



# **AN ANALYSIS OF DOWNTOWN STOREFRONT IMPROVEMENTS**

## **A Selection of Wisconsin Case Studies**

**Business and property owners, as well as public sector officials, require sound research, information, and analysis when making decisions about improving the appearance of downtown buildings. This guide will aid in assessing the feasibility of future projects based on the experiences of others.**

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## Executive summary

Do downtown storefront improvement projects provide an adequate return to the property owners, outside investors, or public funding entities? If so, what are the returns in both economic and other terms? This analysis provides 24 case studies that explore the impacts of storefront improvement projects over the past 15 years. The intent is to help business and community leaders make more informed investment decisions. As the analysis is based on a non-representative, non-systematic sample of projects, statistical conclusions cannot be inferred. However, the case studies combined with findings from a previous study support ten general conclusions.

As a result of storefront improvement projects:

- Business operators generally experience an increase in number of first-time customers
- Many but not all business operators experience an increase in sales
- Property landlords generally generate increased rental revenues
- Properties are often converted to a perceived better use
- Other building improvements, including interior redesign, are often performed simultaneously
- Even small investments can generate significant returns
- Multiple funding sources are often assembled to cover project costs
- Property owners generally believe that their building value has increased
- Nearby businesses often enjoy increased sales and initiate their own storefront improvements
- Community pride, historic appreciation, and civic legacy are celebrated

## Introduction

A downtown is a reflection of local history and values, generally marking the place where a community was originally established. While many of Wisconsin's downtowns have buildings that are more than a century old, others have much newer buildings. As architectural styles changed over time, many of these structures were altered, often with significant changes to the storefront. While some buildings and storefronts received regular maintenance, others have been neglected.

Many community planning experts agree that preserving and improving the traditional downtown core can help enhance its unique sense of place and distinguish it from outlying commercial centers. Downtown buildings of all ages, especially those built with high design standards and quality materials, provide opportunities for increasing

**Typical storefront improvements can include the following: awnings, brick pointing, cornices, decorative tile, exterior doors, exterior lighting, masonry, exterior painting, signs, windows/glazing, and woodwork.**

economic activity in the central business district. These buildings often establish first impressions of a community that can impact local economic development efforts.

In the Extension resource guide *First Impressions: A Program for Community Assessment & Improvement*, author Andy Lewis refers to our need to clean “the rose colored glasses many of us wear.” He explains that we need to see our communities (and their downtowns) accurately and honestly before we can visualize the future. *First Impressions* can be a useful tool to provide an unbiased and unique perspective on storefront needs in your downtown: [cced.ces.uwex.edu/files/2013/10/Flcoordinatorbooklet\\_final\\_opt.pdf](http://cced.ces.uwex.edu/files/2013/10/Flcoordinatorbooklet_final_opt.pdf)

Donovan Rypkema states in *The Economics of Historic Preservation: A Community Leader’s Guide* that virtually every example of sustained success in downtown revitalization has included historic preservation as a key component of its strategy. He also provides evidence that preservation strategies can make good economic sense. This is a useful reference when explaining historic preservation opportunities to government officials, developers, property owners, business and community leaders, and others. For success to be sustained, the profitability of local businesses and the underlying value of real estate need to be sufficient for owners and investors, and need to enjoy an upward growth trajectory. Sometimes public-private investment, including storefront improvement programs, can be a catalyst for business and property owners to prosper.

While the Main Street approach is grounded in the discipline of historic preservation, property data in most cities will indicate that all downtown buildings are not necessarily historic. While preserving our downtown history is important, improving more ordinary structures is also important.

Revitalization often takes many small improvements before owners are motivated to make changes themselves. A series of quality building improvements, even if they are low-cost, helps to create an image of a unified, vibrant commercial district. Improved spaces and a responsive business climate translate to higher rents, occupied spaces, and increased sales revenues. Finally, many would agree that building improvements, costly or inexpensive, are investments that will help stabilize and often increase property values. Quite often, simply removing past alterations can make a huge visible difference, and, at the same time, bring back the original grandeur of the building. In most cases, the appearance will reflect the image of the current business. The most desirable situation is when past alterations were added in such a way that they can be

removed and the original elements still remain beneath. This is often the case with the removal of building façade “slip covers.”<sup>1</sup>

It is important that building owners not just think of today, but plan for the future. Often there are ways to affordably finance and implement these improvement projects. It is important for local municipalities or downtown organizations to consider providing financial incentives for building improvements. Most local Main Street programs across the state offer low-interest loan pools or matching grant programs to not only encourage restorations, but also to tie restorations to design guidelines, ensuring that they are done properly. These incentives help to offset the added costs of doing a proper restoration rather than a quick fix.

## About the study

This analysis builds upon an earlier University of Wisconsin-Extension study performed by Robert N. Dick, Bruce H. Murray, and Ayse Somersan titled *Economic Effects of Storefront Improvement: A Report of a 1986 Study of Wisconsin Retail Businesses Which Had Made Façade Improvements during the Previous Five Years*.

The individual business impacts of downtown storefront improvement have not been studied in decades. The impetus for the analysis was to address a lack of recent research relating to storefront investment feasibility and impacts. Decision-making abilities of business and property owners within a central business district can be enhanced with increased access to research, dissemination of information, and analytic tools. These examples have helped us revisit the impacts of renovation projects from the business and/or property owner’s perspective. They are intended to help other business and property owners, as well as public officials, make more informed decisions based on the experience of others.

Staff at the University of Wisconsin-Extension and the Wisconsin Economic Development Corporation (WEDC) analyzed 24 downtown storefront improvement projects. These case studies are not necessarily representative, nor were they systematically chosen. They do reflect projects completed in the past 15 years (1999–present) from large and small Wisconsin communities. The case study participants were contacted by both UW-Extension and Wisconsin Economic Development Corporation staff and asked a series of standardized questions (see Appendix A), including their sales increase estimates, renovation costs,

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<sup>1</sup> *Historic Preservation of Buildings in Historic Districts: The Secretary of the Interior’s Standards* state that wood windows should only be replaced when they are deteriorated beyond repair. When replacement is necessary, it should duplicate the original size, shape, texture, and, whenever possible, material. For more information, see “Inappropriate Building Materials on Main Street.” *Main Street News*, Nov. 2006.

and financing data. The scope of the research was limited to exterior improvements, despite the findings that exterior renovations often accompany interior and/or management changes. For the purposes of this study, exterior costs were isolated to the extent possible.

Each case study details:

- Before and after photos
- A brief story describing the project
- A description of what was done
- Storefront investment and the results

It should be noted that case study responses were often vague and lacked financial documentation due to the proprietary nature of sales revenue figures. Quantitative data relating to storefront improvements was often lost or unknown due to the turnover of ownership and tenant vacancy. As a result, a single interviewer personally contacted owners or property managers after the initial survey contact to draw out additional supporting evidence. The study intends to be longitudinal in nature, using this first collection of 24 case studies as a start for future quantitative data collection.

## **What was learned**

The direct economic benefits realized by a business operator or building owner are typically measured in terms of increased sales or rents. These economic returns are a result of improved consumer perceptions of a business, based in large part on the curb appeal of the retail, restaurant, or service establishment. From a property owner's perspective, the increased business activity of tenants translates into higher rental income and property value.

The impacts of storefront improvements are also felt district-wide. Improvements made to one building have an effect on adjacent and nearby properties. Economic benefits accrue to the entire district through increased pedestrian traffic and sales, rents, and property values. These benefits indirectly circle back to reward the business operator/property owner who originally made the storefront improvements.

Based on the sample of storefront improvement case studies, a number of findings emerge. While the sampling is not scientific, these findings are nevertheless illustrative of the spectrum of outcomes that may result from storefront investment:

### **1. Business operators generally experience an increase in number of first-time customers.**

As a result of storefront improvements, more than 80% of reporting businesses experienced an increase in the number of first-time customers. In addition, previously unoccupied space generated

new customers as a result of new commercial tenants. Consistent with the 1986 study, most case study respondents reported positive publicity and recognition for the business, which contributed to interest from new first-time customers.

**2. Many but not all business operators experience an increase in sales.**

Related to the above and consistent with the 1986 study, over 90% of existing businesses reported an increase in sales. For case studies where data was available, sales revenue increased an average of 20%. However, a few business owners who monitored sales performance before and after storefront improvements reported no change in sales. Restaurant owners experienced the greatest amount of increase, followed by those in the personal and professional service sectors.

**3. Property landlords generally generate increased rental revenues.**

A few of the case studies represented property owners who reported new rental income. Some of the most significant economic returns were realized by property owners who were able to lease previously unoccupied space as a result of storefront improvements. In a few case studies, apartments were rented as a result of the building's improved appearance.

**4. Properties are often converted to a perceived better use.**

A few buildings were repurposed to accommodate different type of tenants in response to market needs. These new tenants often helped stabilize the income stream of the property. Consistent with the 1986 study, exterior storefront improvements were often conducted with other changes in the building to accommodate the new and perceived better use.

**5. Other building improvements, including interior redesign, are often performed simultaneously.**

Consistent with the 1986 study, many of the projects included concurrent interior renovations and building improvements. Many building owners found efficiencies in combining exterior and interior work (although façade improvement expenses were isolated to the extent possible in this analysis).

**6. Even small investments can generate significant returns.**

The projects examined in this study ranged widely in investment outlay (from less than \$3,000 to more than \$600,000). Consistent with the 1986 study, improvements are often relatively inexpensive. Often very small outlays had a significant impact on sales and rental income.

**7. Multiple funding sources are often assembled to cover project costs.**

Most of the case studies involved numerous sources of funding. In addition to the owner's investment, 50% of the projects used local incentive grant or loan programs (for façade, signage, or business improvements). Traditional bank loans were also used by 50% of the projects. Historic tax credits were used in a few projects. A few of the case studies involved buildings that were improved because of the availability of storefront improvement funding mechanisms.

**8. Property owners generally believe that their building value has increased.**

While not asked outright in the case study research, a number of respondents indicated that their property value has or is expected to increase as a result of the improvements. This was an important outcome for a few who anticipated selling their property in the near future. However, accordingly to the 1986 study, property tax increases are minimal (if any) for façade improvements.

**9. Nearby businesses often enjoy increased sales and may initiate their own storefront improvements.**

A number of case studies demonstrated how new customers attracted to an improved building can positively affect other nearby buildings and their businesses. This was especially true in cases where an unoccupied building regained a commercial tenant. The indirect returns to the surrounding business district were amplified when the improved building was occupied by a tenant that generated foot traffic and complemented other nearby businesses. There were also numerous examples of how an improved building inspired other nearby building owners to consider improvements.

**10. Community pride, historic appreciation, and civic legacy are celebrated.**

Many local property owners' attachment to their community's heritage became a driver in storefront improvement projects. Many told a story of a property owner who wanted to restore a building to its original elegance as a symbol of the community's heritage. These property owners recognize the unique market opportunities available through the improvement of the community's original and authentic business district.



# **CASE STUDIES**

# Hotel Stebbins

Algoma, WI

Removing a 1960s façade revealed the hidden beauty of the early 1900s building. This generated interest in revitalization and in cultivating a sense of place.



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<b>Business name:</b>	Hotel Stebbins
<b>Business type:</b>	Hotel and restaurant
<b>Location:</b>	201 Steele St., Algoma, WI
<b>Date of improvement:</b>	2010
<b>Cost:</b>	\$45,000
<b>Financing assistance:</b>	Bank loan
<b>Economic benefits:</b>	>10% increase in first-time customers
<b>Intangible benefits:</b>	Generated interest in urban revitalization in the community and in cultivating a sense of place

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## Work completed

A façade project in the 1960s concealed most of the stone and brick work around the base of the building. Once removed, masonry repairs were made. To preserve the stones and brick, the owner stained, painted, and added curbing around the base of the building to seal out moisture. Exposed steel beams used in the early 1900s architecture also needed repairs and unique steel scroll work was sandblasted and repainted. The exterior doors were removed in the entry way so an awning could be installed. New signage was added.

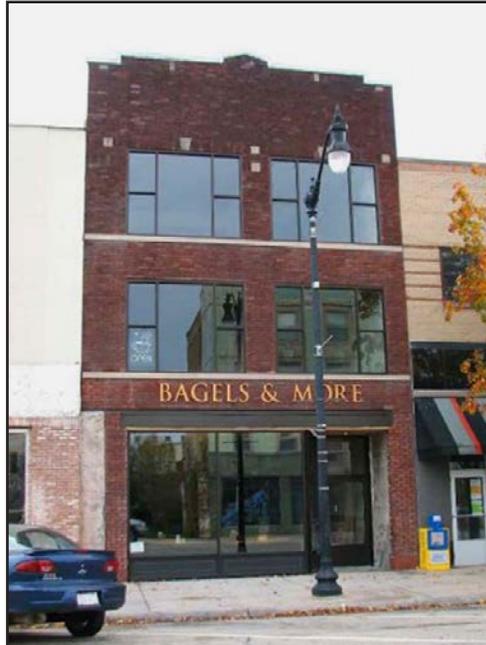
## About the project

Constructed in 1857 by Charles Lewis Fellows, the building has always served as a hotel. In 1905 Frank Slaby constructed the second wing, which is now the three-story brick structure and entrance of the hotel. Slaby changed the name of the building from Ahnapee House to Hotel Stebbins in honor of his friend, the late Wisconsin State Senator DeWayne Stebbins. Kristine Ruehl purchased the business in July 2005, and had always intended to restore the building to its early twentieth-century grandeur.

# Bagels & More

Beloit, WI

Improvements led to increases in first-time customers and sales.



<b>Business name:</b>	Bagels & More
<b>Business type:</b>	Restaurant and retail
<b>Location:</b>	324 State St., Beloit, WI
<b>Date of improvement:</b>	2008
<b>Cost:</b>	\$25,000
<b>Financing assistance:</b>	Downtown Beloit Association Façade Improvement Grant Bank loans
<b>Economic benefits:</b>	>10% increase in first-time customers 20% increase in sales
<b>Intangible benefits:</b>	Catalyst for other improvements in the area

## Work completed

Once the stucco façade was removed from the bagel shop, the building was cleaned and tuck-pointed. New windows replaced the cinder blocked spaces on the second and third story, transforming the façade. The owner changed the look of the sign, replacing plastic letters with more attractive and durable metal ones.

## About the project

In 2007, Wisconsin Main Street Design Specialist Joe Lawniczak provided the owner of Bagels & More, David Siekieski, with an artist's rendition of what his building could look like after some investment. Siekieski chose not to wait on improving the exterior of his building despite uncertain economic conditions at the time. Larger storefront windows enhanced curb appeal and transformed the interior ambiance from what he called a "dark dungeon."

"People are taking notice. Improvements are contagious."  
– David Siekieski

# Brocach Irish Pub

Madison, WI

The building's increased curb appeal helped owners cultivate market demand for their business concept in two other locations.



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<b>Business name:</b>	Brocach Irish Pub
<b>Business type:</b>	Restaurant and bar
<b>Location:</b>	7-9 W. Main St., Madison, WI
<b>Date of improvement:</b>	2004
<b>Cost:</b>	\$20,000 (includes some interior work)
<b>Financing assistance:</b>	50/50 Façade Match Improvement Program
<b>Intangible benefits:</b>	In the past ten years, the owner has expanded to two additional locations.

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## Work completed

Once the previous façades for both buildings were removed, the buildings were framed for the new façade. The entrance to what had been Badger Candy Kitchen became a secondary entrance to Brocach. The owner also installed all new ground floor windows. Other improvements included a new sign and paint.

## About the project

Brocach (rhymes with mocha) means “badger den” in Irish. In an interview with Madison’s alternative weekly newspaper, *Isthmus*, Don Gautreau told his story of having grown up in an Irish family outside of Boston. He was also employed by Guinness prior to opening the restaurant and pub. Recognizing the Madison market’s need for an Irish pub, work began in 2004 to convert Badger Candy Kitchen and E.W. Parker Jewelers, built in 1914, into an Irish experience with eye-catching curb appeal.

# Madison Sourdough

Madison, WI

Improvements resulted in higher rents.



<b>Business name:</b>	Madison Sourdough
<b>Business type:</b>	Restaurant
<b>Location:</b>	916 Williamson St., Madison, WI
<b>Date of improvement:</b>	2009–2010
<b>Cost:</b>	\$30,000
<b>Financing assistance:</b>	50/50 Façade Improvement Match Program (up to \$10,000)
<b>Economic benefits:</b>	Improvements made possible by the grant program attracted a high-quality restaurant tenant, which encouraged additional aesthetic improvements at the site.
<b>Intangible benefits:</b>	While maintaining the character of the surroundings, improvements made it inviting to foot traffic in the neighborhood.

## About the project

Chuck Chvala and his son, Ted, purchased the industrial building, which generated limited rental income. Once the structural repairs were done, the owners wanted to make it an inviting place for community gatherings, while staying true to its industrial character. Madison Sourdough was interested in renting the space and has since made its own investments in artistic sculptural displays outside of its entrance.

## Work completed

Leaky roof was repaired and masonry was tuck-pointed. Windows and doors, including the overhead door where the bread trucks load, were replaced. New awnings and exterior lighting were also installed.

# Purple Door Ice Cream

Milwaukee, WI

A manufacturing building converted to an ice cream shop serves the neighborhood, increases foot traffic, and has an economic multiplier effect in the area.



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<b>Business name:</b>	Purple Door Ice Cream
<b>Business type:</b>	Restaurant
<b>Location:</b>	205 S. 2nd St., Milwaukee, WI (Walker's Point)
<b>Date of improvement:</b>	2014
<b>Cost:</b>	\$95,000
<b>Financing assistance:</b>	City of Milwaukee Façade Grant
<b>Intangible benefits:</b>	The business serves the neighborhood and compliments other businesses that have moved in including Water Council, Indulgence Chocolates, and Black Sheep.

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## Work completed

Storefront window openings were enlarged to allow natural lighting and connect interior and exterior seating areas. The door opening was altered and the interior atrium was enclosed with glass. Masonry was repaired and the surface painted. During nighttime hours, LED lights shine through the artistic sculptural panels over the doorway and windows. A new awning was also installed over the doorway.

## About the project

Fix Development is a commercial real estate developer committed to community, economic, and environmental stability. CEO Juli Kaufmann has lived and worked in historic Walker's Point since 2005. Working by the Fixer's Manifesto of "If it's broken, fix it!" and "If it's not broken, improve it," Kaufmann saw the potential in this building and how it could serve the community.

# Faye's Pizza

Sheboygan, WI

Opening the space up to natural light during the day and installing exterior lighting for the evening created a welcoming, safe environment for customers. The results were doubled sales volume and an expanded product line.



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<b>Business name:</b>	Faye's Pizza
<b>Business type:</b>	Restaurant
<b>Location:</b>	1821 Calumet Dr., Sheboygan, WI
<b>Date of improvement:</b>	2010
<b>Cost:</b>	\$120,000
<b>Financing assistance:</b>	Bank loan Sheboygan Historic Preservation Grant Program Historic preservation tax credits
<b>Economic benefits:</b>	>10 % increase in first-time customers Sales increased by more than 200% in two years (includes launching a new line of frozen pizzas)

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## Work completed

All the previously obscured windows were replaced with glass windows, creating more natural light in the dining area. The upper cornice was crumbling and had to be rebuilt. The glass and steel framed doors were replaced with historically accurate wooden, painted ones. Lighting was installed all around the building, including the parking and patio area in the back.

## About the project

Built in the early 1900s, the building exchanged hands only a few times. In 1986, a car accident badly damaged the front dining room window. The owners at the time decided to cover over the damaged façade by enclosing all the lower level windows with brick. In 1996, Alicia Reichgeld Evans purchased the building and the business. Frustrated that the building was indistinct, Evans was motivated to make some upgrades to this "brick box" building.

# Firehouse Pizza

Sheboygan Falls, WI

Reconstruction and expansion into an adjacent building doubled the owner's revenue.



<b>Business name:</b>	Firehouse Pizza
<b>Business type:</b>	Restaurant
<b>Location:</b>	Sheboygan Falls, WI
<b>Date of improvement:</b>	1999
<b>Cost:</b>	200,000 (for both interior and exterior improvements)
<b>Financing assistance:</b>	Bank loan
<b>Economic benefits:</b>	>25% increase in first-time customers Unoccupied building now income-producing Increased seating area doubled sales
<b>Intangible benefits:</b>	Spurred the rehabilitation of Brickner Woollen Mills, Richardson's Furniture, 1878 Broadway block, and Bemis Bath Shoppe.

## Work completed

While the structural elements of the building on the left were sound, many architectural elements of the building needed to be rebuilt. With the exception of the upper story's hardwood floors and the turnbuckle construction from the exterior beams that hold the building together, everything else was rebuilt, including new siding and windows. Designs were based on other Greek Revival-style buildings in the area.

## About the project

Constructed in 1854 and 1855, the set of buildings were generally regarded as eyesores. The Wisconsin Main Street design specialist provided an artist's rendering of the building's historical character. The building on the right was originally a firehouse. Based on historical photos, the owners restored the two classic fire station archways in 1989. In 1999, owner Dorothy Schueffner expanded into the adjoining structure. Schueffner has reaped dividends by creating additional seating in the lower level and a private dining area above.

# Eddie's Alehouse & Eatery, Inc.

Sun Prairie, WI

Façade improvements catch community's eye and attract new customers for the business.



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<b>Business name:</b>	Eddie's Alehouse & Eatery, Inc.
<b>Business type:</b>	Restaurant and hospitality
<b>Location:</b>	238 E. Main St., Sun Prairie, WI
<b>Date of improvement:</b>	2013
<b>Cost:</b>	\$30,000
<b>Financing assistance:</b>	Bank loan
<b>Economic benefits:</b>	>10% increase in first-time customers Estimated 10% increase in sales

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## Work completed

The wood canopy was removed and a smaller awning was installed to shade the south-facing storefront. The brick below the storefront windows was removed so that a new larger window system could be installed. The new window system included a cast stone sill and the area below it was re-bricked with period-style stone. One-hundred-year-old Watertown brick saved from a demolition in Madison, Wisconsin was used to reface the two main columns including the decorative crowns. Other improvements included adding brick to the entry alcove and the decorative cornices above the entry awning.

## About the project

Built as a tavern in 1891, the building has been transferred in and out of the Callies family since 1893. In April of 2008, Dan Callies purchased the site from his brother and began restoring the interior, opening for business in August of that year. In 2013, Callies put sweat equity, personal savings, and a bank loan into restoring the façade.

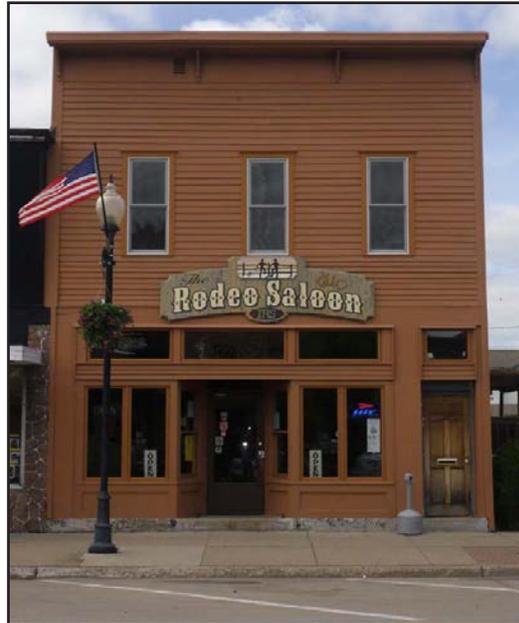
"I'd definitely do it again. I get about three people a week that tell me they've lived in Sun Prairie their entire lives and never knew we were here. It has definitely gotten people's attention."

– Dan Callies

# Rodeo Saloon Bar & Grill

Tomahawk, WI

This historical restoration led to increased property value and the business' eventual marketability.



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<b>Business name:</b>	Rodeo Saloon Bar & Grill
<b>Business type:</b>	Restaurant
<b>Location:</b>	22 W. Wisconsin Ave., Tomahawk, WI
<b>Date of improvement:</b>	2011
<b>Cost:</b>	\$10,000
<b>Financing assistance:</b>	Main Street Sign Grant
<b>Economic benefits:</b>	Façade improvements are believed to improve future sale prospects.
<b>Intangible benefits:</b>	Spurred neighbors (What's Brewin'?, State Farm Agency, and the café across the street) to also make improvements

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## About the project

Owners Hank Tholl and Tom Theis had already done an interior remodel, but the restaurant needed to draw people inside. Wisconsin Main Street Design Specialist Joe Lawniczak offered Tholl a free sketch of what his building may have looked like "back in the day." From that sketch, Tholl was inspired to make improvements.

## Work completed

After removing the wood panel faux exterior on the second floor, the owner installed three energy-efficient windows. All the windows and the entry way door were also replaced, and the damaged cedar siding was replaced and repainted.

# Steele Street Floral

Algoma, WI

Façade improvements increased pedestrian traffic and public image.



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<b>Business name:</b>	Steele Street Floral
<b>Business type:</b>	Retail
<b>Location:</b>	300 Steele St., Algoma, WI
<b>Date of improvement:</b>	2003
<b>Cost:</b>	\$30,000
<b>Financing assistance:</b>	None
<b>Economic benefits:</b>	Increased tourist foot traffic and publicity

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## Work completed

Nearly all of the original windows were removed or made smaller in the past, so full-size windows were installed throughout. The ground level exterior paint was removed and the bricks tuck-pointed. The door jams were reworked to fit the new French door on the corner, and the door to the smaller main street storefront was redone to open up at the originally designed angle. Detailed painting on the architectural features was completed.

## About the project

Lynn Truckey, owner of Steele Street Floral, worked with Wisconsin Main Street Design Specialist Joe Lawniczak to restore this building to the glory of a Painted Lady. Painted Ladies usually use three or more paint colors on the features of Victorian or Edwardian structures to highlight their architectural elements.

# Country Treasures

Chippewa Falls, WI

Design creativity enhanced the curb appeal of, and the connections between, the three buildings. This provided the impetus for other projects.



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<b>Business name:</b>	Country Treasures
<b>Business type:</b>	Retail
<b>Location:</b>	214–216 Bridge St., Chippewa Falls, WI
<b>Date of improvement:</b>	2012
<b>Cost:</b>	\$130,000
<b>Financing assistance:</b>	Regional Business Fund Low-interest Main Street Loan
<b>Economic benefits:</b>	>10% increase in first-time customers 2% increase in sales
<b>Intangible benefits:</b>	Stimulated community support and motivated other public improvements such as streetscape work

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## About the project

Joyce Pugh has done work on these three buildings in stages since 1983. Wisconsin Main Street Design Specialist Joe Lawniczak drew up the idea of a false upper façade for the middle building to connect it in height and character with the neighboring buildings.

“There was an unbelievable amount of support from the community for the project. Our downtown and new building construction moved along more quickly than planned, and I feel that my improvements might have helped to give impetus to those projects.”

– Joyce Pugh

## Work completed

The building on the left was built at the turn of the century. After the original center building was lost to a fire, the owner purchased the vacant lot and built the infill building in 1983. The building on the right was built in 1889 and restored by the owner in 1989. All three buildings are open to each other and house the retail gifts store, Country Treasures.

Renovation and construction began on the center and left side buildings in 2011 with the removal of a metal façade that had covered the upper story of the building. The exposed brick was tuck-pointed and three windows with rotting wood frames were replaced. A new false second story brick façade was added to the center building and the entire front of the two buildings was redone with new larger storefront windows and doors. Other improvements included paint, signage, and awning removal.

# The Knitting Room

Fond du Lac, WI

Restoration doubled the building's market value.



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<b>Business name:</b>	The Knitting Room
<b>Business type:</b>	Retail and textiles
<b>Location:</b>	28 N. Main St., Fond du Lac, WI
<b>Date of improvement:</b>	2008
<b>Cost:</b>	\$28,000
<b>Financing assistance:</b>	Downtown Fond du Lac Façade Improvement Grant Bank loan Historic preservation tax credits
<b>Economic benefits:</b>	Owner believes market value has doubled since his 2007 acquisition of the property

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## Work completed

Once the false façade was removed, the plaster over brick was restored, and the cornice was recreated to be as close to the original as possible. The arched windows were restored by a specialist.

## About the project

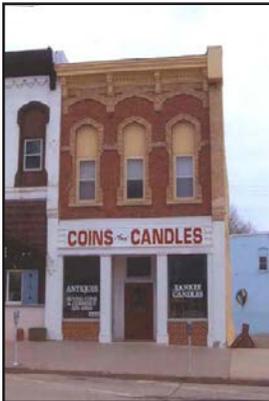
Sam Meyer sat across the street during an event in downtown Fond du Lac thinking, "If I have to stare at this old building all day, I'm going to buy it and fix it up."

Built in 1873, the beautiful arched windows had been covered over with a false façade. The Wisconsin Main Street Design Specialist provided architectural renderings for the project. The City of Fond du Lac designated the building a historical structure and the Wisconsin Historical Society granted the project historic tax credits.

# Sequels

Monroe, WI

This historic restoration provided an atmosphere well-suited for the owner's consignment shop at minimal cost.



---

<b>Business name:</b>	Sequels
<b>Business type:</b>	Retail
<b>Location:</b>	1024 17th Ave., Monroe, WI
<b>Date of improvement:</b>	2009
<b>Cost:</b>	\$7,000
<b>Financing assistance:</b>	Matching Façade Improvement Grant
<b>Economic benefits:</b>	Estimated 15–25% increase in first-time customers Estimated 10–15% increase in property value

---

## Work completed

An awning and a custom sign for the consignment shop were added. Upper floor windows were repaired. Custom upper floor awnings were added to complement the lower awning and conceal where the windows didn't completely fill the arches. A new front door, some paint, and outdoor lighting completed the new look.

## About the project

The Wisconsin Main Street Design Specialist provided owner Rosemary Forcade with a rendering of what her 1885 building may have looked like originally. Downtown Monroe had implemented a matching fund façade improvement program financed through tax increment financing (TIF). As the owner of one of the first area buildings to be historically restored, Forcade continues to get feedback from the community regarding the changes.

"I think other building owners realized they could make changes without a sizable layout of funds."

– Rosemary Forcade

# Bemis Bath Shoppe

Sheboygan Falls, WI

This historical restoration of an Italianate building provided an appropriate atmosphere and downtown location for a local manufacturer.



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<b>Business name:</b>	Bemis Bath Shoppe
<b>Business type:</b>	Retail and outlet store
<b>Location:</b>	512 Broadway, Sheboygan Falls, WI
<b>Date of improvement:</b>	1995
<b>Cost:</b>	\$645,000 (interior and exterior improvements)
<b>Financing assistance:</b>	Bank loan State and federal historic preservation tax credits
<b>Economic benefits:</b>	Unoccupied building now income-producing
<b>Intangible benefits:</b>	Provided manufacturer with a downtown presence and spurred the improvements of Osthelder Saloon, Depke's Shoes, Ella's Dela Delicatessen, and the Chamber/Main Street building

---

## About the project

The Smith Building, built in 1879 in the Italianate style, was purchased by the Bemis family in 1995. They purchased the building in 1995. The objective was to take the building back to its original 1879 character. The project followed the Standards of Historic Preservation. It has become an iconic symbol of historic restoration in Wisconsin and currently serves as Wisconsin Main Street's official logo.

## Work completed

Cornice high windows were added at street level. The exterior brick was washed to expose original Cream City brick. The stairwell and two chimneys on the side of the building were rebuilt. The upper windows were restored. A complete interior renovation including floors, stair case, and interior walls was done.

# Scarlet Garden

Tomahawk, WI

Adding an inexpensive pergola (wooden arbor) displayed a unique concept and creativity.



---

<b>Business name:</b>	Scarlet Garden
<b>Business type:</b>	Retail
<b>Location:</b>	121 W. Wisconsin Ave., Tomahawk, WI
<b>Date of improvement:</b>	2007
<b>Cost:</b>	\$2,500
<b>Financing assistance:</b>	None
<b>Economic benefits:</b>	>10% increase in first-time customers Estimated 17% increase in sales

---

## Work completed

A few years earlier, the owners painted the sign display and designed a striking scroll script sign for their floral shop. The owner had experience as a contractor and built the pergola above the entry in 2007 to support hanging planters.

## About the project

The building simply needed a face-lift. Dawn Baus, owner of Scarlet Garden, firmly believes storefronts are reflections of the quality of the business and the creativity of the owner. Her husband, a contractor, primarily did cosmetic improvements, and both encouraged their neighbors to do the same.

"I believe if you aren't appealing on the outside they won't come to the inside."

– Dawn Baus

# North Bay Sport & Liquor

Green Lake, WI

An anonymous donor encouraged a local business person to invest in his building.



---

<b>Business name:</b>	North Bay Sport & Liquor
<b>Business type:</b>	Retail (convenience)
<b>Location:</b>	501 South St., Green Lake, WI
<b>Date of improvement:</b>	2012
<b>Cost:</b>	\$2,206
<b>Financing assistance:</b>	Downtown Green Lake Renewal Project Funds
<b>Economic benefits:</b>	10–20% increase in first-time customers
<b>Intangible benefits:</b>	Catalyst for other area improvements

---

## Work completed

A little more than \$2,200 was spent repainting the exterior of the building and hiring a local artist to paint a mural on the side of the building.

## About the project

Joel owns North Bay, a favorite stopping place of locals and tourists for anything from fishing gear to a cold beverage. The Downtown Green Lake Renewal Project awarded Joel with an anonymous gift for the purpose of improving his building's façade. The work on his building has given Joel positive feedback and inspired others to invest in their properties.

# Colby Abbot Building

Milwaukee, WI

The City of Milwaukee's pop-up store incentive program helped to make the restoration of this historical building possible.



---

<b>Business name:</b>	Colby Abbot Building
<b>Business type:</b>	Retail
<b>Location:</b>	759 N. Milwaukee St., Milwaukee, WI, BID #21
<b>Date of improvement:</b>	2010
<b>Cost:</b>	\$350,000
<b>Financing assistance:</b>	Pop-up Store Incentive Program
<b>Economic benefits:</b>	>10% in first-time customers Estimated 5% increase in rents after pop-up store program ended

---

## About the project

The Colby Abbot building was built in 1885 for the home office of the Wisconsin Central Railroad. In 1998, Patti Keating Kahn and her husband purchased the building and began restoring it in 2010. The Milwaukee Downtown BID #21 helped Kahn through the façade grant program process in exchange for five months of free rent for retailers to launch businesses downtown. The City of Milwaukee has contributed to downtown renaissance by investing in streetscape design, historical lighting, landscaping, and façade restoration grants.

## Work completed

Sustainable design features include the restoration and reuse of existing materials wherever possible, including operable windows, recycled city steam heat, new energy-efficient air-conditioning, and an emphasis on bike commuting tenants, Energy Star lighting, and low VOC paints. The 1960s era stainless steel wrap around canopy was removed. The entire first floor façade was removed and rebuilt with energy-efficient insulation and floor-to-ceiling windows with exposed arches. A handicap accessible ramp was installed and each storefront received its own entrance. Bay windows were also repainted.

# Tribeca GalleryCafé & Books

Watertown, WI

A fresh coat of paint piqued consumer interest and heightened community pride.



---

<b>Business name:</b>	Tribeca GalleryCafé & Books
<b>Business type:</b>	Retail and café
<b>Location:</b>	401 E. Main St., Watertown, WI
<b>Date of improvement:</b>	2012
<b>Cost:</b>	\$3,900
<b>Financing assistance:</b>	None
<b>Economic benefits:</b>	>10% increase in first-time customers Estimated 15% increase in sales

---

## Work completed

The windows were repaired and re-glazed, the wood trim was restored and reinforced, and, where possible, functionality was restored. Parts of the building required replacement brick, and much of the building was tuck-pointed to prevent water damage. The parapet was sealed, waterproofed, and coated with protective metal paint. Then the entire building was repainted. In a later phase, the plywood was removed from the upper windows, restoring the functionality of the second level.

## About the project

When Wes and Julie Crnkovich purchased this 1874 Italianate building in 2009, more than 30 years of neglect meant several repairs needed to be made. The new paint scheme highlights the architectural features of the building. Customers and downtown neighbors say the building is one of the nicest looking buildings on Main Street.

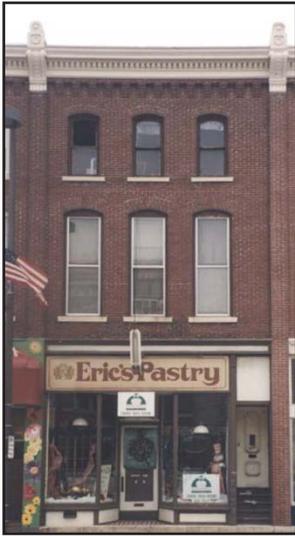
“... a fresh coat of paint attracts the eye, people have confidence coming into something that looks taken care of. Before, the color blended with the environment and didn’t draw people.”

– Julie Crnkovich

# Sam Meyer Insurance Agency, Inc. and Red Brick Inn

Fond du Lac, WI

A restoration “hobby” increased a building’s market value.



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<b>Business name:</b>	Sam Meyer Insurance Agency, Inc. and Red Brick Inn
<b>Business type:</b>	Service (insurance) and residential
<b>Location:</b>	42 N. Main St., Fond du Lac, WI
<b>Date of improvement:</b>	2005
<b>Cost:</b>	\$28,000
<b>Financing assistance:</b>	Downtown Fond du Lac Program (DFP) Façade Grant Bank loan Historic preservation tax credits
<b>Economic benefits:</b>	Owner thinks market value has doubled since his 2005 acquisition of property

---

## Work completed

The building, formerly a bakery, was unoccupied at the time of purchase. A new roof was installed, and the windows and doors were restored. For six years, the owner and his wife operated the Red Brick Inn on the second floor. The owners converted the bed and breakfast into a residential living space that generates rental income for them. Other alterations include paint and a customized metal bracket for the street sign.

## About the project

In 2004, Sam and Dawn Meyer purchased the former Cepalo Bakery building and immediately began a top-to-bottom overhaul. The project transformed the bakery space and bulky storage space into a modern office and a seven-room luxury historic inn. The City of Fond du Lac designated the building a historical structure and the Wisconsin Historical Society approved the restoration and granted the project historic tax credits. The DFP granted the Meyers the DFP Design Award for Best Façade Restoration in February 2006.

# Waukesha Tattoo Company

Waukesha, WI

A façade improvement and signage provided a catalyst for other improvements in the neighborhood.



<b>Business name:</b>	Waukesha Tattoo Company
<b>Business type:</b>	Personal care
<b>Location:</b>	463 W. Main, Waukesha, WI
<b>Date of improvement:</b>	2010
<b>Cost:</b>	\$30,000
<b>Financing assistance:</b>	Local grant/loan
<b>Economic benefits:</b>	>25% increase in first-time customers The neighboring businesses, River's End Gallery and People's Park (a bar), renovated their properties after Waukesha Tattoo Company did.

## Work completed

The 1960s-era building was tuck-pointed. The masonry blocks on either side of the building were painted with a rubber membrane paint that would conceal any future cracks. The cedar shingle awning was replaced with a metal awning. New exterior lighting was added to illuminate the new sign. Other improvements included repairs of the roof and down spouts.

## About the project

George Wang recognized this site as ideal due to its proximity to downtown and its existing private parking. The 1960s façade, however, were updated and the interior renovated to accommodate his needs. Wang writes that while updates and renovations may cost money, they improve the surrounding area and raise the aesthetic standard. The neighboring businesses, River's End Gallery and People's Park (a bar), both renovated their properties after Wang completed his.

# Leticia Guzman Insurance Agency

Waukesha, WI

Storefront improvements created an attractive live/work space downtown.



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<b>Business name:</b>	Leticia Guzman Insurance Agency
<b>Business type:</b>	Services (insurance)
<b>Location:</b>	744 N. Grand Ave., Waukesha, WI
<b>Date of improvement:</b>	2013
<b>Cost:</b>	\$2,700
<b>Financing assistance:</b>	Bank loan
<b>Economic benefits:</b>	Vacant building converted to income-producing

---

## Work completed

Tattered awnings, blowing freely in the wind, were removed to highlight the building's features of large windows and ornamentation. The front door was replaced and a new sign was designed for the agency.

## About the project

First State Bank, built in 1890, added the smooth veneer in 1920. Leticia Guzman and fiancé, Curt Otto, purchased the vacant building in 2013. In an interview with The Freeman, a local web-based news organization, Guzman shared her plans to convert the back portion into a residential unit while the front will house her insurance agency office. Their hard work was rewarded by being featured on the Waukesha Preservation Tour in May of 2014.

"We really believe in living, working, and playing in downtown Waukesha, and we believe it has to be done one building at a time. Downtown is progressing and we want to be a part of it."

– Leticia Guzman

# Danen Properties, LLC

De Pere, WI

The Main Street Façade Improvement Program helped the owner save run-down vacant buildings from demolition by converting them into income-producing, occupied buildings.



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<b>Business name:</b>	Danen Properties, LLC
<b>Business type:</b>	Services
<b>Location:</b>	605–609 George St., De Pere, WI
<b>Date of improvement:</b>	2008
<b>Cost:</b>	Approximately \$60,000
<b>Financing assistance:</b>	De Pere Main Street Façade Improvement Grant
<b>Economic benefits:</b>	25% increase in first-time customers Previously unoccupied, now income-producing

---

## Work completed

Extensive tuck-pointing needed to be done after the paint was removed and some bricks were replaced. New windows and crown molding were installed around the exterior of the building. Metal columns (not shown) were also restored. A new accessible entry way was built with a new door. Extensive interior renovations included converting residential units into commercial units.

## About the project

Most of the community expected Steve Danen to demolish the buildings on George Street when he purchased them in 2008. Wisconsin Main Street Design Specialist Joe Lawniczak provided Danen with a rendering of what the buildings could look like with a lot of work. Danen says that without the Main Street Façade Improvement Grant, the restoration of the buildings built in 1895 could not have happened.

“The feedback and response from the community was extremely positive. The renovations had immediate impact on attracting prospective tenants.”

– Steve Danen

# Bradley Realty, Inc.

Menomonee Falls, WI

A 50/50 match program provided the necessary funds for needed repairs and led to increased rents and more first-time customers.



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<b>Business name:</b>	Bradley Realty, Inc.
<b>Business type:</b>	Service (real estate)
<b>Location:</b>	W16733 Appleton Ave., Menomonee Falls, WI
<b>Date of improvement:</b>	2010
<b>Cost:</b>	\$20,000
<b>Financing assistance:</b>	50/50 Matching Economic Development Master Fund Grant
<b>Economic benefits:</b>	>25% increase in first-time customers 30% increase in residential rents
<b>Intangible benefits:</b>	Positive public relations in community

---

## Work completed

There was some minor tuck-pointing, an aluminum soffit was replaced with a bead board soffit, four windows and two doors were replaced with energy-efficient windows and doors, and the frame and canvas canopy was replaced. In addition, paint was applied and a new sign was added.

## About the project

Although the building needed repairs, financing wasn't readily available until Menomonee Falls created the Economic Development Master Fund program. This 50/50 matching program was just what Brad Posnanski needed to do the upgrades for his building.

"The finished project was amazing. I had no less than 30+ positive comments. They would say, 'love the great job you did on your building.' Others would say that they noticed my business now more than ever before."

– Brad Posnanski

# Tiny Green Trees

Milwaukee, WI

A vacant and blighted tavern was converted into a safe place for children to be cared for and to engage in their environment.



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<b>Business name:</b>	Tiny Green Trees
<b>Business type:</b>	Service (childcare center)
<b>Location:</b>	717 S. 37th St., Milwaukee, WI (Silver City neighborhood)
<b>Date of improvement:</b>	2013
<b>Cost:</b>	\$10,000 attributed to external improvements
<b>Financing assistance:</b>	Layton Boulevard West Neighborhoods Non-profit community development organization Me2 program and Focus on Energy program Milwaukee Downtown Development Corporation Local bank loan
<b>Economic benefits:</b>	Unoccupied building is now income-producing Tax assessment increased \$80,000 after renovation
<b>Intangible benefits:</b>	Catalyst for other improvements in the area

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## About the project

Jeremy and Kelly Belot found a dilapidated tavern near their home and the new Menomonee Valley branch of the Urban Ecology Center. Infusing it with a new vision, the building was converted into an eco-friendly childcare center focused on a healthy, sustainable lifestyle on the main floor, and a residential unit on the second floor. The backyard became a natural playscape, and the interior received a full renovation.

## Work completed

The owners did a full renovation of the property, including extensive landscaping and a roof replacement. The building was partially re-sided, cedar wood trim was added, doors and windows were replaced, and a custom sign emphasizing the nature-based focus of the childcare center was added.





# APPENDICES

# Appendix A

## Storefront improvement questionnaire

The Wisconsin Economic Development Corporation (WEDC)'s Wisconsin Main Street Program, together with the UW-Extension's Center for Community and Economic Development (CCED) are conducting a study to illustrate the benefits of façade improvements on buildings and community economics. The goals of this project are to analyze the economic impact on the building, the businesses within, and the surrounding downtown area and to provide case studies of projects with demonstrated positive returns. From this data, a resource guide will be developed to assist in assessing the potential scope, cost, and benefits of improvement projects.

1. Property address (and historic building name if applicable):

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2. I am the building's (circle one):

Owner      Tenant      Both (owner-occupied)

3. What year were the restorations/improvements completed?

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4. What prompted the restoration and/or improvements? (Check all that apply.)

- Inspired by nearby improvements
- New program available
- Ownership transfer
- Other \_\_\_\_\_

5. Did you notice any change in the number of first-time customers? Check one.

- Yes: 25%+ increase
- Yes: 10% increase
- About the same
- Decrease in first-time customers

6. Did you do any of the following work to the **exterior** of your building? Check all that apply.

- |   |  |  |
|---|--|--|
| <input type="radio"/> Masonry work      | <input type="radio"/> Signage                            | <input type="radio"/> Awnings or canopy removed/replaced |
| <input type="radio"/> Metal repair work | <input type="radio"/> Doors or windows repaired/replaced | <input type="radio"/> Other _____                        |
| <input type="radio"/> Wood repair work  | <input type="radio"/> Removal of past alterations        | _____  |
| <input type="radio"/> Paint             |  |  |
| <input type="radio"/> Re-siding         |  |  |

**Total expenditures:** \$ \_\_\_\_\_

7. Did you also make changes to the **interior** of your building?

- Yes: first floor commercial interior
- Yes: upper floor build-out
- Yes: building mechanicals

**Total expenditures: \$** \_\_\_\_\_

8 Use of property's first floor **prior** to restoration/improvements (circle one):

Unoccupied    Retail    Hospitality/Restaurant    Service    Mixed    Other

Primary tenant(s): \_\_\_\_\_

9. Use of property's first floor **after** restoration/improvements:

Unoccupied    Retail    Hospitality/Restaurant    Service    Mixed    Other

Primary tenant(s): \_\_\_\_\_

10. Use of property's second floor **prior** to restoration/improvements (circle one):

Unoccupied    Retail    Hospitality/Restaurant    Service    Mixed    Other

Primary tenant (if commercial only): \_\_\_\_\_

11. Use of property's second floor **after** restoration/improvements:

Unoccupied    Retail    Hospitality/Restaurant    Service    Mixed    Other

Primary tenant (if commercial only): \_\_\_\_\_

12. How were the restorations/improvements financed? Please provide a complete breakdown of all financing, investments, grants, etc. Check all that apply.

- Business expense: \$ \_\_\_\_\_
- Bank loan: \$ \_\_\_\_\_
- Personal out-of-pocket expense: \$ \_\_\_\_\_
- Local grant/loan: \$ \_\_\_\_\_
- Historic preservation tax credit
- Other tax credit

13. Did any of the following activities also occur in the same time frame as when the improvements were made? Check all that apply.

- Changes in the business plan (pricing)
- Changes in merchandising
- Promotional changes
- Moved location
- Extended store hours
- Streetscape enhancements or other public improvements
- Major neighboring downtown business opened/closed: \_\_\_\_\_
- Major business competition opened outside of town: \_\_\_\_\_
- Recession

14. What other nearby buildings improve their façade **after** your improvements?

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15. Was there a perceived change in nearby building neglect or absenteeism after your improvements?

Examples:

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16. Please describe your experience with the local historic design and zoning review (if applicable).

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17. Did any changes need to be made to the plan for the building to meet code regulations? Did this project cause your municipality to change zoning ordinances?

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18. How do you feel the finished product impacted your community and surrounding downtown?

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19. Business owners: Did you notice a change in revenues because of the improvement?

Percent change = \_\_\_\_\_ %

20. Building owners: Did your building's rental rates increase because of the improvement?

\_\_\_\_\_ % increase current rent (\$/sq. ft.)

# Appendix B

## Demographic profiles of case study communities

Locality*	Case study represented	Page number	Within 0.5 miles of downtown			Within city limits		
			2010 total population	Median household income	Median age	2010 total population	Median household income	Median age
Algoma	Hotel Stebbins, Steele Street Floral	8, 17	1,500	\$43,702	43.5	3,167	\$43,304	42
Beloit	Bagels & More and Attic Quilts	9	2,284	\$16,281	23	36,966	\$38,047	33.6
Chippewa Falls	Country Treasures	18	2,751	\$26,623	35.4	13,661	\$37,906	36.9
De Pere	Danen Properties, LLC	29	2,559	\$41,049	32.5	23,800	\$56,368	31.9
Fond du Lac	Sam Meyer Insurance Agency, Inc. and Red Brick Inn, The Knitting Room	26, 19	4,837	\$27,481	32.5	43,021	\$44,572	37.6
Green Lake	North Bay Sport & Liquor	23	658	\$51,128	52.3	960	\$40,972	53.2
Madison	Brocach Irish Pub, Madison Sourdough	10, 11	19,069	\$21,716	23.7	233,209	\$53,958	30.7
Menomonee Falls	Bradley Realty, Inc.	30	3,065	\$47,711	41.9	35,626	\$71,292	44.2
Milwaukee (downtown)	Colby Abbot Building	24	5,917	\$44,739	28.8	594,833	\$35,823	30.5
Milwaukee (Silver City neighborhood)	Tiny Green Trees	31	9,672	\$28,747	28.5	594,833	\$35,823	30.5
Milwaukee (Walker's Point)	Purple Door Ice Cream	12	14,398	\$41,089	31.5	594,834	\$35,823	30.5
Monroe	Sequels	20	3,440	\$43,215	37.1	10,827	\$41,197	42.7
Sheboygan	Faye's Pizza	13	4,736	\$26,140	36	49,288	\$42,549	37
Sheboygan Falls	Bemis Bath Shoppe, Firehouse Pizza	21, 14	2,308	\$47,223	42.2	7,775	\$58,283	42.1
Sun Prairie	Eddie's Alehouse & Eatery, Inc.	15	2,437	\$47,664	35.3	29,364	\$65,818	33
Tomahawk	Scarlet Garden, Rodeo Saloon Bar & Grill	22, 16	1,259	\$35,984	42.2	3,397	\$47,972	45.4
Watertown	Tribeca GalleryCafé & Books	25	4,591	\$38,608	32	23,861	\$50,746	36.5
Waukesha	Waukesha Tattoo Company, Leticia Guzman Insurance Agency	27, 28	5,260	\$29,052	31.4	70,718	\$58,070	34

\*The median household income for Wisconsin is \$49,824 and the median age is 38.4 years.

# Appendix C

## How to evaluate your project

This section focuses on quantifying the potential return of investment from the building owner/investor’s perspective. However, as the previous section indicated, there are a number of indirect returns that benefit an entire business district and should also be considered. Some of these are non-financial but are nevertheless important. For the purpose of brevity, other feasibility considerations (e.g., legal, political, and physical constraints) are ignored in this appendix. Businesses and property owners should consult with appropriate advisors prior to making any large capital investments.

In *Feasibility Assessment Manual for Reusing Historic Buildings*, author Donovan Rypkema offers a comprehensive process to gather information and reduce uncertainties so that prudent decisions can be made regarding building reuse. He describes various tools to help bridge the gap between expected financial returns (from building improvements) and the cost of making these improvements. In addition to grants and favorable financing, Rypkema describes regulatory relief, technical assistance, property tax benefits, and income tax benefits, among others. Some of his tools can be applied here in the analysis of storefront improvements including the “financial synthesis” of a project. This section provides a simplified version of Rypkema’s financial analysis, adjusted for the more limited scope of a storefront improvement project. For larger projects involving building reuse, consult Rypkema’s manual.

### Step 1: Estimate project costs

Storefront improvement projects include costs for physical materials and labor (hard costs) as well as fees for planning, permitting, financing, and other services (soft costs). This table summarizes “hard” and “soft” capital costs associated with a storefront project.

Project cost		
Type	Amount	Notes
Hard costs		Brickwork, siding, signage, doors, windows, etc.
Soft costs		Architectural, engineering, permits, etc.
Contingency		Additional hard and soft costs not budgeted (5%–10% is a good rule of thumb, with more complex projects having a higher contingency factor)
<b>Total project cost</b>		

### Step 2: Estimate sources of funds

As Rypkema points out in his manual, the financial realities of a project may require financial intervention tools including matching funds or reduced financing costs. As indicated earlier, these tools can include low-interest loans, federal (and state) tax credits, property tax relief, grants, and other tools.

Some of these tools may be available at the outset of a project, while others provide repayment of incurred costs once the project is complete. This table provides a basic structure for summarizing funds necessary to complete the project.

<b>Source of funds</b>		
<b>Type</b>	<b>Amount</b>	<b>Notes</b>
Equity		Owner’s investment (may include equity in property)
Donated services		Contributed services or materials
Debt		Borrowed funds
Intervention funds		Low-interest loans, grants, technical assistance, etc.
Other sources of funds		Not included above
<b>Total source of funds</b>		

### Step 3: Project incremental annual cash flow

Net income and cash flow are central to financial feasibility analysis. The financial analysis element that is most subjective and prone to error is the projection of future income and cash flow. While market analysis techniques can be sophisticated, there are no models that can predict how sales or rents will increase as a result of a storefront improvement project. Instead, the business or building owner must rely upon past experience, comparable results from other storefront projects (see case studies), and realistic assumptions of future growth. However, for larger projects requiring external financing sources, an abbreviated market analysis (including trade area, demographic, and demand and supply analysis) is helpful to double-check key income and cash flow projections. The Extension publication *Downtown and Business District Market Analysis Toolbox* ([fyi.uwex.edu/downtown-market-analysis/](http://fyi.uwex.edu/downtown-market-analysis/)), presents techniques for evaluating market potential for different types of businesses and real estate. Some of these tools may be helpful in gauging market support for the repositioning of businesses or reuse of real estate that will result for the storefront improvement project. This table provides a basic structure for estimating the potential change in net income and cash flow resulting from the planned storefront project.

<b>Incremental annual cash flow (business operator perspective)*</b>			
<b>Category</b>	<b>Before improvements</b>	<b>After improvements</b>	<b>Incremental change</b>
Total sales			
Less: Cost of goods sold			
Plus: Miscellaneous income			
= Gross profit			
Less: Fixed expenses			
Less: Variable expenses			
Less: Reserve for replacement			
= Total expenses			
Net operating income (NOI)			
Less: Debt service			
= Cash flow			
Less: Taxes			
Plus: Tax credits			
= After-tax cash flow			
<p>*The "After improvements" column should reflect a stabilized year (within years 1–3) and should be presented in the same year (inflation-adjusted dollars) as the "Before improvements" year. When forecasting future sales, an increase in first-time customers does not equal a corresponding increase in total sales. Changes in debt service and taxes should be related to the storefront improvement; all other changes should be held constant. For property owners leasing their building, change "Total sales" to "Gross scheduled income" and "Cost of goods sold" to "Vacancy."</p>			

## Step 4: Calculate return on investment

This table provides three basic formulas for calculating the return on investment (ROI) given the results of steps 1–3. The resulting percentage returns should be compared to other investments with similar levels of risk and/or return.

Return on investment (ROI)		
Formula	Percent return	Notes
Incremental net operating income		
Divided by: Total project costs		
<b>Overall return %</b>		Measures pre-tax return to all project funding sources (also referred to as capitalization or cap rate)
Incremental cash flow		
Divided by: Equity invested in Project		
<b>Cash on cash return %</b>		Measures pre-tax return to owner's project investment
Incremental After-tax cash flow		
Divided by: Equity invested in project		
<b>After-tax cash on cash return %</b>		Reflects after-tax return to owner's project investment (also referred to as return on equity)
Notes: Other more complex analysis methods, such as Net Present Value or Internal Rate of Return, are ignored here. These methods, however, also consider future increases in value upon sale of the property and may be a relevant consideration for property owners.		

## Step 5: Non-financial considerations

This table provides room for commenting on other impacts resulting from the storefront project that may benefit the entire business district and may not be easily predicted or measured. In the long term, these benefits may circle back to reward the business operator/property owner who originally made the storefront improvements.

<b>Non-financial considerations</b>	
<b>Impact of improvements on:</b>	<b>Notes</b>
Value of surrounding buildings	
Image and perception of the business district	
Community pride, historic appreciation, and civic legacy	
Influencing and supporting other nearby projects, including public investment	
Increased storefront occupancy and corresponding vehicular/foot traffic	
Other	



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Photos courtesy of Joe Lawniczak, Bill Ryan, the building owners, BID executives, and Main Street directors.

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