

Public Leadership of Asheville's Downtown Revitalization

Leslie Anderson, Anita Brown-Graham, and Jennifer Lobenhofer

Imagine a city where gargoyles keep watch over an Art Deco downtown. Where smoke-blue mountain peaks not only accentuate the skyline—they dominate it. A city where you can drink cappuccino at a sidewalk cafe, browse through antique shops, or join an impromptu bluegrass jam . . . A city so special, it's rated as one of the "Top 10 Places to Live" by Outside magazine, listed in Rand McNally's Places Rated Almanac, and referred to by travel writers as the "Paris of the South."¹

So says a local realtor about Asheville, North Carolina, and it is no coincidence that this promotion begins with a focus on the city's downtown. By all accounts, Asheville has masterfully leveraged its cultural and physical legacies to transform its center city into a thriving downtown where people want to live and spend time and money.

The story of the transformation of downtown Asheville is compelling and instructional for local governments in North Carolina and beyond. The value of the story, though, is not as a winning recipe for downtown development. Strategies for development must respond to the particularities of a downtown, and as downtown development professionals will quickly point out, "Downtowns are absolutely unique places: no two are alike in form, structure, or functional composition."

Anderson is an adjunct faculty member at the School of Government, specializing in economic development and civic education and engagement. For more than twenty years, she was employed by the City of Asheville, the last ten of them as director of Downtown (and later City) Development. Brown-Graham is a School faculty member specializing in affordable housing, community and economic development, and public liability. Lobenhofer is director of the School's Community and Economic Development Program. Contact them at leslea@ioa.com, brgraham@sog.unc.edu, and lobenhofer@sog.unc.edu.

Rather, the value of the Asheville story lies in the inspiration it offers to local governments daunted by the prospect of creating leadership capacity within and through alliances with others to enhance the well-being of their communities. By focusing on the particular role of the public sector in revitalizing downtown Asheville, this article offers local governments insight into the multifaceted nature of downtown development efforts, describes a model of public leadership within the context of a public-private partnership for revitalization, and sets forth a general framework for considering the requirements for leading a change initiative.

The Asheville Story

After decades of deterioration, many downtowns across the country are experiencing a marked resurgence.² As more and more communities begin to consider downtown development to be a key component of their overall economic development strategy, new optimism surrounds the economic potential of urban centers. An increasing number of public officials now proclaim with great excitement and fanfare their plans to revitalize their downtowns. However, many local officials are at a loss for specific public strategies to reposition their downtowns and attract new investment, business, and residents.

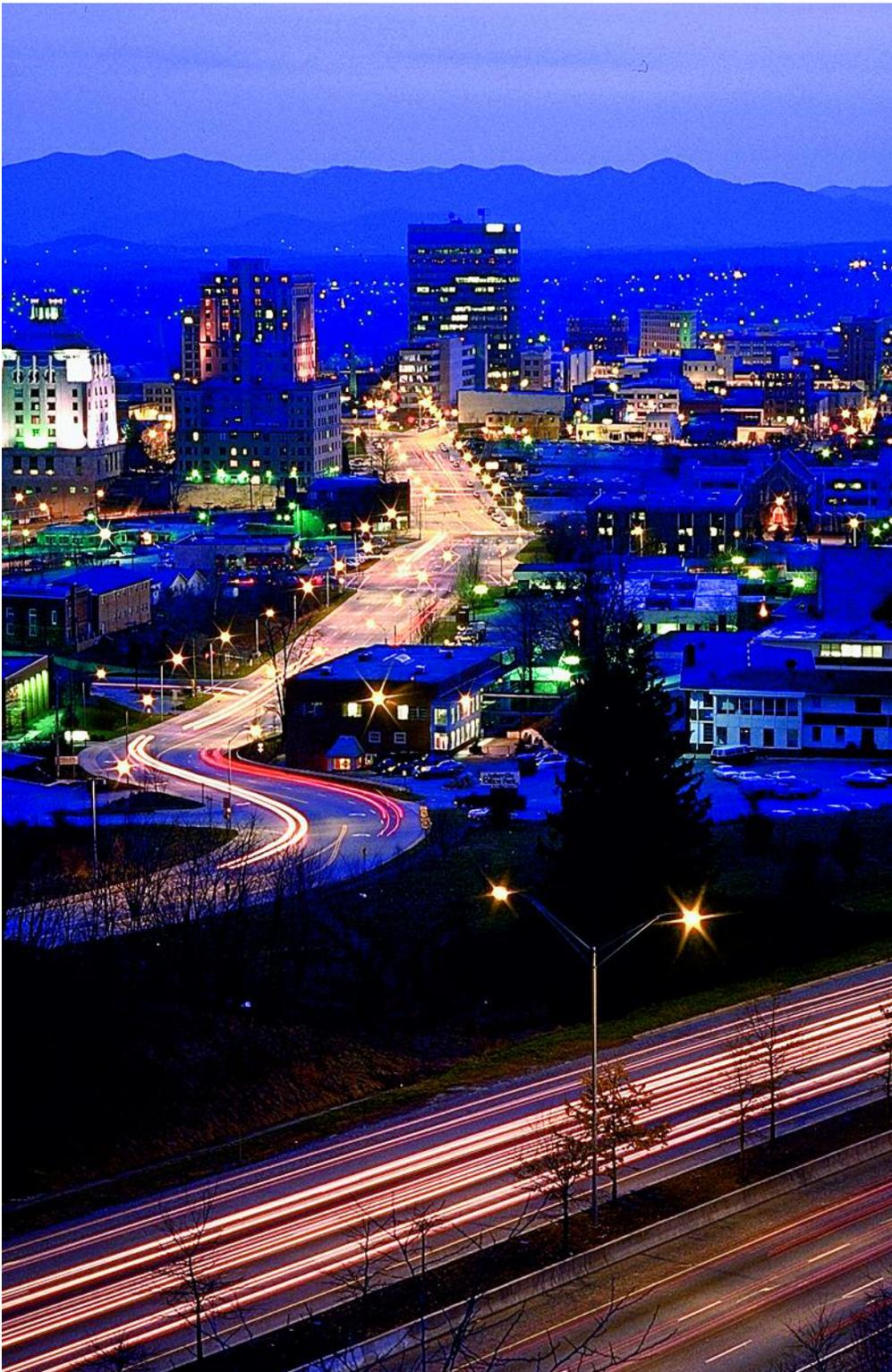
Although Asheville certainly did not act alone in transforming its downtown, the city's critical role in initiating and

leading the revitalization stands without question. As one of the most successful private developers of downtown properties readily asserts, "It would not have happened had it not been for the city's involvement."³ By serving as the effective, committed initial sponsor of the downtown turnaround, the city provided direction, resources, sacrifice, and the imperative for change in the critical early stages of the revitalization era.

Essentially this chapter of the Asheville story begins in 1981 with the emergence of a critical consensus about the future of the city's downtown and the city's consequent role as a change agent. The chapter closes in 1993 with the election of new members to the City Council and a significantly changed role for the city in downtown development. For purposes of setting a context and ensuring chronological accuracy, we briefly consider a number of actions that occurred before 1981 and after 1993.

Hitting Rock Bottom

Twenty-seven years ago, "downtown Asheville was a virtual wasteland. Most of the buildings were uninhabited, few people lived in town, and fewer still came downtown."⁴ Seventy-five percent of the buildings stood vacant, and the minimal stirrings of street life and foot traffic included not one but two red-light districts.⁵ The demise had been a long time in the making, but the opening of the Asheville Mall in November 1973 marked a real and symbolic acceleration in the physical



North Carolina Division of Tourism, Film, and Sports Development

and emotional abandonment of downtown.⁶ As the department stores and other retail operations migrated to the mall over the next decade, downtown Asheville lay on the verge of decay. Former Mayor Louis Bisette recalls, “We used to say, ‘You could shoot a rifle down the street any night, and you wouldn’t hit a thing.’”⁷ Downtown had hit rock bottom.

Asheville attempted to respond to the demise of its downtown. In 1977 the City Council created the Asheville Revitalization Commission. The commission published a revitalization plan in 1978, which noted,

*The physical and economic condition of downtown Asheville has been unhealthy for several decades. Development of suburban shopping centers increased concern for the downtown’s future. Recent construction of three new commercial buildings and a civic center did not seem to significantly improve the overall economic climate. Thus, it became the consensus of business, civic and political leaders that some form of local governmental intervention was needed.*⁸

The plan recommended a “villages concept” to promote the distinct character of the fourteen neighborhoods of downtown. Unfortunately, despite attempts at public participation in development of the plan, sufficient support failed to materialize. Dissatisfaction with downtown continued to build.

Although civic leaders in Asheville had begun to focus on downtown, there were no large-scale successes. Ironically, many people in Asheville point to a large-scale project that failed to be realized, as the watershed event in downtown revitalization. Without the proposal for this project, the efforts to revitalize downtown might well have withered on the vine.

Finding an Effective Catalyst

In 1980 a national developer approached city leaders with a proposal to build a seventeen-acre downtown mall and convention center. The plan, which would have necessitated leveling eleven city blocks in the heart of downtown, promised approximately 700,000 square feet of retail space, a hotel, 125,000 square feet of office space, and 3,500 parking spaces. Total project costs were estimated at \$116 million, with the city's contribution pegged at \$40 million.⁹

Some people in Asheville embraced this plan, but others cried out against it. Those in favor of it were buoyed by the developer's interest in downtown, and they pointed to the likelihood that the project would bring an increased tax base, more jobs, and many tourist and convention dollars to downtown. Those opposing the plan argued vehemently that it posed untenable losses of historic buildings, and risks to the environment and to small businesses already existing in downtown.

An intense civic debate ensued for months. Opponents emerged victorious in 1981 when they succeeded, by a 2-to-1 margin, in defeating a referendum that would have provided general obligation bonds for the project.

The proposed downtown mall provoked an important debate about the future of downtown and caused the citizens of Asheville to organize and become involved in downtown issues. However, in the wake of the referendum, there were deep, open wounds created by fiery, targeted civic discourse. This result was costly in many ways: years of friendships were severed, business relationships ended, and political allies turned on one another. Civic energy was depleted.

Ironically, out of this difficult period emerged an important positive legacy: a catalyzing of the historic preservation movement in Asheville. Loudly and clearly, voters sent the message that they favored saving downtown's existing building stock over constructing new buildings.

The proposed downtown mall provoked an important debate about the future of downtown and caused the citizens of Asheville to organize and become involved in downtown issues.

In the next twenty-five years, 135 income-producing buildings in Buncombe County were rehabilitated using federal and state tax-credit programs for historic preservation, the largest in number and dollar amount of any North Carolina county.¹⁰ Most of the buildings are in downtown Asheville.

Stepping Out: The City Leads

The day after the 1981 referendum, the city hired Becky Williams (now Becky Anderson) as an economic developer for the Asheville Revitalization Commission. In addition, to respond to the deep divisions created by the referendum, the City Council appointed a Downtown Task Force to provide a forum for the various factions to talk and determine a process for moving the revitalization efforts forward.

The task force eventually recommended the establishment of a commission to focus exclusively on downtown. The City Council agreed and created the Downtown Commission in 1982, charging it to "develop the Central Business District as the region's primary office, retail, hotel and cultural center."¹¹ Originally the commission consisted of six members appointed by the City Council, plus the entire membership of the City Council itself. The composition changed in 1986 once the council determined that the basic elements of the plan to revitalize downtown were in place.

The change in composition created an opportunity for the council to appoint members who had the single focus of revitalization. Also, it provided an expanded role for the city's local government partner, Buncombe County. Thereafter the commission consisted of two representatives each from the City Council and the County Commission, and three others, two representing the private sector and a chairperson selected from the community. Many nonprofits and citizen groups were affiliated with and provided support for the commission.¹²

The commission's powers were direct and broad.¹³ To carry out its purpose, the council gave the commission "the power to do all things, subject to limitations as may be imposed by the North Carolina General Statutes or by the ordinances of the City of Asheville, necessary and convenient to carry out the purposes of the Commission for the public welfare."¹⁴

Building the Capacity to Lead and Manage a Renaissance

Asheville's City Council took further decisive and unified action to ensure that the emerging vision and affinity for downtown would be implemented and sustained.¹⁵ In April 1986 the council appointed Douglas Bean as manager of Asheville. Bean's hiring reflected a top priority of the council: hiring a manager with revitalization experience. Bean had led the successful downtown revitalization effort in Morganton, North Carolina, and had a reputation for bringing disparate interests together.

Almost as soon as he began the job, Bean realized that the private sector was neither organized nor leading the revitalization. Clearly the city would have to create a strong, coordinated effort to rejuvenate the downtown. Consequently Bean created a new city department, the Downtown Development Office (the name "Office" was intentionally used so as to seem less bureaucratic). With guidance from the commission, the Downtown Development Office was to serve as a catalyst for the public and private sectors as well as to be part of, and support for, a broader system of downtown groups.¹⁶

Within six months of his appointment as city manager, Bean selected Leslie Anderson, a coauthor of this article, to head the office.¹⁷ Anderson went on to serve almost ten years as director of Downtown (and later City) Development.

After several years the Downtown Development Office moved from city hall to a storefront on a street that was formerly the "Fifth Avenue of Asheville." The office thus served as the physical hub of downtown revitalization activity.¹⁸ It also served as the nonphysical hub. Downtown Development Office staff played a variety of roles, including project managers, planners, business recruiters, matchmakers, nonprofit managers,

*The Griffin
under construction.*



Scott Dedman, Mountain Housing Opportunities, Inc.

cheerleaders, party-givers, fundraisers, parking managers, marketers, and dreamers. The office had responsibility for coordinating projects and communicating with all partners and the general public. The staff coordinated some city projects directly, assisted other city departments in their projects, and supported allied organizations in their activities.

The city manager recommended that the revitalization effort incorporate the successful Main Street model of the National Trust for Historic Preservation. Although Asheville was too large to become a Main Street city, Downtown Development Office staff and volunteers availed themselves fully of the program's resources by attending conferences, studying the publications, and visiting thriving towns that had used the model. Task forces of citizens worked to put plans in place for each of the Main Street model's four arenas: economic restructuring, design, organization, and marketing/promotion.

Three of the Downtown Development Office's roles were particularly instrumental, albeit subtle. First, the office

coordinated a large volunteer program that was inclusive and hands-on. It integrated people into an extensive array of responsibilities in the public and private sectors—for example, writing design guidelines, educating the public, organizing a historic walking trail, determining how to get big projects rolling, and working through political barriers.

Second, the Downtown Development Office responded to, and leveraged the skills and the influence of, civic leaders in Asheville. Chief among the advocates espousing high aspirations for downtown's development was the vocal and articulate Roger McGuire. McGuire and others fostered community conversations about the unique purpose and value of downtown. As former Asheville City Manager Bean said,

Roger was downtown's chief salesman. Roger preached, cajoled, worked, criticized, and wrote about what needed to happen. He was the conscience of downtown. He invested his own resources in downtown, brought experts to town, and challenged the

city, informally and formally. Roger forced the city to choose higher standards than were natural for the city.¹⁹

A third key role of the Downtown Development Office was to create the proper business-related climate for success. From the mid-1980s through the early 1990s, the availability of commercial and governmental incentives and tools was limited. Local banks were rarely inclined to make loans for renovation of downtown properties, and if they did, they required unrealistic amounts of collateral. To lower barriers, the Downtown Development Office responded in nonbureaucratic, entrepreneurial, and creative ways to any obstacle preventing private investment in downtown. Staff provided marketing analysis for businesses, served as their liaison to and advocate with other city departments, shepherded ordinance changes, expedited reviews and processes, and matched investors, property owners, and lessees. Staff generally opened doors and solved problems. They worked "outside the box" a lot.²⁰

Strengthening the Public-Private Partnership

From the beginning, perhaps growing out of the severe division of the early 1980s, public-private partnership prevailed as the organizing principle for sustaining the revitalization. Key stakeholders determined that the Downtown Development Office should have a limited number of staff, thereby forcing the office to create opportunities for other city departments and groups outside of city government to be players.²¹

Soon after the 1986 reorganization of the Downtown Commission, the commissioners realized that although the commission consisted of community leaders and government representatives interested in and committed to downtown, few of them owned property or businesses downtown. Recognizing that revitalization needed to include those who would be most affected by the downtown efforts and had a financial stake in the outcome, they initiated creation of a private-sector partner, the Asheville Downtown Association (ADA). Over the next year, a citizens group

studied models from other cities, and within a year the ADA held its first meeting (in June 1987). It formed as a 501(c)(6) organization, with its own board of directors and work priorities.

The city, through the Downtown Development Office, nurtured the development of the ADA. ADA staff were on the city's payroll for about a decade and were a part of the Downtown Development Office team. This created a symbiotic relationship that provided dedicated staff to pursue the merchants' interests while the city received input directly from the merchants. The arrangement "enabled the organization to get a lot accomplished and served both sides well. The merchants had direct access to a city department head and the Downtown Development Office had merchants who would help bolster their efforts to renovate buildings and attract businesses downtown."²²

"They needed us and we needed them," said Mary Fierle, of the Development Office.²³

Downtown merchants, property owners, advocates, and entrepreneurs were a crucial new addition to the cast of players. The ADA organized marketing and promotion efforts, supported leasing and business recruitment, and led problem-solving initiatives. It also was a recruiter and a conduit for community involvement. As Ashly Maag, one-time ADA director, said, "We were a hybrid organization: the city's private-sector partner and a voice and advocate to the city from the private side."²⁴

Walking the Talk

The city determined that just as private-sector support for the revitalization effort needed to be broad-based, so did public-sector support. Municipal govern-

The Federal Housing Credit Program

An integral aspect of government's role in revitalizing downtowns is ensuring the availability of high-quality affordable housing. In addition to providing much-needed life after 5:00 P.M., affordable housing allows employees to live close to work and creates income diversity in the face of gentrification. One of the resources available to help local governments achieve these outcomes is the federal low-income housing tax credit—Housing Credit, for short—the nation's largest and most successful affordable-housing program. The Housing Credit brings governments, financial institutions, and developers together in a public-private partnership to create or rehabilitate rental housing for households that are at or below 60 percent of the area's median income. In Buncombe County, where Asheville is located, this is equal to \$30,240 for a four-person household and a maximum housing expense of \$600 plus utilities for a two-bedroom unit.



Scaffolding on Battery Park Apartments in downtown Asheville during National Church Residences' recent renovation of the 122-unit former hotel.

National Church Residences

ment reinvested in public property at a level of quality conducive to excellent development. The city kept city agencies downtown, created civic amenities, supported downtown events, paid for appropriate studies, improved public properties, and encouraged its employees to use downtown merchants. The city also constructed three new parking decks downtown, implemented a streetscape plan, created two Urban Redevelopment Areas, and supported creation of the Urban Trail. Perhaps the most symbolic of the city's efforts occurred with acquisition and rehabilitation of an old building in the revitalization area that became the Downtown Development Office.

In addition, the city manager conducted frequent walking tours with department heads, during which he encouraged coordination of downtown projects across departments. He made clear his expectation that each department would contribute to the revitalization, and he insisted that accountability for achieving the vision be built into department work plans and staff performance reviews.

The city convinced other levels of government also to walk the talk. Garnering county support was relatively easy. County government leaders, having participated in the Downtown Commission and the planning exercises, recognized that locating county agencies downtown would stimulate development and improve both the image and the tax base of the area. For county leaders, there could be no justifying the "standing concrete" of vacant buildings and their anemic contribution to the tax base.

City school officials were similarly supportive. When the school board needed to lease new central office space, it did so in a newly rehabilitated, prominent downtown building, although suitable less expensive space was probably available elsewhere in the city.²⁵

County government leaders, having participated in the Downtown Commission and the planning exercises, recognized that locating county agencies downtown would stimulate development and improve both the image and the tax base of the area.

Reaping the Positive Results

The Downtown Development Office managed a festivals program that included Bele Chere (pronounced "Bell Share"), a festival encompassing the entire center city during the last full weekend in July. Today Bele Chere attracts more than 350,000 visitors, and in 2005 the festival's direct total spending was estimated to be \$12.4 million.²⁶

Events like Bele Chere were central to the downtown program, as evidenced by the marketing plan's positioning statement: "Downtown Asheville is the entertainment capital of the region [western North Carolina]."²⁷ Community-oriented events such as Light Up Your Holidays, Moonlight over Downtown, Tell It in the Mountains, Downtown after 5, Oktoberfest, July Fourth festivities, and First Night Asheville

In North Carolina overall, there are 1,500 Housing Credit properties, with more than 40,000 units. Each year the state allocates about \$160 million in Housing Credits, which results in the annual addition, on average, of 40 properties and 2,500 units. Currently, Asheville is home to 17 Housing Credit properties, with a total of 1,121 units.

The program creates affordability through the Internal Revenue Code, otherwise known as the federal income tax statute. A full explanation of the Housing Credit is beyond the scope of this article. Following is a greatly simplified example:

- A sixty-unit property requires \$5 million in total costs to acquire and develop.
- The property generates a \$3.6 million reduction in federal income tax liability.
- In exchange for this tax credit, an investor contributes \$3.2 million in equity.
- This equity replaces debt that would otherwise be necessary for construction.

- Payments on a \$1.8 million loan (\$5 million minus \$3.2 million) are much lower than those on a \$5 million loan, and these savings are passed along to the tenants.

The North Carolina Housing Finance Agency (NCHFA) is responsible for administering the Housing Credit program in this state. NCHFA is a self-supporting public agency with a mission to create affordable housing opportunities for North Carolinians whose needs are not met by the market. NCHFA awards Housing Credits through a highly competitive process.

Downtown Revitalization

The primary purpose of the Housing Credit program is to make investments in real estate that serves the housing needs of low-income families and individuals. However, NCHFA also is committed to helping local governments improve their communities. NCHFA's rental policies and practices demonstrate this commitment. Since

2000, more than one-third of North Carolina's federal Housing Credits have been awarded to proposals that have directly assisted in revitalizing neighborhoods. These properties have made a difference in more than fifty municipalities across the state.

Following are four fundamental principles for local government officials and nonprofit organization leaders to keep in mind when considering the use of Housing Credits for a downtown improvement effort:

1. Housing Credit properties are privately owned businesses. As with any prospective business, owners need to be certain that there is a market for their product—in this case, renters. Because the product is real estate, the other criterion owners should consider is location.

NCHFA's most frequent investment-related concern regarding site and market in downtowns is that Housing Credit properties not be the first activity in a neighborhood. Such properties are not suitable as "sparks." Instead, they

were all launched from the mid-1980s to the early 1990s so that residents would come downtown, have fun, and see the progress.

The festivals also served an important organizational development function: they were a training ground for new and emerging leaders and allowed the city to celebrate its unique quality of life and civic spirit.

Far beyond the cultural and economic value of festivals such as *Bele Chere*, Asheville stands as an impressive example of what an economically viable downtown can mean to the tax base of an entire city and county. In 1982, one year after the beginning of the concerted efforts to revitalize downtown, the total value of property in the Central Business District was \$48,237,500. In 2004, after more than twenty years of concerted work and tens of millions of dollars of private investment in the buildings, the taxable value was \$386,834,500, an increase of 702 percent.²⁸ If an acre of land with improvements in downtown is compared with an acre of land with improvements in a rural or suburban

area, today the value of Central Business District property per acre to Buncombe County's average tax yield is \$44,887 per acre for Central Business District mixed-use, three- or four-story condominiums (with first-floor commercial use), versus only \$1,716 and \$1,236 per acre for city and county residential property, respectively.²⁹ The density adds residents to the city without increased costs for infrastructure.

Because of the city's foresight and commitment to the Central Business District, positive results abound. The approach of preservation and adaptive reuse honored Asheville's history, saved historic buildings, and provided unique spaces for entertainment, offices, living, and civic amenities. Twenty years after the formation of the Downtown Commission, downtown Asheville enjoys an explosion of new, urban construction, especially residential. Residents living downtown (in Census Tract 1) increased from 819 in 1990 to 1,351 in 2000.³⁰ In 2006 and 2007, four hundred apartments and condominium units will come on the market.³¹ One challenge ahead is to

provide affordable workforce housing. Only a small percentage of the upcoming units are moderately priced. Attracting developers to this niche is difficult (for information about a helpful resource, see the sidebar on page 8).

Business offerings of all types have expanded, including an increase from 2 galleries in the mid-1980s to 30 today and from 6 minority-owned businesses to 22-plus today. There is more than one million square feet of office space downtown, representing about 50 percent of all office uses within the city. There also are 200 retail shops, 80 restaurants and bars, 25 music venues, 12 churches and religious organizations, 5 museums, and 5 theaters.³²

A Theory of Change

Examining the Asheville story in retrospect, one can discern the course of action that created downtown Asheville's resurgence. More difficult to ascertain is how those actions fit into a broader theory of economic change. If downtown development, like other economic

should complement other efforts. Having surrounding revitalization efforts well under way provides assurance that NCHFA's investment will not be the only one.

2. NCHFA's evaluation of proposed sites for new construction also looks to the other half of the purpose stated earlier: helping improve the lives of low-income households. Would the property be a nice place to live for senior citizens or families with children? In other words, does it make sense to create housing units at this location?

The site criteria assess whether the location has a neighborhood feel and ask about the quality and the proximity of surrounding shopping, services, and other amenities. Using the criteria, NCHFA staff apply penalties for problematic features. Downtown and infill areas often compete well in this evaluation. Concerns do arise when there is an expectation that economically vulnerable households will serve as residential pioneers, the only people inhabiting an area.

For rehabilitation proposals the concerns are very different than for new construction proposals because the ques-

tion of whether to create housing already has been answered. Thus the quality-of-life issue for existing properties is whether the proposal will help those living in the worst conditions. NCHFA encourages rehabilitation of distressed projects, which can be part of the reason an area is in need of revitalization. The changes result in visible physical improvements and, in some cases, better management.

3. Every locality in North Carolina has access to federal funds for housing and community development. Adding these funds as additional sources for Housing Credit properties can make the difference between a successful project and one that struggles.

There are two ways to use these funds. The first is by offering below-market financing, which reduces the debt-service burden on the property and thus the burden on the tenants. The monthly payments on a loan with a 6 percent interest rate and a twenty-year term are twice as high as those on one with a 2 percent rate and a thirty-year term. For a sixty-unit property with a \$1.8 million loan, the difference is \$218 per unit

per month in tenant rent versus \$111 per unit per month—or \$1,284 per year, a significant amount for low-income households.

The second use for local funds is to improve the area surrounding a proposed site. Repairing dilapidated homes, clearing abandoned structures, adding sidewalks, and building parks are among the many eligible activities that assist in the Housing Credit award process.

4. NCHFA always welcomes opportunities to work with local governments. The key is to communicate at an early stage in planning. At that point, NCHFA staff and prospective applicants can discuss how state policies fit with local priorities.

Properties in Asheville

Downtown Asheville offers several examples of successful Housing Credit properties representing both new construction and rehabilitation. Two of the most recently awarded projects are The Griffin and Battery Park Apartments.

continued on page 12

development, must play on the unique context of each community, can other communities draw specific lessons from Asheville's experience? We think so.

The public-sector strategy for transforming Asheville's downtown reflects broad principles of effective leadership of change initiatives, which have implications beyond downtown redevelopment. As evidence, we point to the symmetry between the activities of Asheville's leaders and the principles for effective change set out by Harvard Business School Professor Rosabeth Moss Kanter. Although the city's leaders did not consider Kanter's work or any other explicit theory of change as they breathed new economic life into their downtown area, their actions strongly correlate with Kanter's theory. The parallels suggest that, whether change strategies are driven by the public sector or the private sector or both, and whether they are intentionally linked to change theory or not, effective ones call for certain essential ingredients.³³

On the basis of her research on change theory, Kanter argues that leaders of

effective change initiatives must set the direction, define the context, and help produce coherence. Leaders also must manage the culture, or at least the vehicles through which that culture is expressed. They must set the boundaries for collaboration, autonomy, and the sharing of knowledge and ideas; give meaning to events that otherwise appear random and chaotic; and inspire voluntary behavior—effort, innovation, and entrepreneurship.³⁴

More particularly, Kanter suggests, leaders must ensure that their change efforts are doing the following:

- Tuning in to the environment
- Challenging the prevailing organizational wisdom
- Communicating a compelling aspiration
- Building coalitions
- Transferring ownership to a working team
- Learning to persevere
- Making everyone a hero

Tuning in to the Environment

Kanter writes, "As a leader you can't possibly know enough, or be in enough places to understand" everything that you need to know to give direction to your work.³⁵ She therefore suggests the strategy of creating listening posts—ways to actively collect information that suggests new approaches. Asheville did just that.

At the Asheville Revitalization Commission, the newly hired Williams received the following charge: "Be an ombudsman, an information mover, a presence in downtown, and spread the message: 'The city cares.'"³⁶ Ken Michalove, then the city manager, instructed Williams to eat breakfast every morning with someone about prospects for downtown, alternating companions between the two downtown-mall factions.

The city's tradition of setting up multiple and various types of listening posts continued into the mid and late 1980s. When the Downtown Development Office started, staff visited each business downtown and collected the concerns and the ideas of its employees. When



National Church Residences

Residents and guests exploring the restored ballroom during the grand reopening of Battery Park Apartments.

the time came to order new street furniture, organizers set up choices of benches, trash receptacles, and streetlights for people to try, and asked them to vote for their favorites. Organizers conducted “charrettes” (intense, creative work sessions) to gain input on the future of downtown. As the planning department’s urban design planner picked up news about significant changes in the downtown environment, she shared it and took action. The city introduced a mounted police program that aided both public safety and community relations. All staff spent a lot of time with their feet on the street (and their eyes and ears alert).

Challenging the Prevailing Organizational Wisdom

According to Kanter, successful leaders of change develop “kaleidoscopic thinking,” a way of constructing patterns from the fragments of data available, then manipulating them to form different patterns. This kind of thinking allows leaders to question their own assumptions about the correct solution to a problem.

Asheville set out to question its own and others’ assumptions about how to develop downtown, and to explore a range of solutions to downtown’s problems. The city sponsored ventures to other cities, asking voyagers to return with fresh ideas.³⁷ Also, local nonprofits brought experts to Asheville to share their experiences. When the French Broad River Garden Club sponsored a workshop and talk by Mary Means, the first director of the National Main Street Center of the National Trust for Historic Preservation, more than 500 people attended.³⁸

The city was armed with new possibilities, but it was sobered by the realization that an even broader cross-section of community residents needed to grasp the stubborn problems of a decaying downtown and appreciate how a renewed downtown could advance their interests. As one strategy, in 1985 the city began a planning process for writing a new citywide comprehensive plan. The process, named Alternatives for Asheville, involved hundreds of participants from diverse perspectives and factions and resulted in the adop-

tion of the Asheville City Plan 2010. The plan called for a revitalized downtown that would be the regional center of western North Carolina.

Communicating a Compelling Aspiration

Kanter writes, “You cannot sell change, or anything else, without genuine conviction, because there are so many sources of resistance to overcome.”³⁹ At least initially, people tend to respond to change efforts with attitudes such as “We’ve tried it before, and it didn’t work.” To counter this resistance, the city and other advocates went to great lengths to communicate a consistent vision that illustrated the history, the desires, and the decisions of the city.

Out of the discourse emerged a vision that set a high yet attainable standard:

Renaissance Asheville—A downtown that functions for commerce through a rich mix of business types . . . projects an image of Asheville as a small, progressive Southern City . . . pulses with activity throughout the

continued from page 10

The Griffin is a fifty-unit property located on Grove Street in the city’s central business district, close to the businesses and luxury condominiums of the Grove Arcade. Construction will be completed in fall 2006. The developer is Mountain Housing Opportunities, Inc., a local nonprofit with broad experience in housing. As a proposal, The Griffin earned one of the highest site and market scores ever in North Carolina—148 out of a possible 155 points. In addition to Housing Credits, the property will benefit from \$426,000 in below-market financing from local government sources. The average rent will be under \$450 per month (plus utilities).

Battery Park Apartments is a well-known 122-unit marquee property on Battle Square, also located in the central business district. The developer, National Church Residences, budgeted \$30,300 per unit in construction costs to rehabilitate the existing structure, which was not severely distressed but was in need of improvement and modernization. Local governments made a loan of \$225,000

and issued a \$6.7 million tax-exempt bond. Equity for the Housing Credits covered the remaining costs. The grand reopening was held in August 2005.

Conclusion

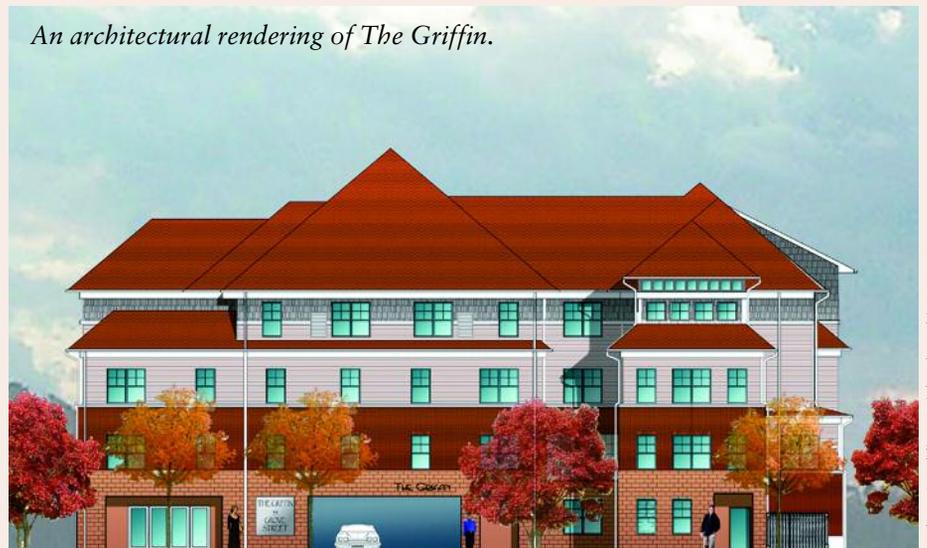
With the right planning, federal Housing Credits are a powerful tool for downtown revitalization. By combining real estate

fundamentals, quality-of-life considerations, local support, and early communication, local governments can strategically direct this resource for everyone’s benefit.

—Mark Shelburne

The author is counsel and policy coordinator for the NCHFA’s Rental Investment Department.

An architectural rendering of The Griffin.



Andrew Spaulding, Reinhardt Architecture, Inc.

day and evening . . . beckons and comforts children and older adults . . . honors our heritage, history, and mountain landscape . . . complements the high quality of life of the area . . . entices with its diverse offerings in fine dining, cultural opportunities, housing and retail . . . projects a strong, compelling sense of place—commitment to quality in details, authentic design, pedestrian oriented, urban character . . . [T]he social, financial, cultural, governmental, psychological, economic center of western North Carolina[,] which is open to diverse and creative possibilities yet unseen.⁴⁰

To breathe life into the vision, city staff employed a variety of strategies. With the local newspaper, they produced monthly inserts promoting the vision of downtown as a viable district and giving updates on the progress of development. They conducted “hard hat tours” (tours of construction sites), organized unified retail-sales campaigns, told the downtown story at numerous gatherings, and gave away hundreds of toy yellow hard hats. Working with the Tourism Development Authority, they launched a marketing campaign for tourists with the theme, “Come See Downtown Revitalization in Action.”

Building Coalitions

Kanter says that change leaders need the involvement of people who have the resources, the knowledge, and the clout to make things happen. In the early stages of planning, leaders must identify key supporters and sell their dream with the same passion and deliberation as entrepreneurs sell their products.

Understanding that public-private partnerships were pivotal to successful revitalization, the primary players immediately began working actively to foster such relationships. The Downtown Development Office served as the hub for them.

Coordination of the various partners occurred through the Downtown Commission. The commission was a forum for discourse, and it monitored and encouraged constant forward momentum and progress on projects. It supervised the creation and the implementation of the annual Downtown Action Plan.

Members used their relationships and influence with the City Council to downtown’s advantage. The commission also served as a sounding board and an idea incubator for staff.

The final key piece of the tripartite coalition was the ADA. It served as a liaison between the city and the downtown business community, and it provided much-needed private-sector support for the city’s revitalization endeavors.

Transferring Ownership to a Working Team

Kanter asserts that a leader’s job is to support the team, provide coaching and resources, and patrol the boundaries within which the team must operate freely. The city proved to be a masterful leader in its downtown revitalization effort.

One of the Downtown Development Office’s first exercises was the construction of a sociogram. The visual representation of all the groups involved in downtown improvement and their relationship to one another clearly instructed the leadership about a chronic problem: there were too many groups independently doing their part and not related or connected. These realities led to the crafting of a public-private partnership model that was functional, trim, flexible, inclusive, manageable, and, ultimately, successful at building civic forces for change. Implementation of this model would not have occurred, however, without the leadership, the funding, and the sponsorship of city government.

The City Council, the city manager, and the Downtown Commission expected the Downtown Development Office to take the lead in creating a partnership environment within the revitalization program. They also expected that ultimately this partnership, rather than the city exclusively, would sustain the revitalization. Thus the continuing charge for the Downtown Development Office was “Orchestrate and coordinate the revitalization of downtown Asheville through a public-private partnership.”⁴¹

By the mid-1990s, because of several factors, it was imperative that a transition occur to position the private sector as the dominant player. One project that assisted this transition was dubbed the Downtown Advantage. The city, the

ADA, and certain developers worked together to tout the economic benefits of investing in downtown and locating there. Through a resource guide, newsletters, brochures, media stories, speaking engagements, and advertising, the campaign was promoted.

Learning to Persevere

As Kanter acknowledges in her study, “Every idea, especially if it is new or different, runs into trouble before it reaches fruition.”⁴² Forecasts run short, diversions are likely, momentum will slow, and critics will emerge. Former City Manager Bean readily admits that the city underestimated the resources needed to revitalize its downtown.⁴³ There also were diversions such as political squabbles, developer bankruptcies, and feelings in some neighborhoods that they had been left out. Momentum stalled.

Asheville had applauded its advantage in having elected officials and advocates in local government in partnership with the private and nonprofit sectors to transform downtown. However, as Kanter predicts, critics, skeptics, and cynics began to challenge the city by the early 1990s. Naysayers, led by the local Council of Independent Business Owners, criticized the city’s involvement in real estate and business development, and the amount of city resources being dedicated to downtown.

As Kanter declares, “Roads curve.” The downtown development effort was forced to navigate around roadblocks. For instance, to combat the negative statements by critics, advocates developed the Mythbusters campaign. The myths, rumors, and incorrect information circulated about downtown were restated and refuted with facts.

The backlash continued, however. The ads of certain candidates for City Council called the city’s emphasis and investments in downtown a waste. Four new members of the seven-member City Council were elected in 1993. The surprising first action of a coalition of two new and two continuing council members was to fire Bean. Under a new city administration, the amount of city resources dedicated to downtown was diminished. The Downtown Development Office was absorbed by other city departments, and its clout and scope were

diminished. Several staff left the city's employment. Within a few years the ADA became totally independent of the city. The Downtown Commission, however, continued its work.

All these changes were followed by a period of minimal investment, starting in 1995.⁴⁴ Two years later, though, development rebounded and then soared, buoyed by the strong, early momentum, the intentional transition to the private sector, and attractive investment opportunities. Redevelopment continued, fueled by significant investment by the private sector.

Making Everyone a Hero

Kanter cautions that remembering to recognize, reward, and celebrate accomplishments is critical to the success of any change effort. Asheville took many opportunities to celebrate the success of those laboring to transform downtown.

The ADA and the Downtown Development Office created the Downtown Hero awards. Periodically they would single out volunteers for unselfish contributions to the downtown effort. Each person received a large gold medallion on wide red ribbon, and the media and ADA publications acknowledged his or her contributions. The Preservation Society of Asheville/Buncombe County bestowed its Griffin Awards on owners and developers who rehabilitated and preserved historic buildings to high standards. Some people used donations to the Urban Trail to honor downtown contributors. Staff and volunteers organized open houses to show off new residences, offices, and galleries. The series of festivals and events held downtown showcased the district and celebrated progress made.

The city and the ADA made it a point to recognize their partners—dozens of people—who were the change agents of downtown. More recently the community has focused its recognition and appreciation primarily on a small number of private-sector catalysts.

Conclusion

The Asheville experience in downtown revitalization illuminates the success that is possible when a local government takes a leadership role in addressing a

problem, while taking care to be inclusive and to engage key stakeholders continuously.

Asheville's leaders were clear that only a civic force including the private, not-for-profit, and public sectors would be strong enough to reverse decades of downtown decay and dysfunction. To rescue downtown Asheville for future generations, city leaders sought to create, but not to be the sole extent of, a human structure and culture needed to support downtown development. They understood that the city had to build a system larger than municipal government and innovate from within it.

Without a doubt many private- and nonprofit-sector leaders played pivotal roles in Asheville's downtown revitalization. However, describing the city's specific role in the revitalization makes its effective leadership immediately apparent and establishes the consistency of that role with characteristics set forth more generally for change efforts.

Notes

1. Century 21, Welcome to Asheville, North Carolina, available at www.century21asheville.com/About_Asheville_NC/page_262864.html (last visited Jan. 30, 2006).

2. EUGENIE L. BIRCH, WHO LIVES DOWNTOWN (Washington, D.C.: Brookings Inst., 2005). During the 1990s, downtown populations grew by 10 percent. In contrast, downtown populations declined by 10 percent in the 1970s and stagnated (changed by only –0.1 percent) in the 1980s.

3. Interview by Leslie Anderson and Anita Brown-Graham with L. Ted Prosser, President, Landmark Management, in Asheville (Apr. 2004).

4. Jennifer Carlile, Working Title, *A Downtown Mainstay Marks 20 Years of Independence*, MOUNTAIN XPRESS (Asheville), May 29–June 4, 2002, at 42.

5. Alexandra J. Vrtunski, The Downtown Revitalization of Asheville, North Carolina: A Model from the Mountains (1999) (unpublished master's thesis, University of North Carolina at Chapel Hill) (on file with Leslie Anderson).

6. *Asheville Mall Opens Officially Tomorrow Morning*, ASHEVILLE CITIZEN-TIMES, Nov. 22, 1973, at 2. The official opening date was November 23, 1973, but some stores opened as early as January 1972.

7. Interview by Leslie Anderson and Anita Brown-Graham with Louis Bissette, Former Mayor, City of Asheville, in Asheville (Apr. 2004).

8. Asheville Revitalization Comm'n, *A Revitalized Downtown—Citizen's Summary*

of the Asheville Revitalization Plan 6 (1978) (unpublished report, on file with the Asheville Planning Dep't).

9. Vrtunski, *The Downtown Revitalization*.
10. Interview by Leslie Anderson with John Horton, Former Restoration Specialist, Office of Archives & History, N.C. Dep't of Cultural Resources (Jan. 2005).

11. ASHEVILLE CITY CODE, Ordinance 1287 (1982).

12. Active groups included the Asheville Downtown Association, the Preservation Society of Asheville/Buncombe County, the Asheville Area Arts Council, Asheville-Buncombe Discovery, the Asheville Urban Trail, and Bele Chere festival trustees.

13. ASHEVILLE CITY CODE, Ordinance 1287, Asheville Downtown Commission (1982), replaced by Ordinance 1567 (1986). The commission could do the following:

- Enter into contracts with the approval of City Council
- Recommend land development policies to City Council
- Recommend public policy changes
- Identify urban design criteria
- Promote and facilitate downtown living
- Facilitate, and act as a liaison for, significant catalytic projects
- Actively encourage the involvement of the private sector and private capital
- Develop financial tools to provide financing for downtown redevelopment projects
- Identify developers/investors for downtown development
- Assist in business retention
- Develop overall development policy for downtown
- Prepare and recommend a Master Plan

14. ASHEVILLE CITY CODE, Ordinances 1287 (1982), 1567 (1986).

15. The City Council made other efforts to involve the right people with the right set of skills. For example, to get the ball rolling and to provide an outside perspective, in 1983 the city hired the consulting firm of Zuchelli, Hunter & Associates. Its scope of work was to test the market and propose viable concepts and primary development sites. It brought Southeastern Historic Properties, developers from Winston-Salem, to the table. Other developers consulted the Zuchelli, Hunter & Associates market study as they considered investing in Asheville. Among them was Estelle Schneider of Schneider Nine, who initiated the large Pack Plaza project (and later defaulted). These outsiders were the first in a succession of important external players in this era of downtown Asheville's renaissance.

16. When the Downtown Development Office was launched, the recently appointed Downtown Commission was active in setting the charge, choosing the director, and leading the agenda.

17. The Downtown Development Office eventually consisted of a staff of five, including

the director, support staff, the festivals manager, and the Asheville Downtown Association manager. The city's parking function merged into the department early in the office's existence. That operation included about twenty-five people, full- and part-time. In addition, the office coordinated, nurtured, and managed approximately 1,500 invaluable volunteers.

18. The physical office was purposely designed to be transparent, with no blinds or curtains, so that people on the street could see the activity taking place inside, days, nights, and weekends. People could, and often did, drop in informally to see how things were progressing, Leslie Anderson.

19. Telephone Interview by Leslie Anderson with Douglas Bean, Former City Manager, City of Asheville (May 2, 2005).

20. Leslie Anderson, Personal Notes from City Council Orientation (Dec. 1993).

21. Initially there were just three people on the staff: the director, an administrative assistant, and a festivals manager, who implemented all the city's major events, most of which were held downtown.

22. Vrtunski, *The Downtown Revitalization*, at 15.

23. Interview by Leslie Anderson with Mary Fierle, Former Business Development Coordinator, City Development Office, City of Asheville, in Asheville (Jan. 2006).

24. Interview by Leslie Anderson with Ashly Maag, Director, Asheville Downtown Ass'n (1992–1995), in Asheville (Dec. 2004).

25. Asheville was not beyond using a stick to get support from other governments when a carrot failed. It uncovered little-known state statutes and federal executive orders and used them to remind the state and federal governments of their obligations to locate public agency offices in historic downtown areas. In North Carolina, House Bill 1151, entitled An Act to Promote the Acquisition by the State of Buildings and Space in Buildings Having Historic, Architectural or Cultural Significance, passed the 1977 session of the General Assembly and became Section 146-23.1 of the North Carolina General Statutes. That policy was used to leverage state government leases in the newly renovated Pack Plaza. The city worked with the Pack Plaza developer to seek leases for state agencies and challenged a competitor who had previously been awarded state leases for his shopping center south of town. The appeals went all the way to the North Carolina Council of State. The council voted to award the leases to Pack Plaza in support of the policy expressed in the state statute, and denied the proposed leases outside downtown. A similar strategy was used with federal government buildings and leases under federal Executive Order 12072. In one example, the city and its partners were successful in getting the National Climatic Data Center and attendant offices to vacate the center's beautiful and historic Grove Arcade building

in favor of more public uses, remain downtown, and build a prominent new federal building. These strategies used public policy and relationships to the advantage of both the public and the private sector and produced a creative tension that served a positive purpose.

26. Parks and Recreation Dep't, City of Asheville, Report to City Council and the Community, Bele Chere 2005 (Jan. 2006) (unpublished report, on file with the Parks and Recreation Dep't).

27. Downtown Development Office—A Public/Private Partnership 2 (handout for a City Council presentation) (Nov. 1993) (on file with Leslie Anderson).

28. These data provide a snapshot of market value on January 1, 1982, compared with market value on January 1, 2004, as determined by the Buncombe County Tax Office. Therefore they are not adjusted for inflation. Interview by Leslie Anderson with Gary Roberts, Buncombe County Tax Assessor, in Asheville (Jan. 2006). Since 1982 the boundary of the Central Business District has expanded. The current taxable value of that area is \$637,272,200. Interview by Leslie Anderson with Stephanie Monson, Urban Planner, Office of Economic Development, City of Asheville, in Asheville (Feb. 2006).

29. Interview by Leslie Anderson with Jamie Metsch, Planning Technician, City Development Office, City of Asheville, in Asheville (Dec. 2004).

30. Interview by Leslie Anderson with Brett Satz, Information Systems Specialist, Data Center Affiliate, & Webmaster, Land of Sky Regional Council, in Asheville (Feb. 2006).

31. Interview with Monson.

32. CITY DEVELOPMENT OFFICE, CITY OF ASHEVILLE, DOWNTOWN ASHEVILLE, NORTH CAROLINA 13 (Asheville: the Office, 2005).

33. Kanter's theory of change is based on her extensive research on change in the private sector, rather than on change led by the public sector. In comparing Asheville's actions with Kanter's change theory, this article also tests the generalizability of Kanter's theory.

34. Rosabeth Moss Kanter, *The Enduring Skills of Change Leaders*, 13 LEADER TO LEADER 15 (1999), available at <http://leadertoleader.org/leaderbooks/12/summer99/kanter.html>.

In a separate, seminal work on economic development, Kanter argues that for cities and regions to thrive in the global marketplace, they must possess both magnets and glue. Magnets are assets that attract a flow of external resources—new people or companies—to expand skills, broaden horizons, and hold up a comparative mirror against world standards. Glue, on the other hand, is a way of bringing people together to define common good, create joint plans, and identify strategies that benefit a wide range of people and organizations. Clearly Kanter's model of thriving communities begs the question of how a community moves from being one that flounders

to one that flourishes economically—the question of how a community develops magnets and glue. See Rosabeth Moss Kanter, *Thriving Locally in the Global Economy*, HARVARD BUSINESS REVIEW, Aug. 2003, at 119.

35. Kanter, *The Enduring Skills*.

36. Interview by Leslie Anderson with Becky Williams Anderson, Former Economic Developer, Asheville Revitalization Comm'n, in Asheville (Dec. 2004).

37. A local nonprofit organized a bus trip that took community leaders to nearby Winston-Salem to learn about the arts and downtown, and then to Roanoke, Virginia. Roanoke, Asheville's sister city at the other end of the Blue Ridge Parkway, is known for its success with Center in the Square, in the heart of downtown, where a variety of arts resources are located. Community leaders in both locations taught and inspired Asheville leaders. This trip also facilitated team spirit and generated many ideas, including what became Pack Place Education, Arts & Science Center on Pack Square. The City Council took a trip to Greenville, South Carolina, and also studied Charlotte's Fourth Ward project. All these cities were ahead of Asheville in their revitalization.

38. In addition, Asheville-Buncombe Discovery, a now-defunct nonprofit, sponsored presentations by Robert McNulty, of Partners for Livable Places, Washington, D.C., and Mayor Joseph Riley, of Charleston, South Carolina, during this period.

39. Kanter, *The Enduring Skills*.

40. DOWNTOWN DEVELOPMENT OFFICE, CITY OF ASHEVILLE, ASHEVILLE DOWNTOWN: 2010 ACTION PLAN 1 (Asheville: DDO, Jan. 1991).

41. Leslie Anderson, Personal Archives. Several priorities were present from the beginning:

- Actively engage downtown merchants and property owners in revitalization. Create a private-sector partnership
- Bring to fruition the downtown plans outlined in Asheville City Plan 2010
- Use the Main Street model and its reliance on historic preservation and other resources to implement programs that work
- Build an active pool of volunteers engaged in downtown activities
- Facilitate rehabilitation and development of downtown buildings by property owners, investors, and developers
- Create interlocking interests and accountabilities among all the groups interested in downtown
- Produce a few, quick visible victories—completed projects

42. Kanter, *The Enduring Skills*.

43. Interview with Bean.

44. DOWNTOWN DEVELOPMENT OFFICE, CITY OF ASHEVILLE, AN UPDATE ON DOWNTOWN ASHEVILLE (Asheville: DDO, 2003).