

# **The Hill Vision**

“The Hill Vision Background, Premise, and Concept”

Draft #3

10/15/03

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## Executive Summary

The University Hill General Improvement District, more commonly known as UHGID, is an advisory board consisting of five members appointed by the Boulder City Council. UHGID acts as a board of directors in the oversight of tax and parking meter revenue collections and distributions for the University Hill Commercial District (hereafter referred to as "The Hill"). Approximately the size of 5 city blocks, The University Commercial District is advantageously situated at the base of the Flatirons and adjacent to the University of Colorado at Boulder, acting as the gateway to the diverse and unique character of University Hill Neighborhood.

For several years The Hill has been in the limelight. Its physical appearance a sore point for many, its limited shopping facilities decried by some and its lack of general appeal denounced by one and all. The various stake holders have been at pain to voice their favorite solutions and while those voices are at time discordant they all share the same dream: A DRASTIC IMPROVEMENT in the appearance and the commercial essence of the Hill. UHGID presents the Vision document as its contribution to the eventual realization of that dream. It incorporates the suggestions of many among the stakeholders, results of the many discussions held by the UHGID board and draws heavily on the successful and unsuccessful attempted solutions of the last few years.

Starting with a short history of the Hill over the last few years, the first section, titled *WHY*, then focuses on the challenges to be overcome if lasting improvement is to be brought to the Hill. The next section, titled *WHAT*, is an analytical presentation of three ways to overcome the present challenges. It culminates by recommending the solution based on the concept of the Hill as a Pedestrian/Public space eventually surrounded by a redesigned transition zone between the Hill Commercial District and the neighboring residential area.

While this document provides a background to the development of The Hill Vision and an explanation of the premise and concept beyond this vision, the UHGID Board sincerely hopes that this document will be regarded as its lasting commitment to the rebirth of the Hill as an attractive, vibrant and thriving economic district

### **The Hill Vision Statement of Purpose**

The purpose of The Hill Vision is to capitalize on existing momentum and take new innovative steps to propel The Hill towards becoming a vibrant and thriving economic center that maximizes the innate attributes of The Hill.

## Section 1: Why?

Why does UHGID need to *capitalize on existing momentum and take new innovative steps to propel The Hill towards becoming a vibrant and thriving economic center that maximizes the innate attributes of The Hill?*

Answering *why* requires a knowledge of The Hill's past history and an understanding of the challenges that The Hill is currently facing.

### **§1A: Background [Past History]**

Since its inception when residential houses were converted to commercial structures (the backs of many existing structures still resemble the original residential houses), The Hill commercial district has evolved throughout the years to meet the changing desires of the Boulder and University of Colorado communities.

In the 1940s and 1950s The Hill commercial district was the primary retail district in the greater Boulder area where young adults would gather and shop. In the 60s and 70s The Hill became a regional musical venue frequented by many up and coming bands and musicians. Throughout this period The Hill was a vibrant and thriving economic center. However, in recent years faced with a changing economic environment the Hill has failed to adapt and to realize its full economic potential.

In 2000 UHGID commissioned what has become known as the PUMA Study in an effort to stimulate The Hill commercial district. The conclusion of the PUMA Study was that both CU students and Boulder residents are dissatisfied with The Hill commercial district. In response to the PUMA Study, UHGID has taken steps that have resulted in a variety of accomplishments that signal The Hill's progress. The PUMA study succeeded in creating dialogue among Hill stakeholders and has led to the hiring of Stratecom, the development of a marketing campaign, funding and installation of a Blue Light safety network, Uni Hill Downhill, Welcome Back Fest, FAR adjustments for restaurants, the hiring of a promotional/events professional, and numerous other accomplishments. The momentum that The Hill is currently experiencing can largely be attributed to a shift in consciousness in which local stakeholders began to embody a proactive approach to maximizing The Hill's potential.

Nevertheless, despite the recent string of successes there is still much progress that needs to be made before The Hill's potential is fully achieved. The Hill will require bold and innovative solutions in order to propel it to becoming once again a thriving and vibrant economic center.

## §1B: Current Challenges

Current challenges facing The Hill:

- **Unfocused Economic Concept- "Jack-of-All-Trades, Master of None":** The Hill is currently attempting to fulfill the following three Economic Concepts. Failing to commit to one model has resulted in The Hill being a combination of all three Economic Concepts reduced to their lowest common denominators and consequently not serving its market (students and residents) adequately. These three Economic Concepts are:
  1. *National Tenant/Regional Mall Concept:* A pursuit of national tenants/chain stores such as the Gap, J Crew, etc. in the attempt to provide a similar consumer experience as a regional mall.
  2. *Strip Mall Concept:* A focus on The Hill serving a strip mall market, specifically, short duration visits with a focus convenience.
  3. *Pedestrian/Public Space Concept:* Creating an appealing atmosphere with a focus on public space that encourages a welcoming environment and capitalizes on The Hill's innate attributes; primarily its appealing environment and proximity to CU Boulder and The Hill Neighborhood.
- **Diversity of Businesses:** The trend in recent years has been an increase in predominantly "over the counter" food service businesses with a corresponding decrease in other "diverse" business (e.g., jeweler, used book store, bank, art gallery, etc.). The lack of business diversity has resulted in a loss of the synergy that occurs when diverse businesses compliment each other within an economic center.
  - **Short Duration Transactions:** As a result of the increase in "over the counter" foods service businesses, the trend is an increase in short duration transactions with average cycles of 10-15 minutes. Although there is certainly a market for some short duration businesses, the worry is that The Hill will continue to fill vacancies with short duration businesses and the majority of The Hill will become a short duration transaction economic center. A continuation of this trend may possibly result in an unpleasant atmosphere that limits The Hill's ability to serve its entire potential market.
- **Appearance:** A common criticism of The Hill is that it is "dirty". However, the PUMA Study revealed that many use the term "dirty" in a general sense. Most people surveyed were fairly satisfied with the general maintenance of The Hill (sweeping, trash removal, etc.) but were dissatisfied with the overall deteriorating infrastructure and deferred maintenance of many commercial buildings.
  - **Distinguish- Hill Character:** It must be emphasized that the physical improvement of The Hill does not translate into a loss of the character unique to The Hill. Rather, any proposed improvements must preserve the character of The Hill while still achieving an improved physical appearance.
- **Crossroads Syndrome- Success by Default:** As with all economic centers, The Hill must continually evaluate whether its success is a result of being an innovative and competitive economic center or conversely if existing success is the result of a lack of competition. The PUMA Study indicated that The Hill is not adequately serving its potential market and surrounding economic centers (e.g., Base Mar, the UMC, Pearl Street Mall, and Flatirons Mall) have the ability to capture a portion of The Hill's potential market if these economic centers are more responsive to the desires of The Hill's potential market. Furthermore, The Hill's location is likely to become a diminishing guarantor of success as students become more mobile and willing to travel to distant economic centers that are more responsive to their needs and desires.
- **Un-served Potential Market:** As a result of the above mentioned challenges, and reflected in

the PUMA Study, The Hill is currently serving only a fraction of its potential market (i.e., both students and residents). It should also be emphasized that the PUMA Study revealed that, for the most part, students and residents agree on their preferences for the Hill's future direction.

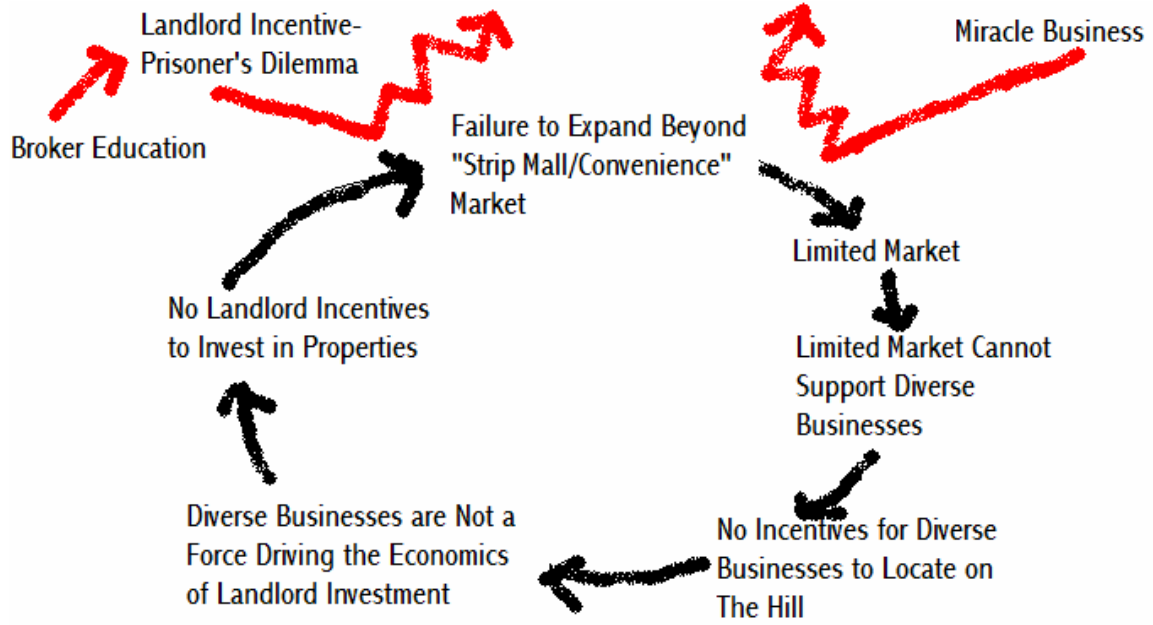
- **Landlord Incentives:** The above mentioned challenges are rendered more difficult because the current economic environment of The Hill does not provide landlords with incentives to invest in overcoming the existing challenges.
  - **Limited Market:** The Hill's failure to capture a large portion of its total potential market has reduced the attractiveness of The Hill to potential tenants. A stagnant market prevents opportunistic tenants from creating incentives for landlords, in the form of a willingness to pay higher rents, to invest in their properties.
  - **Prisoner's Dilemma:** Unlike most economic centers where one owner controls the entire economic center (with the exception of "downtowns"), The Hill consists of approximately 35 property owners. Analogous to the classic economist's "prisoner's dilemma" theory, no one individual alone can influence the overall Hill commercial district to the necessary extent to overcome the above mentioned challenges and consequently, absent a unified effort, the derivative rewards of investment cannot be captured.

### §1C: Unsuccessful Attempted Solutions

Aware of the challenges confronting The Hill Commercial District, UHGID and various other stakeholders have made several attempts that were unable to propel The Hill Commercial District to becoming a vibrant and thriving economic center. These unsuccessful attempts are important for two reasons; First, to prevent repeated mistakes. Second, a more comprehensive understanding of the underlying problems and insight into better possible solutions occurred as a result of previous failed attempts.

- **Past Unsuccessful Solutions:** Among the past measures taken were the recruitment of "miracle businesses" and "real estate broker education". Although marginally beneficial to The Hill commercial district, these measures were not capable of fully solving the challenges confronting The Hill.
  - **Miracle Business:** The quest for a "miracle business", often characterized as a business that would improve the overall diversity of businesses on The Hill, is certainly a worthy endeavor. However, one single business in itself has not been capable of propelling The Hill to becoming a vibrant and thriving economic center. Furthermore, it is questionable whether or not the current market can support a diverse business (i.e., the increased lack of diversity has eliminated the necessary synergy to support a so called diverse business). There must be a simultaneous, overall change within The Hill commercial district that results in the entry of numerous diverse businesses within a short period of time.
  - **Real Estate Broker Education:** An effort to educate local commercial real estate brokers was not detrimental to the progress of The Hill, however, its benefits were limited. Regardless of how committed a broker is to locating a "desired tenant", the broker is unlikely to forego a commission from a ready and willing tenant. Furthermore, even if the broker is willing to make present sacrifices in exchange for greater long term rewards it is the landlord who has the final authority and the current absence of landlord incentives must first be resolved before broker education is pursued.
- **Quick Fixes:** Events, the design of a logo, a marketing committee, etc. are measures that can be implemented relatively quickly. However, these measures should be viewed as a component of a larger plan and should not be mistakenly regarded as a quick fix. Such measures are crucial to the success of The Hill, but they should not be confused with the necessary long term solutions that the current challenges demand.

§1D: Current Challenges and Previous Attempts Graphically



## Section 2: What?

The Hill Vision is an analytical solution to the current challenges discussed in Section 1.

### §2A: Solutions to Challenges:

- **Economic Concept:** Of the three Economic Concepts that The Hill is currently attempting to follow (see §1B), the characteristics of The Hill favorably lend itself to the Pedestrian/Public Space Concept. The following is the reasoning for stating that The Hill should focus on developing a successful Pedestrian/Public Space Concept.

#### *Winner by Default*

1. **National Tenant/Regional Mall Concept:** Beyond the numerous reasons why stakeholders would not want The Hill to adopt a National Tenant/Regional Mall Concept, the physical characteristics of the Hill simply will not allow for such a concept (a regional mall concept is too large in scale). The Hill should not attempt to duplicate the appeal of a regional mall, but rather capitalize on the advantages that are unique to the Hill in order to compete on a different level and serve an alternative market/demand.
2. **Strip Mall/ Convenience Store Concept:** Although a Strip Mall/ Convenience Store Concept may survive on the Hill (and some may argue currently exists on the Hill), this type of a concept is not The Hill's highest and best use because it fails to fully make use of the advantages unique to the Hill. Consequently this concept only serves a portion (the convenience market) of The Hill's total potential market.

#### *Standalone Merit*

3. **Pedestrian/Public Space Concept:** The Pedestrian/Public Space Concept is the highest and best use for The Hill because it capitalizes on the advantages unique to The Hill and consequently provides the Hill with a competitive advantage that is exclusive of other regional and local economic centers. The following are the primary advantages unique to The Hill:
  - a. *Proximity to the University of Colorado:* Over 25,000 students and the additional professional and support staff.
  - b. *Character:* The Hill is rich in character and tradition that adds to its appeal and creates a competitive advantage.
  - c. *University Hill Residents:* The University Hill Neighborhood, consisting of desirable demographics, abuts The Hill Commercial District and has expressed the same desires for the future and direction of The Hill as student residents.

- **Landlord Incentives:** As previously indicated, landlord involvement is crucial to overcoming the challenges currently facing The Hill. Consequently, a successful plan must overcome the existing absence of landlord incentives to invest in their properties.
  - **Economic Incentives:** Any plan that is developed to propel The Hill towards returning to a vibrant and thriving economic center must place an emphasis on creating economic incentives for landlords. Private property rights must be respected and it is unrealistic to hope that property owners will make financial sacrifices as a generous gesture to the community. Only the potential for increased economic prosperity should be relied upon to drive landlord investment in their properties.
  - **Solving the Prisoner's Dilemma:** A successful solution must recognize that the current lack of incentives does not reflect, for the most part, the individual motivations of Hill landlords. Nearly all landlords have an interest in seeing The Hill return to a vibrant and thriving economic center. The problem is that absent a unified coalition of landlords, the efforts of any one landlord are not sufficient to influence the Hill to the extent that the derivative rewards of his or her investments can be captured.
  - **Public Investment as the Catalyst:** Rather than waiting for or attempting to structure a unified landlord effort, public investment will have the affect of influencing The Hill to the necessary extent to overcome the abovementioned challenges. As a result, The Hill's market will be expanded to include the current un-served portion of The Hill's potential market. The expanded market and corresponding potential will create an appealing economic center for opportunistic businesses. As tenants attempt to capitalize on this opportunity they will drive landlords, primarily in the form of higher rents, to invest in their properties.
    - **Expanded Market:** The assumption of public investment as a catalyst requires that the public investment result in the currently un-served portion of The Hill's potential market being captured.

## §2B: The Hill Vision

As outlined below, The Hill Vision will set in motion the necessary chain of events that need to occur to overcome the abovementioned problems and return The Hill to a vibrant and thriving economic center.

### **Public Investment: Dual Objective**

- **Public Investment as the Catalyst:** A primary assumption of The Hill Vision is that the City of Boulder will take the first step, in the form of public investment, towards propelling The Hill to becoming a vibrant and thriving economic center. Public investment is a commitment to The Hill achieving its full potential and has the benefit of setting a defined timeline to achieving this goal, as opposed to waiting and hoping for future third party/landlord initiative. A strong emphasis is still placed on the importance of third party/landlord involvement, however, it is done in the form of creating incentives, through market forces, for landlords to adopt the game plan that has been outlined and invest in their properties (or sell to others, who have an incentive to invest in the property).
- **Public Investment Defining an Economic Concept and Creating an Expanded Market:** Landlord incentive to invest in their properties is a direct result of public investment clearly defining a pedestrian/public space economic concept for The Hill. As the highest and best use for The Hill, previously un-served members of The Hill's potential market are now attracted to the new pedestrian/public space atmosphere. This expanded market has the ability to support diverse businesses, initiating a domino effect of events that result in incentives for landlords to invest in their properties in order to capitalize on this newly created value (in the form of an expanded market), eventually resulting in a vibrant and thriving economic center.

**Note- Public "Investment":** It must be emphasized that the City of Boulder's contribution is an investment, not charity, and The Hill Vision is based on the premise that the City of Boulder will be repaid this initial contribution, and significantly more, through increased future sales tax revenues generated by The Hill.

### **Components of The Hill Vision**

Although the highest and best use of The Hill is a Pedestrian/Public Space Concept, the Hill currently does not adequately achieve this objective because it is a concrete haven lacking greenery and the intensive automobile traffic presence does not create an appealing atmosphere. In order to achieve a successful Pedestrian/Public Space Concept, physical modifications and improvements need to be made. Improvements will need to occur on both public and private property, however as emphasized above, the initial public investment will act as the catalyst that creates incentives for investment in private property.

#### **1. Public Improvements:**

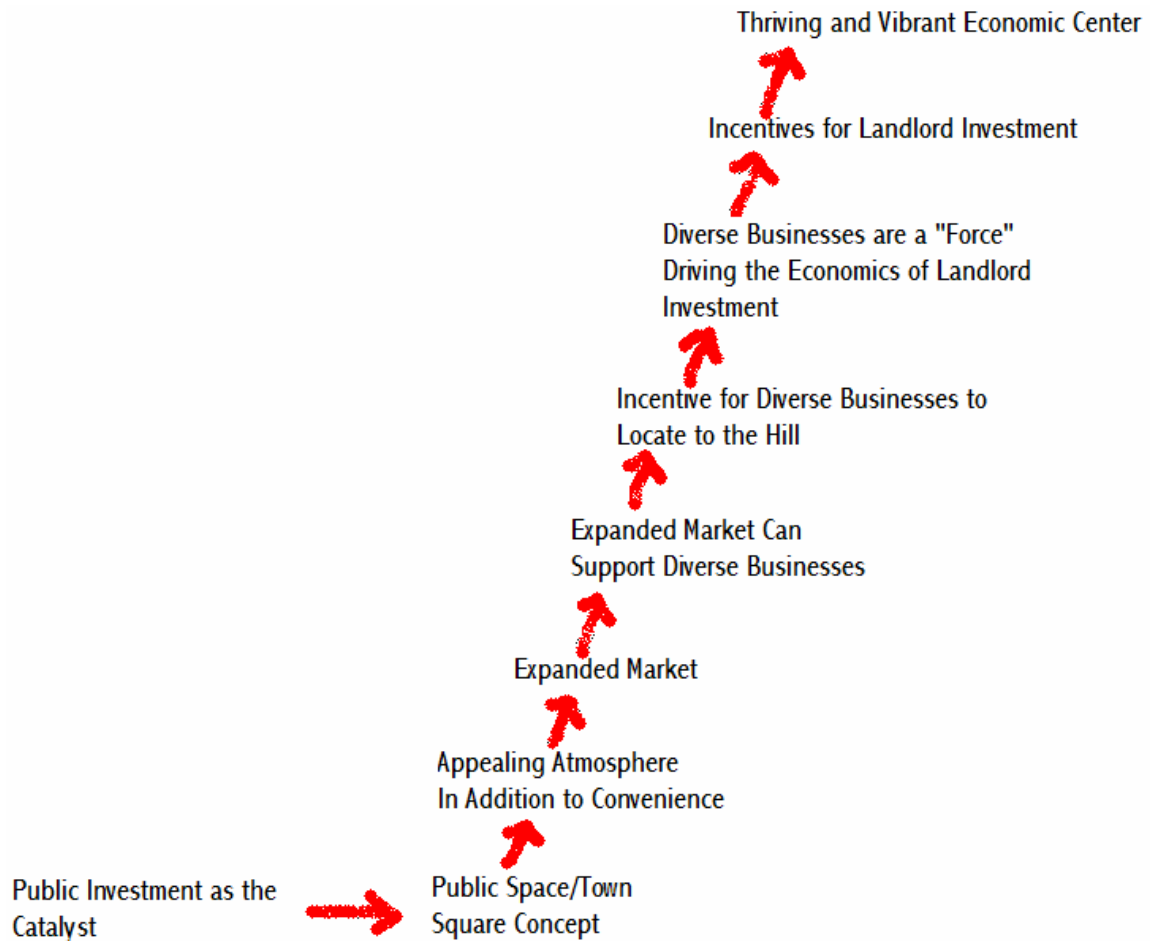
- **Town Square:** The transformation of 13th Street (from Pennsylvania Street to College Avenue) into a public space will allow for this space to act as a physical magnet for the surrounding area. This transformation may require the street to be closed to auto use or modified to provide an appealing public environment that creates a welcoming atmosphere.
  - **Scale:** The quest for a Town Square should not be mistakenly confused with a pedestrian mall. The City of Boulder already has a successful pedestrian mall, The Pearl Street Mall, and any attempt to duplicate this model would have adverse consequences. Rather, a Town Square is much smaller in scale and this translates into a more focused concentration of activity that is more suitable to the natural attributes of the Hill.
  - **Physical Magnet:** By creating a pleasant and welcoming atmosphere, the Town Square has the effect of acting as a physical magnet that attracts formerly un-served members of The Hill's potential market whose demands were not satisfied by the limited strip mall/convenience store economic concept. The expanded market results in new market forces that act as the incentives for property and business owners to capitalize on the newly created opportunities.
- **Parking Garages:** Parking lots and on-street parking will be replaced with public parking garages that are wrapped with commercial/residential uses that prevent the new structures from being obtrusive.

## 2. Private Improvements:

Landlords now have incentives to invest in their properties because the initial public investment eliminates the prisoner's dilemma (i.e., one landlord alone not having sufficient influence to improve the overall Hill) and expands The Hill's market to include a significant portion of its potential market that can now support higher rent paying, diverse businesses.

- **Funky Boutiques:** The Hill's character is one of its greatest assets. Desirable businesses can be best characterized as "funky boutiques". Such businesses could consist of long duration transactions (e.g., sit down restaurant, retail, art gallery, etc.) and short duration businesses (such as businesses that currently exist on The Hill). In addition, these businesses are likely to be independently owned and place a high emphasis on service.
- **Professional Services and Offices:** Professional and office space above the first floor retail, possibly attractive to professionals that serve CU and Hill residents or entrepreneurial businesses, will contribute to The Hill commercial district.
- **Housing:** Complimenting the retail and professional/office space will be housing on upper levels surrounding the Town Square.
  - **Academic Village:** Concerns of the Hill residents regarding increased density may potentially be alleviated by the creation of an academic village. Modeled after the "Lawn" at the University of Virginia, a partnership with the University of Colorado will provide scholarships for outstanding students (scholars, athletes, student leaders, graduate assistants, etc.) to live in this academic village. The tradition and honor (in addition to the possibility of scholarship money) will create demand to occupy these housing units. The University's selection of particular students will ensure that the housing is occupied only by students who respect the University and Hill community and continued occupancy and scholarship will be contingent upon an absence of behavior that would concern the adjacent neighborhood.
- **Surrounding Areas/Buffer Zone:** The transition between surrounding residential areas and The Hill commercial district is currently too dramatic in that low-density residences currently abut high intensity commercial uses. The creation of a Buffer Zone between The Hill commercial district and low density residential communities would consist of gradually declining mixed use densities and result in a more pleasant coexistence between residential and commercial areas.
  - **Slightly Increased Density in Exchange for More Accommodating Housing:** A significant problem with the existing housing that surrounds The Hill commercial district is that it was designed as low density housing and converted to medium density without requiring the necessary infrastructure to accommodate for the increase in density (e.g., additional parking). Similar to the commercial district landlords, the landlords of these properties currently do not have any economic incentive to renovate these properties to include the necessary accommodations. However, a slight increase in density might provide the necessary incentives and the end result could be less obtrusive medium density housing.

## §2C: The Hill Vision Graphically



### **How: Section 3**

Ross Consulting of Denver has been hired to challenge, refine, and further develop The Hill Vision based on their numerous years of experience in the real estate industry and correspondence with Hill stakeholders. Ross Consulting will provide recommendations of future steps, including financing, design, and implementation.

This section will be updated regularly as progress is made in the implementation of the project.