



Business development and retention strategy for downtown Lee's Summit

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“Downtown is the heart of Lee’s Summit; a commercially vibrant, family destination. It is an urban village with a mixture of uses, including specialty shops and restaurants, compatible residential development, and a City Hall that makes an important civic statement. It is a place of experience – people walking, music playing, events happening ... a public environment.”

- Vision statement from *Lee’s Summit Downtown Community Visioning Study*, 2002

Overview

It is easy to understand why downtown Lee’s Summit won the National Trust for Historic Preservation’s Great American Main Street Award in 2010. The district is attractive, visually cohesive, and well-maintained. The ground-floor occupancy rate is healthy. Both the public and private sectors are actively engaged in the district’s growth. The district offers an active, dynamic calendar of community events. And the community is quite unusual among communities of its size for the large constellation of community and economic development entities at work, from the Lee’s Summit Economic Development Council to Show Me Angels, an angel investment group. Named in *Business Week* magazine as the “Best Place to Raise Kids” and included in *Money* magazine’s 2008 list of “Best Places to Live”, Lee’s Summit has a bright future.

Making downtown Lee’s Summit a healthy, vibrant district has taken lots of hard work and dedication over the past decade by Downtown Lee’s Summit Main Street, Inc. and its many public- and private-sector partners. And, to their great credit, these organizations and agencies recognize that, as the district achieves successes, it also faces greater challenges in the years ahead – attracting new businesses and new shoppers, creating new jobs, and, of course, maintaining the gains it has achieved. With these needs in mind, Downtown Lee’s Summit Main Street, Inc. engaged our firm, the Community Land Use and Economics Group, to examine the district and provide some guidance for the next phase of downtown development.

Our assignment is to identify retail niches that might work well in downtown Lee’s Summit; to help create a business development and retention strategy for the district; to update some of the economic data in the 2003-2004 downtown master plan; and to examine the effectiveness of Downtown Lee’s Summit Main Street’s marketing activities. As is the case with all aspects of downtown revitalization, these components are interwoven with all other aspects of the downtown revitalization and management process. For example, we found that one of the best options for attracting new customers to downtown Lee’s Summit and boosting sales in the district’s existing businesses is to bring new housing units and new non-retail businesses downtown, increasing the district’s built-in, day-to-day customer base.

Successful revitalization of an older commercial district whose physical form and business mix have evolved organically, over time, requires hundreds of small steps that, together, help bring about long-term economic transformation. There is no one single, catalytic activity, or handful of activities, that can make such a transformation happen. The keys are to identify two or three major market-based strategies, then to identify the many specific tasks that need to happen to implement each strategy. We have built our recommendations around these three major market-based strategies:

- Expand the built-in market for downtown businesses by developing new housing units and attracting additional offices and small industries to the downtown area.
- Focus retail development activities in five retail categories: furniture and home furnishings; environmentally-friendly products and services; restaurants; music and entertainment; and “destination” apparel.
- Help businesses develop new distribution channels to expand sales.

Process

In order to understand the current condition and retail growth potential of downtown Lee's Summit's retail sector, we focused on several specific types of information:

1. Information that would help us understand the retail “buying power” of the people who live in Lee's Summit and Jackson County – in other words, the amount of money that area residents are likely to spend on retail goods and services over the course of a year.
2. Information that would help us understand the demographic and psychographic characteristics of Lee's Summit's residents and how those characteristics affect their decisions about where to shop, dine, and be entertained
3. Information about the people who currently visit downtown Lee's Summit – their demographic characteristics, shopping preferences, and perceptions of the district
4. Information about how downtown Lee's Summit is currently being marketed to residents and visitors

Our research involved several components:

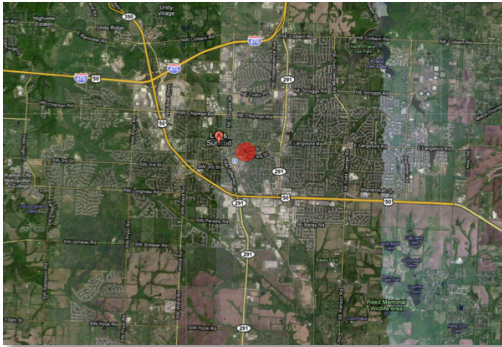
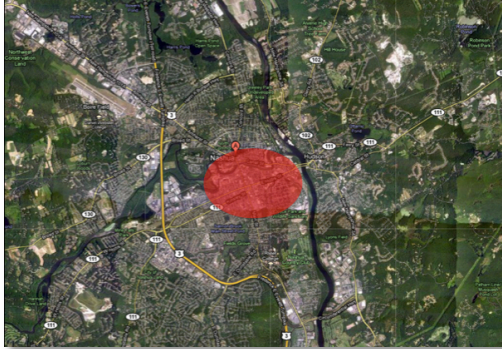
1. **Review of existing plans and studies:** We began this assignment by reviewing existing plans prepared in recent years. The studies we reviewed included:
 - *Historic Preservation Plan for the City of Lee's Summit*, prepared by Historic Preservation Services, LLC (September 2002)
 - *Market Study of Redevelopment Opportunities – Old Town Study Area Master Plan*, prepared for EDAW, Inc. by Canyon Research Southwest, Inc. (May 2003)
 - *Old Lee's Summit Development Master Plan*, prepared by EDAW, Inc. in conjunction with HWA, Canyon research Southwest, and Transsystems (February 2004)
 - Annual reports of the Lee's Summit Economic Development Council

- Biennial editions of *Lee's Summit Advantage*, prepared by the Lee's Summit Economic Development Council
 - Annual Lee's Summit valued industry/business retention reports, prepared by the Lee's Summit Economic Development Council and Aquila
 - Annual development reports prepared by City of Lee's Summit Planning and Development Division, with data from various City departments, the Home Builders Association of Greater Kansas City, the US Census Bureau, and other sources
 - *2006 Downtown Lee's Summit Survey*, prepared by ETC Institute (October 2006)
 - *Downtown Wayfinding Plan (2009)*
 - 2009 Economic Forecast
 - *2005 Lee's Summit Comprehensive Plan*
 - *Downtown Lee's Summit Business Report*, prepared by the Lee's Summit Economic Development Council (June 2010)
2. **Site visit:** We visited Lee's Summit at the beginning of the assignment. During our visit we toured downtown Lee's Summit and other commercial centers in the city and environs, visited a representative sample of businesses, met with Downtown Lee's Summit Main Street, Inc. board and committee members, and participated in a public meeting to talk about downtown economic development trends.
 3. **Business inventory:** Using Polk City Directories and Google, we assembled an inventory of retail and service businesses in Lee's Summit and in the downtown area. We refined this inventory during our site visit.
 4. **Demographic research:** We examined information from the *Census of Population*, the *American Community Survey*, the City, the Lee's Summit Economic Development Council, and the State of Missouri in order to understand how demographic characteristics are likely influencing the shopping habits and buying preferences of area residents.
 5. **Sales void analysis:** In order to have a solid understanding of Lee's Summit's current market performance and of the retail "buying power" of the community's households, we estimated the amount of retail demand currently generated by Lee's Summit and Jackson County residents for approximately 70 products and services (*see Appendix 2*). We then

compared current retail demand with estimates of actual retail sales being captured by businesses in Lee's Summit (*see Appendix 1*), identifying retail categories in which the city is likely losing potential sales and in which it is likely attracting purchases from visitors and residents of nearby communities.

6. **Downtown intercept survey:** Staff and volunteers of Downtown Lee's Summit Main Street, Inc. conducted an intercept survey of downtown visitors over the course of two weeks in June 2010, gathering approximately 370 survey samples. The survey provided invaluable information on the demographic characteristics of the district's current visitors and on their shopping habits, their perceptions of downtown Lee's Summit, and their suggestions for its future.
7. **Marketing activities:** Downtown Lee's Summit Main Street, Inc. provided us with information about major market activities currently taking place in downtown Lee's Summit. We included several questions in the downtown intercept survey asking participants which downtown events they have attended and which are their favorite events. These questions provided us with demographic profiles of people who attend the district's events.

Observations



Approximate land size of downtown Nashua, New Hampshire (pop. 86,576) and downtown Lee's Summit (pop. 91,431). Map scale is identical in these two satellite photos.

1. Downtown Lee's Summit Main Street is one of the most accomplished downtown management entities in the nation.

In little more than a decade, the district's ground-floor vacancy rate has closed; an impressive new City Hall has been built; the district's streets, sidewalks, storm sewers, streetlights, signs and other amenities have been substantially upgraded; it has launched a full calendar of community-oriented events; and has chalked up many other achievements.

2. An impressive array of partners are engaged in downtown Lee's Summit development.

The City, Downtown Lee's Summit Main Street, Lee's Summit Economic Development Council (LSEDC), Lee's Summit Chamber of Commerce, and many other entities are actively involved in downtown Lee's Summit's economic growth. In addition, the community and the region have an unusual wealth of organizations offering expertise and resources that could be useful to downtown Lee's Summit's growth in the future, from angel investors and real estate developers to transportation planners and historic preservationists. With the skills and resources available to downtown Lee's Summit, almost any goal the community has for the district can probably be realized.

3. Downtown Lee's Summit is disproportionately small for a community of its size.

Geographically, downtown Lee's Summit is essentially the size it was when it was a town of 10,000. The overall community's size has grown almost exponentially in the past several decades, both geographically and also in terms of population, but the downtown has remained virtually the same size. This is not unusual in communities whose populations are stagnant or shrinking – but very unusual in a community experiencing such strong growth as Lee's Summit.

4. Growth is going elsewhere.

It may seem obvious, but the reason that downtown Lee's Summit is disproportionately small is that almost all the city's new commercial, residential, industrial, entertainment, and other growth is going elsewhere, outside the downtown core.

In recent years the community – with Downtown Lee’s Summit Main Street, Inc. serving as the downtown’s on-point coordinating entity – has successfully reversed disinvestment in the downtown district. But, in order for the downtown’s economic base to continue expanding, it will be crucial that new economic activity within the city be funneled into the downtown, rather than continuing to spread out along the community’s highway corridors. This may require tightening zoning, enhancing incentives, encouraging greater upper-floor utilization, encouraging infill development, and, most importantly, actively choosing to make downtown Lee’s Summit the city’s top development priority. Without this commitment, downtown Lee’s Summit will almost inevitably spend the next decade, and beyond, struggling to retain the gains it has made in the past decade, rather than using the initiative it has gained to catapult the district into a secure position as the city’s primary commercial, cultural, and entertainment district.

- 5. Downtown Lee’s Summit has relatively little housing, compared to similar communities.** Housing accounts for an unusually small percentage of downtown Lee’s Summit’s land uses. Housing is a critical component of healthy downtowns, however, and one that distinguishes downtowns from other commercial centers (such as shopping malls). Creating new housing downtown boosts the number of customers for downtown businesses, particularly convenience-oriented businesses that offer groceries, pharmaceuticals, restaurants, personal and professional services, and many other convenience-oriented goods and services. By providing a 24/7 population, housing helps make commercial districts safer. And, by making it possible for workers to live in the district in which they work, downtown housing reduces the need for parking spaces, helps reduce the number of cars on the road, and promotes walkability.
- 6. The district has a good ground-floor occupancy level, but the upper-floor vacancy rate is relatively high.** Developing upper-floor space and using it for housing and offices would not only increase the size of the district’s captive market of potential shoppers but would also provide additional rental income for property owners whose buildings are currently underused – and new tax revenue for the City.

7. After a number of years of sales leakages, Lee’s Summit is now experiencing a very small retail sales surplus – but the surplus is deceptive.

For a number of years, Lee’s Summit has experienced overall annual retail sales leakages, capturing less in total retail sales annually than its residents were likely spending on retail goods and services over the course of a year, based on their demographic characteristics. But it appears that, in 2009, the city experienced a modest retail sales surplus of approximately \$5 million dollars.

NAICS	Industry group	Lee’s Summit			Jackson County		
		Supply	Demand	Gap	Supply	Demand	Gap
441	Motor vehicles + parts dealers	222,978,000	256,671,000	(33,693,000)	1,608,001,000	1,471,900,000	136,101,000
442	Furniture + home furnishings stores	25,669,000	26,565,000	(896,000)	137,729,000	143,344,000	(5,615,000)
4431	Electronics + appliance stores	30,081,000	29,337,000	744,000	144,711,000	164,212,000	(19,501,000)
444	Bldg materials, garden equip. stores	39,530,000	45,875,000	(6,345,000)	244,292,000	243,932,000	360,000
445	Food + beverage stores	182,370,000	165,131,000	17,239,000	996,982,000	971,779,000	25,203,000
4451	Health + personal care stores	22,450,000	33,590,000	(11,140,000)	254,857,000	196,168,000	58,689,000
4471	Gasoline stations	98,201,000	167,837,000	(69,636,000)	1,047,378,000	991,814,000	55,564,000
447	Clothing + clothing accessories stores	14,868,000	42,483,000	(27,615,000)	261,921,000	243,707,000	18,214,000
451	Sports, hobby, book + music stores	8,811,000	6,191,000	2,620,000	57,860,000	35,029,000	22,831,000
452	General merchandise stores	104,071,000	144,727,000	(40,656,000)	869,175,000	831,041,000	38,134,000
453	Miscellaneous store retailers	15,631,000	20,889,000	(5,258,000)	121,243,000	120,123,000	1,120,000
454	Nonstore retailers	211,908,000	68,674,000	143,234,000	376,714,000	397,395,000	(20,681,000)
722	Food services + drinking places	221,223,000	184,812,000	36,411,000	1,146,891,000	1,062,855,000	84,036,000
		1,197,791,000	1,192,782,000	5,009,000	7,267,754,000	6,873,299,000	394,455,000

Table 1: Estimated retail sales supply, demand, and gaps in Lee’s Summit and Jackson County (sources: Consumer Expenditure Survey, Census of Population, American Community Survey, ESRI, CLUE Group)

On closer examination, though, it appears that the surplus most likely does *not* mean that Lee’s Summit is capturing more in retail purchases than its residents are responsible for, because most of its surplus is in the category “nonstore retailers”, and most of the sales

surplus in this category represents sales made via mail order – so, a significant portion of this are most likely sales made to people living outside Lee’s Summit. When this category is removed from the sales void analysis, it appears that Lee’s Summit is experiencing a sales void of approximately \$138 million.

The situation is somewhat different in Jackson County: the County is experiencing a retail sales surplus of approximately \$394 million, equal to about 5.4 percent of its total retail sales. With only one exception, the County is experiencing sales *surpluses* in all major retail categories in which the City is experiencing sales *leakages* (the one exception is the furniture/home furnishings category, in which both Lee’s Summit and Jackson County are experiencing net sales leakages). It is very likely that a significant amount of Lee’s Summit’s residents’ purchases are being made in Jackson County, contributing to the County’s sales surplus.

Of the categories in which Lee’s Summit or Jackson County is experiencing sales leakages, several could (with proper marketing, adequate capitalization, appropriate placement within the district, and good management, of course) provide possible new product lines, businesses, or business clusters for downtown Lee’s Summit:

- Furniture + home furnishings: Both Lee’s Summit and Jackson County are experiencing leakages in this category – a modest leakage in Lee’s Summit and a somewhat more significant leakage in Jackson County. Downtown Lee’s Summit already has several shops offering furniture and home furnishings and, according to the downtown intercept survey conducted in June 2010, 16 percent of current downtown visitors made their last home furnishings purchase downtown. Furniture and home furnishings stores tend to do well when clustered together. As Lee’s Summit’s population grows, and as its middle-aged households become empty nesters, demand for furniture and home furnishings will likely continue to grow, providing additional market strength for this category.
- Clothing + clothing accessories: Lee’s Summit is experiencing a very significant leakage in the clothing + clothing accessories category, even exceeding Jackson County’s surplus in this retail category. Regional malls tend to dominate this category, which often makes it

challenging for clothing and accessory stores to thrive in traditional downtowns and other non-mall environments – but Lee’s Summit’s leakage is sizeable enough in this category that it is possible that, with focused effort, the district could expand its current, relatively small cluster of apparel-related businesses.

8. Despite national trends otherwise, demand for retail goods and services in Lee’s Summit will likely continue to grow, primarily because of population growth.

It is likely that Lee’s Summit’s annual population growth rate will be slightly more modest over the next decade than in recent decades, but the US Census Bureau projects that the community’s population will continue growing – and, as its population grows, demand for retail goods and services, personal and professional services, entertainment, and housing will grow, also. Lee’s Summit is one of the fastest growing communities in the Kansas City metropolitan area. Its population has grown from 28,856 in 1980 to an estimated 86,556 in 2009, with growth projected to continue at a relatively fast clip. In 2001, the City projected that, based on current development trends, Lee’s Summit will reach maximum build-out in 2060 – 50 years from now – at 175,000 residents¹.

9. The program of special events and festivals organized by Downtown Lee’s Summit Main Street attracts tens of thousands of people to the district.

Downtown Lee’s Summit Main Street organizes almost 20 special events annually, more than most downtown economic development organizations in the nation, particularly for communities of Lee’s Summit’s size. In most instances, the events it organizes attract fairly predictable audiences, demographically speaking – and that’s a good thing, because it means that most events are attracting the types of participants they are designed to attract. In a few instances, its events attract a somewhat surprising audience – and that’s also a good thing, in that these events provide valuable insights into potential new audiences for the district and its businesses. In all, the calendar of events attracts visitors representing a broad cross-section of the region’s population, drawing people into the district at various times of day, days of the week, and seasons of the year.

¹ www.lee-summit.mo.us/compplan/Table9.htm

10. Downtown Lee’s Summit lacks a formal performing arts facility.

Downtown Lee’s Summit Main Street, Inc. provides a rich calendar of special events, and other community nonprofit organizations, as well as some downtown businesses, also provide musical and other forms of entertainment. But, unlike many, if not most, communities of comparable size and affluence, Lee’s Summit’s downtown lacks a formal performing arts facility. Plans are underway to rehabilitate Arnold Hall for use as a home for the Martin City Melodrama and as a venue for other performing arts, music, dance, and civic events, but moving forward with these plans as quickly as possible will be essential to solidifying downtown Lee’s Summit’s role as the community’s primary cultural and entertainment center and to generating sufficient evening traffic to adequately support and sustain the district’s restaurants and retail businesses.

11. Downtown Lee’s Summit’s visitors have an overwhelmingly positive impression of the district.

The intercept survey conducted in June 2010 asked survey participants to rate eight characteristics of their current visit to downtown Lee’s Summit. We converted respondents’ responses to a 1-5 scale, with ‘1’ indicating a strongly negative experience and ‘5’ indicating a strongly positive experience.

“Based on your experience in downtown Lee’s Summit today, please indicate how much you agree or disagree with the following statements”	Average
Business hours were convenient for my schedule.	3.6
Parking lots and sidewalks were clean and well-maintained.	4.4
The businesses I visited were clean and attractive.	4.5
Customer service was very good or excellent.	4.4
I found the mix of businesses met my needs.	3.9
Prices were fair for the value received.	3.9
I was able to park conveniently.	4.0
I found it easy to move about as a pedestrian.	4.4

Table 2: June 2010 downtown intercept survey respondents’ average ratings of eight characteristics of their current visit to downtown Lee’s Summit, based on a scale of 1 (strongly disagree) to 5 (strongly agree).

In aggregate, participants rated *all eight* characteristics of their visits to downtown Lee's Summit well above '3', providing the district with a very positive report card.

12. Downtown Lee's Summit plays an important role as an independent business incubator and business center.

Although there are numerous independently owned businesses scattered throughout Lee's Summit, the community's largest concentration of independently owned businesses appears to be in downtown Lee's Summit.

13. As is the case with most other sectors of the economy, downtown Lee's Summit's retail businesses have experienced sluggish sales over the past couple of years.

Retail sales tax collections for downtown Lee's Summit have declined slightly in both 2009 and 2010 – but, fortunately, at a rate lower than that of the nation and state overall, suggesting resilience and momentum in the district's economy.

14. Downtown Lee's Summit Main Street, Inc. is maturing into a highly effective economic development entity.

Successful downtown economic development programs build momentum in their first decade, stabilizing and reversing the district's economic losses, then use that momentum to stimulate and sustain new economic growth. Downtown Lee's Summit Main Street, Inc. perfectly fits the profile of a successful, catalytic economic development entity, melding public- and private-sector resources to leverage new jobs, businesses, housing, tax revenues, and cultural assets. In the years ahead, it will be critical that a small percentage of the district's new economic activity (sales, property values, rents, wages, tax revenues, parking/transit revenue, tourism dollars, etc.) be funneled back into the organization to sustain its continuing, and growing, role in focusing the district's economic health.

Recommendations

Expand the built-in market for downtown businesses by developing new housing units and attracting additional offices and small industries to the downtown area.

1. Develop more downtown housing.

We believe that bringing new residents downtown is crucial to strengthening downtown Lee's Summit's business climate. Increasing the number of downtown residents (both within the core and in peripheral neighborhoods) will increase demand for new product lines, new businesses, and new jobs in downtown Lee's Summit. And, because it is likely that a significant percentage of new downtown residents would also work and shop downtown, growing the district's retail sales base by attracting new residents would likely require fewer parking spaces than growing sales by attracting additional regional specialty shoppers, thereby offering some environmental benefits.

We also believe that increasing downtown housing will be an important pre-emptive move to position downtown Lee's Summit's market position as the community's primary (and original) walkable urban neighborhood. There are already two new mixed-use developments in the area – Arborwalk and New Longview. And it appears likely that, should the proposed commuter rail line connecting Kansas City to suburban communities materialize in the years ahead, Lee's Summit's station would likely *not* be downtown. It is likely that, if the rail line is eventually developed, it will become the centerpiece of a new mixed-use neighborhood development. Expanding and solidifying downtown Lee's Summit's role as a strong residential center, served by its very broad range of amenities (businesses, jobs, government, entertainment, recreation, religious institutions, history, arts, etc.), will enhance its appeal as new mixed-use neighborhoods appear throughout the region in the years ahead.

The concept of strengthening downtown Lee's Summit's residential base is, of course, not a new idea. The 2004 *Old Lee's Summit Development Master Plan*, for example, recommends bringing new housing to the downtown district, projecting demand for 300-500 new

dwelling units in downtown Lee's Summit by 2020. We believe the market could likely support twice this amount.

An average of 60 new housing units has been added to Lee's Summit's housing supply each month for the past five years – so, a total of approximately 720 new units per year. Although the overall Kansas City metropolitan area added 45 percent *fewer* new housing units in 2009 than in 2008, due to the economic slowdown and mortgage finance crisis, the slowdown affected Lee's Summit more gently than it affected other communities in the region (Lee's Summit added 30 percent fewer housing units in 2009 than in 2008, a rate surpassed only by Shawnee, which added 26 percent fewer housing units in that period of time). There is evidence that, nationally, the housing market is beginning to recover. But, even if Lee's Summit continued to add 30 percent fewer housing units annually for the next decade than it added annually before the mortgage finance crisis, it would add approximately 5,000 new housing units over the next ten years².

The 2004 *Old Lee's Summit Development Master Plan* predicts that the new housing units for which greatest demand will exist are move-up and high-end housing (with average unit prices above \$150,000) and entry-level housing (with average unit prices in the \$70,000-\$150,000 range). We believe that this finding will remain relevant for at least the next decade, as empty-nest households downsize and as environmentally-conscious young professionals form households and seek walkable living/working options.

The 2004 master plan stresses that high land acquisition prices in Lee's Summit will likely make entry-level housing more difficult, though. But there are options for making entry-level housing more affordable. For example:

- Include entry-level housing in upper-floor units whose development is eligible for historic rehabilitation tax credits and New Markets tax credits. Tax credit equity might make it possible to offer the units at a lower rental rate.

² 720 new housing units per year (annual average between 2003-2008) x 70 percent x 10 years

- Increase density, primarily on the periphery of the district, with a provision that a certain percentage of units created be affordable units.
- Provide rental incentives to young professionals. For example, a developer in Detroit sets aside a percentage of rents collected on apartments rented by Wayne State University graduate students and junior faculty members in interest-bearing escrow accounts. At the end of a certain number of years (2 or 3), renters can convert their units to condominiums, using the escrowed funds as the down payment.

The 2004 master plan also recommends developing senior housing in downtown Lee's Summit, and we support this finding. The community's demographic characteristics suggest that its 65+ population will likely grow at a fast clip over the next several decades, creating needs and opportunities for both independent living and assisted living housing units. Senior housing downtown would provide opportunities for seniors to walk to restaurants, shops, entertainment venues, professional offices, and other essential services.

- **Create a set of incentives and resources to encourage and support upper-floor development.** Some communities have created incentive programs specifically to help property owners convert upper floor spaces to new housing and offices. For example, Rock Island, Illinois created a special assessment district, generating revenue to capitalize a loan pool that makes up to five forgivable loans of \$20,000 per unit per year for upper-floor development. Walla Walla, Washington provides a ten-year tax credit for upper-floor housing development.
- **Issue an RFQ for a master developer to coordinate downtown infill development, and designate a master developer.** In order to streamline downtown housing development, we recommend that Downtown Lee's Summit Main Street and its partners (particularly the City and LSEDC) issue a Request for Qualifications to identify and secure a Master Developer. The Master Developer would develop new, mixed-use infill on vacant and underused lots (either independently or in partnership with one or more local developers) and would work with individual property owners to help them create upper floor housing.

Selecting a Master Developer would offer several significant benefits to downtown Lee's Summit:

First, by managing most of the redevelopment process – developing plans, getting permits and approvals, hiring contractors, lining up financing, etc. – a Master Developer would significantly simplify the process of converting upper-floor space to housing units (or offices) for current property owners.

Second, by aggregating a number of units (both through rehabilitation and new construction) and therefore creating a larger project, a Master Developer could benefit from economies of scale that would most likely not be available to individual property owners. In some instances, this would make it possible for property owners to take advantage of certain incentives and sources of financing that might otherwise not be available to them or feasible for them to use. For instance, income restrictions in the federal historic rehabilitation tax credit program can make it difficult or impossible for many owners of historic commercial property to use the credit. But by rolling smaller properties into one legal entity (such as a limited liability company) and rehabilitating all the properties at the same time, a Master Developer could probably assemble a project sizeable enough to attract a tax credit investor, passing along a *pro rata* share of tax credit benefits and due diligence costs to participating property owners. Grouping projects together could also make other tools, such as tax increment financing and transfers of development rights, more feasible than they would be for smaller projects.

Third, by developing multiple properties simultaneously, a Master Developer could have a more catalytic impact on downtown Lee's Summit than if properties were developed individually, over an extended period of time. And bringing a significant amount of development downtown in a relatively concentrated period of time would likely make it feasible for the City to create a downtown tax increment finance district, using new property tax revenues generated by the new downtown development activity to help pay for project-related infrastructure, amenities, and business attraction incentives (see, for example, the recommended downtown forgivable loan program recommended on page 21 of this report).

The 2004 *Old Lee's Summit Development Master Plan* identifies 25 underutilized parcels within the downtown core. These include:

- The city-owned parcel at the southwest corner of 2nd and Independence
- Automobile dealerships on the east side of Blue Parkway south of Chipman
- Vacant parcel at Main and Orchard
- Land along the railroad track south of Chipman
- Vacant lots in residential neighborhoods north of the downtown core
- Several city parking lots, which could be redeveloped to contain housing and structured parking (and thus resulting in no loss of existing parking)

2. **Grow the downtown's employment base.**

As is the case with bringing new residents downtown, bringing new workers downtown will boost the captive market of potential customers for downtown businesses. We recommend several specific strategies for growing the downtown's employment base:

- **Attract businesses that serve local industries.** We recommend that Downtown Lee's Summit Main Street, Inc. work closely with the Lee's Summit Economic Development Commission to develop a comprehensive list of the suppliers, distributors, service providers, small manufactures, consultants, and other businesses and industries from whom Lee's Summit's major industries procure goods and services, then establish contact with these businesses and encourage them to locate in downtown Lee's Summit. Downtown revitalization organizations in communities like Bentonville, Arkansas and Natchez, Mississippi have had considerable success in attracting businesses serving local industries to their downtowns (in Bentonville's case, attracting Wal-Mart-related vendors and service providers; in Natchez's case, attracting professional offices, vendors, and service providers working with Gulf oil industries).
- **Attract "location neutral" small industries.** In the past decade, the number of small industries locating in the downtowns of small and midsize cities has grown almost exponentially, fueled by the advent of the internet and overnight delivery services, both have diminished the need for small industries to locate near major transit hubs or near



An ad for Paducah, Kentucky's Artist Relocation Program

their own suppliers or distributors. Small industries tend to like the lower costs and better quality of life that small towns offer, and they like the unique spaces that downtowns offer. Among the many small industries that have located in downtowns similar to downtown Lee's Summit:

- Specialty publishers (money market fund newsletters, academic journals, etc.)
- Jewelry manufacturers
- Manufacturers of custom and specialized bicycle components
- Musical instrument manufacturers
- Vintage automobile dashboard restorers
- Custom software engineers
- International ship salvage companies
- Golf course designers
- Music production studios

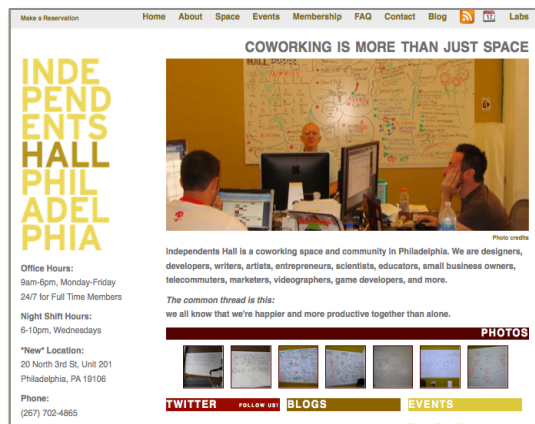
In many older downtowns, small industries have taken root because of a personal connection between the business owner and the community (e.g., the Viking Range Corporation, in downtown Greenwood, Mississippi) or because of proximity to a larger industry or collection of industries in the community (e.g., a vintage automobile dashboard restoration company, automotive window film manufacturer, and racecar break manufacturer in downtown Martinsville, Virginia, near Martinsville's NASCAR raceway).

But, in some downtowns, small industries have taken root because of intentional action on the part of a community organization or municipal agency. For example, Paducah, Kentucky's Main Street program³, in conjunction with the City of Paducah and other partners, has aggressively recruited artists over the past decade through a program it

³ <http://www.paducahmainstreet.com>

calls the Paducah Artist Relocation Program⁴. The City revised downtown zoning to make it easy for artists to live and work in the same space and, in partnership with a local bank, offers 100-percent financing fixed-interest loans to artists willing to purchase and rehabilitate their buildings. The City and its partners promoted the Artist Relocation Program nationally on a shoestring budget, relying largely on news coverage from national and specialized news media. Their efforts have been covered by news media ranging from *Governing* magazine to *American Artist*. Since the program was launched in 2000, more than 50 artists have moved to Paducah from throughout the United States. Similar initiatives to recruit new residents and businesses have taken place in scores of other communities.

Lee’s Summit offers many amenities that we believe would be appealing to owners of small industries. Its housing stock, educational opportunities, natural resources, historic commercial buildings, walkable downtown, and affordable prices offer great possibilities for people looking for opportunities to establish roots and for young companies seeking to expand.



The website for Independents Hall, an early co-working space, in Philadelphia.

- **Create a coworking space.** A coworking space is a shared, flexible office. Unlike temporary offices that can be rented by the day by people who travel or who need a conference room in which to host a meeting, coworking spaces emphasize active collaboration between the people who rent and share space there. A relatively new concept even a few years ago, coworking spaces have now opened up in most major US cities -- and in a growing number of smaller ones. Most co-working spaces offer a range of space rental options, making it possible for someone to be a full-time office tenant or to simply use space and an Internet connection at a common worktable. Coworking spaces are particularly appealing to independent workers who would otherwise work from a home office but who enjoy being around other people, exchanging ideas, and collaborating on projects. Many of the people who use coworking spaces are designers (websites, fashion, architecture, etc.), consultants, writers, and others involved in

⁴ <http://www.paducaharts.com>

creative industries, but they are becoming increasingly popular with a much broader professional population. Most for working spaces provide a shared conference room, kitchen, office equipment, and Internet connection. Some also offer clerical assistance.

We believe that downtown Lee's Summit would be an ideal location for a coworking space. Our research suggests that there is a sizable population of people who work out of their homes and who might be good candidates for a coworking space. And downtown Lee's Summit offers an appealing, pedestrian oriented environment, with restaurants and other services within easy walking distance.

A few examples of coworking spaces:

- Independents Hall, in Philadelphia (www.indyhall.org)
- Affinity Lab, in Washington, DC (www.affinitylab.com)
- Carrboro Creative Coworking, in Carrboro, North Carolina (carrborocoworking.com)
- Office Nomads, in Seattle (www.officenomads.com)

Several recent articles about coworking – one in the *New York Times*⁵ and one in *Newsweek* magazine⁶, in particular – discuss the growth in coworking in recent years. There is also an online wiki providing lots of information about coworking spaces, at <http://wiki.coworking.info>.

- **Create a compelling business attraction incentive program.** We recommend creating a compelling incentive program to help attract businesses serving local industries to upper-floor and peripheral spaces in downtown Lee's Summit (preserving ground-floor space for retail businesses and restaurants). The incentive program could also be used for other targeted businesses (e.g., ground-floor retail businesses and restaurants, or businesses offering 'green' products and services).

⁵ www.nytimes.com/2008/02/20/business/businessspecial2/20cowork.html

⁶ www.businessweek.com/smallbiz/content/feb2007/sb20070226_761145.htm

Waterville, Maine offers a model we believe could be adapted for downtown Lee's Summit. Waterville offers a forgivable loan program to attract targeted businesses to its downtown area⁷ and to encourage existing downtown businesses to expand. The program offers loans of between \$15,000 and \$50,000, to be used primarily for equipment, building improvements, and other fixed assets. Borrowers pay interest only on the loans for the 5-7 year loan term. A portion of the principal is forgiven each year that the borrowing business continues to meet program guidelines, diminishing to zero over the course of the loan term. Should a business fail to meet program criteria during the loan term, the unforgiven portion of the loan must be repaid. Businesses must submit annual financial statements and tax returns, demonstrating a cash flow-to-debt ratio of 1.25. Borrowers must match loans on a 1:1 basis and pay an application fee of \$250 and a commitment fee equal to 1 percent of the loan amount. The program is funded by tax increment finance revenues from the downtown's TIF district and is administered jointly by the Waterville Main Street Program and a regional Council of Government.

Waterville's program gives precedence to retail businesses and restaurants that locate in ground-floor spaces and to retailers and offices that are on the Waterville Main Street Programs' priority recruitment list. A similar program in Mobile, Alabama⁸ includes additional requirements, including requiring that participating businesses are open at least 48 hours per week and have leases with a minimum term of five years.

Another model that might be useful is Winston-Salem, North Carolina's "Restaurant Row" financing model for targeted start-up businesses (not necessarily restaurants, of course; this model could, for instance, be used to stimulate development of a cluster of furniture and home furnishings businesses in downtown Lee's Summit). Winston-Salem, created a financing program for the purpose of attracting eight new restaurants to a high-vacancy section of its downtown. The Restaurant Row Loan Program blended

⁷ www.watervillemainstreet.org/DFL_BackgroundDataForm.pdf

⁸ www.downtownmobile.org/images/news/retail_forgivable_loan_program_005697224.pdf

federal and private financing to provide subordinated loans to qualified restaurateurs willing to open in the targeted section, with repayment deferred for two years to help new restaurants get established. This made it possible for restaurants to more affordably cover start-up costs while gradually developing clientele.

3. **Grow the impact of current downtown workers.**

From 9 to 5 every day, there are hundreds of workers in downtown Lee's Summit. Almost 900 of them⁹, in fact. Cumulatively, Downtown workers are one of the district's two or three primary market segments. Downtown workers have limited hours for shopping, but their presence means that downtown businesses have many opportunities to attract their sales.

- **Schedule promotional events to take place after work and in the early evenings.**

Lunchtime and after-work events help encourage downtown workers to use the district more fully. Events do not necessarily need to be programmed or permanent to have a positive impact; even casual and *impromptu* performances and exhibits, offered often enough that workers begin to anticipate them, can significantly boost interest and visibility. For example, Washington, DC's National Opera recently surprised locals and tourists lunching outdoors with seemingly *impromptu* five-minute performances from Verdi's "La Traviata" and Ambroise Thomas's "Hamlet" in courtyards and on street corners in downtown Washington¹⁰.

- **Offer deliveries to downtown workers.** Offering deliveries can be a particularly good fit for community-serving businesses, like grocery stores, pharmacies, restaurants, and dry cleaners.

⁹ Using data from Polk City Directories and Dun + Bradstreet, we estimate that, conservatively, approximately 875 people work within one-third mile of the intersection of 3rd and Douglas. See Appendix 4 for more information.

¹⁰ www.washingtonpost.com/wp-dyn/content/article/2010/05/15/AR2010051503369.html?hpid=artslot

- **Extend or shift store hours to later closing times.** Downtown Lee's Summit's limited store hours are one of the factors most limiting to the district's success. We believe that the district could boost its retail performance by a minimum of 15-20 percent simply by routinely maintaining retail store hours until 7:00 p.m. There have been numerous studies conducted throughout the United States in recent years to try to determine the volume of retail purchases that are made at different times of day and different days of the week and, while each differs slightly in its findings, all agree that the overwhelming majority of retail sales in the United States are now made between 5:00-8:00 pm, on Saturdays, and on Sunday afternoons. This does not necessarily mean that downtown businesses need to stay open more hours; it could simply mean shifting store hours from nine-to-five to, say, noon-to-eight. We therefore recommend that downtown Lee's Summit's retail businesses routinely maintain store hours until 7:00 pm (even if this means moving stores' opening times an hour or two later), with later hours on Friday and Saturday evenings, and that downtown property owners consider including clauses in their leases dictating specific mandatory store hours.

4. Develop a loyalty program to reward downtown workers and other frequent visitors.

Retaining existing customers is ultimately more important than attracting new ones -- and one of the best ways to retain customers is to make them feel truly welcome and valued. We therefore recommend that Downtown Lee's Summit Main Street, Inc. implement a loyalty program to reward existing customers for their continued patronage and to give them many reasons to continue coming back.

- **Create a loyalty card program.** A growing number of downtown revitalization organizations across the country have adopted a loyalty card to provide customers with special benefits, such as discounts, free products, or advanced notification of events and new merchandise.

For example, more than 200 businesses in Boston's citywide network of neighborhood Main Street revitalization organizations offer incentives to their customers through the Boston Community Change card (www.bostoncommunitychange.org). The card - which looks like a typical credit or debit card - offers customers incentives at participating

businesses. Businesses can choose whatever incentives they wish to offer (a discount, for instance, or a free item or service), and they can change the incentive online as often as they wish. The card is free to customers. Businesses pay a small percentage of each transaction made using the card. The amount businesses pay is divided three ways: A portion of each transaction is returned to the customer in the form of a cash rebate, a portion is donated to the organization coordinating neighborhood revitalization activities, and a portion is donated to a nonprofit organization of the customer's choice. The program is promoted through a dedicated website¹¹, through decals in the front windows of participating businesses, through electronic newsletters, and through the efforts of individual businesses and community organizations. The nonprofit organizations designated by cardholders to receive contributions through the program are also an integral component of the program's promotion, spreading the word to their respective members and networks of supporters.

- **Create and launch a calendar of events geared towards loyalty program members.** Events might include after-work open houses in downtown businesses, special members-only shopping nights around major holidays (such as Valentine's Day and Christmas), special previews of new merchandise, and members-only classes and product demonstrations.

5. Encourage property owners to collaborate for the purposes of attracting equity for federal and state historic rehabilitation tax credits.

The federal government provides an income tax credit to individuals and corporations that rehabilitate historic income-generating property. The credit is equal to 20 percent of the rehabilitation project's qualified rehabilitation expenses ("qualified rehabilitation expenses" include most bricks-and-mortar costs associated with rehabilitation, including architectural and engineering costs; new construction, property acquisition, landscaping and certain other costs are not eligible). In addition, the State of Missouri offers a parallel tax credit equal to 25 percent of rehabilitation expenses. Together, these two credits can provide a powerful incentive to rehabilitate historic downtown buildings. The credit reduces bottom-line federal and state income tax liability, and a taxpayer can apply the credit retroactively

¹¹ www.shoppingonmainstreets.com

one year or use it to offset or eliminate tax liability for up to 20 years in the future, until the credit is depleted.

In order to qualify for the credit, rehabilitation must equal \$5,000 or the adjusted basis of the building, whichever is greater, and rehabilitation must conform to the Secretary of the Interior's Standards for Rehabilitation, a set of federal guidelines. Rehabilitation plans must be approved in advance and certified at completion by the State Historic Preservation Office and the National Park Service. The property owner must submit a three-part form to the state historic preservation office: Part 1 certifies that the building is historic; Part 2 (*ideally* completed before rehabilitation begins) outlines the preservation plans; Part 3 (completed when rehabilitation is complete) describes the actual rehabilitation process. When the state historic preservation office and National Park Service approve Part 3 (thereby certifying that the rehabilitation took place as it was proposed in Part 2), the National Park Service issues a certificate that the owner or developer files with her/his taxes to claim the tax credit.

There are several other important program requirements, as well – for example, the property must not change ownership for five years after rehabilitation is complete. There are several articles¹² about the federal rehabilitation tax credit available online, and the National Park Service¹³ and Internal Revenue Service¹⁴ (who jointly administer the program) provide information on their websites.

Unfortunately, there are several restrictions in the federal tax code that make it difficult for most individuals (versus corporations) to use the historic rehabilitation tax credit. In particular, the tax code limits the amount of the tax credit individuals can claim from passive income - such as real estate investment, if that is not their primary occupation, making it difficult for relatively high-income individuals to use the tax credit. However, it IS possible

¹² See, for example, http://www.bos.frb.org/commdev/c&b/2008/fall/Leigh-Tetrault_Kennedy_tax_credit.pdf

¹³ <http://www.nps.gov/hps/tps/tax/index.htm>

¹⁴ <http://www.irs.gov/businesses/small/industries/article/0,,id=97599,00.html>

for individuals convert their tax credits to project equity by partnering with corporations and/or real estate professionals (developers, contractors, or realtors for whom real estate is her/his primary profession) seeking tax credits, as corporations and real estate professionals do not face the same passive income restrictions.

In essence, the building owner forms a limited liability company with a tax credit investor for five years (the length of time during which tax credits can be reclaimed by the federal and state government, should something go wrong with the project). The tax credit investor uses the tax credits and, in return, invests equity into the project. The amount of equity invested varies, depending on project size, perceived risk, regional demand for tax credits, and other factors, but it is generally around 90-95 percent of the value of the federal historic rehabilitation tax credit and around 60-70 percent of the value of the state tax credit. During the five-year tax credit recapture period, the tax credit investor also claims a percentage of the project's depreciation, mortgage interest deduction, and other expenses on her/his income tax return, and deals are structured so that the tax credit investor receives some compensation at the end of the recapture period for the use of her/his investment.

Partnering with a tax credit investor to convert tax credits into project equity has several key benefits for the property owner:

- It provides early cash for the rehabilitation project, helping with project cash flow and partially offsetting the need for debt financing.
- For nonprofit entities that do not have income tax liability and that could therefore not benefit from an income tax credit, it provides a mechanism for converting the tax credit to equity.
- For individual property owners who could not otherwise use the tax credit because of passive income or Alternative Minimum Tax restrictions, it provides an alternative mechanism for using the tax credit to help finance historic building rehabilitation.

The amount of legal and financial due diligence involved in tax credit partnerships can be significant, though, and for this reason most tax credit investors usually seek out projects

whose total qualified rehabilitation costs are at least \$4-5 million. This makes it very difficult for the smaller building rehabilitation projects typical in smaller downtowns (such as Lee's Summit) to attract a tax credit investor. But, by grouping smaller projects together, property owners have a better chance to attract a tax credit investor and can share due diligence costs.

For this reason, we recommend that Downtown Lee's Summit Main Street, Inc. actively encourage downtown property owners interested in rehabilitating their buildings (particularly to convert upper-floor space to new housing units) to pool their property (via a limited liability company or other corporate partnership) so that, collectively, they would be able to attract a tax credit investor. Should Downtown Lee's Summit Main Street, Inc. and the City choose to designate a Master Developer for downtown property development and rehabilitation, the Master Developer could also facilitate this process.

There is another federal tax credit that could also help finance property rehabilitation in downtown Lee's Summit: the federal New Markets tax credit. The New Markets tax credit was created in 2002 to attract capital to business development projects (including commercial real estate development and rehabilitation) in "underserved" areas.¹⁵ The New Markets tax credit is a 39 percent credit, claimed over seven years. Unlike the federal and state historic rehabilitation tax credits, the New Markets tax credit is awarded to an intermediary organization (called a "Community Development Entity"), which then partners with an investor to make loans to or equity investments in eligible projects. Like the

¹⁵ To be eligible for New Markets tax credits, a building must be located in a Census tract whose median family income is 80 percent or less of that of the city or state, whichever is lower. Most of downtown Lee's Summit falls into Census Tract 29095013703, whose residents' aggregate median family income is 76.6 percent of that of the city, so it therefore appears that most of the commercial buildings in downtown Lee's Summit would be eligible for New Markets tax credits. More information about New Markets tax credits is available from the National Trust Community Investment Corporation (<http://www.ntcicfnds.com>) and from the US Department of the Treasury's Community Development Financial Institutions Fund (<http://www.cdfifund.gov>).

rehabilitation tax credit, the New Markets tax credit can be converted into project equity through partnership with a tax credit investor. There are a few differences in the historic rehabilitation tax credit and the New Markets tax credit worth mentioning:

- Instead of a five-year tax credit “recapture” period, the New Markets tax credit recapture period is seven years – so, a partnership with a tax credit investor would need to be in place for seven years.
- The historic rehabilitation tax credit can be claimed by the investor/taxpayer the year that the building is placed in service. The New Markets tax credit, however, is doled out over the course of seven years – five percent in each of the first three years, then six percent in the last four years.
- There is no cap on the amount of historic rehabilitation tax credits that the federal government issues, but New Markets tax credits are capped at a certain amount each year (currently \$3.5 billion for each of the next two years). Each year that the program has been in existence, there has been more demand for New Markets tax credits than the annual credit allocation can provide – so, the process of obtaining New Markets tax credits is competitive. In general, projects that take place in more economically distressed neighborhoods are more competitive than those in less distressed neighborhoods, and projects that are likely to generate a higher number of new jobs are more competitive than those that generate a lower number of new jobs.

Combining the three tax credits - federal and state historic rehabilitation tax credits, plus the federal New Markets tax credit - could potentially provide more than one-third of the funding needed for the rehabilitation of many of Lee’s Summit’s downtown buildings, making many projects economically feasible that might not otherwise be feasible.

A few suggestions:

- Organize a public meeting to provide property owners with an overview of how historic rehabilitation tax credits work, inviting someone from the State Historic Preservation

Office and a property owner or developer who has used tax credits to provide an overview of the process and answer questions.

- Distribute materials on the tax credit programs to all downtown property owners, along with a letter inviting them to contact Downtown Lee's Summit Main Street, Inc. for more information and to discuss the possibility of banding together with other property owners to attract a tax credit investor.
- Contact the National Trust Community Investment Corporation¹⁶, a subsidiary of the National Trust for Historic Preservation that specializes in using tax credits to help finance the rehabilitation of historic commercial buildings, and ask if one of its staff could visit downtown Lee's Summit within the next 12 months to meet with interested property owners and to discuss how tax credits might help finance rehab projects in downtown Lee's Summit.
- Begin meeting individually with downtown property owners to discuss their potential interest in joining together with other downtown property owners to use historic rehabilitation tax credits and New Markets tax credits to help finance the rehabilitation of their downtown buildings.

6. Expand the role of Downtown Lee's Summit Main Street in stimulating property and business development.

Downtown Lee's Summit Main Street, Inc. has done a tremendous amount of very good work on physical improvements and marketing activities. Over the next few years, we recommend that it expand its agenda to include a larger role in stimulating downtown property and business development, including working with the City, the Lee's Summit Economic Development Council, and other partners to help property owners convert upper floors to housing and offices, to facilitate redevelopment of vacant and underused parcels of land, to help businesses add product lines and develop new distribution channels, to attract

¹⁶ www.ntcicfunds.com

and develop new businesses, and to create incentives and identify sources of capital to support downtown business and property development.

7. Funnel new commercial and residential development into the downtown core and periphery.

In order to continue boosting downtown Lee's Summit's economic performance beyond the impressive improvement it has achieved in recent years, it will be important to funnel new commercial and residential development into the downtown core and periphery, rather than continuing to develop new retail and mixed-use centers elsewhere in the community.

We recognize that the community may wish to attract some national retailers who may not be initially interested in a downtown location. But we have found that, in many instances, national retailers can be persuaded to locate downtown, once given information about a historic downtown in categories and a format comparable to that provided by shopping centers and that demonstrates that adequate traffic and retail market demand exist to meet their needs. It is ultimately a more sound decision, economically and environmentally, to fully use existing commercial buildings than to develop new ones while buildings are vacant or underused.

Focus retail development activities in five retail categories: furniture and home furnishings; environmentally-friendly products and services; restaurants; music and entertainment; and "destination" apparel.

- 8. Develop and/or expand five retail niches.** We identified a dozen potential retail product categories that, either alone or in tandem with compatible others, appear to have sufficient retail market demand to support a business cluster with community or regional market attraction (or that could have sufficient market demand, with aggressive marketing through multiple distribution channels). We compared these with the list of suggested future businesses made by downtown intercept survey participants and, based on those suggestions, narrowed the list down to ten retail categories to explore in greater detail:

- Furniture and home furnishings
- Green goods and services
- Apparel and apparel accessories
- Pet care
- Dining
- Toys and games
- Healthcare and medical supplies
- Books
- Music and entertainment
- Groceries and food stores

	Furniture + home furnishings	Green goods + services	Apparel + apparel accessories	Pet care	Music + entertainment	Dining	Toys + games	Healthcare + medical supplies	Books	Groceries + food stores
Uniqueness within the region	■	■	■	□	■	■	■	■	□	■
Market growth potential	■	■	■	■	■	■	■	■	□	■
Potential synergy with existing downtown businesses	■	■	■	□	■	■	■	■	■	■
Potential synergy with area industries	■	■	□	□	■	■	□	■	□	■
Ability to support multiple sales distribution channels	■	■	■	■	□	■	■	■	■	■

Table 3: Evaluation of potential business cluster options: ■ = Positive; ■ = Neutral; □ = Negative

We then evaluated each of these potential categories against five criteria:

- Uniqueness (and thus market distinctiveness) within the region
- Market growth potential
- Potential synergy with existing downtown businesses
- Potential synergy with area industries
- Ability to support multiple sales distribution channels (e.g., online sales, local deliveries, placements inside other businesses)

Based on this analysis, we believe that these five retail niches are likely to be supportable in downtown Lee's Summit over the next 5-10 years:

- **Furniture and home furnishings:** Lee's Summit is currently experiencing a modest retail sales leakage in this store category (approximately \$896,000 annually, out of total market demand of approximately \$26.6 million generated by Lee's Summit residents), suggesting that at least some community residents are shopping outside Lee's Summit for furniture and home furnishings products and services. Jackson County is experiencing a more significant sales leakage in this category (approximately \$5.6 million). Based on data from the June 2010 downtown intercept survey, we believe it is likely that a disproportionate percentage of the city's more affluent households are making many of their furniture/home furnishings purchases outside Lee's Summit, and that it might be possible for downtown Lee's Summit to recapture a significant share of this leakage by adding new product lines to existing businesses and by developing new furniture and home furnishings businesses.

While the primary target market group should be the region's more affluent customers, it will be very important that the product lines offered by current and new businesses include high-quality, but relatively low price-point, items, attracting shoppers of more modest means as well as more affluent shoppers.

- **Restaurants:** Downtown Lee's Summit already has a cluster of destination restaurants – and the cluster is itself becoming a regional destination. As the region's population grows, and its spending power increases, demand for new restaurants will continue to grow, as well. In particular, demand for dining experiences different from that offered by national chain restaurants and offering experiences competitive with those available

in independently owned restaurants in Kansas City are likely to be popular with Lee's Summit residents. We believe there is room for this downtown cluster to grow significantly.

- **Music and entertainment:** Lee's Summit households currently spend approximately \$5.5 million on movie, theatre, opera, and ballet tickets, and Jackson County residents spend approximately \$23.4 million – and much of this is leaving the area. We believe that expanding programming for cultural, arts, and entertainment events will be crucial to solidifying downtown Lee's Summit's emerging role as a dining and entertainment center and to enhancing the district as a location for new housing.
- **Apparel:** Of all the possible retail concentrations an older or historic commercial district might develop, a concentration of apparel stores is usually one of the most difficult. When people shop for clothing (particularly women's clothing), they like to be able to go to several stores and compare styles, brands, and prices before making a purchase. For this reason, clothing stores (and, particularly women's clothing stores) are much more likely to succeed if they are part of a cluster of clothing stores than if they are the only clothing store within the district. This means that enough market demand must exist to support an entire cluster of clothing stores, rather than just one or two stores – and, because of the dominance of regional shopping malls in the apparel category (apparel sales account for an average of approximately 85 percent of all mall sales), it is relatively rare for communities to have enough unmet market demand to support an additional cluster.

Apparel stores that function as destination businesses tend to be exceptions to this, however, attracting customers because they offer a unique shopping experience or unique merchandise not likely to be available in the (mostly) national retail apparel chains that tend to locate in regional shopping malls. Some examples of apparel stores that function as destination businesses include:

- Leather goods
- Lightly-used, second-hand designer clothing
- "Modular" clothing (e.g., separates that can be mixed and matched)

- Maternity clothing
- Uniforms
- Petite women’s clothing
- Plus-sized clothing
- Hand-knitted sweaters
- “Clothing by the pound”
- Costume sales and rentals
- Evening gown sales and rentals
- Square dancing and swing dancing clothes
- Vintage clothing and jewelry
- Hats

Downtown Lee’s Summit already contains several destination clothing businesses that draw customers from throughout and beyond the community, and we believe this cluster could be expanded by adding additional *destination* clothing businesses, particularly if placed in relatively close proximity to established, successful apparel stores.

- **Green products and services:** Nationally, the growth potential for environmentally friendly goods and services is enormous, as the number of people concerned about environmental health continues to grow. A 2006 study by Management Information Systems¹⁷ found that, in 2005, the green industry in the US already was already generating more than \$341 billion in sales and employing more than five million people. IBIS World, a California-based research firm, estimates that consumers spent \$70.3 billion on natural products in 2010¹ and that 100 million consumers bought green products in 2009 – approximately 40 million more than the year before. Venture capital investments in the solar energy industry alone exceeded \$3.2 billion in 2010, up from

¹⁷ “Jobs Creation in the Environmental Industry in the U.S. and Nine States”, Management Information Systems, Inc., April 2006, available online at www.misi-net.com/publications/9-state-synthesis-0406.pdf.

just \$150 million five years earlier, building a solid capital foundation for industry expansion, and venture capital is being pumped into many other green industries.

We believe this might be a good fit for downtown Lee's Summit for several reasons:

- Green products and services are still relatively unique in the Kansas City metropolitan area, with little competition.
- Aggregating green businesses in a compact location is, in and of itself, an environmentally-positive action. While there are a growing number of businesses providing green products and services in the Kansas City area, they are not concentrated in a single location – so, somewhat ironically, a homeowner, builder, or other consumer interested in seeing a range of green products would have to travel extensively throughout the region.
- It has enormous market growth potential, with both industry and consumer demand for environmentally-friendly products and services projected to increase almost exponentially over the coming decade.
- It does not rely on street traffic and will therefore likely not place an excessive burden on parking and transit.
- It offers the strong possibility of tandem development of green industries in other parts of Lee's Summit. With the recent confirmation that Exergonix will be locating in Lee's Summit, this potential symbiosis is particularly compelling, making it even easier to envision a town center that serves, in part, as a regional showroom for the community's and region's green industries.
- It offers other retail connections for downtown Lee's Summit, such as restaurant featuring locally grown produce, a year-round farmers' market, green home furnishings, green artwork, etc.

Green products are already beginning to take root in the Kansas City metropolitan area. *Greenability*, a green online magazine promoting green living in Kansas City, lists several architectural firms, renewable energy companies, energy efficiency contractors, and food stores on its website, but most retail categories are absent or very under-represented – and this further underscores this potential opportunity for downtown Lee’s Summit.

There are almost countless options for potential product lines. Some examples:

- Energy generation products (solar panels, rooftop wind turbines, geothermal pumps, energy storage devices, grid panel interfaces, etc.)
- Recycling equipment and supplies
- Lighting supplies (compact fluorescent and LED light bulbs, solar lighting fixtures)
- Building materials made from recycled and natural/low-impact products; such as rubber sidewalk panels and paving blocks made from recycled tires; kitchen and bath tile made from recycled glass; cabinets and flooring made from recycled wood; wallpaper made from recycled fabric; carpet made from plastic bottles; recycled concrete for landscaping and construction; bamboo flooring
- Green roof materials, including roofing systems and membranes; sedum and other plants; design and installation services
- Green gardening supplies and services, such as native plants; heirloom plants and seeds; organic, toxin-free fertilizer and plant food; refurbished/recycled gardening tools; rain barrels and kits; composting bins and supplies; beneficial insects and plants that attract beneficial insects
- Architectural salvage

- Restaurants featuring locally grown and organic produce
- Housewares made from recycled and natural/low-impact materials, such as quilts made from recycled clothing (see, for example, www.crispina.com); drinking glasses made from recycled wine bottles (see, for example, www.bluemoonglass.com); recyclable gift wrap and gift bags; furniture made from recycled and repurposed materials
- Apparel made from recycled and natural/low-impact materials, such as yarn made from locally grown and locally spun wool and from unraveled used sweaters; clothes and fabric made from hemp, corn fiber, and other renewable sources; fabric made from recycled magnetic cassette tape; jewelry made from recycled telephone wire; clothes made from recycled fabric and pre-manufacture fabric scraps
- Green art
- Environmentally friendly drycleaning services (see, for example, www.oxxousa.com)

9. Encourage existing businesses to add new product lines.

Adding new product lines to existing businesses is one of the easiest ways to expand the range of goods and services a downtown offers. It also makes it possible to strengthen the district's existing businesses, augmenting their sales and helping them broaden the range of customers they attract. A few suggestions for businesses interested in adding a new product line:

- Ideally, adding a new product line should be a decision made within the context of a new business plan, examining a business's overall goals and anticipated tactics for the next 3-5 years. Sometimes, of course, spontaneous decisions about which new product lines to add, based on a retailer's intuition, are also successful - but, when possible, it is

best to launch a new product line as part of a comprehensive mid- or long-term plan to increase a business's sales.

- New product lines should usually complement the other product lines the business offers.
- New product lines might serve as a destination-like attraction that draws potential customers into a store - or they might serve as "impulse" items that regular customers might notice, and purchase, when visiting the store because of its other merchandise and services.
- Start modestly, without risking much capital. When possible, ask the supplier for flexible payment terms and for terms that would make it possible to return unsold merchandise for a full refund.
- Promote the new product line aggressively. Feature it in the storefront window display. Ensure that it is highly visible to customers as soon as they enter the store. Businesses with access to email marketing lists should send one or more special announcements about the new product line. Feature in-store demonstrations. Organize a reception for 100 or so of the business's most loyal customers to celebrate the new product line. Send announcements of the new product line to local news media to community publications. For new product lines that are relatively unique within the Kansas City area, send press releases and a feature story to regional news media, and invite reporters to a private preview or to the opening reception.
- There could be some instances in which a new product line might gain enough market traction that, within a few years, the business owner might be able to spin off the product line into a new, freestanding business - so carefully track the new product line's sales.

10. Expedite rehabilitation and activation of Arnold Hall as a community performing arts center.

Downtown Lee's Summit Main Street, Inc. uses public spaces for downtown promotional events, but it lacks a performance space for dramatic, music, dance, and film exhibition. Plans are underway to rehabilitate and activate Arnold Hall as a community performing arts center, serving as a home for the Martin City Melodrama as well as hosting other types of programming. We recommend expediting this process, as we believe that having an active theatre is essential to maintaining the momentum downtown Lee's Summit has built as a dining and entertainment center.

Rehabilitating and operating a historic theatre is quite challenging. But many theatres similar to Arnold Hall and in communities of Lee's Summit's size have been rehabilitated in recent years - most using historic rehabilitation tax credits - and are operating successfully. The key factors include:

- Securing one or more ongoing commitments for the theatre's use (from regional community and school theatre groups, orchestras, or choirs, for example). With a commitment from the Martin City Melodrama to make Arnold Hall its home, this process is off to a good start.
- Offering many types of programming, from traditional performances to distance learning and from after-work live high-definition broadcasts of sporting events to live "Guitar Hero" competitions
- Offering programming for many different age groups and interests
- Incorporating new technology (high-definition digital equipment, for example)
- Providing one or more flexible meeting spaces that can augment events taking place in the theatre house
- Programming/renting the theatre and auxiliary spaces for as much of the day as possible

- Offering high quality food service in conjunction with theatre events (and operating the food service as a major revenue center for the theatre)

We think it is very likely that tax credit equity will be needed to make the rehabilitation feasible, providing as much as 35-40 percent of the total qualified rehabilitation expenses. The League of Historic American Theatres¹⁸ can provide assistance and referrals to experts in all aspects of theatre rehabilitation and operation. The National Trust Community Investment Corporation¹⁹ can provide information on using tax credit equity. We also recommend contacting representatives of several other historic theatres that have been rehabilitated in the past several years using historic rehabilitation tax credits and New Markets tax credits:

- The Stanley Theatre (Utica, New York)²⁰
- The Tennessee Theatre (Knoxville, Tennessee)²¹
- The Colonial Theatre (Pittsfield, Massachusetts)²²

11. Develop a small downtown hotel.

As downtown Lee's Summit's role as an entertainment center grows, the opportunity to support a small downtown hotel will grow, also. Although the 2004 *Old Lee's Summit*

¹⁸ www.lhat.org

¹⁹ www.ntcicfund.com

²⁰ www.cnyarts.com

²¹ www.tennesseetheatre.com

²² www.thecolonialtheatre.org

Development Master Plan concluded that the market for new hotel development in Lee’s Summit will remain soft for a considerable period of time (“Even by the year 2020 the downtown employment base will not likely be sufficient to support a major hotel chain”), it suggested that, at that time, it might be possible to support 10-15 guest rooms in a small downtown boutique hotel or a bed-and-breakfast. We think that, not only would a small downtown hotel provide important tourism infrastructure for the community and the district, but it would also help fill a void in the community for a unique, slightly upscale alternative to the hotel offerings currently available within the community and region.

The number of small, boutique hotels in older and historic downtowns in communities similar to Lee’s Summit in size is, in fact, growing nationwide. These tend not to be bed-and-breakfast establishments but, instead, to be small, full-service hotels, generally priced slightly above median chain hotel rooms and augmenting their lodging revenues with revenues from a restaurant, meeting facilities, special events, and catering. A few examples:

- Tremont on Main²³, in Marshalltown, Iowa. Tremont on Main offers two ground-floor restaurants (a grill serving breakfast and lunch, and a “white tablecloth” restaurant serving lunch and dinner), seven second-floor lodging rooms, and several meeting/conference rooms, in three contiguous storefront buildings. The lodging rooms, which are sold out most weeknights, provide the majority of the inn’s revenues. The couple who own the inn live on the third floor of the complex.
- The Pomegranate Inn²⁴, in downtown Portland, Maine: The Pomegranite Inn offers eight rooms in an art gallery-like setting, providing guests with add-on services like an escorted day of downtown shopping, private chamber music, and in-room spa treatments.
- The Joshua Wilton House²⁵, in Harrisonburg, Virginia. Located on the edge of downtown Harrisonburg and near James Madison University, the Joshua Wilton House offers five

²³ www.tremontonmain.com

²⁴ www.pomegranateinn.com

²⁵ www.joshuawilton.com

guest rooms – but its restaurant is the business’s centerpiece, offering locally grown, sustainably grown produce. In addition to offering daily breakfast, lunch and dinner service, it also offers off-premise catering and hosts wine and beer tasting dinners. The facility is owned by three former James Madison University students who worked in the restaurant for six years after graduation, then bought the Inn with assistance from the US Small Business Administration’s SCORE program and from Harrisonburg’s Main Street organization.

- The Porches, in North Adams, Massachusetts, consists of a row of small houses that have been connected to one another. It provides lodging, small meeting rooms, and a restaurant primarily for visitors to Mass MoCA (the Massachusetts Museum of Contemporary art), across the street.

Securing up-front commitments for meetings, small conferences, and inn rooms from regional industries and institutions would likely make it easier for an experienced, entrepreneur with hospitality industry experience to obtain financing for the inn’s development.

Help businesses develop new distribution channels to expand sales.

12. Encourage businesses to develop new distribution channels.

In past decades, most downtown retail businesses made most of their sales by selling goods to people who physically visited the store. Now, however, sales generated in bricks-and-mortar stores represent only a portion of the sales generated by successful retailers. The advent of overnight delivery service and the internet, in particular, have made it vastly easier for customers to buy things from businesses throughout the country (and the world). At the same time, many Americans have less time available for shopping, making it even more critical that businesses find alternate, additional ways to reach customers.

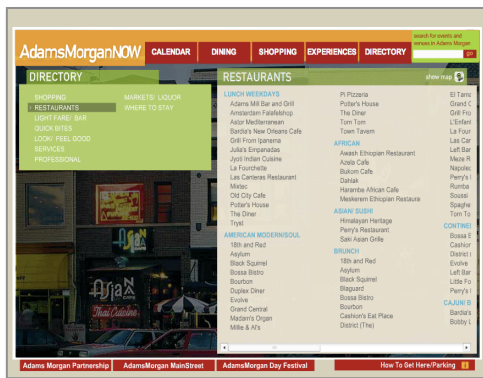
- Improve the web presence of the district’s retail businesses. We recommend encouraging all downtown businesses to develop online storefronts. There are a number of companies that provide ready-to-go websites for retail businesses, making

the process of setting up an online storefront very easy. We particularly like Shopify.com, which provides a variety of attractive website templates, webhosting services, credit card processing services, and a Google AdWord allowance for a very low monthly fee (currently beginning at \$25 for an online storefront offering 25 items or under). After setting up the online storefront (a process that literally takes only an hour or two), businesses simply print out and fulfill the orders received at the end of each work day.

In some communities, downtown businesses have outsourced fulfillment of orders received from their websites to other businesses or to school groups. For example, Chutters, a candy and gift store in Littleton, New Hampshire, outsources its order fulfillment business to a high school class whose students are interested in learning more about retail business management. The business provides the students with a work area in the basement for packing and shipping orders and pays them a percentage of each online order.

- Explore options for a downtown delivery program and of mobile vending for downtown retail businesses.
- Circulate articles and examples of innovative distribution channels to downtown businesses on an ongoing basis. Sometimes, hearing about how other businesses have added a new distribution channel or are using a distribution channel effectively is the most persuasive technique for encouraging businesses to make positive changes. We recommend including examples of innovative distribution channels in the Association's newsletter. A few suggestions for initial columns:
 - Art*o*Mats sells small art objects in old cigarette vending machines.
 - Waitrose, a British supermarket, offers free home deliveries within the community, often by bicycle.

- A group of independent business owners, artists, and craftspeople in downtown Asheville, North Carolina has formed the Asheville Etsy Street Team to help jointly market their goods and services on Etsy.com.
- Common Studio, a Los Angeles-based business, sells seed bombs in repurposed gumball machines.
- Explore the possibility of creating a short-term pop-up store in other Kansas City metropolitan area commercial centers (Independence, Country Club Plaza, etc.) featuring merchandise from a variety of downtown businesses – in essence, bringing a sample of downtown Lee’s Summit to customers in other parts of the region and introducing the district to potential new customers.



13. Develop a consumer-focused website

The website would not take the place of the Downtown Lee’s Summit Main Street’s current website (which provides important information about the program itself and its activities) but would complement it with a site focusing exclusively on downtown experiences, shopping, dining, and events from a customer's or visitor's perspective. See, for example, the customer-focused websites for Copper, Colorado²⁶ and for Adams-Morgan²⁷, a Washington, DC neighborhood commercial district. In both of these examples, businesses have their own web portals through which they can easily update information about events, new products, and sales specials in their shops, with overall information on the district provided by the revitalization organization.

14. Animate and enliven the district’s streets, shops, and storefronts, bringing the arts out into the public realm. Even on a fast track, it would take at least a couple of years for Arnold

²⁶ <http://www.experiencecopper.com>

²⁷ <http://www.adamsmorgannow.com>

Hall to be renovated and ready to host performances. In the meantime – and after the theatre is operating – we recommend bringing some of the district’s creative energy out into the public realm of streets, shops, and storefronts, helping set the stage for cultural and entertainment events in downtown Lee’s Summit. A few suggestions:

- **Create an ongoing storefront arts initiative, placing art and staging events in storefront windows.** Activity in storefront windows has countless benefits for both the business and the commercial district. Active storefront windows attract customer attention, encouraging potential shoppers to step inside and browse around. And they encourage pedestrians to continue exploring the street and the district, providing a steady flow of interesting displays and experiences.

Storefront windows can also provide a venue for ephemeral entertainment and art exhibition. Whether a window display exhibits something static (like a piece of artwork) or is used as a “stage” for activity within, storefront windows can play a dramatic role in enlivening a street.

A few examples from other communities:

- Hancock, Michigan’s Main Street organization hosts an annual holiday window decorating competition. Business owners cover their storefront windows (from the inside) with brown Kraft paper, hiding their storefront displays from public view while working on them. Then, at a designated time, all the businesses simultaneously unveil their storefront displays.
- Several years ago, Washington, DC organized a “Power Lunch” promotion, with pairs of local celebrities eating lunch in storefront windows.
- A small town in western Kansas with a large collection of historic glass slide images of the prairie printed storefront window-sized enlargements of some of the slides onto transparent vinyl, adhered these to storefront windows, turned on the store lights, and marketed the experience as a walk-through or drive-through evening art gallery.



- **Encourage businesses to put storefront lights on timers, providing ambient sidewalk lighting throughout the evening.** This will help the district appear safer and more vibrant. By placing lights on timers, lights can turn off automatically at programmed times, even when the business is closed.

- **Add public art that encourages activity and serendipity.** Use public space not just for static art – but also for art that encourages people to interact with it and with others and that brings unexpected fun to the experience of simply walking along a sidewalk. A few examples:
 - An artist in a Seattle neighborhood commercial center embedded bronze instructional dance steps in a sidewalk.
 - A town in Pennsylvania places rocking chairs along a downtown sidewalk on warm days, inviting passersby to sit and relax.
 - Traffic switching boxes in downtown Nashville play country music.
 - An electronics artist in a Washington, DC neighborhood embedded a motion sensor and an MP3 player in an old television so that it whispers compliments to passersby.

15. Continue, and intensify, technical assistance to downtown Lee’s Summit’s independent businesses.

Providing technical assistance to independently owned businesses is always somewhat challenging. The owners of many independently owned businesses find it difficult to take time away from their shops or offices to attend training workshops. Business owners whose businesses are most in need of technical assistance are often the least likely to participate in training workshops or to take advantage of other technical services offered. One-on-one assistance is time-consuming and often expensive. In commercial districts with international

diversity, technical assistance providers sometimes find challenging for technical assistance providers to "translate" training and advice across language and cultural barriers.

We have consistently found that there is no *single* solution for providing effective technical assistance to independently owned businesses. Instead, we have found that the most effective approach is to offer assistance in a variety of formats, on an ongoing and consistent basis, with periodic incentives, competitions, and public recognition to assist and reward positive changes. Ultimately, one of the most important contributions a community's business owners can make to the overall revitalization initiative is to run their businesses as effectively as possible, meeting community consumer needs as well as possible - and that often means that it is difficult for business owners to attend structured meetings. Instead, it is often more effective to bring information directly to business owners, rather than asking them to participate in meetings or workshops. A few suggestions for doing so:

- Summarize information about one particular business development opportunity, market segment, marketing or management technique, or other topic of potential interest to independent business owners in an email message or on a single sheet of paper, in as brief and straightforward a manner as is possible, and distribute information to all business owners for them to read at a time convenient to them. Send out a new message once every couple of weeks. Keep each message brief and concise, with several practical implementation suggestions. Collect all the messages sent on a blog or website that business owners can access.
- Provide tangible incentives for business owners to take advantage of training and technical assistance by tying the assistance to a prize or reward of some sort. For example, offer free window display consultations during a period of several months, followed by a window display competition, with both popular votes (via website, perhaps) and juried votes, offering a substantial cash prize and publicity.
- Put together several business assistance teams - teams of people with expertise in essential business management and marketing topics - to provide *pro bono* assistance to downtown businesses. Each team might include an accountant, a small business attorney, someone skilled in online retailing, and someone with visual merchandising

skills, for example, providing assistance to approximately 50-75 businesses annually. Each team would set up an initial meeting with each business to introduce itself to the business owner, become familiar with the business, offer any immediate advice or guidance the business owner might need, and invite the business owner to contact any team member whenever it wishes. The team should check back with each business every 4-6 months. Team members must sign a contract promising to treat information confidentially. In addition to helping business owners develop better skills and keep up to date on the overall retail development strategy, the business assistance teams will also play an important role in detecting potential problems a business might be experiencing (undercapitalization or excessive debt, for example) and can then alert nonprofit organizations, City agencies, or others who might be able to help intervene to find a solution.

16. Continued, stable funding for the downtown revitalization and management initiative is imperative.

The phenomenal turnaround of downtown Lee's Summit that Downtown Lee's Summit Main Street, Inc. and its partners have achieved in the past decade or so has taken lots of hard work. But, in many ways, the most difficult challenges lie ahead: bringing new uses to vacant and underused upper-floor spaces; developing new housing and supportive commercial space on vacant and underused parcels in and around the district; growing the numbers of downtown businesses and workers; helping expedite rehabilitation and activation of Arnold Hall; and, of course, maintaining the economic growth that has already taken place. Doing so will require both new capital and continuing operating support for Downtown Lee's Summit Main Street, Inc. We therefore encourage the City to retain its services contract with Downtown Lee's Summit Main Street, Inc. We also encourage property owners to establish a downtown Community Improvement District to help provide ongoing operating support from the private sector for Downtown Lee's Summit Main Street, Inc.

Sources of information

Downtown Lee's Summit Main Street, Inc. provided us with a wealth of documents, including:

- *Historic Preservation Plan for the City of Lee's Summit*, prepared by Historic Preservation Services, LLC (September 2002)
- *Market Study of Redevelopment Opportunities – Old Town Study Area Master Plan*, prepared for EDAW, Inc. by Canyon Research Southwest, Inc. (May 2003)
- *Old Lee's Summit Development Master Plan*, prepared by EDAW, Inc. in conjunction with HWA, Canyon research Southwest, and Transsystems (February 2004)
- Annual reports of the Lee's Summit Economic Development Council
- Biennial editions of *Lee's Summit Advantage*, prepared by the Lee's Summit Economic Development Council
- Annual Lee's Summit valued industry/business retention reports, prepared by the Lee's Summit Economic Development Council and Aquila
- Annual development reports prepared by City of Lee's Summit Planning and Development Division, with data from various City departments, the Home Builders Association of Greater Kansas City, the US Census Bureau, and other sources
- *2006 Downtown Lee's Summit Survey*, prepared by ETC Institute (October 2006)
- *Downtown Wayfinding Plan* (2009)
- 2009 Economic Forecast
- *2005 Lee's Summit Comprehensive Plan*

- *City of Lee's Summit: T.I.F. Districts' Impact Study* (2008), prepared by Richard Caplan & Associates

We obtained retail sales data from ESRI, the US Census Bureau's 2007 Economic Census, and the *2010 Kansas City Retail Report*, prepared by Lane4 Property Group. We prepared estimates of retail sales demand with data from the US Bureau of Labor Statistics' *Consumer Expenditure Survey* and the US Census Bureau's *Census of Population and American Community Survey*.

For housing information, we augmented information available from the City's annual development reports with information from the US Department of Housing and Urban Development Region VII's *Housing Market Profile* for the Kansas City metropolitan area, from the US Census Bureau

General limitations and disclaimer

Retail market analyses, their components (such as retail sales void analyses), and derivative business development plans provide important guidance on how a commercial center should, theoretically, be able to perform and on the sales levels businesses should be able to achieve. However, a number of factors affect the actual performance of retail businesses and commercial centers, including the skills of the business operator, level of business capitalization, the quality of the physical environment, changes in overall economic conditions, the effectiveness of business and district marketing programs, and many other factors. The information in this report is intended to provide a foundation of information for making retail recruitment decisions in downtown Lee's Summit, but it does not, and cannot, ensure retail success.

As is true of all demographic, economic, and market studies, the reliability of our analysis is limited to the reliability and quality of the data available. Our research assumes that all data made available by federal, state, county and municipal sources, from community organizations, and from business owners is accurate and reliable. For Lee's Summit, there are several specific limitations worth mentioning.

First, because our analysis has been conducted towards the end of the decade, between the 2000 and 2010 decennial US censuses, population and household data is not quite as accurate as it would be if this analysis were conducted early in the decade, when demographic data is relatively new. We have relied on American Community Survey updates from the US Census Bureau, on anecdotal information from credible and informed local sources, and our own observations of population and retail sales changes in the district included in this analysis. Aggregate data from the 2010 Census was just beginning to be released by the US Census Bureau as this report was finalized. Second, the retail market catchment areas of urban commercial districts are not confined to the boundaries of Census tracts or political jurisdictions. We have therefore had to make estimates based on available data and on our professional judgment.

Given these limitations, our report reflects what we believe are reasonable estimates of trends, current conditions, and future possibilities.

About the CLUE Group

The Community Land Use and Economics Group is a small, specialized consulting firm that helps community leaders create vibrant downtowns and neighborhood commercial centers. We work with local and state governments, nonprofit organizations, business improvement districts, developers, planning firms, and others to develop practical and innovative economic development strategies, cultivate independent businesses, identify regulatory and financial barriers, attract new investment, and make solid, forward-looking decisions about the economic uses of older, historic and traditional commercial districts.

www.cluegroup.com

Appendix 1 Retail demand

Using data from the US Census Bureau's 2000 Census of Population and 2009 American Community Survey (which provides updates on the 2000 Census of Population) and from the US Bureau of Labor Statistics' Consumer Expenditure Survey, we estimated the retail buying power (retail demand) of Lee's Summit and Jackson County households, based on demographic characteristics such as household income and size, householder age, and numbers of earners per household. This represents the approximate amount of money that Lee's Summit's and Jackson County's households are probably spending on these goods and services *somewhere* (including businesses in Lee's Summit, in other communities, and online or from catalogs).

	Lee's Summit	Jackson County
Food + beverages		
Groceries	190,264,000	1,177,052,280
Dining out	161,920,000	898,488,554
Alcoholic beverages (consumed at home)	14,232,000	80,939,913
Alcoholic beverages (consumed in restaurants)	13,694,000	72,653,625
Housekeeping supplies		
Laundry and cleaning supplies	300,000	1,686,625
Other household products	21,498,000	117,006,742
Stationery, gift wrap	4,549,000	25,510,586
Postage	4,035,000	24,855,849
Delivery services	222,000	1,020,826
Furniture and furnishings		
Household textiles	8,199,000	45,180,841
Furniture	29,143,000	146,786,692
Floor coverings	3,065,000	15,230,921
Major appliances	14,135,000	78,116,802
Small appliances, misc. housewares	6,308,000	36,808,059

Window coverings	2,626,000	10,918,309
Infants' equipment	958,000	4,785,309
Laundry + cleaning equipment	1,076,000	6,261,735
Outdoor equipment	2,331,000	13,067,575
Clocks and other household decorative items	10,466,000	51,432,519
Lamps + lighting fixtures	2,469,000	12,061,835
Telephones + accessories	1,992,000	10,328,946
Lawn + garden equipment	6,149,000	43,376,544
Hand and power tools	2,454,000	13,986,821
Hardware	2,230,000	12,984,099
Office furniture for home use	744,000	3,486,899
Indoor plants + fresh flowers	3,845,000	19,000,433
Closet and storage items	1,276,000	6,860,150
Furniture rental	137,000	1,405,018
Luggage	774,000	3,962,614
Computers/hardware (nonbusiness use)	9,010,000	49,487,418
Computer software/accessories (nonbusiness use)	1,333,000	7,334,859
Telephone answering devices	35,000	196,119
Business equipment for home use	1,839,000	11,239,140
Apparel and footwear		
Men's clothes	21,805,000	117,167,660
Boys' clothes	4,982,000	28,502,661
Women's clothes	38,431,000	209,934,066
Girls' clothes	7,571,000	41,615,494
Clothes for children under 2	5,068,000	31,304,651
Footwear	19,243,000	109,065,422
Watches, jewelry + repair	10,255,000	49,580,952
Shoe repair	104,000	493,818
Tailoring, alterations, repair	399,000	2,054,726
Laundry + dry cleaning	5,936,000	34,041,269
Other apparel items + services	973,000	5,520,505
Automotive		

Vehicle purchase	196,700,000	1,102,413,326
Gasoline and motor oil	133,644,000	811,439,779
Vehicle maintenance and repairs	43,115,000	249,604,459
Medical		
Nonprescription drugs	4,151,000	25,589,033
Nonprescription vitamins	2,648,000	15,526,608
Prescription drugs	18,432,000	121,931,849
Eyeglasses and contact lenses	3,725,000	20,922,401
Hearing aids	789,000	4,783,298
Medical supplies	1,752,000	10,436,560
Medical equipment (rental + sales)	476,000	3,864,052
Entertainment		
Movie, theatre, opera, ballet tickets	5,494,000	23,449,825
All other fees and admissions	28,322,000	108,116,004
Musical instruments	851,000	4,929,130
TVs, stereos, radios, recorded movies + music	55,360,000	329,277,141
Pets, pet supplies, pet care	26,134,000	145,738,711
Toys, games, arts, crafts, tricycles	7,420,000	40,366,365
Stamp and coin collecting	226,000	1,340,651
Playground equipment	391,000	1,768,090
Athletic gear, game tables, exercise equipment	4,749,000	20,892,229
Bicycles	1,058,000	5,369,644
Camping gear	736,000	3,908,304
Hunting + fishing equipment	1,685,000	10,005,098
Winter sports equipment	273,000	1,318,525
Water sports equipment	319,000	1,518,667
Other sports, recreation and exercise equipment	1,599,000	7,736,149
Photographic equipment, supplies, services	4,913,000	26,248,798
Personal care		
Hair care products	3,322,000	19,144,254
Wigs + hairpieces	3,868,000	22,292,219

Shaving needs	946,000	5,097,088
Cosmetics, perfume, bath preparations	9,336,000	52,289,409
Other personal care products	4,050,000	24,133,728
Personal care services	12,715,000	57,818,965
Reading		
Newspapers + magazines	3,542,000	20,883,178
Newsletters	0	1,006
Books	3,544,000	18,754,027
Tobacco products/smoking supplies		
Tobacco products/smoking supplies	14,955,000	110,979,344

Table 4: Estimates of retail sales demand generated by residents of Lee’s Summit and Jackson County (*sources:* Consumer Expenditure Survey, Census of Population, American Community Survey, CLUE Group)

Appendix 2 Sales void analysis

Using data from the US Census Bureau, the US Bureau of Labor Statistics, and ESRI (a private-sector data provider), we estimated the amount of retail demand generated by Lee’s Summit and Jackson County residents, then compared this with the sales currently being captured by Lee’s Summit and Jackson County businesses.

A caveat: Because of increased mobility, globalization, and the growing role of ecommerce in retail activity, retail sales void analysis is less meaningful now as a measurement of retail patterns than it was in the past. It is most meaningful when examining large, aggregate categories and when examining whole districts; in both instances, major trends and patterns quickly become apparent. Retail sales void analysis is less meaningful when applied at the more fine-grained scale of a specific product line or a small, commercial district offering a broad mix of retail goods and services. It is therefore a more useful tool for chain retailers looking for large regions in which to achieve significant market penetration than it is for commercial districts comprised largely of independently owned businesses spanning a variety of retail and non-retail sectors.

NAICS	Industry group	Lee’s Summit			Jackson County		
		Supply	Demand	Void	Supply	Demand	Void
441	Motor vehicle + parts dealers	\$222,978,000	256,671,000	(33,693,000)	1,608,052,000	1,432,674,000	175,378,000
4411	Automobile dealers	207,628,000	222,576,000	(14,948,000)	1,402,096,000	1,244,342,000	157,754,000
4412	Other motor vehicle dealers	7,275,000	18,116,000	(10,841,000)	110,206,000	96,960,000	13,246,000
4413	Auto parts, accessories + tire stores	8,076,000	15,978,000	(7,902,000)	95,749,000	91,372,000	4,377,000
442	Furniture + home furnishings stores	25,669,000	26,565,000	(896,000)	137,729,000	143,344,000	(5,615,000)
4421	Furniture stores	5,263,000	13,643,000	(8,380,000)	55,895,000	73,678,000	(17,783,000)
4422	Home furnishings stores	20,406,000	12,922,000	7,484,000	81,834,000	69,667,000	12,167,000
4431	Electronics + appliance stores	30,081,000	29,337,000	744,000	144,711,000	164,212,000	(19,501,000)
444	Bldg materials, garden equip. + supply stores	39,530,000	45,875,000	(6,345,000)	244,292,000	243,932,000	360,000

4441	Building material + supplies dealers	34,742,000	41,970,000	(7,228,000)	219,039,000	221,805,000	(2,766,000)
4442	Lawn + garden equipment + supplies stores	4,788,000	3,905,000	883,000	25,253,000	22,127,000	3,126,000
445	Food + beverage stores	182,370,000	165,131,000	17,239,000	996,982,000	971,779,000	25,203,000
4451	Grocery stores	176,068,000	154,916,000	21,152,000	941,064,000	912,875,000	28,189,000
4452	Specialty food stores	4,463,000	2,708,000	1,755,000	18,602,000	15,955,000	2,647,000
4453	Beer, wine + liquor stores	1,840,000	7,507,000	(5,667,000)	37,317,000	42,949,000	(5,632,000)
4471	Gasoline stations	98,201,000	167,837,000	(69,636,000)	1,047,378,000	991,814,000	55,564,000
448	Clothing + clothing accessories stores	14,868,000	42,483,000	(27,615,000)	261,921,000	243,707,000	18,214,000
4481	Clothing stores	11,954,000	33,018,000	(21,064,000)	220,930,000	190,083,000	30,847,000
4482	Shoe stores	1,428,000	4,318,000	(2,890,000)	22,280,000	25,206,000	(2,926,000)
4483	Jewelry, luggage + leather goods stores	1,486,000	5,148,000	(3,662,000)	18,711,000	28,418,000	(9,707,000)
451	Sporting goods, hobby, book + music stores	8,811,000	6,191,000	2,620,000	57,860,000	35,029,000	22,831,000
4511	Sporting goods, hobby + musical instrument stores	5,601,000	4,149,000	1,452,000	30,126,000	23,275,000	6,851,000
4512	Book, periodical + music stores	3,211,000	2,042,000	1,169,000	27,734,000	11,755,000	15,979,000
452	General merchandise stores	104,071,000	144,727,000	(40,656,000)	869,175,000	831,041,000	38,134,000
4521	Department stores excluding leased depts	82,969,000	83,653,000	(684,000)	483,025,000	475,284,000	7,741,000
4529	Other general merchandise stores	21,102,000	61,074,000	(39,972,000)	386,150,000	355,757,000	30,393,000
453	Miscellaneous store retailers	15,631,000	20,889,000	(5,258,000)	121,243,000	120,123,000	1,120,000
4531	Florists	7,263,000	2,243,000	5,020,000	18,488,000	12,707,000	5,781,000
4532	Office supplies, stationery, + gift stores	2,754,000	4,888,000	(2,134,000)	35,832,000	27,363,000	8,469,000
4533	Used merchandise stores	1,059,000	1,500,000	(441,000)	13,910,000	8,299,000	5,611,000
4539	Other miscellaneous store retailers	4,556,000	12,257,000	(7,701,000)	53,013,000	71,754,000	(18,741,000)
454	Nonstore retailers	211,908,000	68,674,000	143,234,000	376,714,000	397,395,000	(20,681,000)
4541	Electronic shopping + mail order houses	207,931,000	51,549,000	156,382,000	302,866,000	293,962,000	8,904,000
4542	Vending machine operators	1,739,000	5,160,000	(3,421,000)	34,090,000	30,281,000	3,809,000
4543	Direct selling establishments	2,238,000	11,966,000	(9,728,000)	39,734,000	73,153,000	(33,419,000)
722	Food services + drinking places	221,223,000	184,812,000	36,411,000	1,146,891,000	1,062,855,000	84,036,000
7221	Full-service restaurants	54,356,000	80,358,000	(26,002,000)	417,270,000	462,297,000	(45,027,000)

7222	Limited-service eating places	70,474,000	80,453,000	(9,979,000)	458,424,000	464,252,000	(5,828,000)
7223	Special food services	92,104,000	11,022,000	81,082,000	202,527,000	63,592,000	138,935,000
7224	Drinking places - alcoholic beverages	4,289,000	12,968,000	(8,679,000)	68,670,000	72,713,000	(4,043,000)
		1,197,791,000	1,192,782,000	5,009,000	7,267,754,000	6,873,299,000	394,455,000

Table 5: Estimated retail sales supply, demand, and gaps in Lee’s Summit and Jackson County (*sources:* Consumer Expenditure Survey, Census of Population, American Community Survey, ESRI, CLUE Group)

Appendix 3

Downtown intercept survey

Staff and volunteers from Downtown Lee's Summit Main Street, Inc. conducted an intercept survey in downtown Lee's Summit in June 2010. They conducted surveys on all days of the week, in timeslots throughout each day, and in several outdoor locations in the downtown area, gathering a total of 363 completed survey samples. Survey participants were selected using random sample methodology, meaning that everyone who visited downtown Lee's Summit during the survey period had an equal chance of being selected to participate in the survey. Because of this, the survey results can be assumed to be generally reflective of *all* downtown visitors, with a ± 5 percent degree of confidence.

The survey asked participants about their demographic characteristics, their places of residence and employment, their shopping habits, their impressions of downtown Lee's Summit, and their attendance at marketing events organized by Downtown Lee's Summit Main Street, Inc. in the past year. It also included several open-ended questions, inviting participants to comment on what they like most and least about downtown Lee's Summit and asking for their suggestions for improving the downtown.

The survey yielded a wealth of information. We have provided the raw data and a series of spreadsheets analyzing the data, in Microsoft EXCEL format, to the staff of Downtown Lee's Summit Main Street, Inc. But, to provide a sense of the information the survey yielded, here are some random findings:

- The percentages of visitors between the ages of 18-24 and 55-64 are slightly greater than the percentages of Lee's Summit residents in those age groups.
- People who visit downtown Lee's Summit are more likely to be part of a two- or three-person household than Lee's Summit residents overall.
- Thirty percent of the downtown's visitors work outside Lee's Summit; 24 percent work in downtown Lee's Summit; 35 percent live outside Lee's Summit.

The survey asked people to rate eight statements about their current visit to downtown Lee's Summit, choosing to rate each statement "Significantly disagree", "Disagree", "Neither agree nor disagree", "Agree", or "Significantly agree" [Table 6]. The eight statements were:

- Business hours were convenient for my schedule.
- Parking lots and sidewalks were clean and well-maintained.
- The businesses I visited were clean and attractive.
- Customer service was very good or excellent.
- I found the mix of businesses met my needs.
- Prices were fair for the value received.
- I was able to park conveniently.
- I found it easy to move about as a pedestrian.

We then converted responses to a five-point scale, with "Significantly disagree" equal to one point and "Significantly agree" equal to five points. We could then calculate a numerical average for each statement, by demographic characteristic, and easily assess respondents' attitudes about downtown Lee's Summit. A score greater than '3' indicates a generally positive attitude; a score lower than '3' indicates a generally negative attitude.

We found that survey respondents were overwhelmingly positive. Survey participants were particularly positive about the district's cleanliness and attractiveness and about the ease of moving about the district on foot. They were somewhat negative about the district's business mix and business hours – still above '3', but the average scores for these two characteristics were the lowest of all characteristics. Interestingly, people who work outside Lee's Summit gave the district's parking convenience an average score of 4.4 – one of the highest ratings in the survey – while downtown workers rated parking convenience lower than every other group except retirees.

Demographic characteristic	Business hours were convenient for my business.	Parking lots and sidewalks were clean and well-maintained.	The businesses I visited were clean and attractive.	Customer service was very good or excellent.	I found the mix of businesses met my needs.	Prices were fair for the value received.	I was able to park conveniently.	I found it easy to move about as a pedestrian.	OVERALL
Gender									
Female	3.6	4.5	4.5	4.4	4.0	4.1	4.1	4.5	4.2
Male	3.5	4.3	4.3	4.2	3.6	3.7	3.9	4.3	4.0
Age									
Under 18	3.4	4.5	4.3	4.3	3.5	3.2	3.6	4.0	3.9
18-24	3.7	4.2	4.2	4.1	3.6	3.6	3.7	4.0	3.9
25-34	3.4	4.6	4.6	4.5	4.0	3.9	4.1	4.5	4.2
35-44	3.6	4.5	4.5	4.4	3.8	3.8	4.2	4.5	4.1
45-54	3.5	4.4	4.6	4.4	3.9	4.1	4.2	4.4	4.2
55-64	3.5	4.3	4.3	4.2	4.0	4.0	3.9	4.4	4.1
65-74	4.1	3.7	4.0	4.3	3.8	3.9	3.5	4.2	3.9
75 and over	-	-	-	-	-	-	-	-	-
Household income									
Under \$10,000	3.0	4.0	3.6	3.9	3.1	3.0	3.2	3.7	3.4
\$10,000 - \$15,000	3.2	3.4	3.2	3.0	2.8	3.4	3.0	3.8	3.2
\$15,000 - \$20,000	4.1	4.7	4.6	4.6	4.3	3.9	4.3	4.5	4.4
\$20,000 - \$30,000	3.4	4.0	4.8	4.5	3.7	3.8	3.6	3.8	3.9
\$30,000 - \$40,000	3.1	3.7	3.7	3.7	3.3	3.4	3.3	3.6	3.5
\$40,000 - \$50,000	4.0	4.7	4.8	4.7	4.4	4.4	4.2	4.7	4.5
\$50,000 - \$70,000	3.6	4.3	4.5	4.4	3.9	3.9	4.0	4.4	4.1
\$70,000 - \$80,000	3.8	4.3	4.1	4.0	3.8	3.8	3.8	4.4	4.0
\$80,000 - \$100,000	3.4	4.7	4.6	4.5	3.8	4.0	4.3	4.6	4.2
\$100,000 - \$120,000	3.4	4.5	4.7	4.5	3.9	3.9	4.1	4.5	4.2
\$120,000 - \$150,000	3.5	4.6	4.8	4.6	3.9	3.9	4.3	4.7	4.3
\$150,000 and over	3.7	4.4	4.4	4.2	4.0	4.0	4.0	4.5	4.1

Residence

Downtown Lee's Summit	3.3	4.2	4.2	4.1	3.6	3.7	4.0	4.1	3.9
Elsewhere in Lee's Summit	3.5	4.5	4.5	4.4	3.8	3.9	4.0	4.5	4.1
Outside Lee's Summit	3.8	4.3	4.4	4.4	4.0	4.0	4.1	4.4	4.2

Work

Downtown Lee's Summit	3.5	4.3	4.4	4.2	3.6	3.7	3.7	4.3	4.0
Elsewhere in Lee's Summit	3.4	4.4	4.3	4.3	3.7	3.8	4.0	4.2	4.0
Outside Lee's Summit	3.6	4.7	4.7	4.6	4.1	4.2	4.4	4.7	4.4
I'm a homemaker.	4.1	4.6	4.6	4.6	4.3	4.2	4.4	4.5	4.4
I'm retired.	3.8	3.8	3.9	4.2	4.1	4.0	3.7	4.2	4.0
I'm a student.	3.5	4.6	4.8	4.6	4.0	3.6	4.2	4.3	4.2
I'm unemployed.	3.8	3.5	4.2	3.8	4.0	3.7	3.8	4.0	3.9

Table 6: Average ratings of survey respondents when asked to rate various characteristics of their most recent visit to downtown Lee's Summit on a scale of 1-5, with 1 being "poor" and 5 being "excellent".

The survey included a question asking respondents where they most recently purchased various goods and services [Table 7].

- Downtown Lee's Summit was the top choice for coffee shops (44 percent), floral arrangements (31 percent), gifts (35 percent), and casual/family dining (40 percent).
- Summit Woods (other than Target) was the top choice for Books (37 percent), clothing (mens, 30 percent; women's, 29 percent; children's, 21 percent), electronics (37 percent), and sporting goods (34 percent). *Summit Woods would be downtown Lee's Summit's primary competition for clothing.*
- Target and Wal-Mart were the top choice in only one category: toys and games (25 percent), although they also received relatively high percentages for greeting cards (21 percent), groceries (14 percent), and pharmacy/personal care items (14 percent).

- Out-of-town shopping locations didn't get much attention. Kansas City was the top choice for concerts and plays (34 percent). Twenty percent of survey respondents said that, the most recent time they dined in a fine-dining restaurant, it was in Kansas City (the second most popular choice, after "elsewhere in Lee's Summit"). Overland Park and Independence were not the top choices in *any* category, although 12 percent of survey respondents report visiting Overland Park for fine dining. Small, but significant, percentages of survey respondents report having most recently purchased clothing in Independence (14 percent for men's apparel, 12 percent for women's apparel, and 10 percent for children's apparel) and most recently seeing a movie there (13 percent).

Product/service	Downtown Lee's Summit	Summit Woods (other than Target)	Target or Wal-Mart	Elsewhere in Lee's Summit	Overland Park	Kansas City	Independence	Online or catalog	Somewhere else	I don't buy this
Banking	21%	3%	0%	50%	3%	4%	4%	4%	8%	3%
Books	13%	37%	4%	10%	3%	4%	7%	8%	7%	7%
Cafe / coffee shop	44%	12%	2%	20%	3%	3%	2%	0%	6%	8%
Clothing + shoes (men's)	2%	30%	9%	13%	7%	5%	14%	2%	6%	13%
Clothing + shoes (women's)	7%	29%	10%	11%	7%	4%	12%	1%	5%	13%
Clothing + shoes (children's)	5%	21%	10%	12%	4%	5%	10%	1%	7%	26%
Concert or play	27%	0%	1%	10%	4%	34%	1%	1%	10%	10%
Electronics (TV, stereo, etc.)	2%	37%	12%	14%	5%	3%	9%	4%	9%	5%
Floral arrangement	31%	1%	2%	23%	2%	3%	3%	5%	8%	23%

Gift for friend or family	35%	20%	7%	11%	4%	4%	5%	5%	6%	2%
Greeting cards	6%	14%	21%	36%	4%	2%	4%	1%	6%	6%
Groceries	2%	1%	14%	64%	4%	2%	4%	0%	7%	2%
Hair/nails/barber	25%	7%	2%	37%	3%	4%	5%	0%	12%	5%
Hardware	10%	12%	3%	49%	3%	2%	4%	0%	8%	9%
Home furnishings: furniture	16%	4%	4%	19%	9%	10%	6%	1%	19%	11%
Home furnishings: kitchen & bath	8%	16%	7%	24%	7%	7%	6%	1%	12%	14%
Home furnishings: antiques	20%	3%	1%	15%	4%	7%	2%	0%	13%	36%
Medical offices	4%	1%	1%	57%	8%	8%	5%	0%	11%	5%
Movie (in a movie theatre)	2%	2%	1%	60%	6%	3%	13%	0%	7%	5%
Pharmacy + personal care items	3%	2%	14%	58%	4%	3%	3%	1%	10%	2%
Restaurant: casual/family dining	40%	6%	1%	32%	5%	6%	4%	0%	6%	0%
Restaurant: fine dining	13%	5%	1%	25%	12%	20%	4%	0%	11%	7%
Restaurant: take-out food	10%	7%	1%	57%	3%	3%	3%	0%	10%	6%
Sporting goods	6%	34%	9%	19%	4%	2%	5%	0%	6%	15%
Toys & games	6%	13%	25%	15%	3%	2%	4%	4%	7%	21%

Table 7: Percentages of survey respondents who said they most recently shopped for these goods and services in these shopping areas. Gray-shaded entries indicate the highest percentage for each product/service category.

Data from this question can also be sorted by the demographic characteristics of survey respondents, providing invaluable information on the types of people who shop in various commercial centers for different types of goods and services. Table 8 provides a sample of this detailed data – in this instance, the percentages of survey respondents who said that they most recently dined in a casual/family restaurant in one of the commercial centers, with data for various demographic characteristics. So, for example, 22 percent of all survey respondents who had most recently dined in a casual/family restaurant in *downtown Lee’s Summit* are female, and 18 percent are male.

Product/service	Downtown Lee's Summit	Summit Woods (other than Target)	Target or Wal-Mart	Elsewhere in Lee's Summit	Overland Park	Kansas City	Independence	Online or catalog	Somewhere else	I don't buy this
Gender										
Female	22%	5%	0%	18%	3%	4%	2%	0%	4%	0%
Male	18%	2%	1%	14%	2%	2%	2%	0%	2%	0%
Household income										
Under \$20,000	3%	0%	0%	2%	0%	0%	0%	0%	1%	1%
\$20,000 - \$40,000	4%	1%	0%	2%	0%	1%	2%	0%	1%	0%
\$40,000 - \$70,000	12%	1%	0%	6%	2%	1%	0%	0%	2%	0%
\$70,000 - \$100,000	14%	0%	0%	8%	0%	0%	2%	0%	1%	0%
\$100,000 - \$150,000	5%	2%	0%	7%	2%	2%	1%	0%	0%	0%
\$150,000 and over	4%	1%	0%	4%	0%	2%	0%	0%	0%	0%
Residence										
Downtown Lee's Summit	6%	0%	0%	4%	0%	0%	0%	0%	0%	0%
Elsewhere in Lee's Summit	20%	5%	0%	22%	2%	3%	1%	0%	1%	0%
Outside Lee's Summit	14%	1%	1%	6%	3%	4%	3%	0%	5%	0%

Table 8: Percentages of survey respondents with various demographic characteristics who said they most recently dined out in a casual/family restaurant in these shopping areas.

As we mentioned earlier, the survey asked respondents about which special events and festivals they attended in the past year, and which are their favorites [Table 9]. This provides a wealth of information about the demographic characteristics of people who attend downtown marketing events, making it possible for Downtown Lee’s Summit Main Street, Inc. to understand which events appeal to different types of people. This information could also be invaluable to potential event sponsors, helping them gauge which events are most likely to attract the types of customers they seek.

	Farmers market	Music in the Park	Downtown Days ... Streets Alive!	Bunny Hop	Emerald Isle St. Patric's Day Parade	Spring Open House	Chocolate Crawl	Fall Open House	Whoville	Oktoberfest	Chilifest	Mayor's Tree Lighting Ceremony	Holiday Open House	Halloween Parade	United We Cure	Piccadilly Gala	Bargains on the Bricks: Sidewalk Sales	Downtown Loft T our
Gender																		
Female	34%	20%	31%	4%	8%	8%	8%	12%	2%	31%	7%	13%	15%	7%	2%	6%	7%	2%
Male	21%	17%	24%	4%	7%	4%	4%	4%	1%	24%	10%	9%	4%	5%	1%	2%	2%	1%
Workplace																		
Downtown Lee’s Summit	15%	11%	18%	5%	8%	7%	7%	7%	1%	17%	8%	10%	7%	7%	2%	5%	4%	2%
Elsewhere in Lee’s Summit	15%	10%	16%	1%	3%	2%	1%	2%	0%	15%	4%	5%	4%	2%	0%	1%	1%	1%
Outside Lee’s Summit	13%	9%	12%	1%	2%	1%	1%	3%	0%	14%	2%	4%	2%	2%	0%	1%	1%	1%
I’m a homemaker	3%	2%	3%	0%	0%	1%	1%	1%	1%	2%	0%	1%	2%	0%	1%	1%	0%	0%
I’m retired	6%	3%	4%	0%	1%	1%	1%	2%	0%	5%	0%	1%	2%	0%	0%	0%	2%	0%
I’m a student	2%	1%	2%	0%	0%	0%	0%	0%	1%	2%	0%	1%	0%	0%	0%	0%	0%	0%
I’m unemployed	1%	1%	1%	0%	0%	0%	1%	1%	0%	1%	1%	1%	1%	1%	0%	1%	0%	0%

Household income																		
Under \$10,000	1%	1%	1%	0%	1%	0%	0%	1%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%
\$10,000 - \$15,000	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%
\$15,000 - \$20,000	1%	1%	1%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	1%	0%	0%	0%	0%
\$20,000 - \$30,000	2%	1%	2%	0%	1%	1%	1%	1%	0%	1%	1%	1%	1%	1%	0%	1%	0%	0%
\$30,000 - \$40,000	3%	2%	3%	1%	1%	1%	1%	2%	0%	3%	1%	2%	1%	1%	1%	1%	1%	1%
\$40,000 - \$50,000	4%	3%	5%	1%	1%	2%	1%	1%	1%	4%	1%	2%	2%	2%	0%	0%	2%	0%
\$50,000 - \$70,000	7%	5%	8%	2%	3%	1%	2%	2%	0%	8%	2%	3%	2%	2%	0%	1%	1%	0%
\$70,000 - \$80,000	7%	4%	5%	1%	1%	1%	1%	1%	0%	5%	2%	2%	2%	1%	0%	1%	1%	0%
\$80,000 - \$100,000	9%	6%	7%	0%	3%	2%	2%	2%	1%	9%	3%	4%	2%	1%	1%	1%	1%	1%
\$100,000 - \$120,000	6%	4%	7%	1%	1%	1%	1%	2%	1%	7%	2%	2%	2%	1%	1%	1%	1%	1%
\$120,000 - \$150,000	4%	2%	5%	1%	1%	1%	1%	1%	0%	5%	2%	2%	1%	1%	0%	1%	0%	0%
\$150,000 and over	7%	4%	7%	0%	1%	1%	1%	2%	0%	8%	2%	3%	2%	1%	1%	1%	1%	1%

Table 9: Percentages of survey respondents with various demographic characteristics who said they attended these downtown marketing events (sample of some events and some demographic characteristics)

Appendix 4 Downtown workers

Using information from Polk City Directories and from Manta.com, we estimated that approximately 875 people worked within one-third mile of the intersection of 3rd and Douglas as of September 2010.

NAICS	Description	# workers
23	Construction	49
31-33	Manufacturing	9
42-45	Wholesale and retail trade	150
48-49	Transportation and warehousing	5
49	Postal service	60
51	Information	10
52	Finance and insurance	48
53	Real estate and rental and leasing	7
54	Professional, scientific, and technical services	75
56	Admin. and support and waste management and remediation services	19
61	Educational services	50
62	Health care and social assistance	124
71	Arts, entertainment, and recreation	2
72	Accommodation and food services	37
81	Other services (except public administration)	56
92	Public administration	169
99	Unclassified establishments	5

Table 10: Estimated numbers of downtown workers, by North American Industry Classification group

Manta.com gets its data from Dun + Bradstreet which, in turn, gets information from businesses themselves. The businesses that provide data to Dun + Bradstreet tend to be larger businesses, not smaller ones – so, we were able to obtain employment data for approximately 20 percent of downtown Lee’s Summit’s businesses from this source. We used Polk City Directories’ estimates for the remaining 80 percent. Polk City Directories provides employment ranges for businesses and, in each instance, we chose the lower end of the employment range. So, for example, if Polk City Directories indicated that a business has 1-4 employees, we used one employee in our estimate; if it indicated that a business has 5-9 employees, we used five employees in our estimate. This means that our estimate of 875 workers within one-third mile of the 3rd and Douglas intersection is a very conservative estimate, as many businesses in downtown Lee’s Summit undoubtedly employ more workers than the lower end of Polk City Directories’ scales.

Appendix 5

Developing businesses in traditional commercial districts

The process of developing and recruiting businesses for an older, traditional commercial district is considerably more complicated than the process of recruiting businesses for a shopping center or shopping mall.

One of the reasons it is more complicated is that, unlike in a shopping center or shopping mall, the commercial buildings in a traditional commercial district are owned by many different entities, each with its own goals, management styles, and interests, rather than being owned or managed by a single entity. Single property ownership or management provides shopping malls and shopping centers with the ability to tightly control which tenants locate in which spaces, making it possible to physically cluster businesses together in ways that maximize the foot traffic and visibility. In order to create similarly synergistic business clusters in older and traditional commercial districts, individual property owners need to collaborate with one another and agree to make leasing decisions according to a shared strategy.

Also, the national retail chains that tend to locate in shopping malls and shopping centers have specific requirements with regard to the demographic characteristics and population size of the communities in which they locate; the size, physical configuration, and visibility of the spaces they lease; the types of other tenants; the quality of the shopping center's marketing activities; and other key characteristics. Shopping mall management companies therefore maintain detailed information on all of these requirements and can easily provide it to national retailers and retail brokers. But information like this is often not readily available for older and traditional commercial districts, nor do the characteristics of the physical space, shopper demographics, business mix, or marketing activities of older and traditional commercial districts have the predictability that shopping malls provide. This makes it both less likely that national retail chains will consider locating in older commercial districts and also less likely that commercial district revitalization organizations will succeed in attracting national retailers. National retail chains tend to be market followers, rather than market leaders, in that they have a strong tendency to locate in commercial centers where a strong customer market has already been

established or where there is easy access to substantial numbers of potential customers whose demographic characteristics meet their needs.

For these reasons, and others, the retail businesses most likely to locate in older commercial districts are those that are independently owned and locally owned. Unfortunately, businesses such as these are usually not on the radar screens of commercial space brokers, who focus primarily on recruiting national retailers for shopping malls and shopping centers. So, recruiting and developing businesses for older commercial districts must usually become the responsibility of a public or nonprofit community development organization.

A few general suggestions for developing and recruiting new businesses:

- National retail chains almost always have very specific requirements for the demographics and traffic volume of the neighborhoods in which they locate, as well as specific physical requirements for the spaces they lease, for the other tenants in the shopping center or neighborhood, and for the center's or neighborhood's marketing program. Retail brokers are familiar with many retail chains' specifications; specifications for about 10,000 chains are also available in the Retail Tenant Directory²⁸, produced by Trade Dimensions International.
- Like national retail chains, independently owned businesses will be interested in the demographics and traffic volume of the neighborhoods in which they consider locating. But their site selection process is not as formulaic as that for national retail chains and is often driven by needs for space that is larger or smaller, or configured differently, than their current space; for a location that has greater visibility, or a safer environment, or a marketing program that is more appropriate for them; for greater synergy with nearby businesses; or for any one of a number of other factors likely to be unique to each business.
- Very few independently owned businesses are on the radar screen of retail brokerages. Encouraging independent businesses to open an additional location, or encouraging entrepreneurs to launch a new business, is almost always a "one-off" process that involves

²⁸ www.plainvanillashell.com/retail_tenant_directory.asp

simultaneously cultivating potential entrepreneurs, keeping a current inventory of available spaces and pending vacancies, and maintaining ongoing communication with property owners, realtors, and others who need to be involved in the process.

- The best candidate for launching a new retail business in a commercial district dominated by independently owned businesses is almost always a business already operating successfully in that district or in a nearby district within the region. The business owner is familiar with the district and its customers. Lenders, investors, and realtors are familiar with the business and its track record. And having an additional store within the district provides some economies of scale for the business, making it possible to share storage space, for example, and to shuffle staff between locations when one location is busier than another.
- One of the greatest needs faced by businesses that open additional locations is for qualified, experienced store management staff.
- When recruiting and developing new businesses, always stress retail contiguity on the ground floors of commercial nodes. As ground-floor non-floor vacancies gradually occur, shift offices and non-retail uses to side street and upper-floor locations.
- When identifying ideal locations for different types of businesses, try to group *comparison* businesses (apparel, home furnishings) in relative close proximity to one another so that each member of that group is visible to shoppers in one of the businesses in the group; try to use *destination* businesses to create movement through the district, along sidewalks; and try to place *convenience* businesses near destination businesses and other high-traffic areas so that they can benefit from the visibility provided.

Appendix 6

Some specialized home furnishings product lines

Antique hardware
Antique radios and televisions
Architectural salvage
Artificial/silk plants
Baskets
Bath linens
Bird feeders and bird houses
Bunk beds
Bonsai
Cacti and exotic plants
Candles
Carpets and rugs
China, crystal, glassware
Clocks
Closet organizing fixtures and supplies
Cutlery
Decorative hardware
Dining linens and table accessories
Draperies
Dried flowers
Fireplace accessories, mantles
Floor cloths
Furniture and furnishings made from recycled materials
Furniture covers
Furniture refinishing
Futons
Gourmet cookware
Hammocks
Hot tubs

House plants
Jewelry boxes
Knock-down bookshelves and furniture
Lamps and lamp shades
Lawn and patio furniture
Light fixtures
Log or willow furniture
Loft beds and trundle beds
Mirrors
Office furniture
Paint
Picture frames
Pillows
Posters (new and vintage)
Rag rugs
Repurposed furniture and furnishings (adapted from other products)
Scandinavian-design furniture
Second-hand baby furniture
Shelving
Shutters
Small kitchen appliances
Tansu chests
Telephones
Unfinished wooden furniture
Upholstery fabric and upholstering services
Vintage kitchen appliances
Wallpaper
Weather vanes
Wicker and rattan furniture and accessories
Window blinds