

Downtown Task Force Report

This document is the result of the Goals and Objectives adopted by the City Commission in 2012. Those adopted Goals and Objectives included the following;

“Develop a downtown plan which enumerates our collective vision for downtown Royal Oak and addresses business development, liquor license policy, special events, land use, office space and a downtown park”.

On March 18, 2013, the City Commission created the Downtown Plan Task Force with a membership comprised of community leaders, property owners and other interested groups. After some initial meetings, the Task Force realized that if it was going to accomplish measurable outcomes it needed to not only identify a geography boundary but a specific vision.

The Task Force utilized the services of a facilitator (Mr. Brett Tillander) to focus its efforts. The Task Force arrived at two (2) vision statements;

“Downtown Royal Oak will have 180,000 square feet of new strategically located fabulous midrise (office) buildings on city or privately acquired sites providing at least 1,000 well-paid jobs by 2020”.

“Royal Oak retail will be a showcase of distinct, eclectic innovative retailers that provide an unparalleled shopping experience”.

The Task Force then considered a variety of topics, issues, policies and regulations in order to accomplish these two visions.

Following the Best Practices established by the Michigan Economic Development Corporation (MEDC), the next step taken by the Task Force was to identify and prioritize redevelopment ready sites. The Task Force narrowed its area of focus to the geographic area identified on the attached map. Several publicly owned sites within this area were identified as suitable for office development. Those sites are shown on Attachment A.

It became apparent during discussions, that Site 1 has many opportunities and challenges that need to be addressed. The Task Force is therefore recommending that a more detailed development strategy/plan be prepared for this site. The Task Force is recommending that the City Commission hire a consultant to prepare a development strategy/plan, which may include a central park, for Site 1 and the surrounding area. The \$10,000 donation to ROOTS may be used as possible match funding in order to hire a consultant. Other possible funding sources may include grant opportunities such as Placemaking Technical Assistance Grants (PlacePlans) and/or Our Town Grants.

The Task Force also recognized that many economic development efforts or organizations have a philosophy of “anything and everything”. This philosophy needs to be replaced with a target focused approach. It will not only send a clearer message to potential developers, businesses and the community, but will focus limited resources and funding. It also results in better performance measures and the ability to track actual accomplishments rather than simply reporting all developments which may have occurred otherwise.

The Task Force, with the assistance of the meeting facilitator, conducted a series of exercises in an effort to identify “preferred” and/or “targeted” retail businesses. The conclusion was reached that it would be beneficial to hire a retail expert to help identify the market and which type of “niche” retail businesses to pursue. Additionally, fulfilling the stated vision requires formulating a strategic retail development plan.

A successful plan will identify target retailers that meet the demand of the market, consider the customers in the area, match the vision set forth for retail, and include marketing materials with data tailored to each individual retailer. Such a plan would give staff clear direction on the retail establishments desired by the City Commission, and the data-driven tools to recruit those retailers to come to Royal Oak.

A strategic retail development plan would allow staff to create a marketing and incentive package to target and potentially assist specific retailers. A marketing package would include comprehensive information on the trade area, customer profiles, demographics, potential locations, City amenities, City history/culture/brand, tax information, leasing rates, relevant incentive programs, infrastructure, and projected sales data.

A retail market study is needed before a retail development strategy can be incorporated in the downtown plan. The market study would report on the current status of retail in the community, identify trade areas, identify actual spending habits of those already living in or shopping in the area, and select potential retailers that meet the demand of the market and vision set forth by the City Commission.

The downtown task force proposes that a Request For Proposal (RFP) be issued for a retail market study under the scope of services listed below. Once the study and proposed retail development strategy is complete, the City Commission and stakeholders will review the proposed strategy for adoption in the downtown plan. The strategy will allow staff to focus its efforts on recruiting specifically desired retailers that meet the vision proposed by the Downtown Task Force and the Goals and Objectives adopted by the City Commission.

Potential Request For Proposal - Scope of Service

The City of Royal Oak is requesting a thorough retail market analysis and development of a retail development strategy that serves to realize the City’s adopted vision for retail development. The proposed strategy should meet the demand of the market and consider the characteristics of the customers within the identified trade areas. The adopted vision is “Royal Oak retail will be a showcase of distinct, eclectic and innovative retailers that provide an unparalleled shopping experience”

The scope of work includes the following:

- *Review and report on the current status of retail in the City* including, but not limited to, land use, space allocation, vacancies, lease/rental rates, current retail mix and planned developments.
- *Define primary, secondary and potentially tertiary trade areas.* Trade areas should be identified with consideration of population, proximity to other

competing business districts, destination attractions, traffic patterns, drive-times, retail mix, store sizes and sales volumes, and actual customer data. Data derived from actual customer spending in the City of Royal Oak is preferred.

- *Develop customer profile.* The customer profile information should include detailed demographics, ESRI lifestyle segmentation data, actual customer spending habits and any other information deemed pertinent by the selected contractor.
- *An analysis of the trade areas should be completed to identify new potential customers and additional market sales potential* that is derived from the customer profile data and actual market supply and demand data.
- *Identify at least three peer cities.* Peer cities should be identified that have similar customer profiles and have a successful retail market to serve as potential models for a strategic retail development plan.
- *Develop a proposed retail development strategy.* The City is seeking a strategic retail development strategy that serves to realize the City's adopted vision for retail development, meets the demand of the market, and considers the characteristics of the customers within the identified trade areas. The strategy should identify retail categories, niches, and specific retail stores within those groupings to target for marketing. The list of specific target retail stores should be extensive. The strategy should also identify specific potential locations and spaces for targeted retail that considers all data gathered.
- *Create three sample marketing packages* that could be used by City staff as a model to market to targeted retail establishments, meet the goals of the retail development strategy, and bring targeted retail to the City of Royal Oak. The marketing packages should each be tailored to a specific retailer that is suggested for the City. The package should have comprehensive information on the trade area, customer profile, demographics, potential locations, City amenities, City history/culture/brand, tax information, leasing rates, relevant incentive programs, parking, infrastructure, projected sales data, and any other information deemed pertinent by the contractor.
- *Report on all data sources used in the final deliverables* and identify how the information can be obtained on an ongoing basis to create future sample marketing packages.

The Task Force fully supports the utilization of incentives and other development tools to accomplish the desired outcomes on the “office” development sites and to attract “target retail”.

Incentives are tools that influence business decisions and should be limited to those opportunities that result in a desired or targeted action. Incentives should result in a positive scenario (“win/win”) for the community, based on the vision of the downtown plan, and the business.

The Task Force recommends that the newly created position of Economic Development Director meet with private property owners, real estate brokers, lenders and developers to discuss specific obstacles and incentives related to the creation of additional office space and “targeted” retail businesses.

At this point in time, it is difficult to identify which incentives/programs may be appropriate and of benefit. The Task Force offers the following incentives/program as a non-comprehensive list of options.

Incentives/Programs

Review existing policies and codes for potential modifications related to “targeted” sites and/or “targeted” retail businesses such as;

Liquor License(s) – Bistro (Development Licenses)

The Task Force believes the ordinance amendments that removed restrictions related to the number of licenses that would be issued per year have negatively impacted opportunities for retail businesses to locate in Royal Oak. The perception is that property owners/landlords are holding out for businesses (restaurants with liquor) that can pay larger sums in rent and that the City Commission is more receptive to allowing establishments with a liquor license.

The Task Force is recommending that the yearly limitation(s) on new liquor licenses be reestablished and that the criteria calling for unique operations be strictly enforced.

Zoning Ordinance

The Task Force believes that “retail” should be the primary ground floor land uses along street segments in the downtown area.

The Task Force is recommending that the City’s Zoning Ordinance be amended to create an “Overlay District” permitting “retail” as a “use by right” on the ground floor while other land uses could require a special land use permit or be prohibited from being on the ground floor. This could require a block by block analysis to determine the appropriate square footage or mix of ground floor land uses.

Alternatively, the Task Force recommends that bonuses be established for developments/properties that agree to limit a significant portion of the ground floor space to “targeted” retail. This may include greater density, reduced or shared parking, parking passes, fee reductions or preferred status under various programs. The redevelopment of publicly owned sites to office space may receive a reduction in the purchase price.

Downtown Development Authority (DDA)

The Task Force recommends that the DDA analysis / consider the following:

- Consider utilizing Tax Increment Financing opportunities to assist developments/projects that create office and targeted retail tenant space.
- Consider modifying the façade improvement program to provide preferred status to office and targeted retail applicants.
- Consider modifying its current events & promotional activities to meet the needs of targeted retail businesses.
- Consider establishing a program which guarantees available lease space for office and/or targeted retail.
- Consider establishing a grant/financial assistance program to influence targeted retail.

OTHER PROGRAMS

Brownfield Redevelopment Authority PA 381

Business Improvement Dist/Principal Shopping Dist/Business Improvement Zone PA120

Commercial Redevelopment Act PA 255

Commercial Rehabilitation Act PA 210

Conditional Land Use Transfer PA 425

Community Development Block Grant, CDBG

Corridor Improvement Authority PA 280

Downtown Development Authority PA 187

Economic Development Corporation

Historic Tax Credits

Historic Neighborhood Tax Increment Financing Authority PA 530

Local Development Financing Act PA281

Michigan Community Revitalization Program PA 395

Neighborhood Improvement Authority PA61

PILOT, Payment in Lieu of Taxes

Property Tax Abatements PA 198

Personal Property Tax Relief PA 328

Redevelopment Liquor Licenses PA 501

OAKLAND COUNTY

Main Street Oakland County

Financial Services –Loans, Bonds etc.

SBA 504 Loan Program

Tax Exempt Bonds

SBA 7(a) Loan Program

Small Business Innovation Research Grants

Economic Development Job Training Grants

Incumbent Worker Program

On-the-Job Training