

Downtown Assessment

Hutchinson, Kansas





Background

Process

As part of this process, Catalyst conducted a block-by-block physical assessment, meeting with the Chamber, Downtown Director, city staff and downtown operators. The physical improvements are apparent from new streetscape improvements, parks, upgraded landscaping, and renovated parking lots within Downtown.

According to the City, the private sector has also improved over 50 buildings and 25 facades. These projects include the Wiley Plaza, the Sentney Lofts, the Catalyst Lofts, and the Pegues remodel into new mixed-use buildings. However, Downtown is lacking the level of investment and activity needed to create a sustainable and enduring place.

Why Downtown Matters

Downtowns play an important role in communities. In fact, downtowns are some of the most productive environments in terms of economic impact to a city on a per square foot basis. Downtowns serve a social role and encourage active living through the promotion of walking and sustainable development patterns.

Downtown Hutchinson is an iconic representation of the city, reflecting the history and character of the city through its buildings, shops, and physical places. Downtown Hutchinson serves as a focal point for business and civic activities, a hub for retail, arts and culture, living and learning. Downtown serves as the central business district for the city, as well as a focal point for unique shops, boutiques, services, restaurants, and an emerging choice for urban loft living. The greater downtown is located within the southwest sector of the city and centered on Main Street. It sits between Washington on the west, Walnut on the east, Avenue C to the south, and 8th Avenue to the north. The downtown core contains the majority of retail today and is generally located between 3rd and Avenue A and between Walnut and Washington.

Summary

The following are key initiatives that can improve downtown conditions and leverage existing revitalization momentum.

Merchandising Strategy

Develop a nuanced merchandising plan that includes wider offerings, entertainment, destination dining, and greater housing options.

Adopt Special District

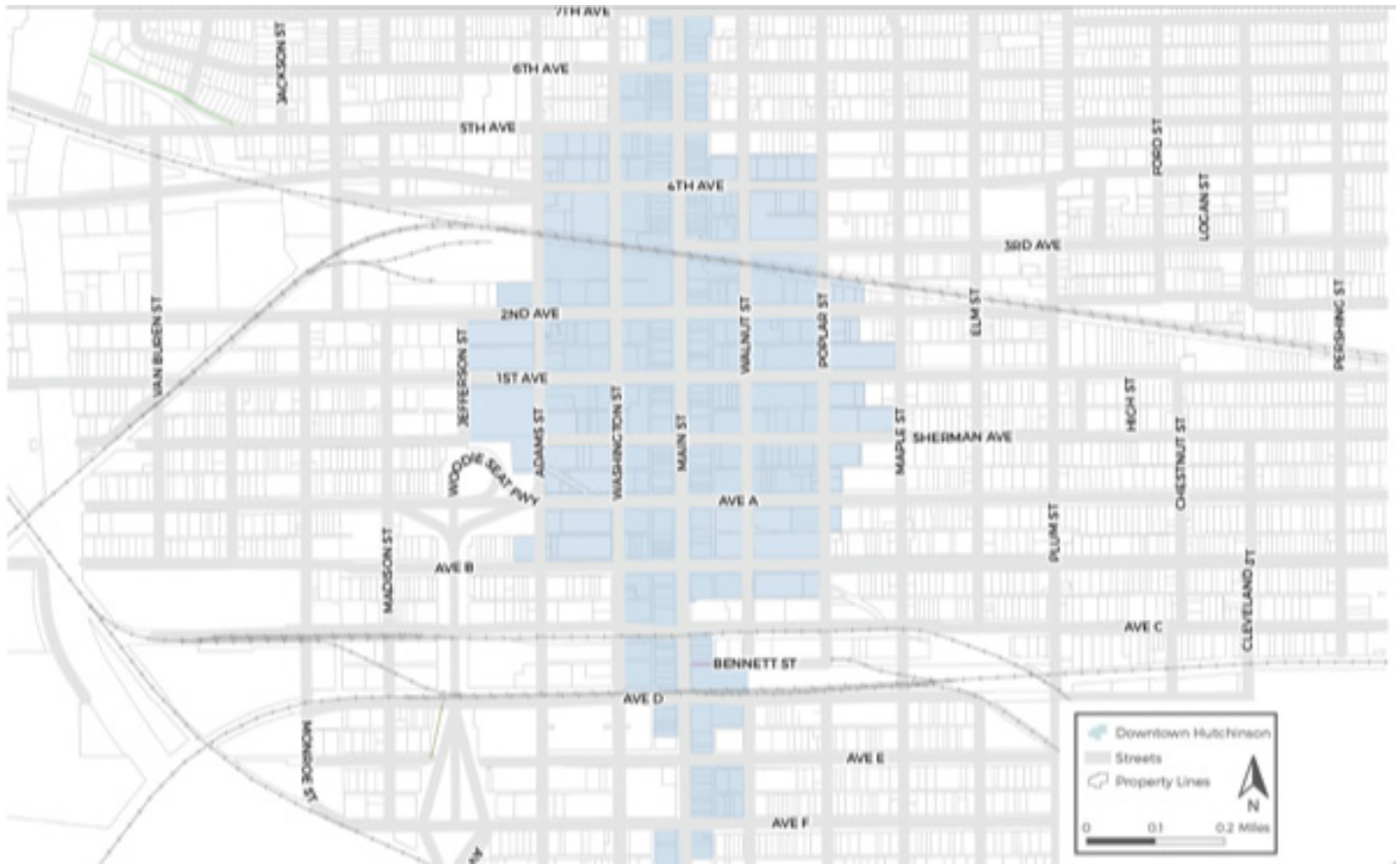
Explore adopting a festival zone, creating a Tax Increment Finance District and Business Improvement District to support financing of projects and on-going maintenance.

Prioritize Investments

Conduct a survey of targeted investment areas and prioritize public financing in areas which catalyze net-new development, address the greatest needs, and leverage private investment.

Create Stronger Management

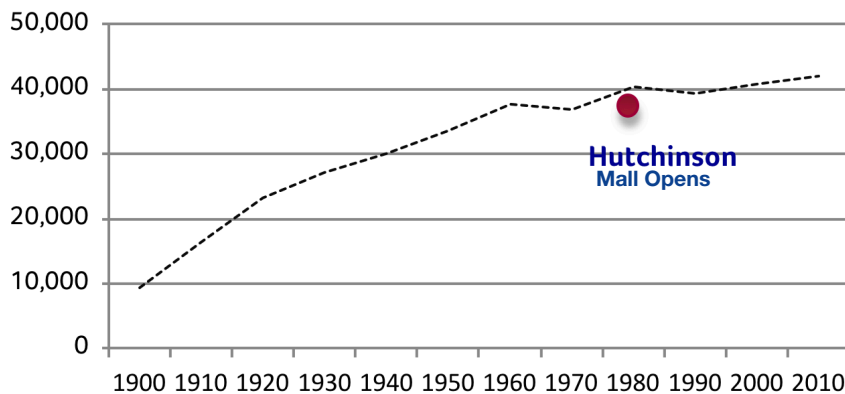
Explore reactivating Main Street program or conduct a similar structure to support marketing, management, maintenance, and merchandising strategies.



Decline of Main Streets

The largest contributing factor for the decline of Main Streets is the growth of interstates and regional shopping center malls. This has been further exacerbated by bad public policy, shifting consumer preferences, and functional obsolescence of downtowns. Changing customer preferences combined with the addition of the Hutchinson Mall shifted the retail/business center away from Downtown in the 1980's.

Population



“Hutchinson Mall and changing consumer preferences impacted the health and sustainability of downtown.”

Fortunately, Downtown has recently benefited from Main Street, Inc. initiatives and proactive public policies that stimulated revitalization through public and private investments. Some of these include the restoration of Fox Theater, Wiley Plaza, new parking lots, streetscape, lighting, landscaping and Avenue A Park. However, Downtown contains many neglected and vacant buildings, aging infrastructure, and dated facades. These diminishing conditions create a vicious cycle of disinvestment, loss of revenue for the City, loss of value for the owners, and lost revenue for current operators.

Economic Impact of Downtowns

Today, Main Street communities have benefited from \$70.25 billion of investment, creation of over 132,092 businesses that created over 584,422 jobs. This includes the rehabilitation of over 268,053 buildings since 1980. This phenomenon is credited to not only better management practices, but has benefited from changing demographic preferences that prefer urban living and public policies which support downtown investment and deter suburban sprawl. In fact, downtowns have some of the highest grossing merchants and yield some of the highest property tax and sales tax per square foot rates and have a lower service cost to cities because of operational economies. Downtowns going through revitalization can also offer small scalable space that is competitive to current office space and retail centers. This creates an affordable environment for business incubation, start up retail, and affordable living.

As part of this process, Catalyst conducted a block-by-block review of Downtown Hutchinson and a workshop with the Chamber, the Downtown Director and Downtown operators. During this time, Catalyst identified several factors impacting Downtown Hutchinson.

One of the biggest issues is lack of organization. In 2012, the Kansas Department of Commerce defunded the Kansas Main Street program due to State funding shortfalls. In 2015, the US Department of Agriculture provided financing through the Rural Development Grant program, however Hutchinson is no longer participating in the Main Street America program. While Downtown Hutchinson is managed through the City funded Downtown Director, the organization and coordination of Downtown has diminished since it operated under the Main Street program. Downtown needs strong management to coordinate with existing entities. These include Chamber of Commerce, Hutch Rec, Wiley District, Antique District, Downtown Revitalization, City, and Central Business District.

In terms of promotion and marketing, Downtown is underrepresented in major events that bring large numbers of tourists. The local events that are bringing choice local tourists are not as effective with issues obtaining liquor permits and the promotion of events.

We also observed a lack of brand identity and consistency among marketing and promotional materials between the various entities that operate in downtown and promote events. As part of a previous study, there were three blocks that were identified to target different strategies but other than antiques, these subareas are not relative to today's conditions.

The Downtown Director also commented that there is lack of engagement and a sense of apathy towards a unified vision or strategy. The operators feel that there is a lack of coordination and communication which creates an infinite loop of disengagement.

The physical condition in the core of Downtown between Avenue A and 2nd Avenue is in relatively good shape. Outside of this core along Main Street there is substantial neglect and blight conditions. The biggest issue within the core is vacancy, storefront quality, and merchandising mix. One of the issues with vacancy is the scale of Downtown in context of the market size. The greater downtown consists of several blocks, and independent strategies on a block-level should be developed to create a nuanced strategy in context of adjacency, character, and market potential.

The recent Hutchinson Comprehensive Plan touched on zoning as a strategy for Downtown, but as the City conducts an overhaul of the zoning regulations, the City should explore a form-based code that addresses design, quality, and relationship to streets to protect the integrity of Downtown and eliminate non-compatible uses within the downtown core.

In review of the merchandising, the current C-5 zoning allows for a wide variety of commercial uses but limits design, character and adjacency considerations. In addition, several uses should be precluded or considered with conditional permit only (i.e. automobile, warehouse uses).

The biggest issue in regards to merchandising in the downtown core is lack of an anchor or draw. The Fox Theater creates some entertainment gravity, but Downtown needs additional anchors or a greater cluster of active restaurants/retail to catalyze Downtown. There is also a lack of variety. The existing downtown has a cluster of antiques and jewelry, but does not cater well to local residents, regional tourists, or other market segments. Higher quality merchandising would create more foot traffic and better synergies with existing operators.

In addition, the Downtown merchants have limited and sporadic operating hours. Many operators do not stay open during evenings or participate in Downtown events. Increasing higher quality merchandising, including entertainment, retail, and greater housing options, will extend the market for longer operating hours.

Target Market

As part of this initiative, the stakeholders outlined potential market segments for Downtown. This includes regional residents, or consumers that live or work near Hutchinson. In the discovery process, it was apparent that very few of the merchants interviewed could specifically identify with their target segment and current strategies to connect with the target audience. The Catalyst Retail Market Assessment indicated that the primary trade area for Hutchinson is contained within 21 miles of Hutchinson, or within a drive time of 35 minutes.

This includes McPherson, Lyons, Sterling and portions of Northwest Wichita. According to several merchants, up to 70% of their customer base is non-local. This creates an opportunity to create experiential retail and unique shopping and entertainment that is unique to Hutchinson. Non-locals spend on average \$70 per day on retail goods and services and could also support local hotels, museums and local destinations.

The Primary Trade Area consists of approximately 82,000 people and the non-local residents equal over 40,000 people, or roughly half of the trade area population. With the regional market comprising approximately one half of the market, it is critical to merchandise Downtown with destination uses to

capture the regional market potential. Local residents are also target candidates and make up approximately 50% of the market for Hutchinson. The local population consists of over 41,000 residents. This includes residents that live in Downtown, but also nearby residents and the “local tourist” that may shop, eat or visit Downtown. In exploring the merchandising, outside of select operators and a few restaurants, most of the current mix does not cater to local residents.

There are over 1.5 million visitors to Hutchinson per year. Downtown should coordinate with major attractions and events to take advantage of tourists and non-local visitors. This could include hosting concerts downtown, partnering with the Cosmosphere and Strataca during annual events, or dining during sports events at the Hutchinson Sports Arena. It is critical that Downtown program events and operations take advantage of visitor traffic. Visitor spending is generally \$75-130 per visit versus daily consumer expenditures of approximately \$30 per day for local residents.

Other target markets include local workforce, students and affluent segments of the market. One segment that is not currently strategic would be commuters. The current transportation system does not contribute to a significant amount of commuter traffic, other than daily workers. However, one big idea would be to create a cultural trail that connects Hays to Wichita as an alternative to the I-35/I-70 connection in Salina. This could create substantially more traffic to Hutchinson and attract an underserved segment.



Merchandising Strategy

The following actions outline key steps to optimize Downtown vitality and support the revitalization and economic impact from Downtown initiatives.

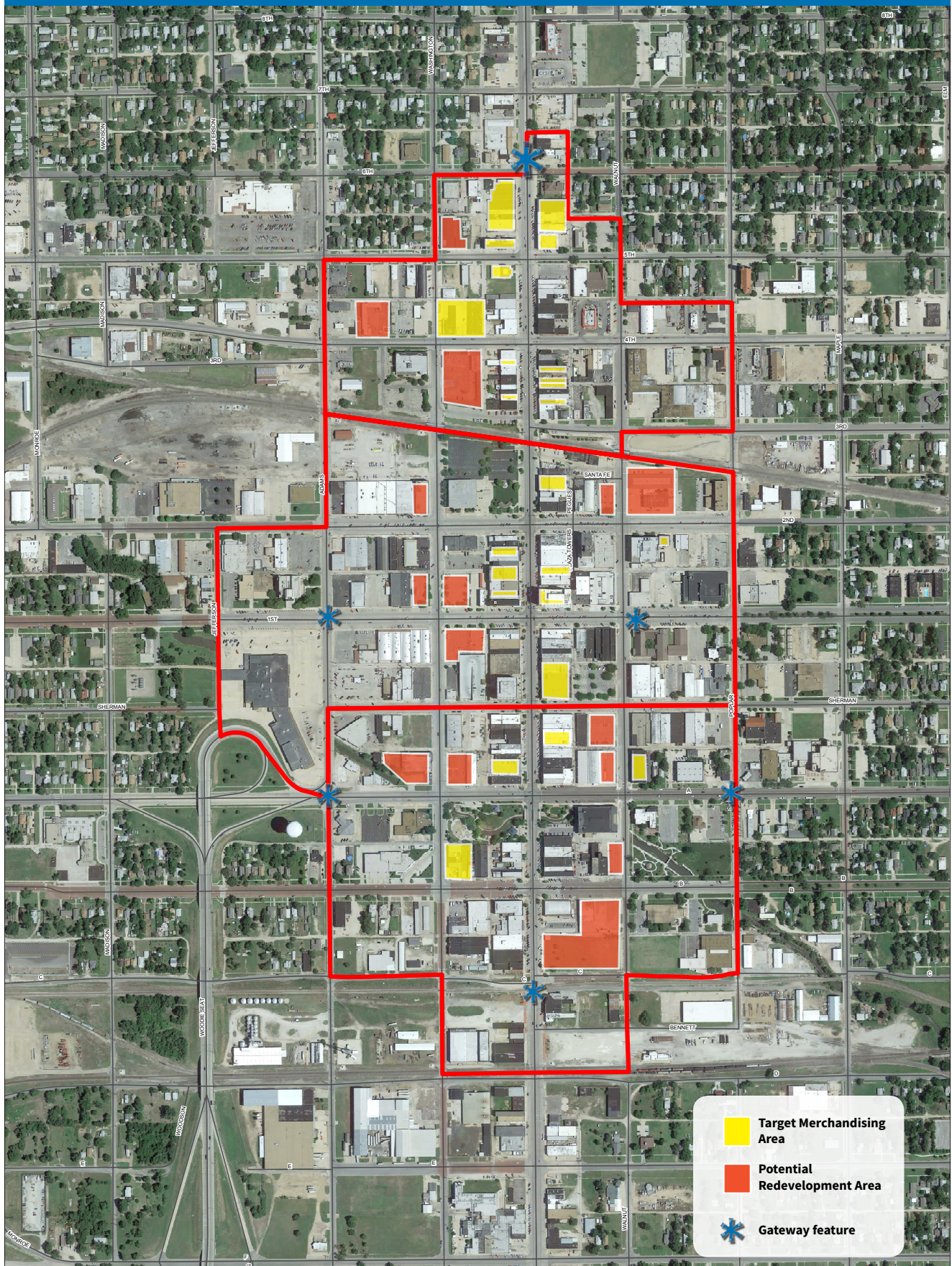
Actions

Leveraging existing assets for success:

1. Develop a marketing strategy to outline brand promise, values and marketing plan
2. Develop merchandising strategy based upon local needs using interviews/surveys
 - a. Increase food options with emphasis on uses that will utilize patios for street activation
 - b. Source anchor
 - c. Explore recruitment of other downtown destination entertainment options
 - d. Expand soft goods offerings including men's clothing, shoes and apparel
 - e. Hotel – explore conversion of motor court to upgrading concept (i/e. Lark in Bozeman, MT)
 - f. Support additional in-fill and loft housing options
 - g. Ethnic/Diversity oriented
 - h. Restaurant with coffee
3. The City could create a festival district to resolve the liquor permitting issues to enable event-goers to move throughout downtown during special events
4. To provide funding, the City should explore creating a Community Improvement District (CIID) and also a Business Improvement District (BID) downtown. The CID could address larger capital items and infrastructure and the BID could take care of on-going maintenance, events and management. The Downtown Director could report to the BID and CID boards to ensure both programs are coordinated with other downtown functions.

5. As part of the merchandising strategy, one consideration would be to attract non-profits, local office users, or explore business incubators to back fill north block of Main Street
6. While Downtown has had several millions of dollars in new parking and other public investments, the downtown plan should be re-evaluated to prioritize future public investments in concert with current business needs and proposed projects. This will explore where public investments could be leveraged with other private dollars to maximize return on investment. Future spending should be prioritized based upon a focus within targeted investment areas within downtown based upon specific goals/priorities:
 - a. Need/But for test
 - b. Catalytic benefit
 - c. Return on investment (IRR/NPV) and payback period with a preferred 10 year payback or less
 - d. Amount of associated private investment match with preferred 10:1 ratio
7. With the absence of Hutchinson's Main Street Program, the Downtown Director should create a similar structure that addresses economic vitality, organization, promotion and design
8. This would address monitoring market conditions, developing and implementing an in-fill merchandising strategy, addressing vacancies, supporting entitlements in Downtown coordinating various groups
9. The Downtown Director should develop a marketing plan and strategy and coordinate with current operators to outline a marketing plan for 2018. This should include event scheduling, timing, integration with existing businesses to support sales during events, location of facilities and amenities to mitigate business disruption and other coordination efforts. The proposed BID could also participate in conjunction with the event organizer to provide a regional shuttle during large events with Downtown as one of the stops on a local circulator
10. Marketing initiatives would also include working with a third party to support social media exposure and web presence including any joint economies with participation of several operators
11. Avenue A Park, and George Pyle Park at Avenue B and Walnut for street closures
12. Update wayfinding/signage including consistent signage in vacant spaces

Downtown Hutchinson Merchandising Map



“Designing a dream city is easy; rebuilding a living one takes imagination.”
- Jane Jacobs

