

**Fringe Town: Revitalization on the Margin, Assessing Small Downtown Revival and Catalytic Real Estate Development Feasibility on the Urban Fringe**

by  
Paul Matthew Goodwin

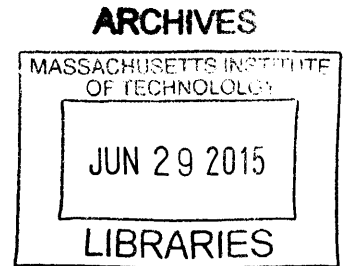
Bachelor of Arts in Geography  
University of New Hampshire (2012)

Submitted to the Department of Urban Studies and Planning in partial fulfillment of the requirements  
for the degree of

Master in City Planning  
Master of Science in Real Estate Development

at the  
MASSACHUSETTS INSTITUTE OF TECHNOLOGY

June, 2015



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**ABSTRACT**

This thesis has sought to construct a diagnostic study of small downtown revitalization in Somersworth, New Hampshire, and Berwick, Maine. To develop a holistic understanding of downtown revitalization in Somersworth-Berwick, and other such small towns on the urban fringe, this research was divided into three broad parts: [1] local contextualization of Somersworth-Berwick and empirical studies of small town revitalization, [2] a local market analysis, and [3] a site plan and financial feasibility model. The methods used to complete this research included focused interviews, market analysis, and financial modeling. These methods are coupled with a review of literature and sought to answer what potential market-based downtown revitalization strategies are and how economically and financially viable these might be in the context of Somersworth-Berwick. While this thesis has fashioned a robust framework specifically in the context of Somersworth-Berwick's downtown revitalization, its methodological approach and findings are applicable for similar small and fringe communities.

The findings of this thesis highlight that market-based revitalization efforts, such as catalytic real estate development, do hold promise in advancing revitalization efforts yet often require subsidy in the face of weak real estate markets and market failure. As such, broad-based and non-traditional revitalization efforts are key elements to a holistic and effective downtown revitalization plan.

*Thesis Supervisor: Karl Seidman  
Senior Lecturer, Department of Urban Studies and Planning*

# Fringe Town

Revitalization on the Margin,  
Assessing Small Downtown Revival  
and Catalytic Real Estate  
Development Feasibility on the  
Urban Fringe

PAUL MATTHEW GOODWIN

# ACKNOWLEDGEMENTS

*Thank you to the many people I interviewed and collaborated with in the making of this thesis, including but not limited to Somersworth-Berwick officials, business owners, community leaders, as well as local and state economic development practitioners, contractors, real estate developers, and brokers. Thank you to Karl Seidman, Andrea Chegut, and the other MIT faculty and staff that provided their knowledge, guidance, and insight.*

*Special thanks to my new cadre of inspiration, Callida Cenizal, Emily Royal, Julie Curti, Eduardo Saba, Charles Steelman, and numerous other current and past students. You are without question the lifeblood of MIT, DUSP, and the CRE. Your brilliance and support deeply enrich my learning and life.*

*Thank you.*

*This thesis is dedicated to Madeline DeSantis, Emmett Soldati, and to the amazing community of people who have inspired, educated, and encouraged me to where I am today.*

*I am forever grateful.*

*To Jeen my wonderful and supporting partner who unwittingly joined me on this extraordinary journey. Your steadfast support, infectious humor, and energy were light even on the longest and most challenging days.*

*Ik hâld fan dy.*

*In memory of George G. and Sally A. Goodwin*



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# INTRO

*“Nana,” I asked, “where is this?”*

*“It’s Main Street here in Somersworth” she replied. “Before urban renewal,” she added, upon seeing my incredulous gape.*

*I stood transfixed by the bygone images of my hometown that hung before me and that filled the galleries of the Somersworth Historical Society. I was at once awed by their romance, the town’s continuity, and the beauty of bustling elm-lined streets dancing with commerce and people. I was captivated: the Somersworth I knew relayed nothing of this past. I did not even recognize Main Street as it hung before me, frozen in tintype. Standing proudly in a seamless salute to the horizon, the buildings in this image had given way to a vacant strip mall and vacuous parking lot. Today, the remains of downtown’s façades glare bleak and empty to a crumbling curb. Traffic rumbles by, unstoping and indifferent amid the new archipelago of disconnected communities and corporate strips.*

*At the time, I knew nothing of city planning or real estate development—but I did know this was tragic. I felt the loss of this once-vibrant town and identified that loss of place as the crux of disempowerment and disinvestment that now plagued Somersworth and communities like it. How and why did this happen? Moreover, what could I do to repair and rebuild it? I have discovered answers revealing a larger plight than Somersworth’s ails. And I realized that the built world wasn’t made by gods: people just like me could effect change within it, and that is my objective.<sup>1</sup>*

It is appropriate that the opening of my MIT application and the start of this educational journey serves as cornerstone to its end. I have learned much in my tenure here, yet my guiding questions and aims remain unchanged. These core questions are what brought me to the craft of city building and to MIT. While my hometown of Somersworth, New Hampshire, has always been my personal catalyst and muse with regard to city planning and development. It is therefore fitting that this thesis allows me the opportunity to begin to answer broad questions of urban revitalization in the context which inspired me to do so.

The following chapters will speak at length about the plight of Somersworth and its sister town Berwick, Maine. They will also speak to their strengths and potential for revival. The aim of this research is to establish a robust revitalization framework that is grounded in the best practices as established by field and local context, while also being defined by the local economic and financial reality of Somersworth and Berwick. This thesis reflects my own desire to explore the potential for catalytic real estate development in Somersworth-Berwick as a market-based foundation for downtown revitalization. More broadly, the significance of this research will serve as a model and resource for other such small towns and communities on the fringe who want to explore and establish their own framework for action.

---

<sup>1</sup> Goodwin, Paul Matthew. Personal Statement, MIT MCP Application, Fall 2012.

## METHODOLOGY + DATA

To develop a holistic understanding of downtown revitalization in Somersworth-Berwick the research process and this paper were separated into three broad parts: [1] contextualization of the Somersworth-Berwick and empirical studies of small town revitalization, [2] a local market analysis, and [3] a site plan and financial feasibility model. The methods used to complete this research included focused interviews, market analysis, and financial modeling. These methods are coupled with a review of literature sought to answer what potential market-based downtown revitalization strategies are and how economically and financially viable these might be in the context of Somersworth-Berwick

### UNIT + LEVEL OF ANALYSIS

Analysis sought to remain as specific to the local context as possible in order to explore the most precise assessment of local conditions, challenges, and opportunities. To establish site constraints and conditions, the analysis focused on the Main Street test site, assessing zoning and physical site characteristics such as topography and building conditions. External factors were also analyzed, including the local community, political, economic, and geographic context of Somersworth. This analysis included consideration of the site's relationship to the larger downtown district and the region. More broadly, market analysis studied the local economic and demographic trends at the regional and sub-regional scale, and a drive shed analysis was used to define a Somersworth-Berwick Trade Area (SBTA) as the best estimate of real local economic and cultural flows across traditional political boundaries.

The objective of this research was to [1] assess how small downtown revitalization differs from those applied to its larger city counter parts and [2] to establish what empirical research and local observation suggest are the best downtown revitalization practices for small town contexts like Somersworth-Berwick. The second half of this study then sought to [3] establish the local and regional economic context to determine which market-based strategies such as catalytic real estate development might be viable revitalization strategies for Somersworth-Berwick. The final section of this report sought [4] to synthesize best practices and market findings in order to test the financial feasibility of catalytic real estate development within Somersworth-Berwick.

This research further sought to establish how local social and regulatory factors interact with market potential. Local social and regulatory factors were used to inform development concepts within a market-based frame to assess the Main Street test site's situation and market potential for catalytic development.

#### **Focused Interviews**

Focused interviews were used to inform analysis throughout this report. Interviews were used to fill gaps in data and to contextualize quantitative data in a qualitative framework of local knowledge. Interviews also provided an in-depth understanding of how local stakeholders perceive and engage revitalization needs and efforts as well as to establish the specific context of Somersworth-Berwick, its community, history, and market conditions. In addition to providing context, focused interviews with local government and development professionals, such as developers, brokers, and economic development practitioners, were conducted to inform a robust market analysis and to establish assumptions for the financial model.

The aim of focused interviews was to establish qualitative data that will later support the market and site analysis phase of research. Qualitative data collection sought to establish the perceptions about



and actual voids in current conditions in downtown Somersworth, as well as establish potential visions for future use. Given the town's small size and the often sensitive and political nature of current and past revitalization issues and efforts, informants were assured of their confidentiality and thus will be cited in text or footnoted as general "informants;" otherwise the informants are cited as specific-industry practitioners, such as "brokers" or "community leaders."

#### **[1] Contextualization + History + Trends**

In this section a review of literature was performed and drew on focused interviews to identify broad economic and social trends and contextualize their manifestation and effect in the Somersworth-Berwick context. This section aims to answer how, when, where, and why decline has happened in small towns and especially in Somersworth-Berwick. This assessment then acted as a basis for understanding and comparing when assessing empirical studies of best practices. This review of context and trends also helped to inform Somersworth-Berwick's Market Study, which sought to forecast future market trends within the local context.

#### **[2] Small Downtown Revitalization Strategies**

Empirical studies in the field of economic development were analyzed to establish the obstacles, opportunities, and strategies for downtown revitalization. Best practices were reviewed and contextualized and compared with Somersworth-Berwick's own revitalization efforts to inform where possible opportunities or gaps exist within downtown revitalization efforts. The aim of this section was to identify and relate the field's established findings and best practices regarding small-downtown revitalization, with particular interest in market-based catalytic development in small town contexts.

#### **[3] Somersworth-Berwick Market Study**

In this phase of research a market analysis was performed in order to establish the supply and demand market fundamentals within the local economy and to create a more robust basis for revitalization planning. Data was collected and analyzed to assess local demographic and economic growth trends as well as absorption, vacancy, and prevailing local market values and rents. The outcome of this section of research created a number of graphs, maps, and tables that seek to illustrate and analyze Somersworth-Berwick's opportunities and limitations to attract investment within the local market.

#### **[4] Site Plan + Financial Feasibility Modeling**

In the final phase of research an experimental catalytic development site plan and massing model were created, as informed from findings of downtown revitalization and Somersworth-Berwick's market study. The experimental development used a Somersworth Main Street test site and a physical investigation of site and local environs were performed to assess buildings' physical condition, site topography, and context within the community.

Once created, the experimental catalytic real estate development plan and massing model were used to test the financial feasibility of catalytic development in Somersworth-Berwick. A discounted cash flow analysis and pro forma were created to assess the development costs and current market value of the experimental development which was then compared to the expected returns for similar investments in the market for the purpose of establishing market viability.

The aim of testing the financial feasibility for catalytic development was to establish which market-based uses are most viable, at what scale, and where. This financial feasibility assessment will also highlight possible financial gaps that may exist within the community's vision and revitalization strategies, and the economic realities of the local market and how to close such gaps.

## **[5] Recommendations**

The concluding section of this report sought to synthesis the proceeding layers of analysis, both social values and economic and financial realities, in order to provide recommendations on which robust revitalization efforts can be crafted, specifically for Somersworth-Berwick but methodologically too for similar small and fringe communities.

In summary, this methodological framework and paper sought to construct a diagnostic study in the form of observation, focused interviews, market analysis, and a financial feasibility model to test catalytic real estate development's potential and to inform downtown revitalization planning for Somersworth-Berwick. The research used both qualitative and quantitative research techniques such as discounted cash flow analysis and focused interviews in order to best understand the potential revitalization strategies, with particular interest in market-based strategies, for the Somersworth-Berwick and other such small towns seeking viable downtown revitalization strategies and investment.

# CHAPTER 1 HISTORY + CONTEXT + TRENDS

## OVERVIEW

Somersworth, New Hampshire is one of New Hampshire's smallest cities, in terms of both population, being a mere 12,000 inhabitants, and land area, coming in at just 10 square miles. Just across the Salmon Falls River lies Somersworth's sister town: Berwick, Maine, having 7,500 people in 38 square miles. If you did not know the Salmon Falls was the state border between Maine and New Hampshire, there would be no reason to believe that this one town was really two. The Salmon Falls, like many New England streams, powered the industry that gave life to these two towns. First linked in 1782 by the completion of a bridge, Somersworth and Berwick have shared their joint downtowns for over 200 years.<sup>2</sup> For the purposes of this writing, "Somersworth-Berwick" represents the two towns as one unit, unless otherwise indicated.

The industrial revolution brought about the most lasting change when in 1822 the Great Falls Manufacturing Company built the first of its textile mills along the western bank of the river in what is today Somersworth but what was then known as Great Falls village. The company was quick to plan and develop a classic mill town on the New Hampshire side, complete with brick and wooden housing for workers, newly constructed streets and roads linking the village of Somersworth south to the village of Salmon Falls and the town of Dover. Berwick by contrast stayed largely rural farmland thanks largely to the steep topography along its eastern river bank that inhibited development. Thus major industrial development remained largely on the Somersworth side and Berwick's modest village center remained largely residential until late in the 19<sup>th</sup> century.

A more robust analysis of Great Falls Manufacturing Co and its innate relation to Somersworth can be found in another thesis, "The Corporation," by James Burns Malley, Dartmouth College class of 1942. For this research the history of both Somersworth and Berwick is significant insofar as to establish the communities' identity, understand their urban form, their economic and demographic transitions, and their legacies.

The last half-century has seen huge changes in the urban structure and popular perceptions of many American cities, with effects as far-reaching as Somersworth-Berwick. Inner cities and Main Streets, once the heart of American industry and culture, took on elements of crime, poverty and disinvestment while the new suburbs boomed. McMansions, strip malls, and highways have sprawled across the urban hinterland, becoming the embodiment of the American dream and pastoral living; choking out investments to downtowns; and presenting new obstacles for urban planners looking to revive or retain urban vitality. In spite of the popularity of the new suburbia, recent trends suggest not all is well amongst the cul-de-sacs. The days of easy credit and extreme commuting may possibly be coming to end and with that close come new opportunities for urban regeneration, at the same time creating new challenges for the once prosperous suburban fringe.

There are other places like Somersworth-Berwick that are not truly urban, but rather small urban enclaves whose postindustrial roots reveal their non-suburban nature. What are the prospects of these in-between places, places on the fringe of somewhere and nowhere, not placeless but, rather, struggling to redefine themselves and their sense of place in light of the presence of a new economy, changing social preferences, and their own deep roots.

In this chapter I will outline Somersworth's and Berwick's context of decline and their current state of being, in order to embed the Somersworth-Berwick case within the broader trends of American urbanization and economic patterns; the decline of downtown and rise of suburban living; and the

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<sup>2</sup> Scales, John. History of Strafford County, New Hampshire and Representative Citizens. Chicago: Richmond-Arnold, 1914. Print. P. 228

most recent trend which suggests a new era of urban revival and flight from the suburban fringe. In the chapters that follow I will explore the particular challenges and opportunities the suburban fringe faces in this broader context. That is, how do downtown revitalization strategies differ for small places on the suburban fringe, and specifically in Somersworth-Berwick, when compared to larger urban centers? Finally, I will review the best practices of small-town revitalization efforts, highlighting those strategies which are the most viable to stimulate revitalization in contemporary Somersworth-Berwick.

## **DOWNTOWN'S DOWNFALL: CHANGING ECONOMICS + HISTORIC TRENDS**

The general decline of urban America in the post-war era is well documented. Shifts in technology and social transitions contributed to the rise of suburbanization. The mass production of the car (Ford's Model T in 1908), desegregation (Brown v. Board of Education 1954), and creation of the interstate highway system (Interstate highway act of 1956) were all major turning points that fueled middle class white flight from urban centers and contributed to the rise of suburbs. Later development of the suburban office parks, regional malls, and strip-style shopping centers began to compete with and then erode traditional urban centers, both in large central business districts and in small-town Main Streets as retail and businesses followed the middle- and upper-class consumers to the suburbs.<sup>3</sup>

The trend of urban decline and suburbanization is broadly true of both larger and smaller urban locations. Large cities saw the suburban fringe push miles beyond the traditional hinterland, while smaller cities and towns within the growing metropolitan regions were engulfed by a new regional frame of influence. Many once-urban or -exurban places began to hollow out, with new development occurring not in their historic town centers but rather on undeveloped greenfield just outside of them.

This suburban movement undoubtedly held true for the Boston metropolitan area and for Somersworth-Berwick. The diameter of the Boston metropolitan area expanded from a mere 30 miles, including inner ring suburbs such as Waltham, Lynn, and Quincy, to more than 100 miles. The current combined statistical area reaches as far north as Rochester, New Hampshire, west to Worcester, Massachusetts, and south to Providence, Rhode Island.

New suburban centers of industry have sprung up in formerly fringe locations, Burlington and Framingham, Massachusetts being notable examples, while formerly independent places like Lowell and Lawrence, Massachusetts and, indeed, Somersworth-Berwick have shifted from being independent urban centers to lesser sub-centers within a growing metropolitan area. The result of suburbanization within these ex-urban communities, namely, the development of big box stores and rise of industrial and office parks, has left historic downtowns in places like Somersworth-Berwick to compete head-to-head with new suburban shopping and employment centers.

Historic downtowns and Main Streets have grappled with retaining and attracting jobs as suburbs explode and as American manufacturing declines. The last 40 years have seen America's celebrated manufacturing base, which formerly had founded and supported urban and exurban places like Somersworth-Berwick, shift overseas, marking America's shift from an industrial to a service-based economy.

Yet service-based jobs, such as those in the growing IT and Tech sectors, have strong preferences to locate in more central locations. As a result, suburban fringe or exurban towns have struggled to replace or attract new jobs and residents as their manufacturing base erodes and commuting costs

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<sup>3</sup> See: Jacobs, "Life and Death of Great American City" 1961, Fishman "Beyond Suburbia: The Rise of the Technoburb" 1987, and Wilson and Taub "There Goes the Neighborhood" 2006.



rise. There is no easy solution for fringe communities attempting to attract service-based firms, as such firms prefer far more central locations. But why?

The reason that urban and, particularly, small exurban fringe locations struggle to attract service-based jobs is due to changes in employment needs and business structures. Historically, manufacturing enterprises' chief asset was expensive equipment and large factories, not skilled laborers. Thus firm location was governed more by the availability of affordable land and cheap labor rather than the location of highly skilled laborers or urban amenities.

Furthermore, significant manufacturing facilities tend to be of substantial size and have high space-to-worker ratios (lots of space for relatively few workers). So while urban centers often sprang up around major industrial uses, once-established urban locations with their constrained and costly land and higher wages are less attractive to the development of new industrial facilities.

The new service-based economy, by contrast, is not wedded to specialized facilities and requires much less space per worker. Moreover, the primary asset of highly competitive service-based companies truly is their people, therefore attracting and retaining a highly skilled workforce is paramount. The result is the tendency for service-based firms to locate in more central locations, as central locations offer the closest proximity to dense population and employment centers and those centers' correspondingly deep and diversified labor markets. By seeking dense labor markets, service-based firms seek to maximize their ability to attract and retain highly skilled workers, their primary asset. Deep labor markets ensure that for every one job opening there are numerous qualified applicants, giving the firm security that the position can easily be filled by a qualified person and also providing a selection of workers to best fit the firm's needs. At the same time diverse labor markets provide a greater breadth of skilled laborers, ensuring that a modern firm is supplied with qualified laborers or service providers across a diverse spectrum of expertise.

Deep and diverse labor markets save firms the uncertainty and expense of having to recruit, relocate, and train workers from distance. Additionally, central locations provide greater access to transportation, are home to higher concentrations of amenities and even competitors, all of which have been shown to attract service-based industries and help maintain a highly mobile and skilled workforce.<sup>4</sup> Given the uncertainty and variability of thinner labor markets on the suburban fringe and our knowledge that service-based firms rely heavily on robust labor markets, it is unsurprising that fringe locations have struggled to attract and retain high quality service-based jobs.

Somersworth-Berwick, like many industrial towns, has been affected by this tremendous economic shift. Somersworth-Berwick's industrial and employment base has seen a number of booms and busts in its nearly 200 year history. The latest and perhaps most profound economic shock to Somersworth-Berwick occurred in the 1980s when shoe manufacturing began outsourcing jobs and vacating the once vital downtown mills. Although this mill space has since been partially reused as office, residential, and warehousing, today the density of jobs downtown is only a fraction of the economic engine that the mills once represented.

As early as the mid-1950s Somersworth, like many transiting postindustrial communities, sought to modernize and update its appeal and economy. At the start of the 1960s an aggressive urban renewal project cleared many of the historic and then dilapidated buildings along Somersworth's Main Street. A modern shopping center, the Somersworth Plaza, a library, and a number of other

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<sup>4</sup> Goetz, Stephan J., and Anil Rupasingha. "The New Rural Economy: High-Tech Firm Clustering: Implications for Rural Areas." *American Journal of Agricultural Economics* 84.5 (2002): 1229-236. Web.

buildings replaced the historic brick tenements and shops. Main Street's urban renewal sought to position Somersworth as a modern and progressive community for business, see images 1.1.<sup>5</sup>

In the short-term urban renewal appeared to work. GE expanded their operations and maintained downtown as the economic heart of the city. Yet good times would not last. The early 1990s saw employment at GE drop from over 2,300 total workers to around 300 today.<sup>6</sup> A similar narrative is true in Berwick where in 2003 Prime Tanning closed its doors, taking with it over 300 jobs and leaving a still-vacant brownfield.<sup>7</sup> Over the last 30 years Somersworth-Berwick's downtown employment has declined by at least 2,500 jobs with no major new downtown employment. The result is an excess supply of industrial, office, and retail space, high vacancies, low rents, and a real estate market that fails to support substantial investment into properties that are well below replacement cost.

The legacy of urban renewal in Somersworth-Berwick is not positive. So-called "renewal" drastically changed the face of downtown Somersworth,<sup>8</sup> hollowing out downtown housing and replacing dense mix-use development with low density retail and parking. The effect has been profound on Somersworth-Berwick's approach to planning and sense of place. Informants that lived through urban renewal suggest that the community lost their trust in planners, innovative projects, and community leaders. Lifelong residents of Somersworth felt that this development was undertaken without community process or support. Moreover, the design itself created new issues of pedestrian mobility and economic homogeneity. The plaza's wanting urban design failed to engage or active the street, instead creating a barrier between Market, High, and Main Streets. While its low density and singular use as retail provides little in the way of downtown activity or economic diversification. Renewal single use retail has proven to be more volatile than mixed use development and is today largely obsolete in the face of changes in downtown employment, traffic, and macro trends of the retail industry.

In an effort to create jobs in the wake of industrial and downtown decline, Somersworth has actively sought to attract new development and jobs. Again following macro trends, Somersworth has had the most success in developing greenfield sites at the edge of town. Most notably is the big box retail corridor located approximately three miles southwest from downtown, along High Street and just off Route 16. Somersworth has also sought to retain a manufacturing base through the development of Malley Farm, a business park located just south of downtown and, more significantly, with development along Route 108, a secondary state road at the far west edge of Somersworth.

Somersworth's like other exurban fringe communities have seen mixed success. Malley Farm retains a number of firms such as General Linen and J-Pac, with 200 and 120 jobs respectively, but it has yet to be fully built out. While general challenges of firm location hold, Malley Farm's lack of visibility from the road and isolation relative to the highway and other major routes further inhibits its development. The Route 108 corridor has fared better. With its improved visibility and closer proximity to the highway, Route 108 has developed a sprawling medical complex which is home to a number of doctors' offices and health centers employing over 300 people, as well as attracting Velcro, which opened a factory in the early 2000s and currently employs 180 workers.<sup>9</sup>

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<sup>5</sup> Top images of The Somersworth Historical Society, Bottom Images collected from Google Street View, May 2015.

<sup>6</sup> Jenkins, Oliver. "GE's Star Rising After Years of Decline, Somersworth Plant Busy Again." *Fosters Daily Democrat*, 5 Aug. 2012. Web. 16 Feb. 2015.

<sup>7</sup> Informant interview, Berwick, January 15 2015

<sup>8</sup> None of the buildings in the top images of 1.1 remain today.

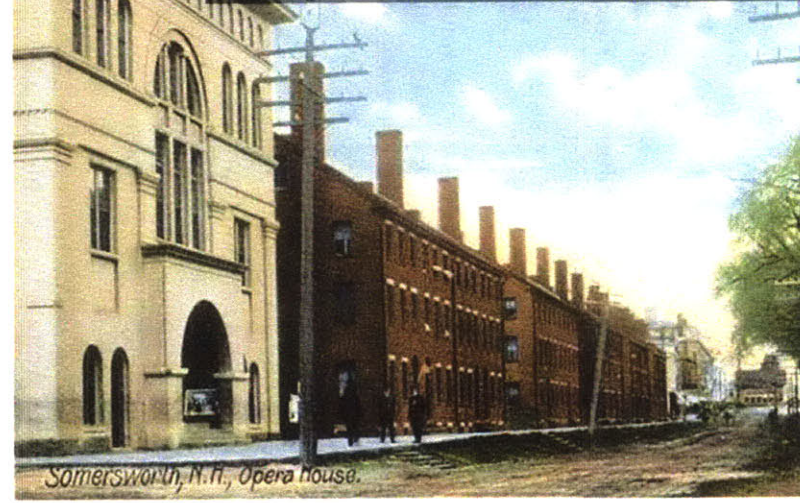
<sup>9</sup> "Community Profiles: Somersworth, NH." *New Hampshire Employment Security*. Nov. 2014. Web. 07 Feb. 2015. <<http://www.nhes.nh.gov/elmi/products/cp/profiles-htm/somersworth.htm>>.



Main Street at Market looking south 1880s



Main Street at Washington looking north 1910s



Somersworth, N.H., Opera house.

Main Street same view 2014



Main Street same view 2014



*Images 1.1 Top Historic views along Somersworth's Main Street, none of these buildings stand today, most succumbed to fire or urban renewal. Bottom, the same views today. Main Street today shows no sense of place and an erosion of the Somersworth's core identity.*

The mixed results of Somersworth's development and the particular shortcomings of Malley Farm might best be attributed to Somersworth's location within the greater metropolitan region and lack of desirable sites available for development. Most successful suburban office and industrial parks tend to locate in a Goldilocks-like fashion, seeking middle grounds that are highly connected inwards to the urban center and outwards to the suburban fringe while not being too central, as land prices would be too high, nor too remote, as they would be inaccessible to desired labor markets and workers. Route 128 around Boston and Portsmouth, New Hampshire's Pease International Tradeport are good regional examples of this middle ground and are successful suburban centers of manufacturing and business. By contrast, Somersworth's more isolated Malley Farm and Route 108 have a much more limited potential, lacking as they do the desired connectivity, centrality, and visibility which are attractive to firms, and thus will likely fail to support a critical mass of development.

Berwick has not seen much commercial development, maintaining its rural character. Berwick's lack of development is in part due to the relative lack of infrastructure, such as highway, road, and sewer access, as well as its relative isolation from adjacent towns. Resident informants also suggest that Berwick's rural identity is important to their community, contrasting with Somersworth which continues to carry the legacy of a more urban self-perception.

Much like commercial office and industrial development, the retail industry has transitioned away from traditional urban into new suburban centers. New suburbs and exurban towns like Somersworth have built up miles of the now-standard mix of national big-box stores and category killers. Newly built suburban towns' suburban strip centers deliver the required goods and services that traditional town centers might have provided. New suburban retail also competes with downtown retailers as urban stores catering to the middle and upper classes have followed their clients to the suburbs and as national chains began to consolidate and streamline their business models. The rise of suburban retail centers was perhaps more profound for small fringe towns like Somersworth than for big cities, as small downtown retail centers and market areas are much smaller and less diversified and thus more readily overcome by suburban and national competitors.

While at first the development of such suburban retail might appear to be attractive to fringe towns struggling to attract jobs, this type of development comes at a cost. Namely, national chains have numerous advantages with which to out-compete locally owned retailers. Primary advantages include the appeal of one-stop-shopping, lower prices, greater marketing capabilities, and larger market catchment areas. The result is that many exurban towns have seen the boarding up of their Main Streets.

Yet this is not Main Street's only retailing rival, as even national chains themselves are being challenged by the explosion of online shopping. The rise of Amazon, eBay, and Etsy have worried nearly all traditional brick and mortar retail stores, the worst losses coming to book and electronic stores.<sup>10</sup> With online sales growing 14 percent in 2014 alone,<sup>11</sup> one can safely assume that online retail is here to stay and that ever more categories of goods will move from "bricks to clicks," requiring brick and mortar stores to rethink their business models in order to remain competitive and create additional value.<sup>12</sup> In short, the rise of national chain stores and online shopping directly compete with and often replace traditional downtown retailing.<sup>13</sup>

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<sup>10</sup> Walker, Brian. "Retail In Crisis: These Are the Changes Brick-and-Mortar Stores Must Make." *Forbes Magazine*, 12 Feb. 2014. Web. 31 Jan. 2015.

<sup>11</sup> Smith, Cooper. "US E-Commerce Growth Is Now Far Outpacing Overall Retail Sales." *Business Insider*. 02 Apr. 2014. Web. 31 Jan. 2015.

<sup>12</sup> "Clicks and Bricks." *The Economist*. *The Economist Newspaper*, 25 Feb. 2012. Web. 30 Jan. 2015.

<sup>13</sup> Robertson, Kent. "Downtown Retail Revitalization: A Review of American Development Strategies." *Planning Perspectives* 12 (1997): 383-401.



Reflecting the trend of suburbanization, Somersworth's upper High Street retail corridor has boomed. The so called "miracle mile" of Somersworth home to approximately one million square feet of retail space. The corridor is centered on the local grocery chain Market Basket and a Wal-Mart Super Center. The upper High Street is also home to other big boxes such as Target and Home Depot as well as a number of smaller national brands such as TJ Maxx and Game Stop. High Street is also populated with the expected selections of fast food and fast casual dining options—KFC Taco Bell, Burger King, Applebee's, UNO's, and Chili's, among others. Weeks Crossing is perhaps the most intensively developed part of this commercial node and is actually in the city of Dover just across the Somersworth line where High Street intersects with route 108, a mere mile off exit 9 on route 16. Weeks Crossing is home to a number of hotels, offices, and the highest concentration of dining options. Moving south from Weeks Crossing is another mile of intensive commercial development heading towards downtown Dover.

While High Street's sprawling commerce has helped to buoy a sinking tax base and replace lost manufacturing jobs, such retail jobs generally pay less and have fewer benefits than the manufacturing jobs they sought to replace.<sup>14</sup> On the whole, Somersworth-Berwick has lost more jobs than it has attracted or retained. Moreover, development of the upper High Street retailing center has greatly undermined downtown's retail and restaurants; the larger chains have successfully outcompeted local vendors and focused shopping and dining away from downtown.

In the wake of industrial decline and retail suburbanization, downtown Somersworth-Berwick suffers high vacancy rates, with many empty storefronts, empty lots, and underutilized industrial spaces. At the same time many of the remaining stores represent the low value retailing uses such as delivery-pizza shops, warehousing, flooring centers, and pawn shops.

While Somersworth's economic situation has seen a decline, its population has remained more or less constant, growing marginally from 9,000 to 12,000 people from 1980 to 2010. Modest population growth might be attributed to lack of job growth as well as the relative scarcity of available land, Somersworth being constrained within 10 square miles, much of which has already been developed. On the other hand, Berwick has seen a much greater increase in population, nearly doubling from 4,000 to nearly 8,000 people over the same period.<sup>15</sup> The population growth in Berwick is likely attributable to its greater amount of undeveloped land, being nearly 40 square miles. Berwick retains an abundance of undeveloped land which has proven attractive to housing development as the Boston Metro pushes north, bringing higher land and housing prices and encouraging the development of housing on more affordable greenfield locations.

## FRINGE FLIGHT & FRIGHT + EMERGING TRENDS

The previous section looked to outline the economic and social changes that have contributed to the urban decline of fringe places like Somersworth and have begun to frame some of the challenges these communities face in attracting development and investment, especially jobs. Yet these trends of suburbanization might be coming to an end as lifestyle preferences shift back to urban centers, presenting new obstacles and opportunities for revitalization on the suburban fringe.

A 2011 New York Times opinion piece by urbanist Christopher Leinberger boldly proclaimed "The Death of the Fringe Suburb."<sup>16</sup> Leinberger, an urban advocate, bleakly outlines the state of car- and

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<sup>14</sup> Erwin, Elena G., and Jill Clark. "Wall Street vs. Main Street: What Are the Benefits and Costs of Wal-Mart to Local Communities?" Choices Article -, 6 Oct. 2003. Web. 06 Feb. 2015.

<sup>15</sup> United States Census Bureau, American FactFinder, 2010 Census figures. Retrieved January 23, 2015

<sup>16</sup> Leinberger, Christopher. "The Death of the Fringe Suburb." The New York Times, 25 Nov. 2011. Web. 01 Nov. 2014.

fuel-dependent suburbia in the midst of the great recession and the largest housing crisis in recent memory. Drawing on basic urban economic models,<sup>17</sup> Leinberger and others have suggested that as transportation costs rise, credit tightens, and social preference for walkable urban lifestyles increases, the inner city will rise again as the center of job growth and wealth, while the suburban fringe will become the new slums of the larger metropolitan area.

Leinberger's dramatic claims are not without merit. Recent census data along with empirical observations of urban development suggest that Millennials and Baby Boomers prefer walkable and active urban lifestyles, while a 2014 study and census data confirm rising suburban poverty over the last ten years.<sup>18</sup>

There are a number of factors behind these trends including increasing fuel costs and changing transportation preferences, tighter credit, and a desire for communal urban living. A 2014 Brookings Institute study found that Millennials and even Generation Xers are becoming more averse to long-distance and car-based commuting. Demand for multi-family housing has markedly increased in the wake of the 2008 housing crisis and ensuing credit crunch.<sup>19</sup> This perhaps reflects tighter credit requirements for home buyers but also possibly reflects higher costs of living in urban centers as people trade tenure choice for locational preferences.

Moreover, much like service-based firms, knowledge-workers seem to be choosing more amenity-rich and less car-dependent locations in urban centers, fueled by a combination of increased access to jobs and amenities as well as lifestyle choice. Indeed, David Milder and Andrew Dane argue that the return to urban living is not merely or even primarily a shift in housing preference to large cities but rather the difficulty of attracting and retaining jobs in fringe locations.<sup>20</sup> While the cause is less than clear, these trends have contributed to, or are indicative of, a movement of growth and investment towards urban centers.

While larger urban centers are seeing a new era of investment, parts of the suburban fringe have started to see signs of decline. Many suburban areas have seen soaring vacancy rates, declining rents, and falling property values. Rising vacancy has resulted from excess supply created during the 2008 housing bubble and resulting crash and was exacerbated by record numbers of homeowners walking away from their underwater mortgages. Indeed, many suburban properties have fallen not just below water, being worth less than is owed on their mortgages, but below the structures' replacement costs.

Leinberger rightly acknowledges worrying implications of the fall of property values below replacement cost. In the case of single family housing, homes are often subdivided into multiple rental units. Such housing tenure conversions can contribute to neighborhood destabilization, as long-term residents are replaced with an often more ephemeral, frequently less engaged and often lower-income community of renters. When occurring systemically through suburban development, such tenure conversions may result in concentrating poverty within isolated suburban areas that lack the services to support new residents' needs.<sup>21</sup>

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<sup>17</sup> For more detail on urban land economics and particularly the monocentric city model cited here see. Wheaton and DiPasquale. *Urban Economics and Real Estate Markets*. Prentice Hall, 1996. Print.

<sup>18</sup> Dews, Fred, "The rapid rise of suburban poverty." *The Brookings Institution* 11 June 2014. Web. 21 Jan 2015.

<sup>19</sup> Kane, Joseph, and Adie Tomer. "Millennials and Generation X Commuting Less by Car, But Will the Trends Hold?" *Brookings*. 7 Oct. 2014. Web. 15 Jan. 2015.

<sup>20</sup> Milder, David, Andrew Dane, and Short Elliott Hendrickson Inc. "Some Thoughts on the Economic Revitalization of Small Town Downtowns." *EcDeveJournal.com*. 27 Aug. 2013. Web. 1 Dec. 2014.

<sup>21</sup> Leinberger, Christopher, "The Next Slum." *The Atlantic*. Mar 2008 Web 1 Nov. 2014

Just as significant, when a building's value falls below replacement cost, owners have no incentive to invest in and maintain their properties as such investments will not be captured in the resale value of the property. Over time a lack of investment results in the complete depreciation of such building's value such that it is worth essentially the value of the land on which it sits. Yet owners of depreciated buildings often overvalue their property and are unwilling to sell at reasonable market values, thus inhibiting the trade of such diminished assets to potential investors. Another issue with buildings below replacement cost is that substantial renovation costs are often just as high as new construction and, given such investments, will not be recouped upon sale so that there remains no financial incentive to maintain or invest in property. This is certainly the case in much of downtown Somersworth-Berwick, where many buildings are well below replacement value and are in need of substantial and costly renovations.

At the regional scale, Leinberger and others have sought to draw attention to the emerging trend whereby urban gentrification displaces low- to moderate-income inner city residents to marginal locations. Today the most affordable housing is beginning to proliferate in less accessible suburban locations where attracting jobs is difficult and which are now suffering low property values, with little incentive to invest in properties.

It should be acknowledged that middle class flight from the fringe is hardly the conclusive destiny of most suburbs. Indeed many suburban communities continue to thrive, with some seeing the return of growth in the wake of years of pent-up demand.<sup>22</sup> One might also note that many people prefer small-town living, and that many of the changing preferences that are stimulating urban living such as walkability, dense living, and sense of place can be fostered in small-scale urban environments readily present in older fringe suburbs. A 2014 analysis of census data shows that there is "no mad rush to cities"; the suburban centers actually saw the largest increase in 20-34 year olds. It can be noted, though, that large suburban sub-centers are easily attracting more Millennials and Baby Boomers than are rural or fringe suburbs. This evidence suggests that the recent movement back to cities does not mean the death of the suburbs or the urban fringe.<sup>23</sup> Indeed, for those postindustrial communities on the fringe, the preferences for urban living may provide new opportunities for downtown revitalization.

In fact, there are many notable exceptions to decline of the fringe. Many college towns and tourist destinations as well as other areas of high amenities have attracted and retained the middle class and jobs. Communities like Portsmouth New Hampshire have thrived around tourism while college towns like Durham New Hampshire continue to grow around their institutions, demonstrating that smaller places and, indeed, fringe places can remain competitive places to attractive employers and investment. A 2011 study by the National Association of Realtors further supports the viability of fringe living, finding that 42 percent of respondents preferred to live in small-town or rural settings.<sup>24</sup> This again leads Milder and Dane and others to suggest the issue is not so much people preferring big-city to small-town living but rather that fringe locations are losing jobs faster than they are attracting them.<sup>25</sup>

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<sup>22</sup> Fitch, Stephane, "Big Houses and Sprawling Suburbs are Back and Better than Ever." Forbes Magazine 10 Dec. 2014 Web 21 Jan and Guggenmos, Steve, Et al "multifamily research perspectives" Freddie Mac (2014) 28 Feb 2014. Web 21 Jan 2015

<sup>23</sup> "Millennials Are Suburbanizing, While Big Cities Are Having a Baby Boom." Forbes, 27 June 2014. Web. 2 Nov. 2014.

<sup>24</sup> Belden Russonello and Stewart LLC, "The 2011 Community Preference Survey: What Americans are looking for when deciding where to live" National Association of Realtors, March 2011, p. 17.

<sup>25</sup> Milder, David, Andrew Dane, and Short Elliott Hendrickson Inc.

## SUMMARY OF TRENDS

Past and current trends have mixed implications for fringe downtown revitalization and places like Somersworth-Berwick, not least of which is their struggle to adjust to their new roles and identities. Bill Ryan and Kent Robertson remind us that many fringe towns have lost their economic and cultural center and that once-significant downtowns in the region have since become placeless suburban enclaves. Thus many fringe towns find themselves struggling with changing identities and expectations alike as major challenges to overcome in the process of implementing revitalization efforts as they attempt to set their focus on current cultural and economic realities rather than on what was, and work to promote current assets rather than prevailing issues.<sup>26</sup>

Somersworth-Berwick certainly fit this mold: Although not declining in population, Somersworth and Berwick have unquestionably declined in their regional significance as they become more connected to the neighboring communities of Dover and Portsmouth, as well as to larger centers of Portland and Boston. Shifts in the economy and society have resulted in the consolidation of jobs, population, investment, and culture toward these more centrally located urban centers. The result is that fringe towns like Somersworth-Berwick have lost their sense of place and urban vitality. They have transitioned into marginal bedroom communities at the edges of more vibrant places and struggle not only to maintain their identity but also to attract investment and maintain their quality of life.

Moreover, the outsourcing and suburbanization of jobs and flight of retail has left many downtowns in undeniable decline. The loss of jobs and recent preference for urban living have resulted in falling demand and the presence of poverty values in many fringe locations, which present new challenges for small fringe communities at the same time as prices in gentrifying cities rise, causing the urban poor to become suburbanized. In total, this lost sense of place, lack of investment, and changing social demographic situations has left many communities to apathetically yearn for what was, rather than to look realistically at what is, that is, their existing assets and new regional context. This is the current state of many fringe towns including Somersworth-Berwick which are marked by years of decline and disinvestment, high vacancy rates, and pockets of poverty.

Yet not all hope is lost. The struggles of fringe communities are not so different from those faced by their larger urban kin which have demonstrated successful urban revitalization strategies and approaches. Furthermore, fringe communities are not so isolated that meaningful investment and growth are out of reach, differing from truly rural centers that have their own revitalization difficulties. Rather, fringe communities sit at the margin of investment and revitalization, just out of reach of global capital investment but perhaps strong enough for local ventures. And while apathy predominates in many fringe towns, in the case of Somersworth-Berwick there remains a core contingent of community leaders who have clearly identified downtown revitalization as an imperative in order to create a vibrant community center, revive civic pride, and re-establish the community's sense of place.

The questions then are: What strategies can small towns on the fringe use to attract investment and support urban revitalization? Specifically, how do small towns differ from large cities with regard to revitalization and attracting investment; what are their issues and their assets? Which strategies have proven most effective in the small fringe-town context? And what are the potential gaps, financial or otherwise, which keep revitalization from happening? In the next section I will explore and look to answer these questions in the context of Somersworth-Berwick by identifying the defining issues and assets of fringe locations and by identifying the best practices that other fringe and small communities have used to successfully regenerate their downtowns.

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<sup>26</sup> Roberson, Kent, and Bill Ryan. "Downtown Development on the Metropolitan Fringe." *Economic Development Journal* Fall (2004): 16-24. P 16.



# CHAPTER 2 SMALL TOWN REVITALIZATION STRATEGIES

## OPPORTUNITIES + OBSTACLES + STRATEGIES OF DOWNTOWN REVITALIZATION

The previous section sought to frame the historic processes and recent trends of urban development and contextualize them in the situation of fringe communities such as Somersworth-Berwick. It is clear that no silver bullet or overarching trend takes precedence and that there are many obstacles and opportunities that influence downtown revitalization strategies and their successful implementation. In this chapter I will highlight some of the defining differences between large cities and small towns in order to identify opportunities and obstacles most broadly applicable to fringe and small town settings, specifically Somersworth-Berwick and our test site. Once small town assets and issues have been assessed we will explore downtown revitalization best practices broadly to see which are most applicable in the small town fringe context and explore how Somersworth-Berwick's revitalization efforts compare in terms of their utilization and effectiveness.

The analysis of assets, obstacles, and best practices broadly defined will allow us to establish possible gaps in Somersworth-Berwick's past and current revitalization efforts, will be used not only to inform our site plan but to inform of a more robust revitalization strategy moving forward. In closing this chapter, I will introduce the test site in which our best practices and market conditions will be placed to test the financial feasibility of real estate or catalytic development in Somersworth-Berwick.

### SMALL TOWN BIG CITY

As our review of historic trends and regional economics clearly demonstrates, significant differences between small and large city downtowns do exist, particularly in their economy, cultural legacies, and urban design. These differences create both obstacles and opportunities for small downtown fringe revitalization. Perhaps some of the most intuitive differences are that smaller places lack the same depth of resources than larger and more robust centers, yet larger scales of big cities often mean bigger problems. The economic base of smaller places, being generally less diversified, are often more sensitive to development or market shocks, while large urban centers tend to more robust given a broader diversification of major industries and employers. In order to better understand and inform small downtown revitalization, Kent Robertson, prolific small town revitalization expert, has sought to identify significant similarities and differences between small towns and large cities.<sup>27</sup>

Similarities between small and large downtowns tend to be fundamental founding traits, such as urban places being founded around water bodies, for instance rivers or bays. This point may seem trivial to revitalization efforts—except as Robertson notes, humans are naturally attracted towards bodies of water. As such, water bodies can be capitalized to create an attractive amenity in many urban locations.<sup>28</sup> Another fundamental similarity is that urban centers tend to house higher concentrations of important buildings, both architecturally or culturally significant. Examples might include city or town halls, courts, libraries, theaters, and rail stations. And of course as the previous chapter established, downtowns of all sizes have been challenged by broad-based economic and

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<sup>27</sup> Robertson Chapter 2 "Downtowns" in Burayidi, Michael A. *Downtowns: Revitalizing the Centers of Small Urban Communities*. New York: Routledge, 2001.

<sup>28</sup> Breen and Rigby 1994 cited in Robertson, 2001.

social changes over time, notably the rise of suburbia and the decline of downtowns large and small.<sup>29</sup>

All of these fundamental similarities hold for Somersworth-Berwick. Their shared downtown was built along the Salmon Falls River, its dam and rapids. The Somersworth-Berwick downtown are home to two seats of government, a post office, library, and small historic museum as well as a number of exceptional architectural buildings such Somersworth's former rail station and the old Great Falls Bank building.

While similarities suggest that some revitalization strategies might be broadly applicable to large and small downtowns, it is the differences between large and small scales that will illustrate the specific issues and assets that small downtowns hold. Highlighting these differences will allow us to develop more robust revitalization and site development planning in small urban contexts. I have created a table that highlights the 11 essential differences between large and small cities, using Robertson's eight primary differences as well as Michael Burayidi's work with an additional three. The table 2.1 below also outlines where Somersworth-Berwick fall into this framework and allows us to begin to construct what best practices might apply in the Somersworth-Berwick context and to assess possible gaps in revitalization and development efforts.

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<sup>29</sup> Although as already reviewed, recent trends towards the urban living may end this commonality.

Table 2.1: Summary Table of Robertson & Burayidi's downtown differences

<b>Asset/Obstacle Assessment: differences between small town and big city downtowns.</b>			
<b>Robertson</b>	Small Downtown	Big City Downtown	Somersworth-Berwick
1. Scale and Walkability	Human scale: more walkable. Retained fine-grained historic fabric, more sensitive to white elephants	Large scale: less welcoming to pedestrians. High rise development, larger building scale, bigger blocks, less sensitive to white elephants	Largely a walkable human scale, with notable exceptions and a number of white elephants
2. Crime and Traffic	Historically Low: lasting perception of safety, latest trends suggesting some change	Historically High: trend of improving perception of safety	Historically Low: Although recent heroin epidemic and high profile crimes have shifted this perception
3. Business Mix & Ownership	Less corporate industry, limited opportunities to attract large scale development	Larger corporate presence, greater opportunity to attract sizeable employers and investment	Only one major corporate employer downtown (General Electric), limited opportunities to attract new corp. firms
4. Major Civic and Tourist Destinations	Not generally present	Homes of major sports stadiums, convention centers, and entertainment	None present
5. Retail ownership	More locally own, need more collaboration and mentorship	Chain and corporate management, have robust marketing and market share	Almost entirely local
6 & 7. Land use patterns & residential accessibility**	Compact, small scale, less compartmentalization, center is closely linked to residential areas	Larger scale, many distinct neighborhoods and districts, resident less linked to center	Compact and walkable, generally high connectivity, some sense of distinct districts
8. Historic buildings	Large concentration of historic buildings, less likely to have been redeveloped	Lower concentration of historic buildings as redevelopment and urban renewal replaced them	Many historic structures and large historic district. Major urban renewal project has undermined cohesiveness
<b>Burayidi</b>			
9. Population Diversity	Historically more homogenous, have developed tight social ties. Recent changes as immigration increases	Historically diverse, more inclusive to newcomers and new ideas	Primarily Irish and French Canadian decent, tight social ties especially in political circles. New wave of Indonesian immigrants.
10. Land Value	Low prices and rents, little variation between center and edge	High prices and rents, large variation between center and edge	Low prices and rents, little variation between center and edge
11. Funds and Philanthropy	Wealthy angel families or local foundations often influential in culture, investment, and revitalization efforts	Single foundations or individual's wealth less likely effect broad level cultural, investment, and revitalization in big city context	No families or foundations actively assuming significant "angel investment" or major philanthropy
**Combined these categories reflect Burayidi's point # 3. For a more detailed explanation of these differences please see appendix 1.			

**Scale and Walkability:** Somersworth-Berwick does retain much of its original urban fabric, which is small scale, fine grain, and highly walkable. As section one of this report noted, walkability has recently become a key attribute valued by the labor force and employers and is thus often a key feature in downtown revitalization efforts. Even though small towns have less urbanized areas overall, their environs are often a finer scale and more walkable on the whole.

There are notable exceptions to scale and walkability in Somersworth-Berwick. Somersworth was home to a large-scale urban renewal project, the Somersworth Plaza, which is not a fine-grained human scale development but rather an un-hospitable obstacle to pedestrians wishing to transverse the geographic heart of downtown Somersworth. Berwick also has a disruptive large-scale block. The former Prime Tanning factory, which grew from a modest warehouse to a monolithic block occupying nearly half of Berwick's central Sullivan Square, created a similar pedestrian barrier in Berwick.

While assessing walkability it should also be noted that scale and pedestrianism greatly decline as you leave downtown towards the new retailing center along High Street, some three miles away. Connectivity between these two centers is almost exclusively by driving, preventing one-stop and cross shopping between the two retail nodes.

Although scale is key to support walkability, it also effects small downtowns in other ways, namely the impact of white elephants. In the urban context, white elephants are symbols of disinvestment and tend to be landmark or highly visible building which has become underutilized or dilapidated. Although white elephants are common in postindustrial urban centers of any size, they tend to inflict a larger impact in small downtowns than they would in larger urban settings.

An abandoned gas station in downtown Boston is relatively low impact, while the same gas station in small downtown Somersworth-Berwick is a meaningful obstacle. Indeed, Somersworth-Berwick is home to number of white elephants including Somersworth's Somersworth Plaza, collective vacancy of Main Street's storefronts, and a highly visible vacant gas station on High Street. Berwick's largest white elephant is the empty 11 acre Prime Tanning facility, for more on Somersworth-Berwick's white elephants see chapter four. Thus, while Somersworth-Berwick has the fundamental cores of small town walkability, they are scarred by urban renewal and white elephants, see chapter four for additional assessment and supporting visuals.

**Land Use Patterns and Residential Accessibility:** Walkability and a central sense of place is also supported by the intimate scale of the urban landscape and community. The majority of residents in Somersworth-Berwick live within walking distance or a very short drive of downtown. Close proximity to downtown increases resident's access and exposure to downtown and encourages them to develop a personal relationship and sense of place with it, increasing their vestedness with downtown's health and image. As we will see later, fostering a central sense of place is another key strategy used in revitalization planning and development.

**Land Value:** The monocentric city model in short describes how city centers' improved proximity to and higher densities of both residents and businesses result in higher land value, which falls gradually the further one travels from this central point.<sup>30</sup> The theory also states that each urban or commercial center has this hierarchical pattern.

Somersworth sits within the Boston metropolitan land and rent gradient, being at the edge of the cosmopolitan area where the lowest land values and rents are in the region overall. But

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<sup>30</sup> For more detail on the monocentric city model and land and rent gradients, please see Wheaton and DiPasquale. *Urban Economics and Real Estate Markets*. Prentice Hall, 1996. Print.

Somersworth also retains its own internal rent gradient such that land values and rents in downtown Somersworth ought to be higher than land values and rents at Somersworth's edge, although just the reverse may be true in the case of Somersworth-Berwick where undeveloped land at the edge which is closer to the highway is worth more than land downtown which is more isolated and already developed.

The point Burayidi seeks to make is the difference between central Boston land values and that of its fringe are meaningful, while differences between central Somersworth's prices and its fringe are much less so. Thus a business or investor looking can more affordably acquire and assemble centrally-located property in Somersworth-Berwick and similar small cities than in larger cities, which may have implications for a firm's locational decisions and the ability of investors to implement relatively large scale projects required for catalytic development.

**Historic Buildings:** Somersworth-Berwick falls somewhere in the middle with regard to their stock of historic buildings. Somersworth is noted by informants to be home to the geographically largest historic district in the state and does retain a healthy collection of Victorian architecture, with significant commercial buildings present primarily on High and Market Streets and historical homes centered on Prospect Hill. However, following urban renewal nearly half of downtown is interrupted by unexceptional modernism that is greatly out of context with the surrounding urban fabric and creates a disjointed historic district, which is proving hard to unify down Main Street and across the Somersworth Plaza. Berwick's most significant historic structures go back to early colonial times but interestingly are not concentrated in the downtown but rather sprinkled throughout the town on what was then the American frontier (and what is now largely farm and woodlands). Thus Somersworth-Berwick does have meaningful historic assets but might want to consider how to focus efforts on those pieces which are most significant and/or seek to bridge gaps in historic continuity created by urban renewal.

**Presence and Business Ownership:** Somersworth-Berwick conforms to the view that smaller cities tend to have less corporate industries downtown than larger cities, particularly in terms of retailer and large employers. The lack of major corporations represents a number of challenges for smaller cities. Firstly, small cities are less likely to attract major employers to their downtowns as small cities are now considered secondary or fringe market locations and larger firms generally seek more central locations, as previously discussed. In the same mold downtown retail development is unlikely to be anchored by some national chain that has a large regional draw; again these corporate chains generally refer to green field development unencumbered by urban scale and parking concerns. Thus corporate recruitment and development campaigns are generally not a viable approach to downtown revitalization in a places such as Somersworth-Berwick.

By contrast, the high percent of local business and retailers present their own opportunity and challenges: namely how to compete with national corporate chains. Thus revitalization strategies around local business development and marketing might be more important in small rather than big city contexts.

For a more thorough discussion of how small downtowns differ from large urban centers please see appendix 1. For now, this section has highlighted the most significant differences and how Somersworth-Berwick fit within them. Having a basis for comparison on how small downtowns are different from large cities, we can now shift our attention to some of the specific issues and assets available to small downtowns. Our aim in assessing the issues and assets of small downtowns is to better understand the context of small fringe towns, to establish best practices of downtown revitalization in this context, and to assess the possible gaps in Somersworth-Berwick's revitalization

planning. Our assessment of issues, assets, best practices, and gaps will help inform our site plan as well as planners and developers moving forward with revitalization efforts.

## ASSETS + ISSUES + STRATEGIES

In this section I will utilize Robertson’s seminal “Can Small-City Downtowns Remain Viable?” to broadly highlight and contextualize assets and issues facing small towns with those of Somersworth-Berwick. Later in this section I will also examine the frequency and success of revitalization efforts, again broadly and within the Somersworth-Berwick context. I will highlight possible gaps in local revitalization efforts and distill specific recommendations to help fill those gaps. The findings of this section will also be used to inform our test site’s development plan which will test the market feasibility of catalytic real estate development as a revitalization strategy.

Robertson’s 1999 work sought to identify what obstacles and assets were in regard to small downtown development and revitalization by conducting a national survey of small towns who were asked to rank development issues, assets, and revitalization strategy utilization as well as effectiveness. The data uses responses from 57 freestanding small cities with populations between 25,000 and 50,000.<sup>31</sup> I will first review common issues before moving on to common assets of small towns, again contextualizing the general trends into the specific Somersworth-Berwick context to identify possible gaps in local revitalization efforts. Finally I will analyze the frequency and effectiveness of small downtown revitalization strategies to highlight those strategies proven most effective in other contexts.

### DOWNTOWN ISSUES ON THE FRINGE

*Table 2.2. Ranking of small city downtown problems from a 1995 survey of 108 small cities with 57 respondents.<sup>32</sup>*

Having already discussed the contemporary context of urban change and suburbanization, most of the issues identified by communities are unsurprising. Small communities identified [1] Attracting new development, [2] attracting people, and [3] competing with suburban retail development as the largest issues facing downtown, see table 2.2.

Somersworth-Berwick has certainly struggled with these issues, although following informational interviews and site inspections I would also highlight [4] vacant/underused retail space and [13] organization/cooperation of downtown interests to create Somersworth-Berwick’s

Downtown Problem	Mean Rating
1. Attracting new development	3.74
2. Attracting people downtown evenings/ weekends	3.68
3. Competition from discount stores and/or suburban malls	3.61
4. Vacant/underused retail space	3.54
5. Parking	3.53
6. Shortage of suitable housing	3.42
7. Image	3.26
8. Vacant/underused office space	3.19
9. Preservation of older buildings	3.09
10. Unattractive building facades	3.00
11. Crime (real or perceived)	2.93
12. Traffic circulation/congestion	2.90
13. Organization/cooperation of downtown interests	2.77
<hr/>	
Rating Scale on Survey	n= 57 cities
5 - A major problem, very high priority	
4 - A clear problem, medium priority	
3 - A moderate problem, but not a major priority item	
2 - A minor problem	
1 - Not a problem in this downtown	

<sup>31</sup> Robertson, Kent A. "Can Small-City Downtowns Remain Viable?" *Journal of the American Planning Association* 65.3 (1999): 270-83.

<sup>32</sup> Robertson, Kent A. "Can Small-City Downtowns Remain Viable?" *Journal of the American Planning Association* 65.3 (1999): 270-83.



top five downtown problems. Given the complexity that have given rise to and continue to influence these issues, I will not seek in-depth analysis of every issue but rather seek to might make general observations about their nature.

The first observation one might make is that attracting new development and people downtown goes hand-in-hand with competition from suburban retailing and downtown retail vacancy. Indeed, these first four issues share a strong economic and market-based component. As already discussed, shifts in the American urban and economic structure led to the decline in manufacturing, which coincided with the rise of suburbanization. In Somersworth, suburbanization has shifted the economic heart, human activity, and investment from downtown to new suburban commercial centers that now see the vast majority of shopping trips and whose workforce now greatly exceeds that of downtown. By contemporary standards downtown Somersworth is a secondary or non-traditional market for office employers, national retail, and industrial development.

It is unsurprising therefore that Somersworth-Berwick has failed to develop or retain robust downtown employment and a strong retail presence. With a few exceptions, downtown Somersworth-Berwick's retail is utilized for low value office, food delivery, thrift retail, or warehousing; otherwise it is simply vacant. The result of this economic shift from downtown is that few people patron downtown. It has become a space for commuters rather than community: most people's primary experience with downtown Somersworth-Berwick is passing through on their way to upper High Street's big box stores and the highway.

Robertson specifically notes some of the primary issues that have repressed downtown development. Foremost is that contemporary developers lack downtown development experience. Tasks such as assembling smaller parcels, urban design challenges of redevelopment, and constrained urban sites all act to deter suburban commercial developers. Suburban developers work in a world dominated by greenfield development and cookie-cutter dimensions. Their developments are highly replicable—non-context specific—and thus require less savvy and attention to site specific detail.

Indeed, many downtowns lack the market fundamentals to support new development. Key considerations for new development are the size and characteristics of the market area, mixed of workforce, incomes, population growth, and locational considerations such as highway access and desired amenities, all of which effect rents and property values that ultimately make for-profit development feasible.<sup>33</sup>

Even if market fundamentals support development, investors often see urban development outside of core markets as too risky or small. This is especially true when investors consider their exit strategy. Real estate investors want to know they can sell their assets quickly and at a good price. This "market liquidity" is generally reduced in smaller secondary markets and consequently hampers investment. Then there is the other and perhaps more common scenario that market fundamentals do not support for-profit investment, development, and revitalization and thus the private sector has little or no economic incentive to invest without public subsidy.

The second largest issue faced by small downtowns is the struggle to attract residents, especially after business hours and over weekends. Again, small towns tend to lack a critical mass of amenities, residents, or the optimum mix of businesses that attract residents and visitors. The result

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<sup>33</sup> Robertson, Kent A. "Can Small-City Downtowns Remain Viable?" *Journal of the American Planning Association* 65.3 (1999): 270-83. P 274. S

is that small downtowns are largely inactive and unwelcoming places, particularly in off business hours. Small towns are especially challenged to establish a robust dining and cultural scene that comprises restaurants, bars, clubs, and cafes. In the case of Somersworth-Berwick, dining and cafe businesses have suffered from competition with national chains such as Applebee's, Chilis, and Dunkin Donuts, which have successfully drawn diners out of downtown, making the survival of complementary bars and cafes and similar after hour businesses difficult.

This is certainly true for Somersworth-Berwick, who retains high vacancy rates in retail and a number of white elephants that further fuel the perception of decline and discourages visitors and investment. As mentioned previously, Somersworth-Berwick's white elephants include Somersworth's dilapidated and largely vacant lower Main Street and Somersworth Plaza, and Berwick's Prime Tanning building. Such white elephants fuel the perception of decline, present visual or sometimes physical barriers to pedestrians, deter investors and business from locating near them, and lower property values of surrounding structures.

Revitalization efforts are aided when market fundamentals support property investments and new development. White elephants are more readily redeveloped when property investments are less risky and more liquid and when demand for space and rents high. However, establishing what the market supports and where the possible gaps are is a challenge. To better inform revitalization efforts and planning in Somersworth-Berwick moving forward, this report will later seek to establish these market fundamentals and assess the market and financial gaps by conducting a market study, site plan, and financial model which in addition to this review of best practices will highlight the market and financial gaps in Somersworth-Berwick and thus better inform planners and developers of the potential for revitalization and redevelopment or need for public support in Somersworth-Berwick.

While these first four issues have a strong economic basis there is also a strong social component, particularly in regard to issue [13], organization and cooperation of downtown interests. Informants and observation suggest that *noncooperation* among the various grassroots, nonprofit, and public groups working on economic and community development is one of the largest barriers to create successful cultural events or implementing revitalization strategies in Somersworth-Berwick.

There are a surprising number of organizations whose missions support the shared goal of building a healthier and happier community, centered on a vibrant downtown. The Somersworth Festival Association, Friends of Somersworth, Envision Berwick, and Berwick Arts Association as well as Somersworth Historical Society, Somersworth's Vision 2020 committee, the Somersworth-Berwick Chamber of Commerce, The Somersworth Housing Authority, Great Falls Community Development Corporation, and the defunct Somersworth Main Street Program. Not to mention a redundancy of local and county agencies split between the two towns and states. Yet there is little to no meaningful collaboration between these bodies and no central revitalization framework in which to act!

When questioned about inter-town and inter-organization collaboration, nearly every informant stated that efforts had been made in the past but could not point to recent collaborations that resulted in effective positive action. When asked why inter-town and inter-organization collaboration is lacking, unanimous agreement pointed to a bifurcation of personal interests and views that could not be overcome. In the case of formal relations between Somersworth and Berwick some segregation is understandable as the two municipalities are located in different states, have different forms of government, different laws, and different tax systems. As such, the basic coordination we might expect in a unified town is required to be segregated. Even so, collaborative between the two towns' officials and community leaders is not prohibited.

Nonetheless, informants note that joint planning and coordination has never been particularly robust, and a recent disagreement regarding what was formally a jointly-held Christmas Parade resulted in further cooling between the two towns. It seems that a shared downtown, a clear incentive to work together to meet their shared goals of revitalization, and over two hundred years of shared history has yet to overcome political infighting and social partisanship. Following the parade disagreement even trivial matters of coordinating the electric bill of shared street lighting that crosses the Somersworth-Berwick Bridge has taken on political significance and feet-dragging.

Yet inter-town disagreements are not the only root of social discord in Somersworth-Berwick. An impasse within and among other organizations appears to break down largely along generational lines. As two independent informants stated, there are two competing visions of what Somersworth-Berwick ought to be and how to do it. One is held by the “old guard” of lifelong residents who experience Somersworth-Berwick as it was and the other is generally held by the “new guard” of younger and more recent residents who look to engage what Somersworth-Berwick is today and what it could become.

When asked what it would take to overcome this generational deadlock, two separate informants independently replied simply that the new guard would have to “wait for the old guard to die off.” Clearly such sentiments are emblematic of a complex social and political climate that results in the compartmentalization rather than coordination of action, impeding downtown revitalization and community development efforts rather than supporting them. Moving forward it is clear that successful revitalization efforts will need broad-based support and community buy-in as well as robust political capital.

Identifying and contextualizing the primary challenges that face downtown Somersworth-Berwick highlights the key issues that need to be addressed moving forward. Moreover, by comparing Somersworth-Berwick’s primary issues with that of similar communities we can see where gaps in Somersworth-Berwick’s revitalization and planning efforts are, namely in collaboration and a cohesive framework and likely in market fundamentals that inhibit investment, development, and the creation of a vibrant downtown.

## **FRINGE BENEFITS: ASSETS OF SMALL CITY DOWNTOWNS**

While addressing issues is fundamental to successful revitalization, nowhere thrives simply by dealing with their problems. Vibrant downtowns are embedded in engaged communities that effectively attract investment by having a clear sense of their assets and how to promote them. Having a clear sense of one’s assets allows for developing revitalization strategies that support and advance those strengths which become the foundation for the creation of place, community engagement, and investment.

Referencing table 2.3 we can see that small towns’ strongest asset tends to be historic preservation and architecture which greatly outperform even the second highest ranked asset. The remainder of the top five small downtown assets include, [2] waterfront access [3] daytime workforce, [4] retail and service mix, and [5] government centers.

Following my assessment of Somersworth-Berwick and informant interviews Somersworth-Berwick’s six most pertinent assets are architectural heritage, riverfront access, availability of buildings, and availability of parking, government center, and community spirit.

**Small-city downtown assets.**

Downtown Strength/Asset	Number of Cities Listing as One of Top Three Assets (n=57)
Preservation/Architecture/Heritage	24
Waterfront/Riverfront	13
Daytime Workforce	12
Retail/Service Mix	11
Government Center	10
Strong Downtown Association	7
Central Location	7
Strong Retail	6
Availability of Land/Buildings	6
Parking	6
University	5
Parks/Open Spaces	4
Civic/Convention Center	4
Main Street Approach	4
Transportation	4
Community Spirit/Commitment	4

Note: Thirty-eight other downtown strengths/assets were listed 1 to 3 times on this open-ended survey question.

Table 2.3 Common small town assets.<sup>34</sup>

As mentioned previously, Somersworth-Berwick, like many small towns, have a proportionally robust architectural heritage. Somersworth in particular has the largest historic district in the state, maintains an Historic District Commission (HDC), and is home to the Summersworth Historical Society and museum. Indeed Somersworth for better or worse looks just as much to the past as it does to the future. Indeed the town's oft-touted motto is "Proud Past, Bright Future."

Yet Somersworth-Berwick are not historically or architecturally unique and nearby towns of Dover, Portsmouth, and Exeter, have far more robust inventories of historic buildings and longer, more famed histories. Even though Somersworth-Berwick embody a typical New England mill town, its quaint appeal should not be discounted but promoted and embraced, see images 2.4 and map 2.5. If nothing else, preservation is an important piece of the

community's identity, self-worth, and heritage: especially in the wake of urban renewal which scarred downtown's urban legacy and the community. It is therefore important that preservation is engaged rather than neglected as part of revitalization efforts. Indeed, Somersworth-Berwick's historic feel, tight-knit community, and urban fabric could be attractive selling points given emerging trends as homebuyers and employers seek walkable environments with a strong sense of place and community.

Perhaps Somersworth-Berwick's largest potential asset is its riverfront, topography, and position. The Salmon Falls is a comparatively small river, which makes its calm beauty behind the dam relatable rather than monolithic, while its falls and rapids demonstrate the power that gave life to the town's industry. As the river's name suggests, the falls and rapids predate the dam and mills and mark a significant drop in the natural topography. Indeed, Somersworth-Berwick roughly mark the transition between the coastal plane and the mountains. Go further north and you will quickly encounter larger hills and mountains, go south and you'll just as quickly find estuaries and the ocean. Informants suggest that this position as the gateway to both the seacoast and the mountains has long been thought of as Somersworth's asset but has yet to be fully capitalized on, perhaps due to the downtown's relative isolation from Route 16, the main north/south highway.

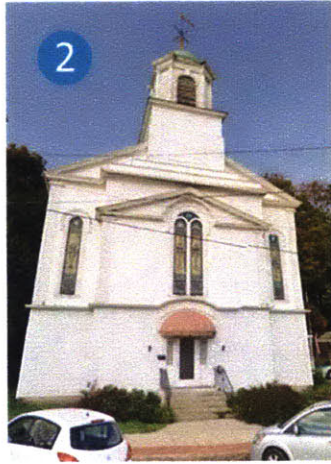
The hidden emerald of downtown Somersworth-Berwick is undoubtedly the lush gully carved from the falls. Some 80 feet to the bottom is rocky rapids while the steep sides of the gully are covered in trees, moss, and ferns. Once in its midst you have no perception that you are in the heart of downtown!<sup>35</sup>

<sup>34</sup> Robertson, Kent A. "Can Small-City Downtowns Remain Viable?"

<sup>35</sup> Even though the mills and GE sit less than 100 yards away!



## Somersworth-Berwick Key Assets



*Images 2.4 The above images are a sample of the local historic community icons, which are both assets and opportunities within downtown Somersworth-Berwick. These assets should be restored, preserved, and promoted/connected.*





Map 2.5 This map shows some of the key historic assets and how they are linked or not linked via pedestrian accessibility. The map also shows key holes where community and historic icons are lacking or might be created.

Another interesting topographic feature of Somersworth is Prospect Hill. Known simply as “The Hill,” it is locally iconic as being home to most of the city’s historic district. The Hill has greatly informed the city’s urban form: the base of the hill creates a natural path where High Street, Market Street, and most of downtown’s surviving retail is located. Prospect Hill is modest, rising 140 or so feet, but its steep slopes are fully developed with historic homes. Additionally, the top of the hill holds a park, The Noble Pines, and former Hilltop Elementary school, which is currently vacant but managed under a private-public partnership to oversee its reuse. Somersworth’s sloping and hydraulic topography create an enriching amenity that makes the town different from its peers and contributes to its unique sense of place. As Robertson notes, people are naturally attracted to water; thus the waterfront holds a great potential for increased recreation and access, particularly improved views. That said, it is not without barriers, and the Somersworth Bank of the river is dominated by a freight rail line which impeded access to much of the waterfront. Future efforts might look to identify and focus on areas that are not impeded by the rail’s right-of-way or look to partner with the rail corporation to realize improved access within/across their property.

Availability of space and building is an asset that Somersworth and Berwick have in spades. There are many empty store fronts and vacant structures. Real estate prices are markedly lower here than in surrounding communities. In many cases structures are valued well below the replacement cost, which has been problematic for both the local Historic District Commission (HDC), who wants to exact higher-quality design and materials as well as property up-keep more generally. However, the abundant amount of vacant space and low real estate prices result in lower rents as well as more affordable assemble prime sites for repositioning or redevelopment.

Another of Robertson’s studies suggests low market values don’t always translate into reasonable sale values as owners of vacant or blighted properties often over value their properties, remain unwilling to sell, or are generally uncooperative to participate in revitalization efforts. The tendency of current owners to hold out for unrealistic prices hinders the exchange of properties to owners that might be more willing and able to invest in them.<sup>36</sup> Even with the presence of speculative holdouts, lower rents and low property values do generally lower the barriers of entry for first time homeowners, entrepreneurs, and investors. In a region with increasing costs, affordability and availability of space is an asset.

Like space, Somersworth-Berwick also enjoys an excess of parking. The hollowing out of industry downtown has left copious available parking spaces. GE alone used to have 2,300 workers and required at least as many parking spaces in the downtown. Now that GE employs a mere 300, there is an abundance of open parking. Coupled with the decline of downtown retail industry, demand for parking has contracted significantly. Compared to other communities such as Dover and particularly Portsmouth, Somersworth-Berwick is a parking dream. They are the last towns their size to retain free parking in downtown. Indeed, the lack of parking in Portsmouth is now broadly considered to be deterring visitors and hindering growth, leaving Portsmouth and other communities to deal with the expense of addressing parking shortages or establishing transit alternatives. Somersworth as of yet has none of these parking issues.

However, the abundance of parking does not prevent parking from being an issue in Somersworth-Berwick. Robertson notes that even when parking is not an issue there is often the perception that it is, and that perception can often become a point of contention in planning and development.<sup>37</sup> This

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<sup>36</sup> Robertson, Kent. "The Main Street Approach to Downtown Development: An Examination of the Four-point Program." *Journal of Architectural and Planning Research* 21.1 (2004): 55-73. P. 65.

<sup>37</sup> Robertson, Kent A. "Can Small-City Downtowns Remain Viable?" (1999): 270-83. P. 279.



is certainly the case in Somersworth, where a recent downtown improvement project sought to increase sidewalk width and create bike lanes, at the expense of angled parking which was reconfigured to parallel parking with less spaces in a limited section of downtown. A few more spots were lost to the creation of a pedestrian plaza on Market Square.

The loss of these parking places sparked an outcry of local businesses and residents, although abundant parking remains available on side streets or in the Somersworth Plaza lot less than 100 yards away.<sup>38</sup> Robertson suggests working to develop a downtown parking program that seeks to inform residents and business owners of best parking practices, shared management responsibilities, and improved signage. We can also note that perceptions of parking issues might in fact be reflecting issues of streetscape, thus sidewalk, signage, and beautification improvements can greatly increase pedestrian willingness to walk the required distance from parking to businesses.

Somersworth-Berwick offers a rather interesting context in terms of being a joint civic center, as each side of downtown is a seat to its municipal government. Nonetheless, government offices have consolidated and dispersed from downtown over the years, notably with the merging and closing of neighborhood schools, town courts, and recent movement of the Somersworth police station out of the downtown. Downtown Somersworth it is still home to a modern and highly visible city hall, as well as a post office, museum, and library. Berwick's downtown is centered on its prominent town hall, police station, and fire department. The clustering of these civic buildings not only reinforces the cultural importance of downtown but remains one of the few draws that bring all residents downtown.

Though community spirit ranks low in the Robertson survey it is undoubtedly an asset to Somersworth-Berwick. While collaboration between state and institutional lines is wanting, there remains a healthy core of passionate, intelligent, and dedicated community members working to make Somersworth-Berwick a better place to live and work. It is evident that the success of any downtown revitalization effort will rely heavily on their engagement, support, and vision. Robertson, Milder and Dane, and numerous others note that these community members are vital to the downtown revitalization process and cannot be discounted.<sup>39</sup> It would be a mistake not to acknowledge and empower community leaders who retain the passion and insight that will ultimately make revitalization a reality.

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<sup>38</sup> The distance from the Plaza lot to either Market or High street retail nodes of downtown is about the same distance from the back of a typical big box store's parking lot to its interior, and likely closer than to its milk section which we all know they keep in the back of the store.

<sup>39</sup> Milder, David, Andrew Dane, and Short Elliott Hendrickson Inc. "Some Thoughts on the Economic Revitalization of Small Town Downtowns." *EcDeveJournal.com*. 27 Aug. 2013. Web. 1 Dec. 2014. And Robertson, Kent. "Main Street Partnering," *Let's talk Business, UW Extension*: 78, February 2003.

## STRATEGIES FOR DOWNTOWN REVITALIZATION

Given the various assets and issues facing small downtowns and Somersworth-Berwick the next question becomes: what are revitalization strategies and which are most effective? Specifically, what revitalization strategies are already in place or have been implemented in Somersworth-Berwick, and how effective are these efforts in light of Somersworth-Berwick's assets and issues and those best practices as defined by Robertson's survey? In closing this section I will explore the limitations of these best practices. The successful implementation of these strategies relies on highly localized market conditions or financial feasibility and subsidy. To address this limitation I will review an additional revitalization strategy framework, catalytic real estate development, and the next phases of our revitalization investigation, a market study and test development.

*Table 2.6 Utilization Frequency of downtown revitalization strategies*

Table 2.6 from the Robertson survey shows the 16 most commonly used revitalization strategies implemented in small downtowns.<sup>40</sup> This ranking of strategy use frequently gives us the opportunity to evaluate the breadth of revitalization strategies used by small communities and to reflect on like efforts in Somersworth-Berwick. Somersworth-Berwick's most notable revitalization efforts are well-represented in this frequency ranking, namely historic preservation, pedestrian improvements, nightlife, and entertainment development, and the main street approach.

Development Strategy	Cities Using Strategy (n=57)	Percentage
1. Historic Preservation	50	87.7
2. Nightlife/Entertainment	49	86.0
3. Main Street Approach	44	78.6
New Office Development	44	78.6
5. Pedestrianization Improvements	42	72.2
Tourism	42	72.2
7. Downtown Housing	39	68.4
8. Traffic Circulation Changes	37	66.1
9. Transit Improvements	32	58.2
10. Parking Facilities	20	37.0
11. Waterfront Development	18	31.6
12. Pedestrian Malls	17	29.8
13. Centralized Retail Management	13	22.8
14. Convention Center	10	17.9
15. Indoor Shopping Center	9	15.8
16. Sports Stadium/Arena	6	11.5

Table 2.7 shows Robertson's findings on the success of these revitalization strategies. Though Robertson's list of successful strategies is insightful to suggest how small downtowns might best approach revitalization, it is by no means a blanket prescription. For instance, the fourth most effective strategy is the development of a convention center. In the context of Somersworth-Berwick, a convention center would not be financial viable and therefore would be a poor strategy to foster revitalization.

<sup>40</sup> Robertson (1999) P. 276.

Table 2.7 Rating of downtown revitalization success strategies

Development Strategy	Success Rating
1. Main Street Approach	3.57
2. New Office Development	3.52
3. Waterfront Development	3.47
4. Convention Center	3.40
5. Pedestrianization Improvements	3.36
6. Sports Stadium/Arena	3.33
7. Historic Preservation	3.32
8. Parking Facilities	3.20
Tourism	3.20
10. Centralized Retail Management	3.15
11. Downtown Housing	3.03
12. Transit Improvements	2.91
13. Indoor Shopping Center	2.89
14. Traffic Circulation Changes	2.81
15. Nightlife/Entertainment	2.80
16. Pedestrian Mall	2.53

Success Rating Scale on Survey n=57 cities  
 5 - Very successful, highly acclaimed impact  
 4 - Successful, clear positive impact  
 3 - Modestly successful, impact less than hoped for  
 2 - Success is debatable, criticized by some  
 1 - Not successful, heavily criticized

It is also interesting to note the frequency does not correspond to success. And while there is wide variation in how broadly some strategies are used, there is much less variation in how broadly effective they are, with the highest-rated strategy only one scale above the 16<sup>th</sup> rated strategy. Based on the five-point scale, effectiveness ranges only 20 percent from the high reported yet only “modestly successful” Main Street Approach, to the lowest-ranked “success is debatable” Pedestrian Mall. One might conclude that assessing success of strategies is difficult as no one strategy is a clear winner or loser. Even if a strategy has by-in-large failed it may have some redeeming quality and other strategy's successes will surely have short comings. No silver bullet exists with regard to revitalization. That said we can explore how the use or nonuse of strategies in the Somersworth-Berwick context might rank based on the issues and assets in place and their revitalization efforts and outcomes.

### Historic Preservation

Historic preservation has had mixed success in Somersworth-Berwick. The Historic District Commission (HDC) has struggled to remain consistent in its approved use of materials and renovation standards in their attempt to remain sensitive to higher costs associated with the use of historic materials and renovation methods. This becomes particularly acute when a home in question is not of the same architectural or visual prominence, and the HDC is more lenient with methods and materials than with more significantly contributing buildings. Moreover, nearly all the historic homes are well below replacement cost, so improvements tend not to be fully reflected in increased sale values. Unsurprisingly, increasing costs and unclear methodology of HDC approvals can make the HDC and historic district unpopular.

However, historic buildings are clearly an asset for Somersworth-Berwick and it is clear that the HDC and preservation has been successful, namely in the form encouraging home renovations to utilize historic materials and through a downtown façade improvement program which was a joint undertaking of the then-active Somersworth Main Street Program and the Somersworth Housing Authority (SHA). Using an SHA grant and working with the HDC, the Main Street program was able to successfully restore five facades along High and Market Streets. These façade improvements were effective in that they were high-visibility and in close proximity to each other, thus creating a cohesive and attractive historic sense of place.

The HDC has more recently overseen the restoration of an additional two facades along this same stretch of High and Market Streets, following the 2012 adoption of RSA 79E, a revitalization tax relief

incentive. Keeping in line with Somersworth-Berwick's prime issue of a fragmented and often conflicting group of community and political leaders, some citizens and policy makers within these groups now question the HDC's and historic district's role and scope of power, and are looking to disband or limit the HDC's role.

While the HDC's consistency is perhaps wanting and the historic districts themselves are more disjointed and broad than would be ideal, preservation efforts have achieved notable impact on High and Main Streets as well as the Hill district. These preservation efforts have fostered a growing base of improved buildings which contribute to the historic district's continuity and downtown's sense of place. By-in-large, historic preservation has been "modestly successful, with less impact than hoped for" in Somersworth-Berwick.

### **Street and Pedestrian Improvements**

Street and pedestrian improvements were most recently undertaken by Somersworth. The nearly complete downtown improvement project utilized a Federal Transportation Enhancement (TE) grant to catalyze road, bike, and pedestrian improvements long the downtown sections of High and Market Streets, as well a small spur down Main Street. This improvement project marks the first large-scale roadway and infrastructural improvements in downtown Somersworth in well over 40 years. The 4.8 million dollar project sought to unify the downtown streetscape by reworking curb cuts, widening sidewalks, building bike lanes, and creating pedestrian plazas along the most vital and heavily traveled portions of High and Market Streets.

In addition to updating infrastructure these street improvements sought to address some of Somersworth's prime issues of attracting people downtown and perhaps spurring new development. The project will finish in the late spring of 2015 making it difficult to assess the project's ultimate impact with regard to these issues. Yet speaking with local business owners and residents, a few observations can be made regarding the project's successes and possible shortcomings thus far.

The creation of bike lanes and reorientation of angled parking to parallel parking has increased, or perceptually increased, the width of the travel lanes along Market and High Streets. Informants and observations suggest this has led to increased speed at which vehicles pass through the downtown.<sup>41</sup> This was in spite of the community having identified speed as the primary cause of pedestrians feeling unsafe, making people wary of crossing the road and resulting in an unwelcoming environment for shopping and leisure,<sup>42</sup> thereby making downtown a less enjoyable place to live, work, and play—rather than attracting more people to the downtown.

Even though wider sidewalks and plazas seek to improve the pedestrian realm, additional traffic calming measures must also be made to slow traffic in the downtown so that pedestrians feel safe and comfortable. Slower traffic would support better pedestrian connectivity across and along the street, thereby better connecting residents, businesses, and neighborhoods. The most robust retailing centers rely on a highly permeable two-sided retail environment; that is, storefronts on either side of a street which is easily and safely crossed.<sup>43</sup> Informant interviews suggest that in

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<sup>41</sup> This observation is made by eye rather than quantifiable data, so the degree to which speeds have increase if at all is a matter of debate. What is clear however is that the downtown improvement project has not slowed traffic as the community and businesses desired.

<sup>42</sup> Downtown Improvements Somersworth Gateway Design Charrette. July 2014.

<sup>43</sup> Reflect on your favored shopping experiences, mall design and successful downtown shopping streets such as Boston's Newberry and Portsmouth's Market Streets reflect this two sided, pedestrian first environment.



addition to high travel speeds there is also a lack of cross walks in key locations, so-called “desire lines” where one naturally wants to cross.

While streetscape improvements might seem trivial, they are vital to create a welcoming and beautiful environment that encourages people to spend more time in downtown and greatly increases their safety and willingness to walk around. While recent investments in the downtown streetscape have done much to improve Somersworth’s downtown appearance, effective improvements will require continued conversation between local needs and perceptions and iterative interventions of improvements to realize their desired feel and function. While the full implications of pedestrian and street improvement revitalization efforts remain to be seen, I would judge them to be between “modestly successful with less impact than hoped for” and “success is debatable, criticized by some.” What is undeniable is that infrastructure improvements were and are desperately needed in downtown and in that regard this project is a success.

### **Downtown Housing**

Housing has not generally been used in the revitalization effort in Somersworth-Berwick. Past efforts have used housing as a means to revive underutilized schools, courts, churches, and mills but was more a default position resulting from individual projects that established housing as the highest and best use. That is downtown housing has not explicitly been used to as revitalization strategy in Somersworth-Berwick but has become so by default as a result of market forces. Some of the most successful downtown improvement projects in Somersworth-Berwick have been the use of housing as a basis for renovation and reuse. Queensbury Mills, Canal Street Mill, Sullivan Street School, and Great Falls School were all restored and have maintained historic buildings downtown that were formerly in disrepair.

Success in downtown housing development can be measured by the increase of new residents and their spending dollars in the district, the repositioning of a formerly vacant or underutilized space, and in assessing the degree to which new residents contribute to a sense of community and place as well as activating downtown through their daily presence. Given the *laissez faire* use of downtown housing development as a revitalization strategy and its clear success, I recommend that current and ongoing revitalization efforts place a higher emphasis on creating more housing downtown. Housing revitalization efforts should seek to increase the downtown population, the number of people visiting downtown in off business hours, and the local business patrons, while also encouraging a new, more robust downtown community.

### **Main Street Program**

The Somersworth Main Street Program (MSP) lost city funding and closed in 2008. While funded, the program enjoyed a number of successful revitalization initiatives. Primary among them was partnering with the Housing Authority and HDC on the aforementioned façade improvement program. MSP also founded the now annual Pumpkin Festival, which lives on through the Somersworth Festival Association. Somersworth Main Street Program also worked to improve waterfront access. The MSP conducted a study and charrette around the creation of a riverfront park and boardwalk. Although popular among the community, funding for the boardwalk and park was never secured, again reflecting the difficulties of attracting private investment in secondary locations and challenge of sourcing funds across a range of organizations.

To fully assess the MSP's success, we should first explore the structure and purpose of the program. The Main Street Program is associated with the National Trust for Historic Preservation and uses a now-famed is a four-pronged approach to downtown revitalization: [1] promotion, [2] organization,

[3] design, and [4] economic restructuring. Promotion seeks to market the downtown and improve its reputation. Organization seeks to facilitate cooperation by bringing together stakeholders across businesses, the community, and government.<sup>44</sup> The design approach seeks to improve and progress the physical state of downtowns by enhancing and coordinating urban design/preservation, open spaces, and streetscaping. Finally, economic restructuring aims to strengthen downtown's economic base. Economic restructuring is the least utilized and most technical prong.<sup>45</sup>

The MSP is more a broad revitalization framework that links and leverages people and resources across its broad focus areas to realize revitalization in a holistic fashion. Given the broad applicability of the MSP, it is little wonder that it is the highest ranked of the revitalization strategies. When considered closely, all other development strategies listed can be classified and organized within the main street approach.

Even though the Somersworth MSP was short-lived and disbanded some seven years ago, its impacts are still visible in the events, plans, and appearance of downtown. In that sense the MSP was successful particularly in working to bring together the various resources and organizations engaged in downtown to realize its projects. Another interesting nuance to consider is that the MSP is perhaps the only revitalization approach utilized in Somersworth that explicitly sought to build and promote Somersworth's existing assets. However, MSP defunding highlights the collaborative issues inherent to Somersworth and shows that some viewed the program as slow moving and ineffective, while also holding that if it could not fund itself then it should not be supported by tax-payers.

Indeed, the MSP volunteer base, community-led process, and merger public funding limited and slowed its impact. Moreover, strategy planning and implementation in the MSP, as in most other Somersworth-Berwick groups, often broke down between the legacy residents and new visionaries, again limiting impact. Given the restricted resources the MSP had and its lasting impact in downtown improvements I would rate it between "successful, clear positive impact" and "modestly successful, impact less than hoped for."

### **Dining, Nightlife, Entertainment/Culture**

Somersworth-Berwick have struggled to create and maintain a downtown dining, nightlife, and cultural/events scene. There have been numerous attempts to create a destination restaurant and bar. As previously mentioned, downtown food options are dominated by takeout and delivery establishments. As far as nightlife goes, unless you are veteran or belong to a male dominated social club, your Somersworth-Berwick options are limited.

The old Somersworth train station is perhaps a good example of this strategies' struggle. The space provides an attractive rustic atmosphere that most restaurants and bar owners would love to call their own, yet many businesses have failed in this location for a number of reasons. The first obstacle is perhaps location, the train station is centrally located in downtown but the primary restaurant space does not have high visibility from High and Market Streets. Another factor is the decreased number of people in downtown, as the number of workers and residents in the downtown is significantly lower than in the past. Those challenges coupled with the general lack of business

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<sup>44</sup> Additional information on the MSP and its efforts and effectiveness can be seen in appendix 2 and in Robertson, 2004.

<sup>45</sup> Robertson, Kent. "The Main Street Approach to Downtown Development: An Examination of the Four-point Program." *Journal of Architectural and Planning Research* 21.1 (2004): 55-73.

organization and management savvy has resulted in a steady turnover of failed dining and bar concepts for this and other locations in downtown.

This has changed recently with the entry and success of two local businesses, Teatotaller Tea House and Leaven Bread and Beer House. Leaven, a craft beer bar and bakery, was opened by a group of young entrepreneurs and marks the most recent and most successful attempt to create a dining and nightlife destination within the community. Leaven reflects one of Somersworth-Berwick's key assets, affordability, which made Somersworth-Berwick an attractive alternative for entrepreneurs compared to neighboring communities. Moreover, the owners recognized a niche market for progressive food options and a contemporary beer-orientated bar within the downtown. Leaven sought to engage the community and relied heavily on crowdfunding to fit out its space and fund its development. Leaven's success stems from its aim to fill unmet local demand, while it actively seek to create and stimulate new demand through its robust promotion, regular events, and community engagement, setting Leaven apart from past attempts.

Teatotaller Teahouse is another recent success story and is owned by the same entrepreneur that partnered in the development of Leaven. While Teatotaller appeals to a different demographic segment, it has enjoyed moderate success despite its poor location on Main Street.<sup>46</sup> Both of these establishments have bucked the trend of past food offerings with fresh menus, robust event offerings, and strong promotional efforts. They seek to tap into and foment unmet demand for within Somersworth-Berwick, particularly that of young professionals. Filling market gaps or creating non-traditional market niches while engaging the community has proven key to realize success in an otherwise challenges downtown market. It is clear that these nontraditional and unstandardized approaches to business development require a hearty spirit and savvy by business owners. Even though these businesses are young they have already attained "modest success with clear positive impact."

While the Somersworth-Berwick dining and nightlife renaissance is in its nascent stages, entertainment and culture continue to struggle. For the past 35 years the Somersworth International Children's Festival has been the leading festival and community event for Somersworth-Berwick. It aims to promote Somersworth-Berwick culture, history, and to build civic pride within the community. At its peak in the early 1990s, this June festival would attract thousands of visitors, primarily families with young children, to downtown Somersworth. In recent years however, the Somersworth Festival Association (SFA) has struggled to keep its funding, grow/maintain its volunteer base, and keep the Children's Festival dynamic and attractive to changing consumer tastes and demographics. As a result attendance and appeal of the Children's Festival has wilted. Today the Children's Festival remains Somersworth-Berwick's largest event but attendance has greatly declined as have perceptions about the festival, inhibiting it from realizing its core aims.<sup>47</sup>

More recent community events have also sought to foster a sense of community and to revive the downtown. The Pumpkin Festival, hosted by the SFA, and the Friends of Somersworth's French Canadian festival "La Grande Fete!" and Indonesian festival "Jakarta Fair," all seek to engage the heritage of local communities. While these new festivals are a step forward in attempting to include a larger audience, they remain comparatively small in scope.

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<sup>46</sup> It has closed temporary as it transitions to a new space on the much more visible High Street.

<sup>47</sup> Decline of perception refers to the general entertainment value and appeal of the Children's Festival in Somersworth-Berwick and the regional and not its core intent which is widely agreed to be well founded.

Festivals, much like other aspects of local culture and the economy, are highly competitive within the region. Market Square Day (Portsmouth), the Strawberry Festival (South Berwick), Apple Harvest Day (Dover), and the Rochester Fair (Rochester) all command significant regional audiences and enjoy strong reputations. To revive or create a festival as part of a revitalization strategy, Somersworth-Berwick should seek to evaluate the community and region's taste, establishing which market niches for entertainment are not being met or seek to create their own unique regional and community attraction. On the whole, festivals and entertainment in Somersworth-Berwick would classify as "success is debated, criticized by some." As such, festivals and entertainment provide a healthy opportunity for growth and improvement as part of downtown's overall revitalization plan.

### **Other Revitalization Efforts**

Other downtown revitalization strategies in Somersworth have included rerouting downtown traffic by creating a one-way loop pattern and attracting new office and business development. Ongoing efforts are seeking to attract a commuter rail station in downtown Somersworth. In short none of these strategies have been realized or proven effective in downtown revitalization efforts. For Berwick, revitalization efforts are more recent and thus harder to assess their success. However Berwick appears to be utilizing a robust community-led process which is supported by its main assets and a spirited core of community leaders. Ideally, Berwick's and Somersworth should look to combine or relate their revitalization efforts so they could be more effective, better coordinated, and more cohesive.<sup>48</sup>

### **REAL ESTATE DEVELOPMENT + REVITALIZATION + FINANCIAL GAPS**

This review of revitalization efforts implementation and success is important to identify which strategies have been most effective in addressing Somersworth-Berwick's issues and to promote its assets. However, the analysis is incomplete. We do not have an understanding of the local market fundamentals that support many to most of these revitalization strategies. For example, new office development ranks second on strategy effectiveness, but that ranking only holds if job growth in office-based employment industries (demand) exists and a suitable office or rental space that is attractive to these office-users' needs and desires (supply) can be provided. If local economic (demand) and/or locational (supply) attributes are not amendable to new office development, then new office development as a revitalization strategy is unlikely to be effective and/or will require substantial public subsidy, which is often unfeasible in small fringe towns.

To ascertain what development revitalization efforts the market will support, we need a market study that examines those supply and demand factors of the economy and which are generally the basis of private investment and development decisions. Market studies, and more broadly economic restructuring, are often the most fundamental yet technical components to revitalization and development efforts. It is the aim of the proceeding sections of this report to establish those market characteristics to gain a better understanding of revitalization efforts in the Somersworth-Berwick context.

To develop a more robust and holistic understanding of revitalization planning and development efforts in the Somersworth context I will select a test site—in this case one of Somersworth's white elephants, the Main Street shops—to assess how best strategies from the above revitalization research and market fundamentals come together in this real word context.<sup>49</sup> I will then create a real

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<sup>48</sup> For a more detailed assessment of other strategies in Somersworth-Berwick please see appendix 3.

<sup>49</sup> The Main Street test site will be introduced more thoroughly in chapter four.

estate proforma to test the financial feasibility of a catalytic real estate development revitalization effort.

The following market analysis and test development will allow me to assess where possible opportunities are within a market-based revitalization framework and where the market fails to support the normative community goals or needs. In the latter case such market failures would suggest the need for public intervention and gap financing.

I have selected a market-based catalytic real estate development strategy for a number of reasons.

1. There is clearly a community and economic imperative to address real estate-based issues such as high vacancy rates, low rents and property values, and high tax rates;
2. The negative externalities of vacancy and depreciation of the building stock as well as the abundance of white elephants has been identified by the community as a major contributor to the community's loss of a sense of place, waning public pride and engagement, and lack of new investment;
3. Catalytic real estate development is by-in-large a market-based approach to revitalization that has the potential (given the right market conditions) to require limited subsidy, thereby effectively leveraging limited resources from cash-strapped municipalities while also bringing outside investment from state, federal, and private sources;
4. Given the interstate nature of Somersworth-Berwick, opportunities for unified revitalization planning and governance is limited. Therefore private investment and a market-based approach is perhaps the most fluid and universal frame to assess cross-border revitalization efforts.

Given the siloed nature of Somersworth-Berwick's revitalization efforts and limited success, private investment with a unified controlling stake may be more effective to overcome political infighting and fragmented community groups to realize tangible results.

While catalytic real estate development as a revitalization strategy offers much potential, it also has its limitations. Catalytic real estate development will not address the systemic political and community fragmentation issues inherent in the current revitalization efforts. Real estate development will not single-handedly make a sense of place, create vibrancy, or foster community pride and engagement. Catalytic real estate development will not be short term and may not be financially viable given the market context, in which case public subsidy and support will have to be the driver of revitalization efforts. However, it is not until we create a market analysis and financial model that we can assess possible financial gaps and to what extent subsidy may be required.

### **Catalytic Development**

Having addressed some of the opportunities and limitations of market-based revitalization strategies, such as catalytic development, one can see that market-based strategies seek to bridge the civic aims of revitalization by leveraging market fundamentals. But the question remains: what are the specific goals of catalytic development, and how is it effective?

Like the Main Street Program, catalytic development is a broad approach or framework to address revitalization efforts. Although Robertson's survey failed to use this term, we can see catalytic development's wide application in the strategies noted, particularly in attracting new office

development, waterfront development, the development of convention centers, sports centers/arenas, and even select historic preservation efforts.

The objective of catalytic development is to spark a new wave of private investment into and around the location where the catalytic development takes place. Generally speaking, catalytic developments are large scale and highly visible projects that seek to reinvigorate an underutilized urban area and are often subsidized to make them financially viable. Catalytic development seeks to lower the perceived risk of private investment and development in the targeted development area, thereby encouraging new private investment and development in proximity to the catalyst project.

There are number of benefits to catalytic development. Catalytic developments are perhaps the antithesis of white elephants: rather than bringing down a district (as white elephants do) catalytic developments look to create positive spillover effects that improve perceptions, amenities, and values across the district. Many catalytic developments redevelop or revive white elephants to achieve this aim. Specifically, catalytic development projects can improve the local tax base, fund infrastructure investment through the use of TIF districts, create new housing and/or employment, and provide missing community services or amenities.

To be successful, catalytic development generally requires (1) significant symbolic effects, (2) high visibility, (3) significant quality development/investment, and (4) pioneering effects to future investments and markets.<sup>50</sup>

Symbolic effects and visibility are essential for catalytic development as its fundamental purpose is to restore confidence and pride within the community. In the same mold, catalytic development should seek a high standard of quality and appeal, setting the bar for future investments and seeking to attract a higher value users than currently existing in the market. Perhaps the most essential trait of success in catalytic development is that it effectively spurs or catalyzes new development or investment in the community by aiding the development and advancement of new markets in a given location. In the latter case, perhaps new office housing development encourages the development of new retail or office users which were previously lacking.

Of course, catalytic development is not applicable in all contexts, such as small scale or isolated locations or where market fundamentals are too weak to be overcome, or where required subsidy cannot be attained. Implemented developments might also fail to catalyze revitalization. Perhaps the project was too small to effect broader change. Or worse case: the project itself fails to be fully utilized or to repay its debts and expenses. Although the opposite scenario might occur, perhaps the development is too successful or large and causes displacement or erosion of the local community and its sense of place.

In any case, assessing the applicability and success of catalytic real estate development requires careful consideration of community symbolism, visibility, scale, and quality, and indeed positive effects generated over a long term. Moreover, planners and developers must realize that even though catalytic real estate development is a market-based approach most projects and especially those in weak markets require public subsidy to close financial gaps.

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<sup>50</sup> Fernandes, David J., MCP thesis. Massachusetts Institute of Technology, 1997.





## CHAPTER 3 SOMERSWORTH-BERWICK MARKET STUDY

To build on historic trends and best revitalization practices from the previous chapters, I will perform a market analysis for downtown Somersworth-Berwick. There are a number of reasons that this market study is of value. The first is market studies and economic restructuring are the most technical revitalization strategies and as such are often underutilized. Secondly, market analysis will allow planners, community leaders, and developers to assess market-based divers that support or limit revitalization efforts and the various implications these market forces have on economic activity and investment. The third and primary objective of performing this market study is to provide a tool to inform economic restructuring and other revitalization and development efforts for Somersworth-Berwick.

The next chapter of this report will then synthesize trends, best practices, and the market analysis to create an experimental site plan and pro forma which will test the financial feasibility of catalytic real estate in Somersworth-Berwick. The aim of this market study and four phases of analysis is to craft a holistic understanding of revitalization opportunities within the Somersworth-Berwick and other such small town contexts.

### Limitations + Scope

Given the downtown location, urban nature, and community desires for the site in question, I will not be exploring the potential for industrial use, although general notes will be made about some industrial trends as they relate to development Somersworth-Berwick more broadly. Likewise from our proceeding knowledge of downtown Somersworth-Berwick one can classify the community as a secondary market or fringe location. As such, it is clear that hotels and capital-intensive entertainment and event venues, such as theaters and function halls, would not currently be viable. Indeed, a recent market study in adjacent Dover found that hotels and event spaces are oversupplied in the market and Dover's more central and higher-value location is still not viable for such development at this time.<sup>51</sup> Therefore, I will not be performing a detailed analysis of hotel and cultural uses as market indicators clearly suggest such uses are not currently feasible given the local market's oversupply and Somersworth-Berwick's wanting access and amenities.

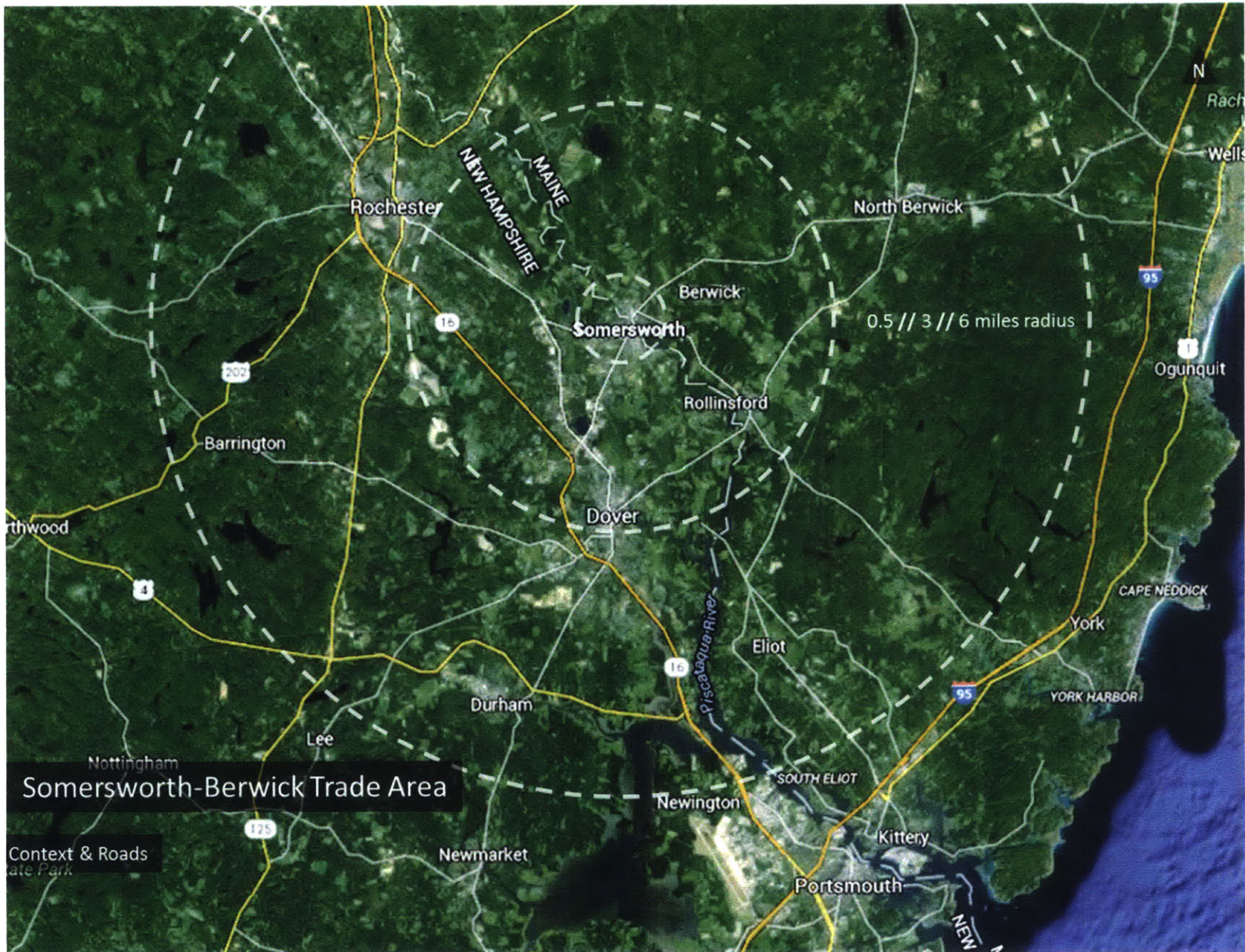
### Site Location & Reuse

Downtown Somersworth-Berwick are located at the edge of the Boston Metropolitan Statistical area, 70 miles north of Boston, 49 miles west of Portland ME, 47 miles east of Manchester NH. Somersworth-Berwick are also considered the edge of the New Hampshire Seacoast region and is 17 miles from Portsmouth, New Hampshire, the seacoast's regional hub of transportation, business, and culture. Downtown Somersworth-Berwick lay four miles of Route 16 the major north/south corridor between New Hampshire's White Mountains in the north and seacoast region to the south (see map 3.1).

Somersworth-Berwick have generally not enjoyed the employment growth of the seacoast region, whose growth more closely reflects the suburban housing and office development of Boston's north shore and Route 128 corridor. Although Somersworth-Berwick have been effected by larger economic and demographic trends within the region, they have seen a significant decline in the manufacturing base and a marked increase in low paying retail and service based jobs.

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<sup>51</sup> Abramson & Associates, Inc. Coheco Waterfront Market and Development Analysis, Dover NH, February 24, 2015. P 35-37.



Map 3.1 Somersworth-Berwick Regional Context

## Data

Downtown Somersworth-Berwick's market analysis is made somewhat more complex by its bi-state nature. This political bifurcation also results in segregation of data which becomes less easily assembled and analyzed. Where possible I will look to overcome the geopolitical divisions inherent to Somersworth-Berwick to assess a holistic understanding of their shared market. Using ESRI's Business Analyst network analysis tool, a 15 minute car-based commute catchment area was created and data collected within this zone. The Somersworth-Berwick Trade Area (SBTA) is graphically represented on map 3.1 and those preceding maps by a 3 mile radius. Although this three-mile radius is simplified version of a true 15 minute drive distance, which is not a perfect circle as drive sheds account for local road speeds that are uneven, it is a close approximation and simple graphic representation of the key focus area. Not all data will be available through this catchment area method thus where needed I attempted to bridge geopolitical divides by gathering data from either counties or states.

Some data will be assessed at the local level, in some cases considering Berwick and Somersworth individually, to highlight hyper-local trends within the market. Yet other data will be provided at the state level to construct a comparison of larger trends. New Hampshire will be used as the benchmark state given that most of the Somersworth-Berwick Trade Area (SBTA)'s population and jobs lay in New Hampshire and that SBTA's general orientation is toward New Hampshire's transportation and urban centers (specifically Portsmouth, Route 16, and locations south). In the same mold, Somersworth served as a default in cases where Berwick's less comprehensive American Community Survey data prevented equivalent comparison.

## DEMAND INDICATORS: POPULATION, EMPLOYMENT, AND HOUSEHOLD TRENDS

### Household Growth & Size

The SBTA's 2013 population was 64,329 with 26,611 households, an increase of 0.51 percent per year from 2000, between New Hampshire's Strafford County's 0.81 percent and Maine's York County's 0.46 percent annual average growth, and on par with metropolitan Boston's 0.55 percent.

Compared to the rest of Strafford County and Berwick, Somersworth's population growth has stalled during this period, being just 0.16 percent annually. This is perhaps the result of being highly land constrained with few greenfield sites available for development and absent job growth. On the other hand, Berwick has seen substantial residential growth during this period, some 1.39 percent annually, which is largely due to its abundance of available greenfields, which are more readily developed.

Projections for Strafford and York County suggest between 13 and 17 percent growth over the next 30 years as the Boston metropolitan and seacoast regions slowly expand north.<sup>52</sup> Thus growth on an annual basis is between 0.4 and 0.6 percent, in line with growth since the year 2000, resulting in an estimated growth of between 257 and 386 persons per year within the SBTA. The majority of population growth is expected to result of new residents seeking economic opportunities rather than natural population growth.<sup>53</sup>

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<sup>52</sup> RLS Demographics Inc. "County Population Projections, 2013." State of New Hampshire, Office of Energy and Planning (2013) cited in Town of New Market Draft Master Plan Jan 16, 2015, P 5.

<sup>53</sup> Parsons Brinckerhoff. "Population and Employment Projections – methodology and summary results." Central York County Connections Study (2011): P 3.



Current household size in the SBTA for owner occupied units is 2.56 persons on par with New Hampshire's 2.59 persons. While SBTA's rental units average size was 2.15 persons again similar to NH's 2.17 persons average. The different between rental and owner household size demonstrates that homeowners tend to have larger households than renters, especially children and other dependents. Annual growth for the SBTA on a household basis is expected to be between 100 and 150 for entirely owner occupied households or 120 to 180 households for exclusive growth in rental tenure.

Home ownership rates within the SBTA are 61.2 percent which is between Somersworth's low 55.4 percent and New Hampshire's high 71.4 percent.<sup>54</sup> While there is no meaningful difference in household size, we might conclude that SBTA is a community comprised of more rental households than the region as a whole.

Informants have suggested that the higher concentration of rental housing, particularly in downtown, is one of the challenges faced in attracting business and home buyers to the area. Informants suggest that people perceive a more stable and engaged community in areas with a greater percent of homeowners. While an abundance of rental housing does have its advantages, primarily flexibility and affordability for an ever mobile workforce, balancing and better intermixing housing tenure choice might be one approach to encourage more engaged communities and their improved sense of place and vestedness; keys to vibrant downtowns.

### **Age Distribution**

As of 2012, Somersworth's retains a median age of 36.1, the SBTA has a median age of 39.4 while New Hampshire's is 40.7. Between 2000 and 2012, Somersworth's largest growth cohort was those between the ages of 45-65, this group gained nearly 5 percent of the total population and represent 25.4 percent of the population total and reflects the ageing Baby boomer cohort.

Interestingly Somersworth's largest age cohort overall was 18-34 olds (the ever trendy "Millennials") representing 26.2 percent of Somersworth's total population and 20.2 percent of the SBTA's population, notably higher than NH's 17.3 percent.<sup>55</sup> The largest cohort for the SBTA was 45-65 year olds with 23 percent of the population. Children (0-18) represented just 19.1 percent of SBTA notably lower than New Hampshire's 25.1 percent.

One might conclude that the SBTA and specifically Somersworth are younger than state as a whole, particularly with young adults without children. The greater concentration of Millennials and lack of children suggests that young professionals are attracted to Somersworth and the SBTA. This might be due to Somersworth-Berwick's lower cost of living and relative proximity to the seacoast region, its jobs and amenities. It is also possible that the large concentration of young people is the result of Somersworth's larger supply of rental housing and young professionals are choosing or are forced to rent rather than buy.

It should be generally noted that all geographies, national and especially at the state level, are experiencing relatively high growth in the 45-65 year old Baby boomer cohort, who are beginning to enter retirement age and whose jobs will soon be vacated perhaps providing economic opportunities to attract a new generation of skilled workers to region.

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<sup>54</sup> "American FactFinder." US Census. Web. 13 Mar. 2015.

<[http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_13\\_5YR\\_DP04&prodType=table](http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_13_5YR_DP04&prodType=table)>.

<sup>55</sup> US Census. 2012 ACS.

The implication of tenure and age characteristics might be to provide housing for Millennials as they begin to form households and change housing tenure choice. It should be the objective for Somersworth-Berwick to retain their current youth as they develop while still remaining attractive to a new generation of young professionals and Baby Boomers alike. Informants suggest that both groups are trending towards lower maintenance, walkable locations, and smaller homes and thus could be effectively attracted to small downtown living.

### Housing Preferences

Brokers note condo buyers tend to be two in general demographic groups, Baby Boomers buying second vacation homes in high amenity places like Portsmouth or young professionals looking for urban lifestyles close to work. Condo buyers enjoy the fact that the buildings are centrally maintained and managed, giving them more free time.

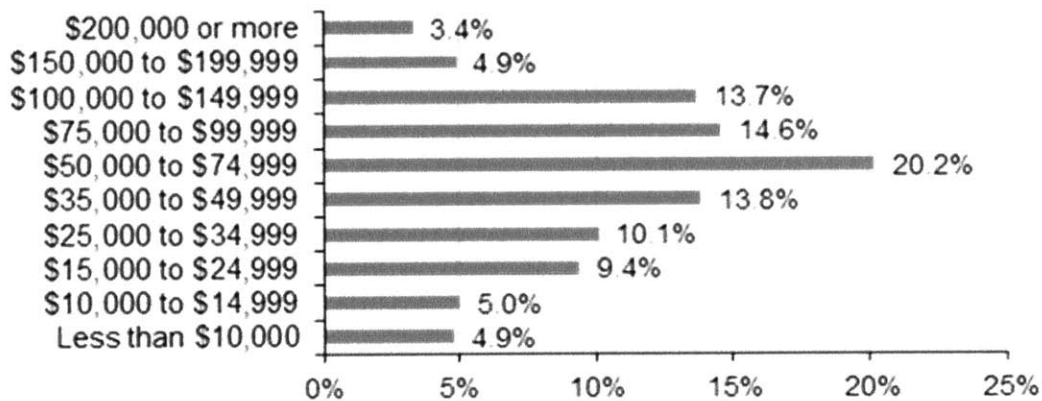
Informants suggest that the highest end of these luxury units are being to absorb more slowly, implying that the market for luxury units may have been exhausted or that their viability of luxury units is very specific to contexts of high amenity, such as waterfront development in walkable downtown Portsmouth.

### Household Income & Poverty

The 2013 median income for the SBTA was \$55,340, 15 percent less than New Hampshire's median \$64,916. Somersworth largest cohort at 19 percent was those earning \$50,000 to \$74,999 yearly, remaining consistent with New Hampshire's largest cohort, see graph 3.2 for Strafford and York County Income distributions.<sup>56</sup>

*Graph 3.2 Household incomes for York County, ME [total Households of 81,293] and Strafford County, NH [total households of 46,968]*

**Household Income Distribution: York County, ME & Stafford County NH, 2013\***



<sup>56</sup> ESRI and Dun & Bradstreet. Business Analyst 2013. Retail Marketplace Profile. September 4, 2014.

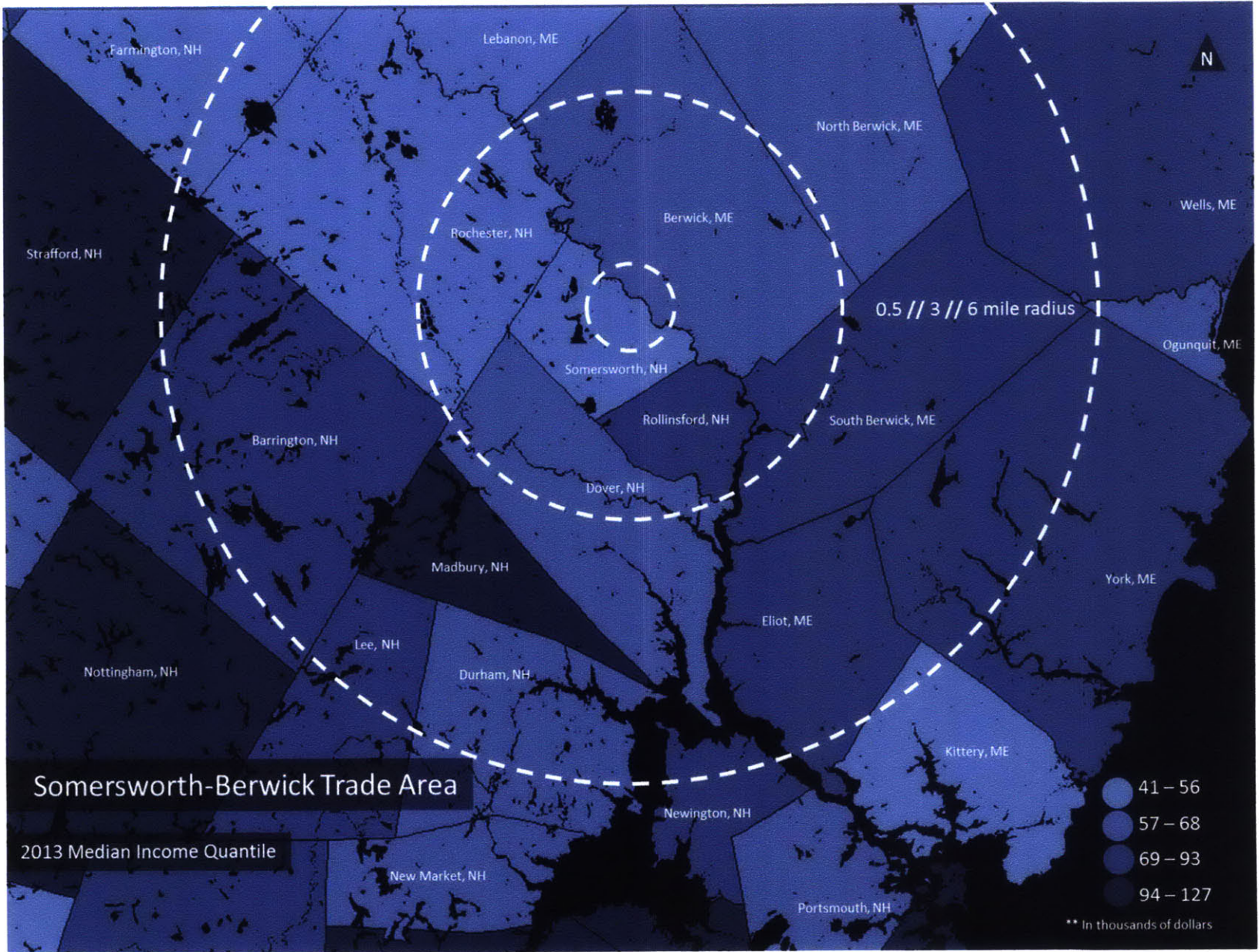


Assessing historic income data, see table 3.3, shows the household income growth in the region is low at just 2.58 percent on the county level, holding around the ten year average inflation rate of 2.3 percent.

*Graph 3.3: Median Income Growth.*

<b>Median Household Income</b>	<b>Somersworth</b>	<b>Dover</b>	<b>Rochester</b>	<b>Strafford County</b>	<b>NH</b>
2000 Census	\$42,739	\$43,873	\$40,596	\$44,803	\$49,467
2008-2012 ACS	\$53,354	\$55,890	\$49,366	\$58,825	\$64,916
Percent Change 2000-2012	25%	27%	22%	31%	31%
Annual Growth Rate	2.01%	2.25%	1.83%	2.58%	2.58%

Somersworth deviates from New Hampshire's income trends on the high and low ends of the spectrum. Some 15.9 percent of Somersworth residents made less than \$24,999 year nearly double New Hampshire's 8.4 percent average for the same group. Somersworth hosts a mere 5 percent of households making more than \$150,000 a year, which is less than half of New Hampshire's average of 11.2 percent. Thus the data supports the perception that Somersworth is dominantly a working-class community within a wealthier region, with a sizeable population at or below the poverty line. Viewing this graphically in map 3.4 we can see the Somersworth and much of the SBTA fall within the bottom quartile of the regionals median incomes.



Map 3.4 Somersworth-Berwick Trade Area Regional Income Context

From 2000 to 2012, Somersworth has seen a notable increase in individuals below the poverty level from 8.8 percent in 2000 to an estimated 15.8 percent in 2012. This growth in property is notably higher than New Hampshire, which retains a poverty level of 8.7, see table 3.5.

*Table 3.5 Poverty Growth in SBTA*

<b>Individuals below Poverty Level</b>	<b>Somersworth</b>	<b>Dover</b>	<b>Rochester</b>	<b>Strafford County</b>	<b>NH</b>
2000 Census	8.8%	8.4%	8.4%	8.2%	6.4%
2008-2012 ACS	15.8%	10.3%	12.3%	10.5%	8.7%
Percent Change	80%	23%	46%	28%	36%

While not necessarily related to social economic conditions of the SBTA, the SBTA has seen recent growth in minority communities. One might suspect that these communities are attracted to the SBTA because of its affordable housing. From 2000 to 2012, the SBTA has experienced a marked increase in foreign born and minority communities, especially in Asian households from Indonesia, growing from one percent in 2000 to over five percent in 2012. While these numbers appear low they are double New Hampshire’s overall an Asian population of 2.4 percent and represent a clear clustering of new migrants. The Indonesia and other minatory communities should not be discounted in the planning and revitalization efforts and their specific needs and concerns should be assessed and engaged moving forward. To neglect to engage new minority citizens risks their isolation from economic growth and a missed opportunity to develop a more robust and diverse community and local economy, both of which are key elements to downtown revitalization efforts.

To establish attainable rent or mortgage payments within the SBTA industry standards suggest that 30 percent of household income is used towards housing costs. SBTA median household income of \$54,000 per year yields \$16,200 annually for households housing costs, or \$1,350 per month for median household rent or mortgage payments.

For attainable home prices, taxes, lending requirements, and insurance are considered. Housing expenses are reduced first by insurance costs. Then a maximum mortgage value was calculated using a present value calculation and current lending requirements, yielding between \$311,000 and \$206,000 for median house affordability. To account for local taxes,<sup>57</sup> the present value of annual taxes accrued over the life of the loan was calculated and then deducted from the maximum mortgage value yielding \$138,000 to \$91,000 available for housing. This method takes a conservative approach to consider the effect of high tax rates on home values and the true effect would be expected to yield an attainable amount somewhat higher than these estimates, based on empirical observations of median sales prices attainable home prices are more likely to range from \$200,000 to \$140,000.

On a per square foot basis the median home price of \$200,000 divided by house size of 1,200 square feet yields \$167 per square foot for owned units, while \$1,350 median rent yields \$1.13 per square foot on a monthly basis for rentals of the same size.

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<sup>57</sup> \$30 per thousand (3% annually) of assessed home value.

Table 3.6: Housing Affordably Analysis

2015 Housing Affordability For York County, ME [total Households of 81,293] and Strafford County, NH [total households of 46,968]							
Percent of Population	Median Income	Monthly Housing Expense @ 30%	Insurance costs*	Income Available for Rent or Mortgage and taxes	Max Mortgage Value**	Present value of 30 year 3% tax**	Max Mortgage less tax burden
3%	\$200,000	\$5,000	\$146	\$4,854	\$832,982	\$463,553	\$369,429
5%	\$150,000	\$3,750	\$109	\$3,641	\$524,913	\$292,113	\$232,800
14%	\$100,000	\$2,500	\$82	\$2,418	\$414,898	\$230,890	\$184,008
15%	\$75,000	\$1,875	\$62	\$1,813	\$311,219	\$173,193	\$138,026
20%	\$50,000	\$1,250	\$46	\$1,204	\$206,653	\$115,002	\$91,651
14%	\$35,000	\$875	\$35	\$840	\$144,197	\$80,245	\$63,952
<i>*Assumptions of \$35 per \$100,000 of house grown at same rate as income  **30 fixed rate mortgages at 20% down and 5.5 percent fixed interest rate  ***3 percent is the annual tax rate for Somersworth as of spring 2015.</i>							

## HOUSING SUPPLY

### Housing Stock

The SBTA has experienced modest housing developed from 2000 to 2011, with 11.6 percent of current total housing units being constructed within that time. Growth was led by Berwick's single-family housing developments as Somersworth lagged with 9.2 percent of its current housing stock being built in the same period. New Hampshire as a whole saw 10.8 percent of its housing stock created during this time, thus SBTA is again on par with the state's overall development pattern.

The SBTA's median home was constructed in 1966, Somersworth's in 1963, and New Hampshire's in 1975. While median home age is close between Somersworth and the SBTA, both show markedly older housing stock than New Hampshire as a whole, reflecting Somersworth's early urbanization as a mill town and large base of older and historic buildings. Indeed Somersworth's largest cohort of houses (at 29.4 percent of the total housing supply) date from before 1939.<sup>58</sup>

Inspecting the SBTA housing stock from the street, it is clear there is a wide range in the deterioration of older structures. Many homes are well maintained, yet it is undeniable that much of the housing stock has depreciated significantly and is in need of major capital investment and generally improved maintenance. Brokers suggest that deterioration is in some ways an asset as it creates affordability; wanting building conditions lower structure and home values and thus lowers the barriers for home buyers and reduces rents. Yet brokers also note that many buyers, particularly first time buying Millennials and transitioning Baby Boomers, are seeking low maintenance and energy efficient homes, valuing their free time and disposable income above home improvement. In the same mold, many of these older homes are quite large, again diverging from current trends for

<sup>58</sup> U.S. 2008-2012 ACS

smaller more efficient living. Thus, a niche market for freshly renovated, newly constructed, and energy efficient buildings likely exists.

The 2013 composition of Somersworth's housing tenure shows an estimated 2,199 multifamily units or 42.3 percent of total housing units, notably higher than New Hampshire's 25.6 percent multifamily rate.<sup>59</sup> Using 2013 NHES data we can note that approximately 41 percent of renters live in buildings with 5 or more units, suggesting many smaller apartments likely converted from single-family.

Single-family housing has seen the greatest growth over the past 25 years which is unsurprising given the general trends towards suburban living and new greenfield development occurring further outside of the downtown core.

### **Single-family Market**

Viewing table 3.7, on the proceeding page, it is clear that SBTA remains affordable compared to the seacoast region overall. A general pricing pattern holds with higher prices prevailing in southern locations which have a greater concentration of jobs and amenities. We can also note prices at the same latitude across New Hampshire and Maine vary slightly, with Maine commanding about a two percent price premium over New Hampshire, perhaps reflecting larger lot sizes, newer homes, or lower property tax rates.

Interviews with local brokers suggest that prices differentials across towns are generally determined by perceptions of school system quality, accessibility to jobs, taxes, and walkability, local's image of place, and downtown appeal. One broker noted that Somersworth in particular is often undervalued when compared to Dover, as local perception of Somersworth's educational system and downtown appeal are less favorable. Thus, if seeking to attract new home buyers and to support higher prices, the city should work to overcome local perceptions and realities of its school systems and downtown appeal/amenities.

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<sup>59</sup> Somersworth Revised Master Plan 2010.



Table 3.7: 2014-2015 Average Sales Price for Single-family Homes in the SBTA.

<b>Single-family Home Sales<sup>60</sup></b>				
<b>Towns Listed North to South</b>	<b>Average price</b>	<b>Average Days on Market</b>	<b>Number of listed Prosperities</b>	<b>Months of Supply</b>
<b>New Hampshire</b>				
Rochester	\$152,015	94	273	3
Somersworth	\$170,200	118	124	4
Rollinsford	\$180,126	111	28	4
Dover	\$270,087	95	234	3
<b>NH Average</b>	<b>\$193,107</b>	<b>105</b>	<b>659</b>	<b>3</b>
<b>Maine</b>				
North Berwick	\$172,969	130	57	4
Berwick	\$189,309	97	107	3
South Berwick	\$233,548	121	80	4
<b>ME Average</b>	<b>\$198,609</b>	<b>116</b>	<b>244</b>	<b>4</b>
<b>SBTA Average (ME &amp; NH)</b>	<b>\$195,858</b>	<b>110</b>	<b>903</b>	<b>4</b>
<b>Seacoast Center</b>				
Portsmouth, NH	\$378,789	72	183	2
Kittery, ME	\$381,654	107	86	4
<b>Average</b>	<b>\$380,222</b>	<b>90</b>	<b>269</b>	<b>3</b>

Tracking regional prices history shows that Somersworth has yet to recover from its 2006 peak average list price of \$250,000, see graphs 3.8.<sup>61</sup> While Berwick's smaller housing market is more price volatile it has rebounded to levels in line with historic peaks. Rochester-Dover's historic price trend shows a stronger recovery and growth when compared to Somersworth. The recovery is especially strong for new homes located further south who are commanding a 50 percent price premium over existing homes, see graph 3.9.<sup>62</sup>

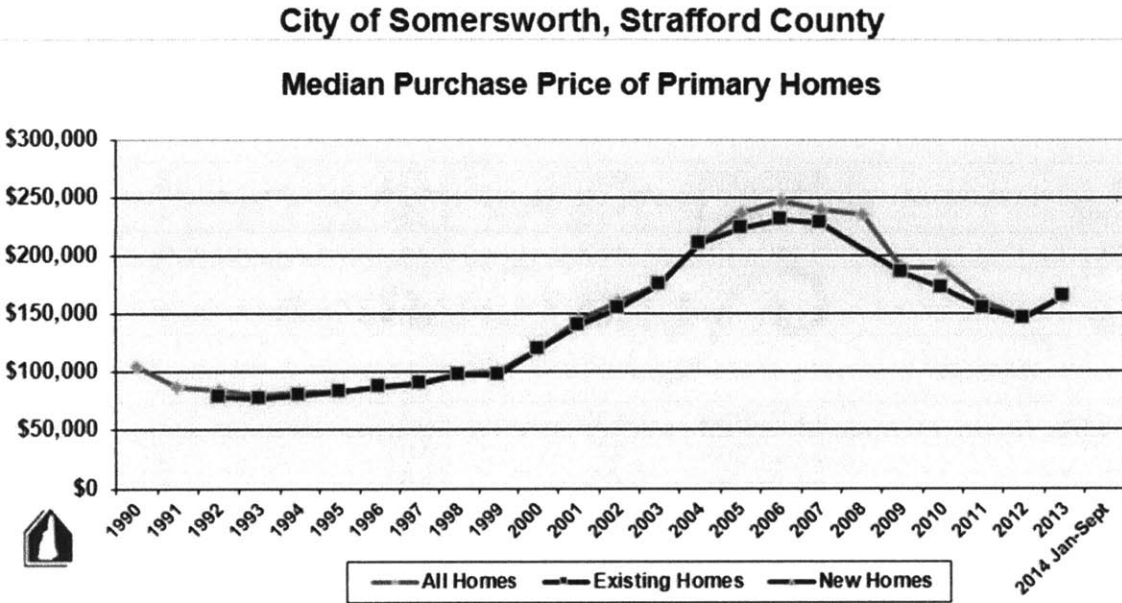
Brokers note that new construction is much easier sell to first time buyers (Millennials) and Baby Boomers, than older housing stock. It appears that these buyers desire homes that grant them the least maintenance and most efficient operations possible. That is, people no longer want to spend their free time and money on home improvement work or on energy costs. Clearly there is a market segment which is demanding housing that is "ready-to-go," cost effective to operate, and environmentally conscious. At the SBTA regional scale, brokers note that supply is beginning to thin and prices are starting to rise, indicating the start of a housing recovery for the region more broadly.

<sup>60</sup> MLSPIN and NNEREN. "Market Reports." Real Estate Market Conditions. Bean Group, Web. 23 Mar. 2015. <<http://www.beangroup.com/new-hampshire/market-reports/>>.

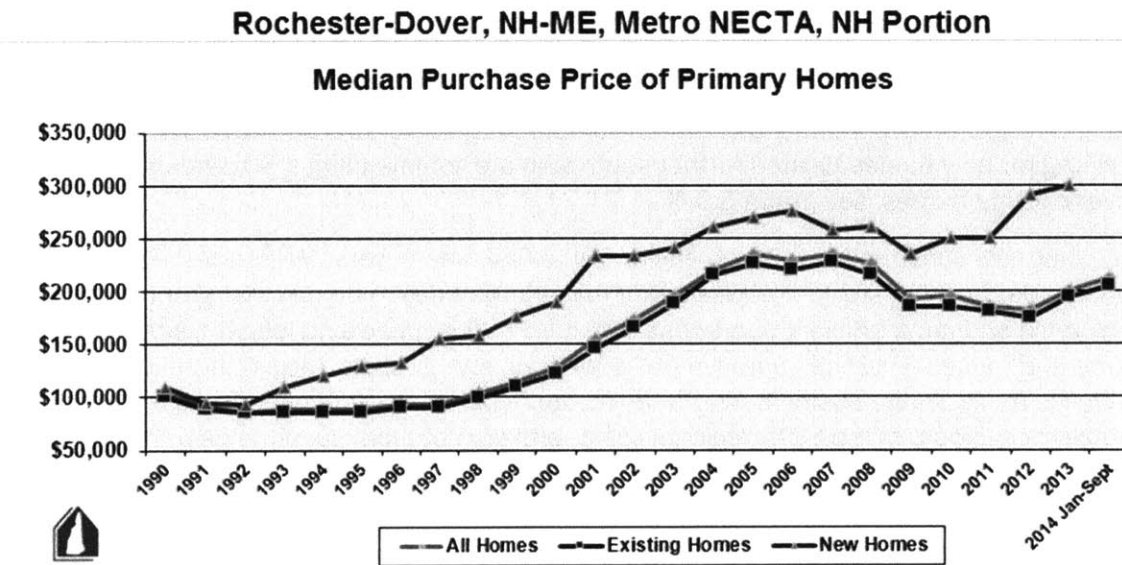
<sup>61</sup> "Housing & Demographic Data." *New Hampshire Housing*. 20 Jan. 2015. Web. 15 Mar. 2015. <<http://www.nhhfa.org/housing-data-demographics.cfm>>

<sup>62</sup> "Housing & Demographic Data." *New Hampshire Housing*. 20 Jan. 2015. Web. 15 Mar. 2015. <<http://www.nhhfa.org/housing-data-demographics.cfm>>

Graph 3.8: Median Sales Price Trends for Somersworth.



Graph 3.9: Median Sales Price Trends & New Home Premium SBTA.



## Condo Market

Assessing the SBTA condo market is a difficult task as comparables thin and those that do exist are concentrated in the least representative communities, such as Dover and Portsmouth. Moreover, many units are older and this less than ideal comparison. To collect what little data there is, multiple listing service (MLS) and real estate brokers' websites were observed finding 28 condos for sale in Dover, two in Rollinsford, and two in South Berwick. There were no condos listed in Somersworth-Berwick at the time of this research.<sup>63</sup> Viewing table 3.10 one can see that townhomes (units that have no units above or below them) command significant premiums, 35 to 51 percent, over garden units (which are units stacked over each other).

Table 3.10: Average Condo Sales Price

SBTA Average Condo List Price 2015 <sup>64</sup>	
<b>Garden</b>	
1 bed	\$80,850
2 bed	\$155,100
<b>Townhouse</b>	
1 bed	\$163,123
2 bed	\$237,967

Brokers note that condo sales remain very strong in the Portsmouth market, with luxury units selling quickly and with the highest end units in excess of 1 million dollars. It is clear that Portsmouth's robust offering of new luxury units has led the region in price recovery. Dover is also seeing new luxury development but at a lower price point and smaller scale than Portsmouth. According to brokers, Dover's condo market is much smaller, contains older units, and has a turnover closer to that of single-family homes (in the 100 to 120 day range).

Informants suggest a number of reasons that markets north of Dover, such as those in the SBTA trade area, lack condo development. First are demand divers mentioned before, northern areas are less significant centers of employment and lack a concentration of urban amenities. From the supply side, these northern areas are largely untested secondary condo markets that in the past had a difficult time securing financing for condo development. However, with changing preferences for more urban housing, improving market conditions, and the use of presales it is reasonable to expect that financing could now be secured in the SBTA should condo development be deemed financially viable.

## Single-Family Development Pipeline

There is one major and a number of minor single-family developments in the SBTA. The most notable is the redevelopment of the Sunningdale Golf course, which is located two miles from downtown on Somersworth's southern border with Rollinsford. The site has been approved for 177 single-family homes and will likely be phased over a number of years. Sources suggest the first phase will break ground this summer offering 16 homes. While the site is approved for 177 houses in total, informants submit that it is likely only half of these are built as the developer will likely seek to create

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<sup>63</sup> Early March 2015.

<sup>64</sup> Prices observed on MSL real estate web browsers (Zillow, Trulia, and Bean Group) early March 2015.

conservation land out of the remaining lots. Homes are expected to list from between \$230,000 to \$300,000, in the upper to middle range of median housing affordability.<sup>65</sup>

The next largest development of note is the subdivision at 271 High Street which is one mile from downtown. This 11 lot subdivision is currently looking to sell lots rather than homes, in fact as of mid-March 2015 the entire 11 acre development site is currently listed for sale, with MLS sites listing the entire subdivision at \$250,000 implying one acre lots are priced at \$23,000 each.

Even though Berwick has seen much greater single-family growth over the past two decades informants note since the downturn of 2008 housing development has slowed considerably. We can note that housing development in Berwick tends to be decentralized with small subdivisions and developments comprising the majority of development in the community. Berwick's building permits from 2014 show 24 single-family permits were granted last year. Town officials qualified this by noting that even though 24 permits were granted it does not mean the development of those lots has or is occurring currently. Officials suspect many of these permits are speculative and that would-be developers are waiting for market conditions to improve before moving forward. While one-off developments that are moving forward tend to be owner occupied developments rather than part of a larger development plan.

Based on the annual projected growth rates the number of owner occupied households in the SBTA is expected to grow between 60 and 90.<sup>66</sup> With up to 27 units coming on line this summer, Somersworth would have to attract 45 to 30 percent of new households within the region, a tall order. Yet major growth in Baby Boomers and a high local concentration of Millennials suggest that a sizeable portion of the population will be looking to buy and others will be looking to right size. Both of these groups have identified new housing as key amenity in their housing choice. Furthermore, local housing's chiefly dated or depreciated state suggests new homes will continue to out price and absorb more quickly than existing units.

It is therefore reasonable to expect that a niche market for new single-family homes and condos will be viable on a small scale bases, especially in walkable and amenity rich areas. Informants suggest that units priced within an affordable range of \$200,000 to \$300,000 might be particularly appealing as many new developments target the luxury market segment.

### **Rental & Multiple Family Market**

The department of Housing and Urban Development (HUD) reports market rents for sub regions. In the case of the Somersworth-Berwick, HUD divides their assessment along state lines. New Hampshire's Portsmouth-Rochester market rents range from \$734 for studio to \$1,556 for four bedroom units while York-Berwick ranged from \$712 to \$1,388. To see where the SBTA fell within this range stated rents from MSL websites were scraped, interviews with rental community managers, were conducted, and Craigslist housing offerings were observed. In early March of 2015, 42 listings were made placing SBTA's stated market rents nearly exactly between HUD estimates for Maine and New Hampshire, as would be expected. Observed SBTA rents ranged from \$743 to \$1,425.<sup>67</sup> The

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<sup>65</sup> Staff. "177-home Development OKd in Somersworth." New Hampshire Business Review. 23 Apr. 2014. Web. 14 Mar. 2015.

<sup>66</sup> accounting for prevailing homeownership rates in the SBTA

<sup>67</sup> Rental Apartments observed by author at Sullivan School Apartments, Princeton Dover Apartments, Granite Village, Somersworth Mills, Tara Meadows, and Craigslist Housing Wanted. February 2015.



mode of observations was shared by one and two bedrooms, with 14 observations each, while livework spaces and four bedrooms had the fewest offerings with only two listings each.

HUD estimates rents will grow at about 3 percent a year, which is the standard inflation benchmark, although empirical observations by New Hampshire Housing Finance Authority (NHHFA) suggest that rental growth in more in the magnitude of 2.2 percent per year closer to real current inflation, see table 3.11.<sup>68</sup>

*Table 3.11 SBTA Average Asking Rents*

2013 Median Rents by Unit Bedrooms							
	Efficiency	1 Bed	2 Bed	3 Bed	4 Bed	Live Work	Average
York-Berwick HUD	\$712	\$779	\$1,025	\$1,383	\$1,388	No data	\$1,057
Portsmouth-Rochester HUD	\$734	\$856	\$1,088	\$1,491	\$1,556	No data	\$1,145
SBTA Observed	\$743	\$857	\$999	\$1,249	\$1,425	\$1,040	\$1,052
Price per square foot	\$1.49	1.29	\$1.07	\$0.83	\$0.79	\$1.08	\$1.09

Broker interviews as well as larger trends show that demand for rental units is high. Weak economic trends and stagnating wages coupled with tighter lending requirements means that homeownership is not an option for an increasing number of young adults and previous homeowners alike. Trends also suggest that Millennials are buying later than their parents, preferring to spend or save their disposable income on things other than housing.

Property owner interviewers corroborated the robustness of the rental market by noting how quickly vacant units turnover, with perhaps a month of vacancy between renters. Recent data from the NHHFA shows local vacancies are below one percent. While brokers suggest that vacancy might be somewhat higher they agree that local vacancies in the rental market are very small and falling. As a result rental prices are being to rise especially in those walkable and amenity-rich communities, as can be seen in graph 3.12 and 3.13. NHHFA estimates that rents in Somersworth have increased 2.2 percent per year since from 2004 to 2014, a number on par with inflation and thus no real growth of rents has occurred.<sup>69</sup>

Informant interviews suggest that recent developments in the rental market are commanding premium rates. The Cochecho Mills 2014 offering of 74 rental units are fully occupied, and were entirely lease before completed, with two bedrooms renting from \$1200 to \$2,000 for 800 to 1,250 square feet, indicating \$1.50 per square foot. While 2 Silver Street's 16 units have been slower to lease up, perhaps as a result of its high prices with one bedrooms commanding \$1.50 per square foot and two bedrooms seeking \$1.85 per square foot. Even with these high prices nearly half of the one and two bedroom units are currently leased.<sup>70</sup> The most recent development in downtown Somersworth-Berwick is the Canal Street Mill Apartments in Somersworth whose 2007 delivery of 54 units has consistently remained fully occupied with rents in in the \$1.20 to \$1.30 per square foot range.

<sup>68</sup> Department of Housing and Urban Development. "FY 2013 Fair Market Rent Documentation System." Calculations Web. 15 Mar. 2015.

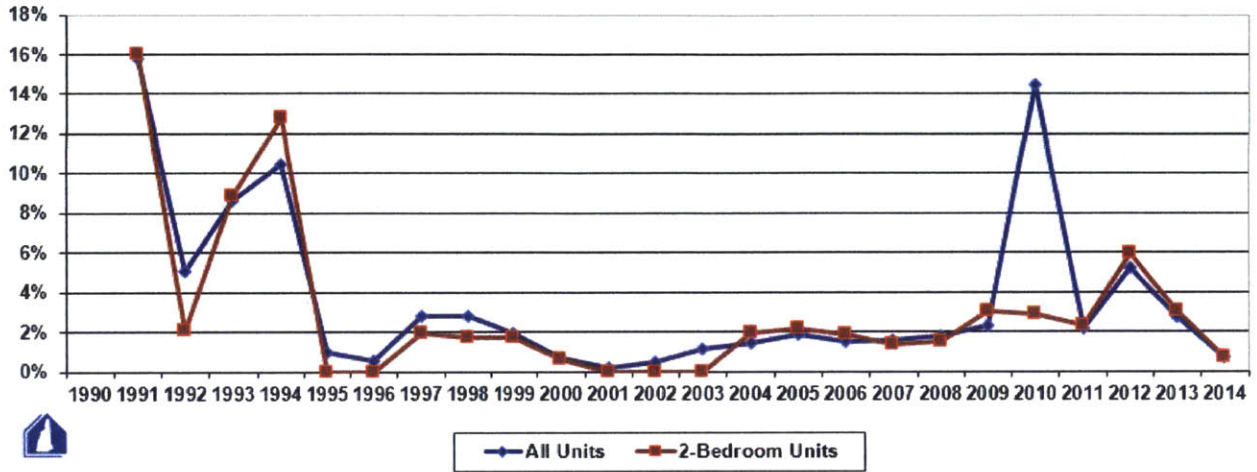
<sup>69</sup> Housing & Demographic Data." *New Hampshire Housing*, 20 Jan. 2015. Web. 15 Mar. 2015. <<http://www.nhhfa.org/housing-data-demographics.cfm>>

<sup>70</sup> Abramson & Associates, Inc. *Cochecho Waterfront Market and Development Analysis*, Dover NH, February 24, 2015. P 22.



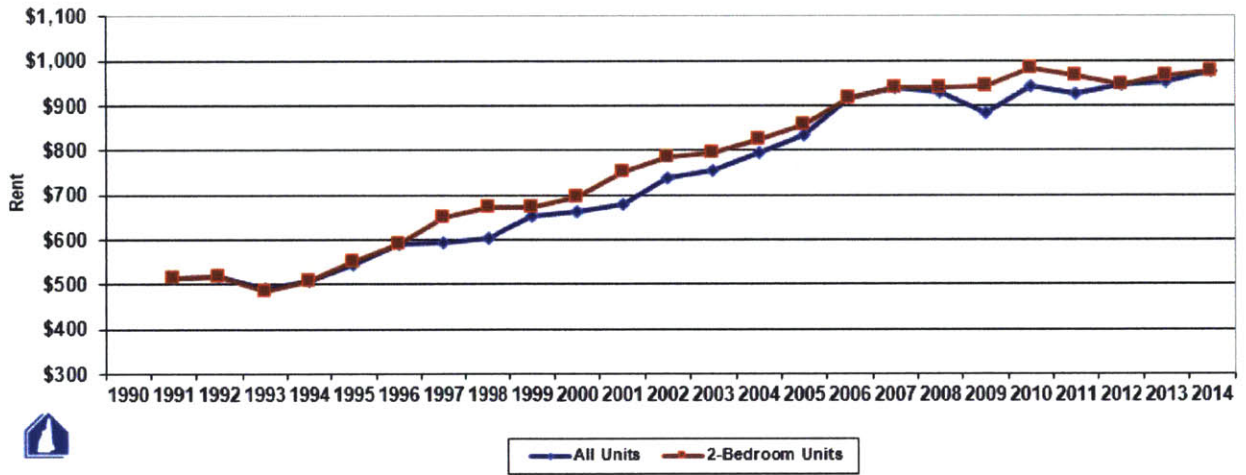
Graphs 3.12 and 3.13 Somersworth's Annual Vacancy Rates and Median Rental Cost

### Vacancy Rate of Rental Housing Units



### City of Somersworth

### Median Gross Rental Cost



## Rental Pipeline

Somersworth does have a number of rental developments approved. Tara Fields is by far the largest with three 48-unit buildings offering 144 total units and is still under permitting but hopes to break ground within the year. Tara Fields seeks to build off the success of Tara Meadows (a 270 unit development off of High Street some three miles from downtown). Tara Meadows is a garden style apartment complex currently offering studio apartments at \$1.95 per square foot, 1 bedrooms priced from \$1.15 to \$1.35 per square foot and two bedrooms ranging from \$1.05 to \$1.25 per square foot. It is reasonable to expect that new construction at Tara Fields will command some premium over Tara Meadows current rates.

The largest development of note for Downtown Somersworth is the approved of addition of 16 units to the Canal Street Mill, again with the expectation that some premium will be attained for newly constructed units over the existing stock.

Downtown Dover is seeing a small wave of development, with the latest development occurring on First Street, where the Riparia development will supply 32 luxury units with rents in the \$1.50 to \$1.80 per square foot range.<sup>71</sup> While 46 additional units are planned for the Cocheco Mills, commanding rents on par with those of their 2014 offerings.<sup>72</sup>

Based on SBTA's annual household growth, it is reasonable that between 48 to 72 new rental households will be created every year. However, extremely low vacancy rates and high concentrations of young adults suggest a pent-up demand for rental housing, as young adults de-roommate or leave home. While hard to quantify the scope of this pent up demand, the success of local developments suggest strong demand for rental housing and especially new units in walkable and amenity rich areas which are commanding the highest rents and are leasing most quickly.

## HOUSING OVERVIEW

Local market conditions suggest that there is strong regional demand for rental housing and improving conditions for owner occupied housing. "Ready-to-go" housing leads this trend as an undersupplied niche market. Home sales are fueled by increasing confidence, pent up demand, and the threat of increasing interest rates while the rental market remains strong as lending requirements stay firm and people choose or are focused to rent rather than own. Ubiquitous across housing tenure choice is the strong market demand for new or freshly rebuilt ready-to-go housing and housing in walkable amenity rich community environments.

The local exemplar of this trend is the mass of condo development in Portsmouth and increasing development of luxury rental units in Dover. However several informants suggest that buyers in the marketplace are becoming disillusioned about Portsmouth, as prices increasingly rise, parking becomes more difficult, and traffic more bothersome. Moreover, brokers note that people are increasingly seeking an authentic sense of community with basic amenities such as cafes and restaurants that are within walking distance of their homes. While Portsmouth does offer these and other amenities, many buyers feel that Portsmouth is beginning to lose its small town character in the face of a new large-scale development. Brokers' insights and local patterns echo findings of

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<sup>71</sup> Abramson & Associates, Inc. Cocheco Waterfront Market and Development Analysis, Dover NH, February 24, 2015. P 22.

<sup>72</sup> Conley, Casey. "46 Apartment Planning for Cocheco Mill." Fosters Daily Democrat, 27 Nov. 2014. Web. 23 Mar. 2015.

downtown revitalization research and lend validity to the value of a holistic downtown revitalization strategy.

Another important trend to consider in context of the SBTA is the aging housing stock and the demand for ready-to-go housing. Brokers and pricing data suggest that people are not interested in time consuming and expensive home improvement projects or operations. Baby Boomers on the verge of retirement and Millennials increasingly desire to spend their time and money on things other than home improvements. Thus there appears to be increasing demand for central management and maintenance, as housing consumers seek a hands-off approach to housing consumption. Thus even though population and household growth are low, demand for low maintenance and efficient housing seems to be an underserved niche market.

Somersworth-Berwick face a number of challenges in attracting new residents and residential development. Realtors note a general hierarchy of considerations that homebuyers consider when selecting homes. If Somersworth-Berwick seek to grow their downtown populations and attract skilled workers, these considerations are important to address in revitalization planning and development. The most important considerations for homebuyers (and to a lesser extent renters) are:

1. School system reputation and quality (even if they themselves do not have children).
2. Property tax rates.
3. Local amenities: walkability, access to entertainment/dining, downtown's appearance/appeal.
4. Accessibility: to grocery stores, the highway and major transportation nodes, and their work.

Given this hierarchy of consumer housing considerations, Somersworth-Berwick face some challenges to improve their competitiveness. [1] Fundamental to healthy housing development and home values are school system quality and overcoming local reputations. [2] A somewhat conflicting aim to one is lowering property tax rates which are significantly higher in Somersworth than neighboring communities. Somersworth taxes as of 2015 are over \$30 dollars per thousand while Dover and Rochester remain below \$25 per thousand and Portsmouth and Maine communities generally remain under \$20 per thousand.

[3] Somersworth should seek to continue to develop its downtown amenities, walkability, and local perception. Creating a robust sense of place will be a key counter balance to overcome downtown's accessibility issues which are more difficult to remedy.<sup>73</sup>

Somersworth-Berwick do retain some key assets which should be promoted such as their already compact and largely walkable downtown, central location between two attractive regions (the seacoast and the mountains), authentic sense of community, and affordability. Downtown Somersworth-Berwick are also highly accessibility to grocery stores, (with 5 major supermarkets outlets within a 10 minute drive) and growing downtown dining and beverage scene, such as Leaven the new Bakery and Beer House and Teatotaller Café and Bistro. These attributes should be highlighted and where possible linked to future development and revitalization efforts.

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<sup>73</sup> Downtown is some four miles and 9 traffic lights away from the highway which considerably impedes easy access to major employment centers to the south. While building new access roads to increase speeds is unlikely coordinating traffic lights and or eliminate traffic lights along High Street may reduce travel time to downtown and thus increase accessibility.

## OFFICE MARKET

Downtown Somersworth-Berwick and our test site represent a nontraditional location for office development. Downtown's relative isolation from the highway, low visibility of available development sites and available spaces, and situation in a working-class community hinder downtown's appeal to office users. Brokers note that larger or higher value firms in particular generally seek (1) easy access to a skilled workforce, (2) local amenities that support their corporate image and satisfy workers, and (3) visibility from major roadways.

Given that downtown Somersworth-Berwick lack these locational traits, downtown is an unlikely match for major office development and employment. While the SBTA might not become a center for regional office employment there is local need for office services such as tax and law firms, health services and social services, and self-employed individuals. Therefore making downtown an attractive place for local services and entrepreneurs should be the primary focus of office development, with the aim to incrementally increasing downtown employment and filling existing vacant spaces.

## DEMAND DRIVERS

The Somersworth labor force is 6,084 as of 2013. The largest employment sectors in Somersworth are Education and Healthcare with 18.9 percent and Retail at 16.8 percent, which are also New Hampshire's top two largest employment industries at 23.6 and 13.2 percent respectively. Somersworth's third largest industry is Arts, Recreation, and Food with 10.4 percent while New Hampshire's third ranked is Manufacturing at 12.8 percent. Thus local and regional employment are closely related with a mere three percent difference between Somersworth and the state.

Somersworth retains a higher proportion of Construction workers, 9.9 percent versus NH's 7.3 percent, and Other Services (less public administration), with 7 percent versus NH's 4 percent. Somersworth lags in Professional and Managerial jobs with 8.7 to NH's 10 percent.

Data suggests that Somersworth retains a larger ratio of mid to low range service-based jobs than New Hampshire as a whole which retains a larger manufacturing job base and a higher percent of skilled workers.

Employment growth projections suggest 9.8 percent growth for Strafford County until the year 2020. Growth industries for the region in terms of percent growth are Construction, Professional Services, and Healthcare, followed by Arts, Recreation, and Food and Administrative Services, see table 3.7. We see a slightly different story when viewing numeric job growth, here Educational Services, Retail, Food, and Self-employment come into play all gaining 250 or more jobs.

Table 3.14: Employment Growth Projections.

Employment Growth Strafford County NH <sup>74</sup> 2010 to 2020					
Industry	% Growth	Numeric	Industry	% Growth	Numeric
Construction	29.2%	+397	Administrative Services	16.1%	+334
Manufacturing	-0.9%	-44	Educational Services	9.6%	+801
Wholesale	8.6%	+91	Healthcare	22.0%	+1,467
Retail	7%	+472	Arts, Rec, & Entertainment	17.3%	+102
Transportation & Warehousing	0.3%	+3	Hospitality & Food	7.1%	+269
Information	2.2%	+20	Government	4.5%	+127
Finance & Insurance	2.4%	+88	Other Services	11.8%	+202
Real Estate	13.2%	+55	Self Employed	6.8%	+269
Professional Services	28.2%	+411	<b>All Employment</b>	<b>9.8%</b>	<b>+5,127</b>
Estimated total jobs in 2010: 52,452					
Projected total in 2020: 57,579					

Given Somersworth's current mix of employment, one might conclude that the SBTA will see continued success in Healthcare, Retail, and Arts, Recreation, and Entertainment employment sectors. Moving forward, Somersworth-Berwick should look for opportunities to link or attract these growth industries to the downtown with the aim of creating a vibrant local culture and increasing downtown employment. Growth in self-employed individuals and a growing local food scene provide an opportunity to bolster not only the diversity in the downtown labor force but an opportunity to attract new residents by increasing amenities (such as cafes and restaurants) as well as luring professionals to seeking livework housing opportunities.

Attracting meaningful growth in Administrative and Professional Services may be challenging for downtown Somersworth-Berwick given its weak presence of just 4.7 percent of employment and downtown SBTA's status as nontraditional office market. Similarly the benefits of a growing Construction industry might not be best contextualized in a downtown setting, given such industries often require ample space and infrastructure needs and are less compatible with residents and businesses. However, both of these growth industries should be kept in mind even if they are unlikely candidates to relocate downtown, their workers may be attracted to downtown living and amenities.

### Office Drivers

Assessing Strafford County NH's 2020 employment projections above show a number of key office industries are expected to lead regional growth. These industries including Professional and Technical Services with 28 percent growth, Health Care and Social Services with 22 percent growth, and Administrative and Support with 16 percent growth.<sup>75</sup>

A review of Somersworth's largest office employment sectors shows Health Care and Social Assistance as the largest office employment industry with 19 percent of the labor force, followed by Professional Services with 9 percent and Other Services at 7 percent. FIRE industries and Public

<sup>74</sup> NHES Long Term Projections 2010-2020 Strafford Regional Planning Commission, 2014.

<sup>75</sup> NHES Long Term Projections 2010-2020 Strafford Regional Planning Commission, 2014.



Administration make up just 6 percent or less of the labor force for total office employment base of 39 percent. When taking into consideration current local employment and future projections we see that Healthcare and Professional Services led office employment growth with 253 and 150 new jobs projected for Somersworth by 2020. Thus local serving office users, such as Healthcare and Professional Services, will be the primary drivers of demand and centers of employment growth, see table 3.15.<sup>76</sup>

Empirical evidence suggests office-based firms average approximately 225 foot per worker, although recent trends have seen this number fall with the rise of co-working space and hoteling, with 2012 data suggesting some offices moving closer to 180 square feet per worker.<sup>77</sup> Even in the more aggressive estimate of 225 square foot per worker, local employment growth for Somersworth suggest only 22,860 square feet of office space absorption per year.

Table 3.15: Projections for Office –based Industries.

Key Employment and Growth Projections Somersworth 2020					
Industry	Percent of Total Jobs	Number of Jobs	Projected Growth	New Jobs	Square feet of New Office
Health	19%	1150	22%	253	56,900 – 45,500
FIRE	6%	353	16%	55	12,400 – 9,900
Administrative	5%	310	16%	50	11,300 – 9,000
Professional Services	9%	529	28%	150	33,800 – 27,000
Office Jobs Total	39%	2342	-	508	114,300 – 91,440

*\*Space projections based on CBRE 2014 estimates of 100 to 180 square feet per office worker.*

While these employment and growth projections provide some basis to understand current and future office demand it is a difficult to quantify given the market's small size and relatively high volatility. Given downtown Somersworth-Berwick are non-traditional locations for major office development, these projections are most useful to highlight local services such as Healthcare, Social Assistance, and Professional Services as the key office-based growth opportunities for downtown.

Given the low demand for traditional office space, non-traditional office users and growth areas should be engaged, such as entrepreneurs, startups, and artists. While growth and demand for these small-scale space users is hard to quantify, these industries are a key element to diversify downtown's economy, fill vacant and nontraditional spaces, while perhaps providing high growth potential. Low vacancy rates and waiting lists for local livework and studio space suggest demand for non-traditional, collaborative, and innovative workspaces is strong. Thus attracting self-employed entrepreneurs and artists might be an effective way to reuse vacant space, incrementally increase downtown employment, and fostering downtown's economic diversity.

<sup>76</sup> Brokers corroborated this finding, noting that most secondary office markets are dominated by local services.

<sup>77</sup> "Changes in Average Square Feet per Worker." Perspectives. NAIOP, Sept. 2012. Web. 09 Apr. 2015.

## SUPPLY INDICATORS

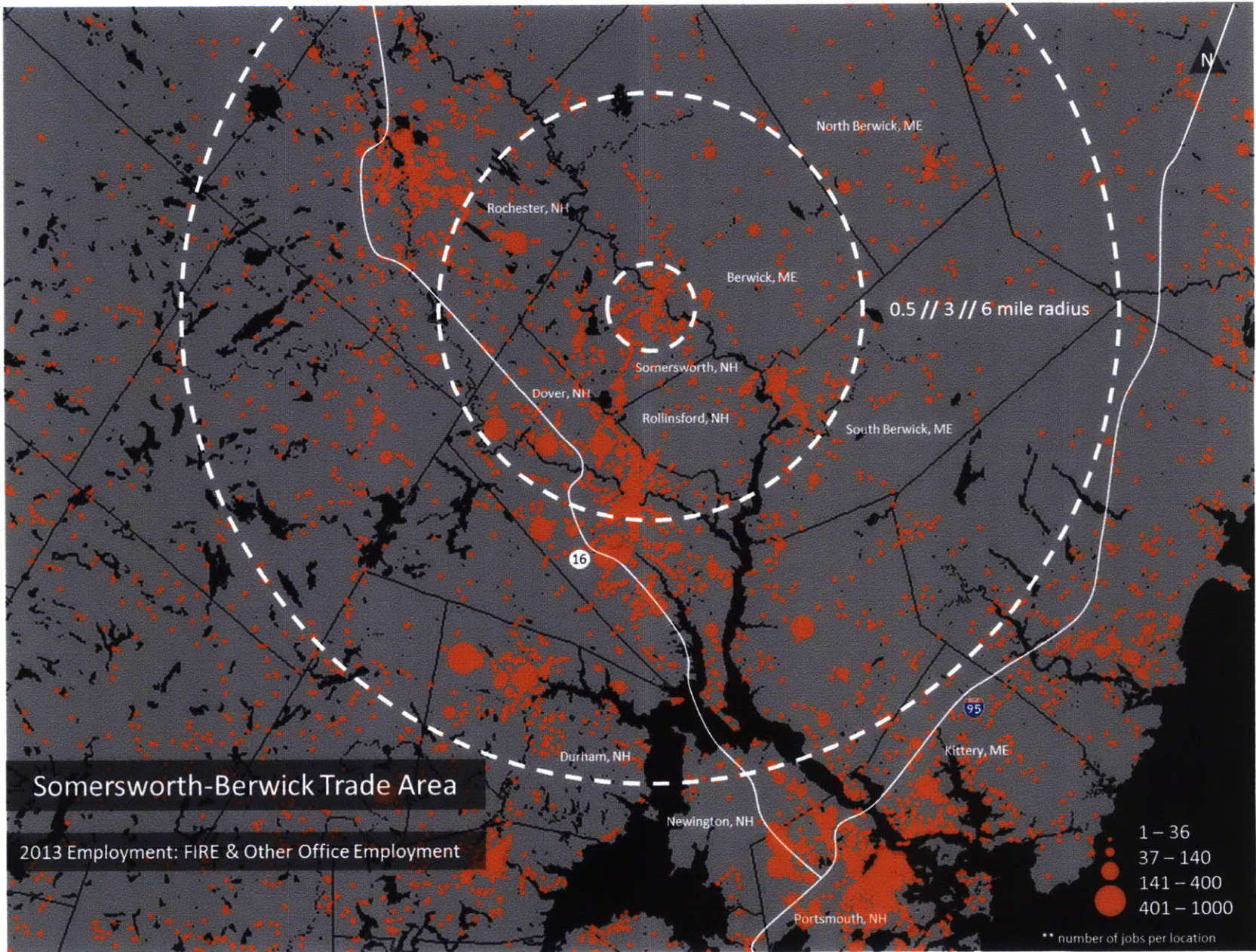
Somersworth's office market is small with a mere 213,370 square feet or 2.5 percent of the Seacoast market as a whole. For comparison Dover's office market totals 1.8 million square feet and Portsmouth and Pease Tradeport come in at over 4 million square feet. That said, Somersworth does currently have a lower vacancy than the region as a whole, with 9 percent vacant (approximately 19,203 square feet) compared to seacoast's 10.7 percent and New Hampshire's 12 percent, please see map 3.16 for regional office employment distribution.

Viewing map 3.16 it is clear that the large employers are clustering in Portsmouth and Newington,<sup>78</sup> or along major transportation nodes in Dover with a few exceptional outliers such as in Durham, home to the University of New Hampshire. Smaller office-based employers hold the trend in a more dispersed way, still prefer central locations with high access and viability to transportation, as can be seen with the linear development patterns that reflect major roadways.

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<sup>78</sup> More specifically in Pease International Tradeport, and large and successful office park.





Map 3.16 Somersworth-Berwick Regional Context

Given local employment growth and absorption estimates this would imply a one-year supply of office space in the market. Although this number is misleading as many “occupied spaces” are underutilized or vacant. Furthermore, vacant office reports not account for vacant retail and industrial space, both of which are functionally in the market for local office users. General Electric in downtown Somersworth is just one example, it currently operates at fraction of its former space requirement and has several hundred thousand square feet of industrial/office space which is functionally vacant. Indeed, the Canal street mill is another example, its finished commercial spaces have low vacancy rates but the complex has may unfinished spaces which might not be counted as vacant office space as they could just as easily be transitioned into housing, warehousing, or industrial space.

Somersworth rents are telling as to the desirability and availability of office space, with notably lower average asking rents of \$8.50 per square foot compared to the Seacoast’s \$11.73 and NH’s \$12.21 average. Unsurprisingly, places further south have the highest rents ranging from \$9.25 in Dover up to \$17 per square foot in Portsmouth while northern Rochester comes in at \$7.50.<sup>79</sup> Thus north/south price trends for commercial rents are similar to those seen in housing prices. Informants suggest that new office development generally takes \$30 per square foot or more before becoming financially viable.

Given development costs, there is a clear geographic limit for new commercial development in the region. Empirically we can see that most office development is occurring in Portsmouth where the high end of the office market can support new development. Dover and points north are unlikely locations for new office development, as demand is weak for less central locations and rents are low. The exception to this would be development for specific companies looking to locate in nontraditional locations, such as medical office and other local services providers.

This north/south price gradient reflects firms’ preference to locate south of Dover, and the congested Little Bay Bridges on Route 16. Rising pricings have effectively pushed workers and housing demand further north. Yet businesses have not thus far followed their workers to fringe locations and seem unlikely to do so as Route 16 is undergoing an expansion which will greatly reduce travel time. Given transportation improvements, little incentive exists for firms to follow workers north as firms can retain their amenity rich surroundings and central location while still remaining accessible to affordable housing and a skilled workforce. Indeed, some brokers suggest that Route 16’s expansion and increased access of Portsmouth to affordable housing further north will encourage larger and higher value firms to stay in the desirable Portsmouth and Pease market.

As mentioned, assessing downtown Somersworth-Berwick’s current supply and rents is difficult as office, warehouse, and retail spaces have begun to blur, with a number of retail spaces being used as office or even storage space and vacant industrial acting a shell to whatever use will pay for its renovation. Assessing the most note-worthy comparables one can see the Canal Street Mill has 7 finished commercial spaces open, ranging from 500 to 1,500 square feet and averaging \$9 per square foot. The Mill also has a hard to quantify amount of unfished space, perhaps between 10,000 to 40,000 square feet that rents as low as \$2 per square foot. Vacant retail space, which is often used for office, ranges in size from 7,900 to 500 square feet and rent from \$6 to \$12 per square foot on an annual basis.

Much like with housing there are number of challenges with the physical state of office supply in Somersworth. The first is the relatively small size of the available spaces. Brokers suggest that space

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<sup>79</sup> CBRE New England. New Hampshire Market Outlook 2015. Publication. Portsmouth: CBRE, 2015. Web.



size and layout of spaces is limiting and that many spaces are nontraditional and inflexible to most office users. Available spaces tend to be small or multi story in nature which is a deterrent to midsized and larger firms. Similarly, the condition of spaces is wanting, some spaces lack desired day lighting, or have dated/deteriorated finishes. Given the other locational challenges faced by downtown Somersworth-Berwick these supply considerations are significant deterrents, as firms and land lords have to undertake costly and time consuming tenant improvements that may place rents on par with better located offices.

Informants also note a trend toward firms owning rather than renting their space. Interest rates remain at nearly all-time lows and in many cases it is as affordable to own as it is to lease and fit out new spaces. This trend towards owning rather than renting is of particular note to secondary markets like Somersworth-Berwick as their primary appeal is affordability, but said affordability is primarily to small scale or local tenants not to owners or developers of new property. Even if land costs in Somersworth-Berwick remain lower than other communities, construction costs would remain the same and it is unlikely that land price differentials would be sufficient to offset other locational factors and attract meaningful office development.

However, the current affordability of office spaces in Somersworth-Berwick could be highly attractive to entrepreneurs and startups, with the “high end” of Somersworth-Berwick’s downtown market being just half the cost of Portsmouth’s average cost. Many of these spaces offer amenities that would command rent premiums in other locations, such as river views of the waterfall, exposed brick and beams, and high traffic count street frontage.

In this market assessment of the office market, revitalization strategies should not seek to create more office space or to attempt to attract traditional firms from their traditional locations but rather to leverage the affordability and character of available office spaces to local entrepreneurs and services, with particular interest in attracting those business in high growth industries that service the local community, most notably Health Care and Social Services.

## **RETAIL MARKET**

Retail, much like office, presents clear design and locational issues. First, is the fact the downtown employment in Somersworth-Berwick has greatly declined, resulting in the loss of thousands of downtown jobs, visitors, and shoppers. Today the chief way people access shops are by car and specifically from High Street. There is little pedestrian traffic especially along Main Street which is a one-sided retail corridor interrupted by a large parking lot. This design limitations create an inhospitable environment for retailers.

Yet at the broad level, the Somersworth-Berwick Trade Area is generating more retail sales than would be expected. This demonstrates that the upper High Street area is a regional retail node and is outcompeting downtown locations. In this context one might conclude that retail space in downtown Somersworth-Berwick is oversupplied and largely obsolete and should be transitioned to other uses. However, there is clearly a community desire and value in vibrant downtown retail which ought to be maintained and curated to the extent possible. Targeting select retail uses that provide community amenities and clustering these businesses along the most viable portion of downtown stands the best chance of decreasing vacancy and improving pedestrian traffic.



## RETAIL SUPPLY

### Downtown

As mentioned in the contextualization of Somersworth-Berwick, downtown retail has struggle and suffers from high vacancy rates. All but two of the 11 spaces on lower Main Street in Somersworth are vacant. While three of the eight stores in the adjacent Somersworth Plaza remain vacant. Adding in the remainder of retail spaces long Main Street one finds 17 vacant storefronts out of a total of 27 or a 62 percent vacancy rate on a unit basis. Unsurprisingly rents along Main Street are very low, with annual rents around \$6 a square foot for admittedly deteriorating storefronts, dated and often rough spaces. Main Street sees about 4,300 vehicles per day, down over a 1,000 since 2005.<sup>80</sup> Main Street businesses do have ample on-street and off-street parking, with parallel and angled parking on street and a 135 parking spaces municipal parking lot, all of which are greatly underutilized.

Somersworth's High and Market Street rents and vacancies are faring better than Main Street. Lower High Street has six vacant stores of 16 for a 37.5 percent unit vacancy rate. The vacancies include a gas station and the occupied spaces include three office users. Market Street currently has 19 occupied retail spaces, two are occupied by offices, and one is functionally warehousing space, two spaces are vacant. This is perhaps the most successful section of downtown retail with rents in the \$10-12 per square foot range just short of Dover's \$10 to \$15 rents and half of downtown Portsmouth's \$20 to \$25 range.

At first glance Market Street's low vacancy shows a comparatively healthy retail cluster but in reality many of these businesses occupy two or even three intended storefronts. Thus one store may occupy a number of retail spaces thereby showing them as occupied but also demonstrating the low rents and limited demand for space. Borderline Beverage occupies what was three retail spaces in two different buildings, Best Pawn Exchange occupies two spaces also across two different buildings, while Tri-City Flooring occupies both of its building's storefronts, as does Market Street Serendipity. Taking this into consideration the number of storefronts on Market Street increases 26 percent from 19 to 24. The consolidation of storefronts highlights the low cost of retail space and high proportion of owner occupiers, with the vast majority of business owners also owning their space if not the entire building. Rents on Market Street range from \$8 to \$12 per square foot.

High and Market Streets (Route 9) are the primary connection from "The Berwicks" and Maine to Route 16 and upper High Street where most contemporary shopping occurs. Market Street, which links into downtown Berwick, sees 11,000 cars a day, the lower High Street shops downtown see 13,000 vehicles a day. High and Market Street have parallel or angled parking on both sides of the street with limited parking for employees and residents in the rear.

Downtown Berwick has many less retail spaces than Somersworth with approximately eight spaces centered on Sullivan Square. All but one space is occupied. Occupied spaces include two office users and a gas station. There is angled on street parking, as well as two small municipal parking lots.

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<sup>80</sup> State of New Hampshire Department of Transportation, Bureau of Traffic, Traffic Study. Feb 2013.

## Uptown

Upper High Street is located some three miles south of downtown Somersworth-Berwick and is home to a robust big box retailing presence, with roughly one million square feet of retail space. Most retailers are national chains such as Wal-Mart, Target, Home Depot, and TJ Maxx. However some spaces are occupied by local businesses and offices. There are a number of vacant spaces including at least five in a newly constructed strip malls, however vacancy on the whole is much lower than downtown. Asking rents along this section of High Street range from \$18 to \$20 per square foot, traffic counts are 24,000 vehicles daily and parking is abundant and is in large dedicated lots.

While this retail center has clearly done much to buoy local employment and the tax base, these national retailers often outcompete downtown businesses and hinder the development of robust retailing in smaller urban centers. Downtown revitalization strategies suggest that better links between downtown and new commercial shopping centers is key. Downtown business should seek to capture some of traffic generated from national retailer's larger market catchment area. In order to lure these regional shoppers to visiting and staying in downtown Somersworth-Berwick, clear signage needs to be created to indicate where downtown is and what amenities it offers which distinguish it from those available in strip centers. In the same mold, downtown businesses should seek to differentiate themselves on service, local craft or product, to create an authentic local appearance and defined sense of place that makes downtown retail distinct from rather than competing with national, lower priced, and better advertised retailers.

## RETAIL DEMAND

It clear by the high vacancies and low rents that new retail development in downtown Somersworth-Berwick that is not broadly viable. While rents along High and Market Street can support existing retail uses, it is clear that Main Street's retail is both over-supplied and obsolete. Given falling traffic counts and changing employment centers, there is little future for retail on Main Street.

Regardless of Main Street's faith, by assessing existing retail surplus and leakage in the market more broadly one can identify existing retail clusters which might be expanded or better capitalized while also aiding the identification of those retail sectors which are leaking. Thus assessing retail leakage and surplus is a key step to aid downtown revitalization efforts to by highlighting local opportunities for retailers, please see table 3.17.

Leakage and surplus factor is a range of values from -100 to 100 and shows the relationship between a geography's estimated retail spending, supply, and its potential retail sales, demand. A 100 leakage factor would mean 100 percent of expected sales from locals are occurring outside the define area while -100 surplus would indicate 100 percent of sales are occurring from outside shoppers.<sup>81</sup> Supply is found by using business census data and reported local sales by industry. Demand is estimated based on the number of households in a market area, which is then multiplied by annual household income. Sub-multipliers are then used to estimate local demand across various industries.

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<sup>81</sup> This analysis used ESRI's and Dun & Bradstreet's leakage and surplus as calculated by Business Analyst 2013. Retail Marketplace Profile. September 4, 2014.

Table 3.17. Somersworth-Berwick Market Area Retail Leakage and Surplus Analysis.

<b>SBTA Market 2013</b>			
Households	26,611		
Median Disposable Income	\$45,932		
	Total Retail Potential	Total Retail Sales	Leakage/Surplus Factor
Total Retail & Food	\$682,052,118	\$684,009,123	-1.0%
Retail	\$614,591,487	\$619,305,251	-4.0%
Food & Drink	\$67,460,631	\$64,703,872	2.1%

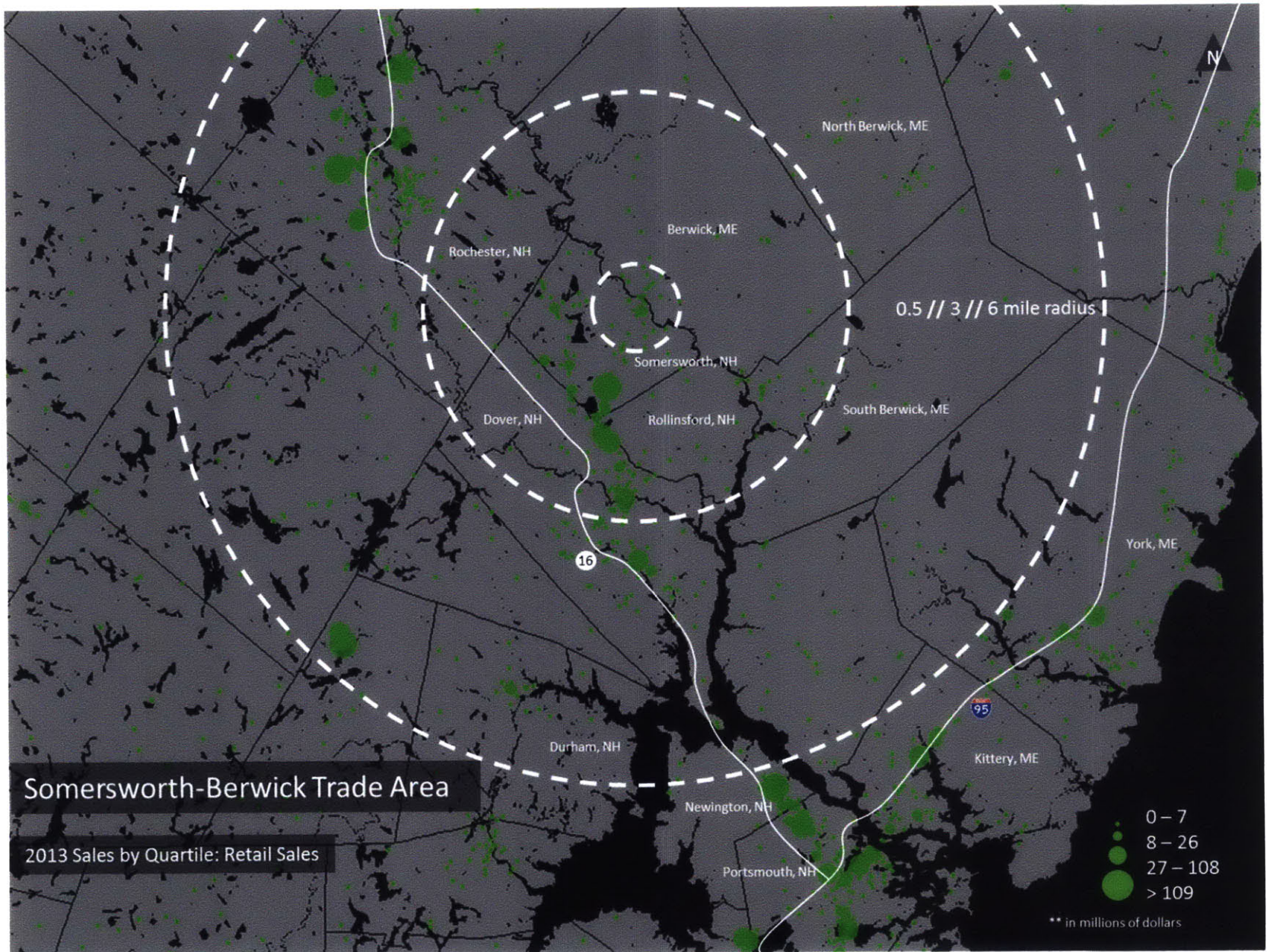
At the broadest level the SBTA generates more sales than would be expected for the region based on its local catchment area. That is, the SBTA attracted over two million more dollars from other areas than would be expected. However, given we know that upper High Street is a major regional shopping center filled with national big box stores, such a surplus is unsurprising. While the breakdown between food and retail services shows retail enjoys a larger four percent surplus factor while food and drink are losing sales to other areas or are under supplied locally in the magnitude of \$2.76 million annually. Please see map 3.18 and 3.19 for retail and food and beverage distributions.

Digging into more detailed retail categories we see our top surplus performers are grocery stores, followed by food services, office supplies and furnishings, see table 3.20. The implication for downtown is that is unlikely that new grocery development will be viable in an already highly competitive market. The same holds for office supplies who are already coming under pressure from growing online sales. While online and mail-order sectors appear to have strong showing in the SBTA, this largely due to the fact that Somersworth is home to a number of online retailers such as Tradeport USA (an electricians online retailer) and much like “special food services” these online retailers do not maintain traditional brick and mortar storefronts and thus generally fail to contribute to vibrant downtown retailing.

Table 3.20 Somersworth-Berwick Surplus Key Retail Sectors.

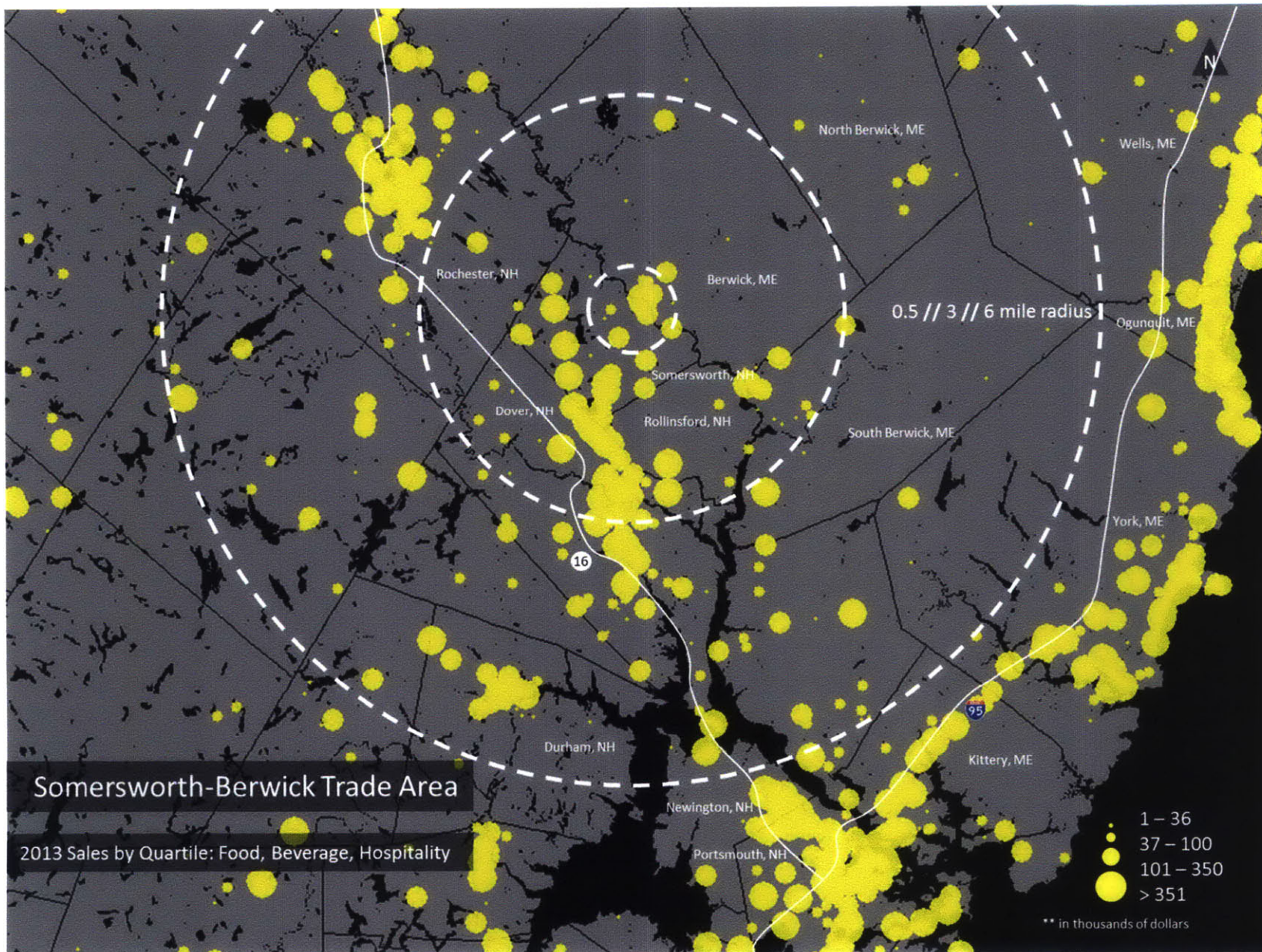
<b>SBTA Retail Surplus 2013</b>			
	Demand	Supply	Gap
Retail Type	Retail Potential	Retail Sales	Surplus Factor
Furniture & Furnishings	\$15.2	\$17.0	-6%
Grocery	\$108.4	\$ 132.5	-10%
Special Food Services	\$3.3	\$4.3	-9%
Office Supplies	\$5.4	\$6.3	-8%
Online/Mail Order	\$47.3	\$140.8	-50%
** dollars in millions			





Map 3.18 Somersworth-Berwick Regional Retail Sales: Note the largest circles indicate big bog stores or malls.





Map 3.19 Somersworth-Berwick Regional Food, Beverage, and Hospitality Sales: Note that many of the large circles in downtown Somersworth-Berwick are food production rather than restaurants or bars



While surplus in some sectors indicate high levels of competition and limited growth opportunities other sectors such as furniture and furnishings help create local economic clusters. Such as High and Market Streets relatively high number of antique and home stores. While clearly furnishings are a competitive market, they might also become a local specialty that make downtown Somersworth-Berwick a retail destination centered on home goods.

The key to productive clusters of retail is to foster a critical mass of complementarity rather than holey competitive retailers across niche clusters. Central retail management can then be used to coordinate business operations and promotion, such as setting uniform store hours and shared marketing. Establishing and developing a retail market niche is a revitalization strategy which can help to restructure the downtown economy of Somersworth-Berwick. Fostering retail clusters can also support a unique sense of place that is attractive to locals and visitors alike. Developing a sense of place and robust downtown economy, again lending validity to a holistic revitalization strategy.

A more detailed analysis of retail leakage within the SBTA shows that clothing and accessories, sporting goods, and full service restaurants have major leakage factors, see table 3.21. The large leakage in this sectors indicants a regional shopping center or mall as well as increasing online sales. Indeed, the largest regional shopping center for these goods are to the south, at Fox Run Mall, Kittery Outlets, and in downtown Portsmouth.

Electronics and appliance leakage is also substantial however this sector is under increasing pressure everywhere as online sales increasingly take over market share. Small-scale and locally-orientated sporting goods and clothing stores may prove to a fill local niche market for boutiques and specialty goods, although large scale clothing and accessory development downtown would likely not be viable and would surely require rent subsidy or alternative sales platforms such as online sales to remain viable.

*Table 3.21 Somersworth-Berwick Leakage Key Retail Sectors*

<b>SBTA Retail Leakage 2013</b>			
	<b>Demand</b>	<b>Supply</b>	<b>Gap</b>
<b>Retail Type</b>	<b>Retail Potential**</b>	<b>Retail Sales</b>	<b>Leakage Factor</b>
<b>Electronics &amp; Appliance</b>	\$16.3	\$5.8	48%
<b>Clothing &amp; Accessories</b>	\$38.6	\$7.9	66%
<b>Sporting &amp; Hobby</b>	\$16.8	\$8.6	34%
<b>Full Service Restaurants</b>	\$32.4	\$28.7	6%
** in millions			

The most significant opportunity in of this leakage assessment is full service restaurants. Dining and beverage are key assets in creating a sense of place while directly providing valuable local amenity to households and other business. Current estimates suggest the SBTA is losing \$3.7 million in full service restaurants sales annually to other communities, effectively bolstering other communities' sense of place and local amenity. Given the margin of error this number may not be that significant but when considering \$3.7 million is likely larger than all of the sales of current downtown dining options in Somersworth-Berwick should command attention by businesses and planners. More

importantly the dining and beverage segment of the market is growing, as economy recovers and people's preferences move towards healthier and more local food options.<sup>82</sup>

Referring back to map 3.19 it is clear that Dover and Portsmouth retain many more and larger food and beverage options particularly in their downtowns which are indicated by large masses of yellow. By contrast, the SBTA downtown has just a few dining options, all but one of which are low cost delivery-based options. Given local leakage estimates and the importance of dining in creating vibrant places, revitalization efforts in the SBTA should seek to recapture full service dining options to the downtown, focusing on businesses that best service the area's local tastes, incomes, and character.

## RETAIL OVERVIEW

It is clear that downtown Somersworth-Berwick is oversupplied with obsolete and excess retail space. Changing shopping and employment patterns have shifted retail's focus to contract only around the highest traveled and most viable segments of road with the most successful locations being in the double sided retail environment on High Street, see map 3.22. The retail along Main Street clearly reflects this transition and is over half vacant with rents well below replacement cost. Rather than attempting to make these retail spaces viable they should reposition to other higher value uses, perhaps as livework spaces and housing, see map 3.23. Regardless, retail efforts should seek to active gaps in between existing retail nodes will also looking to cross-activate streets to improve retail's viability.

The creation of downtown housing could support downtown retailing. New market rate housing might be used to fill retail space vacancies or voids in the street wall. New households would also increase downtown's market size and spending power. While the presences of residents would stimulate more downtown users in off business hours. Thus establishing a critical mass of new households downtown is a key consideration to help foster a more robust retail and restaurant market and contribute to perceptions about downtown's vibrancy.

C work hard to promote their stores and sell their products. Developing a market niche which is not dependent on foot traffic, such as furniture and home good stores<sup>83</sup> could be one way to establish a local sense of place and act as a destination shopping experience. Downtown revitalization research suggests that working collaboratively across businesses to maintain standard store hours and undertake shared marketing are key elements to support and magnify retailer's efforts. Local retailers also suggest that new businesses should seek to diversify sales across platforms, such as online sales or farmers' markets. Whatever the strategies, to create a robust retail shopping scene and foot traffic planners and developers must seek to create a critical mass of stores that are amenable to window shopping and browsing while these stores are themselves not entirely reliant on passive shoppers.

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<sup>82</sup> "Full Service Restaurant Business Overview & Trends." *Small Business Development Center*. 2012. Web. 10 Apr. 2015.

<sup>83</sup> As one is unlikely to spontaneously by bulky furniture and thus tends to seek/plan out its purchase.

## TRANSPORTATION DEVELOPMENTS & INDUSTRY

A key theme across informant interviews is access to amenities and jobs. The closest proxy and clear backbone for local accessibility is Route 16. As mentioned previously this key north/south corridor connects the tri-city region (Rochester, Somersworth, and Dover) and points north to the seacoast region and employment and cultural centers to the south, namely Portsmouth. Historically this heavily traveled route has experienced congestion at a key crossing, the Little Bay Bridges, between Newington and Dover.

The Little Bay Bridges and Route 16 are currently undergoing improvements that will greatly reduce congestion and increase capacity. While the Little Bay Bridge expansion isn't scheduled to be complete until 2017, it could have significant impact on regional development and prices. Informants suggest diminished delays and stress from gridlock will encourage people to move north in search of more affordable housing. While one might at first assume businesses would follow the same logic in moving north, commercial brokers suggest otherwise. By increasing regional access to affordable housing the highway expansion allows workers to more easily commute to highly accessible and amenities-rich Portsmouth, thus encouraging rather than deterring companies with large and skilled workforces from relocating or otherwise being lured north.

The impact of the Route 16's expansion is less clear on industrial users, who are beginning to be priced out of the southern locations and are currently seeking affordability over centrality, although relative accessibility is still valued. Attracting industrial development and warehousing may become increasingly attractive to communities north of Portsmouth, particularly those communities with lower land prices and highway access. If the SBTA is successful in attracting industrial development, most notably to Route 108, then these developments should seek to link to downtown as best as possible, perhaps encouraging workers to eat and shop downtown by way of marketing and signage or else encouraging workers to live in downtown.

## MARKET STUDY CONCLUSIONS

### Housing

- Unmet or niche market demand for “ready-to-go” housing that doesn’t require regular home improvements and has central management.
- Demand for rentals is high and new rental development could attain between \$1.50 and \$2 per square foot on a monthly basis for quality units with attainable rents in for the median 35 percent between \$1,759 and \$1,168 per month.
  - SBTA context suggest units gears toward livework, 1 bedroom, and studio spaces which support highest rents per square foot and which are the most attractive to new Millennial households or Baby Boomers who are without children.
- The presence of more rental housing than region as a whole suggests the need to balance and better integrate housing tenures when possible, with the aim to foster community vestedness and engagement.
- Home sales are beginning to recover but buyers are looking for low maintenance, high amenity locations.
  - Newly renovated housing units are increasing attractive especially in downtown and walkable locations
  - Indicators suggest that a niche market for small scale condo development in the SBTA could be viable, pre sales would likely be required to attain financing
  - Attainable home values for the median 35 percent are between \$150,000 and \$280,000 with an additional 22 percent able to afford more.
- Demographic indicators suggest key target markets for rentals or condos Millennials who are begin to form households and Baby Boomers looking to transition to smaller living.
- Schools, taxes, access, amenities, reputation are key considerations to attract new residents and support housing prices.

### Office

- Achievable rents for finished office space in SBTA is \$9 per square foot annual, although market indicators suggest there is little demand for new space and rents are well below replacement cost
- Regional employment growth in office-based sectors is limited and highly concentrated to core markets thus major office development is unlikely in the SBTA and revitalization and economic development efforts should seek to attract and develop small-scale office users that provide local services such as those in the health industries
- Given low barriers to entry, low costs and excess supply of retail and office space, SBTA should engage alternative space users, artists and entrepreneurs, both as a basis to fill vacant spaces and to diversity the downtown economy.

### Retail

- Retail is oversupplied, misallocated, and obsolete in much of downtown Somersworth-Berwick. Low rents of \$6 per square foot are well below replacement cost. High vacancies and low rents along Main Street suggest that revitalization efforts in downtown Somersworth-Berwick should seek to focus retail efforts in more viable areas (along Route 9) while looking to convert or redevelop other retail spaces to office, livework, and housing uses.
- Retail in downtown Somersworth-Berwick should be thought of as a value creator to its community, adjacent home owners and businesses. Vibrant downtowns with healthy retail

provide the community local amenities, help attract new residents and business, and encourage higher rents and land values.

- Retail in the most successful locations (along Route 9) achieve \$10 to \$12 per square foot which is still below replacement cost but remains a feasible for existing properties.

Downtown and retail revitalization efforts should seek to:

- Decouple stores to create more economic diversity and visual interest on the street.
- Develop a two sided retail environment along High and Market Streets in Somersworth and Sullivan Square in Berwick.
- Develop a local economic cluster or market niche that is not dependent on foot traffic and which can act as a destination retail and contribute to downtown's sense of place.
- Develop a local full service restaurants and dining scene that recovers some of this key sectors leakage to other communities.



## CHAPTER 4 TEST SITE: PLAN AND FINANCIAL FEASIBILITY

The previous sections have explored the larger context of Somersworth-Berwick, the opportunities and challenges that face development within the small town and fringe context, and the local market conditions that shape future development and revitalization opportunities. In this section these two broad perspectives, revitalization strategies and market fundamentals, will be brought together to test how best revitalization practices inform development and how catalytic development efforts are informed by the market. Ultimately the aim of this chapter is to explore whether catalytic real estate development is financially feasible within the Somersworth-Berwick context and to highlight where possible gaps are to better inform revitalization planning efforts.

Following the market study of Somersworth-Berwick it is clear that downtown is a challenging market for a number of reasons. It is not appealing or viable to new office development given low rents and low demand for downtown's nontraditional and somewhat isolated location. Retail is oversupplied in the downtown context and is also suffering from key gaps within the pedestrian realm. Industrial uses may be viable but would require large-scale and affordable parcels of land which are lacking in the downtown. Moreover, industrial uses generally contrast the community's vision of downtown as a vibrant and walkable place as industrial users may be difficult to integrate within the human-scale and primarily residential character of downtown. Residential condos are an untested product locally and thus are not the best candidate to attempt to catalyze development or model feasibility. Given lower sales prices than neighboring communities, new single family is unlikely to be viable given this site could require expensive acquisition and demolition costs, moreover single family development in the scale of this site would likely be insufficient to catalyze growth and investment more broadly.

However, demand for rental housing in the area remains strong, particularly in amenity rich and walkable locations. Housing preferences have shifted towards new, ready-to-go and low maintenance real estate products, and Millennials as well as Baby Boomers value walkability and a sense of community and place. Thus rental housing is not only the most viable use for potential redevelopment but would also support downtown revitalization by increasing downtown's population, downtown patrons, and sense of community.

While amenities and walkability of Somersworth-Berwick are not that of other communities, such as Portsmouth, it would be the aim of this catalytic development to begin to create a more walkable downtown by redeveloping white elephants, namely vacant and unwelcoming retail and housing spaces along Main Street.

### Site Selection

There are a number of sites that were considered for this experimental analysis. All of the potential sites are white elephants in Somersworth-Berwick, see images 4.1 and 4.2. Site one is the now vacant Prime Tanning site in Berwick. This site is well located and large, key elements to successful catalytic development. However the town of Berwick is already leading a redevelopment plan and environmental cleanup. As such, the site is not ideal to test what catalytic development might look like and to measure its feasibility, given that much work has already been done with regard to the site's repositioning, particularly the town's already committed subsidy and robust community engagement.

Site two is the Dead Triangle site. It is home the old Somersworth police station and a gas station, both of which are vacant. While this site enjoys perhaps the highest viability of the white elephants in the downtown it is also the smallest and most topographically constrained. Best practices suggest

that catalytic development should utilize large-scale development to foster positive spillover effects, it is not clear that site two is large enough to achieve the scope of investment required for catalytic effects.

Site three is the half vacant Somersworth Plaza. At first, this site might appear to be the lowest hanging fruit for possible catalytic development efforts. It is a single story, non-historic, building fronted by a large parking lot. As such it provide perhaps the easiest “clean slate” for potential catalytic development from an engineering perspective. While its large size would likely be sufficient to achieve a catalytic spillovers. Yet, the Plaza has only moderate visibility, as Main Street is no longer a major economic or transportation axis. Main Street’s decline as a major node of urban activity is evident when comparing the intensity of development in image 4.1 with image 4.2. More importantly, the Plaza has been condoized, resulting in ten different owners including the city of Somersworth who retains the parking lot. Thus this site would require not only the acquisition of 12 properties across ten owners but it would also require significant public/political support to obtain and redevelop the city’s largest land/parking stake in the downtown. While the city might be willing to negotiate or even conditionally grant the parking lot to the right development proposal, the uncertainty of the site’s acquisition and associated cost within the experimental context complicate the financial modeling and feasibility analysis.

Site four, the Main Street Shops, is at the edge of downtown Somersworth and is the most deteriorated of selected sites. Unlike the Somersworth Plaza, this site is entirely privately owned and has already been partially assembled. Thus while there are a total of 14 properties there are only seven owners. Like the Plaza, site four is not the most visible within the downtown but it does act as a gateway into downtown from the residential neighborhoods to the south and west. Given the Main Street Shops’ gateway status, their highly deteriorated state, relativity large size, and lower barriers to acquisition, site four was selected as the base test site for the experimental catalytic development.

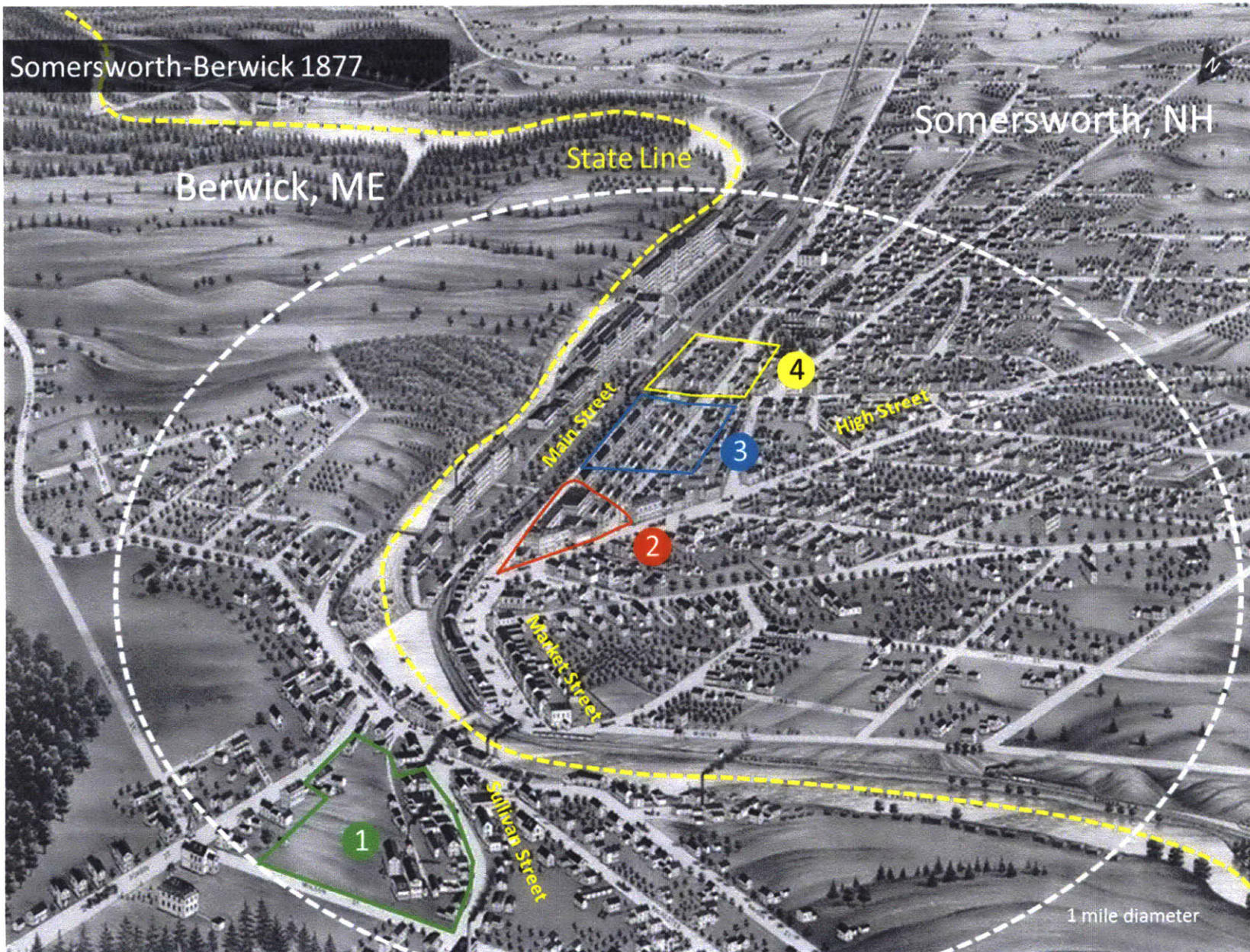
## THE SITE

The site four, now simply “the site,” is located on the Somersworth side of downtown, it is 1.86 acres and is comprised of 14 parcels that are owned by seven individuals, see map 4.3 for a broad site context. The site lays between Main Street, Washington Street, Elm Street, and Fair Court, see images 4.4 for a more detailed context. To better understand and compare the scope and scale of the Main Street, an at scale outline way overlaid varying urban conditions within the region, see images 4.5.<sup>84</sup>

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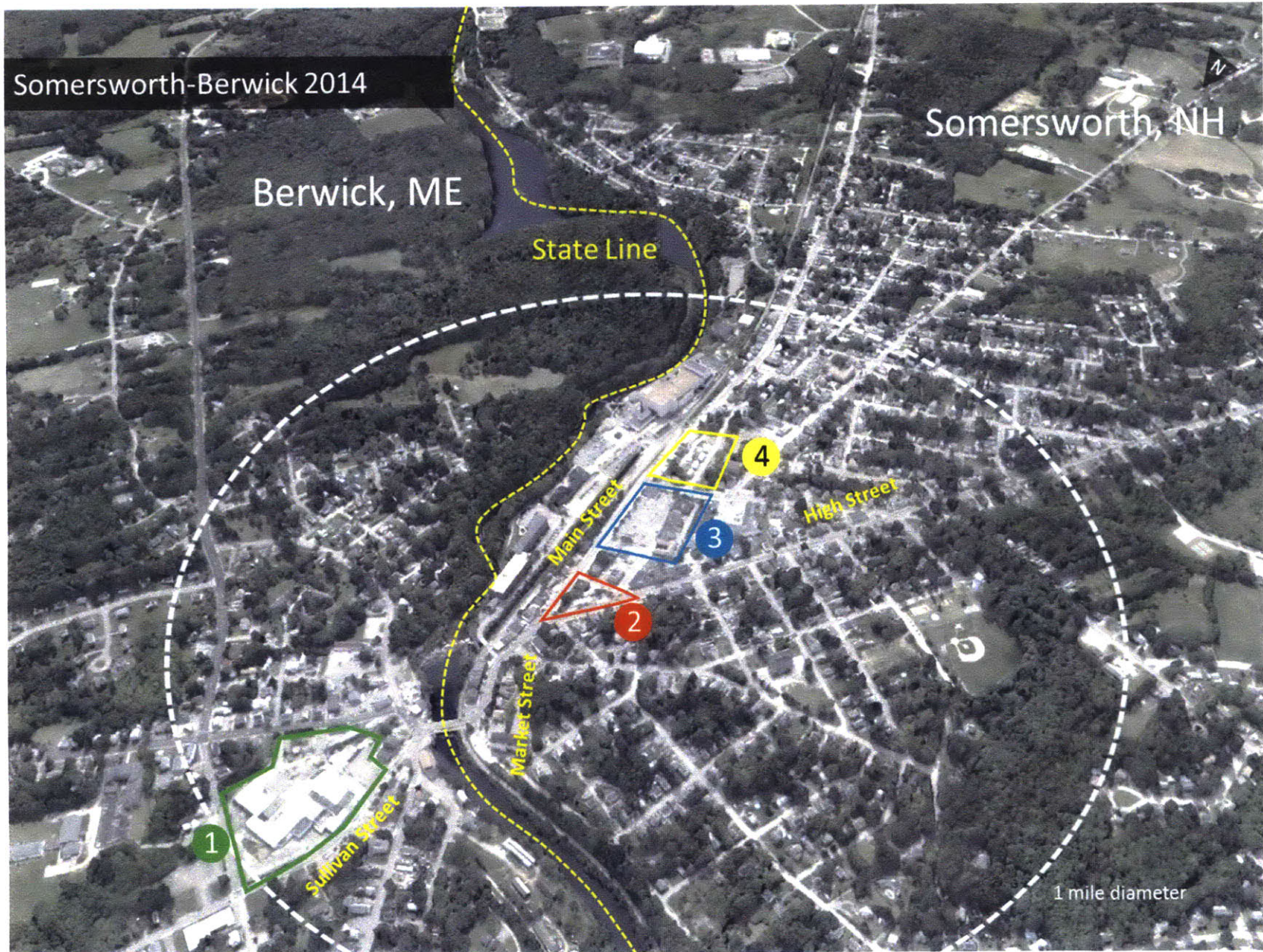
<sup>84</sup> Base Images collected from Google Earth 2014, accessed March 2015.





Map 4.1 Site selection options Somersworth-Berwick historic use





Map 4.2 Site selection options Somersworth-Berwick 2014





Map 4.3 Selected test site, Main Street Shops.



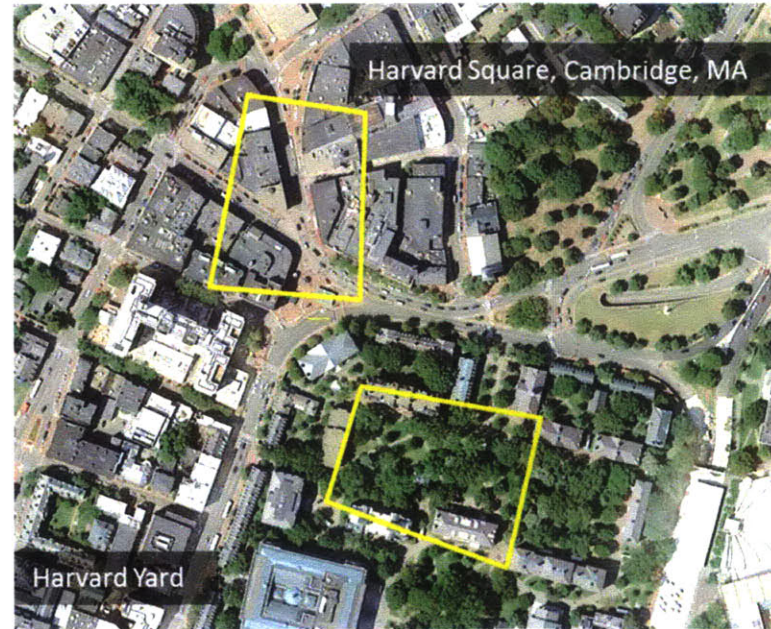


Images 4.4 Site dimensions and properties.



Somersworth-Berwick  
Site comparisons

400 ft  
1.86 acres



Images 4.5 Test site size and scale comparisons



## BUILDINGS & CONDITIONS

The Main Street test site is home to four historic mill houses situated along Elm Street as well as the last standing historic brick tenement-style mill house which stands on the corner of Washington and Main Streets, see images 4.6 for Main Street structures and images 4.7 for Elm Street buildings.<sup>85</sup>

Most of Main Street is shotgun-style two story structures with ground floor retail. While these structures are within historic district they are not considered significant contributors to the city's history or architecture.<sup>86</sup> Elm Street is home to the abandoned and structurally dubious Somersworth Hotel, whose historic designation has also been classified as noncontributing. Site inspection and informant interviews have confirmed all of the aforementioned buildings are highly deteriorated with visible signs of disrepair, significant structural issues, high vacancy, and major capital investment needs. The best condition buildings are Washington Street's lone structure which is a product of urban renewal from 1960s and a small single family house just off the corner of Elm Street and Fair Court. This single family home will be excluded from further assessment as costs of moving or acquiring it would be prohibitive and its good condition and contributing historic status are an outlier in the site.

Given the highly deteriorated condition, lack of historical significance and small-scale of shotgun-style buildings along Main Street and the Somersworth Hotel it is assumed that renovation costs of these structures would greatly exceed their potential resale and rental value. The experimental development will seek to replace these structures with more intensive yet historically and scale sensitive development. The brick tenement building and Elm Street houses will be retained given their historic significance to the community's deep-rooted identity to its mill town past.

One should note that historic rehabilitation is often just as costly as new development but without economies of scale that new development offer. It is therefore possible that razing these historic buildings would result in a more financially feasible development. Yet given our framework for revitalization, human-scale, historic preservation, and the local community's sense of place must be considered and as such the most historic buildings will be preserved. The Washington Street apartments will also be retained, as the structure is in good condition, although significant façade and interior improvement would be sought to integrate the development with the rest of the site and to attain the target rents per square foot.

Viewing the bottom image in 4.6 one sees the shotgun-style buildings step down from the brick tenement building, both in height and materials. It is clear that even in Somersworth-Berwick's economic heyday this site was the transition to the surrounding residential community, see image 4.8.<sup>87</sup> Today's highly deteriorated site fails to foster a sense of arrival or departure to the downtown. Using the scale of the existing tenement building as a basis, the test development will seek to create a sense of arrival into the downtown, creating a uniform street wall and continuity in the downtown.

All images show the site's slope which varies some 30 feet from Main Street to the back of Somersworth Hotel parcel. Previous development has terraced the site along streets and parcels with sharp elevation jumps at the alley between Main and Elm Streets, at the back of the Elm Street Houses, and behind the Hotel parcel. These elevation jumps are not hard barriers but would increase

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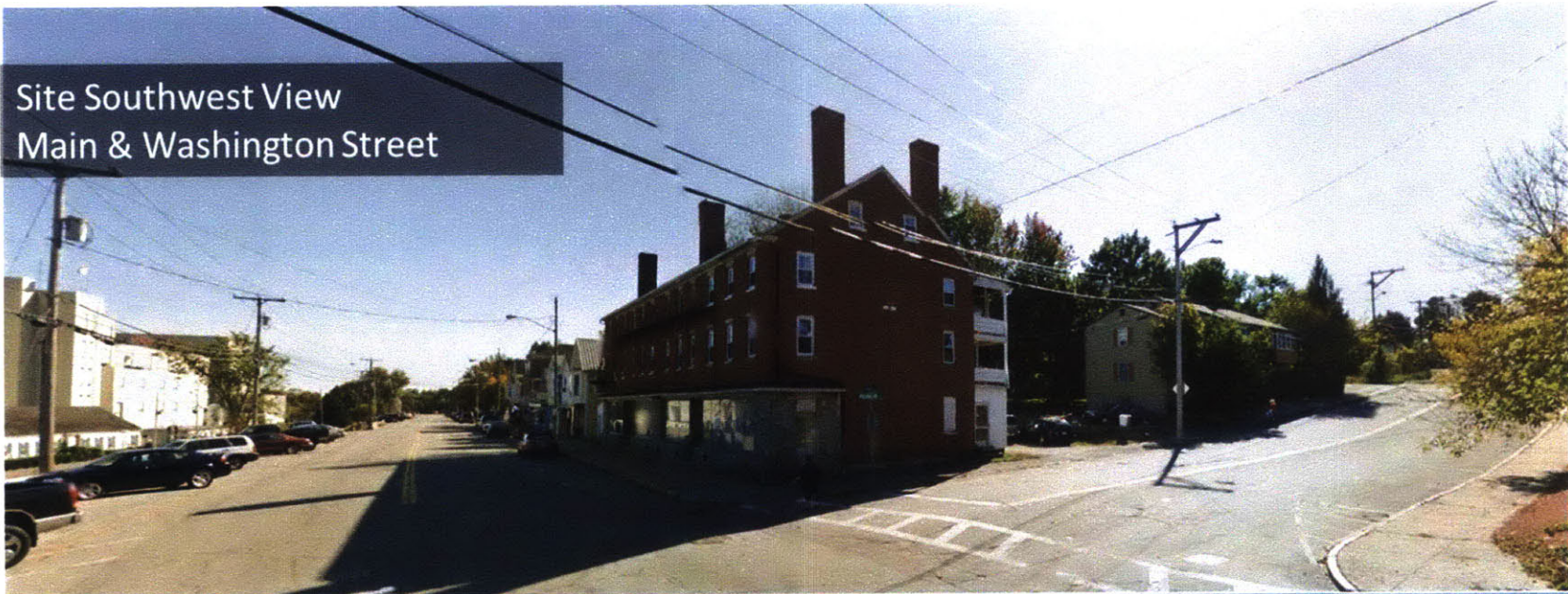
<sup>85</sup> Images collected from Google Maps, Street View 2014, accessed March 2015.

<sup>86</sup> Casella, Richard. Somersworth Historic District Resource Survey. Historic Documentation Inc, 2012. Print

<sup>87</sup> Image collected from the Somersworth Historical Society, May 2015.

development costs by introducing significant grading and ground work. Thus topography further informs the site's scale to conform to historic development.

Site Southwest View  
Main & Washington Street



Site Northwest View  
Main Street & Fair Court



Image 4.6 **Top** Brick Tenement at the Corner of Main and Washington, Washington Street apartments seen on right **Bottom** Main Street shotgun-style buildings.





*Image 4.7 **Top** Mill housing along Elm Street, Somersworth hotel on right **Bottom** Elm from the other direction with the vacant Somersworth hotel on the left.*





*Image 4.8 The Main Street Shops 1940s looking north. Here the mills were still active and Somersworth experienced relatively strong growth. Nonetheless, we can see the old tenement building is entirely residential still and that shops in the foreground are notably smaller wooden structures, reflecting the transition of downtown's commercial center to the residential neighborhoods just south.*

## SITE CONTEXT + CIRCULATION

The test site is located in Somersworth's business zone which is by the far the most flexible zone. The business zone has no dimensional and density limitations but does require developments' primary use to be non-residential in nature. That said, the site is already primarily residential in use as the retail spaces are vacant and the remaining properties are residential. Viewing map 4.8 gives a sense of the functional land uses in downtown Somersworth-Berwick, keeping in mind that many of the ground floor retail spaces on Main Street are either vacant or being utilized for housing or warehousing.

While there is functionally no zoning limitation in terms of building dimensions and density, the site is within the historic district and will require review by the HDC to demolish or substantially renovate buildings. While dimensions and density might not be held to hard numbers, development would be required to reflect the historic character and nature of Somersworth, limiting the potential scope of development to one that is sensitive to the historic surroundings. The presence of the HDC and surrounding historic buildings thus supports the development of townhouses in line with existing structures rather than larger-scale residential development for this site. Townhouses have added benefit of enjoying rent premium over garden-style apartments.

Looking beyond the site Map 4.8 highlights the dominance of the adjacent GE factory and former industrial center of downtown Somersworth. After losing the vast majority of its workers the GE facility has become a white elephant in the community, not that it was ever an attractive building per se. A broader assessment of downtown white elephants, seen in map 4.10 and images 4.11, shows that they are overwhelmingly situated along Main Street.<sup>88</sup> Comprehensive downtown revitalization or catalytic development efforts should seek to address these white elephants in an overall scheme. White elephants 1, 3, and 5 in map 4.10 could be thought of in terms of a single phased development, as for any one site to be viable would likely require the others to be addressed. The spillover effects of revitalization are particularly true for improving walkability along Main Street and for fostering sense of place along it.

While white elephants generally discourage investment and stifle a sense of place they are also a leading factor that deters pedestrianism. Map 4.12 shows the highly connective pedestrian pathways between the community and downtown Somersworth-Berwick. It is clear there are key gaps which prevent downtown from being linked together as a whole, thus restricting a unified sense of place and connection.

This is particularly true within the Somersworth Plaza parking lot. Historically Elm Street connected to High Street but is now blocked by an inward looking parking lot that forces traffic to Main Street. The parking lot itself is also a barrier to pedestrians, presenting a vacuous space which most are unwilling to transverse. The nature and scale of the Prime Tanning site (white elephant 2 in image 4.11) and adjacent parcel off Elm Street also result in a wanting sense of connection. All of these locations are out of human scale, undefined and un-activated spaces within the downtown. Rather than contributing to a defined sense of place and connection they detract from it.

Downtown Somersworth-Berwick's assets tend to be closer to High, Market, and Sullivan Streets, see map 4.13 and images 4.14.<sup>89</sup> It is clear that the selected Main Street site, as well as the

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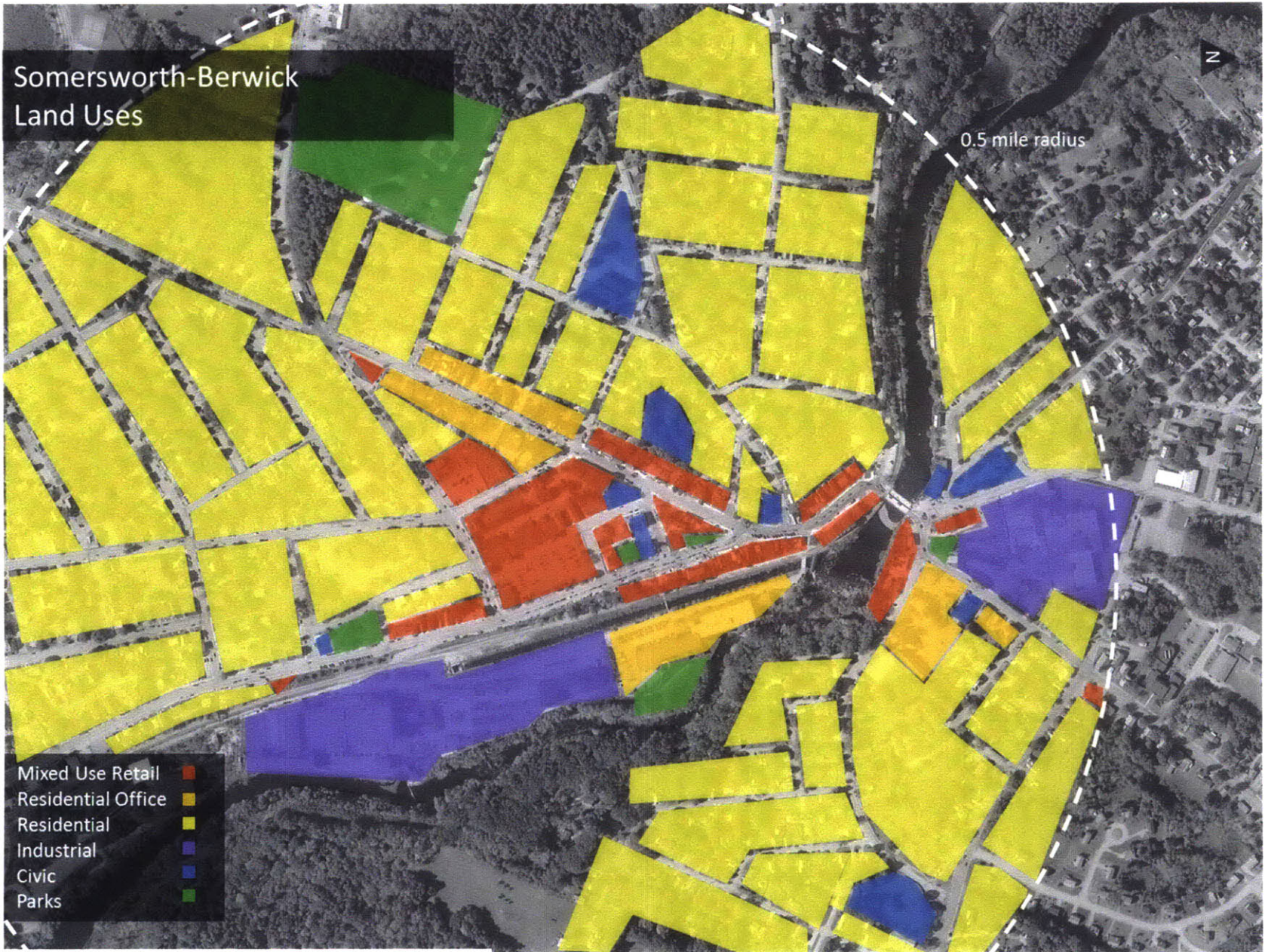
<sup>88</sup> Images 1-5 Google Maps, Street View 2014, collected March 2015.

<sup>89</sup> Images 1-3 Google Maps, Street View 2014, collected March 2015. Image 4 Chinburg Properties, Canal Street Mill Apartments, Web, 2015. Image 5, Paul Matthew Goodwin, August 2014.

Somersworth Plaza, are functionally disconnected from these assets. This again highlights the need to address walkability and revitalization at a larger scale along Main Street, with the aim of better connecting Main Street and residential neighborhoods to the South to the primary assets of downtown Somersworth-Berwick.

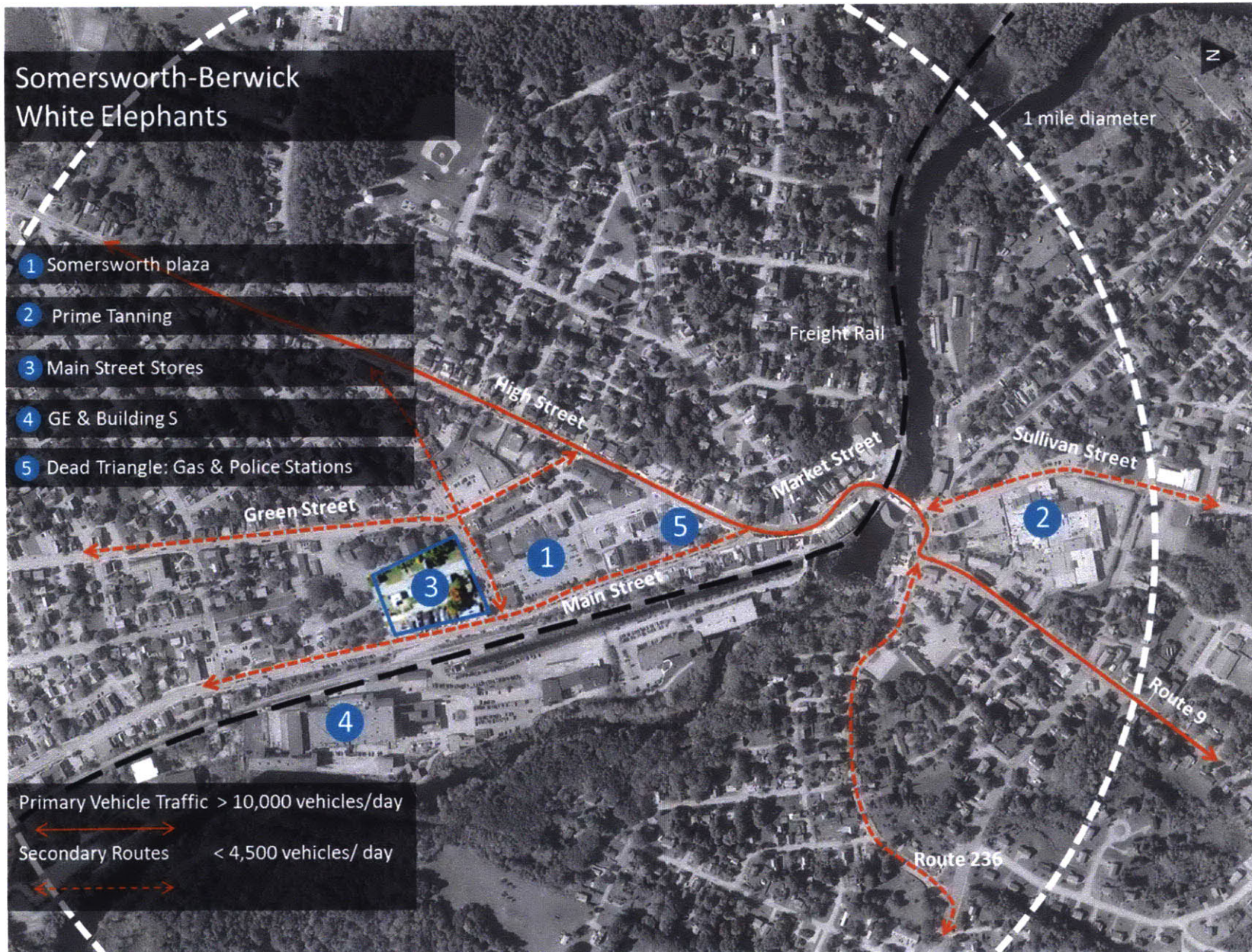
To address walkability, white elephants, and lacking sense of place, the test development will seek to reuse and redevelop one key white elephant site along Main Street, with the aim of better defining and activating the street, connecting neighborhoods, to assets, and creating a sense of arrival to downtown. The test development will also seek to remain sensitive to the human and historic scale of downtown Somersworth-Berwick. Broader catalytic development efforts should seek to target adjacent white elephants, perhaps in phases, and to close gaps in downtown's walkability. Addressing key walkability gaps and white elephants will better connect downtown Somersworth-Berwick's key assets to its communities and foster a more cohesive sense of place which is attractive to residents, visitors, and companies.





Map 4.9 Land use map.

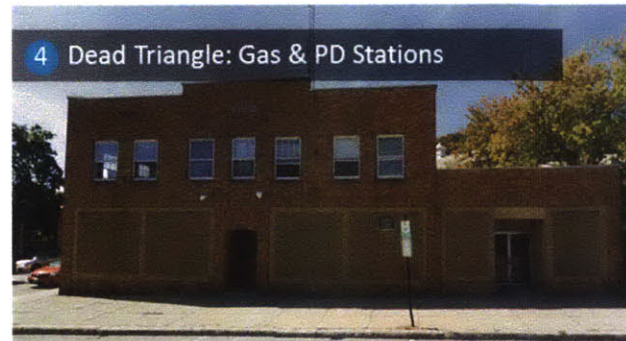
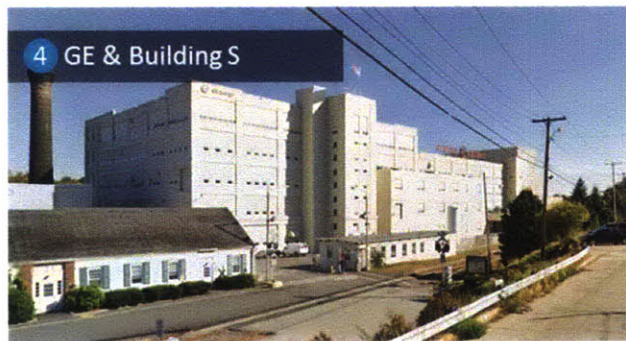




Map 4.10 White Elephant Mapping

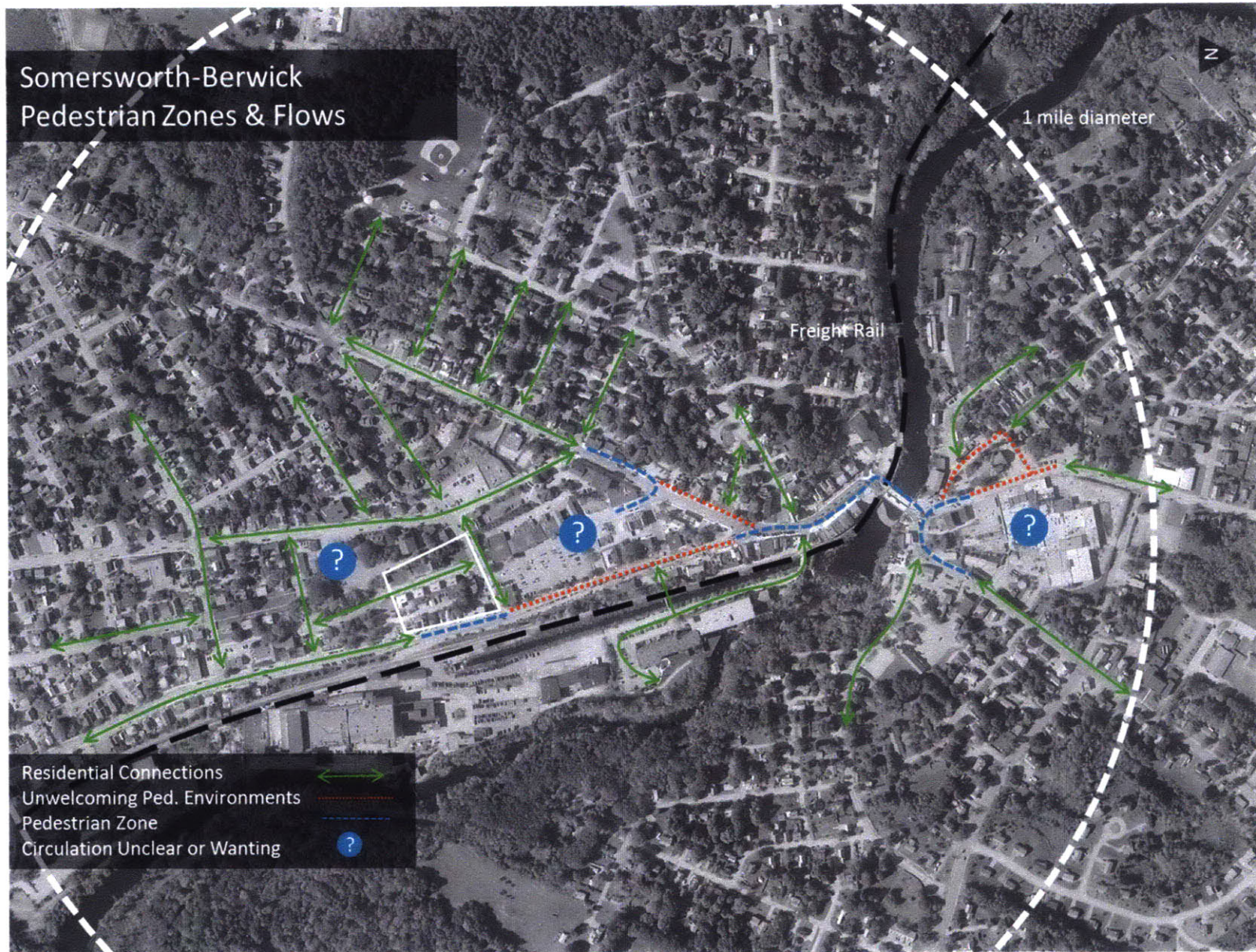


# Somersworth Berwick White Elephants



Images 4.11 White Elephant Images





Map 4.12 Pedestrian Zones and Flows

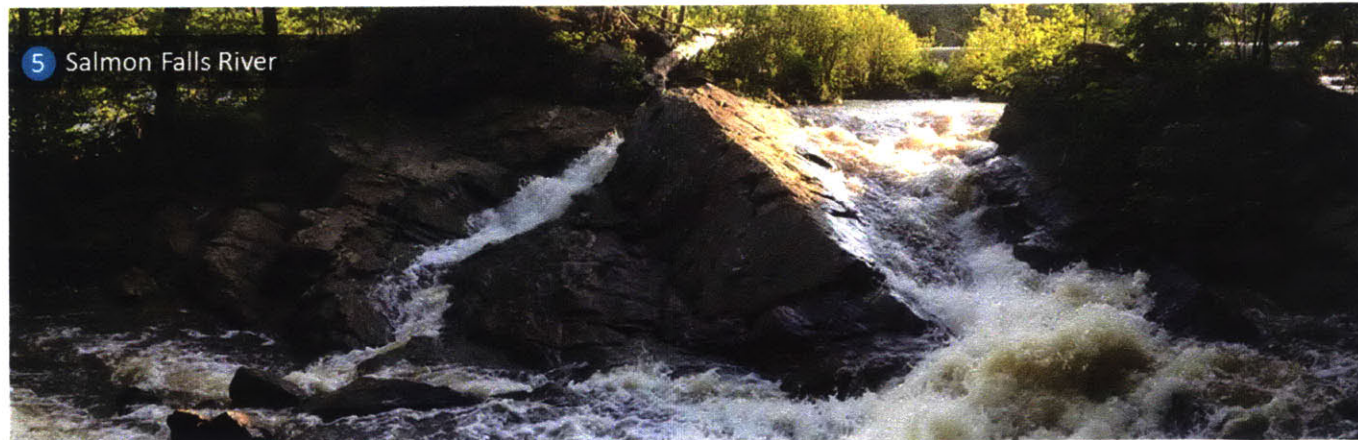
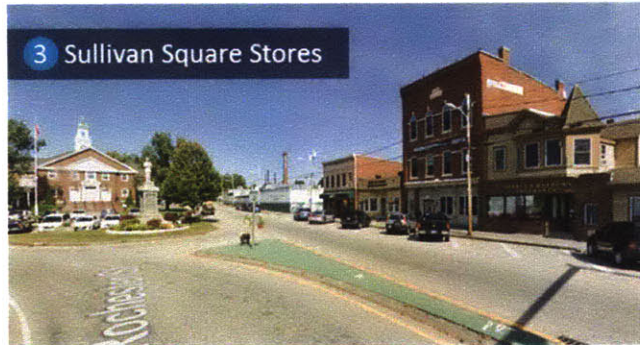




Map 4.13 Somersworth-Berwick Asset Map



## Somersworth-Berwick Assets



Images 4.14 Somersworth-Berwick Assets



## SITE DEVELOPMENT PROPOSAL

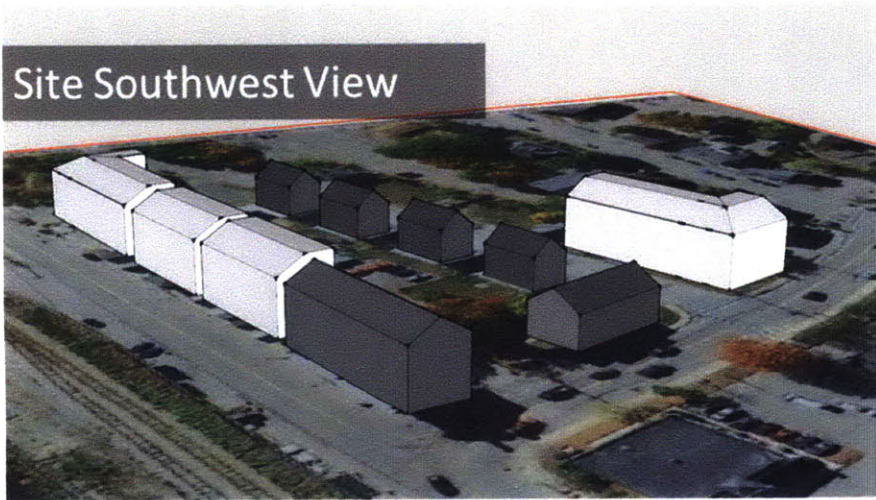
The proceeding analysis of trends and context, best practices, and market analysis have up until this point informed downtown revitalization in terms of strategies effectivity and real estate use market viability. Together these frameworks have been used to inform the general urban design, a basic site plan and massing model, for the test development. Please see in images 4.15 and map 4.16.

Best practices relating to design suggest defined spaces that relate to the human-scale, that engage local heritage, and which actively support the creation of a sense of place. While the market analysis has informed the most viable space users as residential rentals and locational attributes have narrowed development to exclude retail and office uses. In an attempt to create additional economic and human activity at the street level, livework spaces will be programed along the ground floor of the development project. In the same mold, the use of street trees is intended to better define space along the street and to soften the visibility of the somewhat wanting view of GE.

While detailed design will not be performed as part of this experimental development, it should be noted that scale and rhythm of the site were kept to relate to the historic structures and that building materials and textures should seek to do the same.

# Somersworth-Berwick Test Site Massing

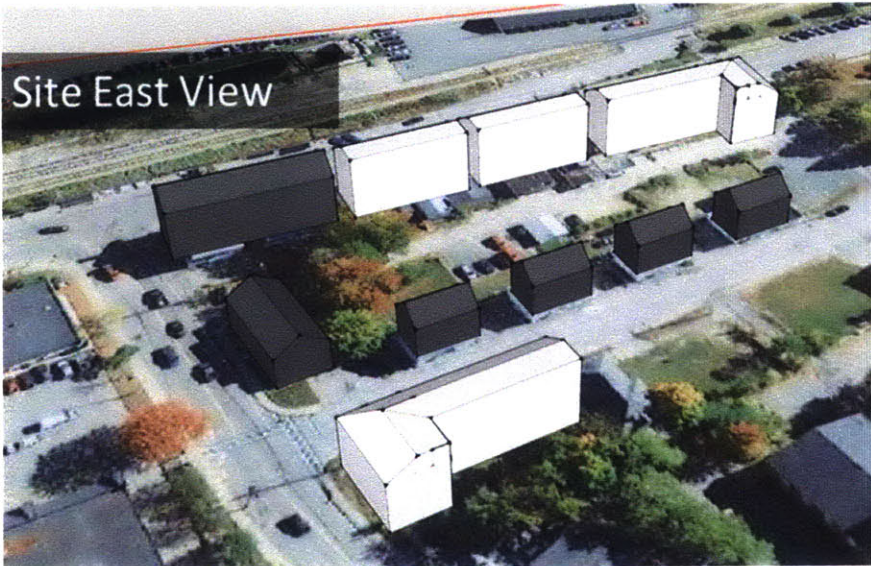
Site Southwest View



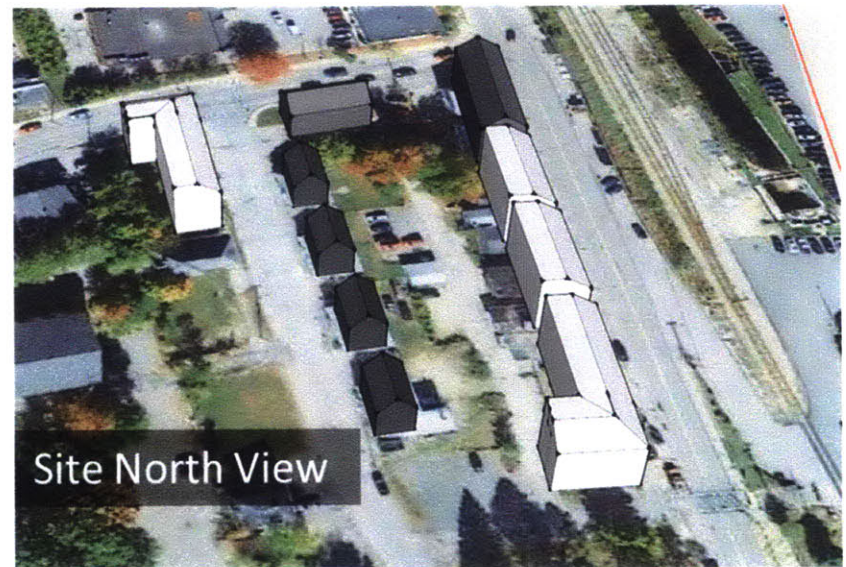
Site Northwest View



Site East View

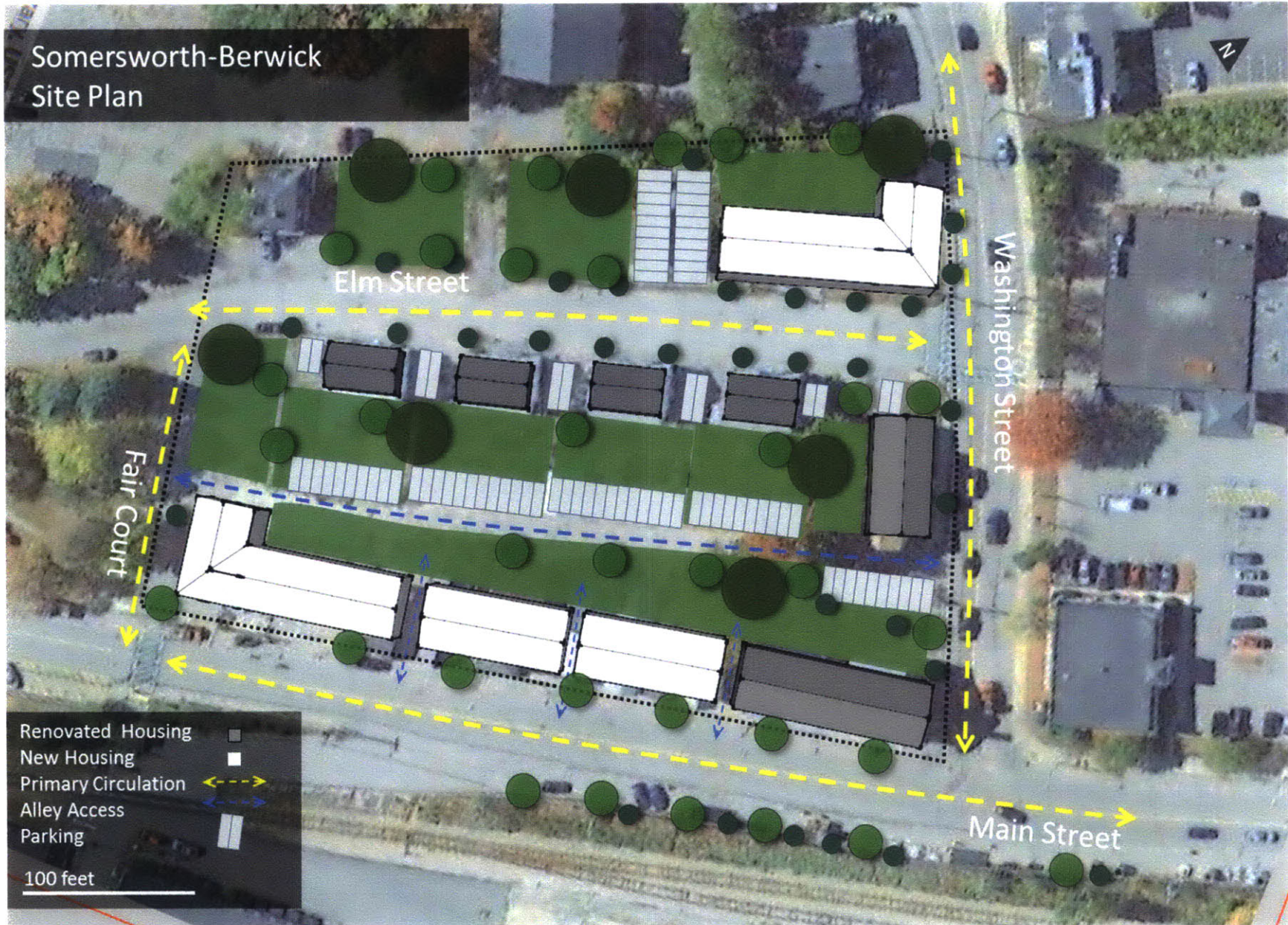


Site North View



Images 4.15 Development Proposal Massing Views







## PROGRAMING + FINANCIAL MODEL

Based on the above massing model square footage calculations were attained, resulting in nearly 53,000 square feet of new construction and 24,000 square feet of historic renovation for a total of nearly 77,000 square feet of housing. The final development would contain 89 units with 65 one bedroom, 16 livework, and eight two bedrooms.

Based on market research and interviews with brokers, developers, and contractors comparable numbers were attained for development and renovation costs and financial assumptions. The model uses utilizes \$1.70 per square foot per month for rental rates based local comparable new units and upper median affordability of \$1,200 to \$1,800 monthly rent. Total development costs came to \$180 per square foot. For a more detailed summary of the development program and financial model please see figure 4.17 on the next page.

Figure 4.18 Equity Before Tax Sensitivity Analysis of Additional Development in sqft by Rents in \$ /sqft

		Total New Development						
		1.3%	30000	52955	80000	100000	120000	140000
\$ / sqft	\$ 1.40		-16.3%	-6.5%	-2.0%	-0.1%	1.2%	2.1%
	\$ 1.50		-11.8%	-3.6%	0.5%	2.2%	3.4%	4.2%
	\$ 1.60		-8.2%	-1.0%	2.7%	4.3%	5.4%	6.2%
	\$ 1.70		-5.1%	1.3%	4.7%	6.2%	7.2%	8.0%
	\$ 1.80		-2.4%	3.4%	6.5%	7.9%	8.9%	9.6%
	\$ 1.90		0.0%	5.3%	8.3%	9.6%	10.5%	11.2%
	\$ 2.00		2.1%	7.0%	9.9%	11.1%	12.0%	12.7%
	\$ 2.10		4.0%	8.7%	11.4%	12.6%	13.4%	14.1%
	\$ 2.20		5.8%	10.2%	12.8%	14.0%	14.8%	15.4%
	\$ 2.30		7.5%	11.7%	14.2%	15.3%	16.1%	16.7%
\$ 2.40		9.1%	13.1%	15.5%	16.6%	17.3%	17.9%	
\$ 2.50		10.5%	14.4%	16.7%	17.8%	18.5%	19.1%	

Given the market conditions and assumptions used this development would not, in its current form, be financially feasible. The financial model yields an unlevered poverty level return of -0.5 percent and a levered equity return of 1.3 percent, well below the market hurdle of between 7 and 12 percent for properties of similar risk. Thus this project is not feasible in its current-un subsidized state as a catalytic development.

In an effort to explore what variables might help close the financial gap, a number of sensitivity analysis were created, holding all other parameters constant and changing one variable at a time. Sensitivities were performed on rent per square foot, vacancy, construction costs, acquisition costs, loan interest rate, existing cap rate, and additional square feet of new construction. This analysis showed the most effective parameters to realize the target return are rents per square foot and additional new construction. I then created a two-way sensitivity analysis to map the require hurdle frontier across these two changing variables, please see table 4.18 above.

Achieving \$2.00 per square foot would realize a levered IRR of 7 percent all else equal. Although \$2.00 a square foot is a high and unlikely ask in Somersworth-Berwick at this time, especially across all 89 units, and would likely require a higher quality finish and more costly construction. Developing a denser site could increase feasibility but would require doubling new construction to 120,000 square feet to realize a 7.2 percent return. Greater density is likely feasible but would have to confront issues of topography, parking, and potentially increased costs with denser construction. Moreover, a larger scale development would likely require a longer phasing schedule to allow for absorption of previous phases. Another important consideration is respecting the historic scale of the surrounding community and character of the downtown, an ill-conceived large-scale development might itself become an eyesore that is little better than the white elephant which it sought to replace.



Figure 4.17 Proforma and Program Summary

<b>Somersworth Test Site Feasibility Proforma Outline</b>			
<b>Program</b>	<b># units</b>	<b>/ unit</b>	
<b>Renovated Buildings</b>			
<i>Two Bedrooms</i>	8	1120	
<i>One Bedrooms</i>	13	800	
<i>Live work</i>	4	900	
	<b>25</b>	<b>23947</b>	
<b>New Construction</b>			
<i>One Bedrooms</i>	52	800	
<i>Live work</i>	12	900	
	<b>64</b>	<b>52955</b>	
<b>Total</b>	<b>89</b>	<b>76902</b>	
<b>Parking Spaces</b>			
	<b>#</b>	<b>/ unit</b>	
<i>Off Street Parking</i>	96	1.1	
<i>On Street Parking</i>	59	0.7	
<b>Total</b>	<b>155</b>	<b>1.7</b>	
<b>Development Costs</b>			
	<b>/ unit</b>	<b>/ sqft</b>	<b>total</b>
<i>Site Acquisition</i>	\$ (22,935)	\$ (26.54)	\$ (2,041,200)
<i>Demolition Costs</i>	\$ (1,517)	\$ (1.76)	\$ (135,000)
<i>Hazardous Material Contingency</i>	\$ (1,685)	\$ (1.95)	\$ (150,000)
<i>Construction Hard Costs</i>	\$ (108,008)	\$ (125.00)	\$ (9,612,750)
<i>Construction Soft Costs</i>	\$ (17,880)	\$ (20.69)	\$ (1,591,341)
<i>Parking Costs</i>	\$ (3,775)	\$ (4.37)	\$ (336,000)
<b>Total Development Costs</b>	<b>\$ (155,801)</b>	<b>\$ (180.31)</b>	<b>\$ (13,866,291)</b>
<b>Revenues</b>			
	<b>/ unit month</b>	<b>/ sqft</b>	
<i>Two Bedrooms</i>	\$ 1,904	\$ 1.70	
<i>One Bedrooms</i>	\$ 1,360	\$ 1.70	
<i>Live Work</i>	\$ 1,530	\$ 1.70	
<b>Total Annual CF</b>		<b>\$ 1,568,801</b>	
<b>Costs annual</b>			
		<b>total</b>	
<i>Vacancy @ 5%</i>		\$ (78,440)	
<i>Operating Expenses / unit</i>	\$ (4,500)	\$ (400,500)	
<i>Replacements / unit</i>	\$ (600)	\$ (53,400)	
<i>Capital Expenses / sqft</i>	\$ (12)	\$ (1,068)	
<b>Total</b>		<b>\$ (533,408)</b>	
<b>Debt</b>			
<b>Perm loan</b>			
<i>Loan to Value</i>		70%	
<i>Interest</i>		5%	
<i>Term</i>		30 years	
<i>Principle</i>	\$ 9,706,404		
<i>Annual Payment</i>	\$ (631,415)		
<i>Loan to Value</i>		70%	
<i>Leverage Ratio</i>		0.26	
<b>Return</b>			
<b>IRR Before Tax Property Level</b>	<b>-0.5%</b>		
<b>IRR Before Tax Equity</b>	<b>1.3%</b>		

\*\* Square feet per unit are target approximations

## CONCLUSION FROM DEVELOPMENT TEST

This development experiment shows a number of important implications for revitalization efforts in Somersworth-Berwick and other such towns. The first is that large-scale investments and revitalization efforts such as catalytic development are often not financially feasible by market forces alone. This market failure underlines the struggle that Somersworth-Berwick and other communities on the fringe face when attempting to implement revitalization strategies and attract investment. Second, is the need to engage in an iterative and often technical process of strategy valuation, market and resource assessment, design and financial modeling. This experiment is but one iteration in what ideally would be a protracted series of plans and tests that uncover an opportunity space for catalytic development. Finally, this test highlights the role for public subsidy, public financial support, in backing major private investments such as catalytic development in Somersworth-Berwick and places like them.

Subsidy offers a number of benefits into private investors when looking to make the decision to develop or not to develop. Subsidy's principal aim is to close financial gaps, if a project isn't generating sufficient profit for a proportionate amount of risk, then private investment will seek other projects that do. For those projects on the margin, subsidies give more than a financial boost they show the public sector that the community and municipality are vested in the project. Public investment demonstrates that the city and community have skin in the game and take the town's own success and future as well as the investors seriously, better aligning the interests of all parties in catalytic development and revitalization efforts.

In the same mold subsidy and civic vestedness help to lower the investor's real or perceived risk and uncertainty, thus making development more feasible. Keeping in mind that higher risk development requires higher returns, therefore it is in the best interest of public sector to relieve developers from as much uncertainty as possible and perhaps partner with them to assume some risk, otherwise breaking the cycle of disinvestment and realizing revitalization may simply be too uncertain and risky for private investors to make the first move alone.

There are many forms in which public subsidy might take, locally in the form of tax abatements such as with RSA 79E, as well as the use of Historic Tax Credits for the renovation of historic buildings. There are also new market tax credits and low income housing tax credits, as well as very low interest loan funds and land contributions. Infrastructure improvements can also be a potential subsidy method, again seeking to lower uncertainty and costs associated with real estate investment, such improvements might be funded by tax increment financing districts. There is also potential for direct subsidy in the form of grants.

While all of these gap financing and public subsidy programs seek to encourage investment they also generally bring limitations, additional requirements, and expertise which in turn generally increases development and operational costs. Thus examining and selecting which subsidies are most appropriate for specific developments and communities is an important consideration.

In closing, further analysis is required to explore the true feasibility of catalytic development in Somersworth-Berwick, the possibility remains that denser development and potential subsidies may in fact make such a transformative project viable.

# CONCLUSIONS + RECOMMENDATIONS

## SUMMARY

This thesis has sought to fashion a robust framework for small downtown revitalization, specifically for Somersworth-Berwick, but methodologically for similar small and fringe communities.

Chapter One explored the history and trends of urban development and the economy, contextualizing Somersworth-Berwick in larger urban and economic trends. National trends of suburban growth and employment clustering to denser labor markets and central locations has brought about economic decline and a transition to lower-paying service jobs. These trends are embodied in Somersworth-Berwick by the fall of GE and Prime Tanning and the development of the upper High Street retail corridor.

Like many small town and fringe towns, the rise of national retailers has successfully out-competed downtown businesses. The shifting economic geography and retail preferences have diverted investments away from small downtowns, thereby fueling their decline. One result is that downtown infrastructure and building stock are not only deteriorated but are often below replacement cost, giving no economic incentive for capital investment and laissez faire revitalization.

Low-cost housing and the rebirth of the city center has meant that many fringe communities have seen a rise in poverty as lower-income communities are displaced to the most marginal and affordable locations. This trend leaves places like Somersworth-Berwick attempting to provide greater social services while struggling to rebuild their employment and tax bases against contemporary trends. Resulting in small downtowns that are symbolically rather than functionally the center of culture and business; thus eroding rather than promoting a community's sense of place and pride.

However, not all is lost: recent trends suggest that the rebirth of urban centers is not merely based on the geography of jobs but also in increasing demand for urban amenities such as walkability, local businesses, and a sense of place and community. The resurgence of urban living suggests that small ex-urban places such as Somersworth-Berwick may in fact be attractive destinations for those seeking a more urban lifestyle but prefer a more intimate small-town setting.

Chapter Two sought to build on this contextual foundation to establish the challenges and opportunities within Somersworth-Berwick and similar small-town contexts. It first compared small towns to larger urban centers before analyzing best practices for small downtown revitalization. We confirmed challenges facing Somersworth-Berwick and like towns, such as the struggle to attract new development, investment, and people, as well as the competition posed by national suburban chains, often resulting in high vacancy and decline in downtown. Chapter Two also established that small towns generally lack large corporate businesses and regional civic destinations who remain assets chiefly to large downtowns and thus provide little opportunity as a basis for revitalization in small town contexts. Furthermore it highlighted the significance of white elephants in disrupting Somersworth-Berwick and other small towns. Lastly, and with special significance for Somersworth-Berwick, Chapter Two highlighted that small towns often suffer from a lack of organization and cooperation of downtown revitalization efforts.

We also explored downtown assets, including the nearly universal presence of waterbodies and government bodies. Historic preservation, human scale and walkability, and lower barriers to entry (lower land costs and rents) are key assets to Somersworth-Berwick and other small towns.

Best practices and an assessment of Somersworth-Berwick's revitalization efforts suggest that the four-pronged Main Street Program, historic preservation, and downtown housing development are leading revitalization strategies, while catalytic real estate development, waterfront development, and dining and entertainment remain unrealized strategies in Somersworth-Berwick but have enjoyed success elsewhere.

To gain a more full-bodied understanding of revitalization potentials and their economic basis, Chapter Three created a market study of Somersworth-Berwick. It established the market drivers that fuel investment and shape the opportunity for revitalization strategies. The Somersworth-Berwick Trade Area (SBTA) showed slow regional population and economic growth, with ready-to-go multifamily housing leading as a niche market and prime contender to test catalytic real estate development. The market analysis of retail and office markets showed little potential for their use in catalytic development. Retail was greatly oversupplied and suffered from a marginal location. Regional demand for office space highlighted that premium rents required for new development are focused only at the most central and connected locations, making downtown Somersworth-Berwick an unlikely candidate for major office development. Downtown housing development was therefore identified as the most viable market use and market-based revitalization strategy moving forward.

Finally, Chapter Four created an experimental catalytic development to synthesize best practices and market realities to test the ultimate financial feasibility of catalytic real estate development as a revitalization strategy in Somersworth-Berwick. A white elephant site on Somersworth's Main Street was selected to create a site plan and massing model. The test development was informed by best practices to encourage walkability, human scale development, and historic preservation. The findings from the market study informed the program, rental housing, as the most viable option. Best practices further allowed us to refine the program to include live-work spaces as a proxy for ground floor retail and business. The site plan, massing model, and financial pro forma showed that at this time catalytic real estate development as a market-based revitalization strategy at the selected location in downtown Somersworth-Berwick is not financially feasible.

The outcome of the market study suggests the need to shift economic development and revitalization efforts in Somersworth-Berwick to more viable market uses, such as housing, while acknowledging that retail and office uses will play a smaller role in downtown's future and are an unlikely basis for leading revitalization efforts. However, best practices and the local community highlight the need for downtown retail and office uses, not only to provide amenities and services but to foster a local sense of place. Retail and business development efforts should therefore be focused on establishing a critical mass on highly visible and trafficked downtown areas. Efforts should target white elephants and seek to fill gaps in walkability. Moreover, business development and recruitment should pursue industries and market niches that serve local needs and tastes that differentiate downtown from corporate chain development and other nearby towns.

Although the financial model demonstrates that catalytic development is not financially feasible in the given test scenario, the market study fundamentals remain valid. The market fundamentals of supply and demand highlight those market-based uses that are viable, and all else equal will require the least subsidy in revitalization efforts. Potentially viable market uses can then be tested by financial feasibility analyses, which inform whether and to what extent financial or market gaps exist and if subsidy may be required. Market studies and feasibility analysis are therefore key tools for



revitalization and economic development efforts seeking to attract growth and investment and to reposition underutilized space—especially in the context of small towns like Somersworth-Berwick, where resources are thin. Moreover, assessing feasibility, site planning, and financial models are not static tests and should iterate design, site options, and financial parameters to test what potential exists across programs, different sites and scales, and with different forms of subsidy.

Although a more robust iterative site design and financial modeling process are outside the scope of this paper, one can draw a number of conclusions from this catalytic development test. Further analysis might explore whether the selected site is the most viable for catalytic development. We know that the Main Street site is not the most visible or trafficked potential location and currently commands the lowest rents. It is possible that more central sites such as the Somersworth Plaza and the Dead Triangle would be more viable alternatives to support development based on their improved locations. Indeed, best practices of catalytic development would suggest other white elephant sites with superior visibility should take higher priority in revitalization efforts as they would best support catalytic effects.

Further analysis should also address the scale of catalytic development and revitalization efforts. It is clear for the Main Street site to be a successful, either as catalyst or simply as a viable and attractive development in the real estate market, revitalization efforts would have to address both the adjacent Somersworth Plaza and the Dead Triangle sites. Downtown Somersworth's white elephants do not exist in isolation and thus each site's success will support or detract from the revitalization of adjacent sites. Additional analysis of catalytic development might too consider the feasibility of combing these sites into one catalytic development and revitalization program, and to explore the phasing and financing requirements of projects of varying scales. It is not until a more robust analysis of sites and scales is complete that one can determine which site or sites are the most appropriate to revitalization efforts. Nonetheless, this analysis suggests the Main Street test site in and of itself is not the most viable or highest priority for catalytic development efforts, although it is in need of investment and revitalization.

This catalytic development experiment illustrates that further site planning and financial modeling is required. Our Main Street test site and other potential catalytic development sites should engage an iterative process of design and financial modeling which explores the effects of program, density, and cost changes on financial feasibility. Such design and modeling iterations are fundamental to vigorously evaluate feasibility and to identify potential gaps, and the need/scope of subsidy.

Revitalization and catalytic development efforts might also wait for improved market conditions, hoping that market rent and values will become sufficient to foster new investment. Because disinvestment and the need for revitalization are generally indicators of market failure, subsidy is likely required to stimulate investment and to curtail said market failure. Subsidy can take a number of forms. It can seek to reduce costs or increase revenues by providing tax credits, contributing land or grants. Yet subsidies can also be used to reduce risk or create amenities, such as securing low-interest loans or providing infrastructure improvements.

While this research has sought to root revitalization efforts into the context of market fundamentals and financial feasibility, via market research and financial modeling, it has also shown the role of nontraditional and enterprising revitalization strategies. Somersworth-Berwick's recent success of Leaven and Teatotaller are two examples of how local entrepreneurs and community visionaries can tap into unmet and often difficult to evaluate demand for goods and services. Indeed, sometimes successful revitalization strategies have no precedents and little to no economic and market founding. Often these strategies leverage regional or niche demand in the form of tourism. Non-

traditional attractions and beautification efforts such as the Bridge of Flowers in Shelburne Falls, Massachusetts, and the WaterFire sculpture and festival in Providence, Rhode Island, are two such examples. Neither of these attractions were originally intended as strategies for revitalization or to become anchors of the community's identity and pride, although they have become so. Enterprising businesses and local entrepreneurs can have a similar effect of creating or attracting demand by actively crafting distinctive products and experiences, thus becoming a destination within the region.

This analysis has engaged four intertwining layers, from trends and context, best practices, market analysis, and financial feasibility to provide a well-rounded frame on which to craft small town revitalization efforts. From this analysis one can identify three broad methods to revitalization and catalytic development efforts.

[1] Laissez faire revival: do nothing and wait/hope for market fundamentals improve.

[2] Catalytic development and subsidy: analyze revitalization and catalytic development opportunities' feasibility and identify if and where subsidy is most effective and provide subsidy to stimulate revitalization.

[3] Broad-based revitalization: seek to improve local market fundamentals through holistic revitalization efforts that seek to bolster local demand, rents, and prices. Broad-based revitalization seeks to improve locational services, amenities, and perceptions.

[4] Non-traditional/enterprising revitalization: seeks to tap into niche markets whose demand is difficult to assess and or seeks to create demand for a unique product or experience. Often non-traditional and enterprising efforts become local icons in the community and attractions within the region. Non-traditional revitalization and development efforts can be for-profit, such as destination businesses, or cultural, such as festivals and beautification. Non-traditional/enterprising revitalization aims are similar to broad-based and catalytic revitalization efforts, and seek to attract investment and foster a more robust sense community place and pride.

Keeping best strategies in mind, robust and proactive revitalization programs should seek to bring together the latter three approaches: market-based catalytic development, broader-based revitalization strategies, and non-traditional and enterprising revitalization. The combination of these approaches roots revitalization efforts into holistic framework of opportunity. A robust revitalization frame should consider revitalization efforts more broadly than traditional economic and financial assessment and these broader revitalization efforts are essential to fostering revival in fringe communities such as Somersworth-Berwick.

Deploying such a holistic revitalization frame in downtown Somersworth-Berwick would seek to encourage additional enterprising and non-traditional businesses to locate there. The Dead Triangle's vacant police station is one possible opportunity. The old station's quintessential jail cells might be a unique feature that supports a restaurant or bar's success, acting as a distinct experience and regional draw. At a larger scale, revitalization efforts might seek to tap into or foment non-traditional markets such as art. Portsmouth for example enjoyed a great success with their "Street a.k.a. Museum" exhibit in 2011 which featured graffiti artist instantiations throughout the city, attracting numerous visitors and encourage locals to explore areas of the city that they otherwise do not regularly patron. Berwick's Art Association's recent community mural, as part of Prime Tanning's redevelopment, has enjoyed some success in this fashion. However, a broader impact might be found by expanding efforts to more buildings in Somersworth-Berwick. Using vacant space as community canvas can help craft a new community narrative about its image and

investment while also seeking to attract residents and visitors to the downtown, reintroducing the downtown as part of the larger community.

Larger still, if catalytic development efforts proceed, non-traditional or enterprising revitalization efforts might seek to create a unique and distinct downtown district. Utilizing Somersworth's Main Street sites (the Dead Triangle, the Somersworth Plaza, and the Main Street Shops) a nontraditional development might be able to achieve a critical mass of development and interest to realize revitalization with broader impact than standard real estate typologies and traditional market uses. Perhaps the development of a non-traditional cultural space that seeks to become a local icon and regional attraction such as a pavilion that allows year-round programming such as farmer's markets and craft fairs. Main Street's sites and Somersworth-Berwick's quaint appeal might also, for example, be attractive for the development of a new urban college campus. While such a senior is unlikely, it is feasible that a growing vocational school or college seeking a more traditional small town campus setting and image could be attracted to locate in downtown Somersworth-Berwick and it would not be until such possibilities were identified and specific opportunities explored that feasibility could be determined.

In whatever case, non-traditional and enterprising revitalization efforts within a larger revitalization campaign should seek to work with the local community and its visionaries to explore ideas, assess opportunities, and if need be secure subsidy. Leaders and communities seeking non-traditional revitalization should work with, support, and encourage ideas of local entrepreneurs and visionaries, seeking not to prevent innovative, bold, and new ideas from happening but rather seeking to discover how they might succeed and what these ideas and efforts need to thrive.

## RECOMMENDATIONS

Clearly downtown decline and revitalization are complex processes that broadly encompass many issues, opportunities, and strategies. Catalytic or market-based approaches are not enough to address larger social issues or market failures. Any one context can generate a nearly endless list of potential strategies across various scales and methods, but as ever there is no silver bullet to success. The strongest and broadest recommendation for revitalization is persistence and commitment.

Planners, developers, and revitalization leaders of all sorts must acknowledge the protracted nature and substantial commitment—personal determination and financial investment—that is required to make revitalization possible. This analysis demonstrated that revitalization strategies, market forces, and financial realities do not always agree. Moreover, even when there is agreement, the local scale and normative context for revitalization will likely reveal barriers and pitfalls that deter all but the most determined. Vibrant communities and places are ones that are proactive, dynamic, creative, and collaborative—but most of all they are persistent and committed to better themselves and their communities.

The following recommendations build on the findings of Chapter Two's best practices, further distilling and shading them by the outcomes of the market study and experimental development. The four-pronged Main Street approach will be used as a framework for recommendations, specifically: organization, economic restructuring, design, and promotion. The Main Street Program presents a comprehensive revitalization methodology that can address both broad level and specific revitalization strategies while looking to unify seemingly disparate efforts into a cohesive whole. Regardless of whether the Main Street Program serves as the revitalization vehicle for Somersworth-Berwick, these recommendations stand and should not be taken on their own, but rather deployed



within a broader holistic approach that engages the many facets of revitalization, community, economy, and design. It should be noted that success will require collaboration between and across all public and private entities. Special attention should be made to ensure revitalization efforts in Somersworth-Berwick do not occur in isolation, but seek to build a shared community narrative that link resources to maximize impact and foster the creation of a united downtown.

#### **[1] Organization: Build Stronger Private-Public Partnerships + Improve Communication**

- Re-establish the Main Street Program. If possible, create a joint Somersworth-Berwick MSP that seeks to bridge the gaps between the two downtowns' efforts as well as pooling funds across the two municipalities.
- Work to coordinate and consolidate revitalization efforts across various public and community organizations.
  - Specifically look to engage organizations such as the Somersworth Festival Association to see how they might be re-energized and made dynamic again. Vision 2020 might seek to reform as a joint Somersworth-Berwick revitalization committee to encourage and formalize inter-town relations and goodwill.
- Rebuild community and investor trust and empower the grassroots.
  - Fund and partner with community organizations such that they retain meaningful decision-making authority.
  - Follow through on commitments, work more closely with the Friends of Somersworth and similar efforts to realize shared goals and build a strong working relationship.
  - Explore participatory budgeting, commit to fund community programs/organizations that support revitalization objectives.
  - Demonstrate commitment to downtown revitalization and provide/seek financial and planning capacity with the aim of mitigating uncertainty and risk that deter investments (capital and human).
  - Support community visionaries and creatively, foster a fertile environment for new ideas and local innovation.
- Develop initiatives that seek to bridge gaps across conflicting community groups/residents.
  - Ensure that minority communities, such as the Indonesian community, are engaged in revitalization efforts; embrace minority groups as an opportunity to create unique sense of place.
- Utilize third party facilitators, such as New Hampshire Listens, to construct community development workshops and to simulate productive collaboration across diverse entities and participants.

#### **[2] Economic Restructuring: Shift Expectations + Target Housing as Key Growth Opportunity**

- Continue to perform and analyze local market studies to determine market demand and identify possible market niches and trends on which Somersworth-Berwick can capitalize.
- Focus economic development efforts on downtown housing development that the market study identified as the most viable downtown use.
  - Seek to grow the downtown residential population to encourage a more active and vibrant downtown.
  - Target growth toward market-rate housing and individuals who are attracted to small-town urban living and that are job-independent (i.e. creative classes and entrepreneurs who bring with them or create their own employment as well as those populations that do not need jobs supplied for them, such as retired Baby Boomers, college students, and/or those working remotely from home.)
- Work to reposition/redevelop vacant retail spaces along Main Street to higher uses, such as livework or studio spaces.

- Focus retail revitalization efforts to High, Market, and Sullivan Streets.
  - Support the development of destination retail and unique goods and services.
  - Seek retailers that embrace bricks and clicks.
  - Recruit local online retailers like Etsy and other such online stores who might have interest in establishing a street presence.
  - Seek to differentiate downtown businesses from High Street and big box retailers, build niche market around antiques, food, and locally produced goods.
    - Seek to recapture leakage in full service restaurants and build on local strengths in home goods.
- Look to attract locally orientated service-based office businesses to occupy excess office and retail space, focus efforts on high-growth industries such as health services.
- Register the historic district with the National Park Service to allow buildings within it to qualify for federal tax credits that would cover 10 to 20 percent of total renovation costs.
- Target business development, focus efforts to key downtown locations to create a critical mass and physical-continuity to downtown then work outwards to more isolated areas.

### **[3] Design: Address White Elephants + Foster Sense of Place & Walkability**

- Target revitalization efforts to address white elephants, which disproportionately affect small town community pride, local perceptions, property values, contiguity, and investment.
  - Engage property owners to determine financing or capacity gaps, encourage property redevelopment or sale when needed. Consider selective legal action or eminent domain in severe cases of disrepair or public need.
- Look to create continuous double-sided retailing environments along High Street, Market Street, and into Sullivan Square.
  - Work to redevelop and activate empty parcels and select building setbacks to create continuous street walls that connect Market and High Street commercial nodes.
- Use design (gateways, signage, and streetscaping) to help re-orientate and connect downtown to reflect that retail and traffic have contracted to High, Market, and Sullivan Streets.
- Continue to make pedestrian realm improvements. Human scale and perceptions of safety are key to create a vibrant sense of place and community rather than commuter space:
  - Slow traffic along High and Market Streets to foster a more comfortable pedestrian environment, enforce speed limits, and ensure crosswalks are well located.
- Leverage downtown's key natural and architectural assets by creating meaningful access to the riverfront, engage the Hill and changing topography as part of the downtown's unique narrative of place, and continue historic preservation of architecturally and culturally significant buildings.
  - Create reasonable and replicable material/method guidelines for the historic district to aid the Historic District Commission's decisions and to address local apprehension about the scope, consistency, and role of the historic district.
- Look to alternative financing, such as tax increment financing, low interest loans, and crowd-funding to fund façade improvements and public realm investments.

### **[4] Promotion: Create Vibrant Community Events + Promote Current Community Assets.**

- Create downtown festivals and events that widely engage diverse residents and that create a regional draw to downtown Somersworth-Berwick. Events should seek to capitalize on broad public interests across diverse communities and reflect the local culture while seeking to remain distinctive enough to be differentiated from other events.

- Reposition current events such as the Somersworth Festival Association's biannual craft fair into a downtown event that celebrates downtown as a place and its businesses while seeking to relate the event to a broader audience.
- Scale and continue to develop local heritage festivals such as the Friends of Somersworth's French Canadian festival "La Grande Fete!" and Indonesian festival "Jakarta Fair."
- Create and maintain an up-to-date downtown business and "sites of interest" map.
- Encourage centralized marketing and promotional materials for businesses.
- Encourage businesses to create and coordinate events to attract people to downtown. Events should seek to create a destination and to activate throughout the times of day and seasons of the year.
- Provide training and support for local business to build and grow their online presence. Examples might include creating online stores and maintaining a robust social media presence.



# APPENDIX

## 1. ADDITIONAL ASSESSMENT OF DIFFERENCES BETWEEN SMALL TOWN AND BIG CITY DOWNTOWNS.

Expanding on Robertson's findings in table 2.1.

1. Smaller cities retain a more walkable human scale than larger cities. Small cities generally have smaller blocks, fewer large-scale, and high-rise buildings. Small cities are instead typified by many smaller grained buildings that reflect the human scale and support better pedestrian environments.
2. Historically urban issues of high crime, poverty, and traffic tend to be less severe in small towns than major cities. Although Michael Burayidi notes that the perception of having less crime, poverty, and traffic persists and may in fact be just as important as reality and as covered previously shifts in the urban and social structures of metropolitan areas have begun to change this.<sup>90</sup>

Compared to large urban centers Somersworth-Berwick's urban issues are relatively mild. Yet Somersworth does have a higher poverty rate than its neighbors, with 15.8 percent of its residents in poverty, just above the national average and significantly higher than New Hampshire's famously low 8.7 percent.<sup>91</sup> Somersworth has recently seen an upswing in drug related crime and related media coverage.<sup>92</sup> However, even in the midst of a heroin crisis, Somersworth remains a comparatively safe and prosperous community in comparison to disinvested areas of larger urban centers.

3. Smaller cities tend to have less corporate industries than larger cities, particularly in terms of retail and land ownership. By contrast larger cities often approach downtown redevelopment with a corporate-based approach, attempting to attract large scale offices and national chains to locate in their downtowns. While suburbanization has seen the corporations, and especially national retail chains, move into the suburban fringe they have not by-in-large moved into small town centers and do not generally present a viable approach to downtown revitalization.
4. Smaller cities tend not to have large civic or tourist destination projects such as major sports stadiums, malls, convention centers.
5. Small town downtown retailing is predominately local businesses as regional and national retailers and food chains tend to seek green field locations and highway access. By contrast national retailers have begun to innovate their store formats and have started to move into urban centers.
6. Smaller towns tend to be more compact, have less segregation of land uses, and compartmentalization into distinct districts
7. \*\*Burayidi's point number 3: In the same mold, small towns are more closely linked to nearby residential neighborhoods which remain largely in an easy walking distance to the downtown. The majority of small cities residents live within a 10 minute walk or ride to downtown and thus smaller cities have a lower barrier for residents to visit the downtown than larger cities do.

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<sup>90</sup> Burayidi, Michael A. *Resilient Downtowns: A New Approach to Revitalizing Small- and Medium-city Downtowns*. New York, NY: Routledge, 2013. Print. P 2.

<sup>91</sup> New Hampshire QuickFacts from the US Census Bureau. United States Census Bureau, Web. 08 Feb. 2015.

<sup>92</sup> Informants note what they feel has been an unfair media portrait of Somersworth as a bed of regional crime when drug related crimes are on the upswing throughout the state.

\*\* Proximity of residents to downtown and residents' long tenure often supports a closer affinity between small cities residents and their downtown. In large multinucleated cities, further distances, many sub-centers, and greater turnover of residents inhibit residents from regularly visiting downtown and developing a special attachment to it.

\*\*As already noted, Somersworth-Berwick are highly compact and the majority of residents are in very close proximity to downtown. However, the rise of suburban retail has orientated their shopping and dining habits away from the center. Today downtown is more throughway to gain access to High Street retailers and the highway. That said, many residents still have to transverse downtown to gain access to suburban shopping and if residents so desired to visit downtown it is highly accessible, much more so than a major city's center is to most of its residents.

Somersworth-Berwick do retain a legacy of neighborhoods, particularly between the two towns and across income groups. Historically Somersworth's urban structure was built along topographic and social economic lines. Generally the working class lived in the valley along the mills and the river (with its accompanying pollution and noise) while the mill managers and merchants preferred to build their expansive houses along and on top of Prospect Hill, with views overlooking the town center and presumably above the noise and smoke. Although the geographic compactness and economic changes have resulted in a relatively homogeneous working class community divided perhaps most by perception and subtle differences than the sharp cultural and economic distinctions of larger cities' neighborhoods.

8. Smaller cities tend to have a higher concentration of historic building than larger cities as they were less likely to have undergone large scale urban renewal and ongoing redevelopment. By contrast large scale renewal was common in larger cities as has been the continual redevelopment of the building stock as larger cities grew and densified. Because of their low growth and lack of investment over long periods of time, smaller cities often retain robust period architecture.

Building on Robertson's work Michael Burayidi contributes a number of additional distinctions that generally exist between downtowns of small and large cities.

9. Small cities downtowns are historically less racially and socially diverse than larger cities. Until recently larger cities such as New York and Chicago acted as the primary gateways to immigrants and have thus established robust ethnic communities and have sustain a legacy of diversity over time. By contrast smaller places have historically experienced less immigration and tend to be less diverse. Lacking this legacy of immigration and diversity and due to their relative homogeneity, smaller size, and long term nature of their residents. Burayidi argues that smaller towns have established tight social ties and social expectations to that point that they can develop "social stigma to standing out in the crowd" and as a result can be a less inclusive for newcomers looking to put down roots.<sup>93</sup>

Burayidi goes on to note that the trend of immigration towards large cities is changing and immigrants are increasingly moving towards smaller places, pushed by urban issues of larger cities and drawn to the lower cost of living and small town life.<sup>94</sup>

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<sup>93</sup> Burayidi, Michael A. Resilient Downtowns P. 3.

<sup>94</sup> Although we might also include a new era of policy that has supported the settlement of refugees in a more diverse set of places than was historically done. Burayidi, Michael A. Resilient Downtowns P. 11.

Interestingly both these points hold true for Somersworth. Not wanting to stick out manifests in the political context, were familiar names, ideas, and ideals make their predictable rounds before the equally predictable clashes with innovators and newcomers.

Somersworth has also seen a rapid rise in its diversity. Fueled by the location of Indonesian immigrants seeking asylum, the community has grown rapidly.<sup>95</sup> Today their population is over 5 percent of Somersworth-Berwick while a growing number are also located in Dover and southern Rochester, totaling about 2,000 in all. This Indonesian community is certainly unusual in New Hampshire and according to informant claims is the second largest concentration of Indonesians in the US. The recent arrival of Indonesians, as well as a growing presence of Latinos and other groups, make Somersworth one of the most diverse communities of an otherwise very homogeneous state.

Growing diversity has presented a number of challenges to Somersworth. Firstly, on the school systems which require additional programming to support students whose primary language is not English, as well as on code enforcement who have worked carefully to ensure that extended families of immigrants don't overcrowd housing.

It should be noted that the majority of the Indonesian population is not downtown but rather at the edge of Somersworth, predominately along Weeks Crossing and route 108. As of today this community has had little impact on the downtown but could provide an opportunity to create a unique community center.

10. Land prices are lower at the urban fringe and small communities independent rent gradients are less steep than big cities. Thus central location in smaller cities are more affordable than central locations in larger ones. This also suggests that assembling parcels and control larger sections of property in smaller cities is more feasible, which can provide benefits from shared management and is attractive to investors.

11. Lastly Burayidi notes that many small cities have greatly benefited from the presence of family foundations. In the context of small towns a single wealthy family or company's philanthropy can have impart meaningful impact and in some cases has become the backbone of investment, culture, and revitalization efforts.

Alas Somersworth-Berwick do not host such an endowed philanthropic foundation. That said, Somersworth-Berwick is home to a number of community led movements that have welded influence and attempted to address revitalization. Starting with the Somersworth Festival Association (SFA) founded in 1981 "to help promote civic pride and to stimulate the involvement of city residents in the revitalization of Somersworth" through the creation of community events.<sup>96</sup> The SFA's most noted event was the creation of the International Children's Festival which at its peak in the mid-1990s attracted over 10,000 visitors to the streets of downtown. Over the past few years the Children's Festival and the SFA itself have declined, experiencing dwindling attendance and difficulty staffing and funding fundamental association operations.

Somersworth-Berwick have seen a new wave of community activism with the creation of the Friends of Somersworth, who aims to create a public private partnership with the city in order to develop a community art space in a historic, not vacant, elementary school. Berwick also retains its community organizations, with freshly created Berwick Arts Association and Envision

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<sup>95</sup> The Indonesian community in Somersworth is Christian and are thus under threat of persecution in their predominantly Islamic homeland.

<sup>96</sup> "About Us." Somersworth Festival Association. <http://www.nhfestivals.org/> Web. 09 Feb. 2015.



Berwick groups. The former looks to support local artists and the latter looks to engage the community around downtown revitalization efforts on the Berwick side of downtown.

While there seems to be no lack of grassroots energy, the degree to which these organizations have been effective in downtown revitalization and community development has been hampered by lack of funding and at times cool relations with civic leaders and indeed each other.

## 2. ADDITIONAL INFORMATION ON THE MAIN STREET PROGRAM

Some revitalization strategies like new office and waterfront development seem fairly straightforward in that they have highly focused objectives. It is not necessarily clear however what the top rated strategy, the main street approach, is or seeks to do. To better understand what the main street approach is how it is effective, I will provide a brief overview of Main Street program.

The Main street program is associated with the National Trust for Historic Preservation and uses a now famed four pronged approach to downtown revitalization: [1] promotion, [2] organization, [3] design, and [4] economic restructuring.

1. Promotion seeks to market the downtown and improve its reputation. This is done through traditional marketing as well as the development and creation of cultural events that bring people downtown. Promotion has been cited as the most effective prong of the program, representing the easiest approach to attract volunteers and also being the prong with the shortest turnarounds from idea conception to implementation and impact. Thus promotion often holds the low hanging fruit among the downtown development approaches.<sup>97</sup> The most effective promotion strategies in order from most to least effective are special events and festivals, newsletters, downtown brochures, and cooperative advertising.<sup>98</sup>
2. Organization seeks to facilitate cooperation by bringing together stakeholders across businesses, the community, and government. The aim is to create unified effort for revitalization. Organization seeks to coordinate: funding, committees, and volunteerism to maximize impact and efficiently around shared goals. Organization is fundamental to the success of the other three approaches and reflects the ability of the various entities to work together towards a unified objective. Research suggests that public private partnerships are particularly vital to realize revitalization and are indicative of collaboration across sectors.<sup>99</sup> Indeed public funding and support of revitalization programs like Main Street is often required as such organizations tend to struggle with human as well as a financial resources.<sup>100</sup> In fact one city manager surveyed went as far to say, "if a city is unwilling to fund their main street program it is doomed to failure."<sup>101</sup> Suggesting not only is financial support key for programs like Main Street to operate but funds are fundamental show that public sector is committed to revitalization and the empowerment of volunteers behind those efforts.

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<sup>97</sup> Robertson, Kent. "The Main Street Approach to Downtown Development: An Examination of the Four-point Program." *Journal of Architectural and Planning Research* 21.1 (2004): 55-73.

<sup>98</sup> Robertson (2004) P. 64.

<sup>99</sup> Robertson Chapter 2 "Downtowns" in Burayidi, Michael A. *Downtowns: Revitalizing the Centers of Small Urban Communities*. New York: Routledge, 2001. P. 12.

<sup>100</sup> Faulk, Dagny. "The Process and Practice of Downtown Revitalization." *Review of Policy Research* 23.2 (2006): 625-45. P. 634

<sup>101</sup> Robert Collins cited in Robertson (2004).

3. The design approach seeks to improve and progress the physical state of downtowns, by enhancing and coordinating urban design/preservation, open spaces, and streetscaping. The aim of design is to create the most appealing urban place for communities, visitors, and businesses alike. Design plays a fundamental role in creating a sense of place, which as mentioned earlier is an attractive feature that might give small towns an advantage, given current trends towards urban living.<sup>102</sup> The most effective strategies for design include façade improvement programs, landscaping improvements, infrastructure and streetscape improvements, and design assistance programs.<sup>103</sup>
4. The last prong of the main street approach is that of economic restructuring which aims to strengthen downtown's economic base. The most effective strategies under economic restructuring are addressing vacancy and space issues, creating public private partnerships, performing market analysis, creating small business assistance programs, and targeting business recruitment.<sup>104</sup> Interestingly while economic restructuring is in many ways fundamental to downtown revitalization, Robertson's research suggests that is the least utilized component of the main street approach. This is perhaps do to the fact that economic restructuring requires a higher degree of technical skill often requires the aid outside expertise. It also reflects the higher degree of complexity with economic development, such that many of the factors that contribute the local market are factors outside of a community's control and often have long time horizons.<sup>105</sup>

Having a better understanding of the Main Street approach we can revisit table 2.5 and see that promotion, organization, design, and economic restructuring are fundamental methods to realize all 16 of the most successful revitalization strategies. Thus the Main Street Program is not so much a strategy in itself but rather a methodological framework that supports the development and implementation of specific revitalization strategies. Thus it is by using a well-rounded revitalization approach that identifies, develops, and implements those place specific strategies which would be most effective. For example successful office development might result from the combination of a highly organized business community, robust promotion of downtown as a great place to do business, and a well-designed and welcoming urban environment. Together these four elements seek to create a robust framework for more specific revitalization strategies.

### 3. REVITALIZATION STRATEGIES CONTINUED

#### Other Strategies continued

Other downtown revitalization strategies in Somersworth have included rerouting downtown by creating a one-way loop pattern that forces traffic off of High Street and long Main Street. It was hoped that the one way loop would increase traffic along Main Street and help to reinvigorate its retailers. A recent test of this traffic pattern was used during the downtown improvements and had no positive effect on Main street businesses while greatly undermining access to businesses along High street. Moreover the one way traffic patterns further encourage cars to speed and thus discourage the creation of comfortable and vibrant places to and perhaps most significantly one way traffic in this context does not improve overall traffic flow as the same congestion point occurred at

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<sup>102</sup> For a more detail discussion on small town design and revitalization see Robertson's 7 Principles of place in

<sup>102</sup> Roberson, Kent, and Bill Ryan. "Downtown Development on the Metropolitan Fringe." *Economic Development Journal* Fall (2004): 16-24.

<sup>103</sup> Robertson (2004) P. 66.

<sup>104</sup> For more detailed ratings and discussion see Robertson (2004) P. 67

<sup>105</sup> Robertson (2004) P. 69.

the Berwick Bridge. This effort ranks somewhere between “success is debatable, criticized by some” and “not successful, heavily criticized.”

Ongoing efforts are seeking to attract a commuter rail station in downtown Somersworth. While the results of a city funded study are not yet publicly available, I do not believe such rail development is viable or will prove successful in revitalizing downtown for a number of reasons. Primarily Somersworth-Berwick’s rail line is a spur off of Amtrak’s current route and well beyond the realm of the Boston’s commuter rail system, thus the feasibility of this proposal is structurally limited by system function and scope.

Some have suggested that a tourist line to Conway and the White Mountains might be viable, I would note that the car orientated nature of Somersworth and more importantly the car dependent nature remote Conway and the White Mountains would greatly limit the viability of this proposal and effectively make it a nonstarter. Moreover, the critical mass required to support rail reflects a chicken and egg scenario. Here officials are hoping that successful rail service will create a critical mass of activity, while I would suggest that rail is most often successful because of existing critical masses which it seeks to link. The appeal of the rail is clear, a singular physical development that becomes a regional draw and brings life back to downtown, but the effect is almost certainly not to be realized.

Berwick’s downtown revitalization efforts are a recent undertaking. This is perhaps understandable as it wasn’t until the mid-2000s before they lost their main employer, Prime Tanning. Berwick’s current efforts look to stimulate economic investment with the redevelopment of the Prime Tanning property and nearby waterfront parcels. Berwick’s focus differs from Somersworth in that their community vision looks to leverage recreation, the river, and their more abundant farmland to create a new village center with a decidedly less urban feel. So far Berwick’s revitalization planning has relied heavily on community engagement and a very active core community, clearly one of the prime assets available. However these efforts have not sought to engage Somersworth resident or power holder into the process to see where synergies might be created or else to better coordinate action, reflecting the deep rooted compartmentalization across the two towns. Ideally community and revitalization efforts on both side of the river will join forces to better plan and coordinate action under a unified frame of revitalization.

It can be broadly noted that economic development efforts for downtown and the city more broadly have sought to use new office and other business development to retain jobs and support the tax base. While these efforts have been successful in their aims they have occurred outside of the downtown and have had little to no direct effect on revitalization efforts in the city center. Moreover, given the locational attributes of downtown Somersworth-Berwick it is unlikely that meaningful new office development will become viable revitalization strategy.



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