

# **UPSTAIRS DOWNTOWN**

**“Why Grow Out, Grow UP”**

**Illinois Historic Preservation Agency**

**Illinois Main Street**

**Office of Lt. Gov. Pat Quinn**

**Renaissance Rock Island**

**City of Rock Island**

**Illinois Opportunity Returns  
Program**

**Rod Blagojevich, Governor**

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Speakers and staff to acknowledge

Illinois Main Street and IHPA design

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## **VACANT SPACES: OPPORTUNITY OR LIABILITY ?**

- This is a major concern in virtually every Main Street town, particularly downstate.
- The barriers to redevelopment are more than just economic.
- Many of these are relatively small scale buildings; 3,000 to 10,000 sq. ft.
  - This means local redevelopment

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The issue has been coming up at every town visit for years. The actual time period during which this has been happening goes back for decades.

### Workshop assumptions

The issue is much more than economics, although ultimately decisions are made based upon the economics. What we have found great amount of confusion about the zoning and building regulations that affect these properties. Our goal has been to promote regulations that allow typical redevelopment strategies to be done “as of right” and minimize the need for special waivers and variances.

The small scale of these buildings means that developers from outside your community are not going to buy these buildings. The minimum size for just about any developer is approx. 20,000 sq. ft.

If these buildings are going to be redeveloped it is going to be done by the local owners often working with a minimum of professionals.

## VACANCY RATES AVE. 50%

- Highest rate in southern Illinois
- Lowest rate in the collar counties



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IHPA did an informal survey of the 50+ Illinois Main Street towns.

Typical vacancy rates vary from 5 to 95%.

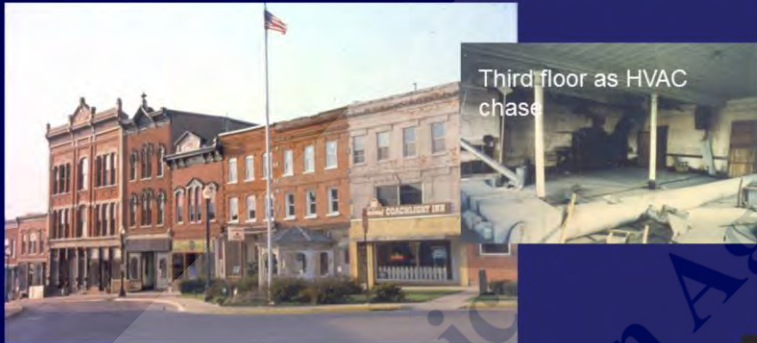
There are regional differences.

This is equally a problem in larger towns as it is small towns.

We have found very few towns where there is a long-term tradition of upper floor usage, although Galena has a lot of second and third floors occupied with ground level access at the rear.

## TALLER BUILDINGS HAVE GREATER VACANCY RATES.

- Three-story buildings have a much higher vacancy rate than two-story buildings.



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It is not surprising that there is more vacancy in the 3 story and taller buildings. They have more regulatory requirements for fire safety in general and exits in particular. For any kind of commercial use, an elevator is going to be needed if the space is going to be competitive with modern office space.

# VACANT SPACES



**Bare structure**



**Barely  
changed**

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We've been finding these kind of spaces around the state.



## VACANT SPACES



**Meeting room**



**Dressing room**

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A lodge hall

An abandoned residence in Old Shawneetown, which was vacated in the floor of 1937. Time capsules to the past.

Look for calendars on the wall

Newspapers under the linoleum

# OPPORTUNITIES

- The estimated number of vacant upper stories ranges from a low of 20,000 to a high of 50,000 in downstate Illinois.



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Using our survey, I did a little extrapolation based upon the population and the percentages of old buildings in downtowns. Using this method, it is safe to say there are tens of thousands of vacant upper floors in buildings throughout downstate Illinois. This does not count Chicago and the collar counties. Whether its 20,000 or 50,000, it's a lot of vacant real estate.

There is no such thing as managed vacant property.

## REINVESTMENT POTENTIAL

- **Renovating 40,000 buildings would:**
  - Cost \$ 5 billion
  - Produce 100,000+ housing units
  - Create 25,000 construction jobs
  - Add \$ 150 million annual to the local tax base
  - Require little additional public infrastructure
    - Smart growth principle at work

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Imagine if you would a state-wide program to put these building spaces back to use.

If this seems like an impossibility, lets make this a little more personal.



## **REINVESTMENT POTENTIAL** **MAIN STREET TOWN - 5,000**

- **40+ vacant stories**
- **40 x \$ 100,000 = \$ 4,000,000 investment**
- **25 construction jobs**
- **100+ new housing units**
- **\$ 150,000/yr of new property tax revenue**

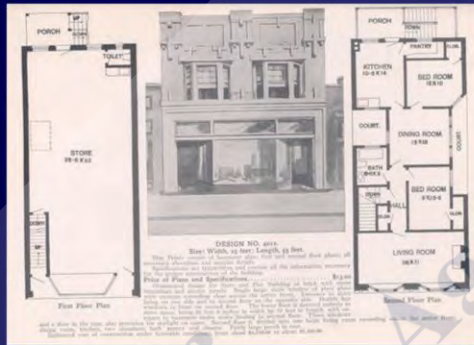
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A typical Main Street town of 5,000 could easily have 40 vacant upper floors. A \$ 4 million dollar investment campaign in this community could easily be a goal for the next ten years. That would be four building a year.

# HISTORIC OCCUPANCIES

- Residential units were one of the most common used for upper floors.



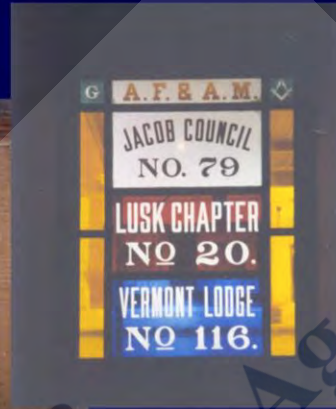
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Historically, these buildings were designed for residential use. When so designed, building codes as early as the 1870s had requirements for natural light and ventilation to living spaces such as bedrooms. Interior light wells were one response to this. However, field surveys indicate that this was not that common in rural Illinois communities.

# HISTORIC OCCUPANCIES

- Offices, lodge halls, opera houses & more



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Office and lodge halls were to common used to the upper floors. There was an era when there were very few street level offices and most were on the second floor.

## NEW OCCUPANCIES

- RESIDENTIAL
- OFFICE

Most of the historic renovation projects involve residential conversions, primarily for rental housing.

There is some office conversion.

There is very little retail (antique mall)

There is some mixed use of upper floors with offices on the second floor and residential on the highest floors.

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Residential use is the most common redevelopment strategy.

Office use second.

Very little retail (antique mall)

MIXED USE IS THE COMMON attribute.

Barrier:

We live in an era that has institutionalized the single use building.

Developers, architects, building and zoning ordinances.

(the smart growth jury categories excluded mixed use)

## WORKS ALONE OR WITH A GROUP



There are a few projects that combine more than one building, but this is difficult to do if the floor levels are different.

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## INSIDE & OUTSIDE EFFORT



Exterior windows are critical to re-use.

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The inside and outside. When you see the screen wall building, you should see it as past evidence that someone had given up on using the second floor. I have seen these being promoted in the 1930s.

## FAÇADE PROGRAMS + more

- Façade improvements have been a focus of most Main Street programs. They are an important tool for promoting business and community identity. An upper story program can use façade grants as part of the project funding but other incentives are needed.



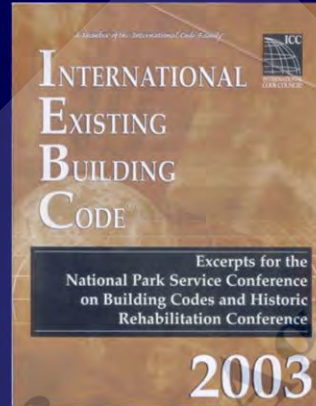
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Façade programs. + more

# REINVESTMENT BARRIERS MYTHS & ATTITUDES

If you renovate, “they’ll”  
make you do a lot more  
i.e. Codes & regulations

- Somebody else tried it and it didn’t work
- It costs too much to add
  - Elevator, sprinklers, etc.



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This is a national issue, but one that is changing. When we gathered data about projects, one of the frequent topics was the concern over the regulations that affect building and development.

This workshop is going to put special emphasis on this topic.

There has been a national trend to recognize that codes were being written on the assumption that buildings would be replaced if it cost too much to “bring them up to code.” What we have come to recognize is that we needed to right codes that were not based upon this assumption, but recognized the value of what we have.



# REINVESTMENT BARRIERS MYTHS AND ATTITUDES

Downtown housing is still viewed  
by some as negative, while it's a  
booming in America's cities.



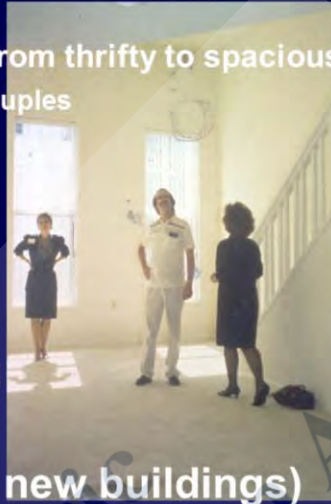
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Housing in America's downtowns if booming in many areas.

# WHO'S **LIVING** DOWNTOWN?

- **Building Owners:** from thrifty to spacious
  - Empty nesters, singles, couples
- **Rental Housing**
  - Market rate
  - Upscale
  - Loft type
  - Workforce housing
  - Senior (old hotels)
- **Condos (mostly in new buildings)**



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The demographics of living downtown show a number of trends.

The single person household

Families with children are 25% of the households

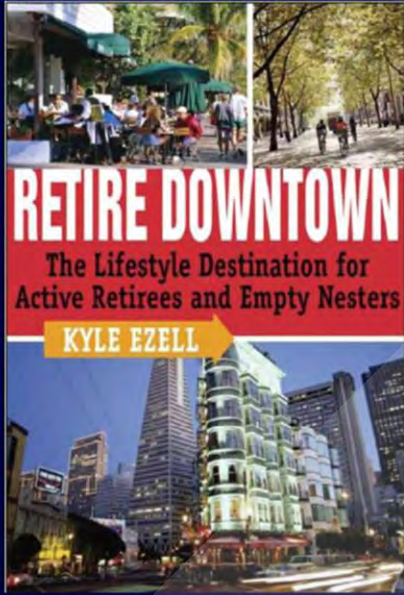
More households are needed, even if the population is stable:

Single longer

Divorced

Living longer

We have not found a lot of evidence of condos being developed in the small buildings.



Potentially 80 million baby boomers are thinking about downtown living. Those who are serious about making the move to the city will learn how to turn the exotic into normal.

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## WORKSHOP TOPICS

- Identify some of the root causes of deferred investment in upper stories - \$'s and regulatory
- Create an architectural assessment
  - What you have versus what you want
- Analyze codes and building regulations
- Crunch the Real Estate numbers
- Promote financial incentives
- Highlight successful projects
- Showcase community promotion efforts

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So, what are you going to learn about the next day+



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**Why grow out?  
grow UP**

- The space is there.
- It has utilities.
- It has infrastructure.
- It has a central location.
- It has visibility.
- It is in your midst.

**look UPSTAIRS  
DOWNTOWN**

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