

10. Locally Owned Business Initiative
  - d. City Council to provide staff direction regarding Formula Retail Alternatives for Ordinance Drafting

**THE ATTACHED IS ADDITIONAL  
INFORMATION**



# City of Sanibel

Planning Department

## MEMORANDUM

DATE: March 2, 2006

TO: Judie Zimomra, City Manager

FROM: Robert J. Duffy, AICP, Planning Director

SUBJECT: **Local Business Initiative and Formula Retail Zoning  
- Articles on Nationally Recognized Best Practices**

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Enclosed are the following excellent articles from Main Street News and The Hometown Advantage recently submitted by Councilman Rothman.

- **Protecting Locally Owned Retail.**
- **Bucking the Chain Store Trend.**
- **Main Street Fights Chain Street.**
- **How Big is Two Big?**
- **Neighborhood Serving Zones.**
- **Store Size Caps.**
- **Formula Business Restrictions**

The articles cover a number of key issues that City Council will consider as the City proceeds with the Local Business Initiative and the public hearings regarding Formula Retail zoning.

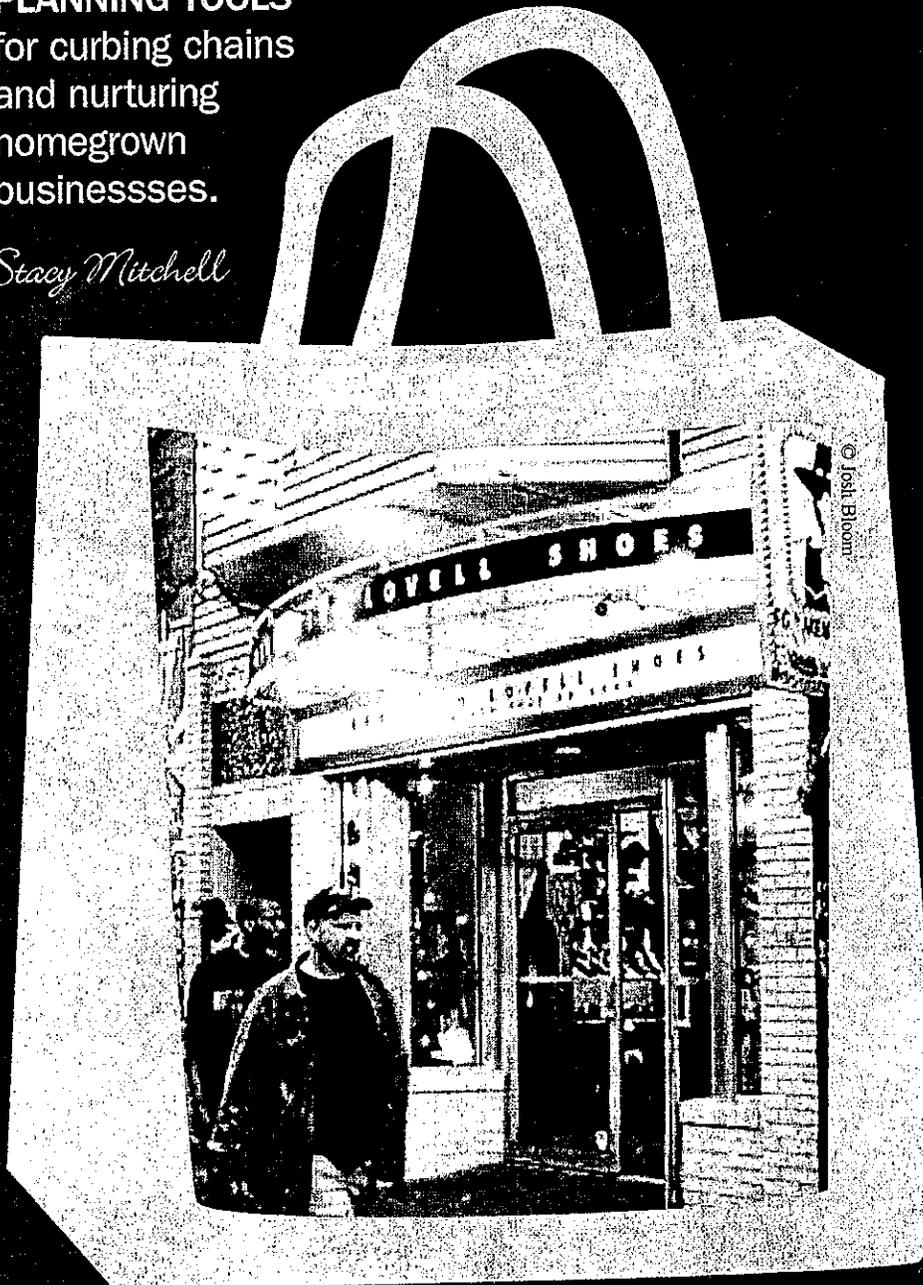
# MainStreetNews

THE MONTHLY JOURNAL of THE NATIONAL TRUST'S NATIONAL MAIN STREET CENTER

## Protecting LOCALLY OWNED RETAIL:

**PLANNING TOOLS**  
for curbing chains  
and nurturing  
homegrown  
businessses.

*by Stacy Mitchell*



By now, many community leaders recognize that when chain retail sprawls unchecked, main street loses, not just jobs and businesses, but the very essence of what makes the district unique. Small, independent businesses CAN prosper, however, when planners use the right tools to manage economic growth in the region. This month, we report on some of the most promising new regulatory strategies available.

— Doug Loescher,  
Assistant Director, NMSC

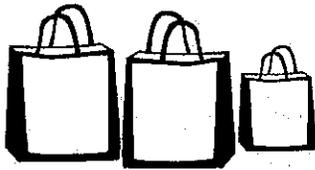
### National Main Streets Conference

Gear up for this year's National Main Streets Conference in Albuquerque, New Mexico, May 9-12, by checking out the tours we have planned. Come to the Land of Enchantment and explore historic neighborhood business districts and landmarks stretching from ancient times—pueblos and petroglyphs—to the recent past—roadside signs and architecture along Route 66.

MAIN STREET



NATIONAL TRUST  
for HISTORIC PRESERVATION



## Protecting locally owned retail

One afternoon not too long ago, more than 200 residents of Hood River, Oregon, linked arms to form a giant circle around their downtown. They sought to demonstrate support for locally owned businesses and opposition to a proposed Wal-Mart supercenter. By encircling an area roughly equal to the footprint of the store, participants hoped to illustrate just how large the development and its impact on the downtown would be.

The event was one of several highly visible public education initiatives organized by Citizens for Responsible Growth (CRG), a grassroots group that formed to block the 185,000-square-foot supercenter and generate support for a countywide ordinance banning stores over 50,000 square feet.

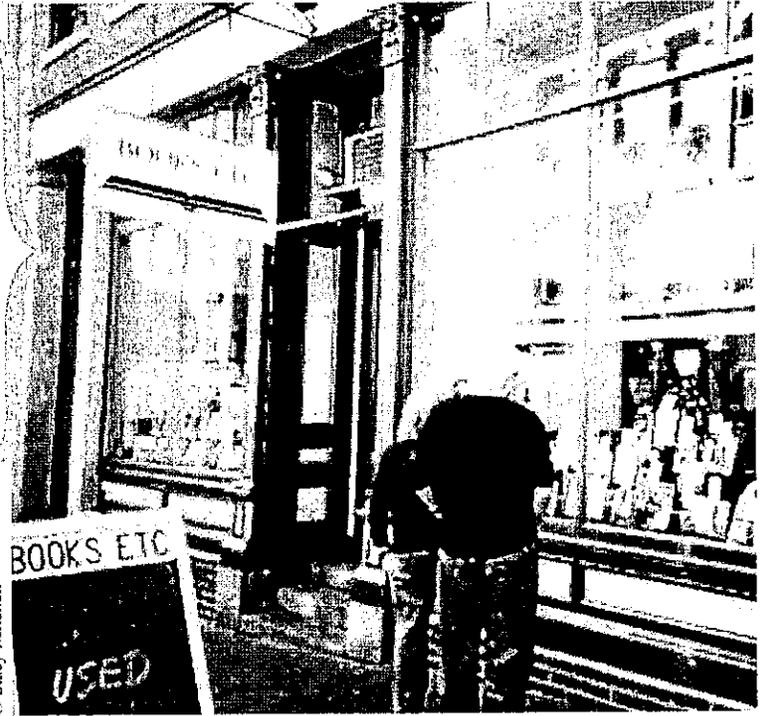
© Stacy Mitchell

CRG organized meetings and events, wrote letters to the newspaper, hung posters around town, and launched a website. Bit by bit, they built a case against large-scale chain stores. Their argument came partly from the heart. They talked about Hood River's vibrant downtown, about a sense of community, about lost open space. But they also made a sophisticated and detailed economic argument, much of it drawn from information they'd gathered on the web (see sidebar, "Resources," page 6).

CRG won a partial victory when the town and county voted in favor of the measure capping stores at 50,000 square feet. But the new ordinance would not apply to Wal-Mart, which had submitted its application before the vote.

With the help of a land-use attorney and a water consultant, CRG convinced the county that the supercenter violated its existing comprehensive plan due to floodplain impacts and incompatibility with surrounding property. Finally, in early January, the county commission voted to reject Wal-Mart's proposal.

Similar scenes are playing out across the country. More and more communities are questioning whether large chains are really such a bargain. And many, like Hood River,



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Communities that protect their distinctive character and maintain one-of-a-kind businesses are more interesting places to live and to visit. They also tend to attract a skilled populace, the kinds of people considered to be key drivers of job creation and prosperity.

are adopting size limits and other kinds of land-use policies that restrict the growth of chains, support downtown revitalization, and create an environment in which locally owned businesses can thrive.

### The Case for Locally Owned Retail

Independent businesses have faced a tough road over the last 15 years. Tens of thousands have closed as chain retailers such as Home Depot, The Gap, and Barnes & Noble have multiplied. Biggest of all is Wal-Mart, which now has 3,000 stores in the U.S., commands nearly nine percent of all retail spending, and accounts for one-tenth of our trade deficit with China.

Consumer choices are only partly responsible for the rise of chains and decline of local businesses. Public policy has played

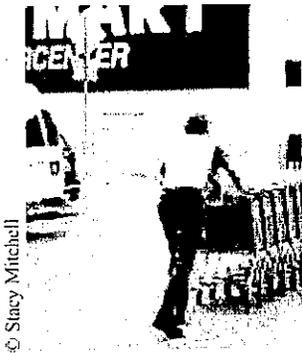
a role. Land-use and transportation policies have fueled sprawl and undermined the viability of older commercial centers. Chain store developers routinely receive multi-million dollar subsidies that are rarely offered to local businesses. State and federal tax policies tilt the playing field as well, giving national retailers an advantage over their smaller rivals.

Communities have encouraged the expansion of large retailers for the perceived economic benefits. But there's mounting evidence that these stores actually weaken local economies and entail significant costs that far outweigh their benefits.

One of the most persistent myths about chain retailers is that they expand employment. Towns often welcome big-box stores for the jobs they produce. But many studies have found that large chains eliminate as



Because they tend to be located in dense commercial areas, Main Street retailers are efficient users of public infrastructure and services.



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The arrival of a big-box store is often welcomed for the jobs it produces. Ironically, the job losses from local stores that downsize or close frequently equal or exceed the job gains from the new superstore.

many jobs as they create. That is because consumer spending is a relatively fixed pie. Sales gains at a new shopping development are invariably offset by losses at existing businesses.

It's "a zero-sum game," according to Dr. Kenneth Stone of Iowa State University, who, for more than a decade, has tracked Wal-Mart's, and more recently Home Depot's, impact in Iowa. As local stores lose sales, they either downsize or close. The resulting job losses typically equal or even exceed the gains at the new superstore.

The new jobs at Target or Wal-Mart, moreover, often pay less and offer fewer benefits than the jobs they replace. Taxpayers end up picking up the difference. Half of Wal-Mart's workers qualify for food stamps. Washington state reports that Wal-Mart employees are the largest group of users in its taxpayer-funded low-income health care program.

Another common myth is that new retail development will boost the tax base and relieve some of the burden shouldered by homeowners. This may be the case in some places. But other towns have discovered that these sprawling stores require more in public services than they generate in

revenue. Take the case of Pineville, North Carolina. This town of 3,400 people has added some 6 million square feet of retail—a mall and many big-box stores—over the last decade, only to find that the new stores generate so many police calls—for bad checks, shoplifting, and parking lot accidents—that they consume all of the revenue they produce. The town recently raised property tax rates across the board and, desperate to control rising costs, blocked further big-box construction.

In contrast, Main Street retailers, because they tend to be located in relatively dense commercial areas, are very efficient users of public infrastructure and services. The difference is dramatic, according to a recent study in Barnstable, Massachusetts, a city of 48,000 people. The study, conducted by Tischler & Associates, compared public revenue and costs for various land uses. It found that the city's small, downtown stores generate a net annual surplus (tax revenue minus costs) of \$326 per 1,000 square feet. Big-box stores, strip shopping centers, and fast-food outlets, however, require more in services than they produce in revenue. A big-box store creates an annual tax deficit of \$468 per 1,000 square feet.

If that's not enough to give city officials pause before approving a new megastore, consider the many non-retail businesses in the community that depend on local retailers at least in part for their livelihood. A few months ago, the Institute for Local Self-Reliance teamed up with Friends of Midcoast Maine to conduct a small, informal study in the Maine towns of Rockland, Camden, and Belfast. We wanted to find out what happens to a dollar spent at a local store versus a dollar spent at a chain.

Using a variety of sources, we created an expenditure pro-

file for a major big-box retailer operating in the region and estimated that only 14 percent of the revenue taken in by the store is re-spent within the state. Payroll accounts for most of this in-state spending. The rest, 86 percent, leaves the state, flowing to corporate headquarters and out-of-state suppliers.

We then surveyed about a dozen locally owned retail businesses and found that 54 percent, or more than three times as much, of their sales revenue was re-spent within the state (almost all of it within the surrounding two counties).

amount of consumer spending from chains to locally owned stores would generate millions of dollars in new economic activity and create hundreds of new jobs—the equivalent of attracting a major employer.

Lastly, it's worth noting that in a time when so many cities are ringed by identical sprawling boxes or overrun by ubiquitous chains like The Gap and Starbucks, uniqueness has become a rare and valuable economic asset. Those communities that have protected their distinctive character and maintained many one-of-a-kind businesses are more interesting



Studies have shown that land-hungry chains, strip shopping centers, and fast-food outlets frequently require more in services than they produce in revenue.

These independent retailers support a variety of other local businesses, we found. They advertise in local newspapers, bank with local banks, purchase inventory and supplies from local firms, and hire local accountants, printers, web designers, and so on.

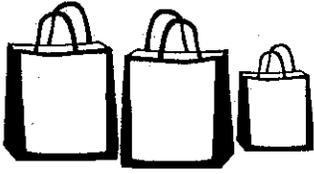
When local retailers are replaced by chains, all of these other businesses suffer. The implications for the way cities approach economic development are significant. Our study concluded that shifting a small

places to live and visit. They are also more likely to attract skilled workers and entrepreneurs—the kinds of people many economists consider to be key drivers of job creation and prosperity in today's economy.

Aside from the economic benefits, there's much to be said for the civic value of patronizing businesses owned by our neighbors—people who

don't on page 4





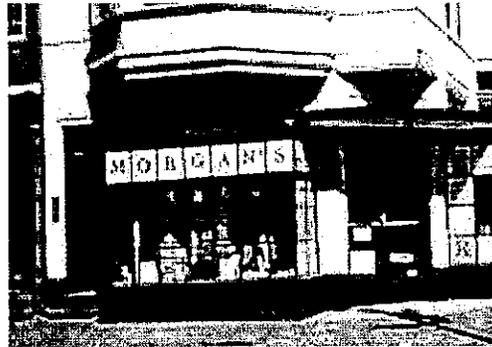
## Protecting locally owned retail

greet us by name, send their kids to school with our kids, and have a vested personal interest in the long-term health of the community. Our study in Maine found that local merchants contribute, relative to their overall size, more than four times as much money to charitable causes as Wal-Mart does and twice as much as Target.

Altogether, it's a pretty high price to pay to save a few bucks and even that claim may not hold up to scrutiny and time. As they've gained market share, Barnes & Noble and Borders have sharply reduced the number of books they offer at a discount. Surveys in New York and Maine have found that independent pharmacies have lower prescription prices on average than drugstore chains like Rite Aid, Walgreens, and CVS. Some evidence suggests that Wal-Mart's prices rise significantly once the company has eliminated the local competition.

### Reviewing and working

Planning and land-use policy provides a powerful tool for communities seeking to limit chain store development and foster small, homegrown businesses. Reviewing and working



While drugstore chains usually promote low prices, surveys in New York and Maine revealed that independent pharmacies offer lower prescription prices on average than chains like CVS, Rite Aid and Walgreens.

to revise local land-use policies should be a core part of any downtown revitalization program. Indeed, strong land-use policies are essential to ensure that years of revitalization work and downtown investment are not undermined by uncontrolled, competing retail growth elsewhere in the community.

Strong land-use policies can also help a downtown recruit new businesses. After the town of Excelsior, Minnesota, expressed a desire to keep out chain retailers, Linda Murrell, director of the Excelsior Area Chamber of Commerce received numerous calls from entrepreneurs and small business owners eager to locate (or relocate) in a community that was committed to its downtown and local merchants.

One of the most common approaches is to prohibit stores over a certain size. What constitutes an appropriate upper size limit depends on many factors, including the community's population, the scale of its existing buildings, and its long-term planning goals. Some towns have banned only the biggest of the big boxes; others have opted for much lower thresholds.

In 1999, prompted by several applications for retail projects that were larger than anything anticipated by the community's comprehensive plan, the town of Easton, Maryland, enacted a temporary moratorium on

construction of large retail stores. It used the time to study the issue and hold a series of public meetings, after which the Planning Commission released a report concluding, "Once a big-box retail store exceeds 65,000 square feet... it is of such a scale that its negative impacts outweigh its positive ones." The town council adopted an ordinance banning stores over 65,000 square feet (about half the size of a typical Home Depot).

Some towns have chosen to send the issue to the voters. After Wal-Mart optioned land on the outskirts of Belfast, Maine, a community of 6,500 in the fast-growing mid-coast region of the state, the city council adopted a temporary moratorium on large stores and placed an initiative banning stores over 75,000 square feet on the ballot.

At first, the council was widely criticized for being "anti-growth." Informal polls suggested more than 60 percent of residents favored Wal-Mart. But an extensive public education campaign by the grassroots group Belfast First turned the tide. "People learned a lot about our economy and about the predatory practices" of large retail chains, noted Mayor Michael Hurly. On election day, voters endorsed the size cap by a 2-to-1 margin.

Size limits have also been enacted by counties to prevent large retailers from setting up shop on unincorporated land just beyond a town's borders. This was the case in Hood River, where the town and county acted simultaneously to bar stores over 50,000 square feet. Another example is Coconino County, Arizona, which banned stores over 70,000 square feet after big-box developers threatened to locate on the outskirts of Flagstaff if blocked from the city itself.

In some cities, these measures are being adopted at the neighborhood level. The Brookside district in Kansas City bans stores over 10,000 square feet. Stores over 4,000 square feet are prohibited in several San Francisco neighborhoods. The aim is to keep out chains like J. Crew and The Gap, which generally require larger formats, and to maintain local, neighborhood-serving businesses.

### Steering growth to Downtown

A number of cities have adopted land-use rules that steer new retail development to areas in or adjacent to the downtown or other established business districts. This supports a more efficient use of land and public



Capping the size of retail stores is a powerful tool to limit the impact of sprawl.

infrastructure, and preserves the vitality of existing commercial centers, rather than allowing economic activity to shift to other parts of town.

The planning policy of Hailey, Idaho, for example, states that the downtown "should be the primary commercial center of the community." The city's policy calls for developing any vacancies in the central business district before allowing commercial growth in other areas. In 1995, the Idaho Supreme Court upheld this policy, noting that "preserving... the economic viability of a community's downtown business core can be a proper zoning purpose."

#### Expanding an Economic Impact Review

Cities and towns commonly make decisions about retail development without objective information on the potential costs and benefits. Often, in fact, the only economic data available is provided by the developer. Officials may know how many jobs a store will create, but they rarely know how many it will eliminate.

To ensure adequate scrutiny of retail projects, many communities are enacting policies that require retail projects over a certain size to undergo a comprehensive economic and community impact review. To gain approval, the project must meet specific criteria outlined in the law.

One town currently working on such a measure is Homer, Alaska, a community of 4,700 people on the breathtaking Kenai Peninsula. Homer has a vibrant downtown with a multitude of locally owned businesses. Last November, the supermarket chain Kroger caused an uproar when it announced plans to build a 94,000-square-foot Fred Meyer store. The city council passed a temporary measure prohibiting stores over 40,000 square feet, which will remain in place pending permanent regulations to set impact standards and store size limits.

An ordinance now under consideration would require proposals for retail stores over 15,000 square feet to undergo a review. The project's impact on traffic, scenic and historic resources, tax revenue, city services, employment, the

downtown business district, and the town's character would be examined. If officials determine that the store's costs outweigh its benefits, then the developer would be denied a permit to proceed. To cover the costs of the review, which could entail hiring independent analysts, developers would pay a fee of \$300 per 1,000 square feet.

#### Restricting "Formula" Businesses

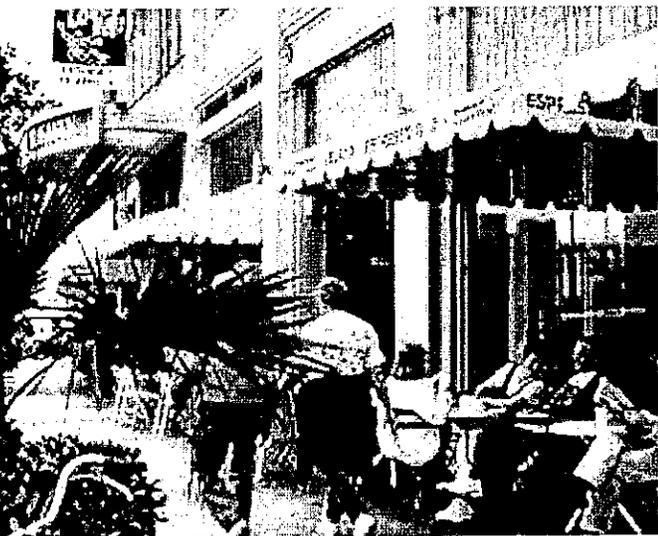
Some communities have concluded that, regardless of their size, "formula" businesses are rarely if at all acceptable due to their impacts on community character and the local economy. Formula business are legally defined as businesses that adopt standardized services, methods of operation, decor, uniforms, architecture, or other features virtually identical to businesses elsewhere.

About a dozen towns have banned or limited the number of formula restaurants or retail stores allowed within their borders. Coronado, California, for example, allows no more than 10 formula restaurants and requires a special review and permit for formula retail stores. Bainbridge Island, Washington, bans all formula restaurants.

Formula business ordinances are garnering more interest as chain drugstores, fast-food outlets, clothing retailers like The Gap and Banana Republic, and even Wal-Mart and Home Depot, which recently unveiled urban prototype stores, increasingly seek locations in town centers and urban neighborhoods.

San Francisco, for example, is currently considering a measure that would ban formula businesses entirely from certain areas and require neighborhood notification and a public hearing for those proposed

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To maintain its distinctive character, Coronado, California, allows no more than 10 formula restaurants downtown and requires a special review and permit for chain stores.

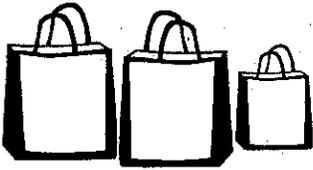
## COMMERCIAL BLIGHT

One of the most compelling reasons to establish limits and standards for retail development is to avoid the epidemic of vacancy and shopping center blight that is now sweeping the country.

Countless strip malls are shuttered and idle. About one-third of all enclosed malls are in serious financial distress; hundreds have already closed. Even the big boxes are going dark as companies like Wal-Mart and Home Depot abandon existing outlets to build ever larger stores. Wal-Mart alone has more than 350 empty stores nationwide. Some communities are now home to dozens of vacant boxes, creating eye-sores and blight that can affect nearby property values.

The problem is that most cities are "over-zoned" for retail. Cities tend to zone huge swaths of land along every highway and major roadway for retail development—far more retail than residents can actually support. For developers and chain retailers, it's cheaper to colonize greenfields than to redevelop existing shopping centers.

Limiting new retail growth to defined areas adjacent to existing business districts, setting store size limits, and establishing economic impact criteria are some of the planning tools that can save your community from this fast-growing epidemic.



# Protecting locally owned retail

elsewhere. "The increasing number of formula stores has a homogenizing effect on our neighborhoods and makes it more difficult for local and independent businesses to have a foothold in the city," says the ordinance's sponsor, Supervisor Matt Gonzalez.

## Regional Cooperation

In some areas, neighboring communities are beginning to work together to develop regional planning policies and joint strategies for controlling retail sprawl. Although very challenging to accomplish, regional planning is increasingly important given the fact that the impacts of large retail developments---from traffic congestion to small business closures---are typically felt far beyond the host town's borders.

A good model comes from Cape Cod, Massachusetts, a region with a fast-growing population of 227,000. In 1990, residents voted to create a regional planning body called the Cape Cod Commission. The commission reviews all proposals for commercial development over 10,000 square feet. The review process involves a public hearing and focuses on the project's impact on the environment, traffic, community character, and the local economy. Applicants bear the burden of demonstrating that the project's benefits outweigh its detriments.

A Regional Policy Plan, updated every few years, provides the commission with standards and guidelines for reviewing applications. Several large retailers, including Wal-Mart, Costco, and Home Depot, have been turned down as a result of this process.



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In some areas of the country, neighboring communities are joining forces to develop regional planning policies and strategies to control retail sprawl.

## RESOURCES

### MODEL ORDINANCES

The Institute for Local Self-Reliance maintains an on-line clearinghouse of ordinances, including the kinds of policies described here and many others, along with related resources, at [www.newrules.org](http://www.newrules.org).

### ORGANIZATIONS

**Institute for Local Self-Reliance** - [www.newrules.org](http://www.newrules.org)  
Research, technical assistance, and innovative policies to curb chains and rebuild strong local economies.

**Sprawl-Busters** - [www.sprawl-busters.com](http://www.sprawl-busters.com)  
Expert advice and loads of information on beating big box retailers.

**American Independent Business Alliance** - [www.amiba.net](http://www.amiba.net)  
Tools for raising public awareness of the benefits of supporting local businesses.

**Business Alliance for Local Living Economies** - [www.livingeconomies.org](http://www.livingeconomies.org)  
Help building local business networks to foster sustainable communities.

### NEWSLETTERS

*The Home Town Advantage Bulletin* - A free, bimonthly email newsletter reporting on successful community efforts to limit chain store proliferation and strengthen locally owned retail businesses. Keep abreast of the latest trends, research and strategies. To browse back issues or sign-up: [www.newrules.org/hta](http://www.newrules.org/hta)

### BOOKS

*Going Local: Creating Self-Reliant Communities in a Global Age* by Michael Shuman (The Free Press, 1998).

*The Home Town Advantage: How to Defend Your Main Street Against Chain Stores and Why It Matters* by Stacy Mitchell (ILSR, 2000).

*How Superstore Sprawl Can Harm Communities and What Citizens Can Do About It* by Constance E. Beaumont (National Trust for Historic Preservation, 1994).

*Slam-Dunking Wal-Mart: How You Can Stop Superstore Sprawl in Your Hometown* by Al Norman (Raphel Marketing, 1999).

*10 Reasons Why Vermont's Homegrown Economy Matters and 50 Proven Strategies to Revive It* by Stacy Mitchell (Preservation Trust of Vermont, 2003).

### MAIN STREET NEWS

"Chains on Main." *Main Street News*, September 2001.

"The Discount Jitters." *Main Street News*, April 1994.

"Planning Tools for Main Street." *Main Street News*, October 1996.

"Smart Growth: New Opportunities for Main Street," *Main Street News* January/February 2000.

"Smart Growth: Planning and Zoning," *Main Street News*, April 2002.

"Smart Growth: Retail Caps." *Main Street News*, December 2002

"Smart Growth: Smart Codes." *Main Street News*, September 2003

"Smart Growth: Temporary Development Controls," *Main Street News*, October 2002

"When Chain Drugstores Come to Town." *Main Street News*, November 1998.

## calendar of events

March 17-19, 2004

The California Downtown Association, 2004 Spring Conference  
El Segundo, Calif., 888-429-1224 or e-mail:  
info@californiadowntown.com  
http://www.californiadowntown.com/conferences/e1/fall/

April 17-19, 2004

International Downtown Association,  
2004 Spring Conference  
Houston, Tex., 202-393-6801 or e-mail:  
question@ida-downtown.org  
www.ida-downtown.org

April 21-22, 2004

International Economic Development  
Council, Business Retention and Expansion  
Columbus, Ohio, e-mail: lmaloy@iedconline.org  
http://www.iedconline.org/prodev\_BRE\_GA.html

April 22-23, 2004

Project for Public Spaces,  
How to Turn a Place Around  
New York, N.Y., 212-620-5660  
or e-mail: jwintrob@pps.org  
http://pps.org/nyc\_training.htm

April 24-28, 2004

American Planning Association: Celebrate  
Community, APA National Conference  
Washington, D.C., 202-872-0611  
or e-mail: Confregistration@planning.org  
www.planning.org/

April 27-28, 2004

Main Street New Jersey, Guiding Design  
on Main Street  
Trenton, N.J., 609-633-9769  
www.state.nj.us/dca/dhcr/msnj.htm

May 1, 2004

NTHP, Nomination Deadline for National  
Preservation Honor Awards  
202-588-6000 or e-mail: awards@nthp.org  
www.nationaltrust.org/preservation\_awards/  
index.html

May 6-8, 2004

Texas Historical Commission, 2004 Annual  
Conference: "Recognizing Resources,  
Preserving Places"  
Fort Worth, Texas, 512-463-6255  
www.thc.state.tx.us

May 9-12, 2004

NMSC, 2004 National Main Streets  
Conference: Revitalization Resources:  
Money, Places, Partners  
Albuquerque, N. Mex., 202-588-6329  
http://www.mainstreet.org/Conferences/  
NTM/index.htm

May 11-14, 2004

U.S. Department of Energy, 2004 National  
Conference for States and Communities  
Minneapolis, Minn., 202-586-8296  
or 202-586-2621

May 18-20, 2004

Heritage Ohio/Downtown Ohio, Inc.,  
Annual Preservation/Revitalization  
Conference and Awards  
Dayton, Ohio, 614-258-6200 or e-mail:  
downtown@heritageohio.org  
www.heritageohio.org

July 21-22, 2004

Main Street New Jersey,  
Creating Economic Opportunity  
Trenton, N.J., 609-633-9769  
www.state.nj.us/dca/dhcr/msnj.htm

Calendar entries of state, regional, and national interest may be submitted in writing by the fifth of each month for the following month's newsletter. We reserve the right to edit all entries based on appropriateness and space.

ities are actively shaping their own future. For further information and assistance in applying these policies in your community, see the resources listed in the sidebar on page 6.

*Stacy Mitchell is a researcher with the Institute for Local Self-Reliance and author of The Home Town Advantage: How to Defend Your Main Street Against Chain Stores and Why It Matters. She produces The Home Town Advantage Bulletin, a free e-mail newsletter on strategies to curb chains and strengthen locally owned business, and has advised community organizations, small business groups, and policymakers nationwide.*



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Years of revitalization work in downtowns and neighborhood business districts can be undermined by uncontrolled retail development elsewhere in the community. Not only can this growth be an eyesore that damages a town or city's sense of place; it can also have an adverse impact on traffic, tax revenue, public services, and employment.

These are just a few examples of the innovative planning policies cities and towns are adopting to curb chain store sprawl and rebuild their local economies. Rather than accepting the one-size-fits-all model of development, these commu-

## JOB ANNOUNCEMENTS

### Executive Director

The Municipal Service District serving Historic Uptown Shelby, the central business district in Shelby, North Carolina, (pop. 22,000) is seeking a progressive professional to direct the activities of a nationally recognized, established Main Street program. The executive director serves as chief administrative officer and assumes supervisory, administrative, and professional responsibilities associated with economic project development, planning, board and committee organization, and marketing. This position requires an individual with a minimum of 5 years' progressive experience as manager/executive director in the field of uptown development and the Main Street program. Bachelor's degree from an accredited college/university in the field of public adminis-

tration, economic development, or a related field required; masters or related advanced degree preferred. Extensive experience with economic development projects, historic preservation, historic tax credits, and mixed-use development required. Written, computer, and oral communication skills imperative, along with ability to handle budgeting, public relations, and contract negotiations. Salary and benefits negotiable. Position will remain open and applications may be accepted until filled. EOE. Submit letter of interest, resume, salary history, and examples of work to: USA Search Committee, P.O. Box 2042, Shelby, NC 28151.

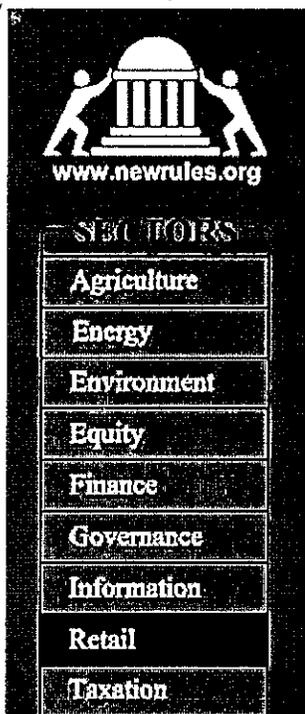
### Executive Director

The Berlin Main Street Program is seeking an executive director to direct downtown revitalization activities

along with a volunteer board of directors in this New Hampshire community. The director will work with local businesses, government, and community organizations to build on events, economic development projects, and community projects. Applicants should have experience in public policy, planning, economic development, and marketing. Good communication, team-building, management, and computer skills essential. Competitive salary and benefits, with training and support from the New Hampshire Main Street Center in Concord. Northern New Hampshire offers a great quality of life, and access to superb skiing, hiking, and outdoor activities. Send resume to: BMSP, 220 Main St., Berlin NH 03570 or e-mail to msp@ncia.nec.







new rules : retail

# The Hometown Advantage

Reviving Locally Owned Business

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What's New - by date

Hometown Advantage

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## Bucking the Chain Store Trend

By Stacy Mitchell  
originally published in *Rocky Mountain News*, March 17, 2000

Chain stores are sprouting up on the American landscape as fast as vicious weeds. Their proliferation has made traveling an unsettling experience - a constant *deja vu* of arriving in places virtually identical to the ones left behind. So it was with my first trip to Colorado. I drove from the Denver airport to Boulder, through an area with the same placeless landmarks found everywhere: Wal-Mart, Blockbuster, Petsmart, Office Max and Starbucks.

Boulder proved a welcome relief. Here I found a bookstore with a one-of-a-kind selection, a hotel like no other, and a singular cafe with a dynamite breakfast. But this gem of a city may not retain its character and sense of place for long. Barnes & Noble, Starbucks, and Circuit City are already here. Borders Books is on the way.

Rather than succumb to national trends, Boulder residents are taking action. They are lining up behind the Community Vitality Act (CVA), a package of local ordinances that aims to strengthen homegrown businesses.

The act would give local businesses preference for city contracts, limit the number of new formula business (those that are not unique, but rather look and operate like businesses elsewhere), and require that new stores in one area of town undergo a special review to ensure that they will not negatively affect the community.

Boulder is not the only place taking action. Communities across America - from Santa Cruz, Calif., to Greenfield, Mass., - have enacted or are considering measures similar to the CVA.

What's at stake here is not only the character of our communities, but a competitive retail economy. As consumers, we ought to be alarmed that every sector from books to hardware is now dominated by two or three firms.

These firms tend to enter a new market sporting deep discounts and a blitz of advertising. The discounts last about as long as the local competition. In Virginia, for example, a survey of Wal-Mart stores found that prices varied by as much as 25 percent depending on whether the chain still faced local competitors.

Retail consolidation also means fewer choices. Each of Blockbuster Video's 4,000 stores carries 12,000 cassettes. That's 48 million videos. Among them you'll find thousands of copies of *Notting Hill*. But try finding *Killer's Kiss*, an early Stanley Kubrick film. Or *The Times of Harvey Milk*, an important and award-winning documentary.

### RESOURCES

Articles & Reports  
Big-Box Impact Studies  
Factsheets  
Legislative Platform  
News Archive  
... more tools & how-to

### RULES

**LOCAL POLICIES:**  
Community Impact Review  
Comprehensive Plans  
Development Moratoria  
Formula Business  
Restrictions  
Local Purchasing  
Preferences  
Neighborhood-Serving Z  
Store Size Caps

**REGIONAL POLICIES:**  
Regional Impact Review  
Tax-Base Sharing

**STATE POLICIES:**  
Big Box Tax  
Corporate Income Tax  
Reform  
Curbing Corporate Welfare  
Internet Sales Tax Fairness  
Limiting Vertical Integration  
Local Purchasing  
Preferences  
Mandatory Impact Review  
Pharmacy Equity Laws  
Protecting Franchisees

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Not all, but some of the nation's independent video stores carry these two films. In fact, among independent stores, you'll find selections as varied as the owners themselves. But these stores are rapidly disappearing. Blockbuster now rents one out of three videos nationwide.

**NATIONAL POLICIES:**  
Antitrust: Price Discrimin  
Internet Sales Tax Fairne

**RELATED POLICIES:**  
Community-Owned Spor

A similar dynamic is at work in the book business. Although local bookstores tend to be smaller than Barnes & Noble and Borders, collectively they stock and promote far more titles. They take risks on unknown authors and small publishers. Writers like Barbara Kingsolver and Amy Tan contend that, without the help of independent booksellers, their first novels would have slipped quietly in and out of print.

Independent booksellers now account for less than 17 percent of the market, down from 58 percent in 1972.

Even if chains do save us a few bucks now and again, it comes at a great cost. Local business owners live in the community and invest in its welfare. They chair neighborhood organizations, host community events, and, according to the U.S. Small Business Administration, give more time and money to charitable organizations than do their large competitors.

They also contribute far more to the local economy, by keeping profits in the community and patronizing other local businesses, like the neighborhood print shop or community bank. Chain stores centralize these functions at their head offices and keep local spending to a minimum.

Reviving the independent business sector will depend not only on the decisions we make as consumers, but on the decisions we make as citizens. The ugly truth about chain store expansion is that it has been driven in large part by public policies that tilt the playing field.

Failure to enforce antitrust law has enabled large chains to pressure suppliers for discounts that are not made available to independents - even on orders of the same volume. Chain stores also benefit from sizable public subsidies. Target, for example, received \$20 million to build a distribution center in Wisconsin. Long Beach, Calif., waived \$6 million in taxes to attract Kmart. Local land use laws, as well, often encourage sprawling big box development that undermines the viability of existing retail districts.

It need not be this way. Boulder is one of a growing number of communities that are developing policies that lead to a different future, one where locally owned business are a thriving part of the economy.

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-Stacy Mitchell is a researcher with the Minneapolis-and Washington, D.C.-based Institute for Local Self-Reliance ([www.newrules.org](http://www.newrules.org)) and author of "The Home Town Advantage: How to Defend Your Main Street Against Chain Stores and Why It Matters."

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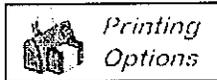
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## News

### Main Street Fights Chain Street

December 06, 2005

By Carolyn Said, *San Francisco Chronicle* Staff Writer

Last year, Neal Sofman had a eureka moment in response to a wonky economic analysis of locally owned stores compared with chain retailers.

Sofman, president of San Francisco's A Clean Well-Lighted Place for Books, was reacting to a study of Chicago merchants showing that local retailers recirculate far more of their sales dollars within the local economy than do chain stores.

"I thought, 'Now we've got something to tell the public,'" Sofman said. "With this new study, we've got a tool in our arsenal to tell people, 'Here's a good reason to shop at your locally independently owned business.'"

He showed the study to other San Francisco merchants. They invited still more local business leaders to discuss it. They formed a steering committee. Things kept snowballing and this autumn they formed a group called San Francisco Locally Owned Merchants Alliance.

Its goal is modest: Identify locally owned businesses and urge consumers to shop locally because it benefits their community.

While merchants associations have been around for generations, the alliance is on the cutting edge of a burgeoning grassroots movement: Local businesses are joining forces to woo shoppers with public education campaigns appealing to their civic pride rather than their pocketbooks.

Instead of "prices slashed" ads, the groups promote such concepts as fostering a sustainable local economy and preserving unique regional character.

This year, with movements against big-box retailers, particularly Wal-Mart, gathering steam, buy-local campaigns are taking on extra resonance as small businesses from booksellers to flower shops to pharmacies try to persuade shoppers that they benefit in numerous tangible and intangible ways by patronizing locally owned concerns rather than chain stores.

"There is a growing consciousness and in turn more volume. We have thousands of businesses participating," said Don Shaffer, head of the Business Alliance for Local Living Economies, a San Francisco nonprofit group that acts as an umbrella organization for 22 local-business alliances across the United States and Canada,



including San Francisco's new merchants group.

Besides retail, the business alliance encompasses food, building materials, energy, capital, media, and manufacturing sectors. Shaffer is co-owner of Comet Skateboards, a San Francisco solar-powered factory producing skateboards made from sustainable materials.

A similar umbrella group, the American Independent Business Alliance in Bozeman, Montana, supports about 20 local coalitions nationwide and organizes an annual campaign called America Unchained that encourages shoppers to eschew chain stores for one day. This year the day was Nov. 19.

Both umbrella groups provide how-to guides and other resources for local merchants who want to start buy-local campaigns. For the crucial holiday sales season, several dozen alliances of local retailers around the country are campaigning. Their names make their missions clear -- Sustainable Chicago, Keep Louisville (Kentucky) Weird, Buy Local First Utah, Raleigh (North Carolina) Un-Chained, and Homegrown El Paso (Texas).

San Francisco will have a Shop Local First Week from December 5 to December 10, culminating in a Shop Local First Day on Dec. 10 showcasing local artisans and manufacturers of everything from jewelry to guitars to fair-trade coffee at retail booths in Union Square. The campaign is backed by the Small Business Commission and Mayor Gavin Newsom, who will present an award to the five most innovative small-business entrepreneurs.

All the campaigns carry a similar message.

"The idea is to get people to think more about where their dollar is being spent and what it means to the community," Shaffer said. "There is a strong undercurrent of people who want to maintain the unique character of their neighborhoods and towns. Having a flourishing small-business sector is key to that; otherwise everywhere ends up looking like suburban Phoenix or Dallas."

Shop-local advocates say this is a critical juncture for American towns. The rise of discount mass-market merchandisers like Wal-Mart has siphoned shoppers away from mom-and-pop stores, forcing many to close and leading to the decay of downtowns across the country, they say.

"There's a danger we'll pass a point of no return and lose that part of the fabric of American life," said Stacy Mitchell, a senior researcher in Maine with the Institute for Local Self-Reliance, an organization focused on community-based economic development.

Mitchell cites a litany of grim statistics from her 2000 book, *The Hometown Advantage: How to Defend Your Main Street Against Chain Stores and Why It Matters*.

The United States has lost 5,000 independent hardware stores since the late 1980s, she said. From 1990 to 2000 it lost more than 10,000 independent pharmacies. More than 2,000 independent booksellers closed in the 1990s.

"Corporate retailers have taken over a huge chunk of our economy," she said. "If we lose such a mass of independent businesses that the distribution channels and whole infrastructure that supports them becomes too anemic" it may be too late to reverse the trend, she said.

But some in the retail industry say the data are misleading and chains don't hurt small stores.

"The failure rate in the first few years for all retailers has stayed consistent over many years at above 90 percent," said Ellen Davis, a spokesperson for the National Retail Federation, a Washington trade group representing thousands of retailers both large and small.

"There is a perception by some that large retailers don't have a place in many communities," Davis said. "It's certainly opinion but not necessary fact. There are many instances where large retailers have very much helped the communities in which they're located -- bringing in jobs and tax revenue and also helping small retailers by bringing in customers from wider geographic areas."

Davis said she thinks most people like chains because they're familiar and have low prices, while they like small stores for quality and customer service.

"People have proven they like to shop where prices are low," Davis said in defense of chain stores. "They like to know when they travel to Cleveland and go to a restaurant, hotel or retail store, they will be able to get what they need quickly, or when they buy a gift for their niece in New York, she can return it at a store close to her."

Davis cited a study by Global Insight Research showing that Wal-Mart (which is not a member of her group) contributes to lower consumer prices. Wal-Mart financed the study and provided data for it, but did not otherwise influence its findings, Global Insight said. The study said that although Wal-Mart "seems to displace other retail establishments," that was offset by an overall increase in retail jobs.

But buy-local advocates point to a range of studies showing that locally owned businesses contribute more to local economies than do chains.

One of the most frequently cited is the one that inspired San Francisco bookstore owner Sofman.

The study of Chicago's Andersonville neighborhood compared the economic impact of 10 local businesses and their chain competitors. It found that for every \$100 the retailers brought in through sales, the local firms returned \$68 to the Chicago economy through wages and benefits, purchase of goods and services like office supplies and accounting, profits to local owners, and charitable giving. At the chain stores, \$43 of every \$100 in spending was recirculated in the local economy.

"We found it's pretty stark how much money stays within the community in a locally owned business compared to nationally owned," said Matt Cunningham, a partner in Civic Economics, the firm that did the study. One big factor, he said, is that chains tend to hire contractors for such things as advertising, computer work and public relations through their corporate headquarters, while local firms hire local vendors.

A surprising discovery, Cunningham said, was that local firms bring in about the same amount of revenue per square foot as do the behemoths. "Of course, Wal-Mart generates more sales in a 180,000-square-foot store because it's so big, but it doesn't make more sales dollars than however many small businesses you add together to get 180,000 square feet," he said.

The shop-local movements are so new that there isn't much data on their effectiveness. Mitchell from the Institute for Local Self-Reliance said a survey of 1,000 shoppers after a one-month Buy Local campaign in Philadelphia found that 17 percent of them were aware of the campaign and 7 percent said it made them more likely to patronize independent businesses.

Meanwhile, 57 percent of the participating stores said the campaign had a positive impact on their business, 21 percent said they had an increase in sales, and 90 percent said they would participate again.

Experts said that amount of change may be enough.

"If (local merchants) can influence even 5 percent (more) consumers to spend in their stores, that's significant impact," said Richard Feinberg, professor of retail management at Purdue University in Indiana and director of its Center for Customer-Driven Quality. "It can make the difference between life and death for a small retailer."

Consider Kepler's bookstore in Menlo Park, which was forced to close this fall because chains and online stores had depressed its sales, but re-opened a month later after rallying new investors and community support. One of its messages to customers, according to Hut Landon, executive director of the Northern California Independent Booksellers Association, was that they could support it by simply switching some of their purchases away from other sources to Kepler's.

Studies show that frequent book-buyers purchase 20 volumes a year, eight of them at independent bookstores and the rest either online or at such sources as airports, chains and discounters, Landon said. "If people just buy 12 out of 20 (books at independent stores), that's all you have to do and we'll be fine," he said.

While the current crop of campaigns focuses on shoppers, appealing to legislators may be the next wave. Many merchants have begun to protest when their city or county offers financial incentives to a chain store to move into the region.

In Austin, Texas, local merchants used another study by Civic Economics that focused on Borders versus local booksellers. It found that Borders returned \$13 out of every \$100 spent to the community, while the independent stores returned \$45. That data helped convince the city not to subsidize a development that included a Borders store.

The San Francisco Locally Owned Merchants Alliance, the Business Alliance for Local Living Economies, and the San Francisco Small Business Commission are now in full swing with a shop-local campaign using the tagline "Shop here and your money stays here." A list of 10 reasons to shop locally draws upon studies like that by Civic Economics.

On a recent afternoon, Shaffer and Agnes Briones, executive director of the commission, went door to door in the West Portal neighborhood to talk to merchants about the campaign and offer them promotional literature to display to customers.

At West Portal Books, a second-hand store overflowing with used books, they found a case study on the timeliness of their campaign. Diane Goodman, who has owned the store since 1992 with her husband, Jeffrey, said that, like many small booksellers, they're struggling to compete with big chains like Barnes & Noble and Borders and online sellers like Amazon.com and eBay.

"We've seen a steady drop in sales," she said. "We're not making it with books. We may get into another product before we go into debt."

She planned to attend a business expo to get ideas about different type of merchandise. The couple had also discussed becoming a nonprofit outlet where people can trade books, she said.

Living a few blocks away, the Goodmans feel tied to the neighborhood. They don't aspire to riches -- "We don't own a car and probably never will," she said -- but they can't continue to have their sales dwindle while rent, utilities, and other costs rise.

Goodman took a Shop Local sign to hang in her window and some literature to hand out to customers.

"This is hopeful," she said. "We need all the publicity we can get."

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Resources for shop-local movements:

### Organizations

-- Business Alliance for Local Living Economies, [www.livingeconomies.org](http://www.livingeconomies.org): San Francisco umbrella group for independent local business networks around the country; provides resources and information on starting shop-local campaigns.

-- American Independent Business Alliance, [www.amiba.net](http://www.amiba.net): Bozeman, Mont., consortium of local business alliances. Sponsors America Unchained, annual campaign to encourage shoppers to eschew chain stores for one day; this year it was on November 19.

-- San Francisco Locally Owned Merchants Alliance, [www.sfloma.org](http://www.sfloma.org): New organization to promote locally owned independent businesses in San Francisco through education about their positive economic impact on the community.

-- San Francisco Made, [www.sfmade.org](http://www.sfmade.org): Nonprofit that promotes San Francisco manufacturers of consumer products.

-- Oakland Unwrapped, [www.oaklandunwrapped.org](http://www.oaklandunwrapped.org): Nonprofit group being formed to support local stores in Oakland. Founder Erin Kilmer-Neel is seeking funding and hopes to start this spring with an e-commerce site featuring local merchants.

-- Institute for Local Self-Reliance, [www.ilsr.org](http://www.ilsr.org): Promotes sustainable communities. Its retail section is at [www.hometownadvantage.org](http://www.hometownadvantage.org).

### Reports

-- Andersonville study, [www.andersonvillestudy.com](http://www.andersonvillestudy.com): 2004 report by Civic Economics comparing the economic impact of 10 local businesses in the Andersonville neighborhood of Chicago versus their chain competitors. Links to other studies are at [www.sfloma.org/studies.htm](http://www.sfloma.org/studies.htm) and [www.livingeconomies.org/localfirst/studies](http://www.livingeconomies.org/localfirst/studies).

-- Global Insight, [www.globalinsight.com/walmart](http://www.globalinsight.com/walmart): For the other side of the story, this independently produced study financed by Wal-Mart says the giant retailer has helped drive down prices and its impact on small stores is offset by a net increase in jobs.

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**Topics:** [News - Bookselling](#), [Main Street Alliances/Advocacy Issues](#),

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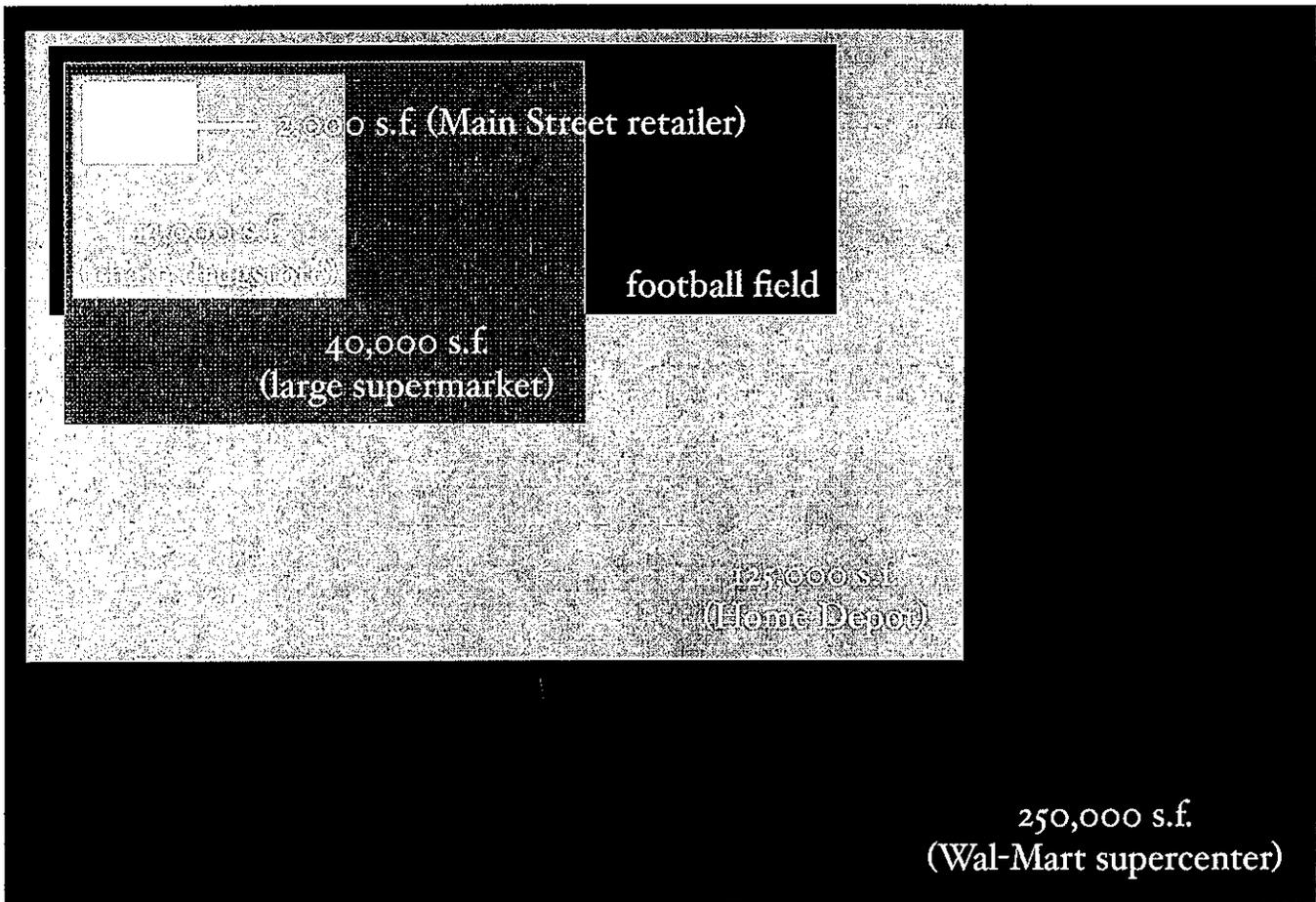
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# How Big is Too Big?



## *Notes on store sizes:*

Wal-Mart and Target are currently building "supercenters," which combine their usual array of merchandise with a full supermarket and numerous specialty services from cut flowers to eye glasses. Supercenters typically range from 180,000 to 250,000 square feet, or between 4.1 to 5.7 acres. The parking lots that surround these stores are several times the size of the store itself. Many other big box retail stores—including earlier-generation Wal-Mart outlets, Home Depot, Lowe's, Office Depot, Bed Bath & Beyond, etc.—are in the 60,000 to 140,000 square foot range. Barnes & Noble and Borders Books stores range from 25,000 to 45,000 square feet, or about the size of a very large supermarket. Free-standing chain drugstores operated by Walgreens, Rite Aid, and CVS are generally 11,000-15,000 square feet.

As for independent retailers, there's quite a range. Many Main Street stores are under 1,000 square feet. A full-service neighborhood grocery store might be 10,000 square feet. Locally owned hardware stores generally range from 2,000 to 20,000 square feet. An independent bookstore might be 1,500 square feet.

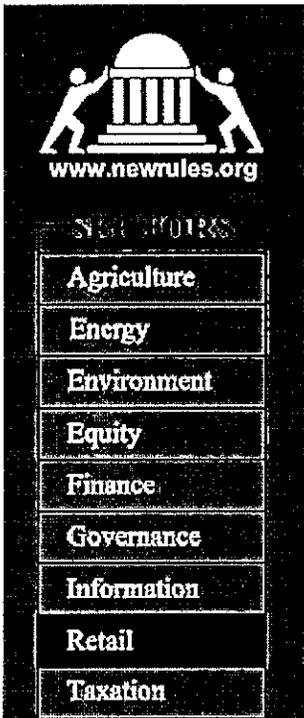
A growing number of cities and towns are adopting **store size caps** to ensure that new retail development is scaled appropriately for the community and does not overwhelm the local economy or exacerbate sprawl and traffic congestion. Most communities choose an upper limit of between 35,000 and 75,000 square feet.

For more information on store size caps and other measures to control big box development in your community, see:

**[www.newrules.org/retail](http://www.newrules.org/retail)**

*Produced by the New Rules Project, a program of the Minneapolis-based Institute for Local Self-Reliance.*





new rules : retail

# The Hometown Advantage

Reviving Locally Owned Business

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## Neighborhood Serving Zones

The arrival of national chain stores often drives-up commercial rents, forcing out small, locally owned businesses that serve the everyday needs of the surrounding neighborhood. This typically occurs when a shopping area becomes a destination for tourists or others who live outside of the immediate area. Neighbors may find their local hardware store or grocery replaced by chain restaurants, apparel stores, and other businesses that can afford to pay higher rents. Enacting a neighborhood serving zoning law can prevent this by requiring that new retail stores demonstrate that a majority of their sales will be derived from the surrounding neighborhood.

### RULES:

#### Palm Beach, Florida

Residents of Palm Beach, an island off the coast of Florida, have converted their main commercial district into a "town-serving zone," which caps its stores at 2,000 square feet and impels them to serve primarily "town persons: those living, or working in Palm Beach. Businesses larger than 2,000 square feet can apply for a special exception use permit provided they can convince the City Council that not less than 50 percent of their anticipated customers will be "town persons".

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Hometown Advantage



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- Articles & Reports
- Big-Box Impact Studies
- Factsheets
- Legislative Platform
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### RULES

#### LOCAL POLICIES:

- Community Impact Review
- Comprehensive Plans
- Development Moratoria
- Formula Business Restrictions
- Local Purchasing Preferences
- Neighborhood-Serving Zones
- Store Size Caps

#### REGIONAL POLICIES:

- Regional Impact Review
- Tax-Base Sharing

#### STATE POLICIES:

- Big Box Tax
- Corporate Income Tax Reform
- Curbing Corporate Welfare
- Internet Sales Tax Fairness
- Limiting Vertical Integration
- Local Purchasing Preferences
- Mandatory Impact Review
- Pharmacy Equity Laws
- Protecting Franchisees

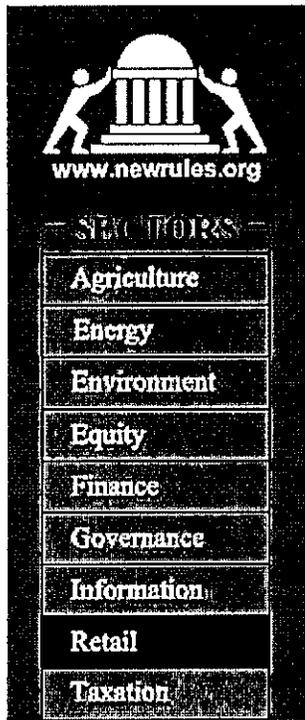
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**NATIONAL POLICIES:**  
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**RELATED POLICIES:**  
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## Store Size Caps

Dozens of communities, recognizing that their local economies can absorb only so much new retail without causing numerous existing businesses to close, have enacted zoning rules that prohibit stores over a certain size. Store size caps help to sustain the vitality of small-scale, pedestrian-oriented business districts, which in turn nurture local business development. Store size caps prevent the many negative impacts of big box development, such as increased traffic congestion and over-burdened public infrastructure, and they protect the character of the community by ensuring that new development is at a scale in keeping with existing buildings.

Store size caps keep out some national retailers that refuse to build outlets smaller than their standard formats. Others will opt to comply with community's size limit by designing smaller stores.

What constitutes an appropriate upper limit for the size of retail stores depends on many factors, including the size of the town, the scale of its existing buildings, and its long-term goals with regard to retail development. Some communities have banned only the biggest of the big boxes. Belfast, Maine, for example, caps stores at 75,000 square feet. Others, like Hailey, Idaho, and Ashland, Oregon, have chosen much smaller limits (36,000 and 45,000 square feet). (For a visual illustration of various store sizes, see [How Big is Too Big?](#))

Like all zoning laws, size caps can apply to the entire city or just a particular neighborhood. San Francisco, for example, bars new stores larger than 4,000 square feet from locating in certain neighborhoods. In the West, some counties have adopted store size caps to keep big box retailers from building in unincorporated areas beyond city boundaries. Outside of the United State, where land use policy is typically set at the national, rather than local, level, some countries, including Ireland and Norway, have adopted nationwide store size caps.

In some cases retailers have tried to get around a size cap by building two or more adjacent stores (see "[Wal-Mart Tries to Skirt Maryland Size Cap Law](#)"). Communities can avoid this by structuring the definitions within their ordinances to treat retailers occupying multiple buildings as a single retail use subject to the cap. For example, see [Hailey, ID](#); [Santa Fe, NM](#); [Agoura Hills, CA](#); [Talbot County, MD](#) and [Tuolumne County, CA](#)

### RULES:

#### NEIGHBORHOOD

##### Brookside - Kansas City, MO

In November 2000, the Kansas City Council voted to approve two new ordinances that will protect the Brookside neighborhood from large-scale, suburban-style chain store development. The first

### RESOURCES

Articles & Reports  
 Big-Box Impact Studies  
 Factsheets  
 Legislative Platform  
 News Archive  
 ... more tools & how-to

### RULES:

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creates the Brookside Business District as a special zoning district, with its own rules and requirements. The second restricts retail uses in the area to 10,000 square feet, except for grocery stores, which may be as large as 25,000 square feet; prohibits drive-through restaurants and other rules.

**NATIONAL POLICIES:**  
Antitrust: Price Discrimin  
Internet Sales Tax Fairne

**RELATED POLICIES:**  
Community-Owned Spor

#### **North Beach - San Francisco, CA**

In response to San Francisco residents' and merchants' concerns, including increased traffic congestion, proliferation of food service uses, the loss of neighborhood-oriented businesses and changes in the local neighborhood character, the City and County of San Francisco created Neighborhood Commercial Individual Area Districts (NCDs) in 1987. These NCDs were established in many San Francisco neighborhoods, including North Beach. Part of the NCD rules relate to limiting large retail outlets.

#### **CITYWIDE**

##### **Agoura Hills, CA**

In 2002, voters in Agoura Hills, a community 20 miles north of Los Angeles, adopted a measure limiting stores to no more than 60,000 square feet. Note that the ordinance's definitions are designed to prevent retailers from evading the size cap by building two or more adjacent stores.

##### **Ashland, OR**

Ashland, a town of 17,000 in southern Oregon, has a citywide ordinance limiting retail stores to no more than 45,000 square feet.

##### **Belfast, ME**

In 2001, after Wal-Mart optioned land on the outskirts of Belfast, Maine, a community of 6,500 in the fast-growing midcoast region, the city council adopted a temporary moratorium on large stores and placed an initiative permanently banning stores over 75,000 square feet on the ballot.

##### **Bennington, VT**

In January 2005, the town of Bennington, home to 9,200 people and located in the southwest corner of Vermont, enacted the following ordinance. It bans stores over 75,000 square feet in one commercial district and 50,000 square feet in the rest of the town. It requires proposals for stores over 30,000 square feet to submit to a community impact review conducted by an independent consultant chosen by the city. The cost of the review is to be paid by the developer.

##### **Boxborough, MA**

At their town hall meeting in March 2000, residents of Boxborough voted to limit the size of new retail development to 25,000 square feet. The measure required a two-thirds margin to pass. It was unanimously recommended by the Board of Selectmen.

##### **Bozeman, MT**

In February 2003, the city of Bozeman, Montana, enacted an ordinance limiting retail stores to no more than 75,000 square feet. The measure makes permanent a temporary moratorium on construction of large retail stores adopted in 2002.

##### **Charlevoix, MI**

The city enacted a measure that caps stores at 45,000 square feet, which is about 20 percent smaller than a football field and about one-quarter the size of a typical Wal-Mart supercenter. The adjacent township of Charlevoix adopted an ordinance limiting stores to no more than 90,000 square feet and those over 50,000 square feet are additionally required to undergo market feasibility and traffic impact studies, and include a plan for reusing the building should the retailer vacate the space.

**Easton, MD**

Prompted by several applications for retail development in excess of 500,000 square feet, larger than anything anticipated by the town's existing Comprehensive Plan, the Easton Town Council enacted a temporary moratorium on new "big box" retail stores in September 1999. In March 2000, the Town Council adopted an ordinance which prohibits retail stores larger than 65,000 square feet and bars the Board of Zoning Appeals from granting a variance to allow a larger store.

**Hailey, ID**

Hailey, Idaho, limits the floor area of retail and wholesale businesses to no more than 36,000 square feet in the town's business and limited business zones and 25,000 square feet in other industrial and commercial zones. Shopping centers with multiple tenants are allowed up to 72,000 square feet in the business zone, 36,000 square feet in the limited business zone, and 25,000 square feet in other industrial and commercial zones.

**Homer, AK**

After two years of consideration—including a review by a city council-appointed task force, numerous public hearings, and a voter referendum—the city of Homer, Alaska, has capped the size of retail stores at 25,000-45,000 square feet and adopted a community impact review process for proposed retail developments over 15,000 square feet.

**Madison, Wisconsin**

In April 2005, Madison, WI, adopted a big-box ordinance that imposes some limits on the size of retail stores, but it is quite permissive compared to other examples on this site. The ordinance limits retail buildings to a footprint of no more than 100,000 square feet, which is about the same land area as two football fields. Because the limit is on the footprint of the building, rather than the gross leasable area of the store, the rules allow stores to be larger provided they are multi-story.

**Mt. Shasta, California**

In March 2005, the City Council of Mount Shasta, California, voted 3-2 to enact the following ordinance, which caps stores at 50,000 square feet and requires proposals for stores over 20,000 square feet to undergo an economic impact review and obtain a conditional use permit.

**North Elba (Village of Lake Placid), NY**

Residents of North Elba, New York spent five years trying to stop Wal-Mart from erecting an 80,000 square foot store within their town. The town's planning board rejected the retailer's plans in January 1996. The planning board was sued by Wal-Mart, which claimed its decision was unsubstantiated, arbitrary and capricious. A New York appellate court upheld the planning board decision. The ordeal prompted the community to enact a size ordinance limiting single retail stores to 40,000 square feet and capping shopping centers at 68,000 square feet.

**Northampton, MA**

In May 2002, the Northampton City Council enacted ordinances prohibiting retail stores larger than 90,000 square feet, and requiring that developers proposing stores larger than 20,000 square feet either construct pedestrian-friendly, two-story buildings contiguous to the street or pay a \$5 per square foot mitigation fee. The fee will be used to fund economic development activities designed to offset the impact of retail sprawl on downtown businesses.

**Rockville, MD**

In August 2000, the city of Rockville enacted the following ordinance, which bans stores over 65,000 square feet and requires

those over 25,000 square feet to comply with design and siting guidelines.

**Santa Fe, NM**

In July 2001, the city of Santa Fe, New Mexico, adopted the following ordinance prohibiting retail stores larger than 150,000 square feet and requiring stores over 30,000 square feet to comply with architectural and site design standards.

**Skaneateles, NY**

After three consecutive six-month building moratoria in response to a proposal to construct a 150,000 square foot shopping center, this small town of 7,500 people adopted a comprehensive town plan which included a zoning restriction limiting retail stores to no more than 45,000 square feet and shopping center sites to no more than 15 acres.

**Taos, NM**

In September 1999, the town of Taos enacted an ordinance restricting construction of large retail stores. The measure bans new stores that exceed 80,000 square feet and requires developers to obtain a special permit to build stores over 30,000 square feet.

**Walpole, NH**

On March 14, 2000, the residents of Walpole voted 3 to 1 to enact a 40,000 square foot size limit on new retail stores and restaurants. The new law was adopted following attempts by Wal-Mart to build in the community in 1999. The retailer withdrew in response to strong opposition from residents.

**Warwick, NY**

The town of Warwick, New York, a rural community about one hour north of Manhattan, enacted a new Comprehensive Plan in 1999 and a new Zoning Code in early 2002. The Comprehensive Plan calls for supporting "small, locally owned businesses and retail centers. The Zoning Code bars stores over 60,000 square feet and shopping centers with multiple stores that together exceed 80,000 square feet.

**Westford, MA**

Even though Westford, MA beat back a Wal-Mart in 1994, the Town Meeting soon after added future protection by prohibiting the building of large retail developments (over 60,000 sq. ft.) and making it harder to build 30,000 - 60,000 sq. ft. developments by requiring that they apply for special permits, allowing time for citizen input and review by planning boards.

**Other Examples**

See some other examples of retail business size limitations.

**COUNTY****Coconino County, Arizona (Flagstaff)**

In August 2001, the Coconino County Board of Supervisors adopted the following ordinance, which prohibits retail stores larger than 70,000 square feet and requires a conditional use permit for those larger than 25,000 square feet.

**Talbot County, MD**

In 2003, the Talbot County Council enacted an ordinance barring stores over 65,000 square feet from locating in any area of the county outside of the boundaries of incorporated cities and towns. Lowe's, a national home improvement chain, gathered signatures to force a ballot referendum on the size cap in November 2004. But voters upheld the cap in a 53 to 47 percent vote.

**Tuolumne County, CA**

In January 2004, the Tuolumne County Board of Supervisors voted unanimously to ban retail outlets over 60,000 square feet (about half the size of the average Home Depot store).

**INTERNATIONAL**

**Ireland**

In 1998, the Irish government enacted a temporary cap on the size of retail stores. The policy was made permanent in 2001. The law restricts stores in the Dublin area to 3,500 square meters (38,000 sq. ft.) and applies a 3,000 square meter (32,000 sq. ft.) limit to the rest of the country. The policy also requires that retail stores be located in town centers whenever possible.

**Norway**

Many countries have taken steps to limit or bar large-scale retail stores and malls, particularly in areas outside of city centers. The intent of these laws is to protect existing local retail districts and to prevent urban sprawl and automobile dependency. A Norwegian law enacted in January 1999, placed a five year moratorium on the construction of retail centers larger than 3000 square meters (32,300 square feet).

**More:**

- **How Big is Too Big?** - Visual illustration of different store sizes, ranging from Main Street retailers to supercenters. Download as a one-page flyer for distribution.
- **Protecting Locally Owned Retail: Planning Tools for Curbing Chains and Nurturing Homegrown Businesses [PDF]** by Stacy Mitchell, Main Street News, February 2004. (c)National Main Street Center, National Trust for Historic Preservation. All rights reserved.

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# The Hometown Advantage

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## Formula Business Restrictions

Formula businesses include retail stores, restaurants, hotels and other establishments that are required by contract to adopt standardized services, methods of operation, decor, uniforms, architecture or other features virtually identical to businesses located in other communities.

Several communities have banned certain types of formula businesses. These laws do not prevent a chain store from coming in, but they do require that the incoming chain not look or operate like any other branch in the country. This has proved a significant deterrent to chains, which generally refuse to veer from their standardized, cookie-cutter approach.

Several cities have prohibited formula restaurants, but not other types of formula businesses (including Bainbridge Island, Carmel, Pacific Grove, Sanibel, Solvang, and York). Others (including Bristol, Calistoga, Coronado, Port Townsend and San Francisco) have placed restrictions on formula retail stores as well.

Rather than banning formula businesses entirely, some communities have capped their number. Arcata, for example, allows no more than nine formula restaurants in the city at any one time.

Most of these ordinance apply citywide, but they may also be written to cover only a specific area within the community, such as a historic downtown district (see Bristol and Port Jefferson).

San Francisco, the only large city with a formula business ordinance, has chosen to take a neighborhood-by-neighborhood approach. Under the law, whenever a formula retail business applies to open, residents in the surrounding neighborhood are notified. They have the option of requesting a public hearing and subjecting the applicant to additional scrutiny. The ordinance allows for varying degrees of regulation in each neighborhood. Some have banned formula businesses entirely. Others neighborhoods may petition the city to allow formula businesses without notification.

These ordinances have been upheld in court. See the June 2003 California Appeals Court decision upholding Coronado's formula business ordinance.

### RULES:

**Arcata, CA**  
 In June 2002, the city of Arcata, California, enacted the following ordinance, which limits the number of formula restaurants in the city to no more than nine at any one time. (The community

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- Community Impact Review
- Comprehensive Plans
- Development Moratoria
- Formula Business Restrictions
- Local Purchasing Preferences
- Neighborhood-Serving Z
- Store Size Caps

#### REGIONAL POLICIES:

- Regional Impact Review
- Tax-Base Sharing

#### STATE POLICIES:

- Big Box Tax
- Corporate Income Tax Reform
- Curbing Corporate Welfare
- Internet Sales Tax Fairness
- Limiting Vertical Integration
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currently has nine formula restaurants. If one closes, the ordinance allows another formula restaurant to take its place.) A formula restaurant is defined as one that shares the same design, menu, trademark, and other characteristics with twelve or more other establishments.

**NATIONAL POLICIES:**  
Antitrust: Price Discrimin  
Internet Sales Tax Fairne

**RELATED POLICIES:**  
Community-Owned Spor

#### **Bainbridge Island, WA**

On June 8, 1989, a public hearing on the subject of formula restaurants was held. Overwhelming public comment favored elimination of formula take-out food restaurants in all zones within the city. A finding and recommendation to that effect was thereafter made to City Council. The City Council finds that formula take-out food restaurants represent a type of business that is automobile-oriented or of a particular nature that the existence of one such restaurant in the High School Road zone is a sufficient maximum number of that use for the village character to be preserved.

#### **Bristol, RI**

In May 2004, Bristol, Rhode Island, a community of 23,000 people about half an hour southeast of Providence, adopted the following ordinance, which restricts formula businesses in the town's historic downtown. The ordinance bars formula businesses larger than 2,500 square feet or that take up more than 65 feet of street frontage from locating in the downtown.

#### **Calistoga, CA**

In 1996, the town of Calistoga, California enacted an ordinance that prohibits formula restaurants and visitor accommodations, and requires that other formula businesses undergo review and apply for a special use permit from the Planning Commission. The city council concluded that regulating formula businesses was necessary to preserve the unique character of Calistoga's downtown commercial district, including "regulating the aspect of businesses. . . that is reflective of the history and people of the community."

#### **Carmel-by-the-Sea, CA**

This small city in the mid-1980s became the first town in the country to enact a formula restaurant ban, which prohibits fast food, drive-in and formula food establishments. In Carmel a business is considered a formula restaurant if it is "required by contractual or other arrangements to offer standardized menus, ingredients, food preparation, employee uniforms, interior decor, signage or exterior design," or "adopts a name, appearance or food presentation format which causes it to be substantially identical to another restaurant regardless of ownership or location."

#### **Coronado, CA**

This city of 20,000 in southern California has two zoning ordinances that limit formula businesses. A formula business is one that is required by contractual or other arrangement to maintain a standardized array of services or merchandise, and standardized architecture, uniforms, logos, decor, etc. Coronado has a formula restaurant ordinance and a formula retail ordinance.

#### **Pacific Grove, CA**

City Code forbids any permits for food establishments that have the following characteristics: specializes in short order or quick service food service, food is served primarily in paper, plastic or other disposable containers, customers may easily remove food or beverage products from the food service establishment for consumption, and it is a formula food service establishment required by contractual or other arrangements to operate with standardized menus, ingredients, food preparation, architecture, decor, uniforms, or similar standardized features.

#### **Port Jefferson, NY**

On June 26, 2000, Port Jefferson, New York enacted an ordinance barring formula fast food restaurants from the village's historic

commercial and waterfront districts. The measure was proposed by the Port Jefferson Civic Association, which has fought to prevent McDonald's from locating in the village center and to protect the community's unique character and ambiance.

**Port Townsend, WA**

The ordinance limits formula retail stores and restaurants to a single commercial zone along the main road leading into Port Townsend (they are barred from all other areas of town, including the historic town center). It further stipulates that formula businesses may not exceed 3,000 square feet in size nor occupy more than 50 linear feet of street frontage.

**San Francisco, CA**

San Francisco's Formula Business Ordinance adds formula businesses to the list of uses that require neighborhood notification under city law. Residents will be notified whenever a formula retail business applies to open in their neighborhood. They will then have the option of requesting a public hearing and subjecting the applicant to a list of criteria. In addition, formula retailers are banned entirely from the four-block Hayes Valley business district and are automatically required to undergo a hearing and review in the Cole Valley neighborhood.

**San Juan Bautista, CA**

In 2004, San Juan Bautista, CA, a village of 1,700 people 45 miles south of San Jose, adopted the following ordinance, which bars all formula retail stores and restaurants, and all stores over 5,000 square feet.

**Sanibel, FL**

As part of Sanibel's efforts to write a Vision Statement which reflects the public's desires to remain a small town community, remain unique through a development pattern which reflects the predominance of natural conditions and characteristics over human intrusions, and avoid "auto-urban" development influences, the city enacted an ordinance banning formula restaurants in 1996.

**Sausalito, CA**

The city has determined that preserving a balanced mix of local, regional, and national-based businesses and small and medium sized businesses will maintain and promote the long-term economic health of visitor-serving businesses and the community as a whole. Therefore, the over-concentration of formula retail businesses will not be allowed, and all permitted formula retail establishments shall create a unique visual appearance that reflect and/or complement the distinctive and unique historical character of Sausalito, and that no such establishment shall project a visual appearance that is homogenous with its establishments in other communities.

**Solvang, CA**

The Land Use Element of the City's General Plan provides that a key issue identified in the process of preparing the General Plan was to maintain the image of Solvang as a small-town village in an open space/agricultural setting. This unique character would be adversely affected by a proliferation of "formula restaurants."

**York, ME**

At a town meeting in May 2004, residents of York, Maine, voted to amend the town's zoning ordinance to prohibit formula restaurants. York is a coastal community of 13,000 people about ten miles north of the New Hampshire border. The measure, which was endorsed by the Planning Board and the Board of Selectmen, notes that York has retained a large concentration of historic buildings and locally owned businesses, and that the town's unique character is important to York's "collective identity as a community."

**More:**

- **Protecting Locally Owned Retail: Planning Tools for Curbing Chains and Nurturing Homegrown Businesses [PDF]**  
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