

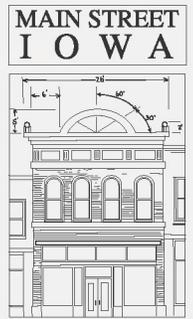
Getting Results

The Economic Impact of
Main Street Iowa, 1986-2012

Prepared for Main Street Iowa and
Iowa Economic Development Authority by
PlaceEconomics
Washington, D.C.

May 2013

IOWATM
economic development





I am proud to have been a part of the effort to bring the Main Street program to Iowa in 1985. As Governor, economic development continues to be one of my main priorities. The Main Street Approach® – using historic buildings as the context for downtown revitalization – is a good fit for Iowa’s heritage-rich communities. For over 26 years, that strategy has proven extraordinarily effective for communities throughout our state. Downtowns that were once nearly abandoned have become vibrant places for living, working, shopping and playing.

I’m a strong proponent of Main Street Iowa for a simple reason – it gets results. Over the lifetime of the program, we have seen 11,500 net new jobs, 3,800 net new businesses and numerous business expansions in Main Street communities. Conservatively, those businesses generated more than \$43 million in sales tax revenue last year – a big dividend for Iowa taxpayers.

Main Street Iowa began as a program for our middle-sized communities, but we have seen success stories in both our largest communities as well as our rural towns. Regardless of size, these communities have committed themselves to an economic development strategy that relies primarily on private-sector investment, utilizes local resources and local initiative, and stresses quality in every endeavor. The Main Street Iowa program sets high standards but allows considerable flexibility in how local communities implement the program.

Iowa farmers have always applied the principles of good stewardship to the land. Through Main Street, property and business owners are applying those same principles of good stewardship to the historic buildings in their downtowns. In doing so, they have made their downtowns distinctive and economically competitive. The program has been a good investment for these communities and the state of Iowa. Main Street works.

Sincerely,

Terry E. Branstad
Governor of Iowa

Executive Summary

Main Street works.

That's the clear message found on the following pages. An analysis by PlaceEconomics, Washington, D.C. of 26 years of data demonstrates that Main Street Iowa has effectively helped Iowa communities to use their historic downtowns and neighborhoods as an effective vehicle for economic development.

Since the Main Street Iowa program began:

- 11,500 net new jobs have been created in Main Street districts.
- More than 3,800 businesses have been established, relocated to, or expanded in Main Street districts.
- \$1.1 billion have been invested in buildings in Main Street buildings, including \$300 million in acquisition and over \$800 million in building renovation.
- Projects in Main Street districts have generated an average of 623 Iowa jobs and over \$19 million in paychecks every year since the program began.
- In spite of a recession and a shaky economy, Main Street rehabilitation projects in the last 10 years have created more than 1,000 jobs each year, on average, and generated worker earnings of nearly \$35 million.
- Local governments gain \$10.8 million in revenue every year in property taxes from the rehabilitation investment alone in Main Street districts.
- Conservatively, the net new businesses and business expansions in Main Street districts generated state sales tax revenues of \$43 million in 2012.
- For every \$1 spent on the state program nearly \$72 in private investment has been spent on the acquisition and rehabilitation of buildings in Main Street districts.

Main Street Iowa was created to bring jobs, investment and new business to our downtowns and historic commercial districts. By any measure it has done exactly that.



Main Street Iowa: How It Works

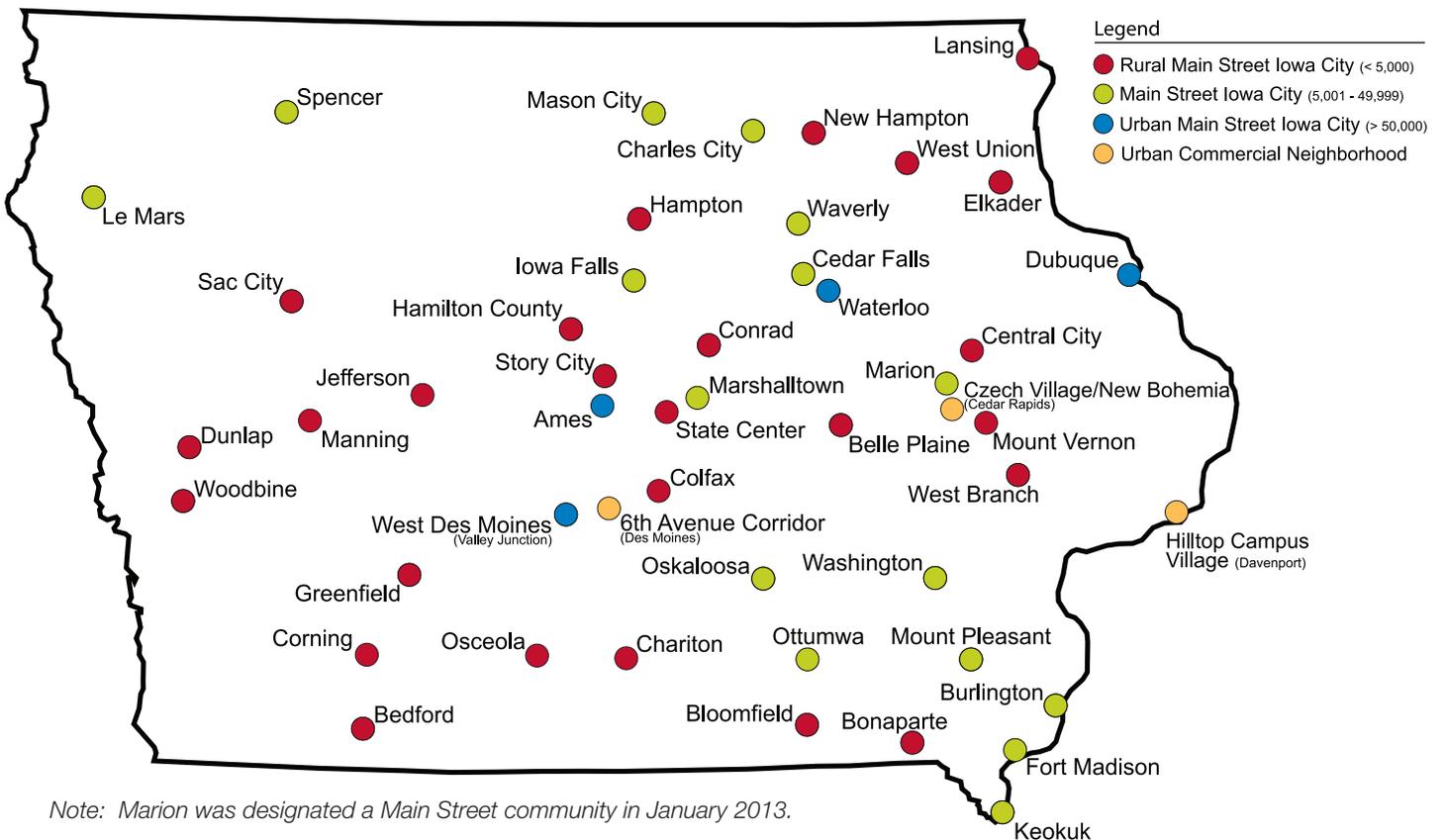
The concept of Main Street® is simple: economic development in the context of historic preservation. Created by the National Trust for Historic Preservation, the Main Street Four-Point Approach® to commercial district revitalization – Organization, Economic Restructuring, Design and Promotion – has become part of the vocabulary of successful economic development throughout the country.

Iowa established its own Main Street program in 1985. Over the following years it has become known as one of the best state Main Street programs in the country, receiving the prestigious Honor Award from the National Trust for Historic Preservation in 2010. Main Street Iowa, housed within the Iowa Economic Development Authority's Iowa Downtown Resource Center, works with communities statewide, from very small towns, such as Bonaparte (population 433) to neighborhood commercial districts in the state's largest cities. Technical assistance is provided to these communities in the form of local capacity building, design and business development, regular statewide training and help with city-specific issues. Additionally, newly selected Main Street communities receive extensive on-site training and assistance in the first three years of the program.

The Main Street Iowa program has expanded its focus over the years. It was originally created to assist downtowns in communities with populations between 5,000 and 50,000, following the model established by the National Trust for Historic Preservation's National Main Street Center in Washington, D.C. But as its economic development tools were honed and demonstrated success, both larger and smaller communities wanted "in on the Main Street action."

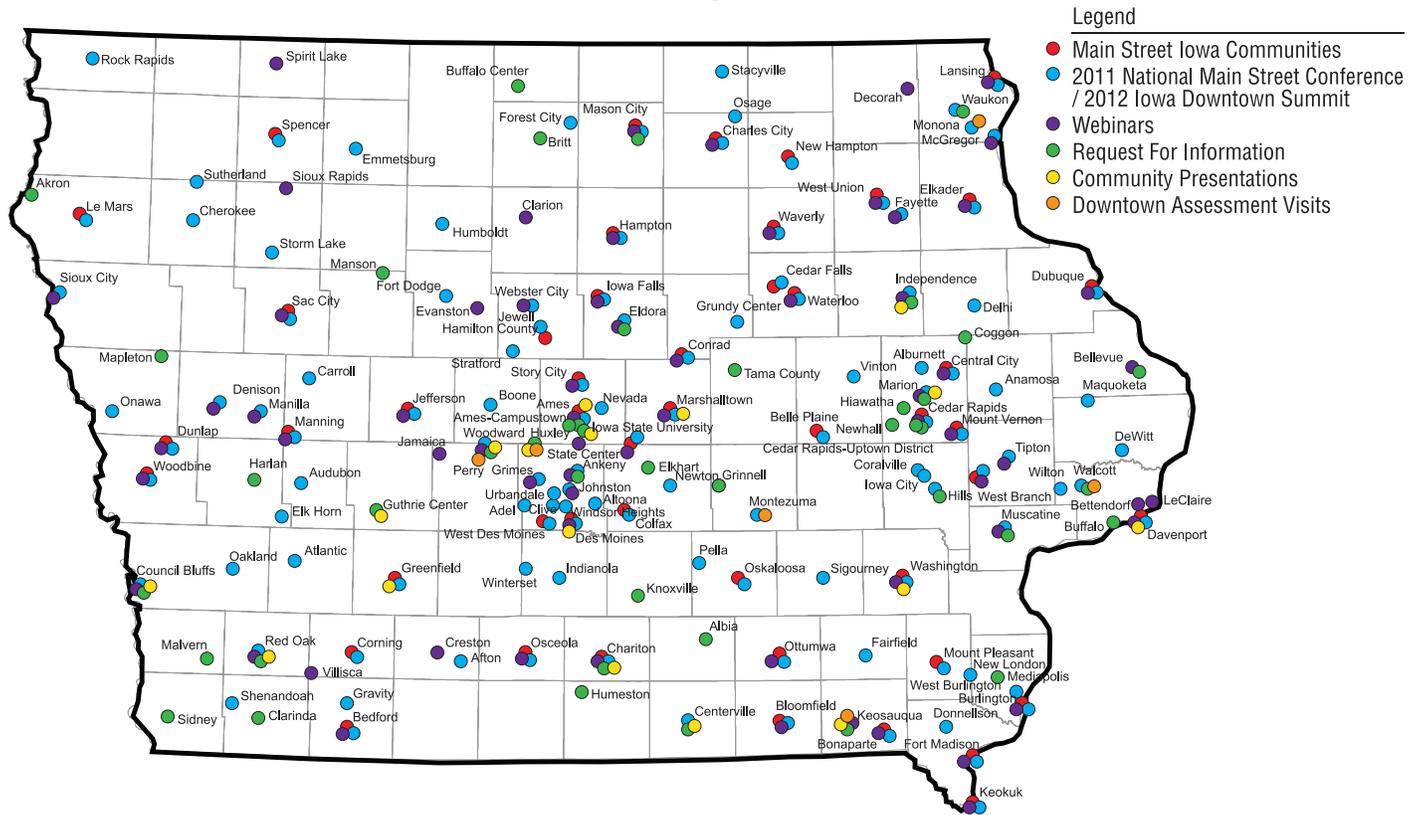
Today there are four categories of Main Street communities in Iowa: Rural Main Street Communities (communities with fewer than 5,000 people), Main Street Communities (5,000 to 50,000 people), Urban Main Street Communities (more than 50,000 people) and Urban Commercial Neighborhood Districts (historic commercial centers outside of urban downtowns). At the beginning of 2013, 48 Iowa communities had active Main Street programs:

Main Street Iowa Communities



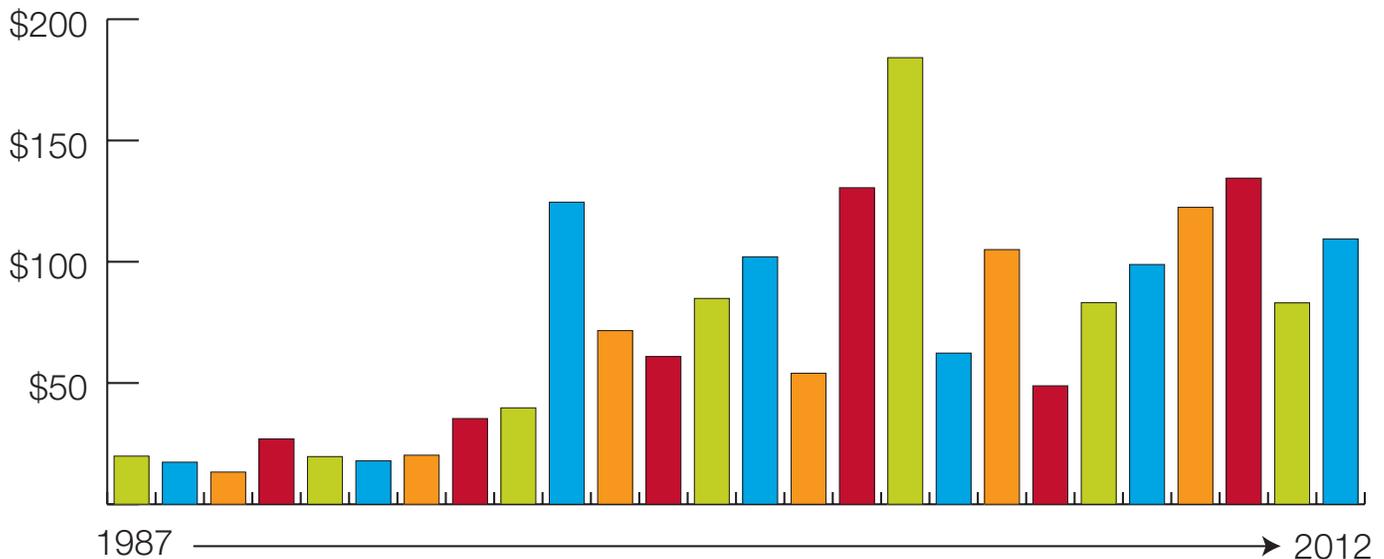
In 2002, the Iowa Economic Development Authority recognized that communities not yet ready to establish Main Street programs could benefit from limited state assistance. To address this need, the Authority created the Iowa Downtown Resource Center at the start of FY2003. While the Main Street Iowa program is still the primary focus of the center, it also responds to the needs of other communities. The map below demonstrates where the Iowa Downtown Resource Center provided services in 2011 and 2012.

Communities Receiving Services in 2011-2012



Main Street Iowa has been extraordinarily effective in helping to spur private investment in Main Street districts utilizing a relatively modest state program budget. The table below shows for each fiscal year how many dollars were invested annually in acquiring and rehabilitating buildings in Main Street districts for every \$1 in the state Main Street budget. Since 1986, that return on investment has equaled \$71.93 of local private investment for every \$1 appropriated to the Main Street Iowa program.

Dollars Invested In Downtown Buildings Per \$1 of State Main Street Budget



The Big Numbers

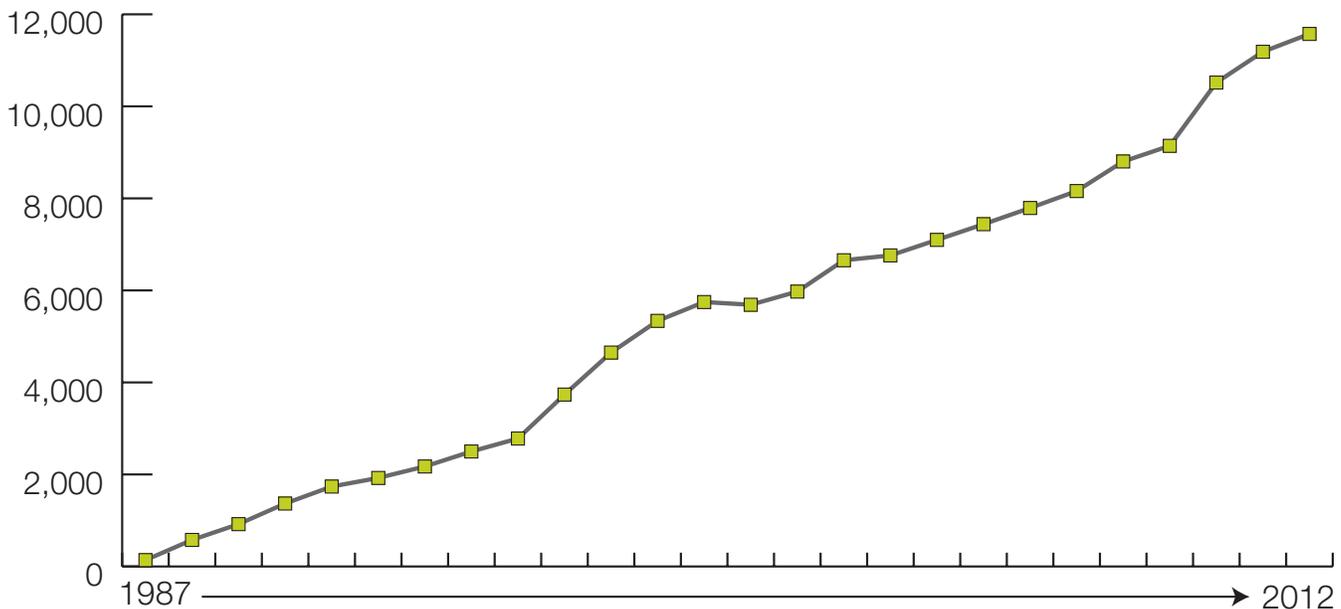
Since the Main Street program was first established in Iowa, local program directors have been required to submit monthly reports on activities in their districts. For most of the last 26 years, these monthly reports have included the following:

- Number of buildings sold and their purchase price.
- Number of businesses that have been established, relocated to or expanded within the Main Street district, less businesses that have closed or relocated out of the district. ¹
- Number of jobs gained in the Main Street district, less jobs lost through business closure, relocation out of the district and business downsizing. ²
- Number of building rehabilitation projects and the amount of the investment in those rehabilitations.

These monthly reports include other information that is less directly related to the economic component of Main Street: for example, promotional activities, organizational activities of the Main Street Board and committees, number of volunteer hours and training sessions attended. **This additional information is critical. Nearly three decades of Main Street Iowa experience has demonstrated that successful, sustainable programs are actively engaged in all four aspects of Main Street's Four-Point Approach® – Organization, Economic Restructuring, Design and Promotion.** However, as this report is primarily about the economic impact of Main Street Iowa, it will focus on the Economic Restructuring data in most cases.

Job growth in Main Street communities has been impressive, with a net addition of 11,574 jobs in Main Street districts.

Cumulative Net Job Growth



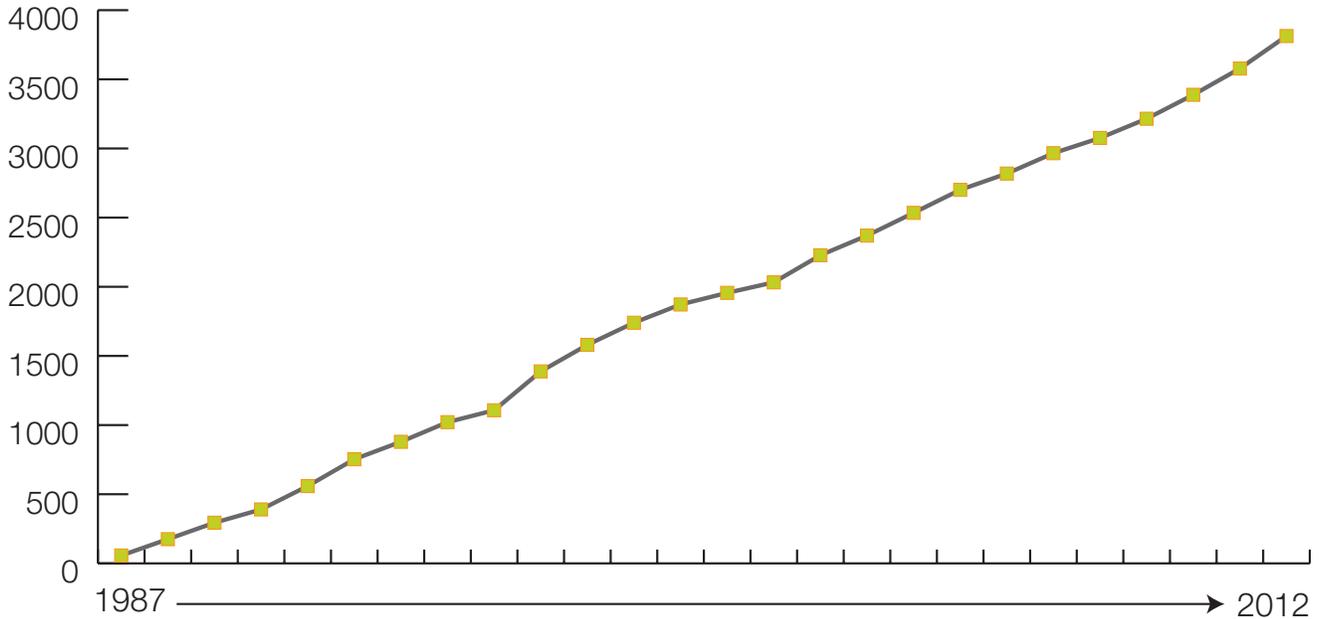
SOURCE: Main Street Iowa Monthly Reports

¹Throughout this report, this number will be referred to as "Net Business Growth."

²Throughout this report, this number will be referred to as "Net New Jobs."

A top priority of many Main Street communities, particularly early in their programs, is to fill vacant storefronts. It is not uncommon for a town just beginning its Main Street efforts to have a downtown vacancy rate of 25 percent, 30 percent or even 40 percent. But filling buildings means finding businesses willing to start-up, relocate from elsewhere or expand their operations. Though this is a process that inherently takes time, concerted effort on the part of Main Street communities has made a dramatic difference. As of FY 2012, there was net business growth of 3,813 establishments.

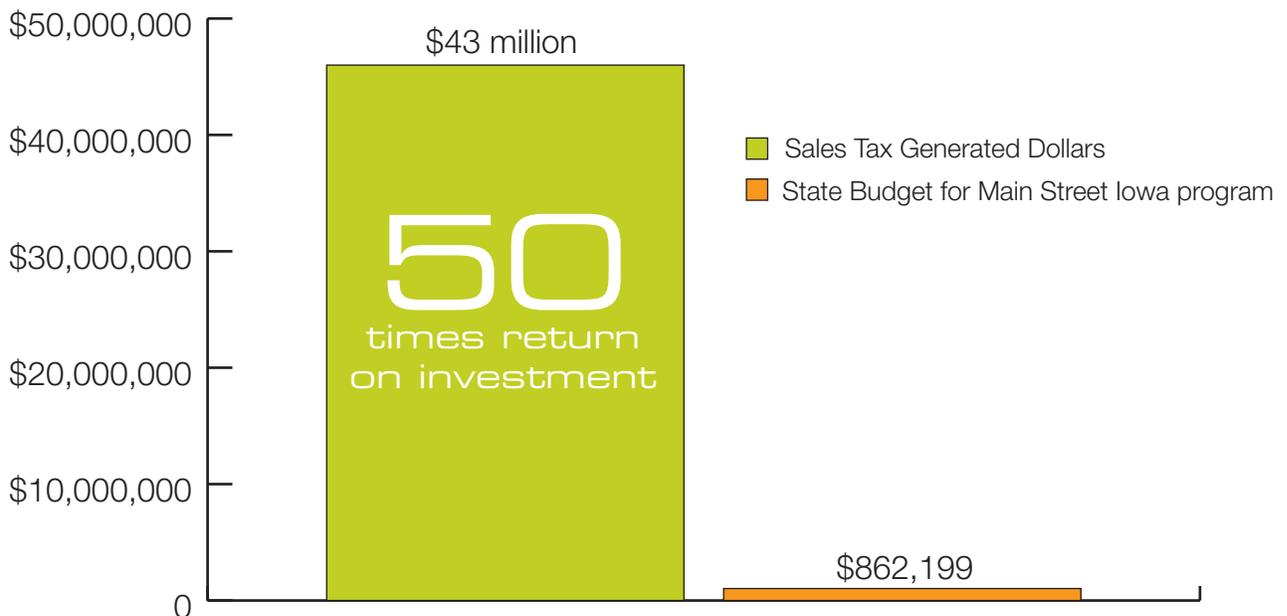
Cumulative Net Business Growth



SOURCE: Main Street Iowa Monthly Reports

Those businesses are not only adding jobs and payrolls to Iowa communities, most of them are businesses that send sales tax receipts to the state each year. Based on a conservative estimate of average annual sales volume, and that not all businesses collect sales tax, it is estimated that nearly \$43 million was generated in sales taxes for the state coffers in FY 2012. This is approximately 50 times the state's budget for the Main Street Iowa program.

Return on Investment



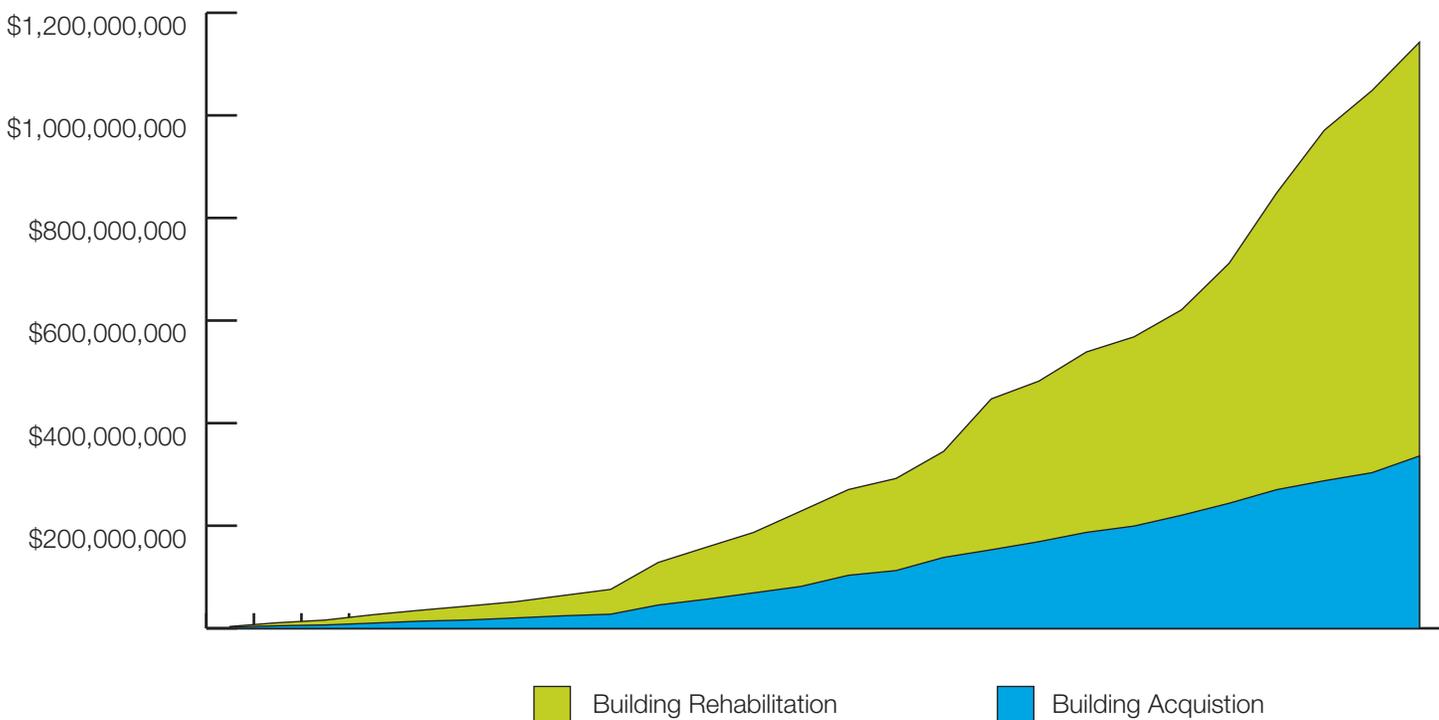
For nearly fifty years after the end of World War II, downtowns were in decline, not just in small towns but also in big cities; not only in Iowa but throughout the United States. The reasons were many and complex, but the results were the same: downtown buildings lost tenants and declined in value. Those two effects led to a third consequence – deferred maintenance. Property owners were unable or unwilling to reinvest in their downtown properties.

But when a concerted effort to reverse that decline is made on the community level, confidence in the economic future of the downtown gradually increases. This confidence leads some people to acquire buildings and others to reinvest in buildings they already own. Over the life of Main Street Iowa, 3,168 buildings in Main Street districts have been sold to new owners. These purchases represent a total investment of \$336,501,200.

But because many of these buildings suffered from years of neglect and deterioration, rehabilitation was often required. Sometimes this involved a little paint and elbow grease; other times, hundreds of thousands of dollars were invested to make the building competitive in the market. Since the beginning of the program, \$806,199,069 has been invested in buildings in Main Street Iowa districts.

Between acquisition and rehabilitation, these Main Street districts have seen investment in their buildings of over \$1 billion - \$1,142,700,269, to be precise.

Cummulative Investment In Main Street Iowa Buildings



SOURCE: Main Street Iowa Monthly Reports

Not surprisingly, many of those dollars have been invested in larger Main Street cities, where acquisition costs can be greater, buildings larger, capital more readily available and economic opportunities more diverse. But nearly half of the investment (44 percent) has taken place in towns that have fewer than 50,000 residents. In the small town of Bonaparte, \$2,554,501 has been invested in the acquisition and rehabilitation of buildings. That works out to \$5,900 for every man, woman and child who lives there.

Where were Main Street capital investments made?

	Acquisition	Rehabilitation	Total
Rural Main Street Communities	\$40,552,757	\$85,163,715	\$125,716,472
Main Street Communities	\$124,054,128	\$254,157,215	\$378,211,343
Urban Main Street Communities	\$160,910,467	\$454,714,239	\$615,624,706
Urban Neighborhood Districts	\$10,983,848	\$12,163,900	\$23,147,748
Total	\$336,501,200	\$806,199,069	\$1,142,700,269

Major beneficiaries of these investments have been the local governments who depend heavily on property taxes to pay teachers, hire police and fix potholes. Conservatively, the investment in the rehabilitation of Main Street buildings adds \$10.8 million in revenue for those towns, counties and school districts each year.

Cost of an Empty Building

In Main Street communities of every size, an annual priority is to fill empty storefronts. This is not just doing the current building owner a favor. A building sitting empty for one year has a significant negative impact on the local economy.

As an example, let's look at an empty building that could hold a midsize business. Let's say a potential business tenant sells \$250,000 in goods annually, pays typical rents in a Main Street Iowa community and has typical local expenditures. For every year the building does not hold that business or a similar-sized enterprise, it costs the community \$222,340. Buildings that stand empty lose money — not just for the building owner, but for local and state governments, utility companies, banks, suppliers and services, media and workers.

Costs to the Community

Building Owner	\$8,400 in rents \$5,040 in property value
Local Government	\$100 in property tax \$5,000 in sales tax
State Government	\$15,000 in sales tax
Utility Companies	\$4,700 for utilities, telephone and internet
Banks	\$39,500 in loan demand \$2,200 in bank fees and interest \$17,000 in deposits
Suppliers	\$1,300 in maintenance and repairs \$500 in printing and copying \$900 in supplies
Professional Services	\$2,700 in insurance premiums \$900 in legal and accounting fees \$500 in property management fees
Media	\$6,200 in advertising, marketing and PR expenditures
Workers	\$56,800 as employees of that business \$31,500 in business owner's compensation and profit \$24,100 workers elsewhere in the community

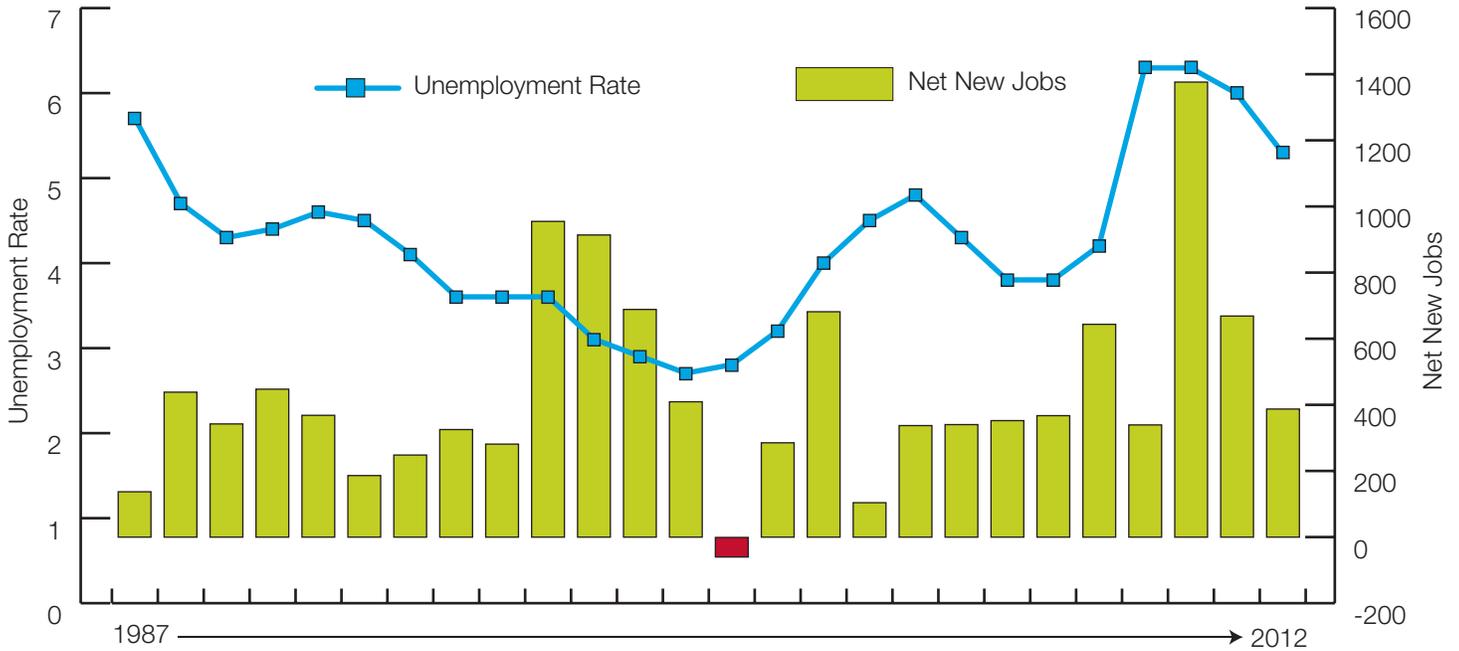
SOURCE: Estimates of the cost of an empty building were based, in part, on RMA® Annual Statement Studies.



Jobs

A skeptic might say, “Sure, those Main Street communities have added jobs, but maybe that’s just because they are beneficiaries of the state’s overall economy.” Over the last 26 years, the Iowa economy has had its ups and downs. In seven of those 26 years, the unemployment rate in Iowa has increased, often driven by the volatile agricultural sector. But in 25 of 26 years there has been net job growth in Main Street districts. Even when the Iowa economy overall was losing jobs, Main Street businesses were hiring.

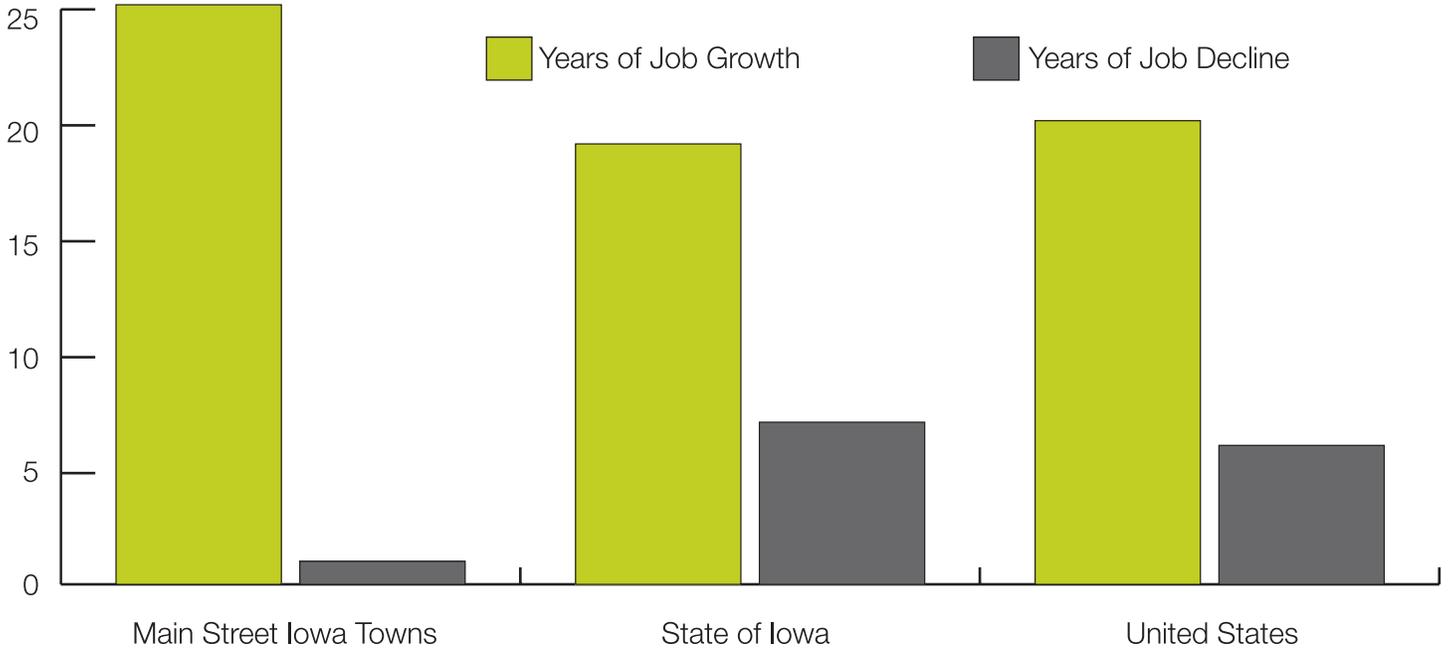
Net New Jobs in Main Street and the Iowa Unemployment Rate



SOURCE: Main Street Iowa Monthly Reports/Department of Labor

A comparison with the national economy tells the same story. During 26 years of Main Street Iowa, total employment in the United States declined from the previous year six times. It only declined once in Main Street Iowa districts. It is important to note that this job creation was within Main Street districts, not the entire community. It is likely that unemployment rates in other parts of the communities followed the national and statewide patterns even while Main Street was going against the trend.

Years of Net Job Growth and Decline 1987-2012

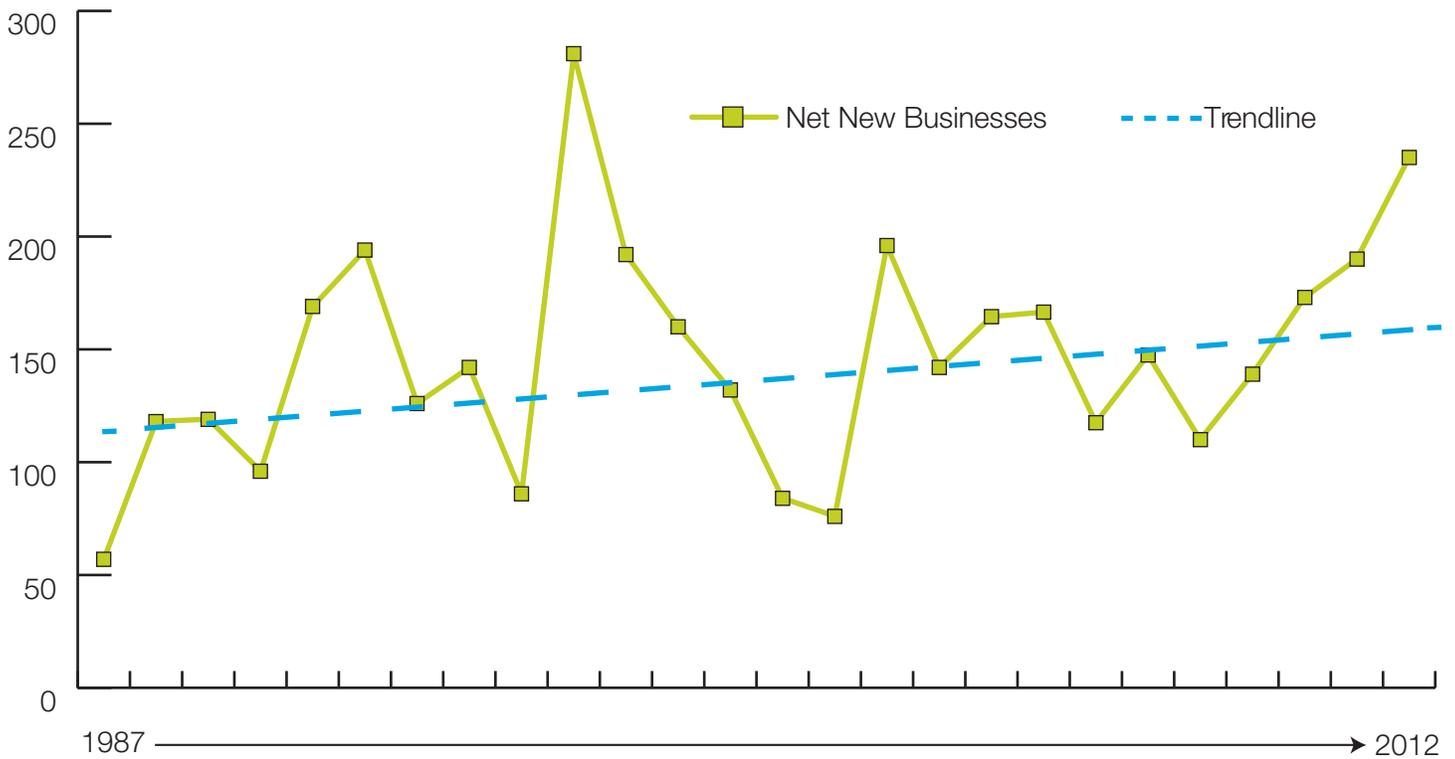


Businesses

While state government may be able to foster a welcoming climate for investment, it is the private sector that, in the end, is the engine of the economy. Therefore, an important measure of any public economic development strategy is the growth in net new businesses and business expansions. Net new businesses are an indicator of a positive investment climate and, perhaps even more importantly, a strong entrepreneurial climate. Are individuals, partnerships and small corporations willing to risk their funds and their futures by opening a new business?

Main Street in Iowa has become a fertile ground for businesses to start up, relocate and expand. The graph below shows the net new businesses for each year of the Main Street program in Iowa. While the number of net new businesses varies from year to year, the trendline shows a pattern that has consistently been in the right direction.

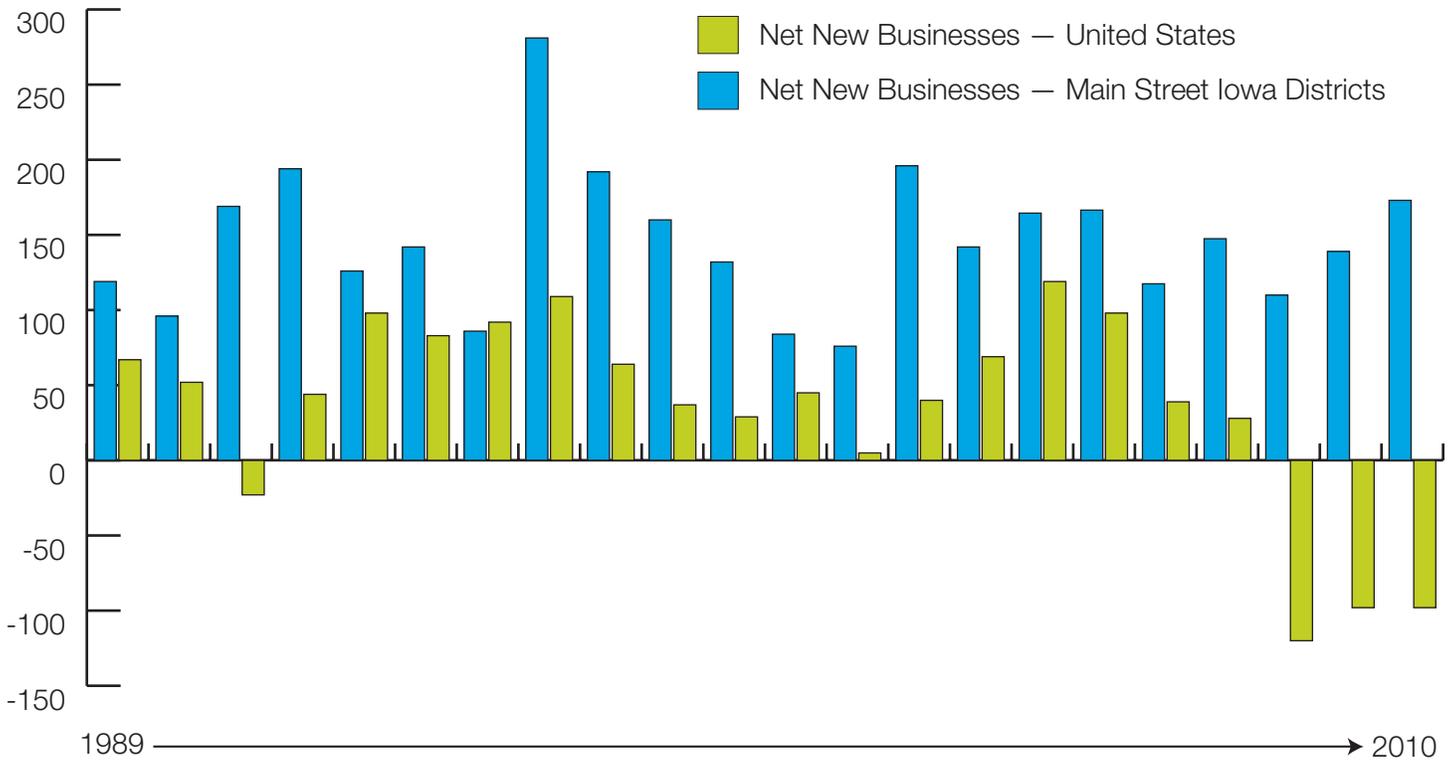
Net New Businesses in Main Street Iowa



SOURCE: Main Street Iowa Monthly Reports

Again, it is fair to ask if Main Street districts are simply the beneficiaries of larger trends. Even in years when the Iowa economy was in a downcycle, there has been net growth in businesses in Main Street districts. There are similar results on the national scale. Data on numbers of businesses in the U.S. is available for comparison for the years 1989 to 2010. In four of those 22 years, there were fewer businesses in the U.S. than the previous year, including in each of the first three years of the most recent recession. In every year, however, there were more businesses in Main Street Iowa districts, including during the recession. Furthermore, in every year but one, the rate of net job growth in Main Street Iowa districts was greater than the rate of net business growth in the nation as a whole.

Growth in New Businesses U.S. and Main Street Iowa — 1989 - 2010

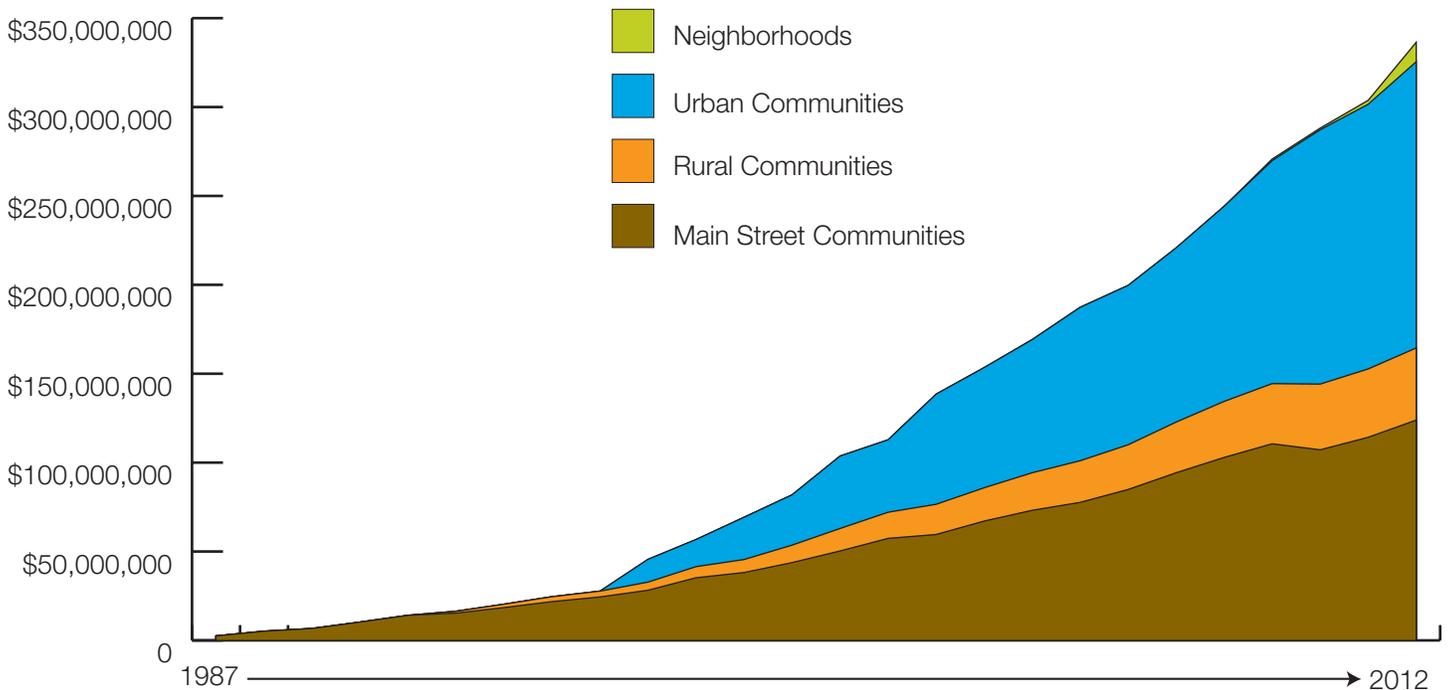


Real Estate Investment

Investment in real estate – both acquisition and rehabilitation – is a critical measure of success for Main Street for two important reasons. First, since real estate is a long-term asset, the willingness of the private sector to invest is a reflection of confidence in the future of the community. Second, Main Street is economic development in the context of historic preservation. If there is no investment in the historic buildings on Main Street, the program could not be considered a success from either an economic development or a preservation perspective. But 26 years of data clearly documents success from both perspectives.

In many Iowa towns, downtown buildings have been in family ownership for decades. While some property owners maintain and reinvest in their assets, others have become absentee owners, unaware of the nuances of the Iowa economy. If they try to sell, they often ask for prices that the local market cannot support. Getting building ownership into new, preferably local hands, is often an essential step in changing the direction of downtown's economic health. This transition of ownership has been readily apparent in Main Street Iowa districts, with over \$300 million invested in property acquisition since 1986.

Cumulative Investment in Building Acquisition

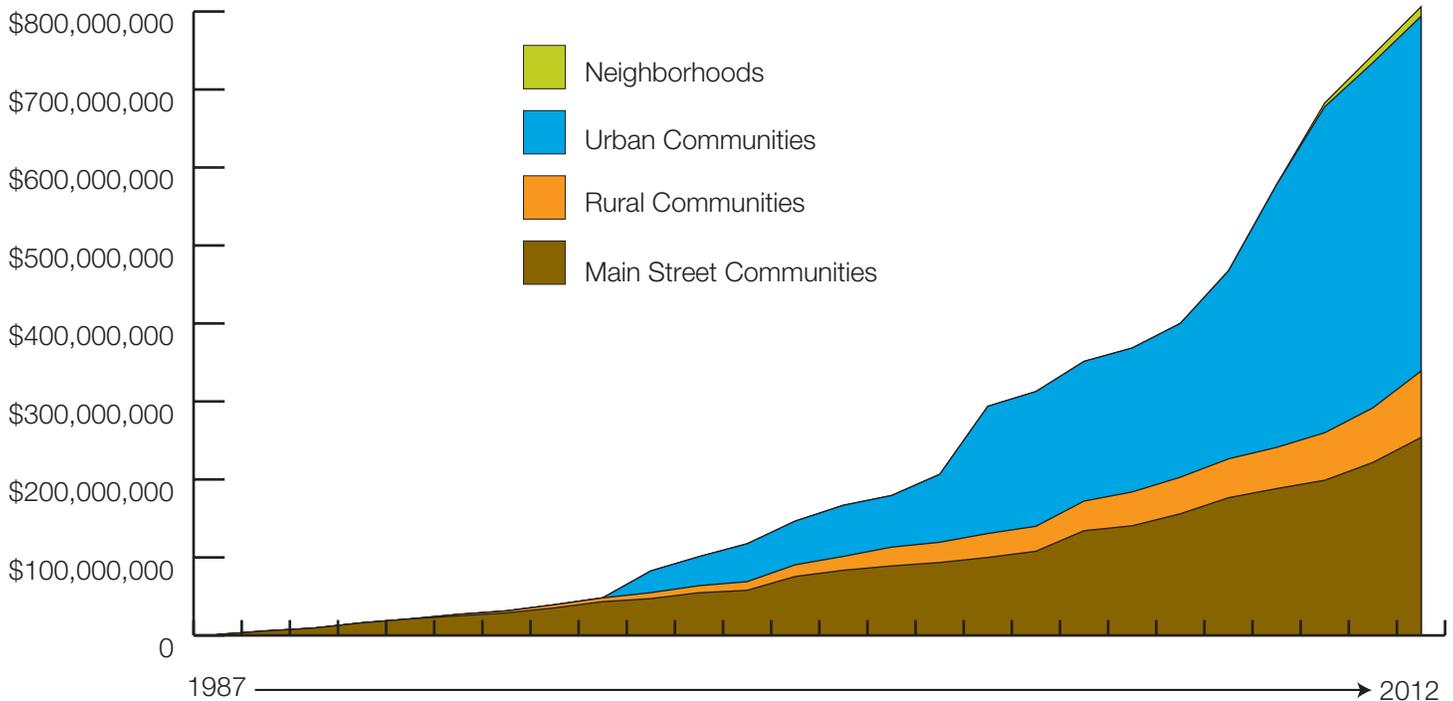


SOURCE: Main Street Iowa Monthly Reports



Over that time period, \$800 million has been invested in building rehabilitation. Rehab work has ranged from modest \$3,000 façade improvement projects to a multi-million dollar rehabilitation of an office building to the conversion of a warehouse into housing. The Federal Rehabilitation Tax Credit, accompanied by the Iowa State Historic Preservation and Cultural & Entertainment District Tax Credit, have been critical elements in many of these projects, particularly the larger ones.

Cumulative Investment in Building Rehabilitation



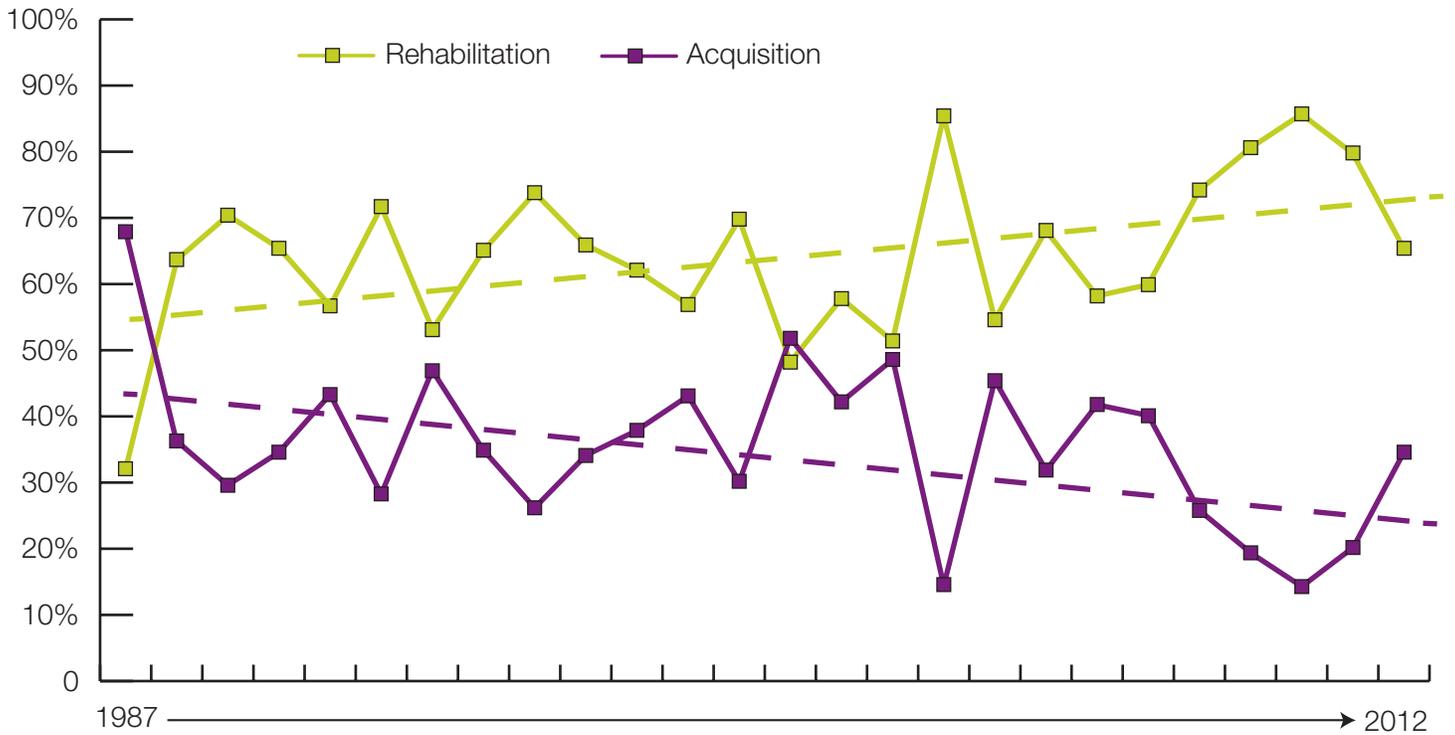
SOURCE: Main Street Iowa Monthly Reports

This study revealed another interesting pattern in investment in Main Street buildings. The decision to buy a building and the decision to reinvest and rehabilitate that building are driven by very different variables. To purchase a building – particularly in the earliest stages of a Main Street program – might cost a modest amount, as underutilized buildings are often low-priced. If existing rents are sufficient to pay the insurance and property taxes, that might be enough for the short term. The prospective purchaser might not even need a bank loan if he/she relies on the seller to provide financing through a contract for deed or other owner financing.

To rehabilitate a building, however, is a more risky decision. Bank financing will probably be required, meaning that a third-party will appraise the property and analyze the project’s feasibility. Higher loan payments will call for the rents to rise. In short, deciding to invest in building rehabilitation requires a much greater level of confidence in the future of the local economy than acquisition does.

This difference in risk was readily apparent in the early years of the Main Street Iowa program. As seen in the chart on the following page, the initial ratio of acquisition to rehabilitation was 45 to 55. That is to say, if a new owner acquired a building for \$45,000, he/she usually spent no more than \$55,000 to renovate it. Often this meant that the improvements were minimal and addressed only cosmetic repairs and the most pressing physical requirements.

Ratio between Acquisition and Rehabilitation Expenditures



SOURCE: Main Street Iowa Monthly Reports

Over time, however, that relationship has changed considerably. In recent years, the typical rehabilitation expenditure was 2 ½ times the acquisition price. This was true even though the average purchase price is 3 to 4 times higher than it was at the beginning of the Main Street program. What this means is that the private sector has become much more confident in making large, long-term investments in downtown buildings on Main Street.

The monthly reports that each Main Street manager submits to Main Street Iowa include net new jobs in their districts. They do not, however, include the direct or indirect jobs created by the process of rehabilitating buildings in Main Street districts. Using the well-regarded economic model IMPLAN© and the data from the rehabilitation reports, it is possible to calculate the jobs that those projects have generated. Over the life of Main Street Iowa an average of 623 jobs per year has been generated through the rehabilitation of Main Street buildings. Over the last decade, that number has risen to an average of over 1,000 jobs per year.



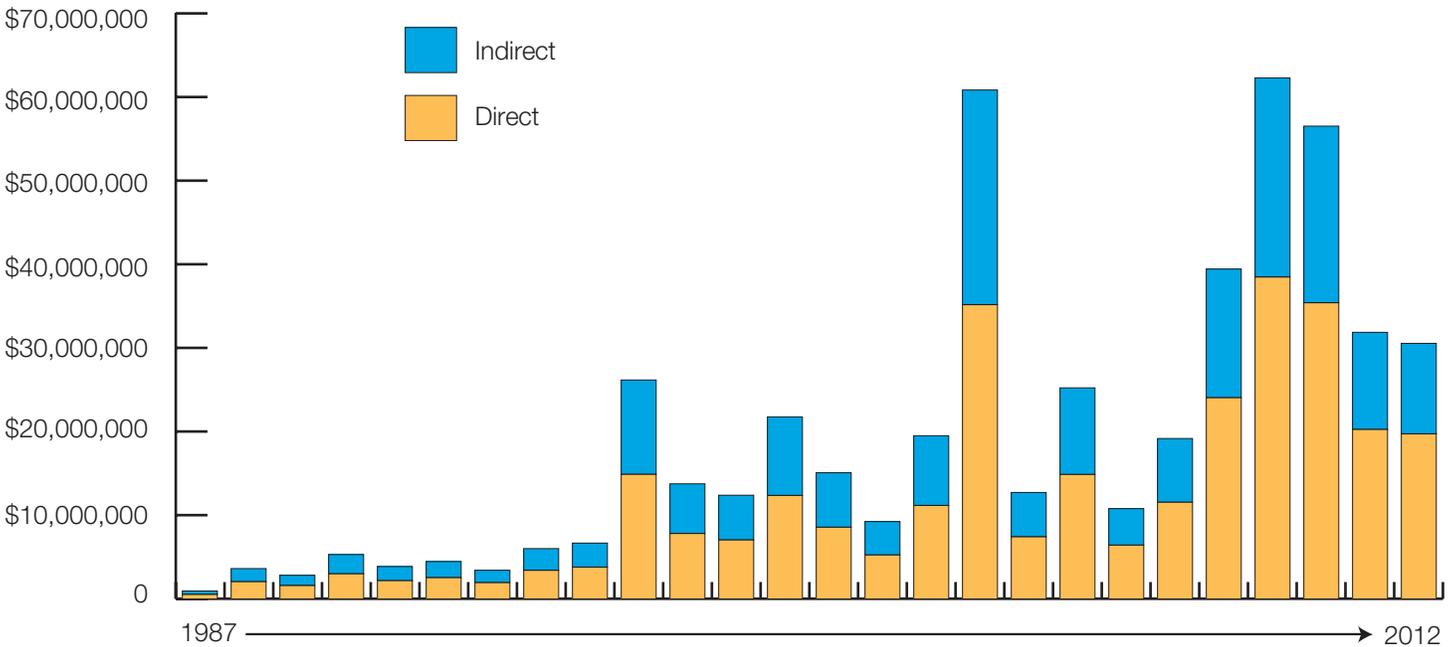
Iowa Jobs from Main Street Rehabilitation Projects



SOURCE: : Main Street Iowa Monthly Reports/IMPLAN©

People who hold jobs rehabilitating Main Street buildings are also getting paychecks. Over the life of Main Street Iowa an average of \$23 million per year in direct and indirect earnings has been generated through the rehabilitation of buildings in Main Street districts. Over the last decade, that number has risen to an average of over \$35 million per year.

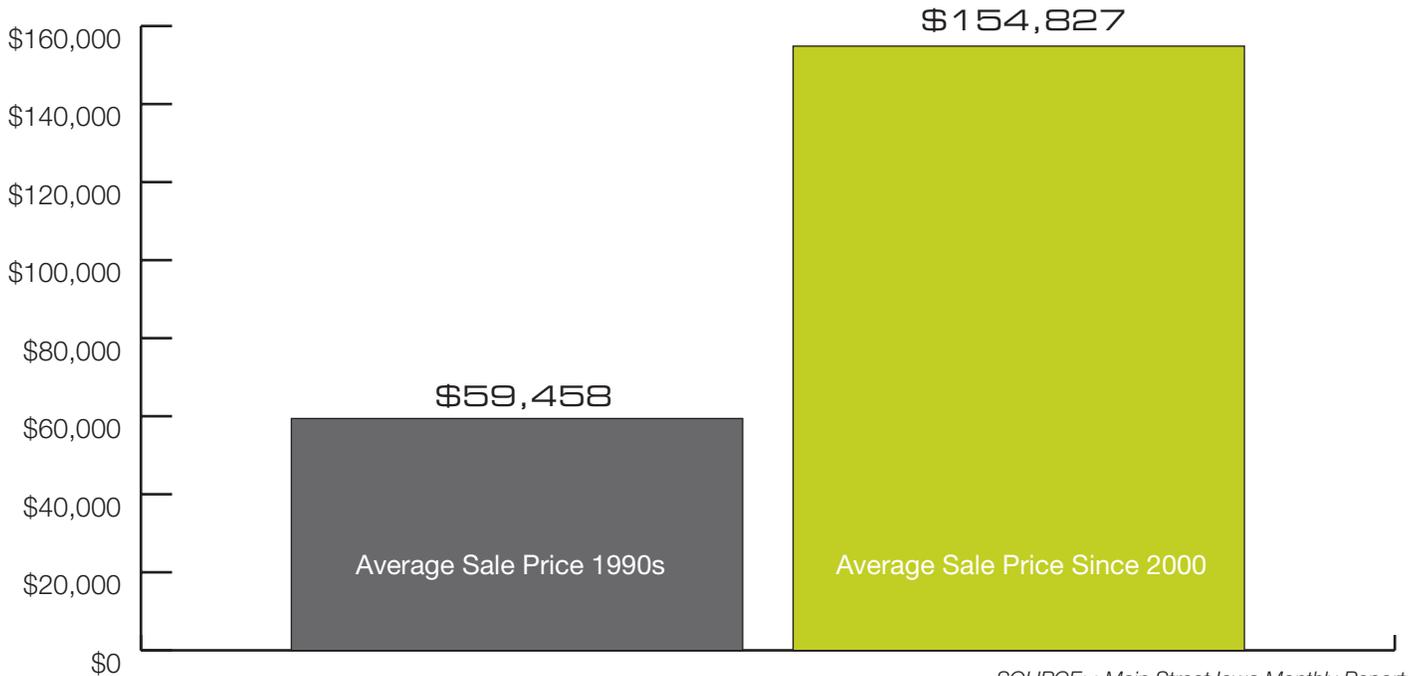
Income in Iowa from Main Street Rehabilitation Projects



SOURCE: : Main Street Iowa Monthly Reports/IMPLAN©

It is also instructive to look at how the average purchase price of buildings in Main Street Iowa districts has changed over time. In the 1990s, the average sale price for a Main Street property was approximately \$60,000. In the following decade, the average rose to \$155,000.

Main Street Real Estate Value Change

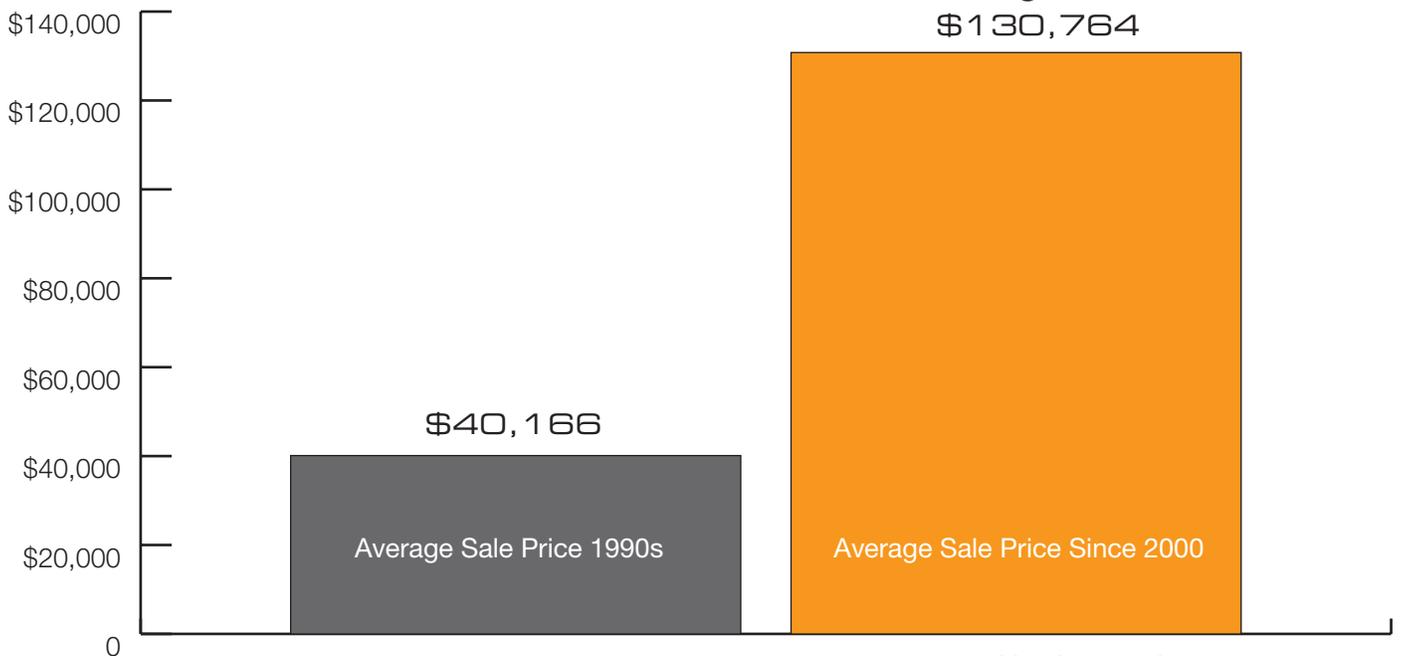


SOURCE: : Main Street Iowa Monthly Reports

“Well, of course” a skeptic might say, “That is the result of those high prices being paid in Dubuque and other larger cities. But what about the small towns?”

Indeed the average sale price of a Main Street building in those two decades was a bit less in small communities. For Main Street communities with fewer than 5,000 people, the average sale price during the 1990s was about \$40,000. But over the first decade of the 21st century, that average acquisition price had increased to more than \$130,000 – a rate of change that is actually higher than all other Main Street programs.

Rural Main Street Real Estate Value Change



SOURCE: : Main Street Iowa Monthly Reports

Case Studies

While this report was commissioned to analyze primarily quantitative information, research quickly revealed that numbers alone do not capture the full range of Main Street's successes. Six Main Street programs were chosen to develop a more qualitative understanding of how the program works in Iowa. The six programs are located in various regions of the state, represent both large cities and small towns and have been in the Main Street program for varying lengths of time. The following pages briefly explore Bloomfield, Cedar Falls, Dubuque, Oskaloosa, Valley Junction (West Des Moines) and Woodbine and their Main Street stories.

Bloomfield: Global Commerce from Small-Town Iowa

Say "globalization" and most people will think of international bankers on Wall Street, the General Motors headquarters in Detroit or the Microsoft campus outside of Seattle. But the ability to do business around the world isn't limited to large cities or giant corporations. It can happen on the Main Street of a rural town in Iowa.

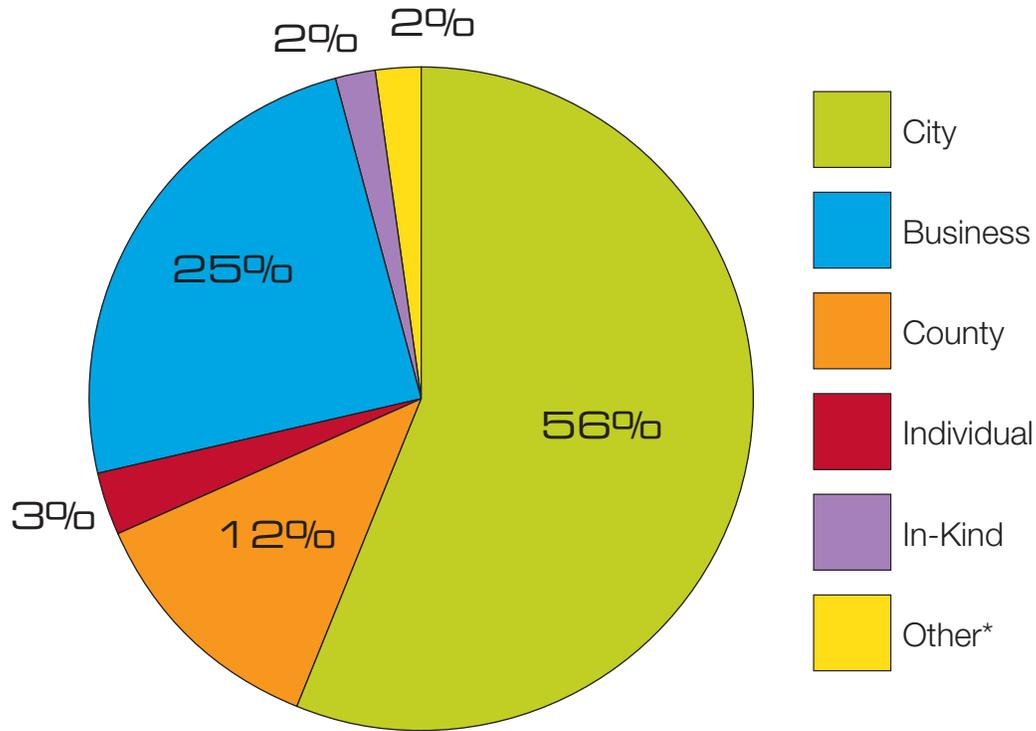
Main Street provides a fertile environment for starting and growing a small business. Bloomfield is home to MPA Computers, a firm founded in 2009. It now employs 12 people who provide software and other computer services to clients worldwide. MPA acquired, renovated and moved into a historic building in downtown Bloomfield. Just down the street, Making Memories, a gift and floral shop, delivers tulips to southern Iowa celebrations five days after they were harvested in the Netherlands.

Neither of these firms is likely to soon become one of the Fortune 500. But they are providing goods, services, and jobs on Main Street in Bloomfield while doing business across the globe.

Partnerships and targeted incentives are key to Bloomfield's success. Dozens of local buildings have benefited from a variety of programs through the Iowa Economic Development Authority including Main Street Iowa Challenge Grant awards, Main Street I-Jobs awards, the Main Street Loan Program and the Community Development Block Grant (CDBG) Downtown Revitalization Fund. These financial incentives are used to catalyze private-sector investment. Bloomfield is an excellent example of the partnerships between building and business owners and among local, county and state governments, all within the framework of the local Main Street program.



Funding for Bloomfield Main Street Program



Community Profile

Population	2,640
Entered Main Street Program	1995
Since Joining Main Street	
Average Net Gain in Jobs per Year	6
Average Net Gain in Businesses per Year	5
Average Building Rehabilitations per Year	15
Average Rehabilitation Investment per Building	\$20,052
Average Building Rehabilitation Investment per Year	\$300,775
Average Number of Buildings Sold per Year	4
Average Building Acquisition Investment per Year	\$142,172
Average Acquisition Investment per Building	\$36,620
Budget 2012	\$49,000
Value of Volunteer Hours 2012	\$22,800
Volunteer Hours as Percent of Budget	46%

* "Other" category includes fund-raising, special events and product sales.

Cedar Falls: The Rewards of Perseverance

Main Street as a downtown revitalization strategy relies on Eight Guiding Principles®, including dedicated implementation. Few Main Street communities in America better represent the commitment to those principles than Cedar Falls. Shortly after the city established its Community Main Street program in 1987, there was serious discussion at the City Council about removing an entire block of downtown historic buildings for a surface parking lot. Community Main Street led the opposition, and its perseverance paid off. That block today is filled with vibrant, profitable businesses and tax-paying buildings.

That was not the last challenge—but despite naysayers, economic recessions, and natural disasters, Community Main Street has continued to persevere. Its efforts were recognized nationally when Cedar Falls received the Great American Main Street Award in 2002. But the Main Street program wasn't satisfied to stop there. Today, a multimillion-dollar mixed-use development is underway adjacent to the downtown. The project will add a 100-room hotel and 350 to 400 residents.

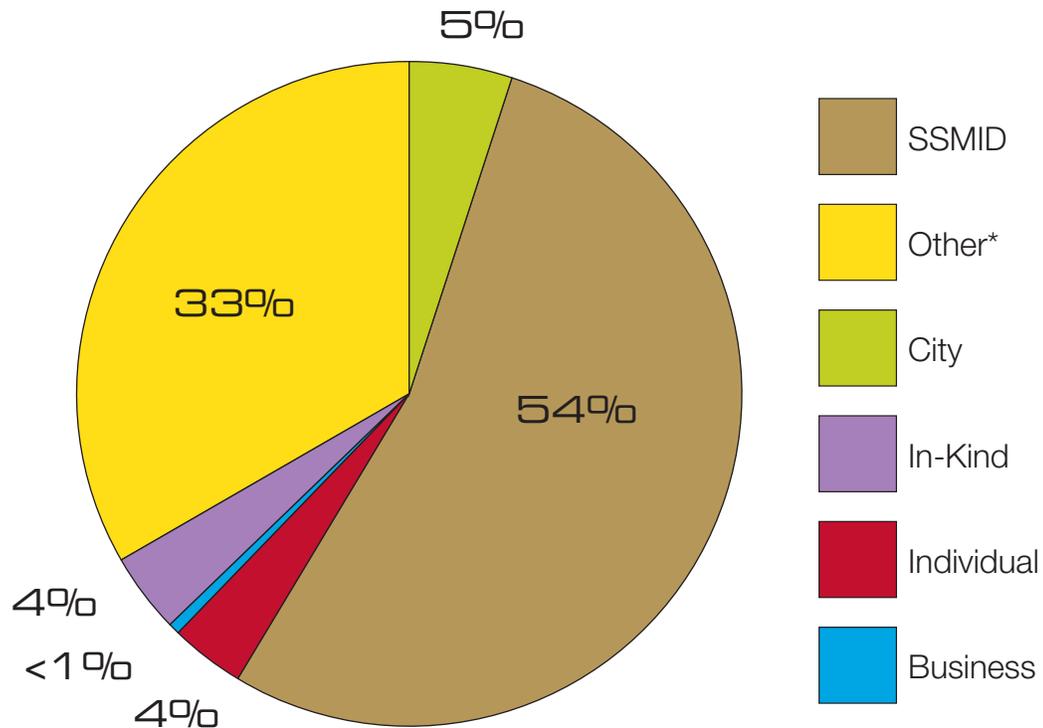
The Community Main Street program in Cedar Falls exemplifies what Main Street is about and the citizens of northwest Iowa have been the beneficiaries of its efforts for 25 years.

Main Street 8 guiding principles®

- incremental process
- comprehensive four point approach
- quality
- public and private partnership
- changing attitudes
- focus on existing assets
- self-help program
- implementation oriented



Funding for Cedar Falls Main Street Program



Community Profile

Population	39,260
Entered Main Street Program	1987
Since Joining Main Street	
Average Net Gain in Jobs per Year	21
Average Net Gain in Businesses per Year	6
Average Building Rehabilitations per Year	27
Average Building Rehabilitation Investment per Year	\$842,291
Average Rehabilitation Investment per Building	\$51,523
Average Number of Buildings Sold per Year	4
Average Building Acquisition Investment per Year	\$963,705
Average Acquisition Investment per Building	\$238,541
Budget 2012	\$195,550
Value of Volunteer Hours 2012	\$63,570
Volunteer Hours as Percent of Budget	32.5%

* "Other" category includes fund-raising, special events and product sales.

Dubuque: International Model of Sustainable Development

Some cities decide they will become “sustainable” by adding a few solar panels and a waterless toilet to City Hall. Dubuque made a different decision: to become a national example of comprehensive sustainable development by embracing economic prosperity, environmental integrity and social/cultural vibrancy to create a sustainable legacy for generations to come.

And they are doing that in large part in their seven Main Street Districts. Being a sustainable city means becoming a Smart City, a concept that helped bring IBM, and hundreds of jobs, to Dubuque. Recognizing that sustainable development is, as the city has written, “more than just the environment,” IBM opted not to build a new green-gizmo building at the edge of town, but instead to locate in the historic Roshek Building in Dubuque’s Main Street district.

Why would a 21st-century cutting-edge international business choose a building from the early 20th century? For a number of reasons. The building met their needs. It fulfilled the Dubuque commitment to “the built environment of the past, present, and future which contributes to our identity, heritage, and sense of place.” It was located where their employees wanted to be—in the center of the action in downtown Dubuque’s Main Street district. And it penciled out financially. This \$43-million-dollar private-sector investment was possible because the Roshek Building was eligible for both the federal and Iowa tax credits for historic rehabilitation.

Main Street is economic development in the context of historic preservation. Dubuque has merged the concepts of smart cities, downtown revitalization and historic preservation to become perhaps the best small-city example of comprehensive sustainable development in the nation, as well as a Main Street program with unparalleled success. Dubuque did get it wrong on one point. Its ambition was to become a national model for a sustainable city. Instead, it has become an international example.

Sustainability Principles

Economic Prosperity

- Regional Economy
- Smart Energy Use
- Smart Resource Use
- Community Design

Social/Cultural Vibrancy

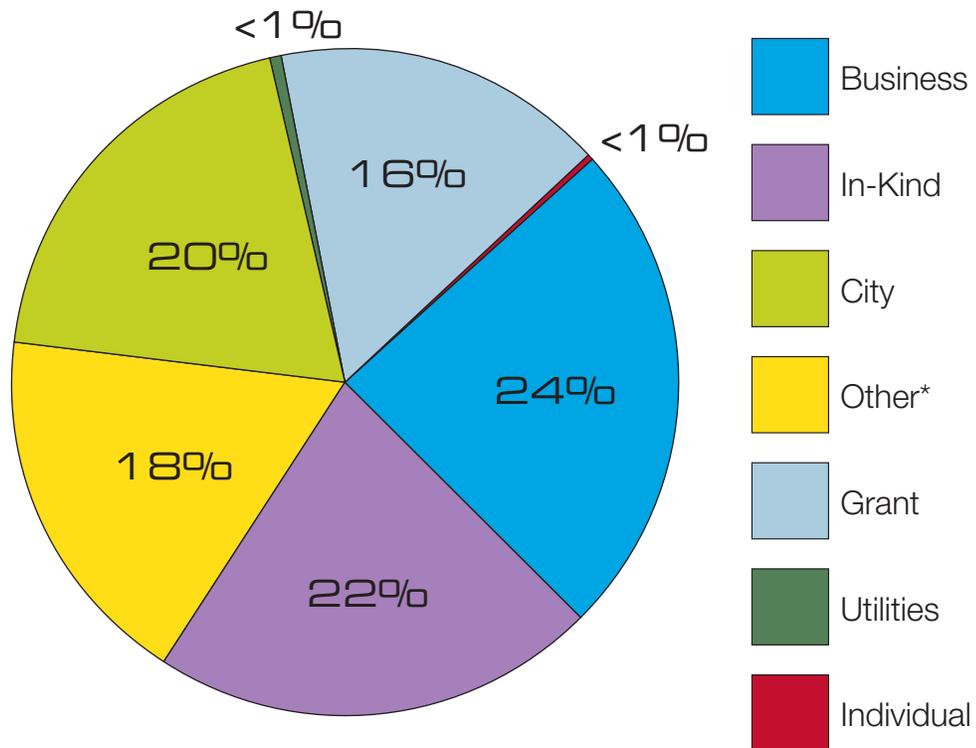
- Green Buildings
- Healthy Local Food
- Community Knowledge
- Reasonable Mobility

Environmental Integrity

- Healthy Air
- Clean Water
- Native Plants & Animals



Funding for Dubuque Main Street Program



Community Profile

Population	57,637
Entered Main Street Program	1985
Since Joining Main Street	
Average Net Gain in Jobs per Year	124
Average Net Gain in Businesses per Year	14
Average Building Rehabilitations per Year	40
Average Building Rehabilitation Investment per Year	\$14,708,385
Average Rehabilitation Investment per Building	\$364,002
Average Number of Buildings Sold per Year	21
Average Building Acquisition Investment per Year	\$4,345,041
Average Acquisition Investment per Building	\$207,272
Budget 2012	\$398,263
Value of Volunteer Hours 2012	\$91,420
Volunteer Hours as Percent of Budget	23%

* "Other" category includes fund-raising, special events and product sales.

Oskaloosa: Commitment to Main Street beyond Downtown

It makes sense that downtown property and business owners would be committed to Main Street revitalization efforts; after all, their financial survival likely depends on it. But what about businesses that aren't physically located downtown? Do they care what happens there? In Oskaloosa, the answer is a resounding yes.

It has been 26 years since Oskaloosa became a Main Street Iowa community. Its efforts over that time can be well documented, with over 380 net new jobs in the Main Street district, as well as investment in building acquisition and rehabilitation of more than \$24 million. But the beneficiaries of that revitalization are not limited to the boundaries of the district.

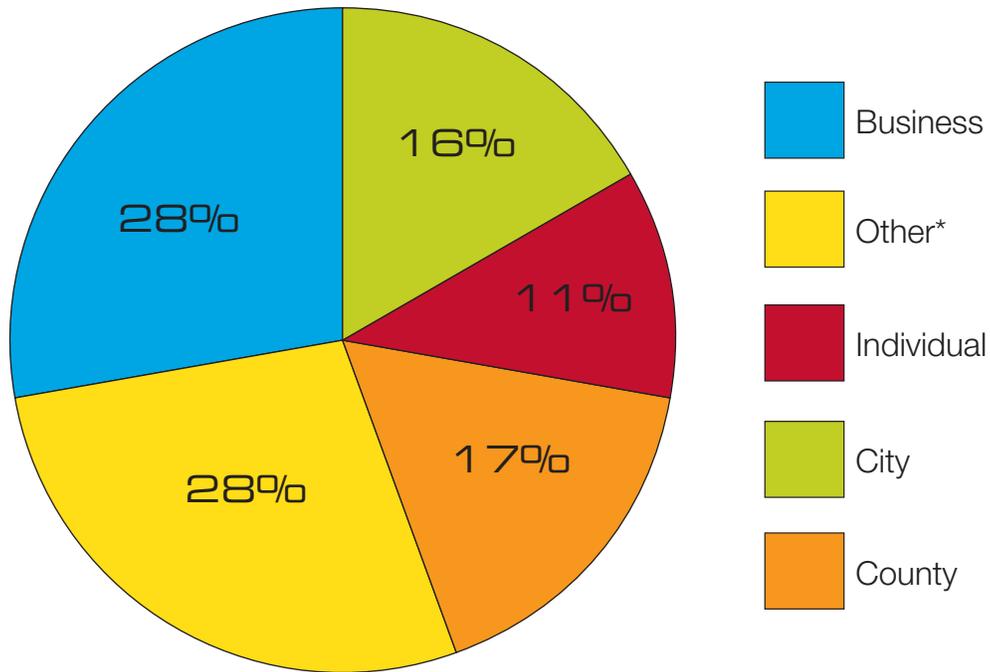
Here's what we heard from businesses not in the Main Street district:

- Banker: "If we don't have a solid core, we are not going to be successful as a group. Main Street gives us focus and helps develop a culture. Main Street gets us through tough times."
- Chief Operating Officer of an industrial facility: "What do you see when you go downtown? Clean, consistency in architecture and design, occupied, safety, well-being. These are all qualities that Main Street brings to downtown; this sense of culture brings a sense of comfort. It is a relaxing place; your blood pressure goes down."
- Director of Marketing for hospital: "For small town hospitals, recruiting physicians is a real challenge. We see Main Street and downtown as an integral part of recruiting. When docs come to visit, they don't just tour the hospital, they tour downtown. They are looking for a lifestyle. Main Street and Oskaloosa provide that lifestyle."
- Newspaper editor: "People have a romantic image of downtown. Locals use the square and use the stores on the square. Children want to go to the square. Downtown shops have endured economic recessions. We have lots of amenities that others just don't have. People tell us that the newspaper should be back downtown 'where you belong'".

Oskaloosa has proven that downtown isn't just for the merchants who are there—it's for the entire community.



Funding for Oskaloosa Main Street Program



Community Profile

Population	11,463
Entered Main Street Program	1997
Since Joining Main Street	
Average Net Gain in Jobs per Year	25
Average Net Gain in Businesses per Year	11
Average Building Rehabilitations per Year	17
Average Building Rehabilitation Investment per Year	\$1,091,328
Average Rehabilitation Investment per Building	\$64,196
Average Number of Buildings Sold per Year	7
Average Building Acquisition Investment per Year	\$531,357
Average Acquisition Investment per Building	\$78,914
Budget 2012	\$90,000
Value of Volunteer Hours 2012	\$21,030
Volunteer Hours as Percent of Budget	23.4%

* "Other" category includes fund-raising, special events and product sales.

Valley Junction: The Distinctive Center

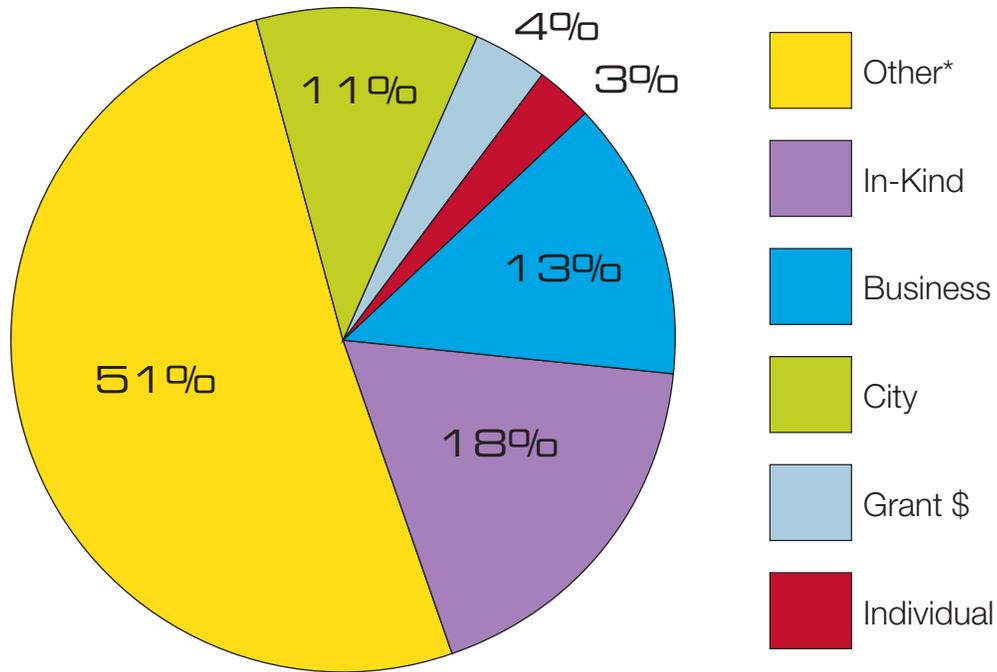
It is easy and all too common for the traditional commercial center of a suburban community to lose both its identity and its economic vibrancy in a sprawling sea of regional shopping centers and office parks. Valley Junction was the original name of the town that became West Des Moines in 1938. Between 1960 and 1990, the population of West Des Moines jumped from fewer than 11,000 to more than 30,000. In the last two decades, the population nearly doubled again. That rapid change put the historic town center at risk.

But Valley Junction merchants and property owners, in a strong partnership with the City of West Des Moines, decided that there must be an alternative to vacancy and abandonment. The strategy to reach that alternative was Main Street®, and the Historic Valley Junction Foundation was established. The district has since evolved from a cluster of antique and hobby businesses to the largest concentration of specialty stores in the Des Moines metro area and a premier arts, entertainment and cultural district.

To enhance their role as the distinctive center, Valley Junction specializes in events that draw thousands of visitors annually, not just from West Des Moines, but from all over Iowa. Over \$250,000 each year is spent on events and that investment has paid off well. Valley Junction has been designated a state Cultural and Entertainment District, an Iowa Great Place and was a 2012 winner of the Great American Main Street Award from the National Main Street Center. The Historic Valley Junction Foundation's latest project was the rehabilitation of the original 1905 City Hall for its offices and a community space. The organization went a step beyond renovation when it decided to make the rehabilitation a model of building sustainability. The building now showcases geothermal heating and cooling, a green roof, daylight sensors and photovoltaic panels. This is a superb example of a hundred-year-old building on the cutting edge of environmental responsibility, which still maintains its distinctive architectural features – Historic City Hall being the distinctive center of Valley Junction, the distinctive center of West Des Moines.



Funding for Valley Junction Main Street Program



Community Profile

Population	56,609
Entered Main Street Program	1987
Since Joining Main Street	
Average Net Gain in Jobs per Year	18
Average Net Gain in Businesses per Year	8
Average Building Rehabilitations per Year	10
Average Building Rehabilitation Investment per Year	\$166,077
Average Rehabilitation Investment per Building	\$16,155
Average Number of Buildings Sold per Year	2
Average Building Acquisition Investment per Year	\$444,820
Average Acquisition Investment per Building	\$205,935
Budget 2012	\$551,000
Value of Volunteer Hours 2012	\$122,100
Volunteer Hours as Percent of Budget	22.2%

* "Other" category includes fund-raising, special events and product sales.

Woodbine: Big City Expertise, Small-Town Commitment

It might be easy to miss Woodbine as you drive by on Highway 30 in western Iowa. But in 2008, when local citizens decided they wanted to be more than just another “small town getting smaller,” Woodbine became a Main Street Iowa community. It hasn’t looked back since.

Woodbine Main Street has a small annual budget, but that hasn’t prevented it from dreaming – and then acting – big. It made the decision not just to fix up some old buildings, but to do it right, respecting the historic character of local structures. Acting more like a big city than a small town, it commissioned a Sustainable Community Master Plan that included urban design suggestions, long-term capital budgets and recommendations for public art and even an amphitheater.

Subsequently, over \$6.5 million has been invested in 25 buildings in the three-block downtown area. The projects included historically rebuilt, energy-efficient storefronts as well as more extensive rehabilitation of several buildings in the Main Street district: the conversion of a former bank building into updated, affordable housing and offices, the creation of an artist-in-residence loft and gallery, restaurant and retail spaces.

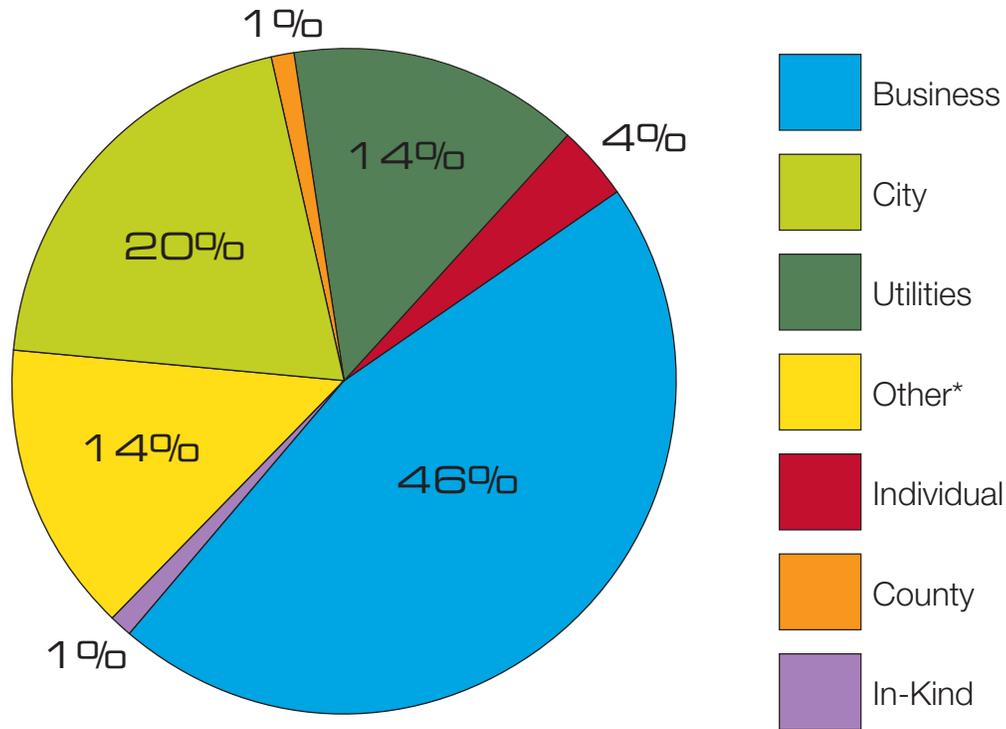
It also helped build the capacity of local stakeholders. NuStyle Development, a big-league real estate developer, is headquartered in the owners’ hometown. Out of a former blacksmith’s shop in downtown Woodbine, it undertakes multimillion-dollar projects with a focus on the nearby Omaha, Nebraska metro area.

The Main Street message of historic preservation as an economic generator resonated with community leaders resulting in local talent becoming interested in development and historic preservation; NuStyle served as an experienced and trusted guide to local Main Street and City officials. The big-city developer helped mentor the start-up of another small, local development company, resulting in a dynamic partnership of building owners, local developers, Woodbine Main Street and the City of Woodbine.

You might not suspect that a town of 1,500 people would have sophistication and quality at the core of their redevelopment efforts, but you would be wrong. Woodbine has made a name for itself as a big-city success story with the “can-do” cooperation, passion and commitment of a small Iowa town.



Funding for Woodbine Main Street Program



Community Profile

Population	1,459
Entered Main Street Program	2008
Since Joining Main Street	
Average Net Gain in Jobs per Year	9
Average Net Gain in Businesses per Year	5
Average Building Rehabilitations per Year	9
Average Building Rehabilitation Investment per Year	\$1,640,661
Average Rehabilitation Investment per Building	\$187,504
Average Number of Buildings Sold per Year	2
Average Building Acquisition Investment per Year	\$66,875
Average Acquisition Investment per Building	\$38,214
Budget 2012	\$42,400
Value of Volunteer Hours 2012	\$40,500
Volunteer Hours as Percent of Budget	46.7%

* "Other" category includes fund-raising, special events and product sales.

Living on Main Street

Many historic buildings in Main Street districts were constructed with a store on the first floor and a residence for the proprietor's family upstairs. In most Iowa communities, much of that second-floor space has sat empty for a generation or is used as storage space for the business below. But following a national pattern in downtown revitalization, Main Street communities in Iowa began encouraging property owners to return that space to the residential use for which it was originally constructed.

While many property owners (and their bankers) were skeptical at first, some were willing to take a chance. And taking that chance proved to be a good investment. There are now hundreds of upper-floor housing units in Main Street Iowa communities of every size. The majority rent for between \$500 and \$1,000 per month and the units are often the most highly-prized rental housing in town.

But the biggest economic beneficiary of upper-floor housing isn't the person who collects the rent—it's the entire downtown. For a downtown that has the goods and services available, here's the impact on the downtown of that upper floor unit.

Annual Benefit to a Downtown Economy from an Upper-Floor Housing Unit Rented to a Couple for Between \$500 and \$1,000/month

Food at home	\$1,898 – \$3,795
Food & Drink out	\$807 – \$1,613
Rent	\$6,000 – \$12,000
Other housing costs, including utilities, maintenance, insurance, and upkeep	\$4,606 – \$9,213
Furniture, equipment and electronics	\$560 – \$1,121
Apparel and apparel services	\$655 – \$1,310
Vehicular and transportation-related	\$1,909 – \$3,819
Health-related	\$789 – \$1,577
Entertainment	\$934 – \$1,868
Personal services	\$314 – \$629
All others	\$997 – \$1,994
Total Annual Downtown Economic Impact of an Upper-Floor Apartment	\$19,469 – \$38,939



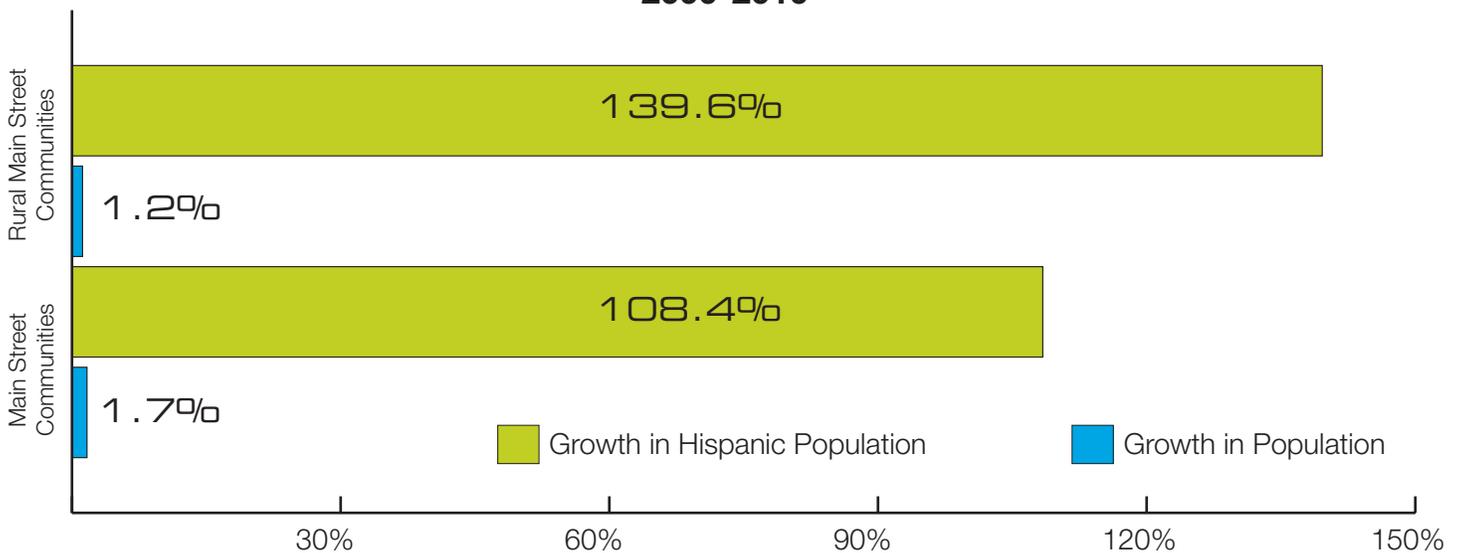
The Changing Face of Iowa

The face of Iowa is changing. Because of jobs and the welcoming attitudes of its citizens, Iowa is gaining new citizens from other parts of the United States and beyond. Particularly noticeable is the in-migration of new Iowans of Hispanic heritage.

Why is this important? While Hispanics often initially come for job opportunities, particularly in the agricultural production sector, their arrival is often a precursor of entrepreneurialism and small business start-ups.

Main Street Iowa communities have been particular magnets for Hispanic in-migration. Towns identified as Main Street Communities (with populations between 5,000 and 50,000) grew 1.7 percent in population between 2000 and 2010; but the Hispanic population in those communities increased 108.4 percent. The change was even more pronounced in the Rural Main Street towns (under 5,000 in population). While over the decade their overall population grew a modest 1.2 percent, the Hispanic population increased by nearly 140 percent. These communities have welcomed these new Iowans to their organizations, to their businesses and to their festivals. Iowa's reputation for hospitality is being demonstrated in Main Street towns across the state.

Growth in Hispanic Population 2000-2010



SOURCE: : United States Census



Conclusions

Main Street gets results.

The 26-year program of economic development in the context of historic preservation has been a singular success story. From the Warehouse District in Dubuque to the small town of Woodbine, local citizens are reclaiming downtowns and historic commercial districts as the center of their communities through the Main Street Iowa program.

More jobs, new businesses, increased investment, enhanced tax revenues, bigger paychecks, rising property values—these are at the top of the list of economic development priorities, and Main Street has achieved them all. And it has done so while protecting and enhancing the unique character of every Main Street community.

When Main Street Iowa began in 1986, few could have imagined that it would become a national model not just for Main Street districts, but for historic preservation-based economic development. It is also a superb model for using limited public resources as an effective catalyst for private-sector investment.

In short: Main Street works.

Methodology

- Data for net new jobs, business growth, buildings rehabilitated and sold, amount of investment in rehabilitation and acquisition, and volunteer hours comes from the monthly reports each Main Street community is required to submit to the Iowa Downtown Resource Center. Monthly report data through fiscal year 2012 was utilized for the purposes of this study.
- Calculations for jobs and income created through the rehabilitation of buildings were based on data from IMPLAN®, an Input-Output econometric model created by the private-sector firm MIG.
- Demographic and population data was based on 2010 and 2000 U.S. Census information.
- Estimates of upper-floor housing's impact on downtowns were based, in part, on the Consumer Expenditure Survey of the Bureau of Labor Statistics of the U.S. Department of Labor.
- Estimates of the cost of an empty building were based, in part, on RMA® Annual Statement Studies.
- Additional data was obtained from various databases of the U.S. Department of Commerce, the U.S. Department of Labor, the U.S. Small Business Administration and other government sources.
- In every instance, the selection, evaluation, and application of data was conducted by the authors of this report. Any errors of fact or judgment are solely the responsibility of the authors and not the suppliers of data, the Iowa Downtown Resource Center, the Main Street Iowa program, or the Iowa Economic Development Authority.

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About the Authors

This report was prepared and written by Donovan D. Rypkema with research assistance from Courtney Williams. Rypkema is principal of PlaceEconomics, a Washington D.C.-based real estate and economic development consulting firm. He is author of *The Economics of Historic Preservation: A Community Leader's Guide* and an adjunct professor in the Historic Preservation Program at the University of Pennsylvania. Williams is a researcher and GIS specialist at PlaceEconomics. She holds a master's degree in historic preservation from the University of Pennsylvania, and an undergraduate degree from the College of Charleston.

**Iowa Economic Development Authority
200 East Grand Avenue
Des Moines, Iowa 50309**

**515.725.3051
mainstreet@iowa.gov
iowaeconomicdevelopment.com**

IOWATM
economic development

