

VII. SLIDE PRESENTATION

HILLYARD— AN INCUBATOR STUDY

EWU
CBPA
CEA

SPONSORS

- The Hillyard Neighborhood
 - Ann Marie Hamilton, GHBA
- The City of Spokane
 - Tom Reese, Office of the Mayor

WORK ACTIVITY

- Demographics
- Analysis
- Capital availability
- Main Street funding
- Transportation issues
- Strategic planning (today)

POPULATION

- The unemployment rate is higher
- Fewer management and more blue collar occupations
- More salaried workers
- Fewer government workers
- Higher numbers of retired

- Lower educational attainment (greater number of retirees)
- 60% of housing is more than 40 years old (not uncommon for Spokane)
- Majority of homes are in the \$50-99,000 range

- Median income is 65% of Spokane's.
- Commuting to work is similar to Spokane, but half the number of working at home and greater number not walking to work.

BUSINESS RESOURCES

- AHANA
- BRC
- SNEDA
- SNAP
- SBDC
- SCORE

MEANING

- Education and income track...the higher the educational attainment, the greater the overall income earned in a life time.
- Challenges in Spokane include a fit among workforce educational attainment and jobs.

- While blue collar jobs could be created in Spokane by better focusing on tourism and senior care, higher education jobs such as those associated with SIRTJ do not presently work to the advantage of Hillyard citizens.

INDUSTRY TRENDS

- Employment shifts from 1999 to 2003 in Hillyard versus Spokane indicate a large decline in construction jobs versus Spokane
- There was an 11.3 % loss in manufacturing in Hillyard while Spokane had an 18.6 % decline.
- Wholesale trade increased by 11.2 % with a 12.% decline in Spokane.

- An increase in Retail trade, about double that of Spokane (8.9 % versus 4.6%)
- A minor loss in professional services, with a large loss in Spokane (2.5% versus 13.3%)

- Finally an increase in the service industry, but double in Spokane 4.9% versus 10.5%.
- Exact numbers have to be viewed and the data are City License data for the 1999-2003 period.

MEANING

- Results of the data analyses show some positive improvement in some areas over the 2000 Census data, but Ag, Construction and Manufacturing have taken major hits in Hillyard and in the Spokane community.
- Hillyard's decline appears to be continuing with additional overall jobs lost from 1999.
- The jobs that have been created are consistent with lack of educational attainment of the population.

- To reverse the situation, white collar jobs need to be brought to the area (inconsistent with educational attainment and skills sets) and education needs to be provided to local residents.

FINANCING INFRASTRUCTURE

- Debt
 - Banks (no)
 - SNAP (micro loans, yes)
 - SNEDA (over \$10,000, maybe)

- Equity
 - Angel capital (maybe, but likely not)
 - Other seed capital (limited)

MEANING

- There is a major shortage of all capital in the Spokane area. Early stage firms or existing firms that are not innovative will find difficulty in securing funds.
- A \$5,000,000 seed fund for Spokane, including the Hillyard area is indicated.

- A \$200,000,000 venture fund in Spokane is also indicated but again pretty much would leave Hillyard out.
- TO DO?

FOUNDATIONS

- Approach foundations such as the Gates, Mott, McGraw, Global Catalyst, and Ford for economic development funds for Hillyard.
- Use the CEDS to develop a local incubator that does not just include distribution. (CDA and foundation funds)
- CDBG funds for incubator development

OTHER

- Tax programs that serve to create local sources of funds for development purposes.
- Present TIF does not appear workable.

MEANING

- It is the best time to apply for funds from Foundations and the Federal government.
- It is the worst of times that makes this so.

PROFESSIONAL SERVICES

- Generally the professional services located in the Hillyard area have been relatively stable over the last 5 years, but are few in number.
- Few transportation, security, real estate, investment services are located in the area and some have been lost from 1999.

- The largest categories include health, legal, and technical related services and those have declined.

MEANING

- As Spokane's business climate changes, additional service firms or branches could be added.
- As Hillyard's business demographics change services firms could be attracted as well.

- Likely only specialized niche services that Hillyard has an attraction for would either be developed or would move to the area.
- For example, if a distribution incubator would be developed, transportation based services could grow.

- The effect would be due to the cause, i.e., services would follow firm development, likely not the reverse.

NEW BUSINESS CLIMATE

- Concomitant with the demise of Spokane's firms Hillyard has been hurt by the general economic downturn over the 1999-2003 time frame.
- All firms by numbers of employees have declined by 69 or 7.4%. Spokane has declined by 5.9%.

- Firms with less than 50 employees have declined by 76 in number or 7.6%, with firms over 50 employees increasing by only 2.
- 76 firms with 1-4 employees have left the category, with 18 new firms in the 5-9 category with a loss of 11 in the 10-19 category and 2 in the 20-49 category.

- The category with the largest loss was manufacturing with 10 firms with 1-4 employees lost and 1 major firm with over 250 employees.
- Large construction firms in the same time period have been lost.

- Finally, 20 services related firms have been lost as well as 8 retail trade and 6 ag related.

MEANING

- The jobs the Hillyard citizens work in have declined significantly over the last five years.
- An economic development program to bring new jobs to Hillyard and Spokane is indicated. While this is not a surprise, the data indicate the severity of the continuing problem, thus the purpose of this study.

REAL ESTATE AVAILABILITY

- Few available parcels.
- There are challenges in the industrial area that have older homes and commercial/industrial land mixed together.

SUMMARY/CONCLUSIONS

- A "with walls" incubator program may help focus the direction of the neighborhood and serve as a magnet for new firms that provide higher paying jobs.
- At present, a distribution incubator would not ameliorate the disparity between Hillyard and other neighborhoods.

- An economic development program to bring new jobs to Hillyard and Spokane is indicated.
- While this is not a surprise, the data indicate the severity of the continuing problem, thus the purpose of this study.

- A distribution incubator does not appear feasible at the present time.
- However, an incubator program that serves to attract new firms, support existing firms, assists in bringing new funds into the community, and overall provides new inertia for the community is.

- Debt and equity capital are needed.
- A focus on enhanced educational attainment for the citizens is needed.
- The mixed-use land issues need to be addressed.
- Mainstreet programming needs to be funded.

- Transportation related issues remain a challenge for any development.

- Hillyard should not simply be lead by Spokane's economy.
- EDA and Foundation funds could serve to create an incubator program that would be a step forward for Hillyard's future.

- Other Issues remain that are outside the scope of this work.

Drafts prepared

- Capital availability
 - Noted in body of paper
- Main Street
 - Limited funds with innovative methods indicated.
 - Federal and State funds very limited, CDBG funds perhaps the best source

- Transportation
 - Serious challenges exist for the neighborhood due to the progress of the North-South Freeway. Without it a distribution interchange is not indicated, with it possibly.
 - The couplet presents an environmental challenge that could reduce the off ramps to one. Care has to be taken.

TRANSPORTATION ISSUES

- Completion of the North Spokane Corridor is not imminent and future funding is not clear
- Completion of the Corridor will induce land use changes along Francis and Wellesley
- Truck traffic will remain on the Market Haven Couplet for the near future causing pedestrian conflicts in the Hillyard Business District

- Removal of the couplet is not possible in the near future and may not be possible later.
- Rerouting traffic along the Freya corridor would be a costly interim solution.
- The industrial area to the east of the Corridor is not a desirable development location because it contains fractured ownership and numerous unpaved roads.

- Local officials need to secure funding for the North Spokane Corridor as soon as possible.
- A neighborhood plan for Hillyard needs to include a detailed plan for developing the eastern industrial area including capital infrastructure and for insuring that land use changes along Wellesley and Francis do not detract from Downtown Hillyard.

- Downtown Hillyard needs to identify some business niche that can make it a unique destination shopping area.
- Any major incubator needs to be located east of the North Spokane Corridor.
- Traffic calming should be instituted in the Market/Haven couplet.

FOR DISCUSSION

- Maintain neighborhood as blue collar
- Take a bold step to a new future and develop a new mixed use development for Spokane/Hillyard

- New housing, new retail, new office complexes, new streetscapes, new light manufacturing jobs, some warehousing, major education initiatives, protect the poor when making the changes, new policing, substance abuse programs

- A new urban area that serves as an inner city residential development, of a mixed use nature
- A railroad museums and railroad ride
- An e-commerce distribution/fulfillment incubator

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