

# Part I: Downtown organizations remain strong, diversifying funding is more important than ever

At the start of a new decade, as the nation begins to pull out of a prolonged recession, both cash-strapped and thriving downtown organizations are exploring a wide range of funding options

Results of a recent Downtown Research & Development Center survey show that three quarters of the organizations responding have seen their revenues remain the same or increase from 2009 to 2010. With city funding, events, membership dues, and assessments being the most common sources of funds for daily operations.

On a less positive note, the data also indicates that the typical downtown organization is relying on just three funding sources.

Increasing that number may well be the key to developing a solid financial strategy for funding in the years ahead. Those organizations that are too dependent on a single source of funding may face trouble if sponsorship dollars dry up, a major revenue-producing event is impacted by the weather, or a large corporate donor relocates.

Instead, striking a balance between a wide range of sources will position the downtown organization to accomplish its many goals in the future.

The following material provides insights into how a range of downtown organizations are funding their operations. In addition to the data, you will find insightful comments from survey participants and four detailed case studies of individual participant's funding strategies and experiences.

## Methodology

The Downtown Research & Development Center Funding Sources Survey was conducted online in February 2010. Over 300 downtown organizations provided data

**Table 1. Breakdown of respondents by city population**

Population	Share of Respondents (%)
10,000 and under	30
10,001 to 30,000	26
30,001 to 60,000	21
60,001 to 100,000	7
100,001 to 300,000	14
300,001 and over	4
<b>Total</b>	<b>100</b>

**Table 2. Breakdown of survey respondents by location**

Location	Share of Respondents (%)
East North Central	17
Pacific	16
Mid-Atlantic	14
South Atlantic	13
South Central	13
West North Central	13
New England	7
Mountain	7
Canada	2
<b>Total</b>	<b>100</b>

*\* For the purposes of the survey, the geographic regions are defined as follows.*

*East North Central: IL, IN, MI, OH, WI*

*Pacific: AK, CA, HI, OR, WA*

*Mid-Atlantic: DC, DE, MD, NJ, NY, PA*

*South Atlantic: FL, GA, NC, SC, VA, WV*

*South Central: AR, AL, KY, LA, MS, OK, TN, TX*

*West North Central: IA, KS, MN, MO, ND, NE, SD*

*New England: CT, MA, ME, NH, RI, VT*

*Mountain: AZ, CO, ID, MT, NM, NV, UT, WY*

*Canada: Countrywide*

**Table 3. Breakdown of respondents by type of organization**

<b>Organization</b>	<b>Share of Respondents (%)</b>
Main Street Program	28
Special Assessment District	27
Downtown Association	22
Hybrid	11
Chamber of Commerce	7
Merchants Association	4
Other	2
<b>Total</b>	<b>100</b>

*For the purposes of the survey, the organizations were defined as follows.*

**Main Street Program.** An accredited program of the Main Street Center.

**Special Assessment District.** A legal entity allowing for an assessment on property within a defined area. Revenues from this assessment are then directed back to the area to finance a wide range of services. Such districts are called business improvement districts, business improvement areas, and special improvement districts, among others.

**Downtown Association.** Not-for-Profit corporation working to create a more vibrant community for businesses, property owners, residents, employees, and visitors.

**Hybrid Organization.** Comprised of elements from two or more of the other types of organizations on this list. Such as a Main Street Program that operates a Special Assessment District.

**Chamber of Commerce.** Not-for-Profit business organizations focused on ensuring the viability and success of commerce in the area. May be a special division of a chamber of commerce.

**Merchants Association.** Not-for-profit retail trade group focused on enhancing the local business environment.

**Other.** Not classified elsewhere.

about their city, their organization, and their funding sources.

Throughout the report all numbers and percentages have been rounded, which results in minor discrepancies in the totals.

### Participant Profile

Participants represent cities of all sizes, and geographic regions in the United States as well as a small

number from Canada. They also represent all types of organizations working to revitalize central business districts.

Table 1 shows the breakdown of respondents by city population. Table 2 shows the breakdown of respondents by location. And Table 3 shows the breakdown of respondents by organization type. For the purposes of the survey, five types of organizations were identified: Main Street Program, Special Assessment District, Downtown Association, Hybrid Organization (comprised of elements from two or more of the other types of organizations), Chamber of Commerce, Merchants Association, and Other.

While most organizations fit nicely into the categories mentioned above, the comments of those selecting “Hybrid” and “Other” provide insights into some of the many ways that downtown organizations develop to fill the needs of their communities. A respondent from New England writes, “Our downtown committee is appointed by the Town Manager and is staffed through the Planning and Human Services Department.” Another New England participant writes, “We are a hybrid organization encompassing a Main Street Program, special assessment district, and a merchant and property owners’ association.”

In the East North Central region an organization uses special assessment and parking revenue to fund its organization then contracts with the Chamber of Commerce to manage day-to-day downtown operations.

And finally, a South Atlantic organization notes, “We are a downtown association administering the Main Street Program.”