

**INTERNATIONAL DOWNTOWN ASSOCIATION
ADVISORY PANEL REPORT
ECONOMIC RESEARCH ASSOCIATES/
DOWNTOWN AUSTIN ALLIANCE
AUSTIN, TEXAS
JUNE 6-8, 2004**

INTRODUCTION

Austin, Texas has earned a reputation over the past decade as a hot spot for “technology, talent and tolerance” – the essential components for attracting the creative class, according to Richard Florida, author and academician. Mayors, media types, and downtown managers have flocked to Austin to see the famed Sixth Street entertainment district, enjoy Austin’s varied restaurants, and marvel at the tech companies that have taken up residence both in downtown and throughout the metro area.

As downtown’s night clubs and entertainment venues have flourished, downtown residential development has taken hold, with a number of new apartment and condo projects already occupied or on the drawing boards.

But the missing piece of the puzzle in downtown Austin is retail. While there are scattered retailers throughout downtown – some successful, some less so – downtown has not assembled a critical mass of shops. With 692,000 residents, Austin is the 16th largest US city. More than 90,000 people work within a mile of 6th Street and Congress, and 50,000 University of Texas students attend the main campus just north of downtown. The State Capitol, the museums, hotels, and entertainment venues draw 7 million visitors a year. Some might ask, if Austin cannot create an attractive downtown retail district with numbers like these, what hope does any mid-size American city have of doing so? And yet, cities such as Seattle, Minneapolis, Norfolk, Indianapolis and others have proved that retail, if well-managed and concentrated, can work in traditional downtowns.

The Downtown Austin Alliance (DAA) and the City of Austin commissioned Economics Research Associates (ERA) to create a Downtown Austin Retail Marketing Strategy. As part of the process for creating this strategy, ERA engaged the International Downtown Association to organize an IDA Advisory Panel to provide input and guidance regarding a set of important questions. This report outlines the findings and recommendations of the Panel.

THE IDA ADVISORY PANEL

David Feehan, President of the International Downtown Association, served as Advisory Panel team leader. He was joined by:

Len Harris, Vice President – Transwestern Commercial Services

Midge McCauley, Director – Downtown Works, a division of Dranoff Properties

Scott Schuler, Principal -- Schuler Consulting, Inc.

Tom Moriarity and Molly McKay of ERA also participated in the panel.

BACKGROUND

Austin, like most American cities, has experienced an exodus of retail during the past forty years, as suburban shopping centers siphoned away customers and stores. Austin's department stores have long since departed, leaving scattered retail stores, some of which target the downtown worker, some the downtown visitor or resident, and a few provide supplies for downtown small businesses.

In recent years, as the downtown entertainment, office and residential markets have grown, some larger scale retail projects have come on line or are being designed and constructed. Whole Foods is currently building its headquarters and new 80,000 square foot flagship store in the Market District, with an independent bookstore, Bookpeople, an independent record store, Waterloo Records, a couple of upscale apparel stores, and the locally-renowned Amy's Ice Cream nearby. This area also boasts a few attractive home furnishings stores.

The AMLI project on 2nd Street promises to bring a significant group of national chains combined with unique local concept stores into downtown, with enough of a critical mass to create a likely impact on the blocks immediately adjacent to it.

The 6th and Congress area has been able to hold onto a small number of hardy survivors, and interspersed with a constantly changing night club assortment on East 6th Street, some specialty retailers there cater to a younger, edgier market.

Working under contract to DAA and the City of Austin, ERA conducted a preliminary market analysis, assisted by M. Crane and Associates, Inc., who provided a telephone survey to determine retail demand. These reports have been provided to DAA and the City, and were made available to the panel.

IDA ADVISORY PANEL PROCESS

In early 2004, IDA President Dave Feehan met with Tom Moriarity and Molly McKay from ERA and talked via phone with DAA Executive Director Charles Betts and Associate Director Molly Alexander to gain a better understanding of local issues and explain how Austin could best take advantage of the IDA Advisory Panel process.

The IDA Advisory Panel convened on Sunday, June 6, and conducted a walking and driving tour of the proposed downtown district. After the tour, panelists met with key stakeholders over dinner to discuss the upcoming process and expected outcomes.

Monday, June 7 began with a meeting of the steering committee for the project. Panelists were given an opportunity to hear reports by the consultants and to ask questions of

steering committee members. Panelists talked briefly about their own experiences recruiting and working with retailers.

After the breakfast, panelists met with and interviewed a variety of property owners and City officials.

Throughout Monday evening and Tuesday morning, the panel worked to analyze and synthesize their observations, background information, and comments from individual interviews and the breakfast meeting. A preliminary presentation was made Tuesday afternoon, and a final presentation immediately thereafter.

ADVISORY PANEL ROLE AND FOCUS

IDA's agreement with ERA called for IDA to take the lead in structuring, conducting and documenting an advisory panel of retail experts to provide insights and examples of specific tenant incentives that would accelerate or encourage interest in downtown Austin by local, regional and national retail prospects. The panelists were also asked to examine barriers to downtown retail development and recommend ways to overcome those barriers. More specifically, the contract called for the panelists to address the questions listed below:

Market, Marketing and Management:

- Based on IDA panel review of the Market Analysis provided by ERA, are market characteristics a barrier to entry for retailers?
- What are the most critical opportunities and constraints to retail development in downtown Austin?
- What are potential positioning strategies, targeted submarkets (as relevant) and any appropriate retail focus areas within Downtown Austin's subdistricts?
- What are the market characteristics affecting retail development potential in Downtown Austin?

Development and Leasing

- Based on IDA panel review of Black & Vernooy's Downtown Austin Infrastructure Assessment, is the condition of downtown utilities a barrier to entry for retailers?
- How can downtown Austin leverage the emerging Second Street Retail District and Whole Foods Market District to attract a combination of national and local tenants into a pedestrian-friendly mixed use environment in other parts of downtown?
- How can the Downtown Austin Alliance translate the sub-districts' differing markets into specific retail niche opportunities?
- What are the most critical factors to consider in addressing merchandising and recruitment efforts in Downtown Austin (e.g., marketing materials, direct contacts in the industry, incentives, property ownership or control, etc.)?
- What are potential modifications to the regulatory process that may serve to foster growth of retail development in the downtown?

- Is there evidence of an economic/financial “gap” between supportable rents and the kinds of retailers the downtown is hoping to attract?
- What are proven “gap financing” tools and programs that may help to attract retailers to the downtown?

Transit

- What are the panelists’ comments about the potential affects on downtown retail by Capitol Metro’s proposed bus and rail routes, stop locations, and transit mode options in downtown Austin?

PANEL OBSERVATIONS AND FINDINGS

The Panelists listed a number of barriers to entry by retailers:

- Lack of continuity of buildings in CBD – with the exception of East 6th Street, much of downtown is marked by intermittent surface parking lots and buildings without active uses at the street level.
- Governmental agency barriers – people who spoke with the panel believe that the City has to do more to become user-friendly. Permits and procedures take too long and are sometimes opaque rather than transparent.
- A small downtown resident population – while the numbers are growing, the downtown residential population is still too small to support certain types of retail.
- Lack of density – like many Southern and Midwestern cities, Austin is a large, spread-out downtown characterized by many subdistricts. While some of these subdistricts are lively and populated after 5 p.m., others are not.
- Vague vision – there appears to be a general wish for more retail, but little understanding or agreement on exactly what kind of retail should be recruited and where it should go.
- No current history of success for retailers – with the exception of the Warehouse District and Whole Foods, downtown retail has been struggling.
- The larger market “outgrew” downtown – and as a result, many in the market have no recollection of shopping downtown.
- Little co-tenancy and an inappropriate mix – without a coordinated retail strategy, retailers (again, with the exception of the Whole Foods area) don’t benefit from potential adjacencies.
- No evidence of cohesive marketing plan – it appears that DAA has now begun to address this problem.
- Small clusters of office concentrations – making it difficult to market to the lunchtime office-worker market. Office workers seem to be spread out – not concentrated in one sub-district. This lack of concentration and the unwillingness of office workers to walk more than two blocks (especially in the heat of summer) make it difficult to generate significant sales.
- Perception of parking – almost everyone seemed to have complaints about parking, or had heard others complain about it.
- Depending on downtown residents to support retail, especially in the short to mid-term is unlikely to succeed. Downtown must find customers beyond the

downtown worker and the downtown resident if it wants to have a robust and substantial retail core.

Panelists listed a number of opportunities and constraints:

- A huge market, but underserved – panelists all agreed that Austin’s market is big enough and affluent enough to support substantial downtown retail.
- Need much more residential – while crediting Austin for a good start, panelists noted that cities like Minneapolis and Memphis have been successful in building substantially more downtown housing (in Memphis, 10,000 units in the past decade; in Minneapolis, more than 30,000 units over the past two decades.)
- Infill office buildings are an opportunity as the vacancy rate is reduced – utilizing surface lots as sites.
- A new/expanded convention center is an opportunity for unique and attractive retail.
- Leveraging Second Street – From AMLI to Convention Center to Market District – could provide a well-connected pedestrian-oriented link that would help fill in gaps that currently exist.
- The Seaholm Development – mid to long-term, could be an attraction that adds retail customers to the mix.
- Signage/streetscape connections between districts are needed. It is difficult to tell right now what one might expect when walking down the street. Will the next block be more of the same, or something different, and should I continue to walk or turn around?
- Second Street could be a catalyst for Congress, which could become the retail area for downtown workers.
- Parking and infrastructure are issues that must be addressed in a coordinated, effective way. These are constraints at present. Lack of coordinated parking/access/transportation suggests that no one is responsible for the customer or visitor.
- Lack of downtown maintenance is evident. Crumbling curbs, broken sidewalks, and poorly-maintained surface parking lots contribute to the impression that no one is in charge. Retail shoppers who are coming for the first time are likely to interpret this lack of maintenance as a safety issue.
- The current floodplain makes development, financing and insuring new projects more difficult than it should be – a constraint that will be expensive to rectify.

Positioning strategies for submarkets and specific focus areas were addressed:

- Second Street, Congress, Market District and E. Sixth Street are top priorities. Not every sub-district has the immediate potential that is evident in these four subdistricts.
- Second Street should be positioned as trendy, hip, with concentrated shopping.
- Market District should be seen as the same as Second Street with the same merchandising, customers, mindset. Signage and streetscaping should tie these two subdistricts together.

- Congress should be geared to serve the office market, with services and products for the downtown worker and business-oriented retail.
- E. Sixth Street can be repositioned sensitively without losing its character and identity. It has a national “brand” and while there is a consensus for change, there are obvious economics constraints. Property owners are likely to continue renting to the short-term night club tenant unless a better strategy is presented. East Sixth needs to be cleaned up – but it can have a funky end toward the east and a more moderate, clean, safe end toward Congress.
- There are few galleries in Arts District. Building a real gallery and studio district will take time, patience, and money. This raises the question: Should galleries and studios be recruited for this district, or made part of a larger critical mass of home furnishing stores, perhaps in the Warehouse District?
- Cultural organizations in downtown relate more to each other and to the University; is there a need to push retail in the Arts District? Panelists thought the question should be thoroughly examined before a concerted effort to establish retail in this area is undertaken.
- As the priority districts are attended to and become successful, there will be a need for continued refinement regarding a strategy for other districts.

Market characteristics affect what kind of retail goes downtown. Panelists made the following observations:

- Income and educational demographics in the Austin market are excellent – superior to many other cities of this size.
- The small downtown residential population is growing and can become a factor in coming years.
- The downtown workforce is average in size for a city with Austin’s population. It is insufficient to support a substantial amount of retail with lunchtime traffic. The focus on parts of Congress should focus on workers and be convenient type retail - examples might be card shops, office supplies, convenience and drug stores.
- Residents of Austin are great consumers – they have money and like to spend it.
- The Austin market is comfortable with downtown. Austin residents have been coming downtown for years for food and entertainment, as well as for work and government business.
- The East Austin market is underserved and represents not only an opportunity to provide retail for this market but to create a group of stores with ethnic character that will draw from the larger Austin community.
- Downtown subdistricts are not currently connected but are connectible. Good connections on foot and with transit can be created from the convention center and the east part of Sixth Street all the way through Congress and the Second Street District and on to the Warehouse District.
- Certain markets seem to be increasing in size: “Bohemians,” “Money & Brains,” and “Towns & Gowns.” These psychographic definitions should be further explored and retail recruiting should focus on these markets. (Attachment A)
- Significant market potential exists in the identified zip codes outlined in the ERA report. (Attachment B)

Panelists were concerned about infrastructure problems, which in some cases are moderate problems and in other cases are very serious barriers to retail expansion:

- A list of critical infrastructure issues has been developed - the panelists believe Austin should fix the creeks, or forget development along Shoal and Waller Creek areas – Lamar/Market District/Red River subdistricts.
- A second critical issue relates to the supply of water – in the historic districts there is not enough flow in the alleyways to support sprinklers which will make it virtually impossible to support the desired new retail.
- The wastewater system is also inadequate, and will require an investment in the short to mid-term.
- Transportation and parking are viewed by the panelists as both a barrier or challenge and an opportunity. By creating a customer-friendly parking system for downtown, the City could turn a current negative into a real positive.
- Signage is inadequate and not particularly attractive. The lack of directional signage downtown is problematic and a complete wayfinding system is much needed. Many cities have taken the opportunity to make signage that is not only useful but beautiful.
- Two-way streets are generally more user-friendly. Traffic-calming strategies should be explored. Out-of-town visitors and those from rural areas in particular are often confused and frustrated by one-way streets.
- The condition of sidewalks in many areas of downtown conveys a lack of attention and potential liability for the City and property owners.
- The City of Austin has a state of the art GIS system. The panelists were briefed on the infrastructure portion of the retail study and were impressed with the amount of information that was coordinated for downtown. The panelists highly recommend the continue coordination of this information downtown and the need for Storm Water Drainage to be added to the GIS system.
- Regulations on first-floor retail are in general a good thing; however, the panel suggested that these regulations should be tailored to meet the conditions in each sub-district. A requirement for first-floor retail may make great sense in identified, targeted districts with infrastructure—including Great Streets—in place to support retail but may be actually detrimental in other districts.

Regarding the Whole Foods and 2nd Street Subdistricts, panelists saw significant leveraging opportunities:

- An opportunity exists to push in from Market District & 2nd Street toward the center of downtown. A great story to tell is the Whole Foods development and the incredibly powerful brand that Whole Foods represents for downtown as a whole and for this sub-district in particular.
- Reports are that apparel specialty shops are doing well. Sales in the range of \$500-800/sf.
- The attractiveness and power of the Whole Foods/Second Street development strengthens opportunities for the Seaholm project.

- A new downtown library could be brought into a retail mix, along with a museum of art. Libraries are excellent downtown attractions because of the number of return visits they create and because they often involve both parents and children.

Panelists were asked what specific retail niches were most appropriate to priority subdistricts. They responded as follows:

- Second Street's retail mix should be the same as the Market District but without Whole Food Market; this does not mean that Second Street should not have grocery however.
- Market District (Community Shopping Center): Great opportunities for specialty stores, including food, books, music, gifts, home furnishings, services (e.g., hair salons), apparel, art galleries and art supplies.
- E. Sixth Street: Continue but improve the theme as a restaurant/club/live music district but consider specialty retail that feeds off the evening crowd. With the expansion of the Convention Center and the relocation of the Visitor Center to E. Sixth Street there is potential to add specialty retail and strengthen the live music venues and retail specialty stores that reinforce the Bohemian culture. Sixth Street west of Congress does not have a club scene and continues to grow with neighborhood restaurants feeding off of the Warehouse District.
- Congress: Focus on business apparel, drugstores, business services, furnishings, jewelry, and restaurants.

Critical factors in addressing merchandising and recruiting must be addressed. Here is how the panel recommends taking action:

- Identify aggressive, coordinated and competent leasing teams. The only leasing team the panel observed was Urban Partners the group working on Second Street. Panelists were told that the City required the AMLI development team to engage one proven urban retail broker
- An independent downtown music store is doing a good job of window-trimming, creating excitement for passers-by.
- Merchandising assistance is needed for new retail. This should be part of the overall strategy.
- Panelists thought that property owners and others may not yet know how to "play the retail recruitment and retail mix game" but they seem to be figuring it out.
- Overall, panelists observed a need to have a cohesive proactive strategy.

Most cities have, or are perceived as having a cumbersome regulatory process, and Austin seems to be no exception, in the view of those interviewed by panelists:

- The process for obtaining permits, licenses, and other paperwork is perceived by many as burdensome, illogical, user-unfriendly, and hostile.
- To the City's credit, city staff report that they have switched to parallel internal processes from linear processes. This is important because in the past, if one

approval was delayed, the whole process would stop. When parallel processes are used, other components can keep moving even if one element is held up.

- Some interviewees suggested that an indicator of the problems experienced by prospective and current retailers is that sales tax collections have dropped, indicating diminishing sales at the retail level. The cumbersome processes might have discouraged really good prospective retailers from locating in the city and downtown; and that the resultant lack of critical mass might have caused declining sales.
- Interviewees and panelists saw a danger that difficult and frustrating dealings with the City could de-rail retail recruiting.
- Some constituents who are proponents of slow growth or no growth favor a more difficult process.
- Questions were raised about how appropriate City subsidies might be if these subsidies harm Austin locally-owned stores. One example cited was the proposed Borders bookstore initially planned as a companion to the Whole Foods Market in the Market District. If City subsidies gave Borders an additional edge (in addition to its buying power and marketing budget), the concern was that it could hurt the local bookstore and record store nearby.
- Interviewees believe that design guidelines are not tailored to retail-type operations.
- Ways of expediting services on behalf of new or expanding retail appear to be lacking.

Will desirable tenants be willing to pay rents that support new construction or substantial renovation in downtown? Panelists have a surprising answer:

- Panelists strongly asserted that desirable tenants will “pay the rent;” in fact, they agreed that if the rent is too low, it will serve to indicate to the most desirable tenants that expected retail sales are likely to be lower than what these retailers are looking for.
- As a corollary to the point above, it may seem counterintuitive, but rents currently are too low to create interest.
- When dealing with both local and national tenants, landlord incentives – free rent or tenant improvements might reduce resistance to a downtown location, and might be necessary to jump-start leasing. At present, there appears to be no strategy for “jump starting” the leasing process.

Financing tools have been used effectively in other cities to entice retailers into downtown locations. Panelists suggested tools that might work in Austin:

- The “Great Streets” program for streetscaping – improvements to sidewalks and streets – is seen as an important and useful tool.
- Panelists were concerned that there apparently are no priorities for which subdistricts will receive Great Streets attention, but DAA is asking the City for discussion concerning priorities.

- Creating an effective and attractive signage system is often used in other cities to help attract retailers to downtown.
- According to interviewees, a heat mitigation program is needed; Austin can be uncomfortably hot and humid four months out of the year.
- Private lending pools for real estate can be established, and have been used effectively in other locations.
- TIF financing, for incentives, infrastructure, etc is widely used and is successful in other downtowns.
- Forgivable loans have been used when the City wants to attract a particularly important retail tenant.

Austin has proposed a number of changes to the current public transit system, including a commuter rail line and downtown shuttle buses. Panelists offered several thoughts about the current system and proposed improvements:

- Lack of well-managed downtown parking system may be one of the more significant impediments to retail success in downtown.
- Lack of any rail system may seem less important, but with cities like Houston, Dallas and Los Angeles building attractive rail transit, now may be the time for Austin to invest
- As in most metro areas, the Austin bus system is seen as low-income transportation; can a shuttle system, if well-designed and well marketed, provide the connection between the eastern and western edges of downtown? Panelists believe it can work, but only if it is done right. The current shuttle system is underperforming, but proposals for expansion and modification hold promise. . Fully investigate the development of a trolley system as a connector system is highly recommended.
- Relating downtown zones to the transit and access system becomes even more important as the downtown residential population increases.
- A proposed transit mall on Congress would be of questionable value and could cause harm that may outweigh the good.

THE IDA ADVISORY PANEL RECOMMENDATIONS

Barriers to Entry -- Supply:

DT Austin's lack of retail is itself a barrier; because the larger market outgrew downtown, the downtown retail component lacks a sufficiently strong history. Therefore the commitment of the DAA, the City and private stakeholders is essential to vitalize a downtown that lacks a history of critical mass.

Barriers to Entry – Demand:

National trends promise a unique window of opportunity for downtown retail. But demand is constrained by a lack of density, lack of access, and lack of a large downtown resident population. Austin can overcome these barriers by supporting

and encouraging downtown housing, improving access and parking, and “filling the gaps” between districts.

Barriers to Entry – Need for Vision:

In the absence of a clear vision for downtown retail, public policy is supporting retail in other areas of the city, more so than focusing retail downtown. Public policy should be vision-driven and focus on coherent, connected strategies that move downtown priority sub-districts toward retail success.

Barriers to Entry – Infrastructure:

Accelerate the modification/downsizing of the Green Water Treatment Plant. This is a top priority to enhance the connections between Second Street, Market District, the Seaholm site.

Barriers to Entry – Infrastructure:

Provide adequate waterflow to service expanded retail. This is a safety, building code and insurance issue; sprinkler systems will lack adequate pressure unless this is addressed.

Barriers to Entry – Infrastructure:

There is a real and immediate problem with wastewater capacity because the lift station on the west side of downtown is at capacity. While it may not have a direct impact on retail as such, it certainly does for larger scale developments such as mixed use residential/retail developments, has an impact as to whether or not additional residential can be developed which of course has an impact on the success of retail downtown.

Barriers to Entry – Parking:

The City of Austin should identify the best way to approach the parking issue creating a way to promote and possibly manage an effective parking system. This system should aim to replace surface parking lots with structured parking and move ‘storage’ parkers. (Storage parkers are generally downtown workers who simply “store” their cars for the day and throughout the week, rather than using them for business. For example, a data analyst may store her car all day, while an attorney or sales person may need to use her car several times during the day. to peripheral locations.) The system should be a customer-oriented, not a violator-oriented system. A customer oriented system views downtown visitors (employers and employees, shoppers, dining patrons, customers of businesses, and residents, for example) as guests or customers – so the operating principle is “How can we treat our customers well and make them happy so they will want to come back?” A violator-oriented system sees the same group of people as potential criminals who break the law by overtime parking, parking in the wrong places. The operating principle is “How can we punish these violators of the law so that they won’t do these bad things again?” Downtown parking facilities cannot compete with free parking at suburban malls on price, so downtown must win based on service and providing a positive parking experience.

Barriers to Entry – Appearance:

Austin's Great Streets Program should be targeted toward the four priority sub-districts (Second Street, Congress, Market District, and E. Sixth Street.) The condition of public spaces – sidewalks, curbs, streets, and some adjacent private spaces – needs immediate attention. Weed-overgrown lots should be cleaned and maintained, dirty sidewalks regularly power-washed and 'gum-busted.'

Barriers to Entry – Regulatory Process:

While the City has and is working toward streamlining and improving the regulatory process, there are still significant real and perceived barriers to retailers, developers and property owners. These essential partners find the process burdensome, sometimes illogical, lacking in transparency, and generally user-hostile.

Barriers to Entry – Regulatory Process:

A regulatory process re-engineering with significant private sector involvement could yield significant improvements – first floor retail requirements should apply only in appropriate districts.

Barriers to Entry – Transit and Access:

The current transit system appears to have little positive effect on downtown retail. It is unlikely in the near term to provide retail with a significant boost, and could, in fact, be detrimental if poorly located or operated. The system works best to transport downtown workers. Generally, people don't use public transportation unless they have no alternatives. An improved and well-connected transit system can indirectly benefit retail by helping to build the downtown office sector.

Opportunities – Demographics:

Because of national demographic and urban development trends, the timing of Austin's efforts to bring retail downtown is excellent. National and local independent retailers are open to downtown locations. A population that has Austin's demographics can support a significant increase in downtown retail, both in quality and quantity.

Opportunities – Major Projects:

Austin's "blank canvas" (in terms of downtown retail) is a real opportunity. There is almost no need to "recapture" space in order to expand and improve retail. Large projects like Second Street/AMLI and Schlosser/Market District offer excellent opportunities without teardown impediments and will jumpstart this process.

Opportunities – Potential Shoppers:

Two huge markets for downtown retail – 350,000 between ages 20-34 and 170,000 who are 55+. These two groups represent potent reservoirs of potential downtown renters/buyers and, therefore shoppers.

Opportunities – the Market:

Austin has all the requisite market characteristics – size, income, education. Austin’s customers are great shoppers. People in the key demographics cohorts are not afraid of downtown, and are poised to make downtown a retail success. The size of the age cohorts 20-34 and 55+ bodes well, not only for downtown residential, but for many categories of retail, dining and entertainment (sophisticated, well informed, etc.)

Positioning – Subdistricts:

Because downtown Austin is so large, Austin’s leaders must be very focused on a few downtown sub-districts initially. Trying to tackle every sub-district at once almost guarantees a situation where no sub-district achieves its potential

- **Panelists concluded that Second Street and the Market District have similar market characteristics, and can be positioned accordingly. (This sounds a little confusing.**
- **Congress Avenue can be positioned to serve the office market for products, services and apparel.**
- **East Sixth Street presents a real challenge, particularly for property owners, and should be cleaned up. and carefully fine-tuned, so as not to destroy the brand.**
- **The east end of East Sixth Street should remain “edgier,” and the area closer to Congress Avenue should become less edgy and more retail oriented.**
- **Other districts, while important, should become focuses only after the four ‘opportunity’ sub-districts are launched successfully. The success of the four priority districts will put healthy pressure for development on other sub-districts.**
- **The Market District has already demonstrated extraordinary merchandising. Second Street should follow and connect to the Market District, eventually representing one shopping experience. These districts should contain hip apparel, home furnishings, gifts, food, books, music and other products and services.**
- **Congress Avenue should become the district serving the downtown office market, retail for office workers and business supplies and services.**
- **DAA should focus a special program on both Congress and Sixth, the “Main and Main” corner, carried out in parallel with other priority projects.**

Incentives and Tools:

Panelists agree that the Great Streets Program is a good idea and should be especially targeted to priority sub-districts, particularly the Second Street district.

Other tools should include heat mitigation programs (awnings, street trees, etc.), Tax Increment Financing (TIF)-supported parking facilities and streetscape improvements, and other programs. Other programs could be any of the following:

- **Special subsidized and/or cooperative marketing and advertising programs**
- **Employee training**
- **Façade design assistance**
- **Façade easement programs**
- **Special events for retailers**
- **In-store design assistance**
- **Financial assistance (too numerous to mention, but includes low interest loans and grants, forgivable loans, etc.)**

CONCLUSION

Downtown Austin is blessed with a number of essential assets – an effective downtown organization, a city government that is committed to downtown, and willingness by key players in the public, private and nonprofit sectors to work together. Strong anchors can be found throughout downtown – from the nationally known E Sixth Street entertainment district to the flagship Whole Foods Market, and from the State Capitol to Town Lake and the Colorado River. Museums and arts facilities complement these major assets, as do the convention center and new residential projects.

Retail is the missing piece of the puzzle. A growing and thriving retail component will provide downtown with vitality and excitement, will enhance the downtown working and living experience, and will make downtown real estate more valuable, thereby generating more tax revenues for the City and other taxing entities.

There are serious challenges and barriers, however, that must be addressed. Basic infrastructure issues cannot be ignored. Waterflow and wastewater problems must be addressed. Flood plain issues will constrain development along the creeks. Parking is both a real and perceived problem, and it will not be solved without a comprehensive organizational approach. Public transit is needed, but what types of transit, how it is perceived, and what streets it travels are critical issues and should be approached with plenty of public input.

Creating a vibrant retail core in downtown Austin is not only possible – it should be a high priority, because it will allow Austin to complete the puzzle. Choosing the right kinds of retail, the right subdistricts on which to focus, and the right kinds of public participation will determine whether this last piece of the puzzle fits, and creates the vision of a downtown unlike any other in Texas or the region.