Evaluating the Impact of “Community Entertainment Districts” on Business Development in Urban Neighborhoods in Ohio

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Presentation Overview

- General Arts and Entertainment Districts Overview
- Community Entertainment Districts (CED) in Ohio
- Research Methodology and Questions
- Overview of Pleasant Ridge, Cincinnati, OH
- Pleasant Ridge and the CED
  - Challenges
  - Successes
  - Lessons Learned
- Implications for Other Communities
The Role of Arts and Entertainment in Urban (Re)Development

- The most thriving cities have an environment that attracts the “creative class,” including jobs that are challenging and an environment with “quality of place” characteristics such as arts and cultural opportunities and recreational amenities (Florida, 2005).

- Entertainment venues and retail within walking distance of one another must be in place before households can be enticed to move to an urban area (Leinberger, 2005).

- In the United States, there are about 90 official districts or zones labeled for entertainment, arts and/or cultural purposes, and there are new ones are underway (Campo & Ryan, 2008).
Community Entertainment Districts (CEDs) in the State of Ohio

- “A bounded area that includes or will include a combination of entertainment, retail, educational, sporting, social, cultural, or arts establishments.”

- Reduced cost Liquor Licenses:
  - Based on square acreage of the proposed district
  - Enabling entrepreneurs to avoid long waits and/or expensive broker fees
  - Same process as standard application
    - Must be food-serving establishments
    - Must receive support from the community
  - Cannot be transferred outside of the district’s boundaries, like “traditional” (non-CED) permits. Thus, they are ongoing assets to the district.

- Prior to 2010, CED designations were used primarily in large suburban retail areas in the State of Ohio.

- Municipalities set standards for CEDs (including fees) and approved these applications. The State of Ohio manages the liquor license portion.
The Potential Impacts of CEDs in Urban Neighborhoods

- Assist communities with determining the boundaries within which to focus entertainment activities;
- Serve as a marketing tool to attract new restaurants and other entertainment venues with the possibility of strengthening the neighborhood’s business district;
- Increase entertainment options for residents and visitors;
- Create new jobs and/or retains existing ones, including those in locally-owned businesses;
- Keep liquor permits in the neighborhood – even if the initial restaurants close or move – allowing for other entertainment options in the future;
- Raise additional revenue for local government via increased income/payroll taxes and possibly property taxes; and
- Raise additional revenue for state government via liquor permit fees.
Research Questions and Methodology

- Utilized a case study methodology focusing on Pleasant Ridge (PR), Cincinnati, Ohio
- Research Questions:
  - What was the process of application for the CED and how was the distinction granted?
  - What effects has the CED had on the development of the PR business district and overall community?
- Methodology:
  - In-depth qualitative interviews with leaders in the community and participants in the CED process
  - Ten individuals involved with the CED in PR have been interviewed to date
  - Interviews were invited and based on snowball sampling techniques
  - Each interview was a minimum of one hour in length
  - Interviews were recorded, transcribed, coded, and analyzed
CASE STUDY: Pleasant Ridge–Cincinnati, Ohio

- One of 52 neighborhoods in the City of Cincinnati
- 10,000 residents
- Business district with several locally-owned restaurants and stores, including Emanu (East African), Molly Malone’s (Irish) and the Loving Cafe (Vegan), Everybody’s Records and Queen City Comics
- The Pleasant Ridge Community Council (PRCC) is the official body designated by the City of Cincinnati to represent and serve the neighborhood.
- The Pleasant Ridge Development Corporation (PRDC) is a nonprofit organization dedicated to advancing development of the Pleasant Ridge business district.
- District A is a local initiative linking Pleasant Ridge to neighboring Kennedy Heights and enhancing development through the arts.
- PR has been identified as one of the most racially diverse and racially stable communities in Hamilton County.
PR Business District
PR Business District
PR Business District
Emanu East African Restaurant
Inspiration for the CED:

- Economy had forced several businesses and property owners into foreclosure
- Local Ethiopian restaurant was struggling to get a liquor license and buy their building - could potentially move out of the neighborhood

Application Process:

- Spear-headed by an individual and the PRDC
- Researched potential of CED use in communities in Ohio
- Provided necessary information to the City Council including: community support letters, survey of business district acreage, plan for PR business district
- Petitioned the City of Cincinnati to reduce the $15,000 to $1,500 due to community standing. The higher fee had been for corporate entities, those who received the CED in the past.
November 2010:

- Pleasant Ridge became the first neighborhood in the City of Cincinnati to be granted CED designation
- Believed to be the first community recipient in the State of Ohio
- Application based on square footage of business district granted five community liquor licenses

Current Status (20 months after designation):

- One liquor license in use
- Questionable status of two additional liquor licenses - in process?
- No additional new restaurants in place
- Several additional businesses in place
- Developer has purchased several of the foreclosed buildings
- CED considered a buzz word and a tool for the development toolbox
Current Status and Analysis

- Why are we where we are today?
- What movement has been made?
- What have our hindrances been?
- What are our successes?
- What have we learned?
Challenges

- **Parking:**
  - Very few public lots or lots attached to businesses
  - Street parking is metered and is limited directly around business district (85 spots within walking distance)
  - Need for agreements with contracted lots for after-hour usage and/or a public lot

- **Existing Business and Property Owner involvement:**
  - Do not have a business association
  - Many businesses are not property owners
  - Many property owners are not PR residents
  - Difficulty matching potential businesses with existing property owners
  - Existing properties not meeting potential business needs, i.e. kitchens and loading docks
  - Many property owners do not have the capital to fix buildings or be flexible on lease arrangements
Challenges

- **Pioneer or anchor restaurant:**
  - Need that first new restaurant
    - Attracted to the urban setting
    - With capital to build out a kitchen
    - Not afraid of the parking issue and/or willing to valet

- **Community Factors:**
  - Disconnect in community between existing businesses and desire for new incoming businesses
  - Getting community buy-in, realizing more liquor licenses does not mean an unruly bar and club scene
  - Current panhandlers may be a concern for interested businesses
  - Limited public transportation
  - The PR district has declined, but not enough for many grants
Challenges

- **Leadership:**
  - History of foreclosure in the community linked to PRDC
  - Difficulty of PRDC reaching unified vision
  - No one “owns” the CED, licenses are given by the state, so limited control
  - There is little development money in the area - need additional private developers to take the lead

- **Marketing:**
  - Limited coherent effort on marketing CED to this point
  - Discussion and debate about how to market and to whom
  - Trouble in funding a full-scale marketing plan
  - Getting community members involved in promoting the CED
  - Need to hire a broker to promote CED and empty storefronts

- **Competition:** No longer the only neighborhood with a CED - now PR is “competing” for restaurants with other neighborhoods in the city
Successes

- **Emanu East African Restaurant:**
  - Applied for liquor license as soon as CED passed and was granted first license
  - Estimated 15% increase in sales due to liquor license. From there:
    - Bought their building
    - Remodeled the remaining first floor space and second floor space for additional tenants (however, have yet to find renters for the space)
  - Reached an agreement with neighboring bank to share after hours parking

- **Sacred Grounds:**
  - Wine and coffee bar owned by the local Episcopal Church
  - Also will provide community meeting space
  - Currently renovating the building
  - In process of applying for a liquor license
Successes

- Raising neighborhood credibility for potential restaurants and business owners:
  - 3-4 newspaper articles
  - Presence and reputation at City Hall

- Created a vision and momentum within the PRDC to:
  - Recruit restaurants and businesses to PR
  - Generate ideas and concepts about the business district
  - Apply for grant funding for small business loans and to facilitate parking options

- Developer purchased and “white boxed” several empty storefronts

- A number of new non-restaurant businesses opened, predominately by African Americans
Lessons Learned

- **Consistent long-term leadership:**
  - Create a team to organize efforts
  - Create a consistent vision
  - Work to manage the process, even though it can not be “owned”

- **Acknowledgment of limitations:**
  - PRDC and PRCC are all-volunteer community organizations
  - Participants have limited time for business recruitment and other efforts

- **Community support:**
  - Get residential buy-in from the beginning
  - Get support from existing businesses and property owners- encourage activism

- **A manageable timeline that includes:** Application, marketing, and recruitment

- **Consider an alternative order of activities:**
  - Work with existing businesses and property owners to demonstrate PR is a desirable place to locate (and remain) and to make it even more desirable (renovation and beautification)
  - Recruit restaurants
  - Apply for the CED so new restaurants can obtain these liquor licenses
Implications for other Communities

- Explore new opportunities for community development that may not be common or that may currently exist for larger or more corporate entities
- Never under-estimate the importance of a well thought-out plan:
  - Put a leadership team in place
  - Create long term and short term goals
  - Work toward a common vision
  - Have tools in place to help yield success
- Understand challenges and limitations from the beginning and serve to mitigate those as best as possible throughout the process
- Build upon existing community capital:
  - Engage current business and property owners to help with recruitment- create a business organization
  - Share with residents from the beginning to get buy-in and to help build connections for development
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