



MEDIA RELEASE
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**LANDMARK STUDY SHOWS THAT LOCALLY-OWNED BUSINESSES
CIRCULATE 70% MORE DOLLARS BACK INTO LOCAL ECONOMY
THAN CHAIN STORE COMPETITORS**

*Chicago's Andersonville neighborhood calls for policies to
protect locally-owned businesses*

(Chicago) In the face of increased interest in the community from chain establishments that could displace locally-owned businesses, and with data from a new study showing that the locals are substantially better for Chicago's economy, the Andersonville neighborhood is calling for city and state policies to protect locally-owned businesses.

"Locally-owned businesses have been the key to Andersonville's success from its beginning as a small Swedish enclave," said Jill Metz, president of the non-profit Andersonville Development Corporation. "The study provides hard economic data to support our feeling that these businesses are a vital resource and must be protected."

The plea follows the release of the "Andersonville Study of Retail Economics," created by Civic Economics, an independent economics consulting firm. The study compares the local economic impact of ten locally-owned Andersonville businesses versus ten chain stores in the same industries.

The results show that for every \$100 in consumer spending at the local businesses, \$73 stays in Chicago's economy, vs only \$43 for the chains. This represents a 70% "Local Premium" to the city when consumers shop at the locals. Further, the locals keep 70% more dollars in the city's economy for every square foot they occupy than do the chains. The study also demonstrates that the locally-owned businesses and the chains bring in roughly the same revenue per square foot, dispelling the notion that chain stores increase sales tax revenues for the city.

The results raise important public policy questions for elected officials with respect to neighborhood development.

"Locally-owned businesses provide substantial economic benefits to the city, benefits that are in danger of being measurably diluted by increasing chain competition," note study authors Matt Cunningham and Dan Houston of Civic Economics, an independent economics consulting firm. "Public policy should seek to protect and promote local business."

According to Metz, possible policies could include:

- Formula Retail Ordinance. Cities across the nation – most recently San Francisco – have enacted ordinances to help regulate the flow of chain stores into their communities. In San

Francisco, neighborhoods can “opt in” to this ordinance or not, so that each community can choose whether it is an appropriate tool for them.

- TIF (tax increment financing) funds for local business start-ups. In areas that are TIF-ed and need development, TIF funds could help keep money in the local economy by supporting local business start-ups rather than chains.
- Property tax reform. The recent tax cap gave much-needed relief to residents, but only shifted the burden. Multiple local businesses in Andersonville were lost because their rents were raised significantly to cover their landlords’ tax bills. Small commercial properties should have property tax protection as well.
- Funding for a “Local First” campaign to educate consumers about the effect on the community of where they choose to spend their dollars.

The “Andersonville Study of Retail Economics” was commissioned by the Andersonville Development Corporation, supported by the Andersonville Chamber of Commerce, and funded by Andersonville SSA #22. Details about the study can be found at www.andersonvillestudy.com.

Andersonville is a distinctive neighborhood on the north side of Chicago. First established as a farming community in the 1850s, the retail district began as an enclave of small businesses when Swedes moved north to escape the ravages of the Great Chicago Fire in 1871. Today, Andersonville is one of Chicago’s most popular neighborhoods, notable for its quaint facades, its diversity, and its preponderance of unique, locally-owned businesses. Still steeped in its Swedish roots, the community is also home to one of Chicago’s largest gay & lesbian communities, a number of Middle Eastern businesses, and a significant Hispanic community. More information about Andersonville can be found at www.andersonville.org

Civic Economics is an economic analysis and strategic planning consultancy firm with office in Austin and Chicago. Since its founding in 2002, the firm established itself as a leader in progressive economic development, promoting reasoned analysis of the American retail scene. The firm gathered nation acclaim for its Austin, TX study comparing the local economic impact of a chain bookstore vs. a locally owned bookstore record store. More about Civic Economics can be found at www.civiceconomics.com.

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