

HEALTHY EATING IN THE CITY



February 14, 2006

UNDERSERVED MARKETS:

A DENSELY POPULATED AREA THAT MAY HAVE BASIC GOODS AND SERVICES, BUT NOT COMPETITIVE PRICES OR NATIONAL BRANDS TO ACCOMMODATE THE NEEDS OF THE CONSUMER.



RETAIL CHICAGO:

- STOP BLEED OF SALES TAX \$\$
- PLACE UNDER PERFORMING PROPERTIES BACK ON PROPERTY TAX ROLLS
- BRING RETAIL GOODS AND SERVICES TO ALL COMMUNITY AREAS
- DEVELOP EMPLOYMENT OPPORTUNITIES IN EACH COMMUNITY



RETAIL CHICAGO MATERIALS:

- MARKET PROFILE SHEETS
- COMMUNITY PROFILE SHEETS
- CUSTOM TAILORED PACKAGES
- WARD / RETAILER TOURS
- DATABASE: OVER 250 CONTACTS
- QUARTERLY NEWSLETTER



SHOP ARLINGTON:

- SALES TAX \$\$ WERE IN DECLINE
- INVOLVED ALL 28 SHOPPING CENTERS
- EXPANDED CITIZENS KNOWLEDGE BASE ON RETAIL AND TAX IMPACT

SHOP ARLINGTON RESULTS:

- 14% INCREASE IN SALES TAX REVENUE
- ESTABLISHED SYNERGY BETWEEN MERCHANTS
- ON-GOING PROGRAM



RELATIONSHIPS WITH BROKERS/DEVELOPERS:

- MUNICIPALITIES NEED TO BE MORE PROACTIVE
- TIME IS MONEY - APPROVAL PROCEDURES TOO LONG, VAGUE
- NEED MORE OPEN, 2-WAY COMMUNICATION, DIALOGUE
- DEVELOP MUTUAL RESPECT:
 - KNOW WHAT THE OTHER PARTY IS UP AGAINST-FIND THE MIDDLE GROUND

SITE SELECTION - RETAIL COMPETITION:

- IS THERE COMPETITION?
- WHERE IS CLOSEST COMPETITION?
- HOW OLD?
- ANY PROJECTS IN PROCESS?
- WHO HAS EXPRESSED INTEREST?
- "WISH LIST" FOR RETAIL

TRAFFIC / TRANSPORTATION:

- WHERE / WHAT ARE MAJOR TRAFFIC GENERATIONS?
- TRAFFIC COUNTS - WHY?
- WHAT ABOUT PUBLIC TRANSPORTATION?
- ANY BARRIERS TO ACCESS?



COMMUNITY:

- HOUSING STOCK
 - TYPE
 - QUANTITY
 - AGE
- AVAILABLE LABOR MARKET
 - TRAINED?
 - RESOURCES
- ACCEPTANCE OF NEW DEVELOPMENT
 - EMPHASIZE ADVANTAGES
 - MINIMIZE IMPACT
 - STRESS COMMUNITY SUPPORT



Chain Reaction Chicago Study
 Conducted by Mari Gallagher, Senior
 Researcher, MCIC, a non-profit research
 firm that does national work

- Neutral, third party expertise using state of the art methods
- Contact information for Mari Gallagher: 312-580-2591 or mari@mcic.org

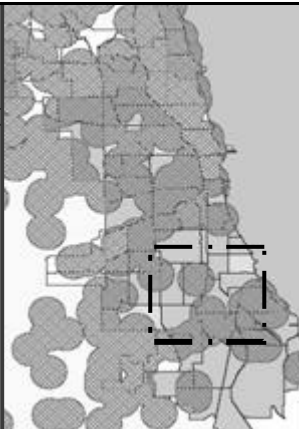
Chain Reaction: What We Studied

- The patterns of major player grocers (Jewel, Dominick's, Aldi, and Cub Foods) and a wide-range of commercial indicators based on income, race, and place (pharmacies, bookstores, etc.)
- Major player grocers as a proxy for general investment patterns

The Commercial Desert

The areas on the map without the green shaded circles are the areas that have no coverage of major player grocers within a mile.

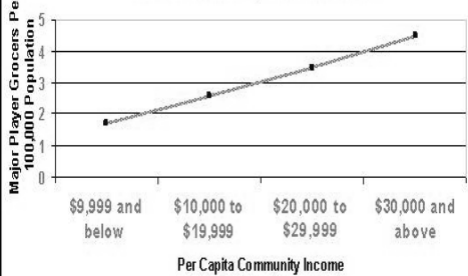
The exposed pink and purple areas are predominantly Black and Hispanic communities. Areas outside Chicago are shown in bright yellow.



What We Found: Income is the Driver

- Income is the key determinant of major player grocer location patterns. Controlling for income, race has minimal impact. As income goes up, store location goes up, and as poverty goes up, store location goes down.
- Other types of retailers exhibit a similar pattern. From health clubs to bookstores, we found a distinct positive relationship between income and store location.

Grocer Patterns By Income Brackets



But low-income families do buy food and basic goods and services needed for survival. The question is where do they make these purchases, are they quality purchases at competitive prices, and could their communities support new store locations. Often food is purchased at fringe locations, such as small corner stores, pharmacies, fast food restaurants, gas stations, and even liquor stores.

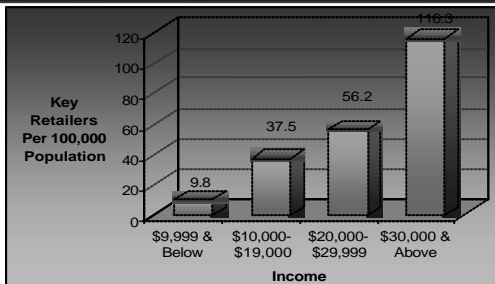
The Chain Reaction Phenomenon

The location decision of one retailer, such as a Jewel, a Starbucks, or even a pawn shop or adult bookstore, can set the tone and investment pattern of the entire corridor.

The Chain Reaction Score is Built on These Indicators:


- Major Hardware Stores
- Major Office Supplies Stores
- Major Shoe Store
- Major Pharmacies
- Radio Shack Stores
- Major Grocery Stores
- Health Clubs
- Mainstream Bookstores
- Bike Stores
- Major Eyecare Providers
- Dunkin Donuts
- Starbucks
- Subways
- Bowling Alleys
- Movie Theaters
- Targets
- Animal Hospitals
- Major Music Stores
- Major Video Stores
- Department Stores
- Sporting Good Stores

Chain Reaction Phenomena Chicago's North and South Sides, Rich and Poor Communities Snowball in Opposite Directions



The Haves & Have Nots

- **The five highest scores.**
These communities have **132** key retailers per 100,000 population.
- **The five scores across the median.** These communities have **46** key retailers per 100,000 population.
- **The five lowest scores.** These communities are part of the **commercial desert**, with no or low access to mainstream retailers. These communities have **4.5** key retailers per 100,000 population.




Excludes the Loop and O'Hare

Developing Solutions *A Few Examples*

- Because the majority of retail location decisions appear to be based on economics, more effective programs are needed to increase the employment and wage levels of low-income families, especially Blacks and Hispanics, whose neighborhoods tend to cluster in low-income/low-investment areas. An increase in income will likely result in an increase in higher quality retail concentration patterns.

Below the Radar Data



- Cash Economy
- Income Levels
- Household Size
- Age Distribution
- Assets & Wealth

COUNCIL ACTION:

- 9/14/05 CHICAGO PASSES NATION'S FIRST ORDINANCE AGAINST LONG-TERM RESTRICTIVE COVENANTS FOR GROCERY AND DRUG STORE PROPERTIES

WHY?

- COMMUNITIES NEED ACCESS TO FRESH FOODS
- TO PREVENT LONG TERM VACANCIES THAT PROMOTE BLIGHT

WHY?

- TO MAINTAIN PROPERTY VALUES IN THE COMMUNITY
- TO PREVENT "SHADOW STORES" IN A COMPETITIVE MARKET
- DAMAGE TO NEARBY RETAILERS

WHY?

- COVENANTS INCREASE BURDEN ON SENIOR CITIZENS / OTHERS TO OBTAIN FOOD , MEDICATIONS

WHY?

- HAD TO TAKE ACTION TO PROTECT THE VITALITY OF OUR COMMUNITIES

THANK YOU

Frances Spencer,
SCSM/SCMD
312/744-2737
fspencer@cityofchicago.org
