

## URBAN INCUBATORS: FRESH CREATIVITY AND ENERGY FOR COMMUNITIES

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*This paper explores the idea of “Urban Incubator” programs, and their implications for community building, economic development and the evolution of “the new sustainable economy.”*

*As the process of cultural evolution continues into the 21<sup>st</sup> century, the role of innovation and creativity, combined with scientific inquiry, has particular importance. Exponential population growth has made humanity a force of nature that is having profound effects on the planet and its lifestyles. Increasingly pressing social justice, poverty, education, and empowerment issues require solutions. We are learning how outmoded financial systems and business models have lost relevance to the “real (and even the virtual) world” and must be updated.*

*The thesis here is this: Urban Incubator programs, properly conceived and organized, can be used to mobilize creativity, new economy initiatives, and successful new lifestyles in existing cities. They can provide continuous introduction of opportunities for artists, young entrepreneurs, and others to bring passion, new products, and excitement into the ongoing evolution of urban life. Such programs can also result in significant profitability for participants, investors, other businesses and the community at large. Section 1 outlines and defines the vision for Urban Incubators. Section 2 discusses intended outcomes. Section 3 looks into location and form of spaces for Incubators. Section 4 explores possible business structures. Finally, Section 5 reviews the potential success of Incubators through the experiences of the author over the last forty years.*

### 1 INTRODUCTION TO URBAN INCUBATORS

#### 1.1 Creativity in the Place Making Process

It is well past time to eliminate market land value as the primary determinant of use patterns in our cities. A host of beneficial social relationships, created at a time when all classes of people and activities were close together in neighborhoods, have been sacrificed to ‘market forces,’ class segregation and car-driven sprawl. Urban design over the last several decades, has become a matter of promoting bigger and bigger projects that tend to perform poorly—to very poorly—when compared to organically grown neighborhoods composed at “human scale.” The notion of “affordability”—actively resisted by the development community—needs to be replaced with the concepts and principles of the “incubator.”

Financial considerations, often flawed by ‘actuarial’ decision making, have seriously compromised the livability, and profitability, of most of our cities. Even our most successful places tend to have the vitality and uniqueness slowly squeezed out of them. Such ‘bankable’ decision trees lead to increasingly exclusive, and conspicuously less successful places. In retail centers, for example, the ‘maintenance leasing’ process results in a ‘homogenized’ character, lacking in uniqueness, passion, and frequently ‘real life’ quality. It is rare in that process to search for uniqueness, passion and creativity—thus none is forthcoming.

#### 1.2 The Vision for Incubators

Artists, Young Professionals, Agriculturalists, Naturalists, Teachers, Students, Public Servants, Scientists and other creative social groups—including children and senior citizens—are critical to maintaining vibrancy and competitiveness in our cities. These groups also tend to live modestly and to place high values on many aspects of life other than competing for high-value real estate. When cost of living increases, these groups typically leave neighborhoods that they have enriched and made vibrant. The result is a gradual, sometimes hard to measure, erosion in the quality of life. There

is also a loss of economic productivity and profitability that often leads into a downward spiral from high value to neglect, crime, and finally abandonment. Although this may lead eventually to a rebirth as creatives respond to low land values after the decline, very few would label this (boom and bust) cycle a desirable process.

To combat the boom and bust effect, most economic zones in the city should incorporate “incubator” programs. These may include subsidies, tax incentives and credits, transferable development rights, set asides in housing and cooperatives, scholarships, and similar techniques consciously applied to the spatial arrangement of uses in the community. As prosperity in the neighborhood increases, so should the proportion of incubator inclusions and programs. This reflects the fact that the most mature and “successful” neighborhoods are at the greatest risk of losing momentum and competitiveness through reduced creativity, and talent. City places and neighborhoods that are well balanced and socially diverse, are also frequently the most productive economically.

### **1.3 Spatial Aspects of Incubator Programs**

In retail merchandising of shopping centers, a great deal of thought and professionalism goes into arranging uses relative to one another. This is done to optimize synergy and appeal to patrons—through design of patterns of use. Business Incentive Districts (BIDs), pioneered in New York at Bryant Park and the Grand Central Partnership, have extended similar principles to district level for commercial areas. Similar professionalism can, and should, be applied to mixed-use and live-work neighborhoods. Many examples and prototypes have evolved in historic contexts such as Boston’s Newbury Street, and parts of San Francisco, Amsterdam, and other cities. Today these areas—precisely because of their high land values—are in need of fresh thinking to improve their function in the sustainable economy and to improve social justice. Strategically placed urban incubator spaces can provide enhanced vitality, richness and improved revenues in proportion to their quality and uniqueness.

## **2 INTENDED OUTCOMES FOR INCUBATOR PROGRAMS**

### **2.1 Restoring Diversity and Resilience to Communities**

Segregation of uses and people, enabled by the reliance on automobiles, has turned out very badly in the twentieth century. In America, many cities have become uncompetitive through their inability to adapt to changes in creative ways. This loss of resiliency is a direct result of segregated life styles:

- populations cannot or do not act together to set new agendas;
- segregated social groups contain only a fraction of needed skill sets and talents;
- systems of prejudice and hatred evolve in isolation and can lead to violence; and
- economic vigor is rarely sustainable within single class communities.

To restore healthy balance and competitiveness in our settlements, many negative effects of segregation can be mitigated by intelligent, comprehensive management of urban incubator programs. Celebration of ethnic diversity in language, music, food, entertainment, and education measurably enhances urban life wherever discrimination and prejudice do not hold sway. Age and occupational diversity are also highly desirable and manageable in similar ways.

### **2.2 Improving Revenues in Commercial Activities**

The success of urban specialty markets and place-making evolved by BTA+Architects, the evolution of pioneering business incentive district (BID) projects in Manhattan, and the synergy established between cultural attractions (museums, monuments, special venues such as Chicago’s Millennium Park) in enhancing the general health of urban centers has established beyond doubt the efficacy of urban incubators. These, usually public, places possess special attractiveness to very broad classes of people. Not only are they successful in their own right, but they also enhance many of the activities and private spaces that form the context for them.

### **2.3 Improving Neighborhood Function**

Complex activity that takes place at all hours of the day and night provides surveillance of urban spaces, resulting in both the appearance and fact of safety. Such complexity also satisfies daily needs in compact areas, reduces transportation costs and trips, accommodates the elderly and handicapped, improves maintenance and environmental quality, and uses energy resources efficiently. “Walkable” neighborhoods are increasingly in demand as commuting using private vehicles becomes less and less desirable and affordable. All of these factors and patterns can be evolved as goals for the management of urban incubators.

### **2.4 Innovation: Evolving the Sustainable Economy and Environmental Restoration**

Urban design strategies that encourage development of new products in the “sustainable economy,” that enable bioremediation and defend biodiversity within the city, can have dramatically positive effects. Healthy communities are not possible in sick landscapes. Many aspects of natural systems require significantly larger, and continuously connected, habitats to thrive. All urban conglomerates worldwide are seriously polluted and unhealthy for humans and all other life forms. Agriculture, so far from being a long-term triumph of civilization, turns out to be seriously destructive and increasingly unsustainable as fresh water (fossil) resources are rapidly depleted worldwide.

The above are just a few of the reasons our cities need optimum creativity and “toolboxes of talent.” High tech urban agriculture, slow food, restoration of biodiversity, the sustainable green jobs and products of the economy of “natural capitalism” (Hawken, 1999) and “cradle to cradle,” (McDonough, 2002) are but a few of the evolving innovations that deal with them. The effects of climate change and rising sea levels introduce yet another series of demands for creative responses.

## **3 SPACES AND FORMS FOR INCUBATORS**

### **3.1 Urban Specialty Centers (Typically Downtown)**

In a number of urban market places, the incubator concept has been used in a specialized manner to add unusual merchandising elements. Railway floats, movable fixtures, push carts, kiosks, café spaces, restaurants, and smaller inline stores have all been used to accommodate new business ideas and innovative merchants. Often, patrons will have no idea of the incubator aspect of the program, and many successful companies have started in this context. Management of incubator programs in this environment will usually be by the private management company operating the center (often on behalf of public partners).

### **3.2 Mixed Commercial Districts (Transit Oriented)**

Public Market buildings, especially when well managed, can provide numerous opportunities for incubator tenants. Occasionally, private market buildings and coops operate some, or a majority, of their space as incubator opportunities. In office and institutional mixed-use districts, numerous spaces, often ground level, can be made available for incubator programs, due to project economics that are based upon the dominant (office, multi-family, research, academic, etc.) uses of the buildings. Business Incentive District (BID) organizations, or similar management entities created by associations of landlords, can manage incubator programs for significant areas of city downtown and neighborhood commercial zones.

### **3.3 Live-Work Density Zones (Transit Oriented)**

In live-work zones, relatively new to many cities, rather complex ordinances dealing with noise, traffic, toxic substances, staff parking, operating hours, and many other concerns are typical. This creates the need for a specialized series of incubator programs that move into all aspects of residential needs and requirements. In turn, associations, coops, and similar entities can provide

management and oversight for incubators. The range of incubator activities may be very broad in this context, including retail, office, studio, light manufacturing, professional office, and institutional uses (both interior and exterior).

### 3.4 New Enterprise and Re-Naturalization Zones

As proposed here, these are parts of existing city fabric that are relatively distant from transit lines, that contain important natural systems corridors, and where land values are relatively modest. In this context incubator programs will tend to be oriented to maintaining, or introducing urban food production, developing “sustainable economy” businesses, and restoration/remediation of environmental habitats and biodiversity. This implies that urban density would be managed to eliminate sprawl, and to incorporate naturalized environments in sufficiently large areas to allow modern water, food and energy management systems to function in support of increased density along transit corridors.

## 4 BUSINESS STRUCTURES FOR INCUBATORS

### 4.1 Commercial Incubators

Business arrangements for incubator tenants in this context revolve around the simplest possible deal: No or month-to-month leases. Very modest or no base rents. Percentage rent when times are good. Accounting for sales and reporting kept simple. In addition, incubator tenants should be counseled on best practices, promoted as part of the overall project, shielded from CAM, security, landlord taxes, and other complexities they will learn as they become successful. *Incubator tenants can be, and often are, a critical ingredient in creating a sense of uniqueness and local spirit that can be very significant to the overall profitability and success of the place.*

### 4.2 Mixed Commercial Districts

Although managed by a different (BID like?) entity, business aspects of incubator programs in transit-oriented neighborhoods—where projects depend on primary uses for their operating income—can be similar to those of the Commercial Incubators discussed in ¶4.1. In such districts, a special program to solicit and review proposed businesses will be necessary, replacing professional leasing/merchandising specialists. In addition, careful attention will need to be focused on the full range of needs in each neighborhood to include non-profits, educational and other non commercial users.

### 4.3 Live-Work Synergy

Neighborhoods of this type will have a complex pattern of owner-occupied and rental spaces. This makes necessary a relatively broad range of incubator programs. Educational and research activities will play a larger role. Because this form of neighborhood tends to be newly enabled through public ordinances and building codes, management of incubator programs will need to be addressed in the creation of such instruments. These characteristics make coordination of uses for optimum synergy a matter of special overview by public agencies, or possibly some sort of “authority.” Unfortunately, public entities tend to be incapable of the ongoing creativity required, due to the short time a given administration may exist, and other political and public funding issues. There is a need for careful study of these realities to evolve a successful management strategy for incubators in this context, and for the proposed new enterprise zones as well.

### 4.4 New Enterprise Zones

New enterprise zones are a sort of “overlay” of various incentives to encourage, and enable property owners to dramatically alter the uses of their lands. To achieve a gradual introduction of sustainable food and energy production, sustainable water management, and new sustainable businesses, combined with restoration of natural systems and biodiversity, will require a broad array of urban design and planning techniques: Transferrable development rights, tax credits, energy rebates, grants, and many other tools will have roles to play. Several environmental, educational, and

research organizations such as watershed associations, archeologists, geologists, biologists, and others (Biorangers-see the glossary?) will set much of the agenda for these new zones.

## 5 INCUBATORS AND SUCCESS...

### 5.1 The Experience with Urban Markets

Faneuil Hall Marketplace in Boston is properly considered the granddaddy of modern place making. It pioneered the use of the public-private partnership concept, used to preserve a major public element of the city, to restate its life as Boston's marketplace, and to inhabit it with unique local people and products. Its "bull-market" and special recruitment efforts involved several, then untried, incubator programs devised by Ben Thompson and his company (now BTA+Architects). The result was spectacularly successful in character, spirit—and sales. It became a worldwide model as a business partnership, and as modernist urbanism with preservation. Unfortunately, many seem to have forgotten its role as an incubator, partly because some businesses that started there are now national and international companies.

Harborplace in Baltimore, also a BTA+ project, was the first to apply the experience of Faneuil Hall Marketplace to a newly built project rather than a historic 'place.' Similar incubator strategies and recruitment efforts were used in establishing its initial tenant mix. In particular, its two-sided food tenants in the Light Street Pavilion were designed to allow each tenant to sell retail food on one frontage, while offering prepared food on a second. Several incubator deals were also made for cafés and restaurants in the project. Again the project was very successful. However, attempts to replicate it in other cities worldwide were spotty and sometimes unsuccessful—due to failure of the copyists to realize the importance of the incubator aspects of what might be called the 'localization' process.

In Union Station's redevelopment in Washington, numerous incubator programs were utilized, together with overall modest base rent (supplemented with percentage rent). These were instrumental, with the approach to public hospitality, in generating the remarkably strong 'spirit' among the tenants. The result was one of the most successful and consistent revenue streams of any retail/mixed use project in the country.

### 5.2 Artists: Urban Pioneers

Consider art movements and traditions: Finnish, Swedish, Irish, Italian, Spanish, Egyptian, Haitian, Japanese, African, South American, Northwest Coast, Eskimo, Aborigine, Native American, and so many others. Remember that each of these traditions is valued and treasured everywhere. Painting, sculpture, drawing, music, food, color, pattern, language, drama, literature, film, dance—the creative toolbox is multi-cultural and incredibly deep. Which part should we live without in our cities? Should we continue to undervalue the contribution all these arts make to our lifestyle, and consign the artists to a semi-nomadic lifestyle searching for cheap space in perpetuity?

### 5.3 The Elderly: A Great Resource to Partner with the Young

Change in our time has been incredibly rapid, and we have no reason to believe its rate will moderate anytime soon. Each generation has a distinctly different skill-set and experience base. This creates a dynamic and critical need for collaboration. Remember the adage: Those who forget history are doomed to repeat it. Multigenerational partnering is a new way of life that makes the concept of retirement obsolete—to be replaced with periodic 'reinvention.' It is very difficult to accomplish such collaboration in the segregated straightjacket of the 20<sup>th</sup> century city.

### 5.4 Going to the "State of the Art..."

The "incubator" idea is used here to represent many aspects of human creativity and to personalize our search for universal social justice and peace. I have argued that it should replace the idea of "affordability." While it is true that a system of financial adjustments and subsidies are suggested that deal with *money*, these should be thought of as techniques to recognize the *true value* of, and *critical function* of, innovation, creativity and social justice in our evolving cultural system. This is very comparable to the value of "natural capital" which although critical to our survival on this

planet, is generally unvalued in monetary terms. We are in the midst of various attempts to restructure our global monetary system in the attempt to restore its relevance to measuring values in real world terms. Until such time as we have done that, we will have to consider money irrelevant to programming and design of our settlement patterns, and the way they coexist with the rest of the web of life on the Earth.

“To the children  
 To all the children  
 To the children who swim beneath  
 The waves of the sea, to those who live in  
 The soils of the Earth, to the children of the flowers  
 In the meadows and the trees in the forest, to  
 All those children who roam over the land  
 And the winged ones who fly with the winds,  
 To the human children too, that all the children  
 May go together into the future in the full  
 Diversity of their regional communities.”

—Thomas Berry

**GLOSSARY (Words in quotes are expressions of the author.):**

**“Biorangers”**—are a proposed social class dedicated to preservation and restoration of healthy ecosystems planet-wide. Scientists presently constitute the majority of biorangers, but the class is rapidly evolving into a modern version of naturalized hunter-gatherers.

**Bioregions**—are defined through physical and environmental features, including watershed boundaries, geology, and other ecosystem characteristics. “Bioregionalism” stresses that the determination of a bioregion is also a cultural phenomenon, and emphasizes local populations, knowledge, and existing conditions. (Alexander, D., 1996.)

**“BRSS”**—*BioRegional Resource Self-Sufficiency* is the ability of a region to operate within its locally available resources, combined with only *advantageous* global virtual resources (AGVR) from trade relationships.

**“BCE”**—*Budgeted Consumption Economy* is a proposed concept of the ‘new economy’ which is based upon ‘doing much more with only those renewable resources allocated to human use. It achieves “economic growth” through increased efficiency rather than increased physical consumption. The BCE is composed of groups of self-sufficient bioregions encompassing all human settlements on the Earth.

**Place Making and Social Justice**—A planet at war or filled with injustice is not a sustainable place. It is like a baseball team with injured players—not able to win or even to play reliably. The place-making process assists significantly in advancing global urban culture and the spread of social justice. We are committed to maintaining and renewing ethnic diversity, with full empowerment, for all people.

**Settlement Patterns**—are patterns of use by human cultures and communities. These may include cities, towns, villages, farming patterns, resource extraction activities, related infrastructure and transportation systems. The term also implies a spatial relationship between human and non-human natural systems.

**Sustainability**—means living in harmony with the natural systems of our planet, while ensuring quality of life for all its people.

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