

CENTRAL BUSINESS DISTRICTS | ADAPTIVE REUSE

The Future of Downtowns— An Evolving Identity

The traditional centres or main business and commercial areas of a city are being redefined along with lifestyle changes and diversifying needs.



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The transformation of CBDs into Cultural Business Districts reflects a paradigm shift in urban development. It's about creating vibrant, inclusive spaces where economic vitality intertwines with cultural richness.

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Downtowns, also referred to as Central Business Districts (CBDs) in some parts of the world, are essential components of a city's economic fabric, typically contributing 10% to 20% of its GDP. Despite facing challenges such as the COVID-19 pandemic and the global financial crisis, the economic significance of downtowns has remained constant over the past few decades. However, measuring the success of downtowns and CBDs now extends beyond economic metrics.

Today, the vitality of downtowns and CBDs is assessed by its vibrancy, connectivity, and cultural appeal, a shift underscored by the pandemic as communities seek more meaningful urban experiences. Recognising this, city officials worldwide, including those from major cities like Chicago and Los Angeles, advocate for the integration of residential spaces into downtowns. This strategy is

gaining traction as the demand for commercial spaces wanes, urging a move towards adaptive reuse.

The rationale is evident: incorporating residential units transforms downtowns into dynamic communities, fostering a sense of ownership among residents and nurturing a unique identity. This is vital for city centres traditionally focused on attracting global talent and businesses. However, achieving the delicate balance between economic growth and preserving local character presents a challenge for urban planners.



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Business or Pleasure

Focusing on the term "CBD", we must embrace CBDs as more than just *Central* or *Business* or *District*. CBDs must evolve to meet the diversifying needs of their communities while retaining their distinct essence. Every CBD aims to offer distinctive cultural experiences but true cultural identity resides within its inhabitants. To realise this, CBDs could become our Cultural Business Districts.

The transformation of CBDs into Cultural Business Districts reflects a paradigm shift in urban development. It's about creating vibrant, inclusive spaces where economic vitality intertwines with cultural richness.

As we navigate this evolution, it's crucial to recognise the pivotal role our downtowns and CBDs play in shaping the identity and cohesion of our cities, and to champion their transformation into dynamic hubs of community and creativity.

Charting a New Future for Downtown Chicago



Kenya K. Merritt serves as Chicago's Deputy Mayor of Business and Neighborhood Development. Bringing over 20 years of experience as a public service executive, she has been tasked to promote wage growth, entrepreneurship, and investment for all of Chicago's 77 neighbourhoods.



The Riverwalk in downtown Chicago.
Image: City of Chicago

More than 20 years have passed since Chicago adopted the 2003 Central Area Plan, a guide for continued growth and sustainability for the city's downtown. Now, Mayor Brandon Johnson and the Chicago Department of Planning and Development (DPD) are undertaking a major community-driven update to shape downtown Chicago's next phase: the 2024 Central Area Plan Update.

Besides the COVID-19 pandemic and resulting widespread lifestyle changes such as remote work, online shopping and ride sharing, economic insecurity and growing calls for climate resilience have impacted downtown Chicago significantly. Though the 2003 plan catalysed population, job and tourism growth through numerous public improvements, such as better transit connectivity,

and the development of the Riverwalk, Millenium Park, world-class museums and a vibrant theatre district, the City saw the need to adapt the plan to address contemporary challenges.

Downtown (Chicago) continues to thrive as an accessible cultural hub with the fastest growing population among the nation's largest downtowns.

Community Engagement

In 2023, DPD analysed downtown Chicago's existing conditions and published guiding vision statements through a robust community engagement process utilising neighbourhood festivals, online surveys, and strategies. To reach out to the city's youth, DPD conducted a survey that identified increasing free or low-cost event offerings as a priority for 63% of youth respondents. At the end of the year (which marked the halfway point of DPD's two-year planning process), nearly 6,500 people had provided input.

The resulting Existing Conditions and Trends Report, published in December 2023, confirmed that

downtown continues to thrive as an accessible cultural hub with the fastest growing population among the nation's largest downtowns. Nearly 80% of survey respondents agreed that the central area is easy to access. Since 2010, more than 60 million square feet (5.6 km²) of development has been completed or is under construction—in 2022, 64% of that total investment encompassed residential uses. And in 2023, downtown set a record-high weekend hotel occupancy rate of 97%, due to a combination of conventions at McCormick Place Convention Center, the James Beard Awards, Blues Fest and a three-night Taylor Swift residency at Soldier Field.

Fastest Growing Downtown

Chicago's downtown* is the fastest growing among the nation's largest downtowns

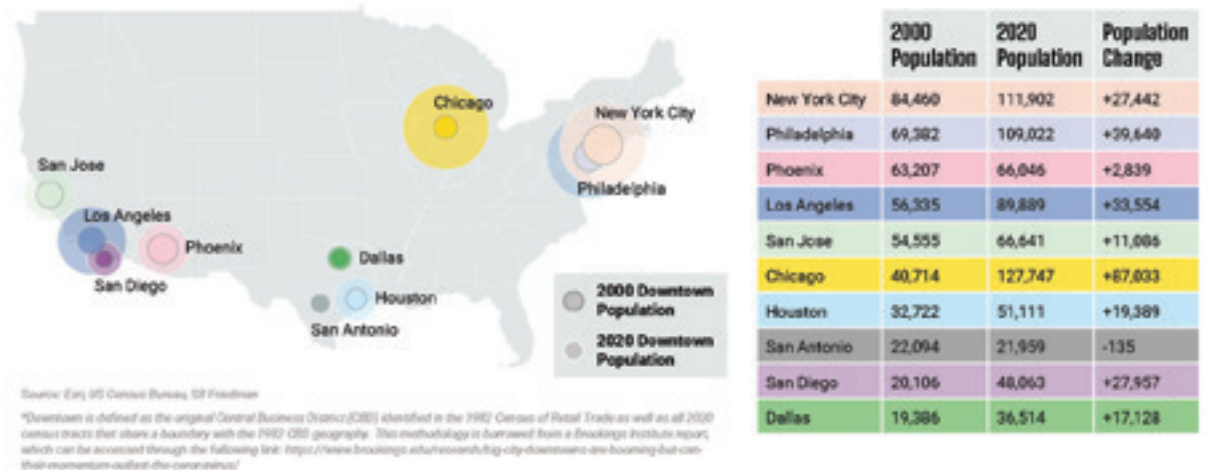
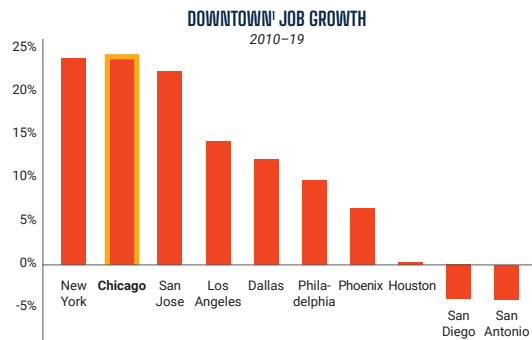


Figure 1. Chicago's Fastest Growing Downtown Population From 2000-2020.

Downtown Job Growth



Source: LEHD, SB Friedman

1. Downtown is defined as the original Central Business District (CBD) identified in the 1982 Census of Retail Trade as well as all 2020 census tracts that share a boundary with the 1982 CBD geography.

Figure 2. Chicago's Downtown Job Growth From 2010-2019.

Downtown Hotels and Visits

Nearly 140 hotels downtown provide approximately 44,400 rooms for business and leisure travelers.



Source: Colliers

HOTEL INVENTORY:
139 Hotels
44,380 Keys

Figure 3. Chicago's Downtown Hotel and Visitor Data.

Survey respondents chose public safety and infrastructure improvements, more affordable housing options and the activation of closed storefronts as their top priorities.

Affordability and Vacancy

DPD's analysis also illuminated some of downtown Chicago's key challenges: affordability and vacancy.

Only 10% of Chicago's downtown rental units are affordable (either via public subsidy, or are "naturally occurring affordable" due to sufficiently low unsubsidised market rent levels), compared with 47% citywide. And like other post-pandemic downtown cores across the country, retail and office vacancy rates are at record highs and continue to increase in the Chicago Loop, the centre of Chicago's downtown.

When asked to state their priorities for the next five years, Chicagoans' answers mirrored the challenges identified; survey respondents chose public safety and infrastructure improvements, more affordable housing options and the activation of closed storefronts as their top priorities.

Next Steps

The Johnson Administration is already implementing key initiatives to address the high retail and office vacancy rates, as well as the limited affordable housing options downtown.

The City is providing, for the first time, Small Business Improvement Fund grants to locally owned businesses for permanent improvement of downtown retail spaces. This funding programme has been used throughout Chicago neighbourhoods, but until now had not been applied in the downtown core.

The City is also reviewing several development proposals to help with conversions of under-utilised office buildings within the Loop's historic financial district for mixed-income housing. These adaptive reuse proposals, once approved and implemented, would create hundreds of new affordable housing units in the heart of the historic financial district while reducing the glut of older office buildings in the central Loop through residential conversions.

By the end of 2024, additional public feedback will inform the formal creation of the recommendations and implementation strategies of the 2024 Central Area Plan Update. The plan will then be presented for adoption by the Chicago Plan Commission. Once the plan is adopted, City Hall will facilitate implementation through policies, legislation, budgeting and coordination to fulfil its vision. The goals and objectives of the 2024 Central Area Plan Update will be created collectively—by Chicagoans for Chicagoans—for a more equitable and resilient heart of the city.

2023 Community Engagement

- 300 Attendees** (APR)
1 Kick-off Webinar
Provided three words they believe are essential for the Central Area vision
- 200+ Participants** (FEB - MAR and OCT)
12 Focus Group Meetings
Discussed all pillar areas and engaged the Mayor's Youth Commission
- 200+ Participants** (MAY)
1 Public Open House
Gathered at the Harold Washington Library to engage with 10 interactive stations
- 1700+ Participants** (JUN - AUG)
8 Regional Pop-up Events
Selected top priorities for the Central Area. Sundays on State alone had 890+ participants
- 4200+ Respondents** (MAY - SEPT)
2 Online Surveys
Identified priorities for the Central Area, including a youth survey

Central Area Plan Update

8 REGIONAL POP-UP EVENTS

- A UPTOWN FARMERS MARKET
- B TASTE OF CHICAGO - HUMBOLDT PARK
- C AUSTIN TOWN HALL CITY MARKET
- D 27TH WARD STAY IN SCHOOL EVENT
- E SUNDAYS ON STATE
- F CHINATOWN SUMMER FAIR
- G HYDE PARK SILVER ROOM BLOCK PARTY
- H TASTE OF CHICAGO - PULLMAN

Public Open House

Mayor's Youth Commission

Pop-up events: Sundays on State

27th Ward Stay in School Event

Figure 4. Chicago's Community Engagement in 2023 for the Central Area Plan Update. Image: City of Chicago

Whither the Future of Downtown Los Angeles



Richard Kent Green is a Professor in the Price School of Public Policy and the Marshall School of Business at the University of Southern California.

Downtown Los Angeles (DTLA) has wonderful amenities, including seven Michelin star restaurants, an excellent concert hall (featuring a world-class orchestra) and art museum, and art deco architecture on its older streets of Broadway, Spring Street, and Main Street. It is also the most transit-rich node in a metropolitan area of 13 million people, boasting transport facilities such as a subway, light and regional rail, bus rapid transit, and frequent traditional bus services.

But DTLA is currently at a turning point, as work from home has rendered obsolete many of its office buildings, some of which were struggling even before the COVID-19 pandemic. Empty towers, together with open streets and struggling retail space, all contribute to perceptions of danger. DTLA is also famous for its concentration of homeless people, particularly around an area in the southern part of downtown known as Skid Row.

Yet the promise of downtown lies in its proximity to many other economic centres of Los Angeles and its relatively low cost (it is still expensive compared with many other American cities, but less expensive than neighbourhoods to its west). The key to the future success of DTLA is to continue its move towards becoming a predominantly residential neighbourhood.



Looking north on Broadway at Olympic Blvd in downtown LA. Adaptive reuse apartments on the right.
Image: Professor Richard Kent Green

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The Broad Museum on North Grand Ave in downtown LA.
Image: Professor Richard Kent Green

Becoming Residential

Around the world, we have seen central cities transform from industrial and office use to residential neighbourhoods with good amenities. Williamsburg in Brooklyn, Tribeca in Manhattan, central Manchester in the UK, Kwun Tong in Hong Kong are examples of such transformation.

DTLA has been moving in this direction for some time. Various sources show that residential

population growth tripled between 2000 and 2020 (from roughly 30,000 to roughly 100,000, with the number depending on the exact definition of downtown). While this growth may appear impressive, DTLA's more than 100,000 people make up only one percent of the residential population of Los Angeles County. Only in the past 15 years has the population reached a point where the area can support two full-service grocery stores.



Under its Adaptive Reuse Ordinance, nearly any building in DTLA may be converted to residential use, so long as the reuse happens within the existing building envelope.



Adaptive Reuse

Much of DTLA's population growth resulted from adaptive reuse, which converted non-residential space into more than 12,000 apartments. Continuing this sort of development will be essential to DTLA's future, as much of the neighbourhood's footprint is now non-residential.

Conversions are, in many respects, more complex than new construction. Office building floorplates, ventilation, plumbing, and elevator placements are often incompatible with residential development. Leases in place and finances also present obstacles to redevelopment.

For example, a tenant takes up a substantial chunk of an office building and has a long-term lease. To convert the building, the building owner must either buy out the tenant, including any relocation costs, or wait until the lease expires before carrying out conversion work. Mortgaged office buildings may have covenants that prevent building-use conversion.

One impediment that the city of Los Angeles removed from the redevelopment of its downtown is zoning. Under its Adaptive Reuse Ordinance, nearly any building in DTLA may be converted to residential use, so long as the reuse happens within the existing building envelope.

The Grand, a new residential development that includes affordable housing in downtown LA near major arts centres.
Image: Professor Richard Kent Green



LA City Hall.
Image: Professor Richard Kent Green

Important Change Factors

For DTLA to continue to grow and to thrive, two things need to change:

1. **Safety**—the perception that DTLA is unsafe has foundation. According to the USC Lusk Center's Neighborhood Data for Social Change maps, DTLA has unusually high crime rates (particularly violent crime), by the standards of the city and county of Los Angeles. DTLA can only fulfil its growth potential if it becomes safe.
2. **Transport**—DTLA needs to take advantage of its rich transit infrastructure to better connect to employment

centres (particularly those with healthcare facilities and essential services). Beyond the fact that driving is not environmentally sustainable, morning commutes from DTLA to surrounding job centres and evening traffic tend to be slow. The light rail train from DTLA to Santa Monica, a vital job centre near the Pacific Ocean, should take less time than driving. Still, its headways (the time between trains) are considerably longer than train headways in similarly sized cities.

Trains have already spread to many parts of the region, and more are

coming soon. But to be a desirable alternative to driving, train services must become frequent, reliable, clean, and perceived to be safe.

Downtown LA has the bones to be a desirable residential neighbourhood which, in my view, applies to other downtowns around the world. Dense central living can support a wide variety of amenities, which, in turn, will attract more to choose central living. 📍