

The Key Factors of Success for Curating Main Streets

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Abstract:

The United Nations' "New Urban Agenda" includes an emphasis on main streets as public spaces and generators of economic opportunities for all. What are the barriers to implementing such successful, diverse main streets today -- and how can planning and design overcome them, engaging with other sectors to achieve success? How can main streets be "curated" as part of a broader strategy of polycentric governance -- neither "letting the markets decide," nor seeking unsatisfactory "command and control" of desired results by government agencies? We examine a case study from Portland, Oregon, offering encouraging successes as well as lessons learned. We conclude with proposed next steps.

Keywords: Main Streets; Orenco Station; Urban Design; Governance; Ownership; New Urban Agenda; Portland;

Introduction: Main Streets

The success or failure of main streets and their businesses is increasingly a major challenge for cities and their neighborhoods, in an era of growing on-line retail, increasing prevalence of "big box" volume retailers, and other forms of competition (Talen and Jeong, 2019). Yet as discussed in other chapters, we have come to understand the uniquely important role of main streets in providing neighborhood-scale goods and services to nearby residents, small-scale entrepreneurial opportunities for shop owners, economic development and employment for surrounding neighborhoods, sense of community for residents, and many other benefits (Southworth, 2005; Drabentstott, Novack and Abraham, 2003; Pendola and Gen, 2008). Reflecting these benefits, all 193 member states of the United Nations unanimously adopted an urban policy framework in 2016 that stresses the value of main streets toward "fostering both formal and informal local markets and commerce, as well as not-for-profit community initiatives, bringing people into public spaces and promoting walkability and cycling with the goal of improving health and well-being (United Nations, 2017). At the same time, the failure rate for many main street businesses -- and the potential decline of their surrounding main streets as a result -- can be high, particularly for new or regenerated main streets that include new businesses. Thus, it is critical to find and share effective tools and strategies to develop, maintain and improve main streets.

Streets and public spaces define the character of a city and frame the image of the city (Lynch, 1960). The connectivity and organization of streets and systems of public spaces have long contributed to the successful urban development and defining of the cultural, social, economic, and political functions of cities. The connective matrix between the streets and public spaces embraces inclusivity, safety, connectivity, accessibility, multi-functionality, and livability but, unfortunately, this interplay and multi-functionality of streets and public spaces are often neglected and overlooked (Karssenberget al., 2016). According to Benfield (2016), the decline of real Main Streets is because of the dramatic change in the scale of the retail economy as the successful business chains want to expand and proliferate leaving little or no room for small businesses. The Main Street model cannot uphold such amplification. Another factor adding to the fading of Main Streets has been the suburban sprawl that has drained the life and investment of small downtowns (Dover and Massengale, 2014).

It gave birth to generic shopping malls that dominated retail and cultural life in the era from the 1970s through the 1990s. Main Streets are environments designated for walking, lingering and browsing around. These streets should be short block lengths that are well-highlighted, convenient and entertaining with all its design features.

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Rosa Danenberg (2020) sees Main Streets problematique increasingly understood as public spaces that hold significant social and economic values (Danenberg, 2018 and 2021). UN Habitats (2013) report *Streets as public spaces and drivers of urban prosperity* underscores the importance of recognizing streets as a basic urban element with the ability to drive the prosperity of cities. According to Danenberg (2018 and 2021) "This view on streets challenges a shift from seeing streets as 'links' that facilitate movement, to streets as 'places' that serve as destinations. In past decades, urban planning and design policies have increasingly focused on the transportation function of streets". However, recently, as Danenberg research shows, a growing body of literature has redirected attention to streets as a place (e.g. Mehta, 2013). Finally, Danenberg analyses and concludes that in addition, that "a number of research projects have become concerned with the decline of Main Streets and attempted to draw attention to the Main Street as a public space, both with its values and benefits": High Streets in London (Carmona, 2015), Main Streets in Chicago (Talen & Jeong, 2019), Suburban High Streets (Vaughan, 2014), Vital Main Streets (Mehta, 2011), Mixed-use Streets (Jones et al., 2007), and Local Shopping Streets (Zukin et al., 2016) [For more detailed on this important research please see, Danenberg, Rosa et al. 2018 and Danenberg, Rosa, 2020 and 2021 - forthcoming PhD on Main Streets, KTH, Royal Institute of Technology]. This chapter will focus on the most common factors of success for main streets, including not only their successful location and design, but the detailed ingredients of business recruitment, development, support and management – what we will refer to as the “curation” of main streets. Since in most cases we cannot simply hope that main streets will spontaneously arise and become successful, we must establish a process of planning and governance, built on sound understanding and management of main street dynamics, and able to secure the factors of success.

This “curation” of main streets requires that there must be one or more “curators,” who may take different forms. Sometimes these will be large property owners who will act as landlords for the retail businesses, or smaller landlords who will come together to create some kind of unified governance structure (such as a business association) to help to perform the curation and support of the businesses. In other cases, a non-profit or local government entity might establish a governance structure, such as a Business Improvement District (BID), Local Improvement District (LID), or some other entity such as a public-private partnership. The considerations below will apply to all of these different kinds of curators. It is important to note that there can be exceptions to the factors discussed below – businesses that are successful even though they lack one or more of these factors. A so-called “destination,” for example, can be hidden away, and discovered and sustained only by customer word of mouth. The evidence shows, however, that in the vast majority of cases, these factors are indeed critical for success.

Location, location

The first consideration is the location of the street itself, and whether its proximity, connectivity and visibility to potential visitors and customers is adequate. Closely related is the question whether those customers are “in the market” for the services offered, or might be potential customers for them, at least to the degree needed to support the businesses. This is of course a dynamic issue, since surrounding populations can increase or decline, demographics can change, and even street patterns can be altered, compromising the visibility of the retail (for example, when two-way streets change to one-way). A more basic question is whether the street itself is in an area where there is “traffic,” i.e. people passing by who might see and use the businesses. This can be ascertained empirically with so-called “traffic counts” of cars, other vehicles and pedestrians. It is important to note, however, that such an analysis only represents a snapshot in time, which may be affected by temporary conditions. These traffic numbers can change significantly over longer spans of time, particularly as an area develops or redevelops. Over a longer period, traffic tends to be higher depending on whether the street itself is well-situated within the larger network of surrounding streets. As Hillier (1996) and others have pointed out, cities have “movement economies,” patterns of activity that are shaped by the patterns of streets and their connections. Streets that have better “centrality” – that are better connected on average to the larger street network – tend to support retail better than those that are poorly connected (Porta, S, Crucitti, P, and Latora, 2006; Porta et al., 2009; Hillier, 2009).

Who is the competition?

A closely related question is whether proposed services are already offered by competing businesses, or whether the market is “saturated,” meaning that little or no additional demand is available for new businesses to serve. However, markets are dynamic phenomena, and what appears to be saturated today can be reinvigorated tomorrow as new conditions develop. In fact, one of the most notable phenomena in retail is the “birds of a feather” phenomenon, where similar businesses locate together, seemingly to each other's detriment. Yet the synergy of several businesses often draws more customers, responding to an apparent “critical mass” effect. This effect is particularly helpful if the offerings are slightly different – for example, several different kinds of restaurants, or several varieties of shops.

One can observe in many cities that often-thriving neighborhoods are dominated by only one kind of business, for example New York's "Garment District" or "Diamond District." At the same time, smaller main streets are intended to serve residents' routine daily needs and activities, so might contain a broader mix of shops and services. Nonetheless, there is evidently no harm in clustering three or four restaurants, or three or four specialty shops. A more difficult problem is competition from volume discount retailers, who might undercut prices and make it difficult for businesses offering typical neighborhood services to compete – among them groceries, household goods and so on. Often these volume discount retailers are farther away in larger stores, requiring more driving or other transportation by residents. In that case, the crucial need is to differentiate the local offerings from the volume discount offerings – for example, fresh vegetables and unique local products, which can supplement more standardized staples bought at the volume discounter. In this way, the main street business can become complementary to, and not in competition with, the volume discounter (Miller, Reardon and McCorkle, 1999).

Who is being recruited?

An obvious factor in determining success is the nature of the businesses on the main street – what they offer, how well they do it, and how well it connects with the market. This is where it is most critical to engage a process of "curation" – of selection, preparation, planning, design, and execution as well as experimentation, refinement and improvement. So-called "chain stores" have an advantage in that they have well-established methods to select, develop and operate successful locations. However, chains are also typically less able to adapt to unique neighborhood characteristics and market segments, or serve unique neighborhood needs (Halebsky, 2009; Mehta, 2011). They also tend to offer fewer entrepreneurial opportunities to local residents, and there is some evidence that their "economic multiplier" – their contribution to the local economy – is not as great, particularly for chains that have out-of-town headquarters (Blakely and Bradshaw, 2004; Halebsky, 2010). Finally, there is some evidence that chain stores may contribute less to the development of business involvement in civic affairs, or in reciprocal supportive social relationships (or "social capital") in the neighborhood (Tolbert, 2005; Green and Haines, 2002).

For all these reasons, it is generally desirable to have at least a strong representation of non-chain businesses in main streets. Where chains are included, they might be chosen to signal confidence to other businesses that the market is attractive, or they may provide uniquely desirable goods because of their unique access to certain products. Some chains are also locally or regionally based, therefore lacking many of the weaknesses of distant or large-scale chains. The recruitment of non-chain businesses increases the burden on landlords and other curators to select businesses that have the capability to learn and adapt to a new market. Due diligence must be exercised to find business owners who have the requisite personal characteristics to make up for a lower level of experience. The advantage is that the business owners are more motivated to respond to the local market and its customers, and less constrained by established corporate practices.

Are the businesses visible and attractive?

The first prerequisite for any retail business is visibility. For a main street business in particular, that means that the goods or services are easily observed by passersby, either by foot, bicycle or car. Visible signage – attractive and not garish – is important, both at the immediate location and in any directories or pylon signs. Adequate display windows must be provided, without excessive tinting or shading from overhangs or trees. Good lighting for nighttime operations is also important, as is adequate shelter from inclement weather.

Closely related to visibility is attractiveness. Is the business activity or product human-scale, interesting, colorful, enticing? (If food, appetizing in its display?) Is there attractive vegetation and architecture around the entrance and display windows? Is there beautiful artwork or other designs? These should help to tell the story of the services or products, and not distract from or clutter the experience of customers. Once customers enter the space, is it comfortable and attractive? If it is a restaurant, are its acoustics controlled so that it is not excessively noisy? Is service reasonably prompt and good-quality? Does it have a good range of offerings, adequately stocked, and carefully tailored to its customers and their tastes?

These are issues that go to the core of how a business develops its offerings and satisfies its customers. In the case of chain businesses, such considerations are usually not applicable, since they often have their own well-established methods of customer attraction and retention. (Indeed, the challenge may be instead to encourage them to adapt more specifically to the character and needs of a local main street.) However, for small entrepreneurial businesses – especially those who are relatively new to the market – there is often work to be done in these areas. Thus, it is critical that curators apply a support system to develop and nurture successful small businesses.

Who is managing the street, and how?

This brings us to the next big challenge for main street curation, the governance structure. The formal structure (or structures) can vary enormously, depending in particular on the property ownership structure, i.e. one large institutional owner, multiple owners, public and/or private ownership, etc. In all cases, however, the governance should typically address the following criteria:

1. A clear definition of a “public” realm – both physically, in the form of the streetscape and other public spaces, and institutionally, in the form of public-sector participation in governance. This participation can take the form of a public-private partnership, public oversight of privately-operated public spaces, or other public-sector governance structures.
2. Clear definition of roles and responsibilities for distinct parts of the public realm by distinct entities, e.g. business frontages by the business owners, common areas by a shared institution, activities within public rights of way, and so on.
3. A mechanism to encourage the recruitment of businesses that best serve neighborhood needs and long-term public interests.
4. A mechanism that supports the development and promotion of the businesses and their interests, for example a business association, or a landlord-provided education, marketing and development office.
5. A mechanism to finance and implement the development and/or maintenance of common areas.

Typically, a given main street will contain a series of overlapping governance structures, which may include for example the local city government, independent associations, public-private partnerships, citizen or neighborhood groups, or other hybrid entities. This kind of hybrid structure is common for many main street governance structures.

One hybrid institutional governance structure, particularly common in the United States, is the Business Improvement District (Briffault, 2010). BIDs are entities created by local government with the legal power to tax owners to pay for improvements to common areas such as streetscape furnishings, plazas and the like (Houstoun, 2003). The name may vary, and similar governance structures include the business revitalization zone (BRZ), business improvement area (BIA), community improvement district (CID), special services area (SSA), and special improvement district (SID). A related variant is known as a Local Improvement District, although LIDs are typically more focused on larger areas including residential streets, and on improvement of infrastructure such as streets and utilities. BIDs are not without controversy, although there is evidence that they can play a key role in improving the success of small main street businesses and the quality of urban life (Mitchell, 2001; Briffault, 1999). The danger that they pose is in the commingling of public and private interests, with the potential that private goals will override public needs, or at best erode the transparency and accountability of governance. Of course, this is a perennial concern for all governance of any form, and it is a notable challenge for the management of public spaces in particular (Banerjee, 2001).

Hogg, Medway and Warnaby (2003) present evidence that BIDs can be very beneficial for small and medium businesses such as those occupying main streets, but point to four ingredients of BID success: strong leadership, a genuine desire for change, clarity of objectives, and support from the local authority. To that list we would add clarity of roles and interests, providing governance to ensure the public interest is not compromised in favor of private ones. Another simpler governance structure is the single private (usually institutional) owner or landlord. The advantages of this model are obvious: more direct and effective decision-making, clearer lines of internal accountability, and greater ability to adapt quickly to address needed changes, particularly to varying market demand. The dangers of this model are equally obvious: priority of company interests (especially financial) over the public good, lack of public accountability, and lack of access to public resources, especially financial resources (e.g. taxation).

One way to strengthen the weaknesses of the single private owner model, while exploiting its strengths, is to include the owner in a larger hybrid model such as a Public-Private Partnership (discussed further below). These partnerships have also sometimes proven controversial, particularly when accountability and transparency were not sufficient, or when private interests proved to have strong precedence over public benefit. Once again, clear governance structures are necessary, providing for a balance between public and private interests. Some private owners are inherently more able than others to aim for long-term growth of property value, which often aligns better with the public interest, i.e. a more vibrant neighborhood, offering more jobs and prosperity, with strong growth in economic value. Such “patient capital” is more commonly found in large institutional owners, such as insurance companies or pension-fund partnerships, whose assets are invested typically for many years or decades.

By contrast, other private developers typically must provide rapid returns on investment, often well before the real value of a development has had time to mature. The result is often a negative impact on the long-term quality and sustainability of a development. At the same time, institutional entities with more “patient capital” are of course not acting strictly in the public interest either, and therefore, to the degree that they are affecting the public realm and the “urban commons,” their actions require some form of local governance oversight. This is usually provided within the local government, through its function to regulate land use and property development. In that sense, local governments can be important partners in the governance and curation of a main street.

Larger challenges of governance – and government

In all these cases, the challenge is to balance private and personal interests against the public interest – or we should say, interest’s plural, since even the public sector includes many different and competing interests. In almost all cases, there is a mix of different public and private entities at work, including formal *governments* and other, often less formal, kinds of *governance*. This institutional web-network of governance actors was memorably described by the political economist Elinor Ostrom (2010) as “polycentric governance,” which, she argued, is to some extent a feature of all governance and indeed all economic systems. It is helpful to recognize this overlapping, sometimes conflicting web of actors, so that we can manage it more formally, more accountably, and more effectively toward better outcomes.

Within this web of actors, there is a tension not only between competing public and private interests, but between long-term interests and short-term ones, which are often favored by institutional dynamics and the limited knowledge of individuals (including consumers). Therefore, one important task is to clearly identify and agree upon longer-term goals, particularly for a larger public (such as a successful and thriving main street, or successful public space). Those with short-term goals (e.g. investors) need not be demonized, but the nature of their interests needs to be understood and balanced with other interests.

In particular, it is often necessary to construct mechanisms that can identify longer-term financial benefits, and create financial transfers to incentivize improvements in the short term – for example, initial start-up costs and construction investments. Of course, financial institutions make such investments routinely, and the entire system of capital is in a sense a mechanism to do precisely that. The larger challenge, especially given today’s challenges, is when these benefits exist as “externalities” – that is, they cannot be easily “monetized” as an internal return on investment to the original financier. This may be because the value exists in a diffuse form, or is experienced by other people or in other ways. (The same problem exists with costs and “negative values”, e.g. pollution, greenhouse gas emissions, destruction of ecosystems, etc.)

Examples of “positive externalities” include greater prosperity for the broader public, greater well-being, better health, better ecological performance and environmental sustainability, and so on. In this case, there is also a well-known mechanism to respond: governments routinely appropriate tax monies to accomplish such goals. However, there is a limit to what governments can do, particularly when there is increasing pressure to show how tax monies are also providing a tangible return on investment to the taxpayers. Perhaps more significantly, governments may be incapable of delivering sufficiently powerful financial incentives to shift development into more benign directions, at a scale sufficient to compete with market forces. It seems these market forces must themselves be harnessed, through strategic financial mechanisms.

One such mechanism is known as “Tax-Increment Finance”. In TIF and related mechanisms, the government raises funds for an initial investment (say, to build the infrastructure for a main street or public space) usually by selling bonds to investors, and then uses the “increment” of increased revenues from the maturing asset (e.g. sales tax from businesses) to pay back the investors with interest. (In a sense, the payments made by participants in a Business Improvement District serve a similar function, in that they are investments made in the belief that greater benefits will accrue to the participants over longer periods of time.) This important strategy is also known as “value capture”, and in the case of real estate, “land value capture.”

Another mechanism that can shape market forces and channel investments (in both positive and negative ways) is the regulatory power of governments. Regulations are created, of course, with the aim to provide benefits to the public, and prevent harms. Land use is of course one area where government plays a key role in regulating actions, with the hope that the result will be improved economic and other value over time, with less harm to individual parties (for example, neighbors who might be adversely affected by shading, noise, or other impacts).

While few deny the appropriateness of some forms of land regulation, there is evidence that the reactive nature of land use regulation has too often failed to improve the quality of a neighborhood, and sometimes prohibited some beneficial forms of development (such as mixed use, compactness, and so on). In effect, regulatory tools allow agencies to restrict certain forms of development, but provide no assistance in actually improving development quality. In that sense they are “reactive” – they react to what is prejudged to be a negative impact. A more proactive approach – creatively developing new positive forms of value – is a public-private collaborative governance structure, combining the best assets of each: the resources and public-interest oversight of the public sector, together with the agility, creativity and market responsiveness of the private sector. One example of such a structure is the previously mentioned Public-Private Partnership, wherein local government and business entities enter into formal collaborations to develop properties or other assets, with detailed arrangements for finance, construction and management. More broadly, the public sector and private entities can work collaboratively together to produce creative alternative regulations that address unique needs or opportunities. Among these creative alternatives are site-specific overlay zones, design codes, alternative permitting methods, fee reductions, and the like. Sometimes these innovations go beyond regulation into more creative, aspirational frameworks, including so-called “pattern languages.”

Once again, in such partnerships it is important to have clear roles and lines of accountability, and at the same time to develop a larger network of participation from all the entities that can contribute to success. These should include not only immediate property owners, but also individual business owners, other institutions, civic groups, residents, and other members of the public. Here Ostrom’s “polycentric governance” model applies: neither allowing the dominance of private entities with their own (often unaccountable) interests, nor public-sector bureaucracies with their own internal logic and momentum, but a network of agents working together to produce forms of value at many scales of place and time.

This is of course easier to describe than to achieve. In practice, such a structure cannot be commanded, but must evolve through careful organization and decision-making. Once again, the challenge is “curation” – the selection, organization and maintenance of forms of shared value. In a deeper sense, this is what all cities do – and what all cities *are*. Now the task is to re-structure our current institutions toward better alignment with that challenge.

Summing up the takeaways: The “Four Cs” of successful main streets

We can conclude, then, that successful main streets all aim for and achieve these four characteristics, which we refer to as “the Four Cs”:

Connectivity: The main street is located in a strong position within the larger street network, well-connected to other parts of the city and to its own neighborhood, and with good proximity and visibility to the “movement economy.”

Catchment: The main street is within close proximity to an adequate number of potential visitors and customers, including not only those who pass by, but those who live and/or work nearby; and the potential customers are likely to find services and activities that match their needs and interests.

Competition: The main street does not have excessive competition for the same customers from other businesses, and where such competition exists, it is complementary and/or helps to draw sufficient new customers.

Curation: The main street businesses are carefully selected, organized and managed in a way that enhances their attractiveness, neighborhood suitability and success.

As we have seen, all of these factors must be secured through a customized governance structure which involves actors from the private sector, public sector, civil society, and adjacent residents.

Case study: Orenco Station, Oregon

We conclude this chapter with a case study that illustrates many of these factors in application: the Greenfield redevelopment of a failed housing subdivision into a new 150-acre mixed-use community adjacent to a light rail station in Hillsboro, Oregon. Most relevant for our purposes, the development included a new main street extending up from the light rail station to the major employer at the opposite end of the neighborhood. Particularly challenging is the fact that that this was an entirely new main street, in a sprawling, low-density, auto-dominated suburban area between the urban centers of Portland and Hillsboro, for which there was no regional precedent for such a walkable, compact, transit-oriented neighborhood. It happens that one of the authors (Michael Mehaffy) was the project manager for the master developer, and what follows is therefore a first-hand observational report supplemented by discussion of post-occupancy research evidence and findings.

This particular main street was created by a single institutional developer, a pension-fund partnership by the name of PacTrust, whose partners include the state employee pension funds of California and Washington, and the Wall Street investment firm KKR & Co. Inc. This institutional structure meant that the developer had extensive “patient capital” to invest for the long run, as well the ability to find value at different scales of time and place. It also meant that the diversity of its “polycentric governance” would have to be found in the larger collaboration between PacTrust and its public and private partners. As discussed below, that indeed proved to be the case.

Background

The Hillsboro region saw strong growth of high technology businesses in the 1980s and early 1990s, producing a net increase of over 15,000 jobs. Without adequate housing, the imbalance resulted in long commutes and increased traffic congestion on the local highway, with additional impacts of emissions and lost productivity. Around the same time, however, the Portland region had adopted a framework plan called the “2040 Growth Concept” that included a proposed network of light rail lines and other transportation, along with targeted development of “centers” connected by a series of “corridors” (served by light rail, autos and other modes of travel). These targeted sites were within the region’s “urban growth boundary” – part of Oregon’s innovative land use system aimed at conserving farmland and providing greater urban compactness and connectivity, and addressing the very problems that Hillsboro’s high-tech boom had created.

One of the proposed new centers was at the former site of the Oregon Nursery Company in Hillsboro, an early 1900s exporter of ornamental trees and shrubs. The company had built its own small incorporated town, named Orenco (a contraction of the company name). Adjacent to this settlement was the area of the original nursery, some 700 acres, which in the 1950s (after the subsequent closure of the nursery) became the site of a failed subdivision called Ronler Acres. By the 1980s this area was targeted for new industrial development, including what became one of Intel Corporation’s largest campuses, also named Ronler Acres.

The area immediately to the north of the station, and south of the new Intel campus, was also zoned for industrial development, soon to be completed by its owner, PacTrust. At the same time, the regional transit agency and its partners had secured funding for a new light rail line through the site, and on to the city of Hillsboro. Contingent on that funding, however, was the requirement of a mixed-use overlay zone on the site, which would require, among other elements, many more housing units to better match the growing employment.

PacTrust deliberated on whether to sell to another more experienced residential developer, and finally decided to embark on development of the site into a new kind of “complete” community following the development model of new urbanism. As mentioned, one of the authors was then hired as project manager and “point person” for the project, along with a team of colleagues. The neighborhood would include many different kinds of housing, walkable streets, parks and open spaces, built by PacTrust directly or with its partners and sub-developers, including Costa Pacific Homes. As its centerpiece, the community would feature a new main street.

The initial development included sixteen businesses offering unique local neighborhood services, including a grocery, household goods store, laundry, dentist, accountant, gift shop, wine shop, coffee shop, and four restaurants. Only one business was a national chain – the coffee shop, a Starbucks, which served to give an early signal to the market that this was an attractive location.

As predicted, the market expanded over the next two decades, and the later phase to the south added 22 new businesses. Some ten years after development, in the height of the 2008-2010 recession, the occupancy rate for then-existing businesses was over 95%, marking this main street as a clear success. The company was careful to follow the “Four C’s” of successful main streets, as follows.

Choose the right location

Initially the City of Hillsboro, the Tri-Met transit agency, and the Metro regional planning authority, argued strongly that the main street and its associated “town center” should be focused at the new station area. PacTrust representatives strongly objected to that concept, arguing instead that the busy arterial to the north was better suited to support the retail businesses, especially in their early stages. The new main street should run perpendicular to this arterial, they argued, with its focus at the intersection. As the area developed and more “rooftops” were added, additional retail could be added farther to the south, extending to the station area (a concept that was later implemented successfully).

This planning occurred in conjunction with the development of a new zoning code and development agreement, which was fleshed out in a collaboration between the City and PacTrust. The new zoning code created a single mixed-use zone over the entire site, known as “Station Community Residential Village” or SCR. It provided the flexibility for PacTrust to respond to market conditions, and crucially, to build out a truly urban main street, with tight setbacks, mix of uses, higher density, live/work units, accessory dwellings, and many other innovations. All of these elements would have been illegal under the original zoning code, as indeed they still are in many American suburbs.

Under this collaborative arrangement, PacTrust was arguing that the private sector could do what it does best – identify the evolving market and respond to it successfully – while the public sector could do what it does best, identify the long-term public interest and assure public oversight, involvement and transparency. Although there was only one major institutional owner in control of the project, this was nonetheless a “polycentric governance” model.

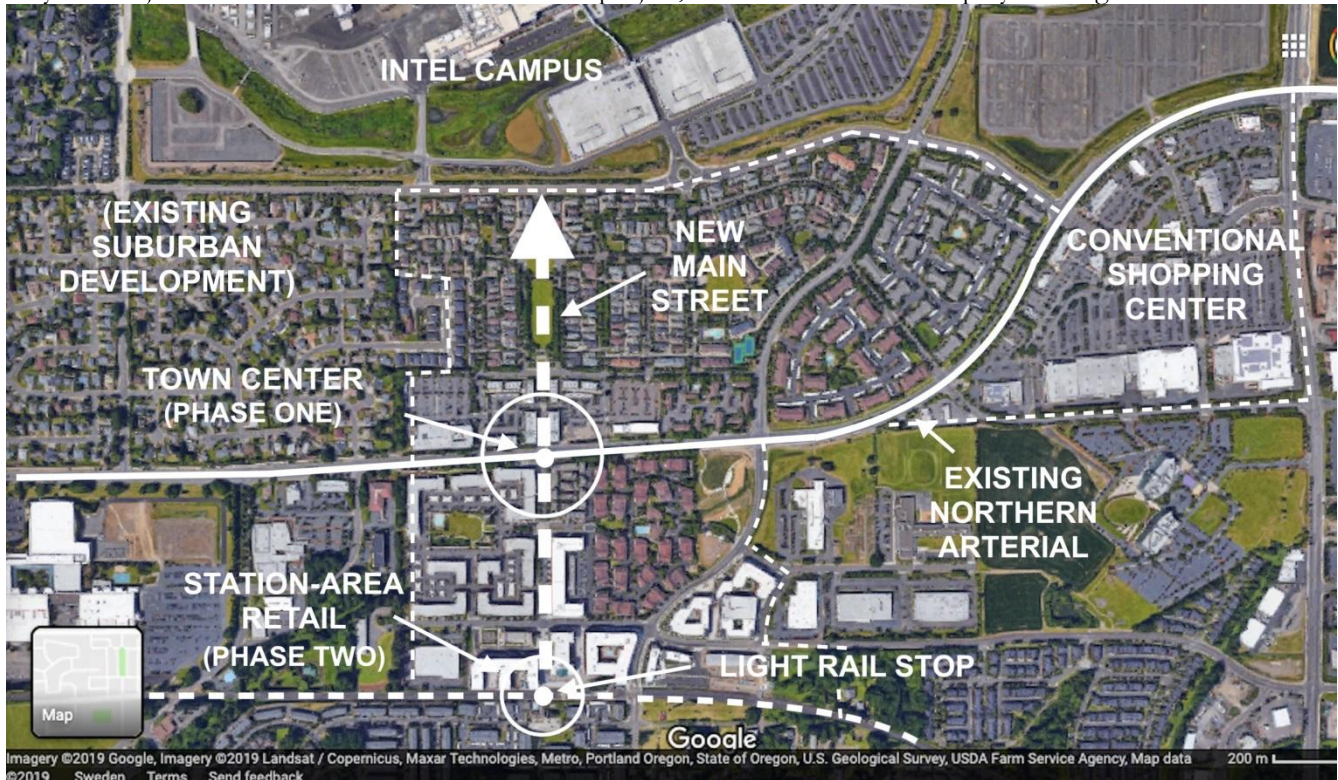


Figure One. The new main street would span from the new light rail line at bottom to the major employer at top, crossing a major arterial, where the initial businesses would locate in the “town center.” This strategy of focusing on the most connected “movement economy” proved successful.

In locating the town center at the major arterial, PacTrust was arguing that the main street should align with the “movement economy” and the pattern of street connections as it existed at the time. It thus stretched from the major employer to the north (Intel) to the station to the south, and crossing the main arterial at the center, which became the initial center of the main street. As more streets were extended and more demand was created, the main street could extend southward to the station.

It is worth mentioning that the light rail is not the only form of public transit in the neighborhood, and in fact three bus lines also run through it, including two along the arterial. While the light rail station is important, it is a mistake to consider it as the true center of the development.

Identify the catchment

PacTrust recognized that in the early years, there would not be enough residents in the development – so-called “rooftops” – to support the retail, and it would be necessary to draw from a wider catchment. This larger customer base would include Intel employees passing by, as well as others using the busy arterial that bisects the neighborhood (yet another reason to focus the location there). Visitors would be in the market for a routine neighborhood service like drop-off laundry, an appetizing meal, an evening drink with friends, or simply an enjoyable walk through the neighborhood.

The town center was initially focused on the early residents of the neighborhood and their needs, since one of the most important motivations to live there was to have the town center close by. In fact, in post-occupancy research, the proximity of the town center and its main street was consistently one of the top reasons given for deciding to live in the neighborhood – a major shift from the previous market pattern of inward-turning clubhouses and similar suburban amenities. At the same time, PacTrust was careful to accommodate non-resident visitors arriving by car, drawing from the larger catchment to assure success of the businesses. As time went on and the immediate neighborhood gained more rooftops and more usage of alternate modes like light rail, car travel could be de-emphasized. This indeed proved to be the case, as recent research has shown a gradual but significant shift of modes away from car travel. In research conducted in 2008, Podobnik (2011) found a “mode split” (percentage of users) of single occupancy vehicles at 64% for commuting, while ten years later, Ewing et al. (2018) found a mode split for all automobiles and all trips of just 31.4%. It seems the choice to “start where the people are” – in both connectivity and catchment – and then expand and transition from there proved to be the right decision.

Plan for the competition

One of PacTrust’s early decisions was to position the town center relative to area competitors, who were generally larger and lower-cost “big box” and “strip-center” retailers dominated by chains. The new town center would establish a distinctive niche of unique businesses on a traditional walkable main street with a unique character, more urban in feeling. Market research showed that many of the employees at Intel and other high-tech businesses would have preferred to live in more urban neighborhoods in Portland, but did not want to face the long commutes. They also wanted distinctive products to buy from time to time, but at the same time, also needed generic staple products.

As it happened, PacTrust had a 50-acre site at the perimeter of Orenco Station, and the decision was made to develop this site into a more conventional shopping center featuring volume retailers, albeit with walkable tree-lined streets and good access to transit. The thinking was, instead of competing with such a center, let us own it, and then we can plan to make it fully complementary with our own town center. While the neighborhood town center would have specialty retail, unique dining and personalized services, the more conventional shopping center could offer more generic staples and chain store services. In this way, residents could be offered the best of both worlds.

This strategy proved effective, and there is little evidence that the competition from the more conventional shopping center has negatively impacted the success of the town center and its main street businesses. Moreover, the more conventional shopping center also provided economies of scale for PacTrust, who could combine revenues with the smaller town center and operate with greater flexibility in curating its businesses as a result.



Figures Two And Three. Orenco Station's main street in operation.

Provide curation

A number of master-planned communities have struggled to develop their retail components and their “main street” amenities – sometimes in spite of offering subsidies, deeply discounted rents and other concessions. In the case of the Orenco Station main street, to the best of our knowledge as authors (including one of us who served as project executive), *no* subsidies and no rent concessions were ever offered or given. Yet as mentioned previously, the occupancy rate remained high (above 90%) even through the “great recession” period of 2008-2010.

Instead, the focus of PacTrust was to carefully mentor and prepare the businesses so that they could find their own way to success, which was regarded as a more sustainable strategy in the end. One indication of the success of this strategy is that at this writing, some 18 years after their opening, three of the four original restaurants are still in operation, while the median lifespan for all restaurants (including chains) is 4.5 years, and lower for smaller independent restaurants (Luo and Stark, 2014).

PacTrust's retail leasing specialist, Dick Loffelmacher, developed a target of the kinds of businesses desired, and then met with dozens of small entrepreneurs, tech professionals, homeowners with funding and vision, and existing successful small business owners. There was extensive "handholding" – consultation about product mix, display, lighting, signage, and myriad other issues. All of these were developed collaboratively with Dick and the team, with refinements made and advice given as needed.

One of the original restaurants was started by the wife of a senior Intel engineer, who had taught Indian cuisine cooking classes and even hosted a cooking television program, but had never run her own restaurant. Dick worked closely with her to develop a unique space, complete with customized interior furnishings shipped over from Pakistan. When Intel employees complained about long waits for lunch service, Dick worked with her to change format to a buffet service, which proved successful. An indication of the success of this curation process was that as of this writing eighteen years later, the restaurant is still in operation (though with a new owner).

Another restaurant had a visually stunning interior, but its bright polished surfaces created an unpleasantly noisy atmosphere. Dick and the owner worked together to add acoustic treatments to make the space more inviting, and attendance increased significantly. That restaurant is the only one of the original four that has since closed, but it is this author's understanding that the closure was due to outside circumstances, not attendance.

Other businesses worked through challenges with visibility of their wares, variety of offerings, signage, hours of operation, and myriad other issues. The unique nature of the main street and its businesses meant there were no simple formulas to understand what would work, and instead, success was secured by careful assessment, experiment and refinement, coupled with Dick's own years of expertise in retail dynamics.

One of the most important recruitments was the grocery store, New Seasons – a small local chain with highly individual offerings, well-suited to the unique nature of Orenco Station's main street. Its offerings of fresh and healthy produce (sometimes bought directly from area farmers) worked in successful synergy with the competing volume "warehouse" grocer, Winco Foods, at PacTrust's more conventional shopping center adjacent to the neighborhood. Residents could stock up on staples while shopping for fresher and more distinctive offerings at New Seasons.

New Seasons' understanding of this complementarity is illustrated by their support in recruiting a weekly farmers' market to Orenco Station. One might think such competition on their doorstep would be most unwelcome, but in fact, New Seasons assisted with the recruitment, and is said to have their best sales volume on the day of the farmers' market. Again, competition is not always a bad thing if it is complementary and adds "critical mass."





Figures Four and Five. The New Seasons Grocery, and the weekly Farmers' Market – complementarity in competition.

Another form of curation was provided by the community itself, in the many discussions that Dick Loffelmacher and other team members held with residents, employees and other stakeholders. The public review process allowed residents to express concerns (including, ironically, one early concern that surrounding property values would be lowered, although the actual result was very much the opposite). The PacTrust team was able to work through most of these concerns pro-actively and in a win-win mode, taking seriously the citizens' rights to participate as well as their responsibility to be of assistance in adding value to all.

Conclusions and Discussion

In a larger sense, the entire region of Portland with its “polycentric governance” was responsible for curating the development of Orenco Station, with all the steps that were needed to do so – creating the urban growth boundary system, establishing the regional planning authority, building the light rail line, advancing the 2040 Growth Concept with its town centers, and finally producing the overlay zone placed on the Orenco site. Then PacTrust stepped up and became an active and aggressively forward-thinking partner, delivering on a remarkable set of innovative development practices, together with its own “polycentric governance” consisting of sub developers, consultants, agencies, citizen-stakeholders and many others. Those practices can now be studied, with successes as well as mistakes and lessons learned. Although the initial phase of the main street was quite successful, more recent events are cautionary.

The Starbucks has recently closed, a sign that it may have always been a less desirable kind of “sore thumb” in the midst of so many local and personalized businesses. More serious, as mentioned previously, one of the restaurants closed, and PacTrust personnel who had replaced Dick Loffelmacher (who had since left the company) replaced it with a real estate office. This may prove to be a serious mistake in the long-term curation of the main street, although clearly the short-term loss of rental income from an empty space was a more significant factor for the leasing personnel. Once again, the larger issue is how long-term value is sustained in the face of short-term costs, and how these decisions are made and monetized. This is always an ongoing process, never secured and never finished.

The original governance process for the creation of Orenco Station was also an extremely instructive case study. Although the project was led by its single large institutional owner, there were dozens of other active partners and participants, including professional consultants, sub-developers, businesses, homeowners, neighbors, the City of Hillsboro, and many other agencies. Although the process was certainly not without friction, overall it provided strong added value, with the result that the community and its main street are still thriving today. This was indeed an instructive case study of Ostrom's “polycentric governance” at work, in both formal and informal ways.

One can critique the results from many points of view, including the lack of separate, fine-grained ownership (although some of that did exist with the live/work businesses) or the lack of larger regional connectivity (a work in progress to be sure, given the sprawling conditions at the outset). Perhaps the biggest critique is that the lessons of this project and others like it have not been taken up sufficiently within our institutional systems, as tools and strategies to build on successes like that one. There is still too much “lock-in” of the old sprawling models, the old command-and-control methods, the old “Field of Dreams” planning methods – as a variant on that movie's most memorable line put it, “plan it and they will come.” Much more is required, to understand and respond to the dynamics – more reforms, new tools, new strategies.

To that end, one of us co-authored a report for the Metro regional planning authority on this theme, suggesting “new tools and approaches for developing centers and corridors (Center for Portland Metropolitan Studies, 2009).

These lessons apply to other main streets besides new locations in the sprawling suburbs of the USA like Orenco Station. (Although that is certainly an urgent need, especially given the preponderance of sprawling suburban conditions.) Conditions for existing main streets, inner-city locations, and other kinds of locations, will of course vary greatly from the ones described here, as will conditions in other countries – including legal mechanisms, financial tools, business practices, and other elements of what we might think of as the “operating system for growth.” However, the deeper lessons discussed here of polycentric governance, and of curation, are universal. Many of the specific tools and strategies are also shareable, although they simply require local adaptation to fit the context. As we look to implementation of the New Urban Agenda and its goals – and in particular, its goals for healthy and thriving main streets – it is precisely these evidence-based tools and strategies that we must develop and share. And as Talen and Jeong observe well is that urban planners and designers could and should take a more proactive role in uncovering main street conditions and ‘clarifying for policy makers what main streets are up against’; where some areas could be targeted as representative of main street quality, an essential part of a multi-strategy approach to urban neighborhood revitalization. Urban blocks that retain main street principles despite everything that is confronting them (car-dependence, formula retail, online shopping), should be given much more attention than they are (Talen and Jeong, 2019).

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