To the Graduate Council:

I am submitting herewith a thesis written by Joyce Rhyan entitled "Downtown Revitalization: A Case Study of Development in the Center City Area of Memphis, Tennessee." I have examined the final copy of this thesis for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Master of Science in Planning.

George E. Bowen,
Major Professor

We have read this thesis and recommend its acceptance:

Accepted for the Council:

Vice Provost
and Dean of The Graduate School

DOWNTOWN REVITALIZATION: A CASE STUDY OF DEVELOPMENT IN THE CENTER CITY AREA OF MEMPHIS, TENNESSEE

A Thesis

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Master of Science

Degree

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Joyce Rhyan

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DEDICATION

To my parents, Eddie and Della Rhyan; my brothers and sisters; my mentor, Dr. Leora Hodge; and to the memory of four very special people: my grandfather, Porter Shield, and friends Jeanne Cameron, Mattie M. Butler and especially Offie Pitts, all of whom have shared with me the greatest love.

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ABSTRACT

Downtown decline is a serious problem facing cities and towns across the nation. Many cities are seeking solutions through new and creative methods. This study examines what has been done in Memphis, Tennessee to stimulate economic growth, attract private capital investment, increase CBD competitiveness, and create new jobs to achieve downtown revitalization.

This study traces the historic development of downtowns in general and of Memphis in particular. Interviews with persons knowledgeable and involved in Memphis' downtown revitalization process provided information for this research. Selected development activities are described in order to present a picture of projects undertaken in Memphis and the redevelopment process used.

The future of downtown redevelopment in Memphis is tied inextricably to the activities of the Center City Commission. Within recent years, the role of public-private partnerships in redevelopment has increased. These relationships have proven successful in numerous cities. The study concludes by suggesting that traditional downtowns are obsolete; however, through coordinated public-private investments new downtowns are

emerging and taking on a different role and non-traditional functions.

The Memphis experience is examined with the intent to provide information that can be applied to downtown areas in other cities.

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CHAPTER I

INTRODUCTION

The loss of population and employment from central cities to suburban areas has had a negative impact on the professional, social, cultural, and economic vitality of older downtowns. As explained by Edward I. Koch, Mayor of the City of New York,

> This dispersion of activity has weakened the concentration of opportunities in the downtown and thus drained the economic strength and individual commitment needed for the nation's continued renewal (Halpern, 1978, p. 9).

Downtown--once the heartbeat of the city--now lies in decline. It has shifted from being immortal to monumental. Developmentally downtown has been considered the central core area of a city. Development activities that were once unique to the central business district (CBD) are decentralized, and a similar process is occurring in other city centers (Urban Land Institute, 1980, p. 1).

Downtown's appeal and locational advantage has decreased significantly resulting in its abandonment and avoidance by businesses and customers. Decentralization is a major contributing factor to downtown deterioration. Other factors adding to downtown decline include "national policies that have favored the automobile, single-family

detached homes, and new construction and subsidies that concentrate the poor and dependent in central cities" (Halpern, 1978, p. 9).

Those who can recall downtown's heyday often speak nostalgically about it. A desire to recapture the rhythm of old downtowns has brought about a renaissance or new birth in many of the nation's cities. On a national scale, The National Trust for Historic Preservation established the National Main Street Center in 1980 to promote downtown revitalization. The primary thrust of this program is to assist business districts in medium and large cities to achieve significant, long-term revitalization (Halpern, 1978, p. 9).

Numerous voluntary organizations have been created for the purpose of stimulating downtown revitalization in local areas. Using voluntary effort as a tool in downtown revitalization is becoming increasingly popular. In Great Britain, for example, this technique which is employed on a voluntary basis but dependent upon the government for its operating costs has important implications for revitalization (Home, 1982, p. 35).

Robert K. Home, author of Inner City Regeneration, believes that local people must be involved in the revitalization of the central city. In his discussion,

Home further asserts that "some things will be better done, or done more satisfyingly if they are undertaken by voluntary groups" (Home, 1982, p. 35). Home favors public authorities drawing on ideas of local residents to discover their priorities and to enable them to play a practical part in reviving their areas.

Local residents have an interest in downtown and should be drawn into the revitalization process.

A. Purpose of the Study

The purpose of this study is to trace the historic development of downtowns and to present that information against the backdrop of trends and patterns that will most likely shape future development or redevelopment. This research further shows how the process of coordinating public-private partnerships in support of downtown is an effective means of increasing local development.

By examining the Memphis plans, programs and strategies for downtown public-private development, this study provides information that can be used to strengthen the capacity of others who plan and implement downtown revitalization programs.

B. Research Questions

There are five primary questions which form the basis of this study. They are:

1. How did Memphis promote private sector investment in its downtown area?
2. What planning was conducted for Memphis' downtown revitalization?
3. What financing and institutional approaches were used in CBD revitalization in Memphis?
4. How did public-private partnerships coordinate and support downtown redevelopment activities in Memphis?
5. What can be learned from the Memphis experience that can be applied to downtown areas in other cities?

A case study is used to examine these questions. The primary focus is on the Center City area of Memphis and the revitalization efforts set forth by the Center City Commission. The activities of the Center City Commission are essential to downtown Memphis and an examination of documents prepared by and for the Commission was undertaken.

C. Methodology

The general methodology for this research involves conducting a review of the literature, a review of the

Center City Commission project files, proposals, plans, programs and other pertinent reports. Secondary data was found at the Memphis State University Library, the Memphis Chamber of Commerce, the Center City Commission and the University of Tennessee. Primary data was collected from knowledgeable persons in the field of downtown development by correspondence, telephone interviews or personal interviews. A visual survey of downtown Memphis was also conducted.

D. Organization of Thesis

The five chapters of the thesis represent its five major sections: introduction, literature review, Memphis downtown (Center City Commission activities), the downtown development process, and concluding remarks.

Chapter II, the literature review traces the historic development of downtowns and examines its traditional role and changing economic status. New trends and patterns in downtown development are reviewed. A brief discussion of the revitalization efforts of some older downtowns is included.

Chapter III examines the Memphis downtown experience beginning with a historical overview of the Center City area. The coordination of public-private efforts by the

Center City Commission is discussed along with the Commission's activities.

Chapter IV gives an overview of a development process of downtowns. A study of the process used in Memphis, the major actors, projects, plans and programs are presented. Also included in this section is a discussion of the financing of downtown development.

Chapter V presents a summary and the conclusion from the study.

CHAPTER II

LITERATURE REVIEW

A. Downtown

The central business district (CBD) is often called downtown. The names are used interchangeably. In many cities, the downtown business district traditionally housed headquarters or flagship department stores, and a host of other specialty stores making it the most popular shopping district. The CBD usually accommodates major banks and office buildings, as well as entertainment, cultural, and professional activities. It is served by most transportation lines and is easily accessed from practically every area of the city. It has more characteristics that are recognized by most citizens than any other area of the city. These characteristics are consistent in cities all over America (Murphy, 1972, p. 1). Duncan Sim writes about the CBD:

> The concept of the central business district as a distinctive region within the framework of the city dates from early models of city structure formulated by the Chicago School in the 1920's. The best known of these models is the concentric zone theory of Ernest W. Burgess (1925), the essence of this being that as a city grows, it expands radially from its center to form a series of concentric zones (Sim, 1982, p. 1).

Burgess' five concentric zones were:

1. Central Business District
2. Zone of Transition
3. Zone of Workingmen Homes
4. Zone of Better Residences
5. Commuter's Zone

The Central Business District is best described by Burgess in 1929:

> Zone II: The Central Business District. At the center of the city as the focus of its commercial, social, and civic life is situated the Central Business District. The heart of this district is the downtown retail district with its department stores, its smart shops, its office buildings, its clubs, its banks, its hotels, its theaters, its museums, and its headquarters of economic, social, civic, and political life (Burgess, 1929, p. 114).

Homer Hoyt criticized the Burgess model. Hoyt whose primary concern was residential land use, asserted that the cities rented areas tended to conform to a pattern of sectors instead of concentric circles. Hoyt's concept established that varied income groups of a city were found in particular areas explained as sectors of a circle centered on the central business district. The Sector Model included:

1. Central Business District
2. Wholesale and Light Manufacturing
3. Low-Class Residential

4. Middle-Class Residential

5. High-Class Residential

This concept, presented in terms of change, affirms that similar types of uses beginning near the center city move with the same sector and away from the center (Chapain and Kaiser, 1979, p. 35).

A third concept, introduced by R. D. McKenzie and expanded by the work of C. D. Harris and E. L. Ullman is the Multiple Nuclei Concept. As explained by Raymond E. Murphy, this concept is "more flexible and less precise" than Burgess' concentric zones and Hoyt's sectors:

> It does not produce a simple model of urban structure discernible in city after city. But it serves a useful purpose in calling attention to the fact that an urban area may have many centers and that new centers of activities or sub-nuclei may develop within existing nuclei. The theories of both Burgess and Hoyt imply the continued expansion of each land-use region around a single nucleus. The multiple nuclei idea provides an additional needed element in explaining details of the urban pattern (Murphy, 1972, p. 5).

Harris and Ullman in discussing the multiple nuclei concept attributed four major factors for the development of separate nuclei in urban land use patterns. They were:

1. the interdependence of certain types of activities and their need for close physical proximity,
2. a natural clustering tendency among certain activities that find it mutually profitable to locate together,
3. the appearance of centers to accommodate activities that may have no particular affinity for one another, and
4. the related factor of high rents or high land cost which may attract or repel users (Chapin and Kaiser, 1979, p. 7).

All three concepts provide insights in understanding of the central business district. The concentric zone and sector concepts involve the CBD as it relates to the whole urban structure, while the downtown and the entire city can be evaluated by the multiple nuclei concept.

Murphy draws attention to an additional concept: Central-Place Theory. In his discussion of central-place theory Murphy writes that Hans Carol applied the central-place hierarchy idea to the city of Zurich, Switzerland. Carol identified four levels: "1) local business district (lowest order), 2) neighborhood business district (low order), 3) regional business district (middle order), and 4) central business district (high order)" (Murphy, 1972, p. 7).

As the central-place of the highest order the CBD operated at a higher level than other business areas. The CBD was situated in the most accessible area giving it a locational advantage over other similar centers. Establishments that needed maximum accessibility to the entire city were located in the CBD. Central-place theory widens the concentric zone, sector, and multiple nuclei theories foundations, thus, increases the knowledge of city commercial structure (Murphy, 1972, p. 7).

Unfortunately, the CBD has lost a great deal of its locational superiority for certain activities. An

overall decline is evident in downtown. However, the CBD has managed to stay alive, maintaining its position as the centered terminus for transportation lines, accommodating government complexes within its boundaries and still is probably the most accessible part of the city (Murphy, 1972, p. 2 and 3).

Old Downtown Component Districts

Robert Jensen, in describing downtowns identified several component districts of big-city downtowns that have similar characteristics from city to city and are somewhat comparable in their uses, height and construction date. Jensen provides a remarkable description of six downtown component districts:

1. Old Main Street Downtowns
2. Department Store Downtowns
3. Dense, High Downtowns
4. Former Residential Downtowns
5. Former Manufacturing Downtowns
6. Urban Renewal Downtowns (Taylor, 1982, p. 73).

Old main street downtowns. Jensen declares, "They are known as downtown, they are in downtown, and their reclamation is also an act of reclaiming our historical memory of downtown as an image" (Taylor, 1982, p. 73).
Old Main Street Downtowns: "A preservationist's dream"

two- to five-story structures that were built between 1830 and 1890. They are Federal, Greek Revival, Italianate in style or a combination of all three. The ground floor was usually reserved for commercial use, with office, storage, or residential uses on upper floors. These nineteenth-century small town main street downtowns still exist as small districts in many large cities. These former downtown centers have been shifted to the edges, and stand symbolically as leftovers from larger districts demolished during urban renewal. In the late 1960's many Old Main Streets experienced revival (Taylor, 1982, p. 73).

Department store downtowns. Department store shopping began to dominate downtown activity in the 1900's. These districts brought economic vitality to downtowns. The six- to fourteen-story districts were popularized by more affordable and dependable elevators. The buildings in this area are old and the streets dense.

Today, flagship departments still occupy downtown, but anchor branches in regional shopping malls dominate the retailing aspects of the store's business. Office space is generally located above the stores or the upper levels remain vacant and are difficult to rent. The architectural style of these districts has been invaded by new speculative skyscraper complexes and parking garages. The

mark of urban renewal is evident by the vacated lots where older buildings used to stand. Some cities had successfully restored with finesse buildings in these districts. In cities with large ethnic groups these districts are Main Street for Afro-Americans, Hispanics, Chicanos and others. There is commercial activity on ground floors with retail activity spilling over onto the sidewalk area creating an outdoors open market place. Old department store districts often encourage diversity in economic and cultural exchange (Taylor, 1982, p. 73).

The dense, high downtowns. These districts may be characterized as the corporate headquarters of the city. They consist of fourteen- to sixty-story buildings that house banks, insurance companies, and other corporations. They evoke images of big business and finance in relation to downtown. These districts were constructed in the early 1930's and again during the post World War II period, creating two noticeable different high, dense downtowns. The major difference is that the 1930's districts were graced with ornaments on most of their buildings, the latter chose to omit this detail. High, dense downtown centers are usually closed by 6:00 p.m. weekdays and are not open for business on weekends. Thus, downtown is rendered inactive beyond business hours. A current problem facing high,

dense downtowns is the high vacancy rate in this frequently overbuilt area (Taylor, 1982, p. 73 and 74).

Former residential downtowns. The downtown began to lose its residential function as a result of an improved public transportation network allowing locational freedom, mobility, and greater accessibility to areas outside of the center city. Former residential districts were once an integral part of downtown physically and conceptually. These units were built between 1850 and 1910 at the edge of downtown. Few residential uses remain in these areas. They have been replaced with boutiques and specialty shops. Many houses have been converted to commercial use and/or office use. Old mansions are now funeral homes, professional offices, insurance agencies, etc. Jensen points out that "much of the transformation of residential districts to 'downtown' has occurred since 1965 and has fueled the notion of downtown resurgence." Jensen further asserts:

> Where their new physical presence - big signs, bright colors, cornices, and intimate scale - has been established effectively and with sensitivity, they are an important extension of a city's concept of downtown. Unless protected by historic district legislation, these old residential areas can be lost or irreparably changed, and a potentially important element in the character of downtown will dissipate (Taylor, 1982, p. 74).

Former manufacturing downtowns. These distrcits are also located at the periphery of downtown. The five- to

twelve-story buildings were built between 1870 and 1930. They have been used for manufacturing or storages spaces, but are becoming residential. These districts are significantly contributing to the reclamation of downtowns. Old warehouses and factories are being transformed into uniquely fashionable living-working areas. These spaces are bringing life to downtowns. Light manufacturing still exists on ground level floors and restaurants and specialty shops are other popular uses. According to Jensen, these districts are "insignificant statistically but powerful conceptually. They are a sign of potential revolution in city life of Americans returning to live near their work (Taylor, 1982, p. 74).

Urban renewal downtowns. The Urban Renewal Act of the late 1950's brought destruction to several blocks of downtowns. Parking lots replaced old structures. The Urban Renewal site district evoked images of parking lots or vacant lots sometimes referred to as graveyard of downtown.

Jensen identifies a second form of urban renewal that has taken the form of an isolated new building surrounded by green space. Parks and plazas define new buildings in this area. The demolition of downtowns was not the solution for revitalization. The survival of retail

activity in these low-density districts has been near impossible. New urban renewal developments consist of taller buildings and shopping close to the street's edge (Taylor, 1982, p. 74).

Twentieth century downtowns evoke new images and meanings in the minds of people. These meanings are frequently contradictory. Downtowns are spoken of as dangerous, dead and congested, on one hand, and as alive, revived, and reclaimed on another. It is probably unrealistic to think in terms of restoring downtowns to their status of yesteryear. They are not likely to return to that. Nevertheless, innovative techniques and new concepts are needed to revitalize downtowns.

Attempts to confront the reality of downtown decline have had both successes and failures. A consistent and coherent approach is needed to deal with current problems and future roles for downtown. New York City's Mayor Edward I. Koch writes:

> We are beginning to appreciate the practicality of maintaining and reusing our urban investments in downtown areas, rather than abandoning them and starting anew elsewhere.
>
> Planning and development in an established urban center is a complex and difficult art that requires sensitivity to physical and social constraints and a particular kind of continuity and dedication over long periods of time. It requires realistic plans that build gradually toward a few simple and widely shared goals. It requires a mutually constructive partnership of government with business and community interests, and it requires the participation of people who understand

> the evolving purpose of cities and how to encourage and guide necessary physical change in an increasingly complex society (Halpern, 1987, p. 9).

Clearly, the shift of population and employment from the center cities to the suburban has had a devastating impact on older cities and the CBD subareas within those cities. This pattern has caused a great deal of concern over the future of central cities and their downtowns. Decentralization of economic activity, the concentration of lower-income groups, elderly, and ethnic minorities in the center city, and the movement of middle-income groups to the suburbs are known factors contributing to downtown decline. The automobile and a better highway system gave city dwellers, industrial, and commercial establishments the ability to locate beyond city limits. New methods of fabrication and ways of managing materials and goods outdated the antiquated multistoried factory and warehouse constructions characteristic of former manufacturing downtowns. Less expensive land, low congestion, and better amenities attracted industry and inner-city residents to suburbs (Bollens and Schmandt, 1975, p. 98).

As the population shifted to the periphery, the retailing trade followed. The CBD's had over 90 percent of retail trade before 1920. In recent years this ratio has dropped to a threatening low (Bollens and Schmandt,

1975, p. 99). Even with the large manufacturing and retail trade loss, the CBD still has features not available in other subareas of the city.

Bollens and Schmandt identified three unique advantages offered by the CBD:

1. the servicing of small businesses and industries that seek the economies offered by concentration;
2. the provision of office facilities for the so-called confrontation industries, or those occupations and activities that depend on face-to-face contact for the conduct of their business; and
3. the furnishing of specialized and comparative shopping (Bollens and Schmandt, 1975, p. 101-102).

Office buildings, financial institutions, department stores, government agencies, and related services concentrate within the CBD offering a unique business setting.

B. Redevelopment

The first significant aims toward redevelopment in America were the City Beautiful Movement and the American Park Movement. These efforts were in response to the "high densities and environmental degradation brought about by the conjunction of urbanization and industrialization in the last half of the 19th century and the first two decades of the 20th century" (Holcomb, 1981, p. 5).

Economist Miles Colean coined the term "urban renewal" in the early 1950's. This term has varied meanings.

One of the most accepted definitions is that of Medhurst and Parry Lewis: "extensive demolition of property, most of it old, in a way that clears a large area of ground and so permits the planning and construction of a new set of buildings, streets and spaces" (Sim, 1982, p. 13). Urban renewal started with the enactment of the Housing Act of 1949 by Congress. It was later modified by the Housing Act of 1954, making federal funds available to local renewal agencies for slum clearance and urban redevelopment. During the period 1954-1974, over 2000 urban renewal projects in about 1,250 cities had required approximately $10 billion (Holcomb, 1981, p. 10).

Although one of the goals of urban renewal was to eliminate substandard and inadequate housing through slum clearance, as Charles Abrams writes its emphasis has steadily veered toward rebuilding downtowns (Abrams, 1966, p. 569). He further points out that

> the growing need to salvage the city's threatened business center couples with the private redeveloper's enthusiasm for the still solvent downtown residential sites gradually brought pressure on Congress to broaden its purpose (Abrams, 1966, p. 569).

As stated,

> Over the years . . . it became clear that the construction of good neighborhoods was intimately tied to the economic health of the community. The revitalization of industrial, commercial, and downtown areas so as to attract job-creating

> private investment, was realized as a necessary goal to which urban renewal could make a substantial contribution (Abrams, 1966, p. 569; Housing Act of 1961, 1961, p. 25 and 26).

About 70 percent of the urban renewal funds were used for slum clearance land expense or residential development, while the remaining 30 percent was slated for other developments. Most of the urban renewal sites were in or adjacent to downtown business centers. By selectively choosing run-down areas near downtowns, municipalities were able to receive additional funds, besides those already set aside for downtown renewal (Abrams, 1966, p. 570).

Urban renewal was characterized as the "federal bulldozer" by Martin Anderson in his book, The Federal Bulldozer: A Critical Analysis of Urban Renewal 1948-1962. Between 1949 and 1974, about 500,000 residential units and 100,000 businesses were torn down (Holcomb, 1981, p. 11). This resulted in the displacement of poor, mostly ethnic minority residents. The cleared land was target for commercial, high rent residential, and institutional use (Fainstein, 1983, p. 17). In some cases developers could not be attracted for any land use, resulting in cleared land remaining vacant or being used to accommodate downtown parking. Demolition of blighted areas continued although the 1954 Housing Act provided incentives for rehabilitation instead of clearance.

By 1966, Congress enacted the Demonstration Cities Act (later called Model Cities). Urban renewal continued to be used for downtown redevelopment, but preservation became the focus of activity in impoverished communities under the Model Cities program. New emphases were placed on physical and social planning, community participation and target neighborhoods.

Urban renewal and Model Cities ceased when the Community Development Block Grant (CDBG) was introduced in 1974. CDBG funds mostly went to about 5,400 entitlement cities with a population of over 50,000. These funds were dispersed on a formula basis.

From 1970 to 1980, low- and moderate-income groups were targeted and grant spending was confined within certain communities and required a citizen participation plan. By the late 1970's a new emphasis developed: private investment in city redevelopment. With the phasing out of federal urban renewal financing, this new focus was welcome since CDBG brought on a decrease in federal funding available to aid redevelopment efforts (Fainstein, 1983, p. 17).

The Interstate Highway Act of 1956 also significantly impacted the redevelopment of urban areas and downtowns. It was believed that this act would eliminate traffic congestion, making the city more accessible to suburban

residents. This program funded about 5,000 miles of limited-access highways in urban areas. Like urban renewal it destroyed many neighborhoods and physically separated residents of the same neighborhoods. Urban renewal and freeways were envisioned to offset decline but both brought with it blessings, as well as social and economic problems (Holcomb, 1981, p. 12).

C. Trends

Transportation

As American urban centers continue to adapt to the changes in population new technology, transportation, and communication in large cities, the downtown still claimed a significant share of the region's employment. To offset some of the negative aspects of these changes, the demand for energy efficiency requires increased concentration. The fact that a significant number of people are employed downtown attenuates the need for more efficient modes of transportation. In several northern cities old subway lines are being revamped and/or new ones are being built. Atlanta is the first southern city to build a new subway system.

In other cities where buses are the major source of mass transportation, they have been given the right-of-

way on both highways leading to downtown and on streets in the center city. Some cities have experimented with staggering work hours to relieve subway and highway congestion. This system requires an agreement for a major employer to change a 9-5 working to three different shifts, for example, 8:30-4:30, 9:00-5:00, and 9:30-5:30 (Halpern, 1978, p. 17).

These policies may maintain, as well as improve present conditions. Kenneth Halpern illustrates this point:

> If the automobile is brought under control through an urban design framework that reorganizes all aspects of public rights-of-way, then these policies will be the basis by which the city's transportation infrastructure can easily support thousands and more passengers (future workers and shoppers) should businesses choose once again to expand in the central city . . . But if it is indeed true that central cities are reaching a point of stabilization and may in some cases actually be expanding, then it is equally essential that there be a clear set of urban design policies for all new and renovated construction. Such policies can be established through urban renewal, special zoning districts, and tax incentives with an aim that would also preserve landmarks, create more open space, and better maintain the city's infrastructure (Halpern, 1978, p. 17).

In the book, Rebuilding America's Cities: A Policy Analysis of the U.S. Conference of Mayors, seven critical principles and policy directions are identified as forming the basis of a workable approach to solving transportation problems. They are:

Balance. Imbalances between modes have often been created by transportation policies and their investments. Suburbanization, for example, accelerated the federal commitment to freeways. This action resulted in the demise of private mass transit operators, increased dependency on private automobiles and the national freight railway system being supplanted by the trucking industry. It is suggested that transportation policy and programs be established on the principle of balanced transportation investment with the goal of addressing pressing needs by long-term federal commitment (Morial, 1986, p. 257).

Transportation partnership. In recent years, tne federal government has taken on a "roller coaster approach" to urban transportation policy. There have been inconsistencies in financing policy, regulatory approaches, and statements of responsibility for specific problems. The local governments, states, and the private sector's ability to recognize and realize their responsibilities to fulfill urban transportation needs is weakened considerably when the federal role is not clearly stated or even administered. It is necessary to widen the role of the state in transportation finance. A recent trend has been urban

transportation financing from state budgets, however, responsibility for policy continue to be focused at the local level.

The private sector should be encouraged to underwrite transportation costs for particular projects, to participate financial planning, and to aid transportation improvement through community consensus (Morial, 1986, p. 257).

New financing techniques. Seek out new transportation financing sources at federal, local, and state levels. For example, the inclusion of dedicated funding from the 1982 federal gasoline tax increase for public transportation was a step in this direction. General fund sources are not always reliable. Local governments should also consider new dedicated funding sources (Morial, 1986, p. 258).

Intermodalism. Two keys for ensuring the success of future advances in urban transportation are productivity and innovation. Intermodalism should be encouraged in areas such as downtown. Maximum efficiency and use may be achieved through "joint or shared terminal and transfer facilities, integrated schedules and fare structures, and coordinated financing mechanisms" (Morial, 1986, p. 259).

Coordinating goals. The coordination of transportation with other urban goals is important. Improved transportation enhances downtown economic development and community development, in addition to better "air quality, energy efficiency, and economic stability" (Morial, 1986, p. 259).

Cities: Downtown Survival Strategies

During the past decade, New York City has successfully used principles and techniques of urban design to guide development. New York City has contributed significantly to the theory and practice of urban design through its innovative use of incentive zoning to stimulate or require developers to build according to prescribed urban design guidelines. New York pioneered America's first zoning ordinance in 1916; today the nation's largest city spearheaded this zoning technique. A new kind of incentive zoning - the "special zoning district" - was invented by the Urban Design Group to establish public policy for large-scale development in specified areas (Halpern, 1978, p. 23-27). Despite appraisal of success, these zoning techniques are currently under attack from many directions.

Zoning has traditionally been used to regulate the use and bulk of a building. However, the urban design teams explored imaginative means of making zoning a more responsive technique to upgrade the quality of city buildings (Halpern, 1978, p. 23-27).

New York City was first again in its public policy to encourage mixed-use buildings with residential, office, and retail spaces. The Fifth Avenue Special District is a mixed-use zoning district that ties in the concept of a 24-hour community. Though it has taken some time, American cities are overcoming the segregation of land uses zoning, other cities beside New York are allowing developers to experiment with mixed-use development (Halpern, 1978, p. 37).

Downtown Washington, the third largest employment center in America also has the most restrictive zoning in the country. Washington has experienced downtown decline because federal policy has relocated federal offices to Virginia suburbs. New policy calls for renting in depressed areas of center city to improve social and economic activity.

The Arrowstreet architectural firm was employed to develop a plan to encourage the revitalization of downtown through reorganization and redesign of the major streets. The project called "Streets for People" brought a diversed group of concerned citizens into the planning process for the purpose of incorporating their recommendations a wide variety of improvements. More than 1,500 individuals were able to express their views. Many downtowns are the by-product of speculative developments; however, the "Streets for People" project allowed the downtown environment to

reflect the desires of the urban community (Halpern, 1978, p. 141-153).

In Boston, the Government Center is an example of how urban renewal can be innovatively used. Along with the Logue-Crane theories of "Capital Design" and "Capital Web," urban renewal has yielded some impressive results.

Edward J. Logue and David Crane presented the "Capital Design" and "Capital Web" concepts in Boston. In Capital Design the city's capital investment goes to uniquely designed and sited public buildings and public works. This public investment is expected to stimulate private investment for redevelopment and new construction, thus benefiting the adjacent community as well. Capital Web further extends the Capital Design concept by interconnecting the public building and community facilities through public pedestrian ways and public open spaces and a safe network of key local streets. Theoretically, this should improve public facilities, stimulate new development, and raise property values (Halpern, 1978, p. 183-187).

In Atlanta, architect/developer John Portman's work has been both praised and copied. Halpern best describes Portman's accomplishment:

> His commitment to downtown and his unique design and development of hotels and office buildings which include major interior and exterior spaces of scale and quality heretofore unheard of in speculative development. The success of Portman's

> buildings has been so great that, to compete for business in downtown Atlanta, four large developers have all felt obligated to follow Portman's design concepts in their projects . . . and hotel design all over the country has been strongly influenced (Halpern, 1978, p. 201).

Portman's multi-use Peachtree Center has set a competitive tone for other developers. Halpern writes, "Portman has not only redefined what modern architecture can be but also reworked what might be the architect's involvement in this new definition" (Halpern, 1978, p. 206).

Minneapolis is cited as one of the most successful examples in America of public-private partnerships. The skyway system and the Nicollet Mall are two major results of this alliance. Nicollet Mall is situated in the heart of the shopping district. It occupies 8 blocks of downtown and stands as a model for other U.S. downtowns. Buses have the exclusive right-of-way on the mall.

The city's skywalk program has been completely financed by private development. This program connects buildings at the second level with glass-enclosed pedestrian bridges at midblock. The system is interconnected by stairs, elevators, and escalators (Halpern, 1978, p. 221-223).

Norman Krumholz criticizes many popular solutions to urban redevelopment for suggesting that we can solve our problems by "building something, a mall, a special

purpose center, an arch, an automated downtown distribution system, or some other civic monument." The "Marshall Plan" for cities offers a change to this scheme. This program would be a mechanism of the federal government to rebuild cities in an attempt to draw the middle class back. Its main thrust is physical redevelopment fashioned after the "Marshall Plan" used to restore war-strickened European countries. The "Marshall Plan" for cities is remarkably similar to the urban renewal program initiated in 1949. Norman Krumholz argues that the "Marshall Plan" won't work but is popular for two reasons:

1. Massive development efforts benefit groups that have a lot of political influence; developers, builders, construction workers, landowners, etc.; and
2. It really does not require us to do anything differently (Hanten, 1980, p. 77-79).

Regional government is another solution proposed to curtail central city decline. This scheme attempts to unite the old with the new. Central cities and suburbs would consolidate under one government, thus resolving problems created by loss of taxable funds outside the city boundaries.

CHAPTER III

MEMPHIS DOWNTOWN

A. Historical Overview

Memphis, Tennessee: "The handsomest place on the Mississippi below St. Louis." Imaginative sales methods and catchy phrases were used to attract settlers to the new Southern river settlement called "Memphis" in 1820. The proprietors, as they worded it in an 1820 newspaper ad, "chose to not offer the lots at public sale but to induce, and make it the interest of the prudent and discrete adventurer of all classes to settle and improve the place" (Sigafoos, 1979, p. 5-7).

General James Winchester, Andrew Jackson, and John Overton were Memphis' first proprietors. Despite the sophisticated sales techniques, the town did not grow as quickly as developers had anticipated. By the time Memphis was being considered a potential area for urbanization, several towns had already developed as urban commercial settlements along the Mississippi and Ohio Rivers.

William Lawrence was given the task of surveying the town of Memphis. The result was a rectangular site along the Mississippi River consisting of 362 lots. Benjamin Fooy was convinced to take the first deed in an

exchange that required him to build a commercial establishment as a ploy to encourage potential buyers. Fooy did not have to pay for the deed. Memphis was finally incorporated in 1826 with 309 settlers. The Fourth Chickasaw Bluff is the site of present day Memphis. Great locational characteristics and amenities contributed to its original appeal as a site for urbanization in 1819 (Sigafoos, 1979, p. 5-7).

The original proprietors were farsighted in their demand for public areas to be included in the first town plan for the sake of livability. William Lawrence's town layout included: Court Square, which is still a well-known landmark despite the private developer's desire to construct a high-rise office complex on it in 1900 and post-war proposals to convert the square into a parking lot to facilitate downtown parking, Auction Square and Market Square (both still undeveloped public areas) and Exchange Square, now occupied by Ellis Auditorium. A beautiful area consisting of 36 acres along the edge of the river was set aside for "walking and leisure." The public promenade which was deeded to the city in 1828 was the subject of controversy for several years. A court decision gave the city the right "to use or dispose of the site as it so chose" further stating that "the land should never be a deterrent to

progress." The Promenade area was eventually used to accomodate railroad facilities and other public uses such as a library, fire station and parking garages. The remaining non-encroached, open areas of the original Promenade include two small parks, Confederate Park at Front and Jefferson and Jefferson Davis Park at Riverside Drive and Jefferson (Sigafoos, 1979, p. 8-9).

Present-day Memphis is the largest metropolitan area in the State of Tennessee. Within its 290 square miles live over 648,000 people. Between 1960 and 1984 the city's population grew from 497,524 to 648,400 or 30 percent. The surrounding region houses a population of approximately 945,000 people. The Memphis Standard Metropolitan Area experienced a population growth of 40 percent between 1960 and 1985. The MSA contains four counties in three states: Shelby and Tipton Counties in Tennessee; Crittenden County, Arkansas; and DeSoto County, Mississippi. Total MSA land areas covers 2,296 square miles. The Mississippi River flows to the west of Memphis separating it from Arkansas, while the Tennessee-Mississippi state line forms the southern border. Arlington, Bartlett, Collierville, Germantown and Millington form the suburban areas of Memphis.

At one time Memphis was the largest and probably most important southern city on the Mississippi River

between St. Louis and New Orleans. The river contributes to Memphis' status as one of the largest wholesale and distribution centers of the South. Although Memphis is known as the Cotton Capital of the world, it also claims the largest hardwood lumber market in the United States. Some other major economic activities include the manufacturing of chemicals, drugs, food, wood products and machinery (Hammer, Greene, Siler Associates, 1965, p. 2-7).

Memphis dominated trade and commerce in upper delta region of the Mississippi River Valley. The economy and population increased as industry was drawn by the city's abundant assets and natural resources. The Memphis region continues to focus on assembling, warehousing and distributing functions. Agriculture and extractive industries clearly controlled the local economy (Hammer et al., 1965, p. 9).

In the early 1900's business leaders and downtown investors saw a need to make a sprawling CBD more compact and cohesive. Main and Madison was targeted as the prime business area with 11,026 square foot parcels selling for $30.84 per square foot in 1904. Major retail functions were concentrated on Main Street. Retailing anchored downtown until the 1950's and 1960's.

Downtown Memphis experienced its first real competitive challenge in the mid 1950-s with a swift drop in

business volume. Retailing, the dominant economic activity of downtown, claimed only 5 percent of metropolitan sales. As in U.S. cities across the nation, the retail function shifted to suburban areas, weakening the downtown economy. With the availability of cheaper land, "free parking," and expressways to get them there, people and buying power went to suburban communities (Sigafoos, 1979, p. 245).

After briefly testing the suburban market areas some older department stores and specialty stores decided to relocate permanently. By the 1970's, a variety of retailing establishments surrounded the urban fringe. The suburban market was ripe for eager developers (Sigafoos, 1979, p. 246).

Memphians had become accustomed to a compact downtown. Stores and other businesses were within a few feet of each other, allowing one to pay a utility bill, shop for food, buy clothes, visit an attorney or catch a movie all in one trip. Suburban centers were scattered in nodes with long distances between them. Strip development along heavily traveled streets became trendy for new retail and commercial activity. Zoning policies allowed some strip developments to extend for several miles along major arterial streets (Sigafoos, 1965, p. 246). The trend after World War II was to take the business to the customer which usually meant the suburbs (Sigafoos, 1979, p. 246).

During the early 1950's downtown Memphis had four flagship department stores dominating retailing. These downtown retailers were reluctant to commit to suburban markets at first, holding what seemed to be an impenetrable hold on the Mid-South regional market. Sears, which opened on North Watkins in 1927, was the first department store outside the CBD to attract significant trade from downtown retailing (Sigafoos, 1979, p. 247).

Lowenstein's was the first major downtown store to open a store in Popular Plaza, Memphis' first large suburban shopping center. Another suburban market influenced Lowenstein's to build again in 1956, this time in the popular Whitehaven Plaza.

For more than 50 years, Bry's was active in downtown retailing. In 1956, Lowenstein's bought Bry's, but this was not enough to save the store. Unable to compete with new suburban stores Bry's closed its doors. In an early attempt to promote downtown retailing Lowenstein's built its new downtown headquarters and Lowenstein Towers apartments in 1967, at the old Bry's location. In addition to Lowenstein's decision to rebuild, it was anticipated that the expansion of a downtown civic center would boost the retail trade in the CBD (Sigafoos, 1979, p. 247).

In response to suburban development, Gerber's motto was, "As Memphis grows, Gerber's grows." It opened several

stores in the suburban fringe between 1961 and 1970. Finally, the owners closed their downtown store in 1967 to court the suburban market. Shortly following that move, the store faced bankruptcy and was forced to sell (Sigafoos, 1979, p. 248).

Goldsmith's, one of the Mid-South's largest retailers and the only remaining flagship department store in downtown, began opening suburban stores in 1960. It continues to hold a large share of the retailing market. Goldsmith Division has 2,800 employees.

Long-time downtown specialty stores such as Oak, Julius Lewis, and Woolf Brothers left downtown, and other businesses followed this pattern between 1960 and 1970. Many downtown businesses had been operating on Main Street since the early 1800s but departed for what appeared to be new opportunities for everyone, the suburbs. Some businesses such as cafeterias that chose to stay downtown were eventually forced to close because of declining support or activity in the area, while national chains like K-Mart, Kent's, Woolco, Zayre's, the Treasury and J. B. Hunter dominated the suburban market. The presence of these large chain stores overwhelmed a great deal of the "downtown turned suburban" type of specialty shops causing them to be unsuccessful in their courtship with suburbia (Sigafoos, 1979, p. 251).

As the shopping center trend intensified, new developments encircled the city with larger shopping centers attracting customers not only from downtown but from the Mid-South region also. With most of the city's population to its east, downtown's location in the far western area adjacent to the Mississippi River became a major disadvantage in its efforts to compete for suburban consumers. To accommodate the suburban rush, many of the shopping centers were not well planned (Sigafoos, 1979, p. 251).

As Robert Sigafoos notes, "developers and investors in commercial office buildings were slower in identifying their (suburban) market" than retailers. In 1968 of Memphis' 1,500 nonmedical professionals, 1,100 had downtown offices. Construction of suburban office development in Memphis trailed other cities by about 10 years. However, by the mid-1970's downtown Memphis had lost 14 percent of its 72 percent market share. Midtown, East Memphis, and the Memphis International Airport areas were first to attract a large number of downtown tenants. Overbuilding in suburbia occurred in both office building construction and shopping plazas (Sigafoos, 1979, p. 251-252).

Downtown Memphis was an unpopular place to be in the late 1960's. White Memphians moved further east to avoid racial integration, traffic congestion, crime and

other problems typical of downtown. As in other cities, its inevitable deterioration followed. Memphis' business and political leaders identified the three major problems perpetuating downtown decline as "heavy automobile traffic and limited parking, racial distrust and a lack of leadership committed to long-range planning" (Weiler and Riker, April 28, 1975).

Racial disharmony, poverty and the assassination of Dr. Martin Luther King, Jr. in downtown Memphis April 4, 1968 left many scars. Abandoned by whites, downtown became what Beale Street once was: "an ethnic downtown." Poplar and Mendenhall in East Memphis became the new downtown for suburbanites.

Downtown was plagued with the activities of prostitutes, muggers, pickpockets, and a great number of armed robberies between 1968 and 1970. Memphians were turned off to downtown. The rapid development of neighborhood shopping centers encircling the city gave Memphians no reason to go downtown (Weiler and Riker, April 27, 1975).

The migration of middle income groups from the nation's urban centers to the suburbs increased following World War II. By the 1960's, the shift of population and retail trade from the CBD to suburban areas had created a flourishing market that supported regional shopping malls.

B. Downtown Memphis Retailing

Physical signs of downtown decline, abandonment by retail stores, and amenities offered by non-CBD shopping centers attributed to the loss of the CBD's long reign as the economic retailing center in standard metropolitan areas. Enclosed regional malls with such features as climate controlled environment, fountains, plantings, and ample parking attracted both suburbanites and city dwellers from downtown.

As a result of shifting markets and competitive changes the CBD experienced a decline in sales and floor space allotted for retail. In addition to competition from regional malls, neighborhood shopping centers have supplanted the retail function of CBD's. Many new shopping centers compete with existing ones instead of bringing new consumers into the market. Some Main Street retailers have turned to the low and moderate income groups for survival.

This section examines the changes in downtown retail sales trends for Memphis. Tables 1 and 2 show total retail sales for Memphis SMSA by area within SMSA between 1963 and 1972, 1972 and 1982. By the mid 1970's, retail real estate overwhelmed the market causing a decline in some categories of spending. The Memphis CBD suffered a decrease in sales between 1972 and 1977 as shown in Table 1, but between 1977 and 1982 CBD sales increased almost 50 percent.

Table 1. Retail Sales for Memphis SMSA by Area within SMSA, 1972-1982

	1972 ($1,000)	1977 ($1,000)	1982 ($1,000)	Change 1972-1977 in constant dollar sales (percent)	Change 1977-1982 in constant dollar sales (Percent)
SMSA	1,960,047	2,896,867	4,308,708	48	49
City	1,635,479	2,405,581	3,363,383	47	40
CBD	95,89	83,605	122,506	-12	47

Source: U.S. Bureau of Census, Census of Retail Trade, 1972, 1977, and 1982.

Table 2. Total Retail Sales for Memphis SMSA by Area within SMSA, 1963-1972

	1963 ($1,000)	% of SMSA	1967 ($1,000)	% of SMSA	1972 ($1,000)	% of SMSA	Change 1963-1967 in constant dollar sales (percent)	Change 1967-1972 in constant dollar sales (percent)
SMSA	930,442	100.0	1,227,405	100.0	1,960,047	100.0	32	60
Central City	752,354	80.9	972,942	79.3	1,635,479	83.4	29	68
Suburb	178,088	19.1	254,463	20.7	324,568	16.6	43	28

Source: U.S. Department of Commerce, Industry and Trade Administration, Market Center Shifts (Washington, D.C.: U.S. Government Printing Office, 1978), pp. 25-26.

Suburban retail sales were .14 percent higher than the central city sales between 1963 and 1967. However, central city sales rose 40 percent over suburban retail sales between 1967 and 1972 (see Table 2).

Sales share changes between the CBD and the city varies by retail category. Tables 3 and 4 offer percent change in retail sales by different retail categories between 1967 and 1972, 1972 and 1977. As indicated in Table 3, the Memphis CBD declined in shopper goods in four categories between 1967 and 1972: general merchandise, furniture, home furnishings and equipment stores, eating and drinking places, and liquor stores. Only two categories experienced sales increase between 1972 and 1977 (furniture, home furnishings, and equipment, and eating and drinking places) as shown in Table 4.

Table 5 shows comparative sales statistics for CBD's in six large cities in Tennessee for 1982 and 1977. As Table 5 indicates, Memphis led the state of Tennessee in sales for 1982, after trailing Nashville in 1977. Of the six selected Tennessee cities, Nashville and Chattanooga were the only ones to experience a decline in 1982 CBD sales.

Of Tennessee's four largest counties and cities, Nashville-Davidson County and Memphis-Shelby County combined have a 65.6 percent share of state sales and a 45.0

Table 3. Percent Change in Retail Sales 1967-1972

Kinds of Business	CBD	City	SMSA
General merchandise group stores	-3.5	79.7	75.5
Variety stores	19.4	45.2	39.6
Apparel and accessory stores	32.4	58.7	56.2
Furniture, home furnishings, and equipment stores	-2.8	81.7	77.2
Eating and drinking places	-5.6	90.9	83.4
Drug stores and proprietary stores	36.4	58.5	47.5
Liquor stores	-24.5	35.7	35.2
Florists	20.3	66.8	88.1

Source: U.S. Bureau of the Census of Business, 1967; Census of Retail Trade, 1967, 1972, and 1977.

Table 4. Percent Change in Retail Sales 1972-1977

Kinds of Business	CBD	City	SMSA
General merchandise group stores	-33.3	23.3	19.3
Apparel and accessory stores	-35.8	37.3	38.9
Furniture, home furnishings, and equipment	30.3	43.4	46.4
Eating and drinking places	70.9	84.5	84.4
Drug stores and proprietary stores	(D)	(D)	59.2
Liquor stores	-12.2	(D)	9.5
Florists	-26.6	44.3	46.2

Source: U.S. Bureau of the Census of Business, 1967; Census of Retail Trade, 1967, 1972, and 1977.

Table 5. Comparative Sales Statistics for Central Business Districts in 6 Tennessee Cities: 1982 and 1977

CBD's	1982 ($1,000)	1977 ($1,000)	Percent Change in sales, 1977 to 1982
Chattanooga	50,885	62,216	-23.5
Clarksville	86,550	50,597	36.4
Kingsport	41,576	35,515	15.6
Knoxville	84,403	62,107	17.9
Memphis	122,506	83,605	41.2
Nashville	118,324	133,014	-20.2

Source: U.S. Bureau of Census, Census of Retail Trade, 1982.

percent share of firms for 1980. Table 6 shows Memphis-Shelby County with slightly over one-fourth of the state's firms and 38.3 percent of sales.

Figures 1 and 2 graphically show a steady increase in retail sales and retail employment annually over the 12 year period between 1973 and 1985, with retail sales for 1985 more than doubling those of 1973.

As Table 7 shows, the United States government (15,037 employees), Federal Express (14,552 employees), and the city and county government are the top three downtown employers. Table 8 indicates the number of employers by major source for downtown area major employers. Banking and the Public Administration (executive, legislative, and general government) have the largest number of employees.

Figure 3 illustrates a percentage breakdown in Memphis' employment distribution. Trade, government and service are dominant.

A great deal of attention is being centered on public-private partnerships. With greater responsibility shifting to local governments to find solutions for ailing inner cities, more private interplay by means of capital, expertise, and leadership is occurring. Not enough research has been completed on the structure of public-private relationships between the local government and business leaders. However, during the 1970's concern shifted from social issues to economic means for dealing with decline.

Table 6. Retail Sales in Tennessee in 4 Counties and Large Cities, 1980

	Number of Firms	% of Firms	Sales ($1,000)	% of State Sales
Tennessee	51,179		18,482,477	
County and City:				
Davidson	5,522	11.0	2,861,904	16.0
Nashville	3,931	8.0	2,092,163	11.3
Hamilton	3,187	6.1	1,429,335	8.0
Chattanooga	2,237	4.4	1,142,144	6.2
Knox	3,478	7.0	1,816,608	10.0
Knoxville	2,456	5.0	1,496,608	8.1
Shelby	6,903	14.0	3,750,003	20.3
Memphis	5,908	12.0	3,390,225	18.3

Source: Tennessee Valley Authority Office of Economic and Community Development, Retailing in Tennessee, 1980.

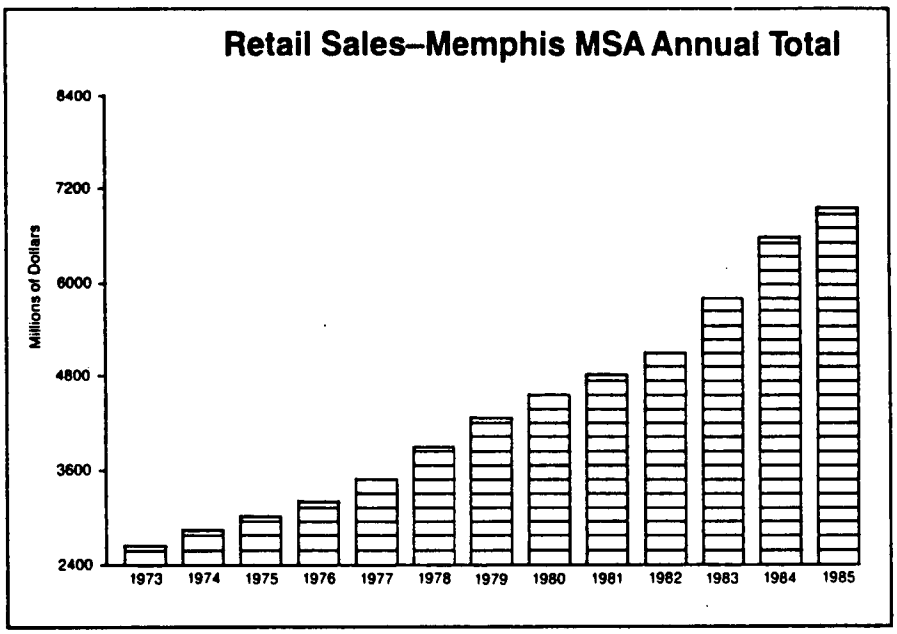


Figure 1. Retail Sales - Memphis MSA Annual Total.

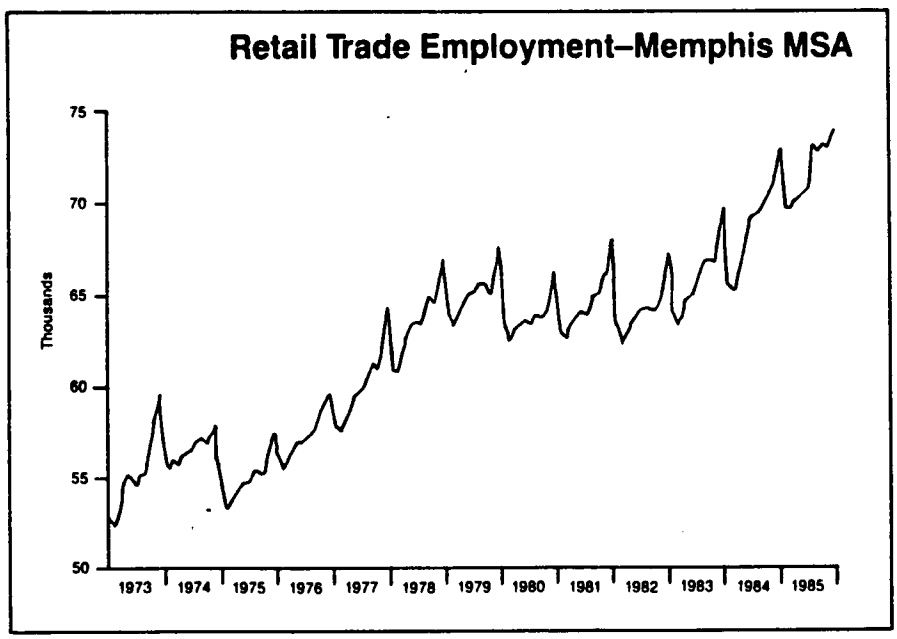


Figure 2. Retail Trade Employment - Memphis MSA.

Source: Memphis Chamber of Commerce.

Table 7. Downtown Area Major Employers, 1987

Firm Name	Number of Employees
United States Government	15,036
Federal Express Corporation	14,552
Memphis City Government	7,659
Shelby County Government	5,206
First Tennessee Bank	4,000
Tennessee State Government	3,190
Memphis Light, Gas and Water Division	2,892
Goldsmith Division	2,800
Regional Medical Center at Memphis	2,478
South Central Bell	1,501
Union Planters National Bank	1,400
Memphis Publishing Company	1,300
TOTAL	60,628

Source: Memphis Area Chamber of Commerce and Memphis Light, Gas, and Water, "Major Employers List, May 1987.

Table 8. Number of Employees by Major Source for Downtown Area Major Employers, 1987

	Number of Employees
A. Construction	
Construction/Special Trade Contractor	125
B. Manufacturing	
Apparel	160
Furniture and Fixtures	200
Printing, Publishing, and Allied Products	1,585
Chemicals and Allied Products	450
Food and Kindred Products	100
C. Transportation, Communications, Electric, Gas and Sanitary Services	
Local and Suburban Transit and Inter-Urban Highway Passenber Transportation	200
Motor Freight Transportation and Warehousing	150
Water Transportation	100
Electric, Gas and Sanitary Services	2,892
Communications	1,628
D. Wholesale Trade	
Wholesale Trade/Durable Goods	225
Wholesale Trade/Non-durable Goods	600
E. Retail Trade	
Food Stores	665
Furniture, Home Furnishings, and Equipment Stores	100
Eating and Drinking Places	300
F. Finance Insurance and Real Estate	
Banking	7,066
Security and Commodity Brokers, Dealers, Exchanges and Services	350
Insurance	912
Real Estate	300

Table 8. (Cont.)

	Number of Employees
G. Services	
Hotel, Rooming Houses, Camps, and Other Lodging Places	1,190
Business Services	757
Health Services	3,451
Membership Organizations	200
Miscellaneous Service	120
H. Public Administration	
Executive, Legislative, and General Goverment Except Finance	31,091

Source: Memphis Area Chamber of Commerce and Memphis Light, Gas, and Water, "Memphis Area Major Employers List," May 1987.

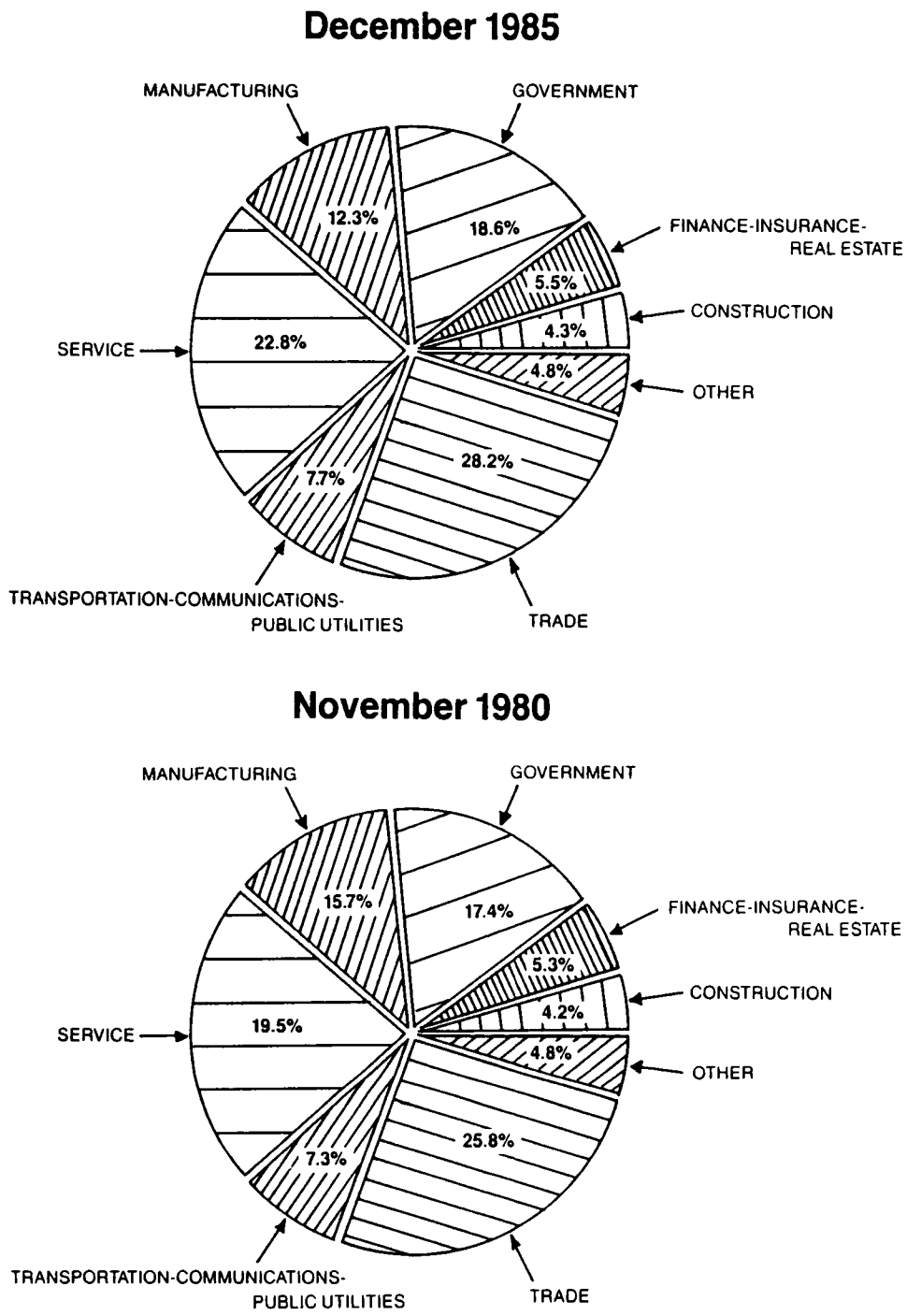


Figure 3. Memphis Employment Distribution

Source: Memphis Chamber of Commerce.

Factors that influence a city's ability to solve problems include city age, size, economic base and population. However, cities are recognizing that "local initiative supported by a strong civic foundation can give a community the ability to mobilize its public and private resources" to improve declining urban areas. Leaders are drawn from both public and private sectors to establish the public-private alliance. Often an organization is formed to direct and encourage community improvements. Business and community leaders share a mutual interest with the city leaders; therefore, they are more likely to cooperate although disagreements may occur (Lund, 1976).

It is evident that downtown revitalization requires more than public resources. Public funds must be used effectively in conjunction with public-private cooperation in a comprehensive economic development strategy to encourage maximum use of private funds. The National Council for Urban Economic Development has identified four major problems that cities have experienced in their efforts to build development capacity:

1. governmental structures do not permit a quick or coordinated response to the needs of private enterprises;
2. many of the tools and techniques of urban planning do not provide adequate information for developing comprehensive investment strategies;

3. traditional federal grants-in-aid are not easily integrated into comprehensive economic development strategies; and
4. there is a need to build communication and cooperation with private sector economic interest (Linger, 1978, p. 2-4).

Public-private partnerships have been successful in accomplishing significant revitalization in declining downtowns. Business and government leaders in local cities have not fully realized the potential for partnership. As defined by the Committee for Economic Development:

> Public-private partnership means cooperation among individuals and organizations in the public and private sectors for mutual benefit. Such cooperation has two dimensions: the policy dimension, in which the goals of the community are articulated, and the operational dimension, in which those goals are pursued. The purpose of public-private partnership is to link these dimensions in such a way that the participants contribute to the benefit of the broader community while promoting their own individual or organizational interests (Committee for Economic Development. Public-Private Partnership (Washington, D.C.: Pearl Paul Ltd., February, 1982), p. 2).

In past years, it was the federal government taking the initiative for the renewal of urban centers. Today, that responsibility has shifted challenging local business and political leaders to play a more active role in revitalizing their communities. Cooperation is the key element in formulating an effective public-private partnership. New roles and management concepts will be needed for local

governments, in addition to more local/state government interaction on projects. Public-private partnerships should adapt an "entrepreneurial approach" to increase its effectiveness (Committee for Economic Development, February 1982, p. 1-2).

Many public-private partnerships include "improving the environment, strengthening community services, developing minority enterprise, creating jobs, providing housing, building community institutions," but the most successful ones have dealt with downtown economic development and revitalization (Lund, 1978).

The capacity to devise and implement economic development strategies and programs consists of two elements. 1) a system for formulating a comprehensive city-wide development policy that will guide development activities and resources allocation; and 2) a system for coordinating the development activities of existing city agencies, or for creating a new development agency through which the city can plan and implement a comprehensive development program (Linger, 1978, p. 9).

C. The Center City Commission

In 1976, Memphis Mayor Wyeth Chandler stated, "a real partnership between local governments and business community would provide a significant boost to downtown revitalization efforts." Chandler proposed the creation

of a new agency to manage redevelopment of downtown as the "economic, cultural and governmental" center of Memphis and Shelby County. The Center City Commission was approved by the City Council and County Court as an official public-private partnership between the city and county officials and business leaders (Press Simitar, May 4, 1976).

The Commission was initially set up to be governed by an 11-member board appointed by the city/county mayors. Six of the Commission members must be property owners or tenants of downtown. A 13- member staff of professionals manage and implement the Commission's activities. The staff offers advice to private developers and investors on Center City development projects and coordinates public improvements.

The Commission was first funded by the city ($50,000), county ($50,000), Memphis Area Chamber of Commerce ($50,000) and Business District Advisory Board ($60,000). Three civic organizations were replaced by the Commission: the Business District Advisory Board, the Downtown Council of the Chamber of Commerce and the Civic Design and Review Committee consolidating downtown redevelopment activities under one organization. Some of the members of the original Commission board were former members of the Business District Advisory Board, along with Memphis Mayor Chandler, County Mayor Roy Nixon, City Council Chairman A. D. Alissandratos

and County Court Chairman Charles Perkins (Commercial Appeal, April 28, 1976). The main functions and powers of the Commission are outlined below:

1. Advise city and county officials of necessary steps in the administration of the Central Business Improvement District and to oversee all public activities in conjunction with the implementation plans for the district;
2. Handle the management and operation of the downtown Mid-American Mall including promotions, maintenance, security, transportation, parking and special events;
3. Coordinate downtown planning efforts and to develop implementation strategies for specific projects;
4. Determine priorities for improvement projects;
5. Coordinate with private developers to expedite first priority projects; and
6. Recommend innovations in public-private financing for Center City (Center City Commission, April 1978).

Although the Commission was proposed in Spring of 1976, it was not officially established until January 1977. The county was unable to contribute its $50,000 share because state law would not allow the county to financially support a body that benefits a city Central Business Improvement District. Meanwhile, the Business District Advisory Board, a 7-member volunteer board created in 1973 and funded by monies from the downtown tax assessment district continued to manage the downtown area despite an ordinance dissolving it (Commercial Appeal, February 23, 1977).

The Shelby County government received legislative permission to join the Commission in May 1977 and became a financing partner replacing the Chamber in 1978. Today, the Commission's primary source of funding is through special assessment on downtown property in the Central Business Improvement District, in addition to funds received from city/county governments and downtown developers (Press Scimitar, October 14, 1976).

In 1981, Memphis was 1 of 6 cities to win a Downtown Achievement Award from International Downtown Executive Association, for the Commission's Downtown Memphis Development Incentives program which "encourages rehabilitation and/or adaptive reuse of older deteriorated buildings and stimulates new construction in areas of severe blight or on vacant land."

Since its formation in 1977, the Commission has stimulated $750 million in public-private downtown investments, more than 50 vacant or deteriorated buildings have been rehabilitated, and 18 new buildings erected. The 1986 Center City Commission Annual Report states that 21 public improvement projects have been completed and 1.7 million square feet of office space developed.

The process of coordinating public-private development, resources, plans, strategies and programs is not

unique to Memphis but is being implemented in cities across America. However, the Memphis and Shelby County governments have been successful in coordinating public resources and collaborating with the Center City Commission and the private sector to increase downtown redevelopment.

CHAPTER IV

DOWNTOWN REDEVELOPMENT PROCESS

A. The Process

Downtown redevelopment has become a major concern of citizens and leaders in cities throughout the United States. Adaptive reuse, revitalization, restoration, urban renewal and rehabilitation are a few terms which have been coined and used synonymously with redevelopment. There are various approaches to the downtown development or redevelopment process. Projects are generally initiated, planned, and executed by a private entity, a private developer or a joint venture.

The redevelopment of downtown may involve: 1) the demolition of old structures, 2) new construction projects, 3) construction on vacant lots, and 4) restoration of historic buildings (Urban Land Institute, 1980, p. 21). Some current trends in new development, rehabilitation, and adaptive reuse include office complexes with retailing at street level, apartment buildings with commercial use on ground floors, and parking. Larger projects may be mixed-use developments that combine office, hotel, retail, residential, and other uses on one site (ULI, 1980, p. 21).

The downtown development process varies from city to city. The Urban Land Institute has outlined a downtown development process that includes three stages: predevelopment, development, and postdevelopment. There are five well-defined phases involved in the three stages.

After a project's feasibility study and market analysis has been established as favorable, the following areas should be examined:

1. Private use potential: involves identifying the need for office, commercial, retail, recreational and housing establishments;
2. Public use potential: examines administrative and special use space and public and convention facilities;
3. Public/private use potential: explore opportunities to combine uses of space such as courtyards, stairways, service areas, and mechanical facilities;
4. Potential constraints: discover the availability of development funds, opposition from special interest groups, lack of political consensus, or the existence of an uncooperative public environment;
5. Potential site identification: examine site alternatives against the backdrop of market

demand, costs of acquisition, and other factors;

6. Preliminary economic analysis: potential tenants are identified through interviews, data collection, and analysis;
7. Identification of possibilities for public contribution: determines the availability of public funds for front-end costs; examines leveraging possibilities based on availability of public funds; identifies other forms of public contribution such as land use control incentives, land leases, and tax assistance;
8. Preparation of alternative project concepts: data is synthesized into a number of possible project and alternatives and possibilities are discussed with potential major participants such as public/private entities, potential tenants, and investors (ULI, 1980, pp. 34, 35).

Many cities do not have a defined or detailed downtown development process but components of ULI process are generic and may be identified at various stages of development. The predevelopment stage as outlined in Figure 4 involves project initiation and conception. Some actors initiating this phase are long-term land owners,

STAGE 1: PREDEVELOPMENT

PHASE 1: CONCEPTION AND INITIATION

PROJECT CONCEPTS

PHASE 2: EVALUATION

ANALYSIS OF ALTERNATIVE CONCEPTS

SELECTION OF PREFERRED PLAN

PHASE 3: COMMITMENT

FINAL PROJECT PACKAGING AND NEGOTIATION

STAGE 2: DEVELOPMENT

PHASE 4: IMPLEMENTATION

DEVELOPMENT ACTIVITIES

STAGE 3: POSTDEVELOPMENT

PHASE 5: MANAGEMENT

POSTDEVELOPMENT ACTIVITIES

Figure 4. A Downtown Development Process.

Source: Urban Land Institute, Downtown Development Handbook, Washington, D.C.: ULI, 1980.

space users, public agencies, public or private ad hoc committees, for-profit business entities and local nonprofit development corporations. These actors often pull together to achieve a common goal: downtown revitalization.

Sometimes the development of one or more specific projects will spur revitalization. It is important at this stage to make decisions concerning the type of development method to be used and the development team to guide development activity from start to finish (ULI, 1980, pp. 32, 33).

Before actual construction begins, market analyses and feasibility studies are conducted. Some other factors examined include financing, recruiting tenants, organizing the development team, site design and zoning and building code requirements. Adequate market support needs to be available for the project to realize success. Some general factors to consider in project analysis are: 1) regulatory and legal; 2) environmental; 3) timing and sequence of development; and 4) political support. These studies are usually conducted by development specialists; however, in some cases the bank staff or institution involved in the project will do the evaluation. A city or regional planning agency may also provide assistance (Berk, 1981, pp. 23-1, 23-2; ULI, 1980, pp. 34, 35).

The final phase of the predevelopment phase involves land acquisition. Local governments use three basic land acquisition techniques: donation, purchase, and condemnation. The donation method is used by cities to encourage land or property owners to give buildings and/or lots to the municipality. Properties targeted for redevelopment are purchased by the city from private owners. Condemnation or eminent domain is used by public or quasi-public authorities to acquire land (Burchell and Listokin, 1981, p. 189; Berk, 1981, p. 23-1).

Final project packaging and negotiation including agreements from public entities for development and funding, operating and development agreements between public and private entities to be arranged before implementation of development.

The development or implementation stage consists of financing, leasing, design and construction. Financing is public and/or private of at least four types: predevelopment financing, long-term mortgages, equity funds (omitted from basic mortgages) and short-term construction loans. Leasing agreements are secured and project design finalized before construction, the last activity of the development stage.

The final stage of the downtown development process is postdevelopment. At this point, project

management and maintenance activities are defined. ULI identifies three management activities that are needed to maintain and operate a downtown project:

1. Provision of basic services such as heating and cooling plants maintenance, lighting and cleaning;
2. Administration of financial accounts and tenant relations;
3. Marketing, project promotion and public relations.

Summary

The Urban Land Institute's Downtown Development Process involves predevelopment, development, and postdevelopment activities defined in five detailed phases: conception and initiation, evaluation, commitment, implementation and management.

Numerous actors are involved in the development process but the developer is the key player. He "conceptualizes the project, initiates activity, assumes risk, and invests money." The developers "organize and direct" the development project. As overseer, the developer "assesses project feasibility; determines appropriate partners; decides when to pursue financing, marketing, and land acquisitions; and negotiates with local officials over project size, density, and provision

of public services" (ULI, 1980, pp. 27, 28). The development process will vary from project to project depending on its size and uniqueness.

B. Memphis CBD Development Plans

The Bartholomew Plan of 1924

Harland Bartholomew prepared Memphis' first comprehensive plan. The plan focused on zoning, major street plans and public improvements. Downtown Memphis was restricted to a height limit of 150 feet or 12 stories deviating from the national trend of skyscraper downtowns. High-rise office complexes and hotels superseded restrictions. Bartholomew proposed to develop the downtown riverfront area and Mud Island as a "grandiose riverfront plaza of classical architectural style" providing an "elegant and dignified gateway and functional promenade" (Sigafoos, 1979, pp. 150, 151).

The plan also recommended advancing north and south crosstown routes between the Wolf and Nonconnah Creek. This along with the Mud Island proposal was not implemented. Lack of north and south crosstown routes directed the population eastward away from downtown. It was nearly seven decades before Mud Island was developed as a tourist attraction between the Mississippi and Wolf Rivers. Other aspects of the plan were implemented in

1924 during the peak of construction for downtown and the city.

City Planning was a major concern of Memphis' principal civic organizations: the City Club, Engineers Club, Rotary Club, Nineteenth Century Club, and the Chamber of Commerce. These organizations and attorney Wassell Randolph sold the idea of planning to protect and enhance property values. Mayor Rowlett Paine established the City Planning Commission in the early 1920s, making it the first in Tennessee. By 1930, the Memphis Planning Commission was operating under powers granted by the state legislature.

The Memphis leaders chose Bartholomew, then a young planner-engineer from St. Louis to prepare the city's first comprehensive plan which focused on physical planning.

The Civic Center Plan, 1959

The City Commission accepted the Civic Center Plan in December 1959. This was one of the first major efforts by city leaders to offset the declining center city economy and to stimulate private investment in downtown. The Memphis League of Architects prepared the Civic Center Plan which offered recommendations concerning project design, the affect the proposed Civic Center could have on Main Street revitalization.

By developing the Civic Center government facilities, the city would receive a "stabilizing physical and economic force in downtown's northern end linking it with the Municipal Auditorium. Other suggestions were designed to stimulate local and tourist interest in the Civic Center and the central business district, for example the proposed 350-foot pylon-like tower as the city's trademark. This idea was rejected for lack of interest in this type of attraction.

A recommendation to close Main Street to traffic between Adam and Exchange, and to close Washington between Front and Third and to develop pedestrian malls was rejected due to a fear that this would be a deterrent to the free flow of downtown traffic.

In January 1960, the Shelby County Administration Building was dedicated and several existing buildings were renovated and enlarged. Between 1963 and 1974 several other facilities were erected including the 31 million dollar Everett R. Cook Convention Center and Exhibition Hall. The Federal urban renewal program was used by the Memphis Housing Authority to develop the Civic Center (Sigafoos, 1979, pp. 263-265).

The Civic Center project was one of the first downtown projects to enhance the revitalization effort of

the downtown central business district and to attract private investment.

C. Downtown Memphis Plan and Program

The first comprehensive plan for the redevelopment of downtown Memphis was prepared by the firm of Marcou, O'Leary and Associates, Inc., of Washington, D.C. The plan which was completed in April 1974 recognized a need for public-private cooperation in the downtown redevelopment process. Memphis' civic leaders, businessmen, merchants and politicians came together for what is believed to be the first time in the city's history to work with a team of consultants to develop a plan and program that would encourage and direct downtown development.

The plan and program described some detailed means of developing and improving downtown Memphis. The City of Memphis, Shelby County, and the Downtown Association of Memphis and Shelby County Chamber of Commerce assumed responsibility for planning and ensuring implementation of the downtown plan and program. A Policy Guidance Committee for Downtown Development was set up to act as the main forum for preparing the plan and program. Several subcommittees were formed to participate in formulating the planning effort.

The Plan for Downtown Memphis

The Marcou, O'Leary and Associates consulting team recognized serious problems with the way downtown was developing. Since the normal development processes were not working well, they recommended a detailed plan illustrating the places where assistance and stimulation were needed, and a step-by-step process of achieving improved development.

As stated in the plan, its purposes are the following:

1. To guide the development process, establishing a framework for interrelating public and private development decisions;
2. To suggest appropriate locations for downtown activities.
3. To strengthen the retail and office core by providing for new development at critical locations within and on the edge of the core, thus anchoring the high activity functions in a concentrated area.
4. To provide for functions such as new housing and entertainment, reflecting downtown's growing importance as a social and cultural center.

5. To recommend future action projects and other steps to deal with the real problems of downtown.

The consulting team made several recommendations for economic and physical development to reinforce the importance of downtown in the metropolitan economy and to consolidate, strengthen, and promote downtown activities. The riverfront had been one of the major subjects considered by planning teams since the early 1800s. The original proprietors designated the area which bordered the Mississippi River west of Front Street, north of Union and south of Jackson for the Public Promenade to be used for walking and leisure in 1828. Harland Bartholomew felt the city needed a more functional promenade, thus proposed a grandiose riverfront plaza in the city's first comprehensive plan of 1924. The Marcou, O'Leary team suggested another riverfront focus. They felt that better use of the riverfront as a visual resource could be achieved by providing dramatic riverfront entrances to downtown and by orienting at least some of the new construction toward the river and Mud Island.

The plan proposed the Promenade Gateway project to redevelop blocks west of Court Square, between Main and Front Streets south of Jefferson. This was seen as one of the keys to the revitalization of downtown's core. The

project was to consist of 120,000 square feet of office space, 50,000 square feet of semi-public office space, 70,000 square feet of space for retail shops, and 30 hotel rooms in a galleria setting.

The new Promenade project was suggested for the riverfront extending from McCall to Poplar Streets. The project proposed developing 1,200 to 1,500 residences on terraces overlooking the Mississippi River.

The downtown plan and program included a number of other projects that warrant consideration. Two of the most popular projects were the design and construction of a mall on Main Street, the Mid-America Mall completed in 1977 and the Mud Island Park (1980). The County Criminal Justice Center, the Convention Center Hotel, the Civic Center Plaza and phases of the Beale Street urban renewal were parts of the plan and program to be implemented.

The Plan for Downtown Memphis describes six key proposals for downtown development to be implemented over a 15-year time span. They were:

1. Redevelopment, through joint city and private action, of five commercial projects and one housing project within the existing downtown core;

2. Development of the New Promenade, a major commercial and residential complex along the riverfront;
3. Improvements to the appearance and conveniences of downtown;
4. Recognition of current proposals and actions for downtown development;
5. Expansion of the supply of parking space at key locations in the downtown area;
6. Improvement of traffic circulation through changes to the one-way street, improvements to specific intersections, and transit improvements (Marcou, O'Leary and Associates, Inc., 1974, p. 6).

The Development Process

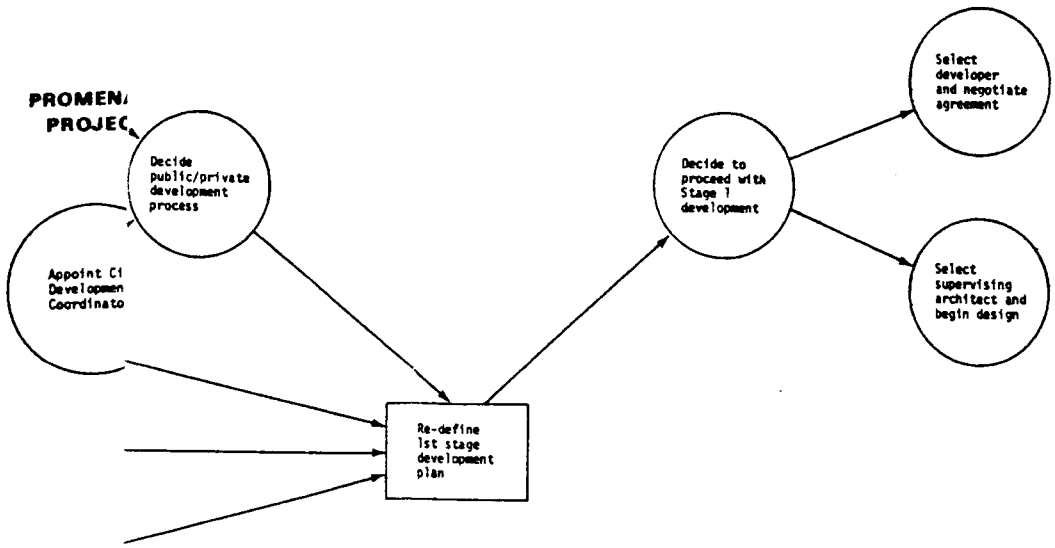
The consulting team concluded that the future of downtown Memphis would depend on a continued in-flow of investment capital to the area. To accomplish greater goals more private capital would be needed for redevelopment. The ability to attract private dollars to downtown from areas considered to have less costly land with more amenities and fewer development problems is essential to the development process.

A positive downtown investment environment is created when factors influencing prospective developers

are considered in the development process. A competitive "bottom line" is necessary for each development proposal. "Bottom line" returns are influenced by such factors as site availability, amenities, adequate parking, accessibility, good public service, and a positive image (Marcou, O'Leary, and Associates, 1974, p. 18).

Eminent domain is a popular method of overcoming land assemblage problems in downtown. This may be achieved through an improvement district, city financed acquisition for private redevelopment or use of a parking authority with air-rights development. Two main guidelines for public acquisition of properties for redevelopment purposes were recommended by the consulting team: the process should be locally based and financed without federal assistance; and it should be selective, acquiring just the properties required for specific projects, not undertaking wholesale renewal in sections of downtown. Thus, eliminating federal hindrances, promoting locally financed and administered urban renewal and avoiding large scaled land clearance.

Figure 5 illustrates the decision making process for the proposed Promenade development project. It suggests the kinds of decisions and activities leading to actual acquisition of the property and initiation of construction.



Figure

Source:

Program Administration

City government would be primarily responsible for managing development activities in downtown Memphis. This would involve implementing and coordinating the program, hiring land development specialists, making final determinations and taking actions on project feasibility, scheduling, property acquisition, business relocation, building design, financing, and agreements with private development programs.

The Marcou, O'Leary team suggested that the city could accomplish these tasks by centralizing responsibility for downtown development efforts in one office, where program management could be effectively coordinated. Initially, this would require only a small staff proficient in development activities, public relocations, and interdepartmental coordinating. Two years following this suggestion, Memphis Mayor Wyeth Chandler proposed the creation of a new agency to manage redevelopment of downtown. The Center City Commission wa established January 10, 1977. It consisted of six commission members and a small staff of seven. The staff included an Executive Director, Assistant Executive Director, a Manager of Marketing, a Promotions Assistant, a Special Projects Assistant, and a Secretary.

D. Center City Action Program Concept Plan

The Center City Action Program Concept Plan was proposed by the Center City Commission about one year after it was created as an official partnership between business and government leaders to revitalize downtown. The plan is described as a graphic illustration of the great potential of the Center City area. It was not a detailed development plan, but primarily a description of proposed land use and transportation patterns to guide future downtown redevelopment efforts.

Previous studies and reports were examined to formulate many of the ideas and concepts for the plan. The objective was stated as being to assemble and expand on the most workable elements from previous studies in one comprehensive concept plan. The report also gives a narrative description of possible financing tools for downtown development.

The planning process for the Concept Plan include four main steps:

1. The establishment of project boundaries which consisted of a study area bounded by I-40 on the north, Danny Thomas Boulevard and Third on the east, Crump Boulevard on the south and the Mississippi River on the west. The area was further subdivided into six zones: the Civic

Center; the Core (CBD); Beale Street; the Riverview Residential Community; Eastern Fringe; and Employment District.

2. Research of existing data was conducted. New construction and approved projects were added to existing land use maps.
3. Various alternatives were developed based on existing conditions, opportunities, and constraints presented. The question of feasibility was the major consideration in evaluating these alternatives.
4. An optimum alternative was developed for each zone followed by more detailed plans and recommendations for each zone (Center City Commission, April 1978, pp. 1-5).

Figure 6 shows the six subareas of downtown targeted as development zones by the Center City Commission. The Center City Concept Program actually complemented and expanded previous downtown planning efforts.

E. Strategic Plan 1985-2000

The Strategic Plan 1985-2000 is currently used to guide the redevelopment activities for the Center Commission staff. The mission of the Commission as stated



Figure 6. Center City Development Zones.

Source: From the Center City Action Program Concept Plan.

in the plan is "to attract and accommodate more residents,business persons and visitors in Center City Memphis by the year 2000 than any other metro area in the United States of similar size through the development and maintenance of a highly attractive, safe and animated environment."

The plan contains the Commission's policy statements which are:

1. Downtown represents the single largest concentration of property value, public investment, and activity in the region, and therefore should be preserved and strengthened.
2. A strong and attractive Downtown conveys a progressive image for the entire city.
3. All plans formulated by the Center City Commission should be coordinated with the overall plans of Memphis and Shelby County.
4. The programs and projects of the Center City Commission should further the economic development of Memphis and Shelby County.
5. Financial and tax incentives should only be used under the following conditions:
   a. The project is consistent with the plans,

objectives and priorities of the Center City Commission for Downtown Development.

b. The project would not be feasible without the incentives.

6. The use of the first floor as retail space will be encouraged in all core area development projects.

7. The Center City Commission should actively involve Memphians of every race, religion and economic levels in the Downtown redevelopment program.

8. Plans and policies for downtown Memphis should be prepared with the advice of downtown businesses and residents and in coordination with other organizations in the city.

9. The Center City Commission should assist in the coordination of marketing efforts by the various downtown interest groups.

10. The private sector should be encouraged to develop and manage Downtown projects and programs whenever possible.

11. The Center City Commission should assist in the attraction of conventions and tourists to downtown Memphis by supporting the efforts of

the Convention and Visitors Bureau and acting where appropriate.

The major intent of the policy statements is to maintain a consistency in the Commission's programs by ensuring that the goals and strategies are carried out according to the Strategic Plan.

There are five target areas for which objectives have been set:

1. Residential Objective: to encourage approximately 15,000 people to establish permanent residences in the Core, South Bluff, and Mud Island area of Center City.
2. Office Space Objective: to encourage the development and occupancy of a total of 9,000,000 square feet of office space downtown.
3. Hospitality/Entertainment Objective: to provide the facilities and environment downtown which will entertain, cultivate and accommodate the optimum number of Memphis area residents and visitors.
4. Retail Objective: to encourage the development, tenancy and profitability of a full range of attractive shops and retail services downtown.

5. Environment Objective: to encourage the development and maintenance of an attractive, safe, clean and animated outdoor environment downtown.

According to the 1986 Annual Report of the Center City Commission the following achievements were realized toward fulfilling targeted objectives in 1986:

Office Space:

1. 48 new office tenants,
2. 190,000 square feet of office space absorbed,
3. 155,000 square feet of office space added to downtown inventory.

Residential:

1. 268 new or rehab residential units under construction or completed and occupied in 1986,
2. An additional 2,482 units approved for financing, and
3. Final approval for Orpheum Plaza Towers high-rise apartments.

Retail:

1. Federal UDAG funding and special tax rulings secured for Peabody Place, a mixed-use commercial development, and

2. The opening or expansion of eleven Downtown retail outlets.

Hospitality/Entertainment/Arts:

1. Radisson Hotel opened after renovation/new construction on old Tennessee Hotel site adding 278 new Downtown hotel rooms,
2. Initiatives taken to bring Downtown Dream Machine and Visual Arts Center to the South Main Historical District, and
3. Efforts made toward establishment of a fine arts gallery in Downtown via collaboration with Brooks Art Museum.

Development projects are prioritized or ranked according to their impact on the overall mission and five objectives specified in the Strategic Plan 1985-2000. Six development projects were proposed by the Long Range Planning task force. They are listed in order of priority:

Peabody Place - A three block multi-use project linking the Beale Street Historic District, the Peabody Hotel, the Mid-America Mall and Goldsmith's Department Store. This project proposes a 350,000 square feet shopping mall, an office tower, housing and inter-connecting parking structures containing 3,350 parking

spaces. The project cost is estimated to be 167 million dollars. It will create about 6,000 construction jobs and 3,140 office and retail jobs. The project's greatest impact will be in aiding the fulfillment of hospitality retail, environment and office objectives. This project is still under construction.

Rivercenter - The development of an office, retail, and hotel complex in the block bounded by Front-Jefferson-Mid-American Mall and West Court. Phase I of Rivercenter, the Morgan Keegan Tower, 380,000 square feet of offices has been completed. Project cost for Phase I was $37,673,681. Phase II, a second tower, is to be constructed at a cost of $40,000,000-$100,000,000. Phase I created 1,308 construction jobs and Phase II has a potential of 2,778 construction jobs. Permanent jobs are estimated at 2,550 for office, retail and hotel workers. This project ranks highest in helping to realize office, environment and hospitality goals as well as the overall mission.

Mid-America Mall - Reconstruction of the Mall is planned to include an internal transportation system, surface improvements, facade renovations, more animation and landscaping. Estimated cost for this project is 15 million dollars. About 500 construction jobs will be created. Environment, retail and hospitality objectives

will receive the highest impact from this project. It also ranks highly in promoting the overall mission.

Lorraine Hotel (National Civil Rights Center) - This project is in the design phase. The city,county, and state are co-developers. Project cost is estimated at 8.8 million dollars. When completed the project will house a National Civil Rights Museum on the site where civil rights leader Dr. Martin Luther King was assassinated. Potential construction jobs are 320 and permanent jobs 20. This center will primarily contribute to hospitality and environmental objectives.

The two final projects include the YMCA complete revitalization of the downtown health club and fitness center and a national Music Museum and Hall of Fame for the Beale Street area. Both are low priority projects yielding minimum benefits.

A number of programs were targeted for implementation in the Strategic Plan in 1985. Most of them have made considerable progress. For example, a program to develop a Biomedical Research Zone in the underdeveloped area between Downtown Memphis and the Medical Center is well underway. By 1986, the BRZ Development Corporation was established and a board of directors was appointed by the mayors. The Memphis Professional Building, a nine story, 176,000 square foot

medical office building opened in the BRZ. The St. Jude Children's Research Hospital plans a $72 million expansion in the BRZ. Other firms such as the Med Express Laboratories, National Laboratory Center, Biotherapeutics, Commercial Data and Tandem Computers have announced expansion or relocation plans with BRZ.

Attention was given to public improvements to compliment private revitalization projects. Also a major effort was made to identify every vacant building in downtown to encourage property owners to renovate their properties or sell. A group of property owners, developers, and other professionals formed the South Main Task Force and developed a plan and implementation strategy for the revitalization of the South Main Historic District.

The Strategic Plan has been useful in guiding the Commission's actions and establishing goal priorities for downtown Memphis redevelopment in specific areas.

F. Center City Development Plan

The Philadelphia firm of Venturi, Rauch, and Scott Brown was hired by the Center City Commission to prepare a plan for downtown Memphis development. The comprehensive development plan is 75 percent complete and was co-sponsored by the City of Memphis, Shelby County, and the

Center City Commission at a cost of $370,000. Funding was made available for the plan through the Central Business Improvement District (CBID). The plan will include land uses, transportation, public spaces and other design considerations. Development alternatives will be provided through the year 2000.

Some downtown sub-area plans have been completed. These plans are a part of the Center City Development Plan:

Mid-America Mall Sub-area Plan - The plan identifies existing problems of the Mid-America Mall as follows:

1. From McCall Street to Exchange, the pedestrian mall extends 3,800 feet or three quarters of a mile. For many people, walking the distance is not possible.
2. Only one department store is located downtown at the southern end of the mall. Retailing is unbalanced.
3. Retail continuity is disintegrating as segments of the mall orient to different clienteles.
4. Office and residential conversion of older buildings is occurring in the mid and northern

sections, intruding on continuity of retail frontage.

5. Big gaps exist in the northern section, adjacent to Court Square, where blocks have been cleared for redevelopment and vacant ground floors persist.

Several key objectives were set for the Mid-America Mall sub-area. They are:

1. Maintain a viable retail market oriented to downtown residents;
2. Provide reuse opportunities for deteriorated vacant historic buildings;
3. Provide connection to Peabody Place and Beale Street; and
4. Provide opportunity for transit in the mall in order to connect Beale Street with Cook Convention Center.

A Nodal concept is proposed for reorganizing the Mid-America Mall. Implementation of the Nodal Strategy requires organizing a management association which includes property owners and businesses. The management association will be responsible for developing and implementing a leasing strategy to direct and reshape the character of the mall stores.

The Nodal Strategy identifies five activity areas in the Mall. They are as illustrated in Figure 7:

Southern Entry: Beale to Gayoso; Goldsmith's Department store and Mall frontage of Peabody place imply a presence of up-scale retailing presently missing from downtown.

The Main Street Market: Gayoso to Monroe; general public popular priced goods typical of mall stores. Major implementation activities here include consolidation and reorientation of retail spaces and introduction of a food market similar to Philadelphia's Reading Terminal Market.

Service Oriented Retail: Monroe to Adams, services to office employees and residential population. The plan recommends locating a joint university center here, such as the downtown branch of the community college. This will bring additional people to downtown and increase evening hour activity.

Court Square District: Madison to Jefferson; mixed residential/office, restaurants, high fashion clothing stores and art galleries. Activities are targeted for evening hour population, tourist and lunch hour crowds.

Northern Entry: Civic Center Plaza; the plan recommends that the Civic Center be integrated into the overall concept of the Mall by redefining its open space,

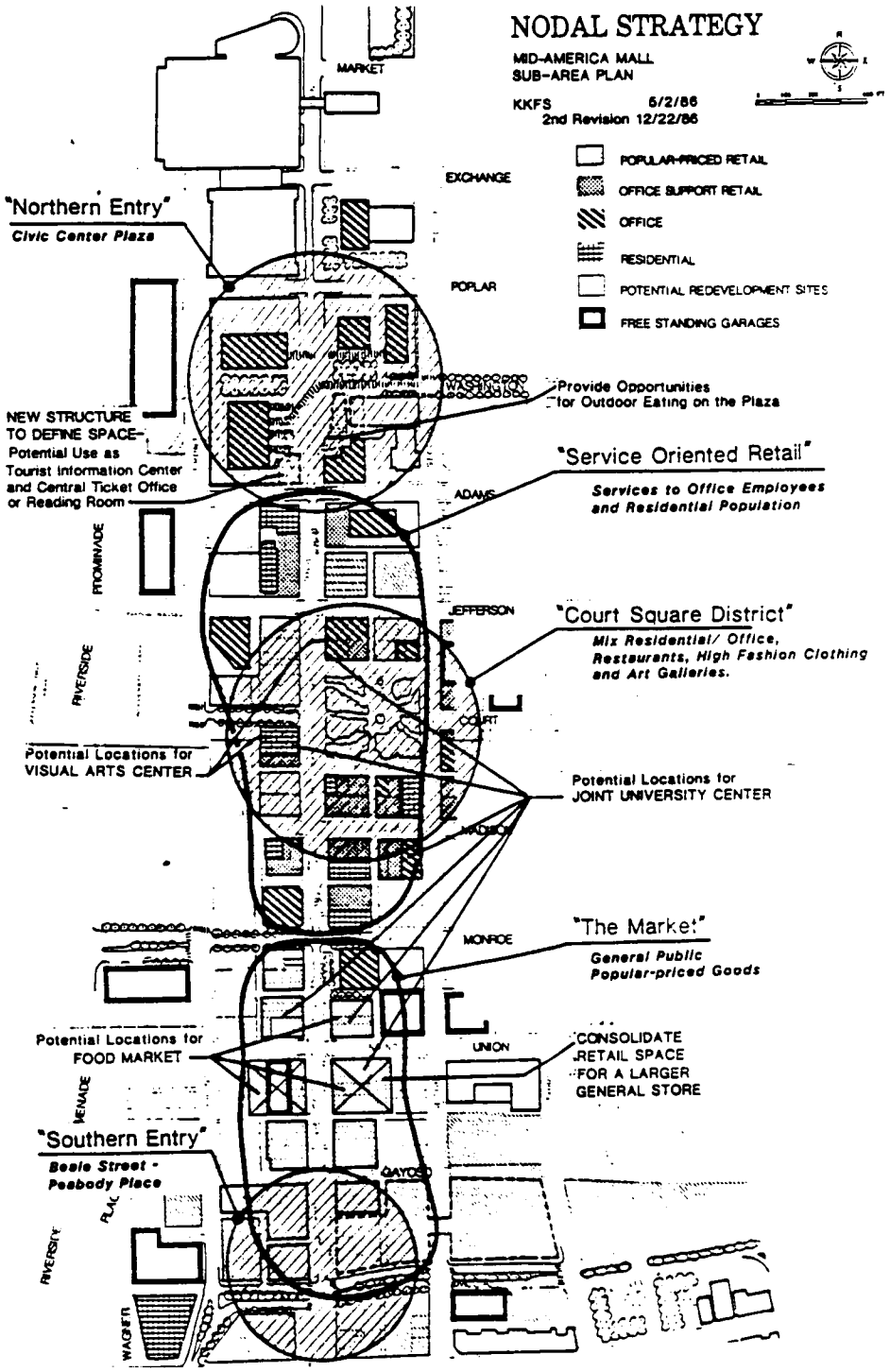


Figure 7. Nodal Strategy.

Source: From the Mid-America Mall Sub-Area Plan.

introducing a Shuttle Vehicle through the plaza, and allowing for some private commercial activities (Center City Development Plan, 1987). See Figures 8 and 9 for Mall Characteristics and Development Potential.

Beale Street-Peabody Sub-Area Plan, 1987: The Southern end of Downtown is anchored by the South Main area, Beale Street,and Peabody Place, a mixed-use project to span several blocks to north of Beale Street. Rehabilitation activities have been proposed to strengthen the entire southern end. The plan states that the Beale Street-Peabody Place sub-area is "equal only to the riverfront in its potential to offer something unique that differentiates Downtown from other centers in the region."

The Beale Street-Peabody place provides a link between the old and the new. The Peabody Place will enhance Beale Street by eliminating its present isolation and linking it into the mainstream of Downtown development. Peabody Place has the potential to reorient retail activity in the Downtown and to attract new development to the southern end. Beale Street and Peabody will provide a nucleus for this new development.

The Peabody Place Mixed-use project will consist of retail, office, and parking. It will be located on McCall Street between Mid-American Mall and Third Street. The plan states that the successful realization of this

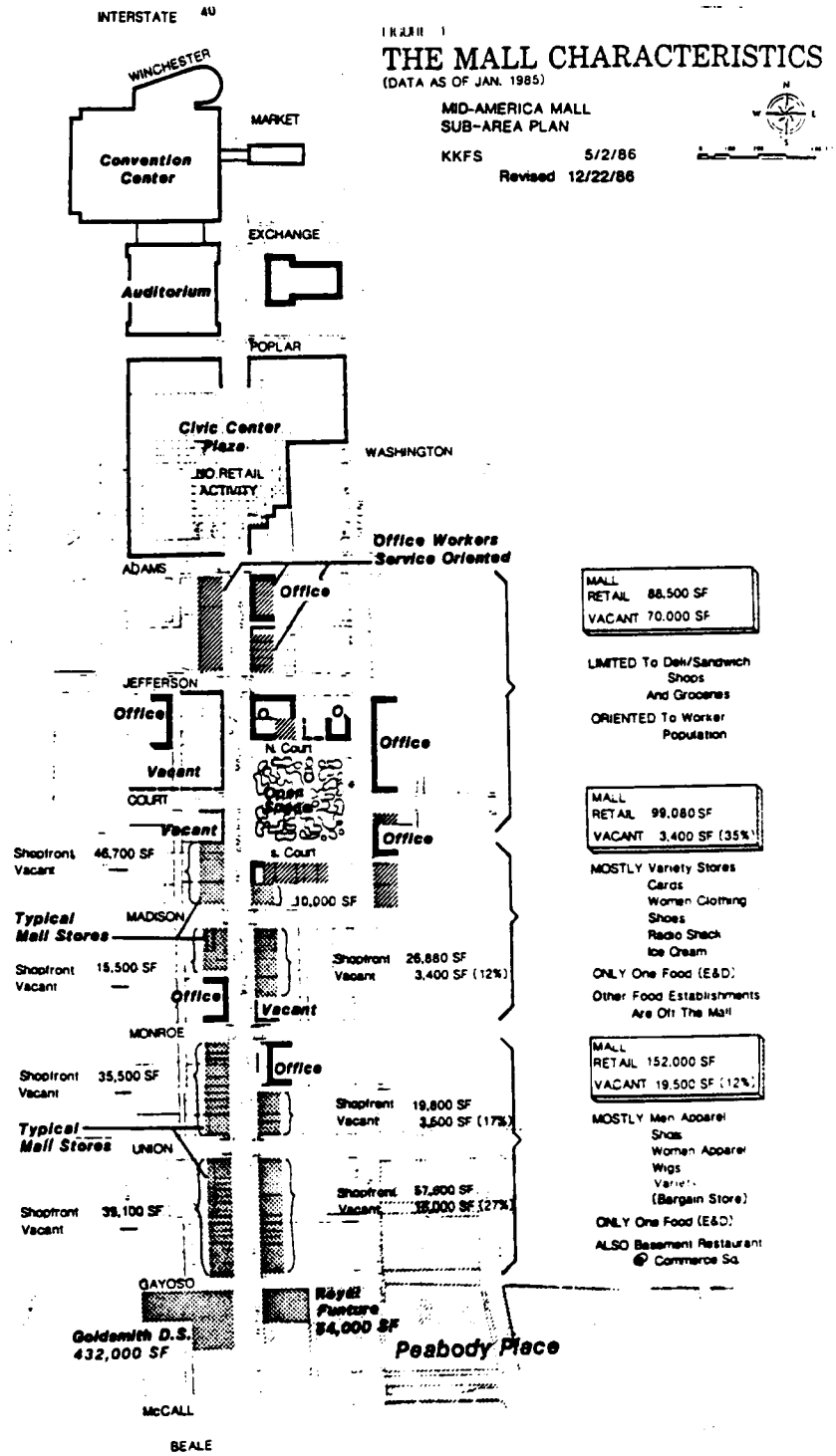


Figure 8. The Mall Characteristics.

Source: From the Mid-America Mall Sub-Area Plan.

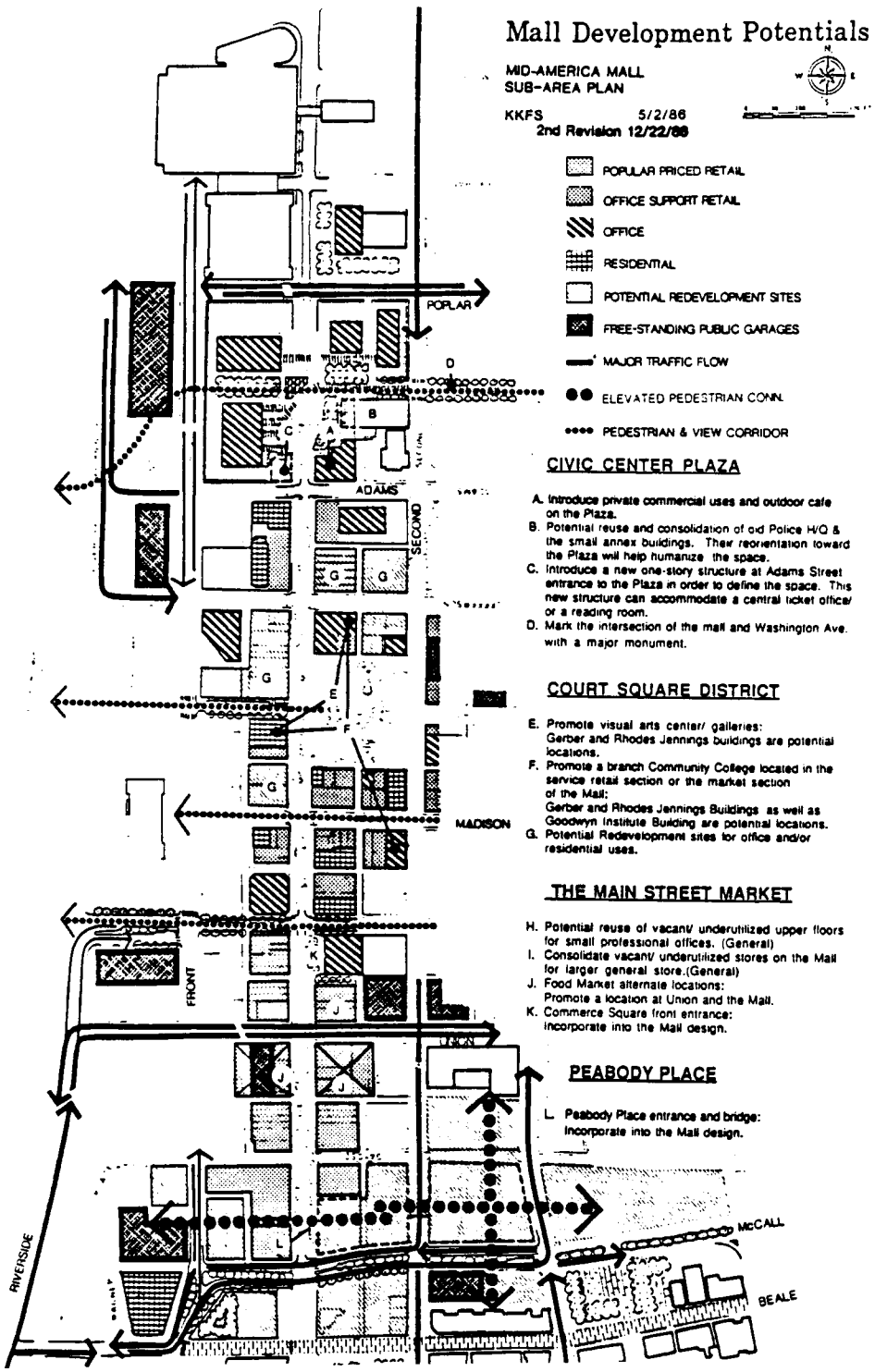


Figure 9. Mall Development Potentials.

Source: From the Mid-America Mall Sub-Area Plan.

new project is crucial to the revitalization of the Downtown. It is needed to initiate the next phase of new development in the southern end.

Beale Street has experienced many problems. The plan sites its physical isolation, half finished condition, absence of character and fitting identity for some of the problems. Beale Street has international significance and should capitalize on its musical and ethnic heritage (Center City Development Plan, January 1987).

Riverfront Sub-Area Plan, 1987: The Memphis riverfront is rich in natural amenities. It is one of the city's greatest resources and a link to new economic opportunity for Downtown Memphis. The plan suggested that riverfront designs should recognize and accommodate public/civic dichotomy.

The riverfront has been shaped by four epochs: the Promenade of the original town plat; the cobblestone wharf of the steamboat shipping era; public works projects of the 1930's (Riverside Drive and urban renewal, parking structures and Mud Island in Post-war period). New development should recognize and account for these historic epochs (Center City Development Plan, 1987).

G. A Survey of Downtown Memphis Development Projects and Strategies

Downtown development projects and strategies used in Memphis are surveyed in this section. Projects are profiled and arranged by the three categories for which objectives have been set.

Residential

Residential adaptive reuse of 500,000 square feet of underutilized office building and 500,000 square feet of other underutilized buildings in downtown is being encouraged to produce 1470 housing units within the next 12 years. The development of new housing units is encouraged as well. The increase in the residential market for downtowns can be attributed to tax incentives which favor the conversion of historic buildings into rental property, in addition to other public incentives.

As a result of a small marketability range, downtown residential projects have been limited often to high income groups in some cities, not benefiting elderly and low income groups.

In Memphis, the main residential objective is to increase the residential population of the downtown area in an effort to create a 24-hour community in the Center City. In 1986, 268 new or rehab residential units were

under construction or completed and occupied. An additional 2482 units were approved for financing.

A number of residential construction projects have been completed and occupied. The following project is a list to show the types of residential construction completed and occupied in downtown Memphis in recent years:

Chickasaw Bluff Cooperative

Developer: Harry Hill III, Douglas Dickens, John Answorth

Description: New 12-unit cooperative housing project on the river bluff

Cost: $2,999,500

Financing: $1,500,000 - Commerce McGehee Mortgage, Inc.
600,000 - Second mortgage - land
Property tax freeze (CCRFC)

Amenities: Riverview

Claridge House (109 N. Main)

Developer: Al Thomas

Description: Rehab conversion 158 apartments with commercial on first 4 floors

Cost: $10,000,000

Financing: $5,200,000 Westinghouse Credit Corp. (conventional); Property tax freeze (CCRFC)

Amenities: River view, pool and sundeck, on-site parking

200 Wagner Place (Waterford Plaza)

Developer: JBL - Philip Kantor

Description: New 112 unit luxury high-rise condominium

Cost: $22,300,000

Financing: Private

Amenities: River view, two pools, tennis court, indoor parking, health club, security

Front Row Apartments (66 S. Front)

Developer: Lyman Aldrich

Description: Rehab conversion to 14 apartments and ground floor commercial

Cost: $867,000

Financing: $774,000 revenue bonds (CCRFC) Bonds purchased by: First Tennessee (1st), City CD (2nd), $93,000 equity, Property tax freeze (CCRFC)

Amenities: Historic building, skylights

Most of the residential construction has been luxury apartments with a river view and/or historic district property or location. Another residential project that merits consideration is the Orpheum Plaza Towers high rise apartments. This has received CCRFC approval. When constructed it will be three towers linked together and containing from east to west 38, 30, and 22 apartment floors with 512 units. The project cost is estimated at $56,865,630. Financing includes bonds

purchased by Matthew and Wright, Inc., New York, NY and CCRFC property tax freeze. Included in this development will be a barber/beauty shop, lounges, and exercise facilities.

Office

According to a recent South Main Area Plan, downtown Memphis has an oversupply of office space which may require the next 5-10 years to absorb. A main objective in the Strategic Plan 1985-2000 is to encourage the development and occupancy of a full-range of new and rehabilitated office space. In 1986, downtown Memphis acquired 48 new office tenants and 190,000 square feet of office space was absorbed. Another 155,000 square feet of office space was added to downtown.

Memphis has received a commitment from International Paper Company to establish a location downtown within two years. Two office projects that have significantly impacted development on the northern end of downtown are:

Morgan Keegan Tower

Developer: The Murphree Company

Description: New first class office building containing 375,000 square feet with 22 floors

Cost: $37,673,681

Financing: $42,798,664 Republic National Bank, Dallas,TX (construction loan) (including funding for a parking garage); CCRFC property tax freeze

Amenities: River view, adjacent parking

One Memphis Place

Developer: Richard Breithaupt, Jr.

Description: New office tower containing 250,000 square feet of commercial space and 542-space parking garage

Cost: $30,213,115

Financing: Savers Federal Savings and Loan Association, Little Rock, AR; $2,838,115 equity; Property tax freeze (CCRFC)

Amenities: Restaurant/lounge, jogging track and parking attached

Although a great deal of office development has been new construction, the renovation of historic office buildings and the conversion of other structures for office use is a popular downtown revitalization trend.

Retail

As stated in the Mid-America Mall Sub-Area Plan, retailing is off balance, with only one department store remaining downtown at the southern end. Also, the plan points out that office and residential conversion of older buildings is occurring in the mid and northern sections,

intruding on the continuity of retail frontage since retail space is seldom provided in the renovated buildings.

One project that will provide retail revitalization for downtown is the Peabody Place:

Peabody Place

Developer: Belz Investment Co., Inc.

Description: Two and a half block development connecting the Peabody Hotel to Goldsmith's Department Store by means of a shopping mall, office tower, apartments, and structured parking.

Cost: $167,806,477

Financing: UDAG, Wells Fargo, IRB

Amenities: Peabody Hotel, Beale Street,unique mixed use project

The Beale Street-Peabody Place Sub-Area Plan indicates that this mixed-use project to be located on McCall Street between Mid-America Mall and Third Street could provide a strong anchor for Downtown's southern end. Its development is crucial to the revitalization of downtown. The implementation of Peabody Place is needed to spur new development in the southern end of downtown, as Morgan Keegan and One Memphis Place have done in the north. Phase I of the Peabody Place project includes a 300,000 square feet shopping mall, a 103,000 square feet

department store, and a 55,000 square feet roof garden in the retail portion.

The Center City Commission continues to encourage ground floor retail/commercial space in all new and rehabilitated developments in the Downtown core area in order to stimulate retail revitalization.

H. Financing Downtown Development

Acquiring downtown funding can be difficult because of strong negative images of the CBD areas in many cities. Downtowns are often perceived as "old, obsolete, and crime-ridden." Site assembly and project designs present additional problems. Suburban areas are where developers and investors are attracted because of lower taxes, easier land assembly, less strict codes and ordinances, more positive image, and overall lower cost than downtown development.

Although there has been a pattern of reduced federal funding for programs several major concerns have emerged to rekindle local commitment to downtowns. Conservation, preservation, and nostalgia have aided in reestablishing the importance of downtown and overcoming unfavorable images of the area (Alexander, 1975, p. 4-7).

Phyllis W. Haserot identifies three basic approaches to downtown financing as: 1) conventional

financing; 2) public funding sources; and 3) special techniques: a) joint public and private efforts, b) public incentives to stimulate private investments, and c) private efforts through legislative action.

Special approaches can be used separately or in combination. The three categories of special approaches are:

1. Mechanisms for organization -- including downtown corporations, authorities, and agencies; and various types of special districts.
2. Direct funding techniques -- including tax increment financing, tax bonuses, freezes, abatement, and exemption, and special assessments.
3. Indirect funding techniques -- including creative uses of zoning and property rights (Haserot, 1974, p. 21).

Downtown development objectives are frequently accomplished through the creation of special districts. Many cities have special benefit assessment districts or downtown (business) improvement districts. A special assessment district is a financing technique. A form of taxation, a downtown improvement district is designed for planning and implementing improvements which may include

"powers of maintenance and promotion of downtown activities." Funding for a downtown improvement district can come from several different sources other than direct taxation.

Funding sources that are available for special districts programs are:

1. Property taxation;
2. Benefit assessment financing;
3. Tax increment financing;
4. Business license or sales overrides;
5. Leasing of land, facilities or air rights including rentals to business -- space for restaurants, music systems and such;
6. Operation of revenue-producing activities including customer-type services -- parking, restaurants, etc.;
7. Receipt of gifts and donations; and
8. Use of city funds directly and in joint, or parallel, programs.

> Typically they can sell general obligation bonds, revenue bonds and anticipation notes, many of which qualify for tax exempt status, in order to provide front money for downtown development (Haserot, 1974, p. 23).

A special district may be set up through: 1) state enabling legislation, 2) obtaining special

legislation, 3) municipal home-rule powers. Two advantages of establishing special districts are:

1. The district's special and differential taxing powers can operate whereas local governments cannot establish differential taxing areas inside their boundaries.
2. District financing can be set up outside municipal debt and tax limits and provide added, ear-marked funds linked to special revenue powers (Haserot, 1974, p. 23).

With the ability to levy taxes or special assessments, downtown districts have more power than urban renewal districts. The state enabling legislation or individual characters determine the degree of power these districts will have (Haserot, 1974, p. 23).

The City of Memphis and Shelby County sell general obligation bonds for public construction projects. For example, the Justice Center was funded by Shelby County General Obligation bonds at a cost of $50 million. It includes office, courts, and detention facility covering a two-block area. Another such project is the $63 million Mud Island development, which consists of a Mississippi River Museum, amphitheater, marina, river model, park areas, and restaurants. The City of Memphis provided $60

million in general obligation bonds funds for this project.

Environmental and public improvement projects to accentuate private property developments are funded by the City/County Center City Public Facility Construction Fund. These public projects include such amenities as landscaping and parks, streetlighting, parking facilities, sidewalks and street improvement. The City and County initially provided five million dollars each through the five-year Capital Improvement Program.

State funding has been mostly in the form of Department of Transportation grants for state-owned roads and bridges.

On the federal level the Economic Development Administration (EDA) of the U.S. Department of Commerce has been the leading federal agency in funding downtown development in Memphis. There are four types of economic development programs that are available through EDA:

Grants and loans for public works and development facilities. This program provides project grants and direct loans for such facilities as water and sewer systems, access roads to industrial areas, port facilities and public tourism facilities. State and local subdivisions and public and private nonprofit organizations representing a redevelopment area or a

designated economic development center are eligible for this type of EDA. The unemployed and underemployed persons and members of low-income families are to be the primary beneficiaries of this program. Some examples of projects financed by these grants and loans are industrial, commercial development, hotels, renovations, tourist centers and infrastructure.

Business development assistance. Direct loans, guaranteed and insured loans are issued through this program for industrial and commercial development and expansion. Loans are available to any individual, private or public corporation or Indian tribe, provided the project to be funded is located in an eligible area as designated by the Public Works and Development Act of 1965. They may be used for long-term business development loans. Only 65 percent of the cost of acquisition of fixed assets (i.e., land, buildings, equipment, site preparation and building rehabilitation) may be financed.

Technical assistance. Most applicants for this program are private nonprofit groups or municipal or county governments or other public bodies located in economically depressed areas of the country. The type of assistance offered is project grants and contracts and dissemination of technical information. Advice, data, and

information is provided in evaluating and/or shaping specific projects and programs related to economic development.

Public works impact project. States and their local subdivisions, Indian tribes and private or public nonprofit organizations representing a redevelopment area or economic development center may apply for this program. Its purpose is to benefit unemployed, underemployed, and/or low-income persons. These projects grants are typically used for construction of public facilities to provide immediate jobs for the unemployed and underemployed persons residing in the project area (Alexander, 1974, p. 57-59).

EDA programs emphasize economic development. Funding is "preconditioned on the job-creation potential of the project, which could be publicly or privately operated." There is a new focus on physical improvements to stimulate economic growth rather than physical development per se (Fainstein, 1983, p. 19).

The Urban Development Action Grant (UDAG) is another program that supports projects that could attract private dollars. UDAG's primary aim is economic development. Funds were often used for land clearance and commercial rehabilitation. Private funds had to be committed up front to receive UDAG support for a project.

This grant encouraged businesses to operate in economically distressed areas (Fainstein, 1983, p. 19).

The Community Development Block Grant was created by the Housing Community Development Act in 1974. CDBG funds are grants on a formula basis to about 540 entitlement cities with a population of more than 50,000.

Financing Tools and Techniques of Memphis

The Center City Development Corporation (CCDC) is a non-profit organization created by the Center City redevelopment projects. Some of the CCDC responsibilities include:

1. Promoting and initiating private development and business projects;
2. Coordinating public and private interest;
3. Developing "optimum financial packages for individual projects";
4. Reviewing, screening and recommending project priorities to other entities and financing participants (Center City Commission, 1978, p. 48).

Figure 10 outlines the Center City Development Financing Process. As shown, the project is initiated by the developer and reviewed and coordinated by the CCDC and the Center City Commission. Financial packaging involves five primary funding sources:

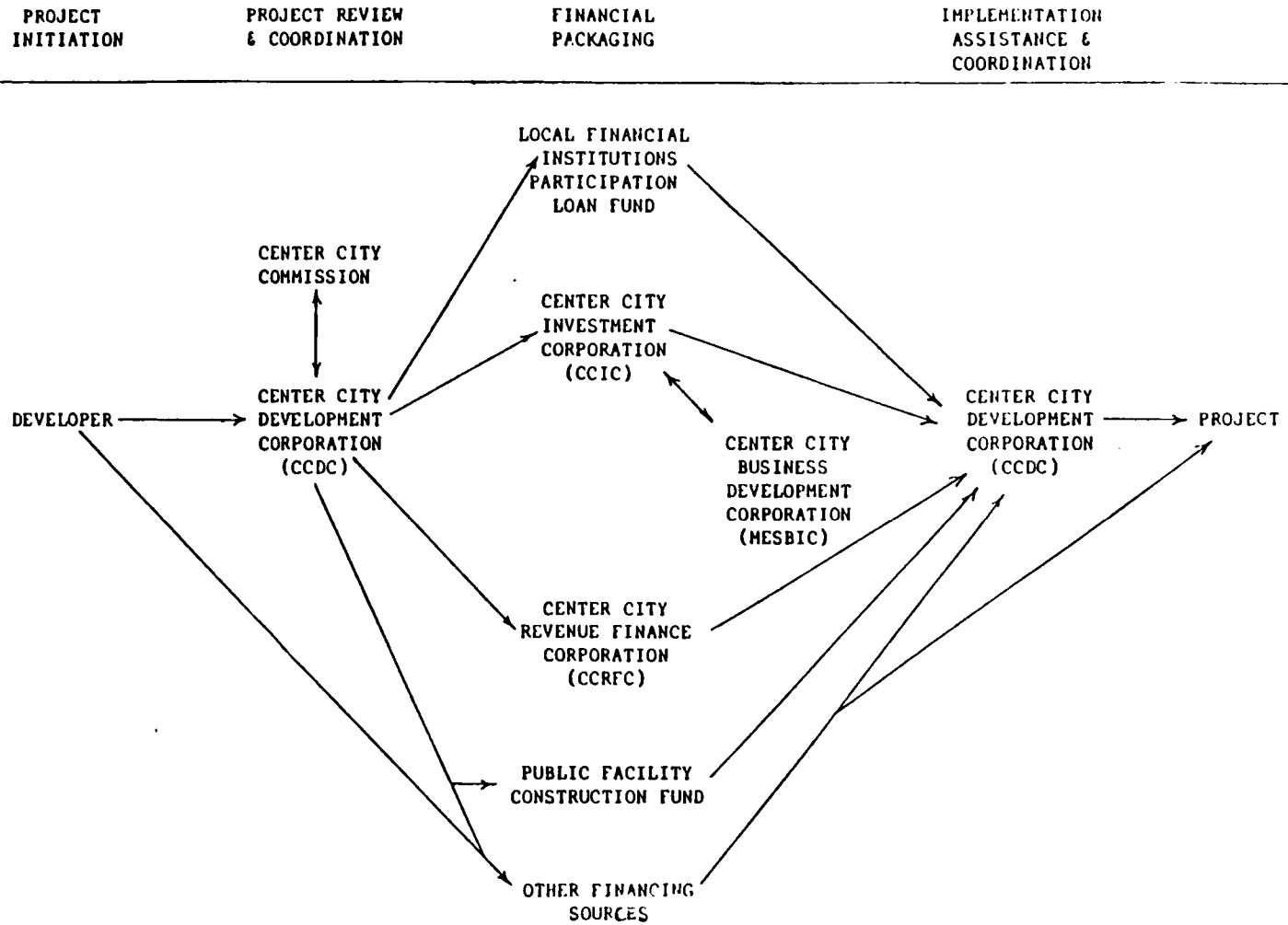


Figure 10. The Center City Development Financing Process.

Source: From the Center City Action Program Concept Plan.

1. Local Financial Institutions Participation Loan Fund;
2. Center City Investment Corporation;
3. Center City Business Development Corporation (or Minority Enterprise Small Business Investment Corporation);
4. Center City Revenue Finance Corporation; and
5. Public Facility Construction Fund.

Several Shelby County banks and savings and loan associations set up the Local Financial Institutions Participation Loan Fund for the purpose of providing funding to rehabilitate older structures, putting residential uses in the upper floors and commercial facilities at street level. Thirteen lending institutions committed $6 million in 1978 for a three-year period. The maximum loan available was $500,000. At that time it was the largest private contribution made to downtown Memphis in ten years. The Center City Commission screened applicants and coordinated the fund (Press Scimitar, January 20, 1978). Leveraging finances from other sources increased the fund by $11 million.

The Center City Investment Corporation proposed in 1976 to finance retail establishments. The investment corporation set up to use the Small Business Investment Corporation programs to supplement local funds.

The City of Memphis and Shelby County created the Center City Revenue Finance Corporation as an independent industrial development corporation through the state enabling legislation. CCRFC issues Industrial Revenue Bonds to finance eligible Center City projects. Industrial Revenue Bonds can be issued to finance commercial, industrial, and housing facilities. Interest rates are usually lower than the conventional rates.

The CCRFC requires a payment in lieu of taxes equal to the preconstruction ad valorem tax on the property. CCRFC generally charges a lease to the project operator that equals amortization of the revenue bonds for the project. Federal income tax exemption benefits would require limiting the project to $5 million. CCRFC supplements other financing mechanisms.

Memphis used the following financing tools for downtown development:

General obligation bonds. These bonds are negotiable bonds issued by the city or county and payable from the levy of ad valorem taxes on all taxable property within the city. The City of Memphis provided $60 million to finance Mud Island using general obligation bond funding. These bonds are generally used to support such projects are highways, street lighting, sidewalks, civic centers, parking facilities, and land acquisition.

Industrial revenue bonds. CCRFC is responsible for issuing these bonds to finance eligible downtown projects. These bonds are generally payable from mortgage arrangements. The bonds are issued at a favored rate due to the tax-exempt status of the bonds. The business desiring to expand or construct receives the savings. Typically, the company owns or leases the project and the city retains the mortgage. Some projects that used CCRFC revenue bonds include: Beale Street Landing, Crowne Plaza Convention Center Hotel, and the Memphis Cotton Exchange. The CCRFC has issued more than $63 million for downtown construction projects.

Property tax freeze. The CCRFC administered this program. Real estate taxes are frozen at pre-development assessment for an initial term of 10 years with 50 percent of the applicable redevelopment assessment payable for years 11 through 15. Forty-five of 59 private construction projects completed and occupied in downtown Memphis since 1979 have taken advantage of CCRFC property tax freeze.

Investment tax credits. Owners of properties named to the Nation Register of Historic Places or located in one of five historic districts in downtown Memphis are approximately 20 percent of the building improvement costs

depending on the age and historic significance of the property.

Small property loans. A special mortgage pool was established to offer loans of from $50,000 to $500,000 to qualified borrowers at an interest rate of prime plus 1 percent for redevelopment or new construction of small properties within the Center City area of Memphis.

Face lift loan. Loans of up to $20,000 at 3 percent interest are available for approved facade improvements to downtown buildings on Main Street from Auction to Webster, on Beale Street from Riverside to Danny Thomas, and in the designated South Beale Model Neighborhood (Center City Commission, 1987).

Other financing tools and techniques used in downtown Memphis construction projects include: conventional loans, bank loans, mortgages, first and second mortgages, equity financing, and leases. Sources of conventional financing were banks, savings and loan associations, realty companies, insurance companies and other lending institutions.

The major funding sources for public projects in the Center City between 1977 and 1987 have been the following:

Center City Development Fund	$ 7,460,254
City and County Governments	121,495,000
State Government	13,400,000
Economic Development Agency	6,050,000
Community Development Block Grant	3,000,000
UMTA	12,252,644

The Center City Development Fund consists of contributions from city and county governments. Between 1977 and January 1987, $7,460,254 were provided by the Fund for public projects such as Beale Street Historic District, Beale Street Landing, Court Square, Cotton Row, Mid-America Mall, and others (see Table 9). The funds were used for building construction, street, sidewalks, and public improvements.

Besides contributions to CCDF, the City and County Government of Memphis have provided an additional $121,495,000 in the past ten years for financing public projects downtown. The majority of these funds went to construction of the Beale Street Historic District, Justice Center, Mud Island, National Civil Rights Center, and the Orpheum Theatre.

State-provided funding for public projects totaled $13,400,000 between 1977 and January 1987. Projects include Beale Street, Mid-America Mall, Mud Island, the

Table 9.

	EDA($)	CDBG($)	UMTA($)
Building			
Beale Stre	3,900,000	2,000,000	--
Justice Ce	--	--	--
Mud Island	1,500,000	--	--
National C	--	--	--
Orpheum Th	--	--	--
Total	5,400,000	2,000,000	
Parking Ga			
Justice Ce	--	--	--
Mud Island	--	--	--
Total			
Street/Side			
Auction Br			
Beale St.			
Beale St. I			
Cossitt Li			
Cotton Exch			
Cotton Row		--	--
Cotton Row	599,405	--	--
Court Squa	50,595	--	--
Court Squa	--	--	--
Delta Build	--	--	--
Elvis Pres	--	--	--
Falls Build	--	--	--
General Was	--	--	--
Huling Stre	--	--	--
Linden Pla	--	--	--
Madison Ave	--	--	--
McCall Aver	--	--	252,644
Mid-America	--	--	--
Monroe	--	--	12,000,000
November 6t	--	--	--
One Memphis	--	--	--
Orpheum The	--	1,000,000	--
Radisson Ho	--	--	
River Cente	--	--	
Riverfront	--	--	
South Bluff	--	--	
Union Avenu	--	--	
Union Avenu	--	--	
Vance Avenu	--	--	
Waterford P	--	--	
William Len	--	--	
88 Union Ce	--	--	
Total	6,050,000	3,000,000	12,252,644
Plans			
Center City			
Riverfront			
Total	6,050,000	5,000,000	12,252,644

(a)
(b)
(*)

Orpheum Theatre, and the recently proposed National Civil Rights Center.

The Economic Development Administration has provided funding for Center City Development through public works construction grants, loans and grants for property acquisition and redevelopment, and loans for commercial rehabilitation. Public EDA funding totaled $6,050,000 for the 1977-1987 period. EDA-funded public projects were Beale Street Historic District, Mud Island, and Cotton Row.

Community Development Block Grant program contributed $3,000,000 to construction of Beale Street and the Orpheum Theatre.

There are four major federal transportation funding programs for transportation infrastructure improvements. UMTA has provided $12,252,644 for street and sidewalk improvements to Madison Avenue and 80 percent of funding slated for the recommended Mid-America Mall reconstruction.

Since 1978, $181,589,069 have been invested in public construction projects downtown. Private construction projects completed and occupied since 1978 totaled $567,957,625 in cost. Twenty-five additional private construction projects are underway.

CHAPTER V

SUMMARY AND CONCLUSIONS

A primary focus of this thesis has been downtown revitalization. It has attempted to trace the historic development of downtowns and to present information on trends and patterns that will possibly shape future development. The City of Memphis was selected for a case study.

Downtown has experienced remarkable changes in the past few decades. Its survival has been threatened by two major trends: suburbanization and decentralization of population, jobs, homes, and many of the activities that were once unique to downtowns. For most downtowns traditional functions are no longer dominant. In many cities downtowns stand as an image from the past or a reminder of what used to be. Although they have lost a great deal of popularity, downtowns still remain historically and symbolically powerful. For this reason preservation and revitalization continue to be encouraged. Conceptually, downtowns are still meaningful places.

When images, concepts, and symbols are put aside, some serious questions can be raised about the necessity to reinvest in downtown. Old downtowns are obsolete and

thoughts of returning to them to what used to be are nostalgic but in most cases unrealistic. Regional malls, community shopping centers, super stores and large chain stores often competitively overwhelm downtowns. These types of developments have aided in placing downtowns at a disadvantage. Development activities that once took place in the central core area of a city have dispersed to numerous subareas, therefore the downtown development process is not limited to the CBD. The traditional downtown functions have either ceased or changed significantly.

A major decline in the retail function of the CBD probably weakened the area the most. The lose of major downtown department stores and specialty stores dramatically changed the economic function of the CBD. The shift in buying power from downtown to the suburban resulted in some retailers targeting lower income groups for survival.

The professional and business office function of downtown has remained strong over the years. Today, the CBD serves an important function as business, government, and financial center locally and regionally in many cities. As the professional and business office function increases downtown, new mixed-use office complexes include retail creating a different type of retail function.

As a downtown function, manufacturing is limited. New industrial parks, cheaper land, improved transportation, and greater expansibility has attracted manufacturing away from the center city.

Local governments are concerned about the decline of their urban centers. Traditional downtowns are located in the heart of most cities. Downtown decline negatively impacts the entire city. These are numerous reasons why investment in downtown is worthwhile and should continue:

1. Most downtowns contain historically and architecturally significant buildings and districts that should be restored and preserved.
2. Downtowns are symbolically powerful. New downtowns are emerging as strong corporate headquarters, government, financial, service, cultural, entertainment and convention centers.
3. Public-private cooperation encourages coordinated planning and provide strong economic development strategies and financial incentives that benefit both public and private sectors.
4. New downtown development concepts are creating better and more positive images of downtown.

Mixed-use developments, 24-hour communities, festive and specialty retailing along with entertainment and cultural attractions are drawing more people back to town creating an economically supportive market.

5. A revitalized downtown increases inner city employment opportunities, strengthens the urban economy, and provides an aesthetically pleasing environment.

The Memphis Experience

What Memphis has experienced is similar to that of cities across the nation. Decentralization and suburban flight started in Memphis during the late 1940s, however, downtown remained economically strong and viable until the 1960s. The assassination of national civil rights leader Dr. Martin Luther King, Jr., April 4, 1968 at a downtown Memphis motel caused chaos for businesses and citizens. Criminal activities, demonstrations of protest in downtown streets, deterioration and fear resulted in emotional and physical detachment. As one local journal stated,

> Memphis is a city running away from itself. It is trying to flee the problems and confrontations of urban life and is leaving behind its downtown as a symbol of what it wants to avoid (Commercial Appeal, April 18, 1975).

Class, racial inequality, and conflict accelerated downtown's decline. Traditional downtown development and functions shifted east away from the center city area. This trend continued through the 1970s. As Neal Peirce, columnist for the Washington Post Writers Group acclaimed,

> Memphis hit the comeback trail when -- only when it moved to heal its racial divisions, when business moved to strategic economic planning with strong business-government partnership was formed.

To get the downtown revitalization process started, Memphis civic leaders, politicians, businessmen, merchants and local citizens joined forces to plan downtown's future. In April 1974, the first comprehensive downtown redevelopment plan for the city was completed. The preparation of this plan drew strong local support for downtown revitalization. Public-private cooperation was discussed as a necessity for redevelopment. The Downtown Memphis Plan and Program was a tool for getting Memphis leaders to rethink downtown's future.

Government Lamar Alexander's Memphis Job Conference in 1979 brought new ideas to strengthen the city economy. Two principle goals were set at the conference: 1) to promote Memphis as a major regional and national distribution center; and 2) to build and promote the Memphis tourism industry. The city and county governments and local businesses raised $6 million to promote distribution and tourism. The realization of

these goals will also benefit downtown. Some of the city's major tourist attractions are located in historic areas of downtown. The city invested $63 million in the Mud Island development located along the Mississippi River adjacent to downtown. Historic Beale Street is another major tourist attraction and also the landmark Peabody Hotel. Memphis has worked hard at trying to develop a new image and individuality for its downtown. There is finally a look of progressiveness and business prosperity.

Many of the ideas and concepts used in downtown Memphis redevelopment are common survival strategies that have been tried in many cities. However, Memphis has an abundance of natural resources, assets and amenities that have enhanced the effort there. Several key components have contributed to downtown Memphis' vitality:

1. Strong public-private partnerships for redevelopment have lead to the implementation of many key construction projects.
2. Memphis has invested in a great deal of planning to direct its downtown revitalization program and growth. City and county governments pooled resources to finance comprehensive downtown redevelopment plans, strategic planning, concepts plans, downtown

subarea plans, and other tools to guide the development process.

3. Downtown development administrators are aware that public resources alone are not enough to revitalize downtown. Memphis has targeted public investment and public works to attract private investment in their redevelopment process. Examples of this include Mud Island, Riverfront Promenade, Mid-America Mall Reconstruction, Civic Center Plaza and other public improvements.
4. Codeveloping or public-private investments in the same project has aided in the efficient implementation of worthwhile projects that would have otherwise been postponed or dropped for lack of funding.
5. Memphis has a network of strong civic organizations that support the preservation, restoration, and revitalization of downtown. Codeveloping, targeting, and leveraging can be effectively used in public-private partnership to increase the development capacity in other cities as it has in Memphis. The City of Memphis strengthened its administrative ability to devise and implement downtown

development strategies and programs by creating the Center City Commission as a partnership between local governments and private business.

Memphis' downtown has a colorful and rich past. The past significantly impacts downtown's future. Memphis has managed to combine old and new forms of downtown effectively. Ironically, historic districts and landmarks have created a market that supports downtown revitalization. Teamwork, a shared interest and a common goal, has lead to some successes.

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