garden clubs, school groups, church groups, and many other community organizations might all be interested in assuming responsibility for, or assisting with, installation and maintenance of the district's gateways.

D. Organize an annual business plan competition to sharpen business skills and launch new product lines.

Business plan competitions provide an incentive for business owners to explore ways to strengthen their businesses. They typically offer fairly hefty prizes, great public visibility, and generous amounts of technical assistance. They are often sponsored by economic development organizations, but they can be organized and sponsored by any type of public- or private-sector entity, or by several entities that choose to collaborate on a competition. Entries are usually reviewed by a panel of 3-5 business experts (management, merchandising, marketing, financing, etc.), with the panel selecting a winner from the entries received.

We recommend that Beverly Main Streets launch an annual business competition specifically focused on developing, strengthening, and expanding creative economy

⁶⁵ <http://www.ktla.com/news/landing/ktla-pasadena-fork,0,5659202.story>

businesses. It might consider doing so in conjunction with the Chamber of Commerce or with one or both of Endicott and Montserrat Colleges – or it might partner with a different organization each year in order to promote and emphasize a different business skill each year.

1. **Design the business plan competition.** Develop application materials, marketing materials, selection materials, and press/publicity materials.
2. **Develop a specific focus for each year of the competition's first five years.**
Some possibilities:
 - Developing online storefronts
 - Launching a new product line within an existing business
 - Developing a new distribution channel
 - Increasing gross sales by 10 percent in one year
 - Purchasing the building in which a business is located
 - Spinning off a business related to the original/host business
3. **Raise money from area corporations and foundations for the competition's marketing, technical assistance, and administrative expenses and for its prizes.**
Business plan competitions often unearth emerging trends and new business ideas, and they generate considerable public visibility. For these reasons, among others, corporations, foundations, and financial institutions are often interested in sponsoring business plan competitions.
4. **Offer one-on-one technical assistance to district businesses to prepare for each year's business plan competition.** The competition can provide a powerful incentive for businesses to improve their marketing, merchandising, and management, offering tangible motivation to business owners for developing or strengthening skills in order to develop strong applications for the business plan competition. We recommend that Beverly Main Streets offer a series of training workshops, along with one-on-one technical assistance to district businesses in the two months leading up to the business plan competition. Workshop topics should be based primarily on the area of focus of each year's competition.

Training and one-on-one assistance could be offered in conjunction with the organization's partners – particularly financial institutions, local industries, the Massachusetts Small Business Development Center, and Endicott and Montserrat Colleges.

Foundation

Actions needed to strengthen the organizational foundation for revitalization

The Beverly Main Streets program has been quite successful in its first few years of operation in marketing downtown Beverly, establishing relationships with a broad range of stakeholders and community entities, and initiating a dialogue on the district's future. In some ways, the organization appears to be fulfilling the role of a *de facto* community economic development organization – but with only the fraction of the staff and budget that such an organization might have. The organization now appears to be at a critical stage in its evolution: it has established a new foundation for the district's evolution, but the district is not yet quite at a point where increased economic activity alone can support the organization's continued expenses. It is vital that the organization act now to create permanent funding mechanisms to support its operations in the future and that the community, as a whole, make a new commitment to support the organization's operations until those permanent funding mechanisms can be put in place.

A. Create a business improvement district to generate partial funding for the revitalization initiative.

As successful downtown revitalization initiatives mature, the overall district's economic health gradually improves: property values increase, rents increase, retail sales grow, wages grow, and tax revenues expand. As the district's economy grows, it is important that a small sliver of this increased economic activity be dedicated for the continued operation of the downtown revitalization initiative. We believe that a business improvement district is the best option for providing the bulk of the organization's long-term funding needs.

1. **Appoint a small task force to establish and maintain ongoing individual contact with downtown property owners.** Downtown property owners are among those most likely to benefit directly from the district's economic improvement, as revitalization generally translates into higher rents and greater

property values. Property owners should therefore be kept up to speed on the district's progress.

2. **Compile information on current taxable assessed value for all downtown buildings, and keep this database updated.** This should be part of the process of developing the downtown property inventory outlined in Strategy 2-E-1, earlier in this report.
3. **Send an update memo to all property owners every 3-4 months.** We recommend that Beverly Main Streets send a written update (preferably by email) to all downtown property owners every 3-4 months, providing updates on business development, marketing events, and other tangible and intangible improvements.
4. **Gather information from other Massachusetts business improvement districts.** At least a dozen Massachusetts communities have now adopted business improvement districts to support ongoing revitalization activities. We recommend that the task force obtain a list of downtown business improvement districts from the Massachusetts Downtown Initiative⁶⁶, then contact representatives of each of the business improvement districts to learn about their experiences in designing, implementing, and managing the BID.
5. **Obtain preliminary commitments of support for the business improvement district.** Early commitments from major property owners can help assure other property owners that the business improvement district proposal has strong support. We recommend that Beverly Main Streets obtain preliminary commitments of support from major property owners within the next 24 months.

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http://www.mass.gov/?pageID=eheadterminal&L=5&L0=Home&L1=Economic+Analysis&L2=Executive+Office+of+Housing+and+Economic+Development&L3=Department+of+Housing+and+Community+Development&L4=DHCD+Fact+Sheets&sid=Ehed&b=terminalcontent&f=dhcd_factsheets_mdi&csid=Ehed

6. **Implement the business improvement district.** We recommend that the city, working with Beverly Main Streets, implement a downtown BID within 36 months, with funds being passed from the city to Beverly Main Streets to support its ongoing operations.

B. Raise gap funding for the next 24-36 months.

Successful Main Street organizations typically go through three evolutionary stages:

- An initial catalyst phase, during which the organization builds partnerships, identifies the major challenges and opportunities facing the district, and establishes strategic direction for the district's future. This phase typically lasts 3-5 years. At the end of this phase, the organization has generally developed a good understanding of the district's current and potential roles within the regional economy; has developed or improved a system for managing design changes; has built good, working partnerships with a broad range of organizations, agencies, and other entities; has outlined strategic directions for the district's future; and has established itself as a credible, respected organization.

During the catalyst phase, Main Street organizations are usually supported by outright contributions from the public and private sectors, based on the community's wish for revitalization to succeed.

- A growth phase, during which the organization launches its strategic initiatives and gradually improves the district's economic performance. This phase may last from 5-15 years. At the end of this phase, there is usually no more than a 5-6 percent overall vacancy rate in the district (including upper-floor spaces), and 70-80 percent of the buildings needing major rehabilitation at the beginning of the revitalization initiative have been rehabilitated.

During the growth phase, as the district's economy improves, organizations identify ways to route some of the increased economic activity into their ongoing operations, gradually weaning themselves away from outright

contributions. Typical self-funding mechanisms include business improvement districts (in which property owners – in some states, business owners – agree to a voluntary assessment based on property value or size), municipal services contracts (in which local government contracts with the organization for revitalization services the city would otherwise need to provide itself), and periodic capital campaigns, with contributions approximating the amounts the would be if a business improvement district were in place. When possible, special funding is obtained (from foundations, corporations, government entities, etc.) for capital improvements, new program development, and other special initiatives, with a *pro rata* share of the organization’s operating expenses built into the budgets for these special initiatives.

- An ongoing management phase, during which the organization manages the positive changes that have taken place, adjusts for market shifts, and continues to work on major needs and opportunities.

By the beginning of the management phase, the organization is usually supported completely by a portion of the increased economic activity generated within the district and by special funding for special initiatives.

It is clear that the Beverly Main Streets program is at the transition point between catalyst and growth phases. It has met all the benchmarks of the catalyst phase – developed an understanding of the district’s economic role, established strategic direction for the future, earned a positive reputation as an effective community development organization, identified ways to improve design management processes, and built partnerships with a broad range of organizations. But, as is typical in districts with successful Main Street organizations at the beginning of the growth phase, the district’s economy has not yet grown to a point at which a business improvement district can be put in place or can generate enough support to sustain the organization.

We recommend that Beverly Main Streets begin laying the groundwork now to implement a business improvement district within the next 36 months. And, we

recommend that the organization’s board undertake a fund raising campaign to fill the gap over the next three years, before the BID is in place.

1. **Outline, launch, and complete a successful fund raising campaign to support this strategic plan’s major initiatives over the next 24-36 months.** The campaign should be based around the major strategic directions outlined in this strategic plan. We suggest the following rough targets:
 - City: \$25,000 annually, either in the form of a municipal services contract, a business license tax, a line-item appropriation, or a combination of these
 - Financial institutions: \$10,000 annually per institution
 - Colleges: \$10,000 annually per institution
 - Downtown property owners: Cumulative total of \$20,000 annually
 - Downtown business owners: Cumulative total of \$20,000 annually
 - Local industries: Cumulative total of \$20,000 annually

2. **Create a public improvements gift catalog.** A catalog listing of needed public improvements – street furniture, sidewalks, landscape elements, bike racks, etc. – would make it possible for individuals, organizations and businesses to sponsor elements of downtown Beverly’s public space improvements (bike racks, gateways, wayfinding components) and donate them to the City, Beverly Main Streets, or another nonprofit entity, receiving a charitable tax deduction. Sponsored components often display a plaque or inscription acknowledging the name of the contributor and/or the entity in whose honor or memory it was donated.

3. **Explore the possibility of a short-term business license surcharge.** Polk City Directories lists 2,000 businesses in Beverly. A \$25 surcharge on each business license would raise \$50 annually – not nearly enough to cover all the costs of improving and managing downtown Beverly, but enough to pay for certain components of its work plan. We recommend that Beverly Main Streets and the City quickly explore and, if deemed feasible, act on the possibility of implementing a business license surcharge of \$25/business license for the next

24-36 months to help sustain the Beverly Main Streets program until a business improvement district can be put in place.

C. Increase staff size in order to effectively implement this strategic plan.

The tasks outlined in this strategic plan will ultimately require a full-time staff of at least four professionals: an executive director, a business and property development specialist, a marketing specialist, and an administrative assistant. As Beverly Main Streets' board of directors and the organization's stakeholders outline its short-term (24-36 month) and long-term (beyond 36 months) funding strategies, we recommend adding one additional staff position (business and property development specialist) within the next fiscal year, then adding two additional staff positions in the following 24 months.

What next?

Transforming the economy of an older or traditional commercial district requires diligence, creativity, and coordination of many groups working together collaboratively. A few suggestions for implementing the recommendations in this report:

- **Break large tasks into small steps:** Large tasks often seem impossible until they are broken down into small, discreet steps that can be easily implemented by an individual, organization or agency in a relatively short period of time.
- **Divide and conquer:** It would be impossible for any one entity to singlehandedly undertake all the tasks that need to take place to strengthen downtown Beverly. Just as there are literally hundreds of small actions that have contributed to physical and economic deterioration in downtown Beverly over the past several decades, strengthening the district's economy and improving its infrastructure to effectively encourage and facilitate commercial activity will require literally hundreds of small actions over the next 3-5 years.
- **Leverage resources:** Every agency, organization, constituency, and individual interested and involved in downtown Beverly's improvement has particular skills, resources, and vantage points that can be useful to the revitalization process. When breaking the major objectives contained in this report into smaller action steps, give careful thought to which entities might already have the skills and resources needed for each particular action step. In this way, the initiative can leverage existing knowledge, financial, and skill resources as fully as possible.
- **Start with many small projects ... and a few catalytic ones:** Starting with small projects helps participants develop the skills and collaborative partnerships needed to gradually tackle more complicated projects - and doing so can mobilize hundreds or even thousands of volunteers, building a broader base of support for the overall initiative. At the same time, moving forward with a few catalytic projects can accelerate the timeline and provide tangible evidence that positive change is taking place.

- **Monitor changes:** Over the next 3-5 years, carefully monitor changes in the numbers of businesses opening and closing, the numbers of people who attend special events and festivals, and new investment in physical improvements to existing buildings as well as investment in new commercial construction in downtown Beverly.
- **Spread the word broadly:** It is particularly important that *all* businesses and property owners in downtown Beverly and all other organizational partners be kept up to speed on what's happening and that no business or property owner or organizational partner feel left out. As with so many aspects of commercial district revitalization, there is no one single tool that will reach everyone. Use a variety of tools, including e-mail distribution lists, announcements in community bulletins, announcements at public meetings, websites, postcards, and personal contact.
- **Take a leap of faith:** In our 25-plus years of working with communities throughout the United States and around the world on commercial district revitalization and development, we have consistently found that the single biggest obstacle to revitalization is skepticism. When people believe that revitalization will succeed, it almost always does.

Limitations

As is true of all demographic, economic and market studies, our analysis's reliability is limited to the reliability and quality of the data available. Our research assumes that all data made available by federal, state, county, and city sources is accurate and reliable. For Beverly, there are several specific limitations worth mentioning:

First, because our analysis has been conducted in the middle of the decade, between the 2000 and 2010 US Censuses, population data is not quite as current as it would be if this analysis were conducted early in the decade, when population data is new. We have relied on mid-Census projections by the Massachusetts Institute for Social and Economic Research at UMass/Amherst, the Massachusetts Department of Housing and Economic Development, ESRI, the US Census Bureau, the US Bureau of Economic Analysis, the US Bureau of Labor Statistics, and our own estimates of population and retail sales changes in the areas included in this analysis.

Second, the retail market catchment areas of shopping districts (such as downtown Beverly) are not confined to the boundaries of political jurisdictions. We have therefore had to make estimates based on reasonable assumptions about the market catchment area of various commercial centers in Beverly and vicinity. In general, our estimates tend to be somewhat conservative.

Given these limitations, our report reflects what we believe are reasonable estimates of historic trends, current conditions, and future possibilities.

About the CLUE Group, LLC

The Community Land Use and Economics Group is a small, specialized consulting firm that helps community leaders create vibrant downtowns and neighborhood commercial centers. We work with local and state governments, nonprofit organizations, business improvement districts, developers, planning firms, and others to develop practical and innovative economic development strategies, cultivate independent businesses, identify regulatory and financial barriers, attract new investment, and make solid, forward-looking decisions about the economic uses of older, historic and traditional commercial districts.

www.cluegroup.com

Appendix 1 Retail demand

Using data from the 2000 Census of Population, the Census Bureau's American Community Survey (which provides updates on the 2000 Census of Population), and the US Bureau of Labor Statistics' Consumer Expenditure Survey, we estimated the retail buying power (retail demand) of Beverly's households, based on demographic characteristics such as household income and size, householder age, and numbers of earners per household. This represents the approximate amount of money that Beverly's residents are probably spending on these goods and services *somewhere* (including businesses in Beverly, in other communities, and online or from catalogs).

| Food + beverages | |
|---|------------|
| Groceries | 84,784,000 |
| Dining out | 68,921,000 |
| Alcoholic beverages (consumed at home) | 6,607,000 |
| Alcoholic beverages (consumed in restaurants) | 6,006,000 |
| Housekeeping supplies | |
| Laundry and cleaning supplies | 195,000 |
| Other household products | 8,346,000 |
| Stationery, gift wrap | 2,176,000 |
| Postage | 1,754,000 |
| Delivery services | 83,000 |
| Furniture and furnishings | |
| Household textiles | 3,932,000 |
| Furniture | 12,066,000 |
| Floor coverings | 1,220,000 |
| Major appliances | 6,233,000 |
| Small appliances, misc. housewares | 2,998,000 |
| Window coverings | 701,000 |

| | |
|---|-----------|
| Infants' equipment | 407,000 |
| Laundry + cleaning equipment | 380,000 |
| Outdoor equipment | 749,000 |
| Clocks | 92,000 |
| Lamps + lighting fixtures | 434,000 |
| Household decorative items | 3,544,000 |
| Telephones + accessories | 837,000 |
| Lawn + garden equipment | 1,304,000 |
| Hand and power tools | 816,000 |
| Hardware | 1,709,000 |
| Office furniture for home use | 250,000 |
| Indoor plants + fresh flowers | 1,191,000 |
| Closet and storage items | 459,000 |
| Furniture rental | 65,000 |
| Luggage | 207,000 |
| Computers/hardware (nonbusiness use) | 3,755,000 |
| Computer software/accessories (nonbusiness use) | 580,000 |
| Telephone answering devices | 18,000 |
| Business equipment for home use | 67,000 |

Apparel and footwear

| | |
|--------------------------------|------------|
| Men's clothes | 9,027,000 |
| Boys' clothes | 2,320,000 |
| Women's clothes | 15,926,000 |
| Girls' clothes | 3,155,000 |
| Clothes for children under 2 | 2,411,000 |
| Footwear | 7,650,000 |
| Watches, jewelry + repair | 3,951,000 |
| Shoe repair | 36,000 |
| Tailoring, alterations, repair | 153,000 |
| Laundry + dry cleaning | 2,500,000 |
| Other apparel items + services | 536,000 |

Automotive

| | |
|---------------------------------|------------|
| Vehicle purchase | 89,295,000 |
| Gasoline and motor oil | 57,002,000 |
| Vehicle maintenance and repairs | 17,663,000 |

Medical

| | |
|------------------------------------|-----------|
| Nonprescription drugs | 1,996,000 |
| Nonprescription vitamins | 1,006,000 |
| Prescription drugs | 9,578,000 |
| Eyeglasses and contact lenses | 1,391,000 |
| Hearing aids | 396,000 |
| Medical supplies | 811,000 |
| Medical equipment (rental + sales) | 348,000 |

Entertainment

| | |
|---|------------|
| Movie, theatre, opera, ballet tickets | 1,815,000 |
| All other fees and admissions | 8,601,000 |
| Musical instruments | 413,000 |
| TVs, stereos, radios, recorded movies + music | 22,583,000 |
| Pets, pet supplies, pet care | 8,123,000 |
| Toys, games, arts, crafts, tricycles | 2,237,000 |
| Stamp and coin collecting | 133,000 |
| Playground equipment | 123,000 |
| Athletic gear, game tables, exercise equipment | 1,521,000 |
| Bicycles | 345,000 |
| Camping gear | 271,000 |
| Hunting + fishing equipment | 740,000 |
| Winter sports equipment | 148,000 |
| Water sports equipment | 148,000 |
| Other sports, recreation and exercise equipment | 201,000 |
| Photographic equipment, supplies, services | 2,160,000 |

Personal care

| | |
|--|-----------|
| Hair care products | 1,424,000 |
| Wigs + hairpieces | 1,607,000 |
| Shaving needs | 431,000 |
| Cosmetics, perfume, bath preparations | 3,856,000 |
| Other personal care products | 1,896,000 |
| Personal care services | 7,044,000 |
| Reading | |
| Newspapers + magazines | 1,603,000 |
| Newsletters | 6,000 |
| Books | 1,395,000 |
| Tobacco products/smoking supplies | |
| Tobacco products/smoking supplies | 7,892,000 |

Table 2: Retail buying power of Beverly's households (*sources:* US Census Bureau, US Bureau of Labor Statistics, CLUE Group).

Appendix 2 Sales void analysis

Using data from the US Census Bureau, the US Bureau of Labor Statistics, and ESRI (a private-sector data provider), we estimated the amount of retail demand generated by Beverly residents, then compared this with the sales currently being captured by Beverly businesses.

| NAICS | Industry group | Demand | Supply | Void |
|-------|--------------------------------------|-------------|-------------|------------|
| 441 | Motor vehicles + parts dealers | 104,367,000 | 88,781,000 | 15,586,000 |
| 442 | Furniture + home furnishings stores | 16,749,000 | 5,341,000 | 11,409,000 |
| 443 | Electronics + appliance stores | 13,279,000 | 31,934,000 | 18,655,000 |
| 444 | Bldg materials, garden equip. stores | 19,750,000 | 11,968,000 | 7,782,000 |
| 445 | Food + beverage stores | 97,054,000 | 138,753,000 | 41,699,000 |
| 446 | Health + personal care stores | 21,198,000 | 28,435,000 | 7,236,000 |
| 447 | Gasoline stations | 60,094,000 | 56,154,000 | 3,940,000 |
| 448 | Clothing + clothing accessory stores | 27,525,000 | 74,583,000 | 47,059,000 |
| 451 | Sports, hobby, book, music stores | 6,695,000 | 5,409,000 | 1,287,000 |
| 452 | General merchandise stores | 31,883,000 | 2,139,000 | 29,744,000 |
| 453 | Miscellaneous store retailers | 7,438,000 | 12,219,000 | 4,780,000 |
| 454 | Nonstore retailers | 28,666,000 | 11,812,000 | 16,854,000 |
| 722 | Food services + drinking places | 81,640,000 | 83,580,000 | 1,940,000 |
| | | | | 34,768,000 |

Table 3: Retail sales voids in Beverly (sources: US Census Bureau, US Bureau of Labor Statistics, ESRI).

A few notes on interpreting this data:

- Information on *actual* sales is available only by *business* category, not by *product* category. So, for example, the purchases people make in grocery stores (“Food + beverage stores”, in Table 3) are likely to include non-grocery items, from gift wrap to toothpaste. This becomes most apparent in the “General merchandise stores”

category, as general merchandise stores (stores like Family Dollar or Wal-Mart, for example) sell a very wide range of merchandise that spans many product categories.

- Information in at least one category (“Clothing + clothing accessory stores”) is somewhat distorted because of the presence of one or more major retailers who conduct business globally from Beverly.
- Information on actual sales is not available for several categories, such as entertainment (e.g., admission to movies, live performances, and professional sporting events).

This data is therefore most useful when analyzed in conjunction with estimates of consumer demand for specific product categories (Appendix 1).

We found that, while the city has a modest *overall* sales surplus (meaning that retail supply exceeds retail demand), there are a number of categories in which the city is experiencing sales leakages. Of these, we believe the categories in which downtown Beverly is best positioned to expand sales are furniture/home furnishings, clothing/accessories, and food services/drinking places.

Appendix 3

Developing businesses in traditional commercial districts

During the course of our work, several people asked us about the process for developing and recruiting new commercial tenants. In particular, project participants asked about how to find potential tenants and about how to manage or control where businesses locate.

The process of developing and recruiting businesses for an older, traditional commercial district is considerably more complicated than the process of recruiting businesses for a shopping center or shopping mall.

One of the reasons it is more complicated is that, unlike in a shopping center or shopping mall, the commercial buildings in a traditional commercial district are owned by many different entities, each with its own goals, management styles, and interests, rather than being owned or managed by a single entity. Single property ownership or management provides shopping malls and shopping centers with the ability to tightly control which tenants locate in which spaces, making it possible to physically cluster businesses together in ways that maximize the foot traffic and visibility. In order to create similarly synergistic business clusters in older and traditional commercial districts, individual property owners need to collaborate with one another and agree to make leasing decisions according to a shared strategy.

Also, the national retail chains that tend to locate in shopping malls and shopping centers have specific requirements with regard to the demographic characteristics and population size of the communities in which they locate; the size, physical configuration, and visibility of the spaces they lease; the types of other tenants; the quality of the shopping center's marketing activities; and other key characteristics. Shopping mall management companies therefore maintain detailed information on all of these requirements and can easily provide it to national retailers and retail brokers. But information like this is often not readily available for older and traditional commercial districts, nor do the characteristics of the physical space, shopper demographics, business mix, or marketing activities of older and traditional commercial districts have

the predictability that shopping malls provide. This makes it both less likely that national retail chains will consider locating in older commercial districts and also less likely that commercial district revitalization organizations will succeed in attracting national retailers. National retail chains tend to be market followers, rather than market leaders, in that they have a strong tendency to locate in commercial centers where a strong customer market has already been established or where there is easy access to substantial numbers of potential customers whose demographic characteristics meet their needs.

For these reasons, and others, the retail businesses most likely to locate in older commercial districts are those that are independently owned and locally owned. Unfortunately, businesses such as these are usually not on the "radar screens" of commercial space brokers, who focus primarily on recruiting national retailers for shopping malls and shopping centers. So, recruiting and developing businesses for older commercial districts must usually become the responsibility of a public or nonprofit community development organization.

A few general suggestions for developing and recruiting new businesses:

- National retail chains almost always have very specific requirements for the demographics and traffic volume of the neighborhoods in which they locate, as well as specific physical requirements for the spaces they lease, for the other tenants in the shopping center or neighborhood, and for the center's or neighborhood's marketing program. Retail brokers are familiar with many retail chains' specifications; specifications for about 10,000 chains are also available in the Retail Tenant Directory⁶⁷, produced by Trade Dimensions International.
- Like national retail chains, independently owned businesses will be interested in the demographics and traffic volume of the neighborhoods in which they consider locating. But their site selection process is not as formulaic as that for national retail chains and is often driven by needs for space that is larger or smaller, or configured differently, than their current space; for a location that has greater visibility, or a

⁶⁷ www.plainvanillashell.com/retail_tenant_directory.asp

safer environment, or a marketing program that is more appropriate for them; for greater synergy with nearby businesses; or for any one of a number of other factors likely to be unique to each business.

- Very few independently owned businesses are on the radar screen of retail brokerages. Encouraging independent businesses to open an additional location, or encouraging entrepreneurs to launch a new business, is almost always a "one-off" process that involves simultaneously cultivating potential entrepreneurs, keeping a current inventory of available spaces and pending vacancies, and maintaining ongoing communication with property owners, realtors, and others who need to be involved in the process.
- The best candidate for launching a new retail business in a commercial district dominated by independently owned businesses is almost always a business already operating successfully in that district or in a nearby district. The business owner is familiar with the district and its customers. Lenders, investors, and realtors are familiar with the business and its track record. And having an additional store within the district provides some economies of scale for the business, making it possible to share storage space, for example, and to shuffle staff between locations when one location is busier than another.
- When recruiting and developing new businesses, always stress retail contiguity on the ground floors of commercial nodes. As ground-floor non-floor vacancies gradually occur, shift offices and non-retail uses to side street and upper-floor locations.
- When identifying ideal locations for different types of businesses, try to group *comparison* businesses (apparel, home furnishings) in relative close proximity to one another so that each member of that group is visible to shoppers in one of the businesses in the group; try to use *destination* businesses to create movement through the district, along sidewalks; and try to place *convenience* businesses near destination businesses and other high-traffic areas so that they can benefit from the visibility provided.

Appendix 4

Some specialized home furnishings product lines

Antique hardware
Antique radios and televisions
Architectural salvage
Artificial/silk plants
Bath linens
Bird feeders and bird houses
Bunk beds
Bonsai
Cacti and exotic plants
Candles
Carpets and rugs
China, crystal, glassware
Clocks
Closet organizing fixtures and supplies
Cutlery
Decorative hardware
Dining linens and table accessories
Draperies
Dried flowers
Fireplace accessories, mantles
Floor cloths
Furniture and furnishings made from recycled materials
Furniture covers
Furniture refinishing
Futons
Gourmet cookware
Hammocks
Hot tubs
House plants
Jewelry boxes

Knock-down bookshelves and furniture
Lamps and lamp shades
Lawn and patio furniture
Light fixtures
Log or willow furniture
Loft beds and trundle beds
Mirrors
Office furniture
Paint
Picture frames
Pillows
Posters (new and vintage)
Rag rugs
Repurposed furniture and furnishings (adapted from other products)
Scandinavian-design furniture
Second-hand baby furniture
Shelving
Shutters
Small kitchen appliances
Tansu chests
Telephones
Unfinished wooden furniture
Upholstery fabric and upholstering services
Vintage kitchen appliances
Wallpaper
Weather vanes
Wicker and rattan furniture and accessories
Window blinds

