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**EVALUATING FACTORS ASSOCIATED  
WITH PERCEIVED DOWNTOWN HEALTH  
IN SIXTEEN MICHIGAN CITIES**

**By**

**Norman Raymond Tyler**

**A DISSERTATION**

**Submitted to  
Michigan State University  
in partial fulfillment of the requirements  
for the degree of**

**DOCTOR OF PHILOSOPHY**

**Department of Geography**

**1998**

**Professor Roger Hamlin**

## **ABSTRACT**

### **EVALUATING FACTORS ASSOCIATED WITH PERCEIVED DOWNTOWN HEALTH IN SIXTEEN MICHIGAN CITIES**

**By**

**Norman Raymond Tyler**

Local officials and planners in cities across the country have often undertaken efforts to revitalize their downtowns. A major problem, however, is there has been no generally accepted method of evaluating such efforts.

This study develops a tool, the Health Perception Index, which is useful in evaluating efforts by downtown business and community leaders to revitalize their downtowns, and in determining factors most closely correlated with downtown health.. The Index is multi-dimensional; it can be utilized both in different communities and over varying time periods.

In this study, the Health Perception Index was used to evaluate the downtown health of sixteen study cities in Michigan. The health of the study downtowns were evaluated both as business environments and as social/cultural centers of their communities. The evaluation data was based on a survey of downtown business owners, merchants and local officials. Various factors from the survey were examined to determine which were perceived as most closely linked to downtown health.

Primary findings of the study were that "business mix" was the factor most closely correlated to downtown health and that "browsing shopping" was the business type most closely correlated with a healthy business mix.

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I am grateful to a number of people for their role in the development of this dissertation. I served as Chair of my dissertation committee, and I faced the hurdles inherent in such a role when the problem statement was drafted and the draft was going to the Dissertation Committee for review in an intellectual context. Beyond the accuracy and internal consistency of the perspective, and providing the Urban and Regional Planning context, I provided administrative assistance.

I especially want to recognize the essential ingredient that has never seen this acknowledgment.

Finally, I want to thank my family for enough being supportive and tolerant during the difficult process. I appreciate it.

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I especially want to recognize the study's 365 survey respondents, for they provided the essential ingredient that made this research possible. Although they probably will never see this acknowledgement, I want to recognize their crucial role nonetheless.

Finally, I want to thank my wife, Ilene, for her patience and support. It is difficult enough being supportive of a spouse as they struggle through one dissertation, but her tolerance during the difficult period of completing a second one was very much appreciated.

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## CHAPTER I

### INTRODUCTION

The downtowns of smaller cities are under stress. Retail businesses, especially, are suffering from changing retail patterns and shopping habits. Local residents are more mobile than in past decades. With more comfortable automobiles and convenient highways, residents no longer feel a strong physical connection to their downtowns nor a loyalty to local merchants and their businesses. They feel free to travel to the nearest shopping center or mall, or to another town or city. In the 1960s, suburban shopping centers began growing into serious competitors for downtown's customers. It is a competition that largely has been won by the ubiquitous shopping centers, malls, strip commercial areas and major discount centers.

Given these changes, critical questions arise for those who are interested in preserving traditional downtowns. How should they be planned to face an uncertain future? What should be their economic strategy? Should downtown businesses compete directly against major discounters or chain stores, such as Wal-Mart or Banana Republic, in an attempt to recapture their retail dominance? Should they evolve into new kinds of retail centers, with businesses that don't compete directly with the new chain stores, but are complementary to them? Should downtowns in smaller cities abandon their traditional retail role entirely and become service centers, relying increasingly on office and financial functions? Or are downtowns now obsolete? Should they be allowed to die a natural death, as have other elements of our 19th and early 20th century cities? The larger question underlying all these is—What is the role of downtowns in the 1990s and beyond?



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Various types of individuals (including downtown business owners and merchants, community leaders and city officials, and urban planners) need to better understand these issues, as downtowns still play a central role in our cities—spatially, economically, and socially. Spatially, they are located at the center of urbanized areas, and thus retain the benefits of spatial centrality and focus. City centers also still represent the economic core of most urban areas, even though suburban areas have taken on increased economic importance in recent decades. Additionally, downtowns remain the traditional center of community activity in many cities, and still represent the focus for a community. Because of the multi-purpose role downtowns play, it can be assumed healthy downtowns represent healthy communities.

#### PROBLEM STATEMENT

There is a need for a tool to evaluate the general health of downtowns. Business and community leaders often initiate efforts to revitalize their downtowns, but it is difficult for them to evaluate the impact of these efforts over time because there is no accepted method for such evaluation. What is needed is an evaluation tool which incorporates the breadth of factors affecting general downtown health. Such a tool should look at both economic and social factors. It should incorporate standard evaluation measures (census data, sales figures) with input representing the subjective perceptions of the people who live and work there. Such an evaluative tool should be able to be applied to all downtowns, and be able to monitor the health over time. Without such a tool, efforts at improving downtown health are not soundly based, and lessons learned in one city are difficult to apply to others. As stated by Robertson, "Most studies and policies that relate to the city core address themselves to the question of viability, health, vitality or some other term conveying the desired well-being of the downtown. However, few of these efforts have directly

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confronted the question of what criteria are to be included in the definition of health and how they can be measured."<sup>1</sup>

## SCOPE OF STUDY

This study focuses on the downtowns of sixteen small and medium size cities in Michigan. The cities were purposively selected because of their functional and geographic representativeness. Not included were cities within larger metropolitan areas and cities in the Upper Peninsula.

The study records and analyzes the evaluations of business and community leaders in these cities. Its primary source of information is data collected from an inclusive survey of these individuals. This survey was conducted during one summer (1992) specifically for this study. The survey was distributed to 40 individuals in each of the study cities (640 total), and had an overall response rate of 57 percent.

## RESEARCH QUESTIONS

This study looks at many factors relating to the health of downtowns. However, its primary focus can be defined by listing three primary questions asked throughout the study.

1. Can a meaningful index of downtown health be created?

Such an index is needed to be able to compare a variety of factors in meaningful ways. Through its uniform application, it could be used to compare "apples with apples," rather than "apples with oranges."

2. Can such an index be used to compare various cities and define factors most closely associated with downtown health?

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<sup>1</sup> James and Carolyn Robertson. 1978. *The Small Towns Book*. Garden City, New York: Anchor Press, Doubleday. 136.

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For an index to be useful, it must be shown that it can be put to work. If the index can delineate the factors most closely associated with downtown health, then downtown leaders can better understand which types of revitalization programs on which to focus.

3. Can the index be used to focus on one factor—the mix of business types found in downtowns—and provide relevant recommendations for downtown revitalization based on this one factor?

Previous research has indicated a primary determinant of downtown health is the mix of businesses found in a downtown.<sup>2</sup> If this is true, then it is necessary to also determine what mix is optimal. This research will look carefully at this question, and suggest whether an optimal business mix can be defined.

#### STUDY ASSUMPTIONS

This study attempts to provide a fresh perspective on the role of downtowns as they are changing in the 1990s. It also evaluates the success these downtowns have had in their role as social and cultural centers of their communities. The evaluations of the study of downtowns forming the basis for this analysis include both economic and social aspects. To incorporate this fuller perspective throughout the research, three basic assumptions are made.

**Assumption 1:** A meaningful evaluation of a downtown's health can be derived from perceptions of that downtown's merchants and business owners.

It is a basic assumption of this research that insight on the health of downtowns can reliably be provided through surveys of downtown merchants and business owners. They are the individuals who know each downtown best, and have the most at stake in its success or failure. Such individuals can be considered "customers" who choose to "purchase" the product offered by cities in their decisions to buy or rent space for their

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<sup>2</sup> Norman R. Tyler. 1987. *An Evaluation of the Health of the Downtowns in Eight Michigan Cities* (Dissertation). University of Michigan.

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businesses. From this perspective, the study is a consumer survey, with merchants and business owners being the customers and the cities serving as the provider of goods and services.

The usefulness and reliability of such perceptual input is argued in the next chapter.

**Assumption 2:** Input from downtown merchants and business owners can be used to determine factors closely correlated with downtown health.

The following study is a comparative study. By making comparisons of data from one city with those from fifteen other cities, conclusions can be drawn and recommendations made regarding factors correlated with downtown health. Such comparisons identify downtown characteristics closely aligned with good health, as well as those closely aligned with poor health. They also indicate what factors are irrelevant to improve downtown health.

**Assumption 3:** Comparisons are valid only if a consistent method of data collection and analysis is used.

For a comparative study of cities to be reliable, data should be collected from a broad sampling and evaluated in a consistent manner. This study includes surveys administered in the sixteen study cities. As opposed to most downtown studies, which rely on existing information sources for the bulk of their input, this study derives its own data, in a consistent manner, through use of identical surveys in each city. Without such a consistent system of data collection and analysis, a study should be considered a multiple case study approach.

A significant contribution of this study is the formulation of the Health Perception Index for downtowns. It establishes a method for comparing downtown health, as perceived by merchants, business owners and others. The Index was first derived from a 1986 survey of respondents in eight Michigan downtowns, and formed the basis of a previous dissertation study and report by the author, titled *An Evaluation of the Health of the Downtowns in Eight Michigan Cities* (1987). The eight cities in the previous study



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were included in the sixteen cities in this study. By including the original cities in the current survey, comparisons could be made over a longer time period, and the addition of eight new cities permitted comparisons through a larger cross-section of cities.

The following study does not duplicate the earlier research, but builds on it. First, it validates the conclusions of the initial study by showing that the results can be duplicated. Second, it expands the scope of the original survey from eight cities to sixteen, which allows for better statistical analysis of the data. Third, and most important, the study as described in the following pages focuses on the factor previously found to be most correlated with perceived downtown health—the business mix of downtowns. It includes detailed data on the businesses found in each of the study cities, and looks in detail at how business mix is tied with downtown revitalization.

#### ORGANIZATION OF THE STUDY

The following chapters make up the main body of this report. Chapter II, Literature Review, puts this study in the context of previous theories of urbanization, and more specifically in the realm of urban economics and retail location theories and models. The chapter concludes with the argument that a new model for evaluating downtowns is needed. Chapter III, Methodology, details the procedures used to conduct this study and includes an explanation of the method of analysis. A description of each of the 16 study cities is preceded by the criteria used for their selection. Also included are detailed descriptions of the survey questionnaire, the survey procedures, and a profile of the survey respondents. Chapter IV, Analysis, forms the heart of this report. It describes the derivation of conclusions from factors perceived as being correlated with downtown health. Chapter V, Summary and Conclusions, briefly restates the important findings and offers recommendations on how this information can be useful to merchants, business leaders, city officials, planners and others who are concerned about downtowns and how to develop relevant strategies for improving their health.

## THEORIES OF URBAN

This study evaluates the role of downtowns in the urban environment. Downtowns have traditionally been the focus of activities and services in urban areas. Many researchers have argued that downtowns have changed over time and that these changes reflect broader urban changes.

This chapter begins by reviewing the historical role of downtowns. It then reviews important theories of urban development and discusses how they apply to downtowns. Finally, it discusses the role of downtowns in the urban environment in the future.

## URBAN LAND USE

One of the most important factors in urban development is land use. Land use patterns in large and small cities have changed over time, and these changes have been traditionally served as a reflection of the urban environment. Some of the earliest theories of urban development focused on the centrality of the downtown area.

## **CHAPTER II**

### **LITERATURE REVIEW**

#### **THEORIES OF URBANIZATION**

This study evaluates the health of downtowns in a sampling of Michigan cities. Downtowns have traditionally served as the core of their urban areas, and this function as the focus of activities has been true both at the scale of smaller cities and large metropolitan areas. Many researchers and theorists have analyzed the urban system. Their thinking has changed over time as cities have changed, and a thorough literature review will reflect these changes.

This chapter begins by looking at the most important classic urban theories and models. It then reviews important urban economics and retail location theories and models and how they apply to downtowns. The review then focuses more specifically on the role of downtowns in smaller cities and current thinking on the future of downtowns in the new urban environment. It concludes by arguing the need for a new method of evaluation.

#### **URBAN LAND USE AND CENTRAL PLACE THEORY**

One of the most distinctive characteristics of downtowns is their centrality. In both large and small cities, downtowns have been located at urban centers, where they have traditionally served as a focus for a community's activities, both social and commercial. Some of the earliest and most basic of geographic theories have dealt with the importance of this centrality.

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### Von Thünen's Concentric Rings

As early as 1826, von Thünen postulated that land use around a city is primarily dependent on distance from the city center.<sup>3</sup> His arguments assumed the value of land is based on the market price of goods, the cost of producing, and the cost of transportation. From this basis, he showed how land rent curves formed around a central market, following a concentric land use pattern. According to von Thünen, the most intensive land use was found at the market center, with intensity decreasing with increasing distance. This simple theory, although based upon factors of production rather than consumption, formed the basis of most of the early analysis of city patterning.

### Description of Central Place Theory

A classic model which looked at the centrality function of cities in more detail was Christaller's Central Place Theory.<sup>4</sup> He recognized an inherent spatial patterning to the location of cities. His spatial/economic model, based on rural Germany in the 1930s, explained how the location of cities is determined by their size and functions, and vice versa. According to Christaller, larger cities containing more functions tend to space themselves at further distances from other larger cities, while smaller cities tend to be spaced more closely together. He also postulated a distance threshold based on the range of services and functions offered in a city. As Christaller stated, "Cities tend to arrange themselves as a series of satellites based on market patterns."

Working from Christaller, Lösch (1954) established a distinctly different hierarchy of urban spaces, based not so much on spatial patterns as on functional patterns. Whereas Christaller suggested that larger cities contain all the functions of smaller cities plus

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<sup>3</sup> Johann Heinrich von Thünen. 1875. *Der Isolierte Staat in Beziehung auf Landwirtschaft und Nationalökonomie* (3rd Edition). Berlin: Schumacher-Zarchlin.

<sup>4</sup> Walter Christaller. 1933. *Central Places in Southern Germany*, translated in 1966 by C.W. Baskin from the 1933 German version. Englewood Cliffs, N.J.: Prentice-Hall, Inc.

additional functions  
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Lösch was not the first to  
refined the basic concepts of  
centrality, and proposed that  
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Rushton (1971) expanded the theory  
which went beyond the basic concepts  
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#### Current applications

Central Place Theory  
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additional functions, Lösch concluded cities can provide sets of functions not directly related to their size. Spatial and functional hierarchies are not necessarily the same, but may depend on locational and resource irregularities. Lösch assumed the market for each function should be considered separately, in isolation, allowing for much more overlap in various market areas. These functional areas would be centered around a common supply point, referred to as the “metropolis,” forming the center of a hierarchy of functional market areas.

Lösch was not the only one to revise Christaller’s basic theory; many others have also refined the basic concept. Preston (1971) recognized a limitation to the concept of centrality, and proposed instead the concept of “nodality.” He concluded primary functions are not always located in the geographic center of an urban area, but rather at nodal centers.

Rushton (1971) postulated larger cities had an inherent advantage over smaller cities which went beyond size. He concluded there was more satisfaction in larger cities than would be represented by relative populations because people are willing to travel further distances for the convenience of higher order goods. Murdie gave an alternative perspective by saying the demand for goods and services may vary according to population subgroups, and that populations should be disaggregated to understand demand fully.

### Current applications of Central Place Theory

Central Place Theory is elegant in its simplicity, and has served as the early standard against which other spatial theories are compared. However, some are concerned it has inherent weaknesses when applied to the current system of cities. As explained by Berry,

The classical patterns of the central-place hierarchy break down and are replaced by business patterns characteristically internal to cities. . . . Each such region is specialized internally instead of being successively subdivided into progressively smaller regions for the retail distribution of goods and services. Locational specialization, rather than the repetitive, nested levels of a central-place hierarchy, appears to be the key to understanding the most modern forms



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# Human Ecology

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### Human Ecology Approach

Central Place Theory looks at the macro-patterning of cities, how they relate to each other, and their relative hierarchies. However, there is also an important school of urbanology that theorizes on the internal organization of cities. The Human Ecological approach to understanding urban patterns had its roots at the University of Chicago in the 1920s with the work of Park, Burgess and McKenzie (1925). They saw the city in its spatial patterns not pre-defined through geographic models, but as a kind of social organism. Their research interests were uncovering interactions between a city's "cells," or neighborhoods. Ecologists tried to understand not just the fact of urban geography, but the forces and processes that controlled and changed it. The city was a place for these forces to compete for dominance, shaped partly by their physical attributes, but also by the cultural attributes of the various groups. Most of the behavioral approach to urbanism followed from their early work. Because this study looks at smaller cities, the work of the Human Ecologists, which looks at patterns of urban growth in large cities, is not directly applicable.

## URBAN ECONOMICS AND RETAIL LOCATION THEORIES

The defining characteristic of cities is its centralized core. Although this traditional core has become less dominant in recent decades, it is still important. This is best understood by comprehending the core's importance as a retail center. Many theories explain how the

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<sup>5</sup> Brian J.L. Berry. 1963. *Commercial Structure and Commercial Blight*. Research Paper No. 85. Chicago: Department of Geography, University of Chicago. p. 164.

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city's core is a product of its functional nodality. Below are listed some of the most significant.

### GRAVITY MODELS

Based on Newton's law of gravitation, gravity models are useful in predicting locations of urban functions. They determine locations based on two factors—the size of an attraction and its distance from a potential user. Gravity models can also be used to derive the relative potential for competing downtown or retail areas. The concept is elegant in its simplicity, and has been used as the basis of a number of urban and retail models.

Taaffe and Gauthier (1973) used a gravity model to study hinterland areas. Their model was used to delimit the hinterland areas, their systems and hierarchies. From this they have shown how to establish boundaries of expected areas of influence for competing centers.

### Reilly's Law of Retail Gravitation

Reilly (1931) used a gravity model to develop the Law of Retail Gravitation. This was used to determine the likely number of trips from generator areas (usually residential districts) to attractor areas (retail districts). The formula he developed multiplies the population of a generator by the population of an attractor, divided by the distance between.

Reilly felt his Law of Retail Gravitation should be considered a basic tool of analysis, since it was based on evidence rather than theory. As he said, "A theory is an attempt to explain something on the basis of what we think might be true. It is merely an explanation which exists in someone's mind and which can be disputed by anyone until such time as its truth is demonstrated by scientific measurement. A Law, on the other hand, is based on the measurement of actual conditions which no one can dispute....the law of retail gravitation, based as it is upon actual measurement of existing conditions, is not a matter of theory or

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#### Huff's Spatial

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<sup>6</sup> W.J. Reilly, 1931,  
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<sup>7</sup> Avijit Ghosh and  
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opinion but a law in the true sense of the word.”<sup>6</sup> Reilly’s model has been referred to by many researchers, and is one of the basic building blocks of retailing spatial analysis techniques.

#### Huff’s Spatial-interaction model

Huff (1963) refined Reilly’s simple gravity model by modeling consumer preference in terms of probabilities. He was the first to suggest that trade areas should be seen as continuous and probabilistic rather than with clearly demarcated boundaries dividing one from another, as suggested by both Christaller and Reilly. The spatial-interaction model, or "Huff Model," has been an important model for store choice studies, being used for predicting market share for new and existing retail centers and to simulate the effect of changes in a market on store performance.

#### Nearest Neighbor Model of retail choice

Another simple and straightforward model of store choice is the Nearest Neighbor Model, described by Clark and Rushton (1970) and Ghosh and McLafferty (1987). It predicts consumers will patronize the nearest store that has a needed good or service. In other words, customers would minimize distance travelled. This is referred to as the "Nearest Neighbor," or Proximal Area, method of analysis. This procedure is simplistic because it assumes all commercial areas are relatively equal in stature (size and attractiveness) and are differentiated primarily by distance. "Convenience stores, emergency medical centers, branch banks, automatic teller machines, liquor stores, dry cleaning services, copy centers, and drug stores are examples of services whose trade areas can be estimated quite accurately by this procedure."<sup>7</sup> The assumption is modified when

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<sup>6</sup> W.J. Reilly. 1931. *The Law of Retail Gravitation*. New York: Knickerbocker Press. 32-33.

<sup>7</sup> Avijit Ghosh and Sara L. McLafferty. 1987. *Location Strategies for Retail and Service Firms*. Lexington, Massachusetts: Lexington Books. 67.

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#### The Nearest Neighbor

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#### INDEX OF RETAIL

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considering two other factors—varying prices for goods and services, and transportation costs. It also recognized that the pull of different businesses varies according to the relative distance between competing establishments—the greater the difference in the distances the less the relative impact.

The Nearest Neighbor model is generally implemented using Thiessen polygons, drawn using simple geometric procedures. In general, the larger the Thiessen polygon drawn surrounding each retail area the less the competition; with more commercial areas the polygons (potential trade areas) become smaller.

#### INDEX OF RETAIL SATURATION

Moving beyond gravity models, a model evaluating the attractiveness of a market area for any given business type is the Index of Retail Saturation, first presented by Lalonde (1961). The Index compares the level of retail expenditures in a given area with the level of supply of retail selling space. The higher the value of the IRS figure the greater the attractiveness of an area for additional retail. A low retail saturation index represents a saturated commercial environment for a particular business type. Since the index is only useful when applied in a comparative manner, the relative attractiveness of various environments can be evaluated and ranked using the index.

#### LOCATION-ALLOCATION THEORY

The use of location-allocation models has grown in recent decades largely because of the increased use of computers for data analysis. Location-allocation theory allows evaluation of multiple locations based on specified criteria, and selects the one best location. Because of the widespread use of computers for analysis, this mathematically rigorous procedure, which allows for more complex analysis, has become the dominant theory for dealing with determining optimum locations for retail businesses. Examples



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<sup>8</sup> Brian J.L. Berry,  
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include the models developed by Achabel, Gorr, and Mahajan (1982) and Ghosh and Craig (1984).

#### Berry: Structure of urban retail

Berry (1963) illustrated that the retail function was no longer centralized, but increasingly fragmented. Retail functions in contemporary urban areas followed three distinct patterns: retail nucleations, ribbons, and specialized areas. As shown in Berry's diagram below, retail was no longer simply concentrated in a nuclear grouping at the city center, but took on the forms of strip commercial and specialty commercial areas.

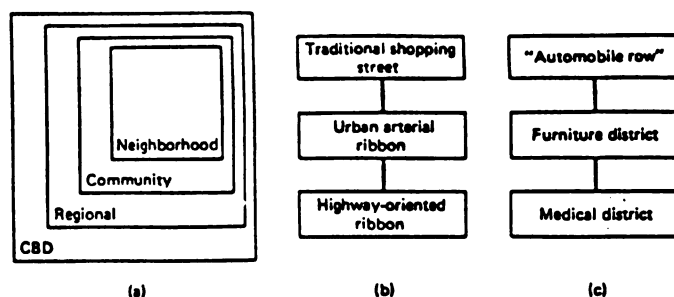


Figure 4.1 Elements of the urban retail structure: (a) retail nucleations; (b) ribbons; (c) specialized areas.

Figure 1 - Berry's Elements of the Urban Retail Structure<sup>8</sup>

#### BEHAVIORALIST THEORIES OF DOWNTOWNS

##### Schwartz: Inorganic and organic views of downtown

Schwartz (1984) took a behavioralist view of cities, and postulated there are two basic ways to look at cities and their downtowns. They can be viewed as either "inorganic" or "organic." An inorganic perspective assumes cities and their cores are simply organized

<sup>8</sup> Brian J.L. Berry. 1963. *Commercial Structure and Commercial Blight*. Research Paper No. 85. Chicago: Department of Geography, University of Chicago. 20 (Table 2).

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functions designed to serve explicit needs. They are machines, basically built to efficiently satisfy the needs of business, government and the population in general, for providing services and goods. In this light, downtown buildings remain only as long as they fulfill their purpose better than those elsewhere. As long as downtowns could most efficiently serve the economic needs of society they were central to that society. When other areas (e.g., malls) can fill this need more efficiently, downtowns should be seen as obsolete and largely unneeded. This "inorganic" view is based primarily on economic considerations.

In contrast, seeing downtowns as organic recognizes that cities have an inherent "being." Each building in the downtown is not just an economic machine for the businesses located there, to be discarded when obsolete, but is also part of the overall fabric of the place and part of its context, contributing to the district's overall character. This perspective, a core assumption of historic preservationists, sees the whole as more than the sum of its parts. Together, the buildings and places found in a downtown represent the culture of a place, and serve as a focus to a community. In this "organic" view, there are cultural imperatives tied in to understanding downtowns.

#### Downtown Blight as a Deviant Behavioral Process

Similarly, Marcus (1983) looked at blight in downtowns and saw it not in the typical view of physical decline, but rather in terms of a behavior. He gave a unique perspective to downtown problems by arguing that "blight" is not caused by a breakdown in the structural framework (e.g., vacancies, physical deterioration), but it is an outcome of a "deviant behavioral process." Thus, downtown blight is a symptom; the cure is not to clean up blight, but to change the deviant behavior. In his study of British cities, he concluded the true source of blight was inappropriate functional decision-making (in his study, the leasing of retail space). His analogy to medical diagnosis techniques concludes that a distinction should be made between chronic blight and acute blight—not all blight is alike—and different intervention techniques may be appropriate.

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<sup>9</sup> Karl Marx. 1967. C  
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## CITIES AS CENTERS OF GROWTH

This study specifically focuses on the status of smaller cities. One reason it takes this focus is because most research has been oriented toward large cities and metropolitan areas. The question of urban growth and scale has always been a question for urbanologists. While larger and larger cities have been the engines of progress, the growth of such cities has also been problematic. Many writers have looked at the question of larger versus smaller cities.

The period of the Industrial Revolution established a significant pattern of migration from rural hinterlands to urban centers. Myrdal (1957), DeBlij and Muller (1994), and others have described in detail this “push–pull” phenomenon, with rural farmers being pushed off their farms by labor-saving improved farming technologies and lack of opportunity and being pulled to cities because of the availability of employment, as well as the stories of “the good life” to be found there.

Many have questioned whether the trend toward increasing urbanization was healthy. Marxists have argued this split between city and country life has been the cause of many current and past ills of both urban and rural society. Marx himself said “...the foundation of every division of labour that is well developed, and brought about by the exchange of commodities, is the separation between town and country. It may be said that the whole economic history of society is summed up in the movement of this antithesis.”<sup>9</sup>

Engels argued the problems of urbanization could only be addressed by moving the masses into the rural areas to equalize population density. “The present poisoning of the air, water and land can be put an end to only by the fusion of town and country; and only such fusion will change the situation of the masses now languishing in the towns. . . . Only as uniform a distribution as possible of the population over the whole country, only

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<sup>9</sup> Karl Marx. 1967. *Capital* Volume III (3 volumes). New York: International Publishers.

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<sup>10</sup> F. Engels, 1970, 7  
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an intimate connection between industrial and agricultural production together with the extension of the means of communication made necessary thereby—granted the abolition of the capitalist mode of production—will be able to deliver the rural population from the isolation and stupor in which it has vegetated almost unchanged for thousands of years.”<sup>10</sup> Hoselitz (1954-55) saw the changes in terms of “generative” and “parasitic” cities—cities were generative because they act as catalysts for economic development, but parasitic because urban entrepreneurs extract resources from the rural areas, but keep the wealth for themselves, spending it through conspicuous consumption.

Ebenezer Howard recognized the problems of pollution, congestion, and overcrowding resulting from the industrial revolution in London, and proposed a new type of city. In his book, *Garden Cities of To-Morrow* (1902), he proposed the construction of satellite cities beyond the urban fringe, where residential living would be tied harmoniously with industry in a garden-centered city. His proposal led to the construction of two “garden cities,” Letchworth and Welwyn. More importantly, he captured the feeling of an age, and was a primary influence in both England and the United States in establishing the trend toward suburbanization and the New Towns movement.

#### THE OPTIMAL SIZE FOR URBAN PLACES

Many urbanologists have been concerned with the dominance of large cities, and have looked at the issue of an optimal size for cities. Lynch (1987) showed that optimal size considerations have been part of urban thinking since the time of Plato, who considered a population of 5,040 citizens as ideal. More recent urban theorists have suggested that, with modern technology, an optimal size varies from 100,000 to 250,000 population. Richardson (1977) suggested an optimal size derives from maximization of per capita

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<sup>10</sup> F. Engels. 1970. *The Housing Question*. Moscow: Progress Publishers (originally published in 1872-73). 89.



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income based on production functions. Henderson (1974) looked at external diseconomies as determining optimal city size. Segal (1977) considered optimal size in terms of the marginal costs of providing urban services. He compared city size to building a road, where up to a point increased traffic (population) could be added with minimal additional cost, but that eventually a threshold of congestion is reached where further increases require disproportionate expenditures.

Is there an optimal size range for cities, and should it include smaller cities? Malisz (1969) indicated there may be various threshold populations at which major costs are minimized and benefits maximized. This would suggest that both smaller cities and larger cities have optimal characteristics at certain sizes. Clawson and Hall (1973) concluded optimal size is not important, but instead an optimal rate of change. Segal (1977) put forward a number of ideas. First he suggested each city has its own unique optimum size and that it is always at its optimum. Another is that the very largest cities have grown too big, and medium-sized “growth nodes” should be encouraged through urban policies. He concludes by saying there is no such thing as an optimal size for all cities. Any city can have an equilibrium at a certain size based on factors which vary from city to city.

#### **THE PREFERENCE FOR SMALLER CITIES**

The United States is an urban society, and large cities exert a tremendous influence over our society in general. However, Americans love small towns, and prefer to live there. Smaller cities represent the best of American values, as represented in the following from Thorstein Veblen's *The Country Town*:

The country town is one of the great American institutions; perhaps the greatest, in the sense that it has had . . . a greater part than any other in shaping public sentiment and giving character to American culture.

Every poll and survey  
prefer to live in small towns.  
showed that, given the choice  
suburbs and 20% preferred  
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The 1970s saw a shift  
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Every poll and survey taken in recent years has shown that the majority of Americans prefer to live in smaller cities.<sup>11</sup> A 1979 HUD survey of people's attitudes and preferences showed that, given the choice of "the best place to live," 44% chose small cities, 30% the suburbs and 20% preferred to live in a larger city.<sup>12</sup> Another poll found that 52% of the respondents preferred to live in small towns vs. 8% for larger cities.<sup>13</sup>

The 1970s saw, for the first time, a reversal of the United States' 200 year long trend toward urbanization. Between 1970 and 1974, large metropolitan areas over 2 million in population experienced a net loss in population. Although the trend has not continued into the 1980s and 90s, many feel it was an indication of people's preference to live in smaller cities or rural areas. Lessinger has described recent changes through the term "Penturbia," which represents the fifth major American migration, turning away from the metropolitan areas that have been the focus of their lives in this century and to smaller towns and cities. Liu (1976) established a quality-of-life index for cities of various sizes based on dimensions of economic, political, environmental, health and educational, and social relationships, and found that the highest quality-of-life ratings were for smaller cities.

Fuguitt and others (1979) have been looking at the reasons for the significant shift in migration patterns back to small cities and less densely populated areas. Surprisingly, he has found that economic incentives are playing a much smaller role than anticipated.

"Among the most important findings echoing throughout the growing literature concerning the migration turnaround is that economic incentives are playing a much smaller role than has been the case previously. Individual economic motivation, the cornerstone of human capital migration theory, has long been a

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<sup>11</sup> Herrington J. Bryce. 1979. *Planning Smaller Cities*. Lexington, Massachusetts: Lexington Books. XV.

<sup>12</sup> United States Department of Housing and Urban Development. 1979. *Developmental Needs of Small Cities*. Washington, D.C.: U.S. Government Printing Office. 2.

<sup>13</sup> Risa Palm. 1981. *The Geography of American Cities*. New York City: Oxford University Press. 498.

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determinant of migration having considerable empirical support. But its influence apparently has been reduced in recent years.

"On the other hand, quality of life factors, variously measured, are beginning to emerge in the migration literature with unprecedented clarity... In fact, the quality of life factor is the best single structural element for understanding and summarizing what is presently known about metropolitan to nonmetropolitan migrants."<sup>14</sup>

Craycroft and Fazio (1983) also found that the primary reason people moved to small cities was the desire to improve their quality of life, rather than economic motivations. It was the "pull" to rural living rather than the "push" by urban living. The quality of life factor is perhaps the most important reason for the continuing love affair this country has with small towns, and is also one of the most elusive.

Park (1936) has suggested people prefer a sense of "neighborhood," where the smaller size includes such reassuring features as social homogeneity, street patterns, identity of boundaries, and common services. Clayton Denman, who has been head of the national organization The Small Towns Institute, argues that what makes smaller cities desirable is their lack of specialization. To a larger extent than found elsewhere, everyone is involved in everything. A small city community can be seen in its entirety and comprehended as a whole. This "sense of community" is the critical factor in determining a satisfactory lifestyle and environment.

Other reasons have been suggested for the shift back to small towns. A Canadian study found three reasons:

1. The suggestion that the benefits from economies of scale and agglomeration may have been overstated, and such benefits may be captured at a lower level of urban development than originally assumed.
2. Smaller cities are now providing the infrastructure and organization necessary to attract both manufacturing and retail relocation.

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<sup>14</sup> Glenn Fuguitt, Paul R. Voss and J.C. Doherty. 1979. *Growth and Change in Rural America*. Washington, D.C.: Urban Land Institute.

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3. The newly realized ability of both companies and individuals to fulfill their desires for enhanced quality of life.<sup>15</sup>

Another reason smaller cities take on increased importance is the effect of the transportation/communications revolution. Referred to as “telematics,”<sup>16</sup> this integration of computers and communications linkages is allowing for the development of “wired cities”— cities of relatively low density where workers are connected to larger urban centers and decision-makers through home computers. This trend is capable of making wholesale changes in the urban landscape. But Gottman (1977) feels it will have only limited consequences because it is based on a number of questionable assumptions:

1. that access to the material available through telematics will fully satisfy most people in their work and leisure;
2. that isolated living with good communications will satisfy people’s social and cultural needs;
3. that personnel issues can be handled through remote control;
4. that it would not be too costly to provide energy, food, consumer goods, personal services, amenities, and so on in an extremely low-density environment.<sup>17</sup>

## THE NEED FOR A NEW METHOD OF EVALUATION

The above sections have described many perspectives presented in research on urban areas in general, and downtowns in particular. However, there is a critical component missing from these discussions, concepts and theories. What is not described is a way to

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<sup>15</sup> D. Todd. "The Small Town Viability Question in a Prairie Context." *Environment and Planning A*. 15:903-916.

<sup>16</sup> Paul L. Knox. 1994. *Urbanization: An Introduction to Urban Geography*. Englewood Cliffs, New Jersey: Prentice Hall. 131.

<sup>17</sup> J. Gottman. 1977. "Megapolis and Antipolis: The Telephone and the Structure of the City." in *The Social Impact of the Telephone*. I. de Sola Pool (Editor). Cambridge, Massachusetts: MIT Press.



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evaluate urban health. It is impossible to consider the impact of changes without a reliable evaluative tool. One problem is that it is unclear what criteria to use to formulate such an evaluative tool. In other words, what criteria should be used to evaluate the "health" of cities and their downtowns? As discussed by Robertson (1978):

"Most studies and policies that relate to the city core address themselves to the question of viability, health, vitality or some other term conveying the desired well-being of the downtown. However, few of these efforts have directly confronted the question of what criteria are to be included in the definition of health and how they can be measured. In other words, although terms such as stability, viability, and healthiness are used to describe the desired state of [downtowns], there has been little attempt to provide precise interpretations of these terms.

"The question remains: Viability compared to what? Viability makes a difference if one is judging the current state of a downtown against: the same downtown many years ago; the surrounding... area; other downtowns within the same region; or downtowns of a similar ilk across the country. Viability judgements would undoubtedly incorporate aspects of all of these comparisons..."<sup>18</sup>

Good health is typically seen in terms of growth. Yet, Schumacher (1973) has argued that growth is an unreliable indicator of health, for growth is inevitably seen in economic terms, rather than in terms of quality of life.

"A small minority of economists is at present beginning to question how much further growth will be possible,... but even they cannot get away from the purely quantitative growth concept. Instead of insisting on the primacy of qualitative distinctions, they simply substitute non-growth for growth, that is to say, one emptiness for another."<sup>19</sup>

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<sup>18</sup> James and Carolyn Robertson. 1978. *The Small Towns Book*. Garden City, New York: Anchor Press, Doubleday. 136-137.

<sup>19</sup> E.F. Schumacher. 1973. *Small is Beautiful: Economics As If People Mattered*. New York City: Harper and Row. 46.

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<sup>22</sup> D. Myers. "Com  
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He goes on to say:

"In a sense, everyone believes in growth, and rightly so, because growth is an essential feature of life. The whole point, however, is to give to the idea of growth a qualitative determination; for there are many things that ought to be growing and many things that ought to be diminishing."<sup>20</sup>

The government developed a means of evaluating health in terms of "social indicators," and developed the following definition:

A social indicator may be defined as a statistic of direct normative interest which facilitates concise, comprehensive and balanced judgments about the conditions of major aspects of a society. It is in all cases a direct measure of welfare ... if it changes in the "right" direction, while other things remain equal, things have gotten better or people are "better off."<sup>21</sup>

Myers (1988) lists four approaches to quality-of-life analysis. They are:

- the personal well-being approach which measures life-satisfaction of individuals;
- the community trends approach which focuses on quality-of-life components and trends within the community;
- the liveability comparisons approach which focuses on comparing different urban areas according to a number of objective indicators assumed to reflect quality of life; and
- the market/resident approach in which housing price and/or wage differentials are theorised to compensate for quality-of-life differences between urban areas.<sup>22</sup>

In 1939 psychologist E.F. Thorndike presented a method for evaluating the well-being of cities using what he termed a "Goodness Index." Using this method he came up with a number of controversial conclusions. The study was described in two books; in his book,

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<sup>20</sup> Schumacher. 148.

<sup>21</sup> United States Department of Health. 1969.

<sup>22</sup> D. Myers. "Community-relevant measurement of quality of life." *Urban Affairs Quarterly*. 23:108-125.

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*Your City*,<sup>23</sup> he collected data on all U.S. cities with a population of over 30,000, and in his follow-up book, *144 Smaller Cities*,<sup>24</sup> he added data on a significant number of smaller cities (see Appendix 5). His purpose was to rate each city studied according to a "Goodness Index" and then see what correlations were found between the Goodness rating "G" and other factors. As he stated:

**"WHAT MAKES A CITY GOOD**

"Is it better for a community to have its married women stay in the home or work for a wage? To have a few churches with large membership or many churches each with few members? To have chain stores or independents? To have a city manager or a mayor? To own and manage its lighting plant or to leave this to private enterprise? These are samples of a multitude of questions about which there is disagreement.

"Important evidence can be obtained concerning many of them in the shape of correlations of the fact in question with G. ...on the whole there is a primary presumption that whatever goes with G is itself good for a city and that what goes against G is itself bad for a city."<sup>25</sup>

Thorndike's Goodness rating was based heavily on death-rate data (thus assuming a city with fewer deaths was a "good" city), but also incorporated education, economics, "social" items, and "creature comforts" as lesser determinants.<sup>26</sup> However, they were all factors that he had selected intuitively, and he gave little definition to the basis for his selections. Although correlation analysis is a legitimate research technique, in his case both the dependent variable (the Goodness Index) and the determinants needed to have a sound basis or the rest of the research would not be well founded. He himself recognized the dangers inherent in this form of analysis.

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<sup>23</sup> E.F. Thorndike. 1940. *Your City*. New York City: Harcourt Brace and Company.

<sup>24</sup> E.F. Thorndike. 1940. *144 Smaller Cities*. New York City: Harcourt Brace and Company.

<sup>25</sup> Thorndike. *Your City*. 70.

<sup>26</sup> See Appendix A for a listing of the twenty-four items Thorndike incorporated.

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"Such evidence is not conclusive for two reasons: A thing may be intrinsically bad, but be associated with something good; a thing may be intrinsically good, but be associated with something bad. Caution is therefore necessary in arguing from correlations with G, and pains should be taken to inquire into all relevant affiliations of the fact in question."<sup>27</sup>

Through his analysis of correlations he developed conclusions that described which factors were associated with cities with higher ratings for Goodness and which with lower ratings. For example, factors associated with "Good" cities included a high proportion of dentists, designers and musicians, as well as a high level of downtown retail sales and home ownership. Cities with a low Goodness rating had in common a high percentage of "Negroes" and a high level of church membership. But this approach is tantamount to lying with statistics, obtaining spurious statistical relationships.

One of his conclusions related directly to the factor of growth discussed above:

"Cities become little or no better by becoming bigger... Within the 144 cities, the larger ones are neither better nor worse than the smaller. On the whole, differences in size may perhaps account for a fiftieth of the differences of cities in 'goodness'.

"The common ambition of citizens to have their city grow bigger in area or population is misguided. The glorification of size in the case of a city is largely a superstition,... it probably harks back... to the times when the cities now having 75,000 or more were contrasted sharply with rural communities by having water, gas, sewers, lighted streets, and shops other than a 'general store'."<sup>28</sup>

Three weaknesses found in this study's approach, however, make many of its resulting conclusions unreliable. First, Thorndike's intuitive derivation of the Goodness Index made his Index subject to considerable personal bias. Whether or not he intentionally meant to

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<sup>27</sup> Thorndike. *Your City*. 70.

<sup>28</sup> Thorndike. *144 Smaller Cities*. 66.



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bias his data (and there is every reason to believe he did not intend to), it appears that Thorndike used demographic data selectively and "massaged" it for his purposes. The selection of data was his own choice, and this selection could not help but be swayed by his own preliminary preconceptions. This is true to some degree in almost any research study, but was an especially vulnerable weakness of this Study.

Second, Thorndike's analysis was based on secondary data covering factual measures, and did not consider perceptual input from the residents of the cities studied. Such a sampling of opinion from residents in the Study cities could have quickly pointed out any inconsistencies between the theoretical framework of his analysis and the actual conditions, and could have served as an important and critical check of his conclusions.

Third, his analysis did not include a historical perspective. The study did not look at how each city's Goodness Index rating was changing over time, and whether its condition was improving or getting worse. Such a perspective could have aided in determining cause and effect relationships.

A contemporary effort at rating cities was developed by Boyer and Savageau (1981, 1985, 1989, and 1993) and published as the *Places Rated Almanac*. This study ranked 329 metropolitan areas, using as criteria climate, housing, health care, crime, transportation, education, culture, recreation and economics. The study was based completely on quantitative, factual data, and made a comparison of cities according to criteria derived by the researchers. Again, no attempt was made to include perceptual input from residents of those cities. Also, there was no effort to give a historical perspective to the data, to show how conditions were changing, whether the condition of a city was improving or not, and what factors were affecting change. However, "the findings of Boyer and Savageau are controversial because they give certain metropolitan areas a higher or lower ranking than

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the average person would....Such disparities are due to Boyer and Savageau's use of only quantitative measures."<sup>29</sup>

Berger, et al. (1987) criticized the approach of Boyer and Savageau and their system of weighting variables because they "imposed weights in some ad hoc fashion. The weights reflected either the analysts' subjective values or the outcome of an atheoretic statistical procedure."<sup>30</sup> Instead, Berger created a quality-of-life index used to compare urban areas and derived the weighting of the characteristics from observable behavior of workers and consumers. The characteristics are weighted based on the assumption that the difference in housing prices (sales and rents) and wages for otherwise comparable cities (adjusted for urban size and urban structure) can be explained in terms of amenities available, with desirable amenities driving up housing costs and driving down wages. The data is collected from disaggregated data from the U.S. Census for population and housing characteristics. Sixteen amenity variables are used, primarily climatic and environmental data, which give a bias to smaller cities, rather than the amenities offered by larger urban areas.

Burnell and Galster (1992) compared the methodologies of Boyer and Savageau and Berger, and found that the inherent biases they incorporated made city size a determining factor. Boyer and Savageau's method, using 55 aggregate variables, was shown to favor larger urban areas, while Berger's approach, using 16 variables (primarily environmental) favored smaller urban areas.

Using a market/resident approach, Rosen (1979) found location decisions were best viewed in terms of three factors—wages, rents and amenities. Blomquist, et.al. (1988) followed this approach by calculating a dollar value for the bundle of amenities and

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<sup>29</sup> Robert M. Pierce. 1985. "Rating America's Metropolitan Areas." *American Demographics*. (July):22.

<sup>30</sup> Mark C. Berger, Glenn C. Blomquist and Werner Waldner. 1987. "A Revealed-preference Ranking of Quality of Life for Metropolitan Areas." *Social Science Quarterly*. 68:763 (December).

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incorporating that value directly into the equation for wages and rents. Rosen ranked 253 urban counties according to these criteria.

In a study by Warner and Fleisch (1977) a historical perspective was an important ingredient. Their study evaluated urban areas by grouping them according to "clusters of commonality"; that is, if communities were similar according to selected criteria, then they could be grouped into pattern types. Using census data for each of its study cities from 1860 to 1960, it described what other cities each were most like at different points in time. This research was intended to allow historians to describe metropolitan development in the U.S. in terms of these groupings, and thus draw distinctions about what factors caused what changes. The historical perspective of this study is both unusual and significant, since it allowed for a long-range and thus more accurate perspective.

The study's weaknesses should not be overlooked. It's first weakness is that the entire analysis was based on only six population characteristics: size of population, the percent of foreign-born, black, male, and adult, value added in manufacturing per capita, all items readily available from U.S. Census data. It is difficult to form general conclusions of any kind based on this limited set of data. Thus, the results are highly vulnerable, and the authors admit that "...the addition or subtraction of a single variable will change the membership in these groups."<sup>31</sup>

Also, the study was formulated based on a determination of what data were available. Census data were used because they were readily available. This can be compared to the proverbial cart leading the horse; that is, the study parameters were based on the availability of data, a questionable research approach.

Graves (1979) showed amenities to be powerful contributors in the choice of location, and also showed how the migration patterns of the white population were closely correlated with climate. Greenwood and Hunt (1989), however, found that jobs and wages are the

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<sup>31</sup> Sam Bass Warner, Jr. and Sylvia Fleisch. 1977. *Measurements for Social History*. Beverly Hills, California: Sage Publishers, Inc.

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<sup>32</sup> Pierce, 23.

<sup>33</sup> Diane Crispelli  
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<sup>34</sup> Mark C. Berge  
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most important determinant of urban migration and growth, that location-specific amenities are less important in location decisions, and said Greenwood's results were spurious because they didn't include employment information. Porell (1982) found both economic and quality-of-life factors are important determinants of migration, but that migration patterns are most responsive to economic factors.

Gehrmann (1978) suggested that progress could be made in the evaluation technique by such objective indicators weighted by differing groups. Pierce (1985) used this approach by incorporating a subjective measure to city ratings, asking a sampling of New York residents to weight the nine categories in terms of importance in selecting a home. The weighting was simply on a scale of nine to one, based on each categories ranking, and undoubtedly skewed the results as much as no weighting at all. They ranked economics, climate and crime as most important and recreation, transportation and the arts as lowest.<sup>32</sup>

A further attempt to resolve the issue of weighting was made with development of a combination software/database program which allows users to provide their own weightings to various factors. Called "Places, U.S.A.,"<sup>33</sup> the database includes 70 variables for 300 metropolitan areas.

All of these systems are flawed because the measurements and weightings of various characteristics are selected by the researcher(s), rather than derived from the data itself. Each brings his or her own perspective on how to measure, and this leads to great diversity in the results. For instance, Berger's work found the metropolitan area ranked first for quality of life was Pueblo, Colorado, while Liu ranked the Pueblo area 42nd and Boyer and Savageau ranked it 111th.<sup>34</sup> Similar discrepancies are found throughout the respective

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<sup>32</sup> Pierce. 23.

<sup>33</sup> Diane Crispell. 1987. "Rating With Places, U.S.A." *American Demographics*. (August):58-59.

<sup>34</sup> Mark C. Berger, Glenn C. Blomquist and Werner Waldner. "A Revealed-preference Ranking of Quality of Life for Metropolitan Areas." *Social Science Quarterly*. 769.



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lists. In fact, these three listings, which are often used as basic references for quality of life analysis, had no correlation in their rankings that was shown to be statistically significant.<sup>35</sup>

## THE NEED FOR DOWNTOWN MODELS

### Traditional Assumptions of CBD Policy

Perhaps the best overview discussion written on downtown policies and their impact was Kent Robertson's 1985 article, "Designing Downtown Redevelopment Policy: The Problem of Knowledge."<sup>36</sup> In it he outlines the various assumptions that have served as the basis for downtown revitalization efforts in the past.

*Assumption: A healthy CBD is critical to a healthy urban area.*

This approach is based on a belief in the statement, "The heart of a city is its downtown." Vitality of an urban area "trickles down" from this core for a number of reasons:

- The central business district is still the primary employment center.
- It serves as the cultural, service, distribution and transportation center.
- It plays a critical role in city future.
- Its economy creates a "multiplier effect" on economy.

*Assumption: Federal government intervention is necessary for revitalization.*

Urban renewal programs between 1949 and 1974 represented an approach with strong, direct federal involvement. Urban Renewal lost the focus on central business districts, and focused instead on the clearance of "blighted" areas; thus, it became primarily a residential removal and redevelopment program.

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<sup>35</sup> Berger. 773.

<sup>36</sup> Kent A. Robertson. 1985. "Designing Downtown Redevelopment Policy: The Problem of Knowledge." *Journal of Architectural and Planning Research*. Volume 2.

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The Community Development Block Grant and Urban Development Action Grant programs attempted to put policy decision-making back into local hands, and created incentives for private investment tax breaks, land write-offs, and special services, but little attention either in the private or public sectors was given to downtown revitalization.

*Assumption: Physical improvements are critical to CBD revitalization.*

This approach puts reliance on the success of physical improvements. The examples of physical improvement projects are overwhelming, for this has been the favored approach to downtown revitalization for most communities. Such projects have included converting the main streets to pedestrian malls in an attempt to make the downtown more pedestrian friendly; downtown indoor shopping malls, intended to compete directly with suburban malls; downtown public projects, such as convention centers, sports stadiums, which create new activity nodes; historic districts, used to emphasize a unique ambience; waterfront development, utilizing an overlooked area in many center city districts; open space improvements, such as parks and walkways, to provide amenities; additional parking to improve access convenience; and construction of new office buildings, in an attempt to shift the functional focus of a central area from retail to the financial/service sectors.

### Alternative Perspectives

The traditional perspectives described above are not the only perspectives brought to the issue of downtowns and their revitalization. Other alternative perspectives are also described by Robertson.

*Assumption: Central Business Districts are obsolete.*

This alternative perspective recognizes society is now suburban oriented, and that suburbs now provide all the needs for homes, shopping and jobs. The formerly central city and downtown functions have migrated to “freeway corridors,” where it is less risky and easier to develop.

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*Assumption: Focus should be on center city neighborhoods, not downtowns*

From this perspective, the city should deal with people's needs first, not the economic needs of business. The scale of development to be encouraged should not be regional, but local, since the core unit of an urban area is the neighborhood.

The perspectives outlined above by Robertson recognize that there are many ways to look at the role of downtowns, both in the past and in the future, and lay out a framework for further analysis.

#### THE NEED FOR QUALITATIVE VARIABLES

Each study described above was based on quantitative data and compared cities according to criteria derived by the researchers. No attempt was made to include perceptual input from residents of those cities. However, there is a need for the development of such qualitative indicators. As stated in a federal government report, "...the charting of well-being, the understanding of the relationship between objective changes and subjective responses, and the development of reliable indicators by which we might reckon advances in our individual and social well-being are still relatively undeveloped."<sup>37</sup> The current interest in quality-of-life factors is largely due to two recent societal changes. The first is the great number of college graduates who have been exposed to humanistic concerns, such as social and environmental issues as well as concern for personal growth. The second is the increasing affluence in American society, which gives more confidence that the essentials are readily accommodated and allows us to look at "higher needs."<sup>38</sup>

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<sup>37</sup> "The Quality of American Life in the Eighties." 1980. U.S. President's Commission for a National Agenda for the Eighties. Report of the Panel On the Quality of American Life. U.S. Government Printing Office. 10.

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Frank Andrews (1976) of the University of Michigan has directed research toward the question of what makes up the concept of "well-being." In his work he stresses the need for two types of indicators:

"... a program designed to assess well-being would be most useful if it included both perceptual and non-perceptual social indicators relevant to the same concerns... In short, we would envisage two parallel series of data: one assessing perceptions about well-being,... the other providing various non-perceptual data for the same concerns."<sup>39</sup>

Terms such as well-being, viability or health cannot be measured directly. There must be a reliance in the research on obtainable data to serve as proxies for these concepts. As Francis (1973) described the use of proxy data, "A major cause of this reliance on proxies is, of course, not only conceptual. Some things are just hard to measure."<sup>40</sup>

Horn (1993) explains that it is sometimes difficult to separate qualitative from quantitative information, for there are elements of each in the other.

In a general way the objective-subjective distinction is often more a matter of form than of substance. All objective-type indicators carry a subjective value load inherent in the process of the collection, selection and presentation of statistics, and subjective-type indicators borrow objective modes of grouping, ranking and partitioning the data.<sup>41</sup>

As it is further described by Schumacher (1973),

Quantitative differences can be more easily grasped and certainly more easily defined than qualitative differences; their concreteness is beguiling and gives them the appearance of scientific precision, even when this precision has been purchased by the suppression of vital differences of quality.<sup>42</sup>

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<sup>39</sup> Frank M. Andrews and Stephen B. Withey. 1976. *Social Indicators of Well-Being*. New York City: Plenum Press. 340.

<sup>40</sup> Walton J. Francis. 1973. "A Report on Measurement and Quality of Life and the Implications for Government Action on 'The Limits to Growth.'" Washington, D.C.: Department of Health, Education and Welfare.

<sup>41</sup> Robert V. Horn. 1993. *Statistical Indicators for the Economic and Social Sciences*. New York: Cambridge University Press. 9.

<sup>42</sup> E.F. Schumacher. 1973. *Small is Beautiful: Economics As If People Mattered*. New York: Harper and Row. 46.



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<sup>43</sup> Francis, 548.

<sup>44</sup> "The Quality of Life," Commission for the Quality of American Life.

<sup>45</sup> Robert V. Horney, New York: Cambridge University Press, 1967.

<sup>46</sup> Center for Studies in Forecasting Technology (December), 72.

Francis concurs,

The omission of items which cannot be measured is itself a major bias—often the most important facts about social conditions are qualitative, derivative or interactive.<sup>43</sup>

Yet there is an increasing awareness of the need for such indicators. “There has been a growing realization of what we give up, individually and collectively, by clamoring for more material goods, a realization that there are other kinds of goods that have been neglected—the kind we try to encapsulate in the phrase ‘well-being.’”<sup>44</sup> Yet, as observed 300 years ago by Girolomo Cardono, happiness [satisfaction] is perhaps simply the state of not being unhappy [dissatisfied].<sup>45</sup> As used in the health professions, good health is commonly seen as simply the absence of medical problems. Perhaps the evaluation of downtowns, similarly, should not be upward on a positive scale, but rather be seen as the lack of downwardness on a negative scale.

A Stanford Research Center handbook suggests qualitative evaluation and forecasting is difficult because it relies on:

- hard to obtain data,
- elaborate model building and testing,
- a good deal of consultation with experts in diverse fields.<sup>46</sup>

As explained by Marans and Rodgers (1975), “Only when subjective indicators...are instituted and collected over time can we as a society begin to have confidence in the

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<sup>43</sup> Francis. 548.

<sup>44</sup> “The Quality of American Life in the Eighties.” 1980. U.S. President’s Commission for a National Agenda for the Eighties. Report of the Panel On the Quality of American Life. U.S. Government Printing Office. 10.

<sup>45</sup> Robert V. Horn. 1993. *Statistical Indicators for the Economic and Social Sciences*. New York: Cambridge University Press. 96.

<sup>46</sup> Center for Study of Social Policy, Stanford Research Center. 1975. *Handbook of Forecasting Techniques*. Menlo Park, California: Department of Commerce (December). 72.

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usefulness of objective indicators.”<sup>47</sup> They further explain that subjective indicators are quite distinct from more traditional objective indicators. *“The implication, however, is not that either objective or subjective indicators are better or more useful than the other. Rather, there is urgent need for both kinds of indicators; each type takes on depth of meaning as it can be related to the other.* By themselves, objective indicators are often misleading and will remain so until indicators of the human meaning attached to them are obtained.”<sup>48</sup> They explain that how a person evaluates the condition of his or her environment is dependent on two things: how the environment is perceived and the standard against which the evaluation is given.

Cutter (1985) suggested a “conceptual model” which used both subjective and objective indicators to evaluate parameters of quality of life. In this context, objective indicators are factors, both social and physical, external to the population being studied; subjective indicators are based on the perceptions of the study population. Rogerson, et.al. (1989) used this approach and combined subjective and objective indicators to assess the quality of life in British cities. Mookherjee (1992) concluded that perceptions of well-being are most affected by three factors—financial status, marital status, and education, with financial status being the most prominent of the three.<sup>49</sup>

Perceptual, or social, indicators can be created in many ways, but the question must be asked, How reliably does such an indicator represent reality? One way to validate such an indicator is to compare it to other data sources which are more common and more understood. Malthus first recognized that the social well-being of a society was directly

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<sup>47</sup> Robert W. Marans and Willard Rogers. 1975. "Toward an Understanding of Community Satisfaction." from *Metropolitan America in Contemporary Perspective*. Amos H. Hawley and Vincent P. Rock (Editors). New York City: Sage Publications. 302.

<sup>48</sup> Marans and Rogers. 303.

<sup>49</sup> Harsha N. Mookherjee. 1992. "Perceptions of Well-being by Metropolitan and Nonmetropolitan Populations in the United States." *Journal of Social Psychology*. 132(August):521.

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<sup>50</sup> J. Anson. 1991.  
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<sup>51</sup> Anson. 444.

related to its demographic condition. Anson (1991) suggested a reliable social indicator could be derived from demographic data (population age structures, mortality rates, sex ratios, and children–women ratios) as measures of the quality of life in a society. Using Israeli towns, he found just two types of readily available demographic data were enough to be used to accurately evaluate the impact of policy decisions.

Although the need for reliable social indicators is great, and must by nature be largely based on perceptual input, the search for an appropriate methodology and a perfect indicator has been less than satisfactory. Such social indicators have not been developed in a way similar to how economists have been able to represent the state of the financial market. “After twenty years of intensive effort, and over a thousand articles and books proposing various indicators at national and local levels, for comparison over space and time, we appear to be no nearer to an accepted definition of how quality of life should be measured than we were when the social indicators ‘movement’ started.”<sup>50</sup>

If a social indicator is to become useful and relevant, it must serve in a number of ways. It should help evaluate how the well-being of the thing being studied (in this study, downtowns) has changed relative to others; it should provide guidance in the formulation of policies to improve the well-being of the thing being studied; it should measure something well-defined enough to be unambiguous; it should be readily usable and easily duplicable. As Anson has suggested, however, such an indicator is conceptualized; “its consequences are easier to measure than the concept itself, if only because the consequences are tangible and unambiguous whereas the concept remains obscure and amorphous.”<sup>51</sup>

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<sup>50</sup> J. Anson. 1991. “Demographic Indices As Social Indicators.” *Environment and Planning A*. 23:434.

<sup>51</sup> Anson. 444.

## CONCLUSION

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## CONCLUSION

There have been many efforts at describing cities in general, central cities, and their downtowns. They began with von Thünen's concept of central land use patterns and have continued through to modern, complex computerized models. The models described in this chapter have taken a variety of perspectives on evaluating cities, including spatial concepts, sociological perspectives, quality-of-life based studies, and others. But none has presented a means to evaluate urban health focused on downtowns. As noted, there are difficulties in developing such a model, most notably the lack of consistent evaluation criteria and a reluctance to rely on perceptual data. It is the attempt of this study to overcome these difficulties and present and test a model for the evaluation of downtowns based on a survey of merchants and business owners, which will be used to derive a Downtown Health Perception Index.



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## **CHAPTER III**

### **METHODOLOGY**

**This study uses survey research as its primary methodological approach. Through use of a survey, input has been collected which is not available from any other source. The survey collects information on the perceptions of downtown business owners, merchants and other leaders on the condition of their downtown. By administering the survey in the sixteen study cities in a uniform format, the responses are able to be compared between cities. The survey, its development and its administration, is defined in detail in the following sections of this chapter.**

**Analysis of the data accumulated from the survey is done primarily through correlation analysis. Correlation analysis tests whether two factors are associated in a way that is statistically significant. It can indicate whether factors are statistically related, but can also measure the strength of that relationship. However, a relationship (correlation) does not imply causation, and correlation analysis will not indicate which factor is dependent on the other. Cause-effect relationships can be determined with confidence only by incorporating and controlling factors prior to the survey.**

#### **SELECTION OF STUDY CITIES**

**This is a study of cities, a) between 5,000 and 20,000 population, b) not economically linked to larger cities, and c) located in outstate areas of the lower peninsula of Michigan. The study includes a purposive selection of sixteen cities, shown on the map below.**



Figure 2 - Locations of 16 Study Cities

The study cities were selected to represent a variety of characteristics, including city size, market autonomy, and geographic location. Since the specific focus of this study was on smaller cities, population size was a primary characteristic.

Christaller's Central Place Theory recognized various thresholds of population size as determining a town's ability to serve as a central focus of functions for a larger hinterland community. He suggested a city's size relates directly to its ability to successfully service a resident population.

As discussed in the Literature Review chapter, a series of urban theorists have looked at the question of optimum size for cities. Malisz (1969) indicated there may be various optimum threshold populations. Segal (1977) suggested each city has its own unique optimum size and that it is always at its optimum. However, Americans have always

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shown a preference for smaller cities. And yet smaller cities have received little attention from urban researchers. That is a primary reason this study has focused on the downtowns of smaller cities.

“Small cities” have been defined using various population ranges. The Department of Housing and Urban Development has used the population range of 2,500 to 50,000 to define small cities. The range from 20,000 to 50,000 is questionable, however, for in most out-state areas a city of this size would generally be considered medium size. This study included an upper population limit of 20,000. Conversely, cities which are too small cannot support a downtown commercial district with a balanced mix of business types, as described by Borchert's hierarchy.<sup>52</sup> Such is the case with cities of 2,500 to 5,000 population. This study sets as a lower limit a population of 5,000. The final list of study cities included populations from 5,563 (South Haven) to 16,322 (Owosso).<sup>53</sup>

Study cities were also selected based on their relative economic autonomy. As recognized in the work of Christaller and Lösch, cities in close proximity to larger cities become closely tied with the market areas of those cities, and are not able to be studied as distinct entities. Therefore, Michigan cities in close proximity to larger urban areas were not included, since the smaller cities would not be sufficiently distinct from the larger cities, and would not allow meaningful analysis of the characteristics of the smaller city itself. Cities like Birmingham, East Grand Rapids and Muskegon Heights, while falling within the defined population range, were therefore excluded from the list of considered cities.

The third criteria used for selection was geographic location. The study was limited to Michigan so collected information had common state-wide data. This would focus research variables on cities, not on states, and would eliminate the need to stratify variables by state.

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<sup>52</sup> J.R. Borchert and R.B. Adams. 1963. *Trade Centers and Tributary Areas of the Upper Midwest*. Minneapolis, Minnesota: University of Minnesota.

<sup>53</sup> Based on 1990 U.S. Census Bureau statistics.

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Within the lower peninsula, cities were selected for their geographic diversity. Since the lower tier of counties was the area of the state to be first settled, representative study cities were selected from the eastern, central and western sections of this area, including Tecumseh, Hillsdale, Coldwater, Sturgis, and Dowagiac. Other cities were selected from the center and northern areas of the lower peninsula. In one case, two cities were selected which were in close proximity and located in the same county (Albion and Marshall), but which had very different images, one a blue-collar, working-class city, the other a white-collar city with a strong sense of local history.

The 16 study cities included seven which are county seats. Preston's work, in response to Central Place Theory, recognized the importance of "nodality" as a factor as important as size and location in establishing a city's importance. County seat status was viewed as a way to see if such status impacted on perceived downtown health. The work of Fuguitt<sup>54</sup> and others suggested such status played an important role, since the county courthouse brought residents into the city for purposes other than shopping, and also contributed to a proliferation of offices related to legal work.

Three cities located along the Great Lakes shore were included, two on the west side (South Haven and Manistee) and one on the eastern shore (Alpena). These cities were included to study the impact of tourism, a specialization directly related to their distinct locations. As recognized by Berry and Parr<sup>55</sup>, locational specialization may be more important than either size (Christaller) or functional hierarchy (Lösch) in determining relative success.

Thirty-five cities satisfied the populations size criteria. From the total list of 35 cities, the final sixteen were selected as representative of the above stated criteria. Although the

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<sup>54</sup> Glenn V. Fuguitt. 1965: "County Seat Status as a Factor in Small Town Growth and Decline." *Social Forces*. 44:245-251.

<sup>55</sup> Brian J.L. Berry and John B. Parr. 1988. *Market Centers and Retail Location: Theory and Applications*. Englewood Cliffs, New Jersey: Prentice-Hall, Inc.

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larger sample of 35 cities was used for some overall comparisons, the purposive sample of the final 16 cities (which includes the eight cities used in the original 1986 study) was selected as a cross-section large enough for meaningful statistical analysis. Conclusions of the study are not valid beyond the study boundaries, and interpretation of the conclusions for other parameters, such as larger cities, cities within metropolitan areas, cities in the upper peninsula or in other regions, should be made with caution.

The list of 35 cities is shown below, listed from largest to smallest, with the study cities shown in boldface.

Table 1 - List of Cities Fitting Study Criteria

	<u>City</u>	<u>Population</u> <sup>56</sup>
1	Ypsilanti	24,846
2	Mt. Pleasant	23,285
3	Monroe	22,902
4	Adrian	22,097
<b>5</b>	<b>Owosso</b>	<b>16,322</b>
6	Benton Harbor	12,818
<b>7</b>	<b>Big Rapids</b>	<b>12,603</b>
8	Niles	12,458
9	Grand Haven	11,951
<b>10</b>	<b>Alpena</b>	<b>11,354</b>
<b>11</b>	<b>Sturgis</b>	<b>10,130</b>
<b>12</b>	<b>Cadillac</b>	<b>10,104</b>
<b>13</b>	<b>Albion</b>	<b>10,066</b>
<b>14</b>	<b>Coldwater</b>	<b>9,607</b>
15	St. Joseph	9,214
16	Alma	9,034
17	Ludington	8,507
18	Fenton	8,444
<b>19</b>	<b>Howell</b>	<b>8,184</b>
<b>20</b>	<b>Hillsdale</b>	<b>8,170</b>
21	Greenville	8,101
22	Charlotte	8,083
<b>23</b>	<b>Lapeer</b>	<b>7,759</b>
<b>24</b>	<b>Tecumseh</b>	<b>7,462</b>
25	Three Rivers	7,413
26	St. Johns	7,284
<b>27</b>	<b>Marshall</b>	<b>6,891</b>
<b>28</b>	<b>Manistee</b>	<b>6,734</b>
29	Hastings	6,549
<b>30</b>	<b>Dowagiac</b>	<b>6,409</b>
31	Petosky	6,056
<b>32</b>	<b>Ionia</b>	<b>5,935</b>
<b>33</b>	<b>South Haven</b>	<b>5,563</b>
34	Cheboygan	4,999
35	Allegan	4,547

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<sup>56</sup> Based on 1990 U.S. Census Bureau statistics.

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## GENERAL DESCRIPTIONS OF THE SIXTEEN STUDY CITIES<sup>57</sup>

This study compares aspects of the sixteen study cities using a survey format. However, each city has unique qualities which may not be apparent from objective data or tabulated survey results, but which are important to a full understanding of them. As Schwartz explained, although cities can be seen in terms of “inorganic” characteristics—that is, in terms of simply organized functions designed to serve explicit needs—cities should also be seen from an “organic” viewpoint. Downtowns are not just economic machines for the businesses located there, to be discarded when obsolete, but are also part of the overall fabric and context of a community, contributing to its overall character. Craycroft and Fazio reinforced this notion when they found the primary reason people moved to small cities was not economic motivations, but the desire to improve their quality of life.

The following section presents both perspectives, and includes important demographic information as well as a more general description of each city based on site visits, conversations with residents and officials, and published materials. Most of the information was collected in 1992. Many of the comments are impressionistic, based on conversations with downtown merchants and city officials. Additional demographic data on each city is presented in the Analysis chapter, which looks at the effects of demographic characteristics on downtown health.

First, described alphabetically, are the eight cities included in the 1986 survey. They are followed with descriptions of the eight cities added for the 1992 survey.

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<sup>57</sup> All demographic data is based on the 1990 U.S. Census unless otherwise noted.

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## **ALBION:**



Albion's population has been decreasing in recent decades; it dropped from 12,749 in 1960 to 10,066 in 1990. This decline was due primarily to a loss of industrial, blue-collar jobs in the immediate area. Throughout this century Albion has had an industrially-based economy, with economic peaks and valleys. Although prosperous in the early part of the century, the city was severely hit by the depression of the 1930s. Local industry was busy during World War II, and the area became prosperous again in the 50s. Albion has been on a downhill slide since the 70s, when a number of important local industries either disbanded or relocated their plants. The community was devastated by these losses, and the downtown retail core lost much of its customer base.

Albion has been racially cosmopolitan since the 1900s. Blacks migrated north for jobs in the 30s, Hispanics in the 40s and southern whites during the Second World War. This mix of cultures, coupled with the up and down local economy, gave the city a reputation which was described in a 1953 newspaper article as "A little city with big city problems."

The community is made up of three primary population sectors: 1) a blue-collar population which is young, ethnic, and has a high rate of unemployment and public assistance, 2) a college population connected with Albion College, located in the city on the east side of the Kalamazoo River (the college population has been shown to have little contact with the rest of the community, however, and has had little impact on the

downtown), and 3) farming families living in the agricultural areas surrounding the city. (Albion served as a primary retail center for these families in earlier times, but has lost much of this customer base in recent years.)

In 1984, the Michigan Main Street Program selected Albion as a case-study for its comprehensive downtown evaluation survey. A year later the downtown community formed Downtown Albion Inc., an umbrella organization with a full-time director. It began a successful effort to revitalize the downtown. Although Downtown Albion Inc. generated \$1.7 million, it began to falter in a few years. The city responded by creating a Downtown Development Authority in 1988 and a Tax Increment Financing Act district in the same year. By 1992, the organization had been scaled back, and downtown merchants no longer had any significant coordinated efforts at downtown improvements. By 1993, the Downtown Development Authority had lost its tax increment financing funding due to school tax reforms, and now operates without a budget. As an example of the foiled efforts, in 1986 the city supported a new business, Brian's Department Store, in an attempt to bring a larger retail base to the downtown. By 1992, Brian's was gone and replaced by a Goodwill second-hand store.

In 1992, the Michigan Department of Transportation made public plans to repave the main downtown thoroughfare, Superior Street. Merchants were generally upset about the potential loss of business from having Superior Street closed to traffic for seven to eight months. This was a very controversial project, with many merchants in favor of putting smooth asphalt over the existing brick paving, but local historians wanting to replace it with new brick paving to match the old. Ultimately, the DDA contributed \$112,000 for the additional costs to have new brick pavers installed.

Albion's retail stores have no nearby competition. The Battle Creek Mall, 25 miles away, is seen as their biggest competitor. A new Wal-Mart recently opened in Jonesville, 27 miles distant. A local strip commercial district on the edge of town is anchored by an aging KMart. Even with this minimal competition, it is apparent Albion's downtown holds

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little of its local customer base. Albion College is located a few blocks from the downtown and has no shopping or recreation on campus, yet merchants indicated virtually no students frequented the downtown.

The current situation in Albion's downtown was summarized in a description from a paper by Heather Richards.

### Assets

**Architecture:** Downtown Albion possesses an architectural heritage that sets it apart from most small towns in southern Michigan. Downtown Albion is composed of a core of continuous and cohesive commercial buildings dating from the late nineteenth and early twentieth century. Although some have suffered unsympathetic remodeling efforts, the historic fabric of downtown Albion's buildings are intact, complementing and reinforcing each other through their similarity in scale, size and style. In addition, Albion's Main Street (Superior Street/ M-99) is one of three remaining examples of a brick-paved street in Michigan, and was recently resurfaced with clay bricks. This historic architectural tradition ultimately defines downtown Albion's identity and sense of place.

**Location:** Not only does downtown Albion front the Kalamazoo River, including two riverfront parks, but the downtown is located right off I-94.

**Parking:** Downtown Albion has plenty of both on-street and off-street, free public parking.

**Albion College:** Approximately 1,600 students attend Albion College, located just four blocks from downtown.

### Problems

**Economic contraction and unemployment:** In the late 1970s and early 1980s, most of the industry in Albion either consolidated or folded, resulting in a net loss of 922 industrial jobs.

**Retail leakage:** Although there are no malls or substantial shopping centers located within the city limits, recent studies have shown that most residents/customers shop in Jackson or Battle Creek, both over fifteen miles

away. Retail selection in downtown Albion is limited, and not targeted for the Albion market, which is multicultural, blue-collar and academic.

**Apathetic merchants:** Although downtown Albion is clearly suffering commercially, most merchants have not demonstrated the initiative to change their situation, nor do they exhibit much allegiance amongst themselves. Very few merchants cater to the students at Albion College, store hours are uncoordinated, and support of revitalization efforts in the past and/or present are either non-existent or inactive.

**Vacant buildings:** Downtown vacancy rates are high (currently 17%), and with high vacancy rates building improvements are minimal. High vacancy rates also lend themselves to a “lack of critical mass”—merchants, current or potential, suffer when surrounded by vacant storefronts.

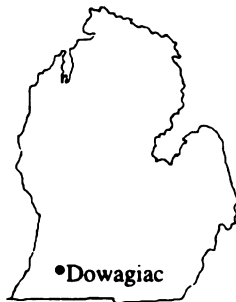
**Lack of signage:** Although Albion is located right off I-94, there is little or no signage on the highway, nor on M-99 leading towards downtown Albion.

**Lack of coordination:** Although the City and the Chamber of Commerce support efforts in revitalizing downtown Albion, there seems to be no common thread connecting the downtown merchants, the City and the Chamber. Business recruitment activities are minimal, with little or no incentives and no business recruitment packets that address the downtown commercial district. There is minimal involvement in downtown retail awareness workshops and seminars. There is no agency that acts as a bridge and a monitor between these three groups. The Downtown Development Authority seems to exist simply as an image of its past self.<sup>58</sup>

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<sup>58</sup> From a paper by Heather Richards for the course, Community Development and Downtown Revitalization, at Eastern Michigan University. October 1994.

## DOWAGIAC:



Located in southwestern Michigan, Dowagiac has almost been forgotten by outsiders. Located on the historically important Michigan Central railroad line running from Detroit to Chicago, it had previously been along the path of progress. The downtown's "front" is still formed by the railroad tracks, with important industries located just across the tracks. With no major highway links, Dowagiac lost much of its status with the decreasing importance of the railroad and increased dependence of highway transportation. As with Albion, local industries brought prosperity to the community during and after World War II, but their post-war attrition brought a general decline to the local economy.

Dowagiac's demographics represent a poorer community. Of the sixteen study cities, Dowagiac's residents have the lowest median value for housing (\$31,400) and lowest percentage of high school and college graduates (62.5% and 7.7%).

The downtown had been in a slow decline through the 1980s. An older Woolworth's store remained open and, as one merchant explained, brought in more customers than all the other downtown businesses combined. Few sustained efforts had been made to improve the downtown until a Downtown Development Authority was established in the mid-1980s. In its first year the DDA had a substantial improvements budget. By 1992, it had funded and completed construction of a new downtown streetscape on Front Street, the primary retail street. The streetscape was designed to complement the historic character of

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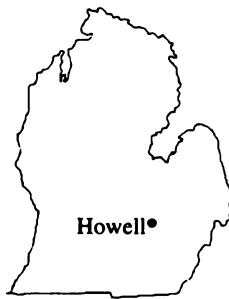


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the downtown, and seemed to generate a new sense of pride and optimism among local merchants. This led to other plans for improvements in the downtown area, including an outdoor amphitheater, a new farmers market pavilion, and reconstruction of the parking areas. These improvements brought substantial change to the downtown, creating a positive attitude among both merchants and city officials, and seems to have led to renewed economic vigor.

#### HOWELL:



Howell is a community with abundant resources. It is strategically located between the major centers of Detroit, Ann Arbor, Flint and Lansing, and is located along I-96, an important connector between the east and west side of the state.

Howell's downtown community is taking advantage of the new consumer market building up around it. It has an affluent renter population; of the sixteen study cities, it has the highest percentage of multi-unit dwellings, the most new residences (built between 1970 and 1980), the most new householders, the highest rental rates, and the highest median income of the sixteen study cities.

The city has given considerable attention to its downtown in recent years. Four Master Plans, a Streetscape Plan, a Historic Buildings Survey, a Main Street Center Resource Team Report, a Urban Development Action Team (UDAT) study sponsored by the American Institute of Architects, various university studies, a Downtown Development

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Authority, three planning consultants, and a downtown consultant—all have contributed ideas on how to revitalize downtown Howell.

Howell was a Main Street Program<sup>59</sup> community in 1986 and had a Main Street Project manager serving as a downtown advocate. However, three individuals held the project manager position in three years, and there was little followthrough in planning. The Program was criticized for having an historic preservation focus rather than a downtown revitalization focus. Its biggest accomplishment was to place the downtown on the National Register of Historic Places in 1987. By 1992, control of the Program was given to the City Manager, effectively killing it as a separate revitalization effort.

In 1991 the city established a Downtown Development Authority (DDA). The Authority appointed Carlisle Associates as long-term planning consultants. A ten-year plan for downtown improvements included funding for streetscape improvements, new trees, lighting and a two-story parking deck. The first project was to be streetscape improvements, including lighting and signage, but high costs put much of it on hold.

Other changes are affecting the downtown. The City Hall and the Police Department will have moved out of their current locations in the central downtown to a new location outside the downtown, on Grand River Boulevard. Wal-Mart recently opened a nearby store, but most merchants indicated they have felt little effect from it, since the downtown is increasingly becoming a specialty shopping district. Few of Howell's merchants see large discounters as competitors, but as contributors to the local retail environment.

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<sup>59</sup> The Main Street Program is a demonstration project for downtown revitalization efforts sponsored by the National Trust for Historic Preservation. It was most active in the 1980s.

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## IONIA:



Ionia is one of the oldest communities in central Michigan. The city has a strong sense of its local history, from which it has drawn much of its community identity. It has a well-known "Free Fair" during the summer, which for many decades has drawn large crowds. Ionia also has long had a state prison located in the city, and the resulting jobs have given employment stability during otherwise rough periods.

For most of its history, the downtown was owned and controlled by a few strong-willed businessmen. Recently, however, the ownership of downtown businesses has broadened considerably. This has increased the level of commitment and activity in downtown improvement efforts.

A 1978 planning proposal proposed using historic preservation as the primary focus of downtown revitalization efforts. Its objective was "to develop pride in the past, image and resources of Ionia."<sup>60</sup> As a result, a series of successful efforts at streetscape and building facade improvements were initiated.

Between 1979 and 1982, the City had accomplished a number of downtown projects, including landscaped parking, repaving of streets, new street lights, free parking, and regular street cleaning. A sign ordinance was passed to standardize signage. A revolving loan fund permitted downtown businesses to borrow from local banks at 2 percent interest,

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<sup>60</sup> Ionia Revitalization Plan. 1978. City of Ionia, Michigan.

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and many small businesses benefited from this program. Attempts to establish common business hours for downtown businesses was not successful, however, due to merchant resistance.

After languishing for many years, Ionia's Downtown Development Authority was reinvigorated in 1989, due largely to the encouragement of a new city manager. It has become a prominent city agency with a relatively large staff and a Main Street Program. The DDA staff works primarily on business recruitment, and has used consumer surveys from 1987 and 1991 and a 1992 business survey to focus on three business types that are most needed—a variety store, another men's clothing store, and a chain motel. One young merchant was encouraged by the DDA to expand his existing business into men's clothing to fill one of these needs. As another merchant said, vacancies should not be seen as problems, but as opportunities for young entrepreneurs.

The DDA has a retailers' group, which is the marketing arm of its activities. The local Chamber of Commerce also sponsors a separate merchants organization, the Progressive Merchants Group.

Ionia's merchant groups have used a number of strategies for improving the downtown's attraction as a commercial area. One strategy is to have the downtown appeal to younger customers, and let Wal-Mart and KMart cater to older residents. Another idea is to cover the downtown sidewalks with an overall canopy, but this has not received widespread support. Common store hours have also been discussed, but this idea has not yet received sufficient support to be implemented.

Quality of life issues have also been important objectives. A new organization, Progress 90, was created in the mid 1980s to broaden the scope of revitalization efforts, and has assisted in creating and renovating recreational areas in Ionia. This included the renovation of the historic Ionia Theater, a downtown Art Deco style theater that had been underutilized. The city purchased the structure, renovated it, and operates it as a focus for evening activity in the downtown.

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#### LAPEER:



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Ionia's downtown business owners seem willing to discuss many ideas and, as one owner said, "At least downtown Ionia is trying things."

**LAPEER:**



Lapeer has historically served as a hub of the agricultural community in the eastern part of the state. Its population has remained steady throughout much of its history. In recent years, however, the area has achieved closer ties with the industrial areas of Flint and Detroit, and interstate highways have reduced the driving time to those areas. The number of county residents employed in manufacturing increased almost 700% from 1950 to 1980.<sup>61</sup> In the last two decades, the local population has grown substantially, both within the city and in surrounding Lapeer County. The Michigan Department of Commerce recognized the Lapeer area as the second-fastest growing area in Southeastern Michigan.

Lapeer's downtown is located off the city's primary through roads. As a result, the downtown has experienced great competition from newer retail stores located in shopping centers along those through roads. To better compete, a downtown renewal plan was adopted in the early 1970s. The most significant change resulting from the plan was the implementation of a one-way street system around the downtown perimeter. Large parking areas surrounded the downtown core, and effectively separated downtown businesses from

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<sup>61</sup> Michigan Statistical Abstract.

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surrounding residential neighborhoods. This caused a major disruption in the fabric of the downtown, and has remained a source of controversy ever since.

The Lapeer Downtown Development Authority was established in 1982, and has included as projects the development of downtown parking areas, a downtown beautification program, and a downtown office space survey. The DDA sponsors a Farmers' Market, which has been successful in attracting shoppers to the downtown area twice a week. The DDA also funded the position of Business Recruitment Coordinator, whose role is to help interested entrepreneurs find the type and size of space they need in the downtown.

A facade low-interest (4%) loan program was initiated in 1985, cooperatively funded by the City and three local banks. Fifteen businesses have thus far benefited from the program.

In the 1992 survey, a number of problems were described by local merchants. The Primary concern on the minds of many merchants was the construction of new Meijers and Wal-Mart stores at the fringe of the city. Many merchants described the problems that would result, and the unfairness of this new competition. The Chamber of Commerce had sponsored a program on how merchants could prepare for the arrival of Wal-Mart, based on lessons learned in other communities. Some merchants felt the new superstores would be a direct threat to their future business; others felt their stores had a market niche which would not be negatively impacted.

Another concern of merchants was frustration with annual Gus Macker tournaments. These annual three-on-three basketball tournaments take place on temporary courts located throughout the downtown, and although the tournament attracts huge crowds, it also disrupts downtown businesses for an entire weekend. Complaints were also expressed about the city's refusal to remove parking meters from the downtown, even though merchants indicated they were willing to compensate the city for lost revenues.

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Alternatively, the city has suggested that merchants adopt a policy of paying parking tickets for their customers.

#### **MANISTEE:**



In the late 19th century, Manistee was an important and prosperous center of Michigan's lumbering industry. Since that time both its population and prosperity has been declining at a steady rate. Its current population is half of what it was at the turn of the century. Its population is elderly, with the average age of residents older than any of the other study cities. Manistee's residents have the highest median age, the highest proportion of residents over 65 years of age, and the highest percentage receiving Social Security.

For most of this century Manistee's residents have been living with the ghost of what had been. As a result, the city has a downtown didn't change appreciably from the turn of the century until recently. Some residents have seen this as an asset, since the preservation of the downtown's historic character could be used to encourage tourism. Toward this end, the central business district is now listed on the National Register of Historic Places.

An interest in downtown revitalization was first evident with Project Facelift, a clean-up, fix-up program begun in 1970 by the local Jaycees. A Uniqueness Committee was established to aid both business and home owners in their efforts to restore and renovate their buildings.

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A number of proposals for downtown revitalization have been presented since then—for downtown restoration, facade improvements, riverfront development, etc. A “Victorian Village” theme was established for downtown facades as part of a redevelopment effort sponsored jointly by the City, the Chamber of Commerce and the Downtown Development Authority. The DDA also set up a low interest loan program for downtown store owners. Four local banks provided the funds for the program, and property owners in the historic district can apply for loans of \$2,500 to \$15,000 for storefront improvements. The loans offer low interest rates, low monthly payments, no processing fees, and up to a 5 percent rebate from the DDA.

Many merchants feel the most significant project has been the recently completed RiverWalk, a beautifully landscaped park and boardwalk system located behind the commercial buildings on River Street. However, this costly project has not yet served as a spur to downtown revitalization. Even in the middle of the summer the new boat slips, restaurants, and outdoor seating areas are largely empty. Some explained the reason as the downturn in popularity for Lake Michigan charter fishing, one on Manistee’s primary draws. Others felt it was the lack of a coordinated promotions program that has led to the inactivity.

Two larger stores continue to anchor the downtown, Milliken’s and Penney’s. However, the lease for the Penney’s building was to be up in 1994, and it is inevitable that the store will close at that time, since Penney’s feels this store competes with its larger, newer Traverse City store. Indeed, it was evident from the project survey that residents of Manistee travel regularly to Traverse City (62 miles away) and Grand Rapids (119 miles distant) for shopping.

The lack of local support for downtown revitalization has been explained as the result of local demographics—i.e., a tight-fisted and “stubborn” Polish population, old-money families that prefer to hide their wealth, and an elderly population that largely leaves in the winter for warmer areas. One respondent compared Manistee with nearby Ludington.

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Ludington is younger, progressive, and a city with a commitment to good schools; Manistee is older, very conservative, where the primary concern is in not raising taxes.

Manistee's other major problem is unemployment. Many businesses have shut down in the last few years, and efforts to recruit new ones have been largely unsuccessful. One reason that has been given is the difficulty that management has had with local labor unions.

A 1993 study done by HyattPalma consultants, a firm specializing in downtown economic revitalization, presented four overall strategies for Manistee's downtown. They were:

**Existing Business Enhancement:** Further enhance, upgrade and update the businesses and merchandise of downtown so existing businesses become more profitable and better serve the marketplace.

**Business Mix Retention:** Fill existing vacant building space and broaden the mix of goods and services offered within the downtown by filling in the gaps which currently exist.

**Marketing and Image Enhancement:** Improve the image of downtown and increase relevant communications with downtown's current and potential customers.

**Real Estate Development:** Assure quality real estate development projects and adaptive use projects within downtown.<sup>62</sup>

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<sup>62</sup> "Downtown Manistee Economic Enhancement Strategies" Report. Prepared for Manistee, Michigan Downtown Development Authority by HyattPalma. (January 1993).

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## **MARSHALL:**



Marshall is one of the most stable communities in the state. Even its early citizens recognized the city's potential importance, and were nearly successful in having the city designated as the state capitol in 1847, losing by one vote. The city also has lost out on other opportunities for significant growth. In the 1870s the Michigan Central Railroad moved its primary train yards from Marshall to Jackson, where they became a dominant local industry. During the same period, Marshall had become a center for "medical opportunists," many who became wealthy selling patent medicines. However, this industry quickly died with the Pure Food and Drug Act. As a result, Marshall has remained, since the 19th century, a small but prominent Michigan city.

Marshall's residential areas include many large, historic structures. Their continued maintenance can be credited to the efforts of Harold Brooks, the city's mayor from 1925 to 1931. He encouraged historic preservation efforts, and purchased a number of primary buildings to insure the integrity of Marshall's history, including its famous "Honolulu House." The standards he set seventy years ago are the standards by which current preservation efforts in the city are judged.

In 1973 the Marshall Historical Society commissioned as consultants the firms of Richard Frank and Johnson, Johnson and Roy. Their efforts resulted in an important study, *Marshall: A Plan For Preservation*, which is used nationally as an example of good

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preservation planning. One proposal was to establish the downtown as a registered historic district, but this was not achieved until 1991, when it was also honored as the nation's largest "Small Urban" Historic Landmark District. Each fall the city hosts a historic homes tour, which draws many thousands of visitors.

The downtown has taken advantage of the city's historic character, and has become a primary tourist destination in central Michigan. Many of its businesses now cater to this customer base. A high proportion of shops selling gifts and antiques are included among the traditional downtown businesses. This has led to a successful business mix, one that keeps its own local customers while also serving as a regional magnet for tourists from as far away as Detroit and Chicago. Promotion efforts keep the tourist business healthy, and include large billboards along the interstate highways, tens of thousands of flyers sent each year, and good cooperation from many of the merchants.

Even when recruiting new industry, preservation as a quality-of-life amenity is used as a primary selling point. The local Chamber of Commerce takes an active role in Marshall's downtown, long serving as its primary promoter. A recent planning activity has been the Marshall Forward program. This strategic planning effort had community task forces dealing with housing, government, business/personal services, education, manufacturing, tourism and recreation, and retail issues.

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## **TECUMSEH:**



Tecumseh, located in southeastern Michigan, was a sleepy agricultural community until 1934, when a refrigeration company located its plant there. Since then Tecumseh Products has provided the stability of almost full employment to the city's residents. As a result, Tecumseh has one of the lowest unemployment rates in any of the study cities (6.6%), the lowest percentage of its population below the poverty level (5.8%), the highest household income rate (\$33,545). Tecumseh since then has broadened its industrial base, and residents have an attitude of confidence about the city's future.

This attitude is also evident among downtown merchants, who recently began a successful, self-initiated effort to draw more tourists into the downtown shops. With a strong promotional program, they are attempting to put the city "on the map" as a historic small town, and have initiated projects and activities to encourage this. One project includes an annual tour of historic homes similar to the larger homes tour in Marshall. Several tourist oriented downtown businesses, including gift shops, antiques stores, and a chocolate store have been successful with period furnishings.

Tecumseh established a Downtown Development Authority in 1982, with a TIF district established in 1984. Most of the funds generated by the TIF were spent on parking improvements. A recent streetscape improvements project has had mixed reviews by local merchants, some who feel its \$920,000 cost was a poor use of the money. Plans are being

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**ALPENA:**



Historically, the Alpena area economy was built on two large industries. Its early period was based on the lumbering industry, and later became an important center of the cement industry. It is the largest city in the northeastern section of the Lower Peninsula, and is unique largely because of its remoteness from other large urban areas. In spite of the distances, many residents feel their closest regional shopping area is in Saginaw, 140 miles distant.

The city is also located on the opposite side of the state from most of the booming northern Michigan tourist areas. Alpena hasn't yet captured a large tourism industry, although it is making serious efforts in this direction. The city recently received a Community Development Block Grant to develop a project to connect the downtown with its nearby harbor. The improvements are meant to encourage sailors and boaters, especially people on charter boats, to walk into downtown and patronize its businesses. A new marina and boat launch facility was recently completed at a former industrial waterfront area, and it also will encourage the city to capitalize on the waterfront attraction. A small shopping center on the fringe of the downtown, called Harborside Mall, is located between the marina and the downtown. Some in the downtown feel the mall has hurt

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downtown businesses because of the competition; others feel it has helped draw boaters away from the marina and to the downtown core one block beyond.

Alpena's entire downtown area encompasses three districts—the main downtown, Harborside Mall, and Old Town. Old Town, located across the downtown bridge, is a two-block historic area containing antique and specialty shops.

Alpena established a Tax Increment Financing Act district for its downtown in 1982. Before the TIFA district, downtown property values had been declining; now they are beginning to rise again. The district is administered by a Downtown Development Authority, which includes a Design Committee to review projects for design and historic compatibility.

The city and its merchants are promoting its image as a center of antiques stores and by encouraging festivals. As explained in an editorial in the local paper, "Coupled with the restoration going on in Old Town, and with the proper plan laid out for waterfront linkage, antique stores could provide the perfect atmosphere in the area. The rich Victorian heritage of the city only adds to the appeal of the idea..."<sup>63</sup> Yet, sometimes such liveliness has been discouraged by city ordinances. A 1986 ordinance, for example, does not allow sidewalk vendors, which has discouraged one merchant from using an old popcorn wagon. Because of complaints, this ordinance is being rewritten.

Downtown merchants have a volunteer merchants association, primarily dealing with promotions. The merchants association recently attempted establishing common store hours, but only six or seven businesses cooperated. The effort was abandoned after about a year. A merchant initiated program, "Target 2000," is a current effort attempting to recruit new businesses.

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<sup>63</sup> Bill Speer. 1992. "Back to the future in downtown Alpena." Alpena News (January 11):10-A.

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## **BIG RAPIDS:**



Big Rapids was established on the Muskegon River, which generated the power for the city's early lumbering industry. The river is still a very prominent part of the downtown and is now the location of a scenic downtown park. A hydro-electric dam built on the river later provided power for the manufacture of furniture and wood products. A number of extractive industries are located in the Big Rapids area, including oil, natural gas, sand and gravel. More recently, fishing has become prominent in the local area as a tourism industry.

Big Rapids is the county seat for Mecosta County. It is also the home of Ferris State University, and many of its students live in and near the downtown area. Their presence has been seen as a benefit to some downtown businesses which cater to their buying habits, but as a burden by other businesses who see students as discouraging older, more traditional customers. Students have also been seen as a problem because of their increased nighttime activity and partying and the increased number of break-ins in the downtown attributed to them.

A newer commercial district has been developing at the southern end of the city, generally located between the Ferris State campus and the U.S. 131 highway intersection. It includes a number of new plazas, including separate plazas for Ames, KMart, and Wal-Mart. This district attracts many regional customers, but also draws off customers from the

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downtown area. The township and city governments had an intense battle when the city refused to connect the new developments to the city sewer system, but the city was ultimately forced to make the connections by the courts.

In 1987, downtown business owners and merchants responded to the need for downtown revitalization by creating a new Tax Increment Financing district and Downtown Development Authority. A Giant Store, which was being built adjacent to the downtown, was included in the DDA downtown boundaries, and its completion generated considerable new funds for the TIF. In 1989, the DDA undertook a major improvement project, including the construction of new sidewalks, planters, banners and trees in the downtown. However, much of the construction was poorly done, and costly rebuilding is now necessary and is causing considerable discord in the downtown community. One businessman blamed the problem on a DDA Board dominated by professional people rather than retailers.

The overall impression one is left with in Big Rapids is a downtown community with no strong leadership. There were numerous concerns described in the survey of merchants— problems with recent city managers; the Downtown Development Authority and Downtown Businessmen's Association operate independently of one another; retailers are not adequately represented on the DDA Board, which has no full-time administrator; there is the fear of the competition from the newer regional discount stores; there is continuing bickering with the Ferris State administration, which has had its own internal problems; and revitalization programs have generally not received the full support of the downtown community.

In 1992, a survey was completed for the Downtown Development Authority by students in the Ferris Business Development Center. The survey generally asked for opinions on the downtown. Although answers were wide-ranging, one respondent's answers on "Public perception" was especially revealing—under "Strengths" was listed

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**CADILLAC:**



**Cadillac benefits from the tourism industry in northwestern Michigan, even though it is not located on the Lake Michigan shore. This is partially due to the city’s close proximity to two recreational lakes, Lake Cadillac and Lake Mitchell. But it is primarily due to Cadillac’s location as a crossroads of highways to the Traverse City area. As a result, a lot of Cadillac’s traffic is on its way through town, and sees Cadillac as a stopping point for meals or provisions. However, Cadillac is a large enough city to also have a significant resident customer base year-round.**

**Cadillac has three organizations concerned directly or indirectly with the downtown—a Downtown Development Authority, the Downtown Cadillac Association (a merchants group), and the local Chamber of Commerce. The DDA has no tax increment financing district connected with it, so its financial operations are administered directly by the city. It was explained that city officials have generally been opposed to a TIF district because it would take funds away from other city budgets and give them directly to the downtown.**

**Most of the city’s downtown improvement programs have been oriented to physical improvements, and have included street repaving, removal of overhead utility lines, replacing old sidewalks with brick pavers, replacement of street lighting with a more ornate**

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style, and improvements to walkways, docks, and lighting along the downtown shore of Lake Cadillac. As part of a recently completed streetscape improvement program, parking meters were removed from the streets and a free parking policy was instituted. As a result of their initiating the idea, merchants complained that they have had to reimburse the city for five years for lost parking revenues. The money was intended to go toward construction of additional parking, but some merchants indicated the city put it in its general revenues instead.

Other concerns with city government were also expressed. One prominent businessman was disappointed the city has given no incentives for downtown revitalization. Although he has spent hundreds of thousands of dollars to fix up his downtown building, the only reaction from the city has been to raise his taxes, even though officials promised not to do this.

Just north of the downtown a strip commercial area has developed. Many of the large discount chains are represented, including an Ames Plaza, KMart Plaza, A Giant Family center plaza, and representatives of all the major fast food chains. However, when Wal-Mart Plaza opened in 1990 it was considered a death knell for traditional downtown retailers, and many of them closed. According to one bookkeeper who handles the accounts of some downtown businesses, not one downtown business was making a profit at that time. Especially harmful to the downtown was the closing of Green's Variety Store, which had formerly brought a lot of foot traffic into the downtown. The city has since purchased the building, intending to convert it for lease to smaller shops. By comparison, some small retailers moved from the downtown to new locations at the strip malls and have done quite well.

The traditional customer base for Cadillac's downtown retail had long been the farming community. However, rural families tend to prefer the discount prices of larger chain stores and show less loyalty to traditional downtown stores. Wealthier residents, in contrast, have found it convenient to go to Traverse City to shop because of its larger

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selection and more specialized retailers. This leaves a reduced market niche for the downtown. In response to this problem, some merchants have suggested encouraging specialty shopping for tourists. This approach was supported through the survey, since better downtown health was seen among merchants with specialty businesses, rather than the traditional business retailers.

Cadillac is considering building a new court house to replace its outgrown Victorian era structure. City officials would like to build the new structure at a downtown site, but county representatives prefer a site outside of the city which would allow them to build a less expensive prefabricated building. This is a major issue for the community, and will have a significant impact on the downtown either way.

#### **COLDWATER:**



Coldwater is located along the route of the old Chicago Road (U.S. 12) going from Detroit to Chicago. The highway serves as the main street of the city's downtown. More recently, I-69 was constructed as a north-south interstate highway passing just east of the downtown. The interchange of the two highways has created a new commercial area, putting pressure on the traditional downtown to retain its businesses.

An early revitalization study for Coldwater was completed by planning consultants Vilican-Leman and Associates in 1967. The focus was on "urban renewal," resulting in some of the downtown's historic buildings being either defaced or demolished in an

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attempt to modernize. In 1979, a Commercial Redevelopment District was established which facilitated a 50 percent tax break for new construction and/or improvements. The city's zoning ordinance was also modified to encourage upper floor residential use in downtown buildings, but to this time only one loft has been converted.

Coldwater established a TIF district in 1982, followed a year later by a DDA. From these came two significant programs—a facade loan program, which has generated over \$350,000 in improvements and \$50,000 in DDA rebates; and a streetscape improvement program, costing \$660,000 and completed in 1990. A more recent project brought improvements to downtown parking areas, with \$500,000 spent on landscaping, signage, and asphalt paving.

Another DDA project was the renovation of Roosevelt High School, two blocks south of the downtown. A long term lease for the renovated space was given to an appliance company to create local jobs, and the gymnasium may become a new community center facility. The DDA was also working closely with the Downtown Business Association in conducting a “Visioning” program, a process for gaining public input toward establishing long-term goals. The city has also participated in the National Main Street Program.

Coldwater's downtown district includes the historic Tibbitt's Opera House, which has regular performances and draws 30,000 people a year. Although considered a downtown asset, the extent of its impact has not yet been studied.

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## **HILLSDALE:**



Hillsdale is the county seat for Hillsdale County. Originally the county seat was to be in Jonesville, a few miles to the north and along the Chicago Road (now U.S. 12). Hillsdale won out because of its greater size and central location within the county, and as a result has historically benefited from this designation. The city's historic county courthouse and surrounding square form an important and dominant focus in the downtown.

Hillsdale is also the home of Hillsdale College, founded in 1844 as an independent, coeducational residential college. Although the college now has about 1,000 students, students do not frequent downtown businesses, and the student population has had a negligible impact on downtown retail. This is not unusual, and has been found in other small college towns as well (e.g., Adrian and Albion, with Big Rapids being a significant exception).

Hillsdale's downtown tends to be perceived by its business owners and merchants as having two districts. The upper area around Courthouse Square is seen as the more desirable retail area, and includes more established businesses. The lower area near the railroad tracks includes merchants who feel they have been neglected by the city with regard to downtown improvements.

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A strip commercial area has been established along the highway between Hillsdale and Jonesville, and includes Ames, Kroger and Perry Plaza and various fast food restaurants. There was considerable concern among downtown merchants in 1992 over the opening of a new Wal-Mart in a few months and the impact this would have on downtown businesses.

Hillsdale's downtown streets form an unusual traffic pattern.. What formerly had been angled crossing streets are now separated by a confusing median strip, causing continual confusion in downtown traffic.

A series of downtown revitalization efforts began in 1981, initiated by a local investor partnership, Hillsdale Development, Ltd. They collectively purchased the unused Montgomery Ward building and converted it into small retail leased spaces. This group evolved into a larger, more inclusive organization responsible for downtown revitalization efforts—Project Hillsdale Committee. The new organization established a TIFA district and established specific goals, including:

**Period lighting fixtures:** Low-level period lighting fixtures should replace tall sodium vapor lighting in the downtown area.

**Underground utilities:** All aerial utility lines should be placed underground.

**Parking:** Abundant, attractive and convenient parking should be available to shopper and merchants.

**Rear entrance renovation:** Create rear entrance store accessibility that is more attractive and safer for customer access.

**Occupy Montgomery Ward Building:** The Ward's Building can be subdivided into retail space and could be used to attract businesses downtown.

**Landscaping and public amenities:** Install park benches and trash containers (period design), as well as planters and shrubbery.

**Sidewalks:** New sidewalks are to be added to the downtown and old sidewalks are to be replaced.

**Facade restoration:** Business owners should be encouraged to renovate storefronts and buildings in a manner consistent with the historic character of the district.

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**Historic preservation:** Main and enhance the quality of Hillsdale's Victorian architecture.

**Traffic flow:** Improve the flow of traffic around the area of the Hillsdale City Hall.

**Develop a logo:** Design a logo using a central theme that ties together the aspects of the community.<sup>64</sup>

Project Hillsdale is still being implemented, but many of the projects listed now have been completed. Hillsdale Development Limited and the city have been instrumental in funding a number of downtown improvement projects, including new parking areas. Plans now include the restoration of the old railroad station and depot area. The city has no DDA, and much of this effort was being coordinated by one prominent downtown merchant. Virtually the only general organization for merchant involvement in Hillsdale is the local Chamber of Commerce, putting the Chamber in a more primary focus for the downtown than in other cities.

**OWOSSO:**



Owosso is one of the largest of the study cities and has a large enough market base to support a larger downtown. It is located midway between Lansing and Flint, and is gradually becoming a bedroom community to those cities.

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<sup>64</sup> *Project Hillsdale: Proposed Development Plan for the Community of Hillsdale.* (November 1985).

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Meijer's, Wal-Mart and Fisher Big Wheel stores recently have located on the fringe of the city. However, in 1984 J.C. Penney's was attracted to build a new store within the downtown, encouraged by an Urban Development Action Grant and the city's construction of a new, landscaped municipal parking lot. This store has contributed significantly to revitalization efforts in the downtown, and helped offset the loss of Weichmann's Department Store, a major downtown retailer which closed recently and left vacant a prominent corner in the downtown. More recently, a unique pedestrian walkway was constructed from a parking area directly into the downtown's primary intersection, encouraging the use by pedestrians of sidewalks instead of rear entrances. The walkway enters through remaining facade of an older building which was otherwise demolished. The city also has a West Side commercial district, which is separated by a few blocks from the main downtown.

Owosso is not the county seat, and historically has relied on its businesses for growth rather than government services. Because the city is beyond its period of residential growth, the downtown district is oversized, and there have been attempts to effectively down-size the downtown, giving it more density, making it more pedestrian-friendly, and eventually increasing property values.

Downtown activities in Owosso are coordinated by the Downtown Development Authority and the Owosso Merchants Association, with considerable involvement by the local Chamber of Commerce. Unlike many smaller cities, Owosso has a city planner, who has been quite active in stimulating revitalization activities. Recent activities include the installation of new lampposts and park benches and the use of police foot patrols in the downtown. The DDA has provided \$75,000 in business loans and \$300,000 in major economic loans. The Chamber of Commerce sponsors promotional programs, such as "Home Town Holidays," a summer Curwood Festival along the river, and an annual car show, although some downtown merchants indicated the Chamber puts too much emphasis on the strip commercial areas and not enough on the downtown itself.

## **SOUTH HAVEN:**



South Haven is one of the two study cities located on the shores of Lake Michigan. Because of its location, tourism is an integral part of its downtown, and the balance between providing for local residents and seasonal tourists forms its retail equation.

Although the city has always had a relatively small population, it has long served as the urban center of Van Buren Township and nearby communities. The population represents the diversity of the area, with a relatively large African-American community (15%). It also has a high percentage of elderly residents. These groups form a counterpoint to the younger, up-scale customers attracted through tourism, boating and fishing.

There has been a significant shift in the business mix toward both lunch and dinner restaurants, undoubtedly to draw on the tourism potential. A recently improved riverfront area, with a park and 44 short-term slips, has made a more pleasing link from the harbor and beach areas to the downtown itself. On the northern edge of the downtown is "Waterfront Village," a block of seasonal businesses that open only in the summer. A new year-round hotel with "mini-conference" facilities is part of this district and may attract other investment.

In 1989, Wal-Mart built a store just outside the city. Some in the downtown feel the competition from Wal-Mart almost killed the downtown, while others feel its presence has contributed to the overall retail environment, since the downtown had a poor retail mix prior to this and Wal-Mart filled an important void.

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There have been a number of downtown revitalization efforts in South Haven in recent years. At one time South Haven had been designated a Main Street Program community, but it did not develop this program to any great degree. Cranbrook Academy in Detroit worked with the city on a Community Design Program, but with little success. Local banks sponsored a facade improvement program, but there was little interest in the program among downtown property owners. The city has a DDA, but it is currently non-functional. Its primary accomplishment was a streetscape beautification project in the early 1980s, and it has not had a significant budget to work with since then. The city hopes to encourage revitalization, and is now in the process of preparing a new master plan.

#### STURGIS:



With the development of a strip commercial area located a mile from its downtown, Sturgis has become a regional shopping destination. The new commercial district includes a Wal-Mart, a KMart, other commercial plazas, and most of the major fast food chains. The impact of the strip on the downtown is mixed, for it has drawn many businesses away from the downtown, but it also draws many commuting customers from outside areas into the Sturgis area.

The downtown district has not organized a significant response to this competition, and generally is suffering as a result. Although a Downtown Development Authority was established in 1980, it has been largely a volunteer effort and did not have its first Director

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until 1990. The Downtown Sturgis Association commissioned a study of the downtown by Grove Associates in the early 1980s, but it did not have significant impact. There is currently a Tax Increment Financing district, with a 20% rebate program for facade improvements.

## DEMOGRAPHIC CHARACTERISTICS OF THE STUDY CITIES

The following chart lists relevant data from the 1990 U.S. Census of Population for the 16 study cities. The data includes:

- 1990 city population
- Median age of city population
- Percent of population with a college degree
- Percent of working population unemployed in 1990
- Percent of population that is African-American
- Mean household income
- Percent of population with household income below poverty level
- Median cost of housing in city

Table 2 - Selected Demographic Characteristics For 16 Study Cities

	1990 Census Statistics							
	Popul.	MedAge	%CollGrad	%Unemp	%Black	HHIncome	%Poverty	MedHsg
Albion	10,066	26.5	16.8%	12.4%	30.8%	\$20,078	25.4%	\$31,700
Dowagiac	6,409	31.7	7.7%	14.1%	15.5%	\$20,628	15.5%	\$31,400
Howell	8,184	31.2	16.0%	6.8%	0.1%	\$31,674	9.2%	\$75,400
Ionia	5,935	30.8	13.2%	9.7%	0.9%	\$23,614	16.3%	\$41,200
Lapeer	7,759	30.2	9.7%	10.7%	4.7%	\$22,833	20.1%	\$51,400
Manistee	6,734	36.5	12.4%	17.3%	0.5%	\$18,010	21.6%	\$34,900
Marshall	6,891	34.9	22.9%	6.1%	1.4%	\$30,000	8.5%	\$53,900
Tecumseh	7,462	33.6	17.3%	6.6%	0.1%	\$33,545	5.8%	\$62,900
Alpena	11,354	36.0	13.1%	9.3%	0.2%	\$20,472	13.5%	\$37,600
BigRapids	12,603	21.3	31.0%	11.4%	5.0%	\$14,990	44.4%	\$51,800
Cadillac	10,104	32.8	15.5%	12.1%	0.2%	\$21,170	15.5%	\$37,000
Coldwater	9,607	32.8	13.5%	9.5%	0.3%	\$22,562	17.5%	\$35,900
Hillsdale	8,170	29.5	19.2%	8.9%	0.6%	\$21,688	16.3%	\$39,000
Owosso	16,322	31.7	11.3%	12.2%	0.1%	\$23,220	15.7%	\$38,000
SouthHaven	5,563	35.3	21.7%	9.2%	15.1%	\$25,967	16.9%	\$50,100
Sturgis	10,130	32.3	12.3%	5.3%	0.8%	\$23,642	11.9%	\$56,300



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The census statistics include some interesting comparisons which give a better perspective to the descriptions of the cities from the previous section.

**Population:** Populations of the study cities vary from 5,563 to 16,322. Although this is a considerable range, with the largest city almost three times the population of the smallest, this population range represents cities with similar functional characteristics, and would all fit within the same functional category in the Borchert Hierarchy of Trade Centers<sup>65</sup>.

**Median Age:** Big Rapids has the lowest median age, primarily because of the large student population from Ferris State University included in the city population statistics. Fully 59% of the population of Big Rapids is between 18 and 24 years of age, much higher than the other college towns of Albion (23%), which has Albion College, and Hillsdale (19%), with Hillsdale College. All three are well above the average for the other 13 cities (10%). The oldest populations are found in Manistee and Alpena, with 21% and 19% of their respective populations over 65 years of age, compared with 15% for the entire group of cities.

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<sup>65</sup> The Borchert Hierarchy of Trade Centers establishes that cities of any size engage in all the economic and trade activities of lesser sized cities, and supports the general notion of a functional hierarchy. The hierarchy proceeds upward from hamlet to village, town, city (county seat), regional capital, and national metropolis. The goods traded in cities at different levels in the hierarchy is shown in the chart below.

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**College graduates:** Big Rapids has the greatest percentage of college graduates within its population (31%). This and the other cities with college populations throw askew any general significance to be drawn from this statistic.

**Unemployment:** There is a large variance in the rate of unemployment among the various communities. Although residents in Albion indicated there has been a big problem with the loss of jobs in their community, other study cities have unemployment problems as bad or worse. Dowagiac had the highest unemployment rate in 1990 (17%), while a number of other cities had rates above 10 percent.

**Black (African-American) populations:** Albion, Dowagiac and South Haven are the three study cities with substantial African-American populations. The other cities had African-American population percentages well under the national and state averages.

**Household incomes:** Based on household incomes, Tecumseh, Howell and Marshall are the study cities with the highest household incomes (over \$30,000). The lowest incomes are found in Big Rapids (because of the large student population) and Manistee (because of its large elderly population). The average household income for all the study cities was \$23,381.

**Poverty rate:** The city with the highest percentage of the population with incomes below the poverty level was Big Rapids, again because of the large number of students. Other communities with high rates included Albion, Manistee and Lapeer. The lowest rates were in Tecumseh, Marshall and Howell, which also had the highest household incomes.

**Median housing costs:** Housing costs were found to be highest in Howell, which is currently in an area of great residential growth, located as it is along a major expressway with easy commutes to Lansing, Detroit and Ann Arbor. Housing costs are also higher in Tecumseh, with its relatively affluent population. The lowest housing costs are found in Dowagiac and Albion.

## THE RESPONDENTS

### SELECTION OF RESPONDENTS

This study evaluates the health of downtowns through the perceptual evaluations of downtown merchants, business owners, and local officials. They know the downtown well, and are most impacted by changes. An inclusive survey of these groups was the method used to gain input. Data was collected in two ways—first, through use of self-administered questionnaires and, second, through personal interviews. The same topics were covered using both techniques; sometimes both techniques were used with a single respondent. The self-administered questionnaire was the primary technique used, and data collected through its use form the bulk of the information gathered.

Questionnaires were distributed to downtown businesses within the following parameters:

1. Forty questionnaires were distributed in each of the downtowns;
2. Distribution was limited to ground-floor businesses and enterprises;
3. For smaller cities, 40 questionnaires covered virtually all of the downtown businesses; for larger cities, first priority for distribution was given to businesses in the heart of the downtown (defined below), with a smaller proportion given to representative fringe businesses;
4. Stamped, addressed return envelopes were included with each questionnaire.

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### **Response Rate**

Of the 640 questionnaires distributed, responses were received from 365 individuals, for a response rate of 57%, which was considered adequate for statistical analysis. The response rate for each study city is listed below:

Table 3 - Questionnaire Response Rates

<b><u>City</u></b>	<b><u>Responses</u></b>	<b><u>City</u></b>	<b><u>Responses</u></b>
Albion	48%	Alpena	48%
Dowagiac	47%	Big Rapids	65%
Howell	55%	Cadillac	68%
Ionia	55%	Coldwater	58%
Lapeer	65%	Hillsdale	58%
Manistee	53%	Owosso	60%
Marshall	60%	South Haven	65%
Tecumseh	53%	Sturgis	60%

Records were kept of the type of contact made, and contacts were coded into three categories. If the questionnaire and its topics were discussed with a respondent for more than five minutes, the contact was considered a personal interview; this was considered the first "type of contact" category. A second category was designated when the researcher made only a brief personal contact with the respondent to explain the purpose of the survey and encourage him or her to complete the questionnaire, but did not discuss the survey topics for any period of time. A third type of contact was designated when respondents were not personally contacted; typically they were unavailable and the questionnaire was left with an employee or colleague.

Analysis was made of these types of contact to the survey responses. Personal contact apparently did not bias respondents, for there was no discernable difference in responses received to questions based on the type of contact made.

Personal data on respondents was also collected from the questionnaires. This data indicated respondents knew their communities well, for the mean length of residency was

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26 years, and respondents had been involved in the downtown as merchants or in other capacities for an average of 12 years. Clearly the respondents as a whole represented a group that could speak about their respective downtowns based on long experience.

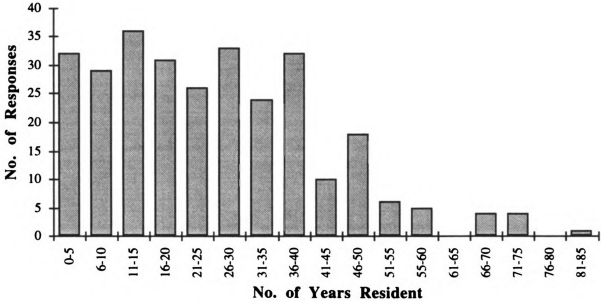


Figure 3 - Respondents' Length of Time As Residents

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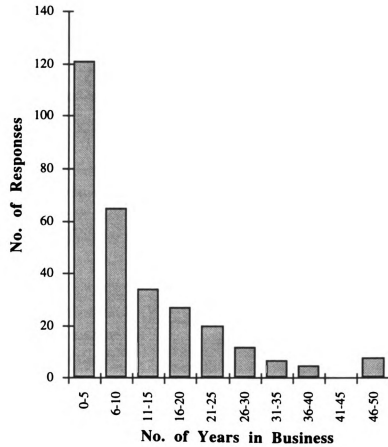


Figure 4 - Respondents' Length of Time In Business

The following chart lists the mean for these factors for each study city, showing both the eight study cities from the 1986 survey and all 16 cities from the 1992 survey.

**Table 4 - Respondents' Length of Time Listed by City**

	<u>1986 Survey</u>		<u>1992 Survey</u>	
	<u>Resi.</u>	<u>Busi.</u>	<u>Resi.</u>	<u>Busi.</u>
Albion	38	12	43	21
Dowagiac	34	14	25	8
Howell	34	18	23	12
Ionia	31	13	37	17
Lapeer	22	14	21	11
Manistee	25	11	27	11
Marshall	34	17	21	11
Tecumseh	29	13	32	12
Alpena			26	11
Big Rapids			21	11
Cadillac			23	11
Coldwater			24	9
Hillsdale			30	11
Owosso			23	12
South Haven			23	10
Sturgis			25	10

It is clear from these figures that in some cities there has been more transition in both the length of residency and downtown businesses in recent years. The original eight study cities allow this information to be reviewed in a time-series format. In Dowagiac the 1986 survey respondents had lived in Dowagiac an average of 34 years and been in business for an average of 14; by 1992 the averages had dropped to 25 years and 8 years respectively. Similar drops were found in Howell and Marshall. In other cities the opposite was found. Albion's respondents went from an average of 38 years of residency to 43 years, and from 12 years in business to 21 years, indicating there has been little or no turnover in the six years between studies. Although some of this may be due to the selection of individual respondents, the survey was representative enough to indicate this had been a general trend

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in the cities mentioned.<sup>66</sup> Such time-series information is not available on the remaining cities, since they were not part of the 1986 survey.

### Survey Bias

It is important for any researcher to recognize biases in survey responses. If they are understood as fully and accurately as possible, such biases can be minimized. Potential respondent biases were looked at in the 1986 survey, and it was found they were not significant. Therefore, analysis was not deemed necessary for the 1992 survey because of similarities in the questionnaire format.

The biases checked for previously were the following:

#### *Non-respondent bias:*

One type of bias often found in this type of survey is based on the assumption that individuals who have responded in a survey tend to represent different attitudes than those individuals who haven't responded. Other studies have found that non-respondents generally have a more negative outlook, which may not be otherwise represented in the collected data. In the 1986 survey,<sup>67</sup> which was a precursor to this study, such a bias was checked for in the following ways:

1. Did respondents who quickly submitted their questionnaires tend to give different responses from those who procrastinated in returning it? The assumption made here is that procrastinators tend to be more like non-respondents, and might to some degree represent the attitudes of non-respondents. However, analysis showed there was no significant difference in the responses based on the time taken to return the questionnaire.
2. In some instances respondents who would not otherwise have completed a questionnaire were encouraged to give responses through the personal interview

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<sup>66</sup> A statistical analysis of this information is included in the Analysis chapter.

<sup>67</sup> Norman R. Tyler. 1987. *An Evaluation of the Health of the Downtowns in Eight Michigan Cities* (Dissertation). Ann Arbor, Michigan: University of Michigan.

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format. If it is assumed that this group would otherwise have been non-respondents, then they could be used to represent non-respondent attitudes. Once again, it was found there was no significant difference in responses based on the type of contact made (personal interview vs. other), so there was no evidence of a bias.

Based on these two checks, the conclusion was made that there would be no difference in the responses given by non-respondents, and thus this bias did not need to be accommodated in the data analysis.

#### *Hawthorne Effect:*

Another type of bias commonly found in survey research is the Hawthorne Effect, which says that respondents tend to respond differently simply because they have been selected for a survey. Because of the special recognition which has been given them, it is sometimes found the respondents tend to answer in the way which will most please the researcher.

This was not likely to be a factor in this study for two reasons.

1. This survey was associated with a major university, and the name of the university was prominently displayed on the front cover of the questionnaire. Universities are generally seen as relatively neutral in their perspectives on issues such as those covered in this study, so respondents felt no pressure to either agree or disagree with the sponsor institution's viewpoint.
2. As described above, there was virtually no difference in responses based on the type of contact made by the researcher. If respondents who had been personally interviewed had responded differently, as a group, from those with whom no personal contact had been made, then it could be assumed respondents had been affected by the researcher contact. Such was not the case.



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*“Self-lifting” Bias:*

Closely associated with the Hawthorne Effect, the “Self-lifting” bias recognizes respondents want to make themselves appear in a positive light, and will respond accordingly. This bias was minimized by positioning personal questions about the respondents at the end of the questionnaire, where they would tend not to affect the other, more substantive responses. This effect was also minimized by using anonymous questionnaires, where a respondent’s ego was not tied in with the responses.

*The “Habit” bias*

If given a series of similar questions, respondents will fall into a habit of answering them similarly without considering each on its merit. This bias was minimized by changing the format of questions throughout the questionnaire. The format ranged from simple “check the box” questions to one-word responses to open-ended responses to completing information on simple graphs and maps. Through these variations each question was given its own personality, avoiding the “habit” response.

*Stopping Rule:*

Another bias which is sometimes found in survey research is based on the fact that the survey procedure is terminated when the researcher has obtained the desired results, and the amount of data collected is determined by results. This was avoided by establishing survey parameters beforehand. This study established two parameters prior to the collection of Survey forms:

1. 16 cities would be surveyed in depth;
2. A minimum of 20 responses would be obtained in each city.

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## THE QUESTIONNAIRE

### DEVELOPING THE QUESTIONNAIRE

#### The Initial Development and Testing of the Questionnaire

The questionnaire was designed to survey respondents about their attitudes and opinions on their downtown. Since it was meant to record perceptions of the sampled group, the questionnaire needed to present the types of information desired, yet be open enough to allow respondents to explain their answers in more detail if they so desired.

The 1992 survey built on the original 1986 survey, and included some follow-up questioning.<sup>68</sup> The 1986 questionnaire (see Appendix 2) was revised and field-tested sixteen times before reaching its final form. Revisions had been made for the following reasons:

1. Respondents were observed during pre-testing while completing the form and then interviewed afterwards. Questions that were confusing, repetitious or unnecessarily difficult to answer were withdrawn or modified.
2. Data from the pretest surveying were analyzed. If data were found to be confusing or incomplete, the response categories were modified.
3. The location and grouping of question topic areas were varied to see if the flow from one topic to the next became easier for the respondent for follow.

The 1992 questionnaire (see Appendix 1) was modified to more directly address the specific topics being emphasized in this round of surveying. The modifications included:

1. A question was added which asked respondents to indicate how much they felt certain types of businesses contributed to downtown health. This

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<sup>68</sup> Tyler, Norman R. 1987. *An Evaluation of the Health of the Downtowns in Eight Michigan Cities* (Dissertation). University of Michigan.

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attempted to get perceptual input on the importance of business mix as a factor in downtown health.

2. Questions relating to the respondent's building were eliminated, since this information had had little value in the original analysis.
3. A question asking for a relatively detailed evaluation of the history of the downtown in terms of various characteristics had received a relatively low rate of response in the original survey and was eliminated.
4. The original questionnaire had included a street map of respondents' cities; they were asked to draw a line around what they considered to be the boundaries of the downtown area. This question had yielded interesting information, but was considered too complex to administer and not directly related to the primary questions being pursued, and was eliminated.

### The Questionnaire Format

The questionnaire was designed using the "Total Design Method" format described in the book, *Mail and Telephone Surveys: The Total Design Method* by Don Dillman.<sup>69</sup> The Total Design Method (TDM) emphasizes the use of a small booklet format made from standard size sheets of paper folded in the middle and stapled. According to this format, a full questionnaire should have no more than 12 pages (i.e., three sheets of paper). The front and back pages are used as "covers" and have no questions. The TDM also stresses a graphic layout which emphasizes the framework of the questions.

For this questionnaire, the front cover used as its graphic an outline of the lower peninsula of State of Michigan. This graphic was used because it was immediately recognizable by virtually all respondents, because it emphasized the fact that this was a state-wide study, and because it indirectly gave credibility to the questionnaire due to the associative connection with the state. The name of the study city for each city was printed on the state map. This made it immediately obvious to a respondent that their city was

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<sup>69</sup> Don A. Dillman. 1978. *Mail and Telephone Surveys: The Total Design Method*. New York City: John Wiley and Sons.

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receiving individual attention. This fact was commented on by a number of respondents, and seemed to be important in getting a good response rate.

The front cover also included the name of the institutions associated with the study, the Michigan State University Urban Planning Program and the Eastern Michigan University Urban and Regional Planning Program. This clarified immediately that the questionnaire was not a commercial solicitation for a product or service and made respondents comfortable with the fact that the information collected would be handled in an appropriate manner.

The first page inside the questionnaire was an introductory letter which told potential respondents about the survey and its use. The letter stressed the importance of their participation, and stated that their identity and their individual responses would be kept confidential. The letter was then signed by myself individually for each questionnaire using a contrasting color ink to emphasize the individuality.

The back "cover" was also separate from the questions portion of the questionnaire. It asked respondents for information if they were interested in a follow-up to the survey. First of all, it included a "reward" to respondents who completed the questionnaire; by checking a box, a respondent was told s/he would receive a "Summary Report" which presented, in brief, the findings of the study. This box was pointed out to most respondents when personal contact was made, and many respondents asked for this information. Having the "Summary Report" box also made it necessary for a respondent to fill in his or her name and address. Although the survey was confidential, and respondents were promised anonymity (and indeed they will remain anonymous to anyone outside this study), this encouraged most to include their names, which allowed both for additional data on respondents, and also formed the basis for a future mailing list.



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## **Question Sequence**

The questionnaire grouped questions into topic areas. Respondents were first asked to evaluate the existing condition of their downtown, both in a general sense and in a detailed way. They were also asked to look at their downtown historically—how it's health had changed over time, what had changed it, and how they felt about its future. Finally, they were asked to evaluate other downtowns with which they were familiar on a comparative basis.<sup>70</sup>

### ***The First Question***

One of the most critical questions on any questionnaire is the first one. It is the question that determines whether or not a person will complete the questionnaire. Therefore this question must be intriguing, yet easy to answer. It should draw readers into the survey topic and make them feel like they will have something to contribute. It should not make the readers feel they don't have enough knowledge to continue, yet it should not be overly simplistic and make them feel their answers are inconsequential.

Although other questions were also tried, the question that best filled the needs of the first question—for brevity, clarity, relevance to topic and perceived usefulness—was the following:

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<sup>70</sup> A copy of the full questionnaire is shown in the Appendix.

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the following:

How would you compare the overall health of your downtown with those of other cities similar in size?

*(Note: A number of questions ask about the overall "health" of downtown. Its health can include economic, social and physical characteristics.*

How do you feel it compares — is it ...

- ☐ Much more healthy
- ☐ Somewhat more healthy
- ☐ About average for this size town
- ☐ Somewhat less healthy
- ☐ Much less healthy

Figure 5 - First Question

This question was directed specifically at the topic of downtown health. It also asked the respondent to give their initial opinion on the health of their downtown before they might develop a bias based on the structure and sequence of other questions. The question was easy to respond to and asked for an opinion without the need for knowing certain facts. As a result, this question received a 96% response rate among the respondents and served as a very satisfactory first question, both for encouraging responses and as an important piece of data for analysis.

#### *Detailed Evaluation of Downtown Characteristics*

Question 1 was followed with a question that asked respondents to consider various characteristics of their downtown. It listed 16 individual characteristics of downtowns and asked them to evaluate their own downtown in terms of each of these characteristics. They were to indicate by checking a box whether their evaluation for each was "Very good," "Good," "Fair" or "Poor." The list of characteristics was developed from a separate survey conducted in 1985 which was intended to develop such a list. The characteristics included the following:

1. General condition of buildings downtown
2. Streetscape—sidewalks, benches, trees, etc.
3. Mix of stores and businesses
4. Parking in downtown
5. Your impression of overall retail sales downtown
6. No. of shoppers for “browsing” shopping
7. No. of shoppers for “quick-stop” shopping
8. Merchants association
9. Cooperation of banks
10. Cooperation of city government
11. Local political situation
12. Downtown as a community cultural center
13. No. of tourists coming to downtown
14. Employment in the local area
15. Historic character of downtown
16. Safety and security downtown

### ***Significant Events***

The first two questions had asked respondents only to check boxes. The third asked them to list, in their own words, two events that had been significant in changing the health of their downtown, either for better or for worse. This question provided useful information, but also encouraged respondents to develop their thoughts on why the

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downtown was the way it was, and gave a historical perspective to their responses. The question was stated as follows:

### *Significant events...*

*Now, think back...*

*What things have happened that have significantly affected the health of your downtown? Did they make the health of the downtown better or worse?*

*Indicate below what you consider to be these significant events.*

Significant Event #1...

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Year (approx.) \_\_\_\_\_

Did it make the health of the downtown?...

☐ Better

☐ Worse

Significant Event #2...

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Year (approx.) \_\_\_\_\_

Did it make the health of the downtown?...

☐ Better

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Figure 6 - "Significant Events" Question

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### *Competitor Areas*

Each of the study city downtowns has competition from other commercial districts. The intensity of this competition can be an important determinant of downtown health.

There are numerous models that look at retail competition, two of which are described in the Literature Review chapter. The Nearest Neighbor Model of Clark and Rushton suggests that customers will patronize the nearest store that has a needed good or service. This suggests that downtowns will effectively service their market area for all the goods and services they provide if they represent the area in closest proximity. This model was tested by including a question on the survey dealing with competitor areas.

Berry's Elements of Urban Retail Structure model illustrated that the retail function was no longer centralized, but increasingly fragmented. This fragmentation generally follows three distinct patterns: retail nucleations (e.g., downtowns or malls); ribbons, (e.g., strip commercial areas); and specialized areas.

The study looked at this question by asking respondents to consider areas which were competitors to their downtown. Two questions asked about competitor areas in a comparative way. The first asked respondents to list what area they considered to be their downtown's greatest competitor. It specifically did not ask for the name of a city, for a competitor to a downtown may take many forms; it may be a mall just outside the city or a regional mall more than one hundred miles distant. Next, respondents were asked to evaluate the strength of competition—"Very strong," "Quite strong," "Strong" or "Moderate"—and describe in their own words how it was competitive. This question was included because it allowed for a determination of whether competition had had a significant impact on downtown health. If it did, it would be necessary to know whether it was a positive or negative impact, and what factors were most important for that competition (e.g., distance, size of competitor area, type of competition).

The question, as illustrated below, showed 35 different cities on a map of Michigan. All the cities were located in the Lower Peninsula, and they were similar in size and

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characteristics to the 16 study cities.<sup>71</sup> Based simply on their own impressions of these cities, respondents were asked to indicate which they felt had healthy downtowns and which had downtowns with poor health. This procedure gave an evaluation of the larger grouping, but also allowed the sixteen study cities to be rated by respondents in each of the other fifteen cities. The question was stated in the following way:

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<sup>71</sup> See page 38 for a description of how the 16 study cities were selected from the larger group.

## *Other Cities . . .*

Shown on the map below are Michigan cities, many about the same size as yours. Of those with which you are familiar, draw a circle around those you feel has a particularly “healthy” downtown. (Circle any number)

Next, draw an “X” through any which you feel has a downtown which is particularly unhealthy. (Again, “X” any number)

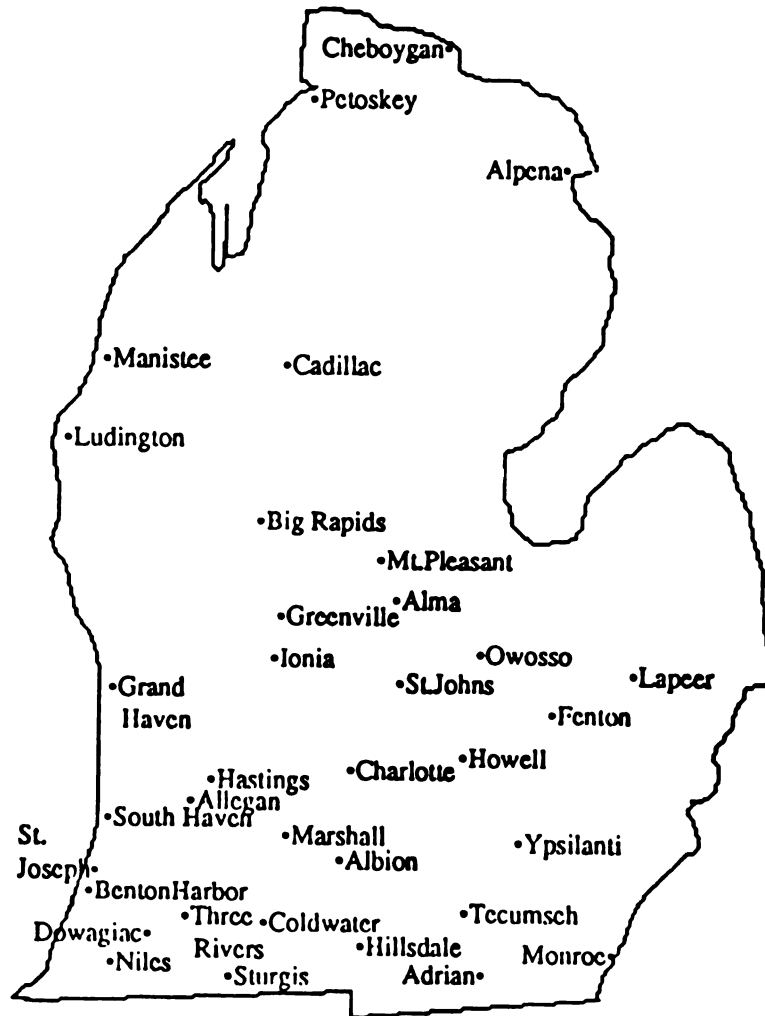


Figure 7 - “Other Cities” Question

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### *Evaluation of a downtown's past*

Respondents were also asked to evaluate how the overall health of their downtown had changed over time. A grid was included in the questionnaire with decades indicated back to 1900. They were asked to give their evaluation of downtown health as far back as they felt they were able, and to indicate by simply drawing a line on a graph (shown below) what the health was at any particular time.

### *How downtown health has changed over time ...*

*How has the health of your downtown changed over time?  
Its "health" can be seen in terms of economic, social and physical characteristics.*

*On the graph below, simply draw a continuous line which in your opinion, shows how its health has changed over time.*

*(Go as far back in time as you can)*

1900	1920	1940	1960	70	80	90	92	
								Very good
								Good
								Fair
								Poor

Figure 8 - "Historical Health of Downtown" Question

### *Evaluation of a downtown's future*

As a question which looked toward the future, respondents were asked to give their impressions of whether they were optimistic or pessimistic about the future of their downtown—did it look good or poor? They were then asked "Why do you feel this way?"

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which offered them an opportunity to respond about anything they felt was important to their evaluation.

By asking respondents to evaluate their downtown in this series of questions, presented in a variety of formats, respondents were encouraged to dwell on the topic of downtown health. Such repetition would lead, it was assumed, to more thoughtful responses on this critical question topic.

#### *Personal Information on the Respondent*

Finally, the questionnaire included a series of questions requesting information about the respondent. It asked for information on length of residency, length of time in business in the downtown, organizational affiliations, and involvement in revitalization efforts.

#### Pretesting the Questionnaire

Tecumseh was used as the pretest community in the 1986 survey. During the pretesting period (the summer of 1986), five revised questionnaires were developed. Throughout this period the questionnaire was simplified, both by eliminating irrelevant questions and by making the remaining questions more "respondent friendly." Because of this pretesting, there was little need for further pretesting for the 1992 survey. Although Tecumseh was used for the pretest, the city has remained as one of the study cities, and was one of the 16 cities in which a full survey was administered in 1992.

Another initial pretest was an informal survey of design professionals used to determine the list of Downtown Characteristics used in the final survey. The Survey of Professionals<sup>72</sup> included a wide variety of separate items which could potentially be used as indicators of downtown health. The list was drawn from interviews, from personal

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<sup>72</sup> The Survey of Professionals is more fully described in the author's 1987 dissertation, *An Evaluation of the Health of the Downtowns in Eight Michigan Cities*. A copy of the Survey is shown in its Appendix.



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observations, and more heavily from a review of literature. Although the Survey of Professionals did not have a large enough sample base to be considered scientific, it did contribute to the selection of the 16 Downtown Characteristics used in the final survey.

### Administering the Questionnaire

Every effort was made to administer the survey questionnaire in a consistent and impartial way. Questionnaires were personally delivered to potential respondents (as described in the section, Selection of Respondents) at their places of business. Each included an addressed, stamped return envelope. All the questionnaires were delivered by the same person; this allowed for consistency in the introductory remarks, which typically went as follows:

"Hello. I'm Norm Tyler from Michigan State University. Through the school's Urban Planning Program, I am conducting a study asking people like yourself to give their opinion on how well your downtown is doing. We would like to know how you feel about your downtown, what efforts have been good for your downtown and what things have hurt it. From these responses, recommendations will be developed on what revitalization efforts have been successful for cities like yours.

(Pause for response...)

"We have included relevant questions in this survey form. (Hand them the questionnaire). I would appreciate it very much if you would complete it and return it to me at the address given. An envelope with a stamp is included.

"Note on the back page that a Summary Report, which will describe the study findings, will be sent to anyone who checks the box."

(Encourage further discussion if possible)

Questionnaires were returned by mail, which took anywhere from 2 to 71 days to receive. The average length of time was 10 days. Since questionnaires could be returned

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anonymously, there was no follow-up mailing to encourage non-respondents to return their questionnaires.

The Chart below illustrates the time taken for all the questionnaires to be returned:

<u>No.of Days</u>	<u>No.of Responses</u>	<i>(Each X=2 responses)</i>
0-5	52	XXXXXXXXXXXXXXXXXXXXXXXXXXXX
5-10	59	XXXXXXXXXXXXXXXXXXXXXXXXXXXX
10-15	32	XXXXXXXXXXXXXXXXXXXX
15-20	14	XXXXXXX
20-25	7	XXXX
25-30	8	XXXX
30-35	3	XX
35-40	1	X
40-45	2	X
45-50	1	X
50-55	0	
55-60	0	
60-65	0	
65-70	1	X
70-75	1	X

Figure 9 - Number of Days For Return Of Questionnaires

The great majority of responses were received within 3 to 4 weeks after initial contact was made. Analysis of responses showed no significant bias was found based on response time. Since questionnaires were distributed from June through November, the data also were checked for seasonal bias; because retail trade is seasonal, one might expect that merchants who were given the questionnaire in a slow period would respond differently from those who were given it during a busy time of year. The data showed no such bias; the evaluations were similar for all periods of the survey.

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## LISTS OF VARIABLES

The questionnaires were tabulated by converting all responses to a computer database format. This allowed for statistical comparisons. There were two "units of analysis"—that is, the primary categories used to subdivide the data.

The first unit of analysis was a single respondent. Data could be stratified by many factors associated with individual respondents. Factors included such personal information as whether or not they were a downtown merchant, how long they had lived in the community, and what organizational affiliations they had. The individual factors could also be used for comparing responses from one question topic to another. For instance, did respondents who knew a great deal about the history of their downtown tend to rate the downtown as being in better condition than the general sample, or in worse condition, or did this not make a difference in their evaluations? Or, if respondents indicated that competition from other retail areas was very strong, did they tend to rate retail sales in their downtown lower than other respondents? Or, did respondents who rated their downtown health as very good also tend to rate other downtowns better than normal, below normal, or was there no correlation? These were questions which could be looked at on a respondent-by-respondent basis.

The second unit of analysis was comparison between individual cities and their downtowns. Instead of a dataset with 365 cases, one representing each respondent, this dataset had only sixteen cases, one for each of the study cities. Through this analysis, one was able to look at questions such as—Were certain types of businesses found more often in a healthy downtown? Were other business types found in greater number in less healthy downtowns? If the population of a community had grown rapidly, did this correlate with improving downtown health?

The two datasets were entered onto Microsoft Excel software for recording and for statistical analysis. A list of variables for each dataset is included in Appendix 3. In

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addition to coding and entering all information onto a database, information from open-ended questions, from interviews, and from personal observations were kept as notes and referred to throughout the analysis to enrich the analytical perspective. Relying only on quantitative data did not fully represent the information that had been collected, and this source of more subjective data was included.

#### THE USE OF ARCHIVAL DATA

Historical data on the study cities was collected from other resources and was available for further analysis. Local and state archival data were integrated into each city's dataset. Information was collected from the following sources:

U.S. Census: used for population figures for all cities and counties; also included is information on demographics, housing, income, etc.

Michigan Manual: (printed every 2 years) historical information on municipal status, annexations, voting results, newspaper subscribership, banks and media.

Michigan Gazetteer: used chiefly for its comprehensive listings of all businesses in all Michigan cities (published from about 1870 to 1930).

State Highway Department maps: used to determine when transportation connections were made to cities, including highways, rail lines, airlines and ferry routes; also used for establishing distances between cities.

Sanborn Insurance Maps: detailed insurance maps showing individual structures in each downtown (printed irregularly from 1870 to about 1930).

Moody's Business Reports: lists financial status, including debts, of all municipalities (published from 1910 to present).

Local Community Archives: usually found in local libraries, these resources included old photographs, city directories, newspaper clippings and other downtown records.



## **CHAPTER IV**

### **ANALYSIS**

#### **DERIVATION OF THE DOWNTOWN HEALTH PERCEPTION INDEX**

##### **FACTORS MAKING UP A "HEALTH PERCEPTION INDEX (HPI)"**

This study uses perceptual input to find factors most closely allied with downtown health. Downtown "health" is the dependent variable; in other words, other factors are judged by how they affect the "health" factor of a particular downtown. Because of the importance of this variable, it is critical to define what is meant by "health."

In this study health is defined in a comprehensive sense, including the condition of downtowns in physical, economic and societal terms. Downtown health may be seen in terms of physical factors, such as streetscape improvements, restored facades, one-way streets, and improved parking. It may also include economic factors, such as growth in retail sales, public expenditures in the downtown, or the level of employment in the overall community. Societal factors can be more wide-ranging, and may include the ability of a downtown to serve as a focus of the community, the activities of organizations connected with the downtown (e.g, merchants association, chamber of commerce), or even issues of changing lifestyles and shopping patterns. Through use of the survey questionnaire, respondents were asked their opinions about a variety of factors relating to their downtown.

A system for comparing these responses in a consistent way was established through the development of a downtown Health Perception Index (HPI). The usefulness of such an index has been recognized by many researchers, including E.F. Thorndike and his

“Goodness Index” for cities and Boyer and Savageau’s more contemporary “Places Rated Index” described in the Literature Review. However, these indexes, and most indexes of urban health, have been formulated from available datasets. They are subject to the data available, and must rely on proxy information for the derivation of conclusions.

This study takes a different approach with its Health Perception Index. It derives the index directly from raw data collected specifically for this purpose through the study survey. It creates its index not from secondary sources, but from the primary source on which the study is based, the input of merchants, business owners, and local officials.

The Health Perception Index was derived by combining responses from a number of questions from the survey and blending them into a single value. The four survey questions used to derive the Health Perception Index were:

1. Compare downtown—Respondents were simply asked to evaluate the health of their downtown compared to other downtowns of similar size.
2. Historical view of downtown’s health—They were asked to indicate, to the best of their knowledge, how the overall health of their downtown had changed over the decades.
3. Opinion on downtown’s future—They were asked to indicate how they felt about the future health of their downtown—were they optimistic that its condition would improve or were they pessimistic?
4. Characteristics of downtown—They were asked to evaluate their downtown according to a list of specific characteristics, including such things as retail sales, parking convenience, the cooperation of the city, etc.

Each of these four questions which make up the HPI will be discussed in turn and compared to the results from a similar questionnaire administered as part of the precursor 1986 study.<sup>73</sup>

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<sup>73</sup> Norman R. Tyler. 1987. *An Evaluation of the Health of the Downtowns in Eight Michigan Cities* (Dissertation). Ann Arbor, Michigan: University of Michigan .

### 1. Question 1—Downtown Health Compared

Stated as an initial assumption of this study, "A meaningful evaluation of a downtown's health can be derived from perceptions of that downtown's merchants and business owners." The first survey question was based directly on this assumption, and asked respondents to evaluate the overall health of their downtown compared with other cities of similar size. Question 1 was presented in the questionnaire as shown below:

How would you compare the overall health of your downtown with those of other cities similar in size?

*(Note: A number of questions ask about the overall "health" of downtown. Its health can include economic, social and physical characteristics.*

How do you feel it compares — is it ...

- ☐ Much more healthy
- ☐ Somewhat more healthy
- ☐ About average for this size town
- ☐ Somewhat less healthy
- ☐ Much less healthy

Figure 10 - Question 1 From Survey

This question was placed first on the questionnaire because it was intended to elicit a general initial impression from respondents, before they knew about the line of questioning which followed. This placement minimized bias for this critical question. It also encouraged respondents to begin with a relatively simple question, helping to overcome their initial resistance to filling out a questionnaire.

#### *Use of the Normative Scaling Technique*

The responses to Question 1 for each study city were converted to a 0–100 scale, with 100 representing the most positive response possible and 0 representing the most negative. In other words, if all respondents in a particular downtown had indicated their downtown

was “Much more healthy,” the overall rating for that downtown for Question 1 would have been 100; if all had indicated their downtown was “About average...” the score would have been 50.

A similar 0–100 scale was applied to virtually all of the questions used in the questionnaire. This conversion was necessary to make it possible to compare responses from many questions and question formats.

Using a 0–100 scale, one might initially assume the mean for each question, taken over a large enough sample, would be close to a value of 50 (representing for Question 1 the box labeled “About average”). Survey researchers expect a bias in questions of this type, and have found that respondents typically rate their own city a little better than average. Thus, the mean rating is initially valued higher than 50. As an example, the mean response for this question for all the respondents was 54.5, significantly above the anticipated mean value of 50.

To adjust for this bias, a “normative scaling” technique was utilized and applied throughout. Normative scaling is a technique developed by the author to accommodate such a bias. Through a reiterative technique of adjustment, the initial values were “nudged” upward or downward sufficiently to derive a new mean with a “normalized” value of 50.

Using the example from Question 1, the values based on the responses were recalculated so the average for all respondents became 50, rather than 54.5. In other words, all the initial values were shifted proportionally downward. Using this procedure the values in the mid-range are shifted more, while values at the higher and lower ends are shifted less (e.g., a value of 54.5 is shifted downward 4.5, a value of 27 would be shifted downward 2.2 and, of course, a value of 0 would not be shifted at all).

The formulas used for normalizing the ratings for the sixteen study cities are:

- A. If the initial composite mean for all cities is above 50 and the initial mean for an individual city is above the initial composite mean:

$$\text{Normalized value for a city} = \text{initial value} - \left( \frac{100 - \text{initial value}}{100 - \text{comp. mean}} \times (\text{comp. mean} - 50) \right)$$

B. If the initial composite mean for all cities is above 50 and the initial mean for an individual city is below the initial composite mean:

$$\text{Normalized value for a city} = \text{initial value} - \left( \frac{\text{initial value}}{\text{comp. mean}} \times (\text{comp. mean} - 50) \right)$$

C. If the initial composite mean for all cities is below 50 and the initial mean for an individual city is above the initial composite mean:

$$\text{Normalized value for a city} = \text{initial value} + \left( \frac{100 - \text{initial value}}{100 - \text{comp. mean}} \times (50 - \text{comp. mean}) \right)$$

D. If the initial composite mean for all cities is below 50 and the initial mean for an individual city is below the initial composite mean:

$$\text{Normalized value for a city} = \text{initial value} + \left( \frac{\text{initial value}}{\text{comp. mean}} \times (50 - \text{comp. mean}) \right)$$

The values for Question 1 for each study city were normalized in this way so the mean composite value for all the study cities would be 50.<sup>74</sup> Such normalization accomplishes two things—first, it eliminates the bias inherent in the questioning and answering as described above and, second, it allows data collected through a variety of techniques to be put into a common format for comparisons.

The following chart lists the 16 study cities<sup>75</sup> and indicates the mean values for Question 1 for each city both before and after normalization. (From this point on, only normalized values will be used unless otherwise noted.)

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<sup>74</sup> Using the reiterative process, values for normalization were assumed acceptable if within a range from 49.0 to 51.0.

<sup>75</sup> Cities are listed alphabetically, with the eight cities from the original study grouped first, and the cities added for this study grouped after.

Table 5 - Question 1 Rating for Study Cities

<u>City</u>	<u>Non-normalized Value</u>	<u>Normalized Value</u>
Albion	13.9	12.8
Dowagiac	67.9	64.2
Howell	59.5	54.9
Ionia	56.0	50.9
Lapeer	60.2	55.7
Manistee	46.3	41.9
Marshall	79.2	76.8
Tecumseh	73.8	70.8
Alpena	45.8	41.5
Big Rapids	40.0	36.2
Cadillac	51.9	46.9
Coldwater	53.6	48.5
Hillsdale	54.8	49.6
Owosso	50.0	45.3
South Haven	50.0	45.3
Sturgis	65.2	61.3
ALL	54.5	50.1 <sup>76</sup>

## 2. Historical Look at Downtown Health

As explained at the beginning of this section, the Health Perception Index (HPI) was derived from the responses to four survey questions, including Question 1 described above. The second of the questions related to perceptions on how the health of a respondent's downtown had changed over time, thus giving a historical perspective to the evaluation. This historic question served not only as a cross-check on how a respondent felt about his/her downtown's current status, but gave a dynamic aspect to how they thought it was changing, and whether they felt their downtown was getting better or worse over time. The question was stated as follows:

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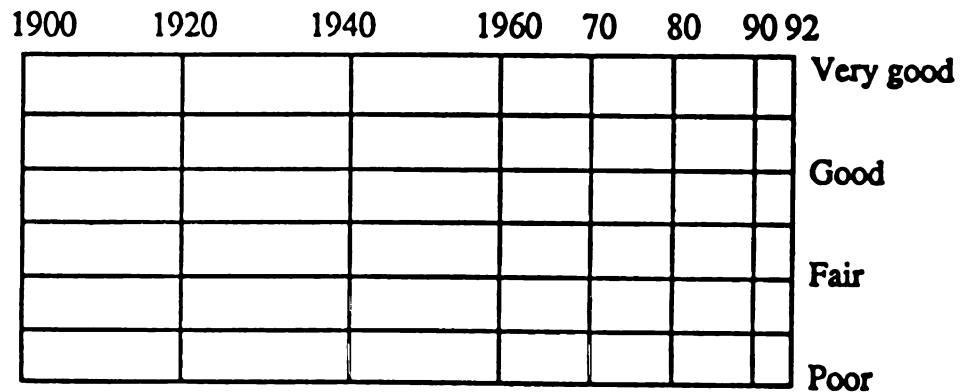
<sup>76</sup> The figure is not exactly 50 because the figures shown under "ALL" are not the means of the city ratings shown because some cities had more respondents than others, and this adjusted the total mean slightly.

## How downtown health has changed over time...

How has the health of your downtown changed over time? It's "health" can be seen in terms of economic, social and physical characteristics.

On the graph below, simply draw a continuous line which, in your opinion, shows how its health has changed over time.

(Go as far back in time as you can)



Below is an example...



Figure 11 - Historical Health Question From Survey

An example illustrates the significance of this question. Shown below are composite graphs for Dowagiac for both the 1992 survey and a similar survey conducted in 1986. Each line shown represents the answer from one respondent.

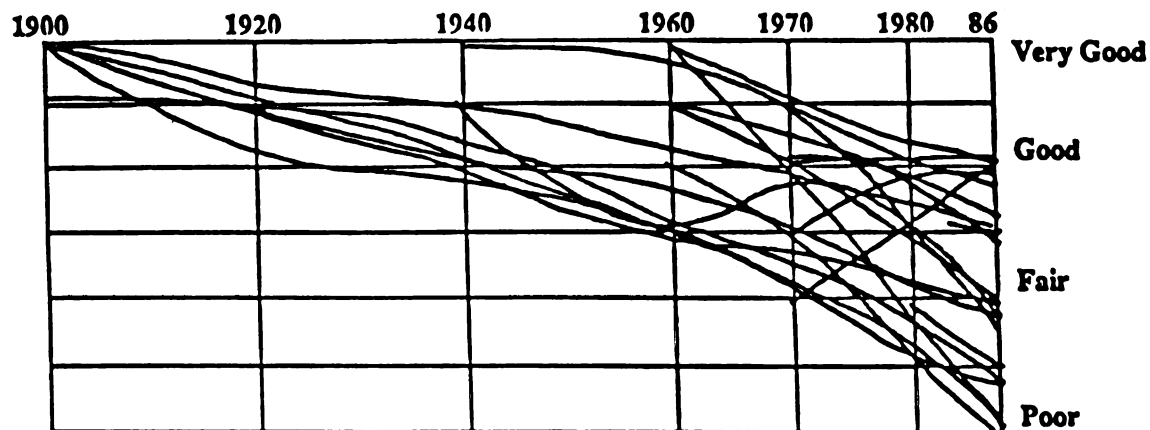


Figure 12 - Dowagiac Historical Health Chart (Not normalized)  
1986 Survey

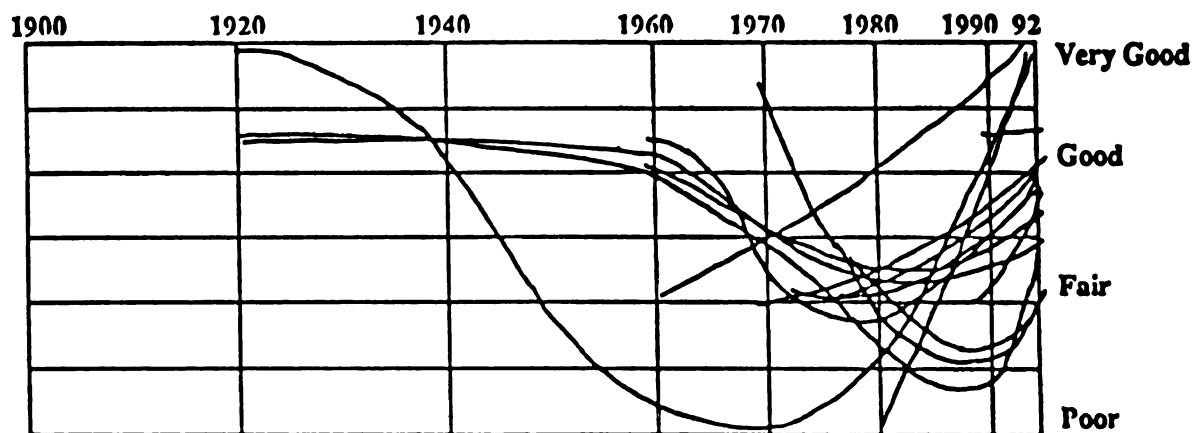


Figure 13 - Dowagiac Historical Health Chart (Not normalized)  
Current Study

The first chart clearly illustrates a poor opinion of Dowagiac's downtown health in 1986, showing a generally downward trend with little or no indication of optimism. The 1992 chart exhibits a significant and consistent upshift in the attitudes of respondents. Virtually every line ends on an upswing. Clearly something is happening in Dowagiac that



has significantly changed the opinion of merchants and business owners regarding their downtown's health.

These composite historic graphs were then normalized for all sixteen cities. This process of normalization used as its "base line" the average for all sixteen cities for each decade (with a normalized value of 50 at the midpoint). This allowed the information for each city to be seen clearly, since external factors, such as the national economy, were essentially extracted from the historic graphs.

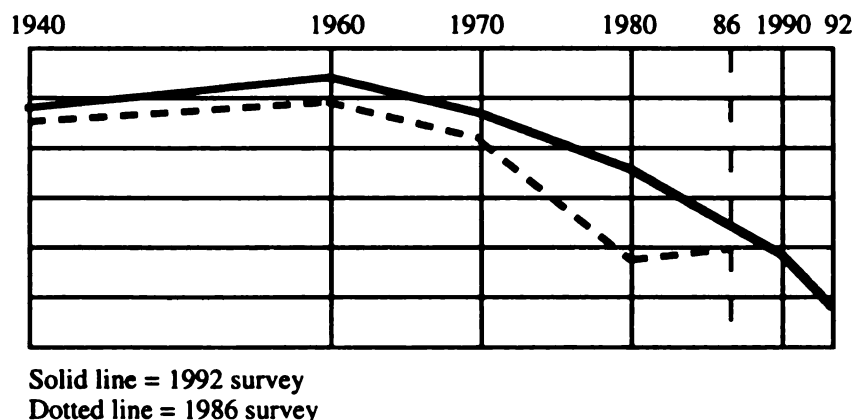


Figure 14 - Albion Historical Health of Downtown—Normalized Values compared, 1986 and 1992 Surveys

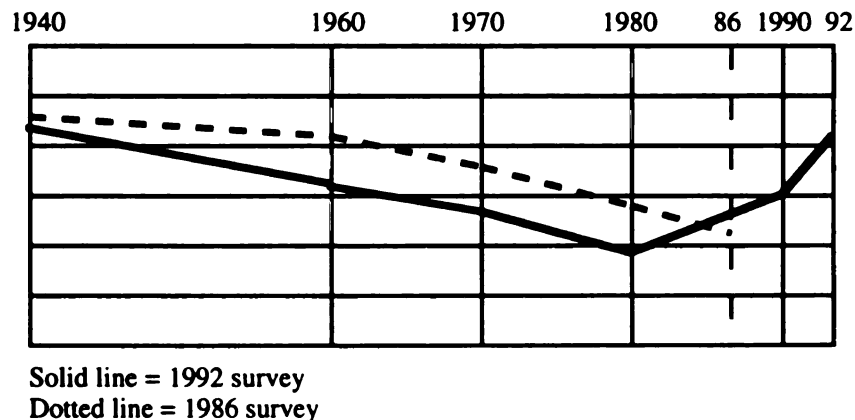


Figure 15 - Dowagiac Historical Health of Downtown—Normalized Values compared, 1986 and 1992 Surveys

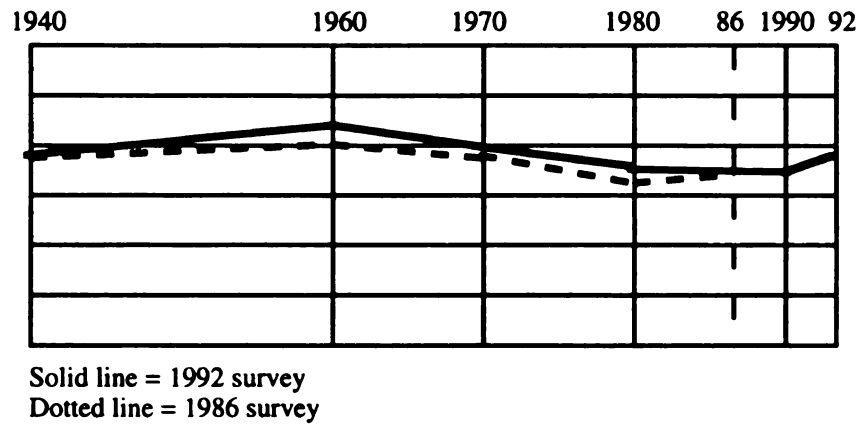


Figure 16 - Howell Historical Health of Downtown—  
Normalized Values compared, 1986 and 1992 Surveys

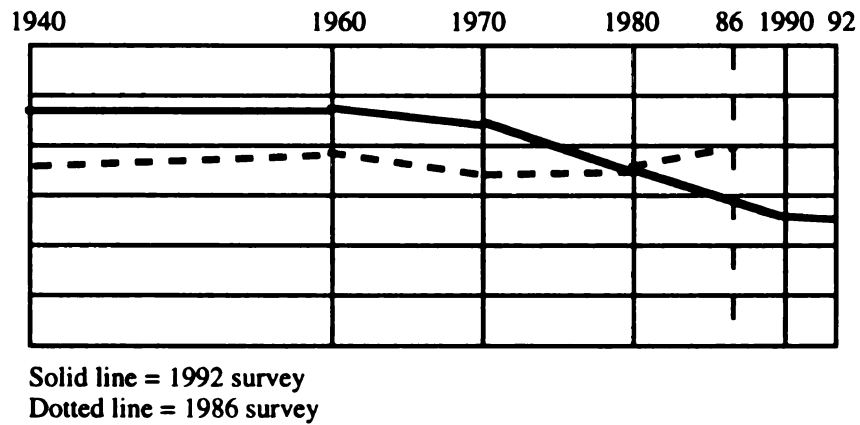
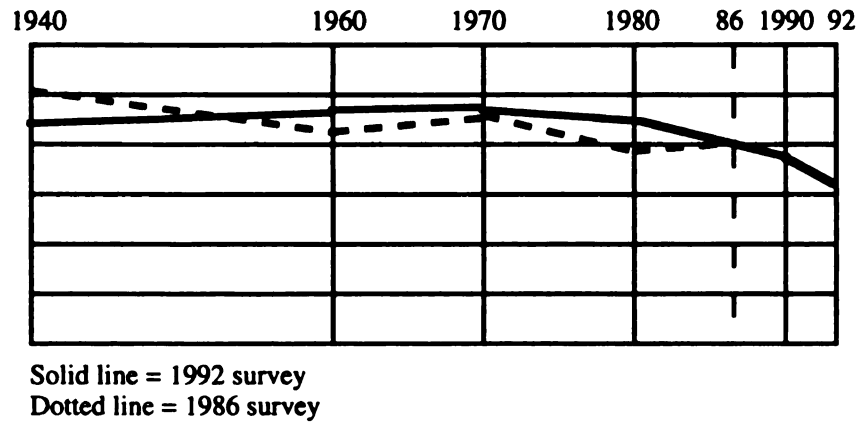
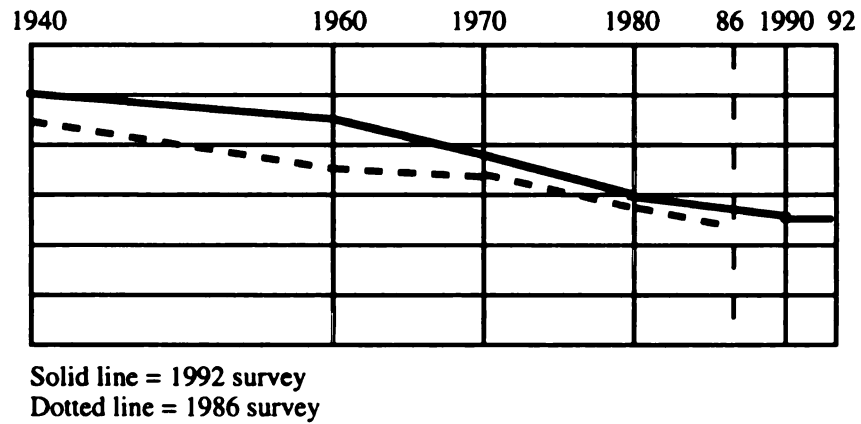


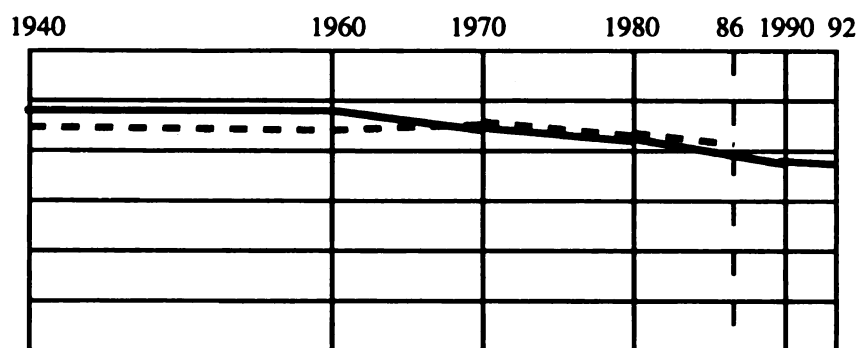
Figure 17 - Ionia Historical Health of Downtown—  
Normalized Values compared, 1986 and 1992 Surveys



**Figure 18 - Lapeer Historical Health of Downtown—  
Normalized Values compared, 1986 and 1992 Surveys**

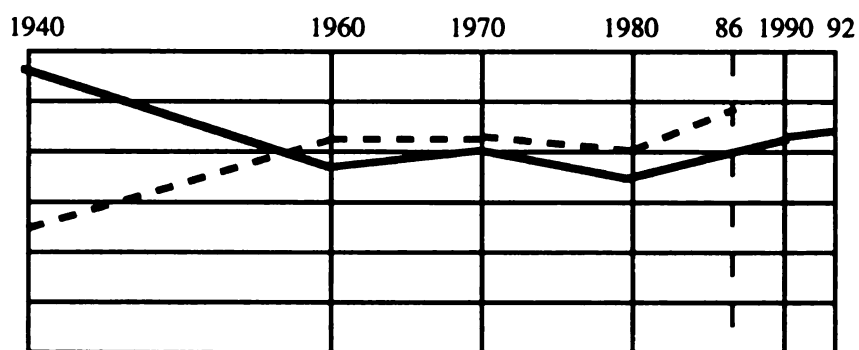


**Figure 19 - Manistee Historical Health of Downtown—  
Normalized Values compared, 1986 and 1992 Surveys**



Solid line = 1992 survey  
Dotted line = 1986 survey

Figure 20 - Marshall Historical Health of Downtown—  
Normalized Values compared, 1986 and 1992 Surveys



Solid line = 1992 survey  
Dotted line = 1986 survey

Figure 21 - Tecumseh Historical Health of Downtown—  
Normalized Values compared, 1986 and 1992 Surveys

As is shown, the evaluations of historic health appear to remain reasonably consistent from the 1986 to the 1992 survey, suggesting that the responses are reliable as indicators of perceived historic health of the downtowns. The historic health charts for the other study cities are not included, since they cannot be compared to an earlier time period.

### 3. Optimism/Pessimism About the Future of Downtown

The third question used to derive the Health Perception Index related to the attitudes of respondents about the future of their downtown. The questionnaire asked whether they generally saw the future of their downtown with optimism or pessimism. This provided

another insight on the time element by asking how respondents saw the present downtown condition projected into the future. The question was phrased in the following way:

*Now we would like your opinion on your downtown's future.*

What is your opinion of the future of your downtown?

Does it look good or poor?

☐ Good

☐ Poor

Why do you feel this way?

Figure 22 - "Future of Downtown" Question

This question was more difficult to convert to the 0–100 scale used for the previous questions, since there was only a "Good" or "Poor" response. A value was established simply based on the percent of "Good" responses to the total number of responses. In other words, if 15 respondents checked "Good" and 10 checked "Poor," the rating for that study city was "60" ( $15/25 \times 100$ ). This allowed the question to be blended with the 0–100 scale used for responses to the other questions making up the Health Perception Index.

The following mean ratings were given by the respondents from each city:

**Table 6 - "Future of Downtown" Question Ratings**

	<u>Rating</u>	<u>Normalized</u>	<u># Good</u>	<u># Poor</u>
Albion	10.5	8.4	2	17
Dowagiac	93.8	92.0	15	1
Howell	68.2	59.2	15	7
Ionia	65.0	55.2	13	7
Lapeer	44.0	35.3	11	14
Manistee	63.2	52.8	12	7
Marshall	86.4	82.5	19	3
Tecumseh	84.2	79.8	16	3
Alpena	38.5	30.8	5	8
Big Rapids	20.0	16.0	5	20
Cadillac	75.0	68.0	18	6
Coldwater	40.9	32.8	9	13
Hillsdale	33.3	26.7	7	14
Owosso	60.9	49.9	14	9
South Haven	60.9	49.9	14	9
Sturgis	75.0	68.0	18	6

Two things should be noted from the review of these numbers. First, the values are more pronounced than in the other question forms. For example, Albion's rating for Question 1 was a low 12.8, but for this question was an even lower 8.4, indicating great pessimism about the future, while Dowagiac's 64.2 for Question 1 is exceeded here by a very high 92.0, indicating great optimism.

Second, eight of the cities listed above were included in the 1986 survey. The same question was asked, and for some the values have changed considerably in six years. For instance, in Albion the previous study had 5 respondents optimistic and 4 pessimistic, while this survey showed only 2 optimistic and 17 pessimistic. On the other hand, Dowagiac in the previous study had 5 optimistic and 7 pessimistic, while this survey showed 15 optimistic and only 1 pessimistic. As a result, this question was shown to be the most dramatic indicator of a shift in attitude, shown by comparing responses for the

original eight cities for both the 1986 study and the current study, as shown in the chart below:

**Table 7 - “Future of Downtown” Question:  
Optimistic vs. Pessimistic Responses**

	1986 Survey		Current Study	
	<u># Good</u>	<u># Poor</u>	<u># Good</u>	<u># Poor</u>
Albion	5	4	2	17
Dowagiac	5	7	15	1
Howell	10	2	15	7
Ionia	14	1	13	7
Lapeer	11	6	11	14
Manistee	5	7	12	7
Marshall	14	4	19	3
Tecumseh	7	1	16	3

#### 4. Evaluation of Individual Downtown Characteristics

As the fourth and final question making up the Health Perception Index, respondents were asked to evaluate a list of 16 characteristics generally associated with downtown health, including retail sales, condition of buildings, level of cooperation from the city, and so on, as shown below. This question was included because the evaluation of such individual characteristics gave more detail on how respondents rated their downtown’s health, and revealed important information about the factors that have contributed most to a downtown’s current condition. The 16 characteristics included were:

1. General condition of buildings downtown
2. Streetscape—sidewalks, benches, trees, etc.
3. Mix of stores and businesses
4. Parking in downtown
5. Your impression of overall retail sales downtown
6. No. of shoppers for “browsing” shopping
7. No. of shoppers for “quick-stop” shopping
8. Merchants association
9. Cooperation of banks
10. Cooperation of city government

11. Local political situation
12. Downtown as a community cultural center
13. No. of tourists coming to downtown
14. Employment in the local area
15. Historic character of downtown
16. Safety and security downtown

The respondents were asked to indicate whether they evaluated each characteristic as “Very good,” “Good,” “Fair,” or “Poor.” As previously described, the values for the ratings were normalized for each study city. The normalized values were as follows:

Table 8 - Normalized Values for Ratings  
for 16 Downtown Characteristics

	<u>Bldgs</u>	<u>Street</u>	<u>B.Mix</u>	<u>Parkg</u>	<u>Sales</u>	<u>Brws</u>	<u>Quick</u>	<u>Merch</u>
Albion	20.1	26.0	9.6	36.8	7.9	5.1	35.6	18.0
Dowagiac	60.4	95.7	45.5	49.0	55.8	57.5	50.4	63.5
Howell	55.9	40.2	56.6	22.7	54.0	60.4	57.4	59.5
Ionia	49.8	79.1	34.7	55.0	47.1	45.7	42.8	36.7
Lapeer	59.5	41.8	62.3	50.0	61.5	55.0	57.9	61.1
Manistee	55.8	23.1	51.8	39.7	33.0	36.5	45.1	58.8
Marshall	64.8	46.0	57.0	59.7	61.0	64.7	42.9	55.0
Tecumseh	69.8	89.5	68.1	79.4	69.9	63.2	59.1	57.6
Alpena	45.8	36.0	55.6	35.1	49.6	55.4	38.0	63.0
Big Rapids	33.5	42.3	47.3	30.8	36.2	38.7	29.5	47.9
Cadillac	37.7	59.0	62.3	61.5	57.5	59.8	56.9	49.4
Coldwater	55.9	83.4	45.5	81.8	49.3	37.1	53.8	56.3
Hillsdale	54.1	19.9	38.7	59.4	52.7	55.8	57.4	48.6
Owosso	54.1	58.6	56.3	59.4	49.2	50.0	61.5	54.2
South Haven	38.7	36.0	43.8	28.2	53.7	63.6	48.6	29.6
Sturgis	50.7	37.9	56.0	63.9	53.8	40.0	57.7	35.4



Table 8 (cont'd).

	<u>Banks</u>	<u>City</u>	<u>Polit.</u>	<u>Cult.</u>	<u>Tour.</u>	<u>Jobs</u>	<u>Hist.</u>	<u>Safety</u>	<u>Mean</u>
Albion	29.2	25.6	11.7	8.9	8.1	11.6	29.9	29.2	19.6
Dowagiac	57.6	56.7	63.2	58.3	63.9	57.3	60.3	40.7	58.5
Howell	54.5	50.5	56.0	56.3	53.5	62.8	69.3	57.7	54.2
Ionia	46.0	57.3	57.3	34.7	33.0	61.0	67.9	50.8	49.9
Lapeer	64.8	60.6	60.3	58.7	41.4	54.8	57.5	53.7	56.3
Manistee	28.4	46.4	48.3	57.5	55.5	28.7	70.8	60.9	46.3
Marshall	60.0	61.0	62.9	59.5	80.5	69.4	87.2	68.1	62.5
Tecumseh	65.7	61.9	44.3	56.6	65.2	67.1	76.6	68.7	66.4
Alpena	49.5	42.5	32.3	54.3	61.6	46.2	29.9	59.7	47.2
Big Rapids	50.8	37.6	40.6	33.7	27.7	50.5	32.0	36.0	38.4
Cadillac	48.9	48.2	55.4	47.5	67.4	64.2	30.3	55.9	53.9
Coldwater	49.1	45.9	53.1	61.5	43.7	24.9	49.8	47.8	52.4
Hillsdale	43.3	36.4	44.3	35.7	40.2	42.4	46.7	64.3	46.2
Owosso	53.0	62.4	59.8	62.2	26.8	50.1	40.3	50.0	53.0
South Haven	42.6	40.3	42.3	47.1	80.9	35.9	34.0	33.7	43.7
Sturgis	58.3	58.3	61.0	55.3	40.1	68.4	28.4	35.6	50.0

This evaluation by the respondents in each city of their downtown's characteristics reveals some clear and interesting information. For example, it is obvious that the respondents in Albion feel their downtown is doing very poorly. The mean rating of 19.6 for Albion for all characteristics was much lower than the mean rating for any of the other study cities. In addition, each of the downtown characteristics for Albion was rated well under 50, the normalized mean, indicating the low evaluations by respondents were consistent for all aspects of their downtown. Indeed, the low rating for Albion must be considered as quite exceptional, and could give a more general perspective on what causes poor downtown health. The mean ratings for the other 15 cities were more closely grouped, but still ranged from 38.4 (Big Rapids) to 66.4 (Tecumseh), a range wide enough to indicate a significant difference in the general evaluation of downtown characteristics.

However, the real value of these figures is in the analysis of the ratings for the individual characteristics before normalization. The values shown in the chart below indicate that some characteristics were generally rated higher by all respondents.<sup>77</sup>

Table 9 - Mean ratings For All Study Cities  
for Characteristics before Normalization

	<u>Bldgs</u>	<u>Street</u>	<u>B.Mix</u>	<u>Parkg</u>	<u>Sales</u>	<u>Brws</u>	<u>Quick</u>	<u>Merch</u>
Mean rating	59.1	73.9	38.2	50.8	37.0	36.8	38.3	40.6
Standard Dev.	12.8	16.7	11.8	16.9	11.8	12.5	8.5	11.6

	<u>Banks</u>	<u>City</u>	<u>Polit.</u>	<u>Cult.</u>	<u>Tour.</u>	<u>Jobs</u>	<u>Hist.</u>	<u>Safety</u>
Mean rating	57.3	47.8	40.8	32.0	44.8	33.9	67.8	67.0
Standard Dev.	10.6	10.6	11.9	10.4	19.4	14.1	16.3	11.9

The highest ratings were given to “Streetscape,” with a mean rating of 73.9 before normalization. This characteristic also had the greatest standard deviation, representing a significant difference of opinion from one city to another. This deviation was found largely to be based on whether streetscape improvements had recently been completed. Five cities (Dowagiac, Tecumseh, Coldwater, Cadillac, and Ionia) with very high ratings for Streetscape (all with ratings in the 90s before normalization) were also cities which had recently completed downtown streetscape improvements.

Similarly, a number of characteristics receiving the lowest mean ratings (before normalization) related to more functional aspects of the downtown, including shopping (Business Mix, Browsing Shopping, Quick-stop Shopping), image (Downtown as a Cultural Center), and economics (Jobs). If the characteristics are divided into two general

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<sup>77</sup> See Appendix for chart of ratings for characteristics for all cities.

categories, physical and functional,<sup>78</sup> the average rating for all cities for these two groupings can be compared, as shown below.

**Functional characteristics**

Mix of stores and businesses  
Your impression of overall retail sales downtown  
No. of shoppers for “browsing” shopping  
No. of shoppers for “quick-stop” shopping  
Merchants association  
Cooperation of banks  
Cooperation of city government  
Local political situation  
Downtown as a community cultural center  
No. of tourists coming to downtown  
Employment in the local area  
Safety and security downtown  
Mean value: 42.9

**Physical characteristics**

General condition of buildings downtown  
Streetscape—sidewalks, benches, trees, etc.  
Parking in downtown  
Historic character of downtown  
Mean value: 62.9

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<sup>78</sup> The author’s 1987 Study, *An Evaluation of the Health of the Downtowns in Eight Michigan Cities*, derived these two general categories through correlation analysis of the characteristics.

These groupings indicate that physical characteristics of the downtown are generally rated higher than functional characteristics. This is likely because physical characteristics are more apparent and easier to identify, and thus easier to evaluate, while functional characteristics are “fuzzier” to most respondents, and their significance tended to be downgraded as a result.

#### DERIVATION OF THE DOWNTOWN HEALTH INDEX

Described above were the four questions used to derive the Health Perception Index (HPI). To repeat, the four questions were (A) Compare your city to other cities similar in size, (B) Evaluate the health of your downtown historically, (C) Indicate whether you are optimistic or pessimistic about the future of your downtown?, and (D) Evaluate 16 individual downtown characteristics. The normalized values for these four questions were merged to derive the final downtown Health Perception Index and calculated according to the following formula:

$$\text{HPI} = \text{mean} (2A, B, C, 2D)$$

A = normalized value of comparison of downtown to other downtowns,  
weighted double

B = normalized value of average rating for 1990 and 1992 on historic health  
graph

C = normalized value for optimistic/pessimistic response

D = normalized average value of all 16 downtown characteristics,  
weighted double

Figure 23 - Formula for Deriving Health Perception Index

As noted, two questions were given double weighting for calculating the Index. The comparison question (Question #1) was weighted double because of its *directness* and its *primacy* in the questionnaire. The question was considered *direct* because it asked respondents to simply rate the health of their downtown. It had *primacy* because it was the

first question on the questionnaire, and was therefore least likely to include normal survey bias resulting from question wording or sequence. The other question weighted double asked respondents to evaluate individual characteristics of their downtown. These responses were weighted double because of the question's inclusiveness, covering 16 different aspects of downtown health within one question. This weighting was determined prior to analysis.<sup>79</sup>

The chart below shows weighting had only minor significance on the value of the Health Perception Index, and caused only minor shifts in the rankings of the cities. The unweighted values for each of these four factors and the unweighted and weighted Index values for each city are as follows:

Table 10 - Normalized Values For Components of Health Perception Index

	A	B	C	D	Unweighted HPI	Weighted HPI
Albion	12.8	22.1	8.4	19.6	15.7	15.9
Dowagiac	64.2	58.9	92.0	58.5	68.4	66.0
Howell	54.9	61.4	59.2	54.2	57.4	56.5
Ionia	50.9	42.1	55.2	49.9	49.5	49.8
Lapeer	55.7	57.5	35.3	56.3	51.2	52.8
Manistee	41.9	43.5	52.8	46.3	46.1	45.4
Marshall	76.8	62.6	82.5	62.5	71.1	70.6
Tecumseh	70.8	70.5	79.8	66.4	71.9	70.8
Alpena	41.5	42.9	30.8	47.2	40.6	41.8
Big Rapids	36.2	40.3	16.0	38.4	32.7	34.3
Cadillac	46.9	55.5	68.0	53.9	56.1	54.2
Coldwater	48.5	44.5	32.8	52.4	44.6	46.5
Hillsdale	49.6	46.1	26.7	46.2	42.2	44.1
Owosso	45.3	48.2	49.9	53.0	49.1	49.1
South Haven	45.3	52.0	49.9	43.7	47.7	46.6
Sturgis	61.3	50.1	68.0	50.0	57.4	56.8

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<sup>79</sup> In the 1986 Survey of Michigan Downtowns, the precursor to the current survey, there was an attempt to have respondents themselves weight the sixteen downtown characteristics as to "how important an indicator of health you feel it would be."<sup>79</sup> This questioning confused respondents, however, who were sometimes unclear whether they were rating the importance of the characteristic or rating the characteristic itself in terms of their downtown. For the sake of clarity the final form of the 1986 questionnaire did not include questions asking respondents to weight their responses, and they were also not included in the 1992 survey questionnaire.

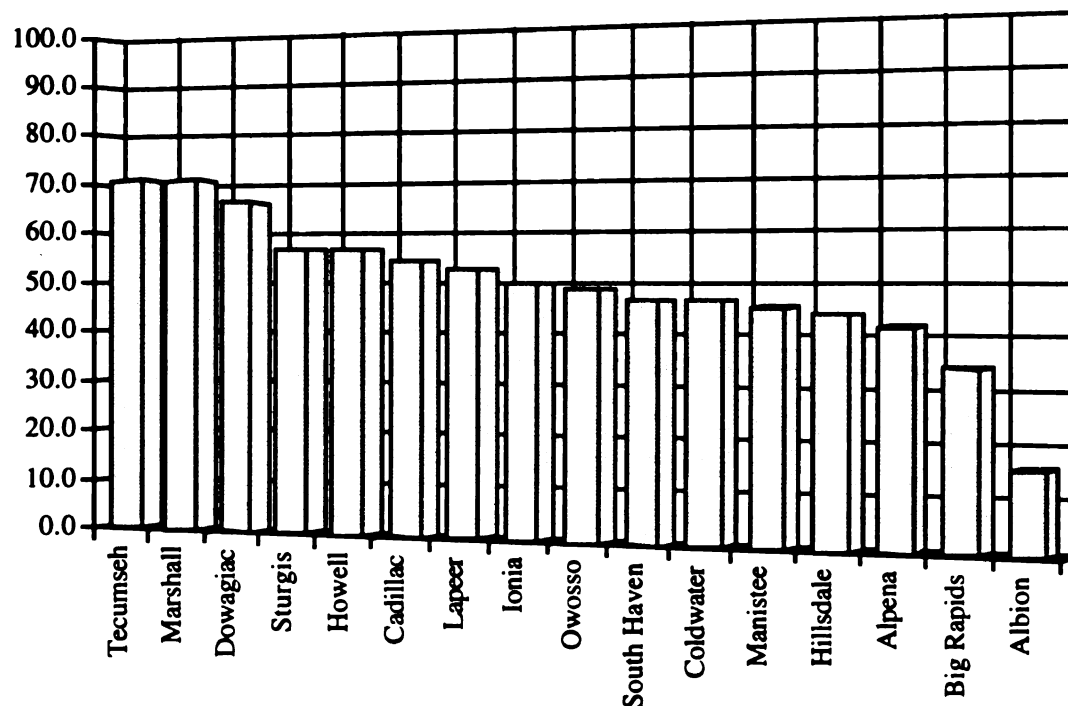


Figure 24 - Rankings of Study Cities  
According to Health Perception Index

The above chart graphically indicates the significant differences in perceived health of the various downtowns. Albion's Health Index rating is 15.9 (on a scale of 0 to 100), indicating a downtown that is almost universally perceived as poor. Marshall and Tecumseh have the highest ratings, with almost identical Index values of 70.6 and 70.8. These should be considered as high positive ratings, especially since factors such as external conditions, and the normal positive bias found in surveys, have been extracted through the process of normalizing the values. Not surprisingly, a large number of cities (10) have Index ratings generally in the 45 to 55 range, an indication of normal evaluations of the conditions in those cities.

This newly derived Health Perception Index (HPI) also can be compared to the Health Index derived for the eight cities included in the 1986 survey. The values for both are shown in the chart below.

**Table 11 - Health Index Values for 1986 and 1992 Surveys**

	<b><u>1986</u></b> <b><u>Index</u></b>	<b><u>1992</u></b> <b><u>Index</u></b>
Albion	34	15.9
Dowagiac	37	66.0
Howell	48	56.5
Ionia	54	49.8
Lapeer	51	52.8
Manistee	43	45.4
Marshall	59	70.6
Tecumseh	64	70.8

These comparisons indicate significant shifts in some of the original study cities in the six years from 1986 to 1992. For example, Albion's low rating of 34 in 1986 has dropped precipitously since then, and is now much lower. In contrast, Dowagiac changed from an Index rating well below the mean (37) to one well above (66.0). Other cities do not show changes as dramatic, but both Marshall and Tecumseh, which had relatively high ratings in 1986, have improved their ratings in recent years, indicating even better downtown health.

Some initial conclusions can be drawn simply on the basis of these comparisons. For Albion, it is apparent that whatever was causing poor downtown health in the 1980s has only become worse in the 1990s. However, in Dowagiac some significant change(s) has happened in six years that has not only improved the perception of downtown health, but also encouraged merchants and owners to be optimistic that their downtown will be even healthier in future years. Finally, in Tecumseh and Marshall successful downtown programs and activities have continued to be improved over time. Three different lessons can be learned from these examples by looking in more detail at some of the factors impacting downtown health.

## USE OF A PERCEPTUAL INDICATOR

The downtown Health Perception Index (HPI) derived for this study is an indicator based on the perceptions of survey respondents. As such, it is subject to the shortcomings of perceptual input, and should be considered a social indicator more than an economic indicator. Although the HPI is used for statistical analysis, it is derived from data based on the perceptions of respondents, and can have as much to do with their attitudes as with facts. Cazes (1972) has called these types of indicators “trans-economic.”<sup>80</sup>

The Health Perception Index was developed for this study because no other satisfactory analytical tool was found for evaluating downtown health. As discussed earlier, Andrews recognized the need for assessing well-being with both perceptual and non-perceptual indicators. However, as Francis (1973) said in describing the use of such indicators, “Because...an indicator is inherently arbitrary, it presents a special political danger. We may delude ourselves into believing that the index really measures what it purports to measure.”<sup>81</sup> Horn recognized the difficulty with both types of indicators, when he stated, “All objective-type indicators carry a subjective value load inherent in the process of the collection, selection and presentation of statistics, and subjective-type indicators borrow objective modes of grouping, ranking and partitioning the data.”<sup>82</sup> Indeed, the Health Perception Index does not *measure* downtown health. But it does allow comparisons to be made between the relative states of the study downtowns, and through these comparisons allows for analysis. Thus, a Health Index rating of 75, for example, does not establish a

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<sup>80</sup> From A. Shonfield and S. Shaw (Editors). 1972. *Social Indicators and Social Policy*. London: Heinemann.

<sup>81</sup> Walton J. Francis. 1973. “A Report on Measurement and Quality of Life and the Implications for Government Action on ‘The Limits to Growth.’” Washington, D.C.: Department of Health, Education and Welfare. 552.

<sup>82</sup> Robert V. Horn. 1993. *Statistical Indicators for the Economic and Social Sciences*. New York: Cambridge University Press. 9.



firm quantitative value on the health of a given downtown, but it does indicate that the perception of general health was considerably higher than a city which had a Health Index rating of 50.

## THE SEARCH FOR PROXIES USING DEMOGRAPHIC DATA

### USE OF PROXIES

This study's Health Perception Index can be derived only through use of an intensive survey, making it impractical to rely on as an everyday evaluative tool. Cities would benefit from more easily obtainable evaluation techniques. If other more readily available data was found to correlate with the Health Perception Index, that data could serve as a useful proxy for the Index. Such use of proxy data would allow every downtown to be compared and evaluated more straightforwardly as to the relative success of its revitalization strategies.

As presented in an earlier chapter of this report, Andrews (1976) recognized the need for both perceptual and non-perceptual indicators.

"... a program designed to assess well-being would be most useful if it included both perceptual and non-perceptual social indicators relevant to the same concerns... In short, we would envisage two parallel series of data: one assessing perceptions about well-being,... the other providing various non-perceptual data for the same concerns."<sup>83</sup>

Anson (1991) suggested social indicators derived from demographic data could be reliable measures of the quality of life in a society. Demographic indices could provide a

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<sup>83</sup> Frank M. Andrews and Stephen B. Withey. 1976. *Social Indicators of Well-Being*. New York City: Plenum Press. 340.

satisfactory solution to the problems inherent in relying on an intensive survey of attitudes. "Their cost of collection is small, because the required data will be collected by the state in any case; their estimation errors are the smallest that can be obtained, as they are based on total populations and not on samples; they are robust in the face of interventions which may seek to improve the indicator without seriously affecting the underlying social reality; and they are backed by a sound empirical and theoretical knowledge base, which enables us to specify what it is that these indices mean and what their limitations are."<sup>84</sup>

#### USE OF DEMOGRAPHIC DATA

The search for proxies for the Health Perception Index began by looking at demographic information. This included analysis of readily available data from the U.S. Census and state statistical sources. The methodology used was correlation analysis, which would indicate the strength of correlations<sup>85</sup> between perceived downtown health and other data.

Correlation analysis was first used to compare the HPI with data from the U.S. Census for 1990 for the 16 study cities. The minimum acceptable correlation coefficient was 0.50,<sup>86</sup> using a confidence level of 95% with the sample of 16 cities. Each factor taken from the 1990 census is shown below, including the coefficient of its correlation with the Health Perception Index.

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<sup>84</sup> J. Anson. 1991. "Demographic Indices As Social Indicators." *Environment and Planning A*. 23:433.

<sup>85</sup> Correlation does not imply causation. A high correlation between the Health Perception Index and streetscape improvements would not imply that streetscape improvements lead to improved downtown health. It may mean good downtown health brings in funds to allow streetscape improvements. In other words, streetscape improvements may lead to good health, or good health may lead to streetscape improvements. Cause-effect relationships can be determined with confidence only by incorporating and controlling these factors prior to the survey. What can be concluded through correlation analysis with some degree of confidence is that one is somehow related to the other.

<sup>86</sup> A 99% confidence level would need a coefficient of at least 0.55.

Table 12 - Coefficients: Demographics and Index

<b>Demographic Factor</b>	<b>Correlation Coefficient</b>
Population size	-0.36
Population size (county)	0.08
Population growth	0.31
Population growth (county)	0.16
* County seat status (non-seat is better)	0.58
* Median age (older is better)	0.50
Percent pop. 65+ yrs. old	0.22
* Percent pop. 18-24 yrs. old (negative impact)	-0.50
* Percent pop. 25-44 yrs. old	0.59
Percent pop. 45-64 yrs. old	0.34
Population density	0.39
Median income	0.40
Upper quartile income	0.41
* Percent black	-0.51
Percent black (county)	-0.05
Percent urban (county)	-0.18
Percent college graduates	-0.20
Percent unemployed	-0.39
Number experienced unempl.	-0.04
* Percent in labor force	0.60
Percent in labor force (county)	0.38
Percent executive work force	-0.13
* Household income	0.65
Household income (county)	0.32
* Percent in poverty	-0.68
Median price of housing	0.43
Per Capita income (county)	0.30
Increase in no. of retail stores	-0.20
Retail sales	-0.10
Retail sales (county)	-0.03

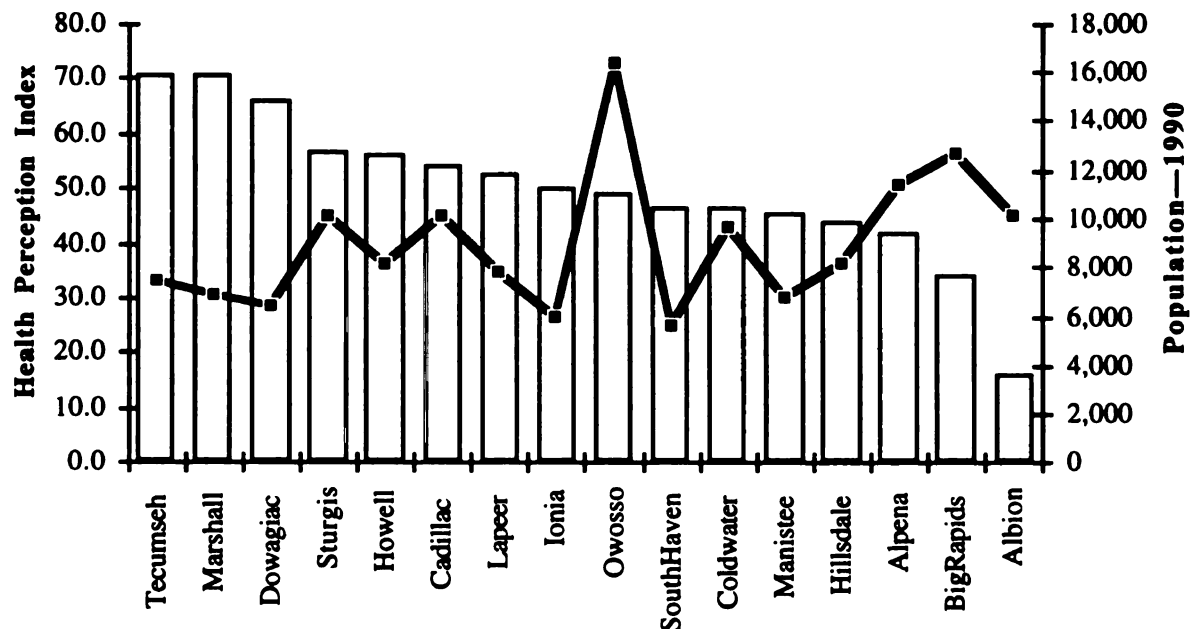
*(Notes: An "\*" represents a statistically significant correlation.*

*All population statistics refer to city populations unless otherwise noted)*

This list reveals interesting correlations. Some of the more revealing of them will now be looked at individually.

### Population Size

The sixteen study cities varied in population from 5,563 to 16,322. The 1990 populations of the cities are shown below, graphed with the Health Perception Index.



(Note: Bars are HPI, line is Population)

Figure 26 - Health Perception Index compared to 1990 City Population

According to Reilly's Law of Retail Gravitation,<sup>87</sup> population size can be used to determine the size of a retail market area, and thus its potential customer base. According to Holden and Deller (1994),<sup>88</sup> population size can also serve as an adequate proxy for overall retail sales, the number of retail stores, and the volume and variety of goods available. However, there is not necessarily a correlation between population size and the

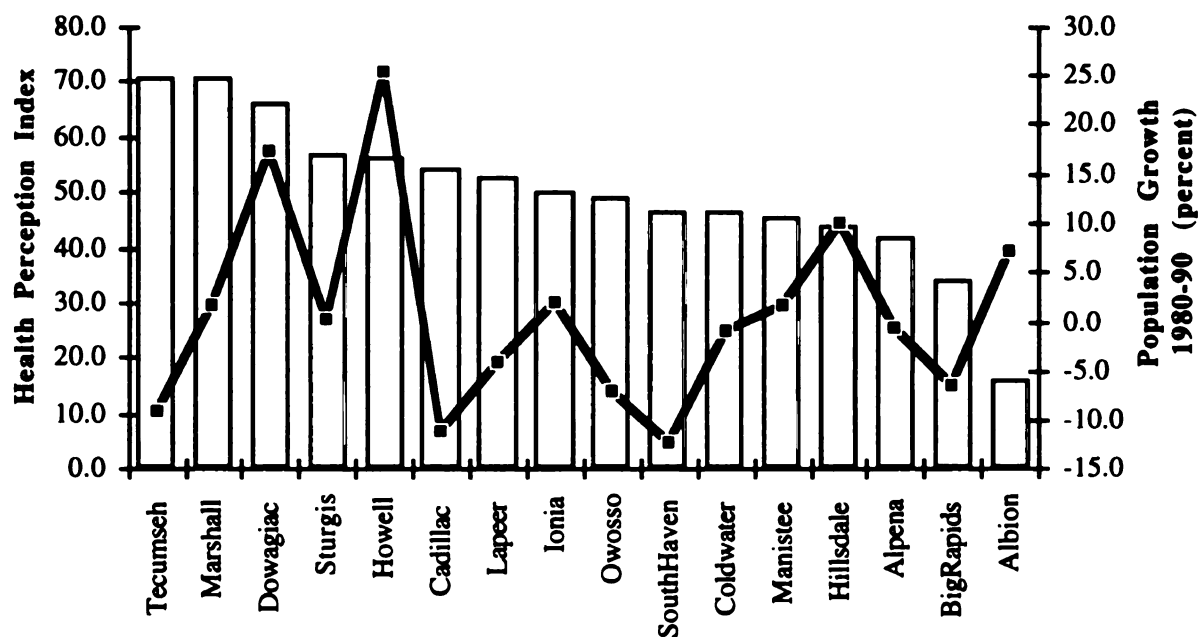
<sup>87</sup> See Chapter II

<sup>88</sup> John P. Holden and Steven C. Deller. 1994. "Measuring Community Retail Markets: An Analysis of Reilly's Law." *Small Town* (September–October): 16–21.

health of the retail environment. The above analysis shows no significant correlation between population size and the Health Perception Index. Downtowns with larger potential retail market areas are not necessarily more healthy than those with smaller market areas.

### Population Growth

One of the most commonly used demographic statistics relating to cities is population growth. Growth in population was considered by comparing the percentage growth rate for each city from 1980 to 1990 with the Health Perception Index. As shown graphically in the following chart, and shown statistically through a correlation coefficient of 0.07<sup>89</sup>, there is no correlation between these factors.



(Note: Bars are HPI, line is Population Change)

Figure 27 - Health Perception Index Compared to Population Growth Rate (%), 1980-90

<sup>89</sup> With a sample of sixteen cities, a correlation coefficient must be a minimum of 0.50 (or -0.50) to be considered statistically significant with a confidence level of 95 percent.

## OTHER DEMOGRAPHIC FACTORS

From the list of factors taken from the 1990 census, the factors that are statistically correlated with perceived downtown health are listed and grouped by similarity.

Table 13 - Statistically Significant Correlations of Demographic Data and the Health Perception Index

* Percent in poverty	-0.68
* Household income	0.65
* Percent in labor force	0.60
* Percent black	-0.51
* Percent pop. 25-44 yrs. old	0.59
* Percent pop. 18-24 yrs. old	-0.50
* Median age	0.50
* County seat status	-0.58

### Percent in Poverty

The demographic factor with the highest correlation is percent of population in poverty. It is clearly shown that the higher the level of poverty, the poorer the perception of downtown health.

### Household Income

As will be shown elsewhere, cities with higher average household incomes tend to rate their downtown health more positively. This is obviously the reverse of the Poverty factor just described. The relative evaluations may be due to the fact that there is a direct link between income and downtown health, and wealthier families tend to spend more on goods and services. The correlations may also be because relative wealth creates a more positive community image overall, and respondents see downtowns as benefiting from that positive image.

### **Percent in Labor Force**

The positive correlation of the percent of people working and perceived health is in line with the preceding categories, since employment relates directly with household income and negatively correlates with poverty.

### **Percent Black**

There is a direct link between the percentage of black population and poverty, and the negative correlation to downtown health relates to this linkage.

The first four categories—poverty, household income, jobs, and percent black population, are all linked to each other, and could be grouped into a Principle Component category termed “Socio-economic characteristics.”

### **Percent of Population 25–44 Years Old and**

### **Percent of Population 18–24 Years Old**

Other statistically significant correlations indicated the age of residents may be associated with downtown health. The analysis indicated a city with a higher percentage of its population between the ages of 25 and 44 years old tended to have better downtown health (with a correlation coefficient of 0.59), while a higher percentage within the 18 to 24 age range was negatively correlated to downtown health (with a coefficient of -0.50). An initial conclusion could be the 18 to 24 age range represents a population that is relatively mobile and transient and shows little attachment to local businesses. By comparison, the 25 to 44 age range represents a population which is more family oriented, more stable, and in their prime purchasing years. This indicates downtowns could benefit from the buying habits of the 25 to 44 year old age group, and that adults with families (the representative lifestyle from this age range) contribute to downtown health and should be encouraged by

downtown business owners and merchants. Interestingly, older residents (45 years and older) were not found to be tied statistically with the HPI.

The correlation of downtown health to age of population is strong enough to be worthy of further exploration. This was done by including a larger sampling of Michigan cities, based on one of the questions from the survey questionnaire. The question asked respondents to give their impressions of other cities of similar size across the state, indicating which they thought had healthy downtowns and those with downtowns in poor health.<sup>90</sup> From the initial list of 35 cities included in this question, seven were eliminated before analysis because they had local colleges, which resulted in skewed population characteristics. Of the 28 cities looked at, including the study cities, the following correlations were derived.

Table 14 - Correlation Coefficients of Age Groups to Respondent Evaluations of Downtown Health For Other Cities in Michigan

<u>Age Group</u>	<u>Corr. Coeff.</u>
18-24	-0.38
25-44	0.46
45-64	0.44
65+	0.48

With the sample of 28 cities, a minimum correlation coefficient of 0.38 is considered statistically significant. The above chart shows that all the age groups listed are statistically correlated to the evaluations of downtown health. The 18-24 year old age group is negatively correlated, while the others are all positively correlated. This substantiates the conclusion previously presented on the contribution of certain age groups to downtown health.

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<sup>90</sup> See page (zz) for a full description of this question.



### Median Age

This category is in line with the age category just described, and shows that study cities with younger median ages tend to have lower evaluations for downtown health.

### County Seat Status

Population size (or relative population size) is one way to consider the dominance of a city. Another way is to look at functional dominance. A historically significant function is that of county seat. County seat status brings with it many functions (e.g., law offices, clerical and support services, county residents having business with county offices) which contribute to the functional vitality of a city.

Of the 16 study cities, 10 are county seats. Analysis indicated that cities that were not county seats had healthier downtowns than cities that were county seats. This is counter to other studies which have shown that county seat status contributes to downtown vitality (Fuguitt 1965), and should be assumed to be a spurious statistical correlation possibly resulting from measurement problems not directly tied with this study.

## THE SEARCH FOR PROXIES FROM SURVEY DATA

As described in previous sections, the Health Perception Index (HPI) not only establishes a yardstick for evaluating downtown health, but also allows analysis of what factors have contributed to a downtown's good or poor health. But what factors are most closely correlated with good or poor health? This question can be looked at by comparing respondents' evaluation of downtown health with their evaluation of other factors on which they were surveyed. If a significant and consistent statistical correlation is able to be shown between any of the factors and the evaluations of downtown health, it can be assumed there is a significant relationship between the two. The following section looks at

a list characteristics of the downtowns, as well as historical factors, business mix, external competition, the general attitude of merchants, and even personal characteristics of the respondents. Through correlation analysis possible relationships to downtown health are explored.

#### DOWNTOWN CHARACTERISTICS

The survey questionnaire listed sixteen downtown characteristics, and respondents were asked to evaluate each characteristic for their downtown.<sup>91</sup> This question revealed important detail on what respondents consider to be the primary reasons for improving or lessening downtown health.

The initial analysis of this question looked at which of the 16 characteristics were statistically correlated with the Health Perception Index. The correlation coefficients are listed below (*Note: Boldface indicates a statistically significant correlation*):

Table 15 - Correlation Coefficients of 16 Downtown Characteristics

1. General condition of buildings downtown	<b>0.84</b>
2. Streetscape—sidewalks, benches, trees, etc.	<b>0.53</b>
3. Mix of stores and businesses	<b>0.73</b>
4. Parking in downtown	0.44
5. Your impression of overall retail sales downtown	<b>0.88</b>
6. No. of shoppers for “browsing” shopping	<b>0.78</b>
7. No. of shoppers for “quick-stop” shopping	<b>0.54</b>
8. Merchants association	<b>0.56</b>
9. Cooperation of banks	<b>0.75</b>
10. Cooperation of city government	<b>0.84</b>
11. Local political situation	<b>0.78</b>
12. Downtown as a community cultural center	<b>0.75</b>
13. No. of tourists coming to downtown	<b>0.68</b>
14. Employment in the local area	<b>0.79</b>
15. Historic character of downtown	<b>0.63</b>
16. Safety and security downtown	<b>0.53</b>

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<sup>91</sup> This question was more fully described in Chapter III on development of the questionnaire.

As is shown, every characteristic is significantly correlated with downtown health, except for one—parking. The characteristics, when relisted according to their ranking, show the highest correlations first.

**Table 16 - Sixteen Downtown Characteristics Ranked By Correlation Coefficients**

5. Your impression of overall retail sales downtown	<b>0.88</b>
1. General condition of buildings downtown	<b>0.84</b>
10. Cooperation of city government	<b>0.84</b>
14. Employment in the local area	<b>0.79</b>
6. No. of shoppers for “browsing” shopping	<b>0.78</b>
11. Local political situation	<b>0.78</b>
9. Cooperation of banks	<b>0.75</b>
12. Downtown as a community cultural center	<b>0.75</b>
3. Mix of stores and businesses	<b>0.73</b>
13. No. of tourists coming to downtown	<b>0.68</b>
15. Historic character of downtown	<b>0.63</b>
8. Merchants association	<b>0.56</b>
7. No. of shoppers for “quick-stop” shopping	<b>0.54</b>
2. Streetscape—sidewalks, benches, trees, etc.	<b>0.53</b>
16. Safety and security downtown	<b>0.53</b>
4. Parking in downtown	<b>0.44</b>

### Analysis of Individual Characteristics

#### *Retail Sales As a Characteristic*

“Retail Sales” is most closely correlated with the Health Perception Index (0.88) as is illustrated by the graph below.

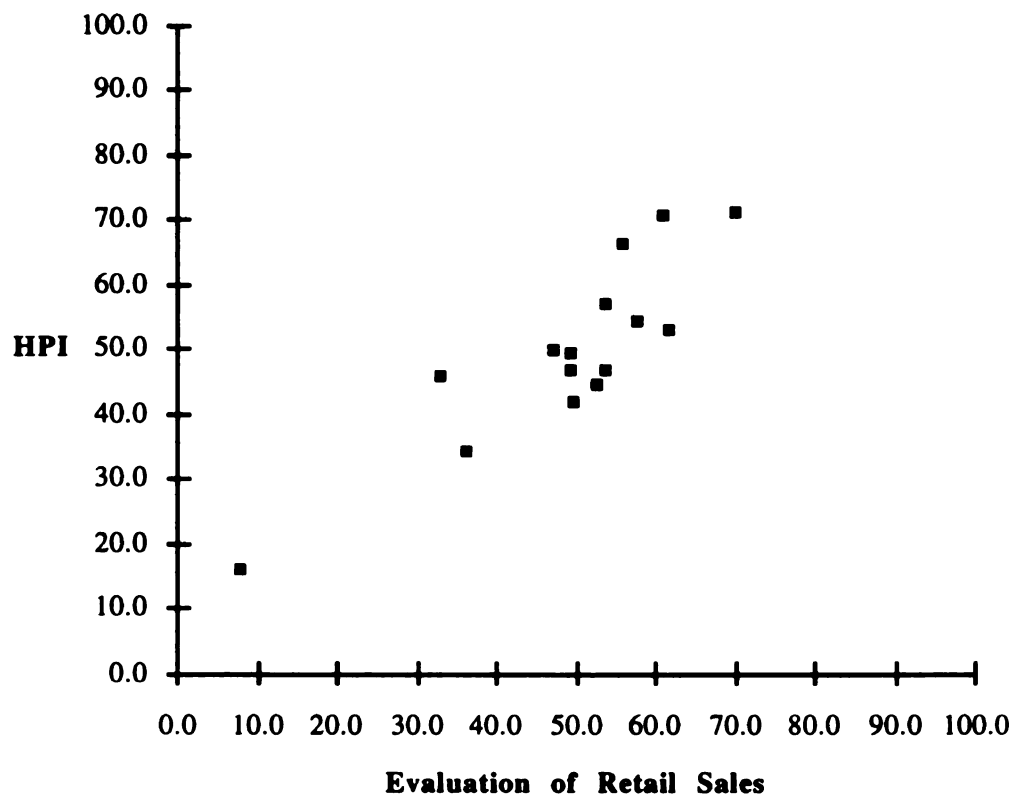


Figure 28 - Graph of Correlation of Retail Sales to HPI

#### *Building Condition As a Characteristic*

A high correlation is also shown between “Condition of downtown buildings” and downtown health. It may relate to the general maintenance of downtown buildings, the amount of renovation or modernization, the number of vacancies, or the general historic character of the downtown. This characteristic has a much higher correlation coefficient than in the 1986 survey.<sup>92</sup>

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<sup>92</sup> Norman R. Tyler. 1987. *An Evaluation of the Health of the Downtowns in Eight Michigan Cities* (Dissertation). Ann Arbor, Michigan: University of Michigan. 118.

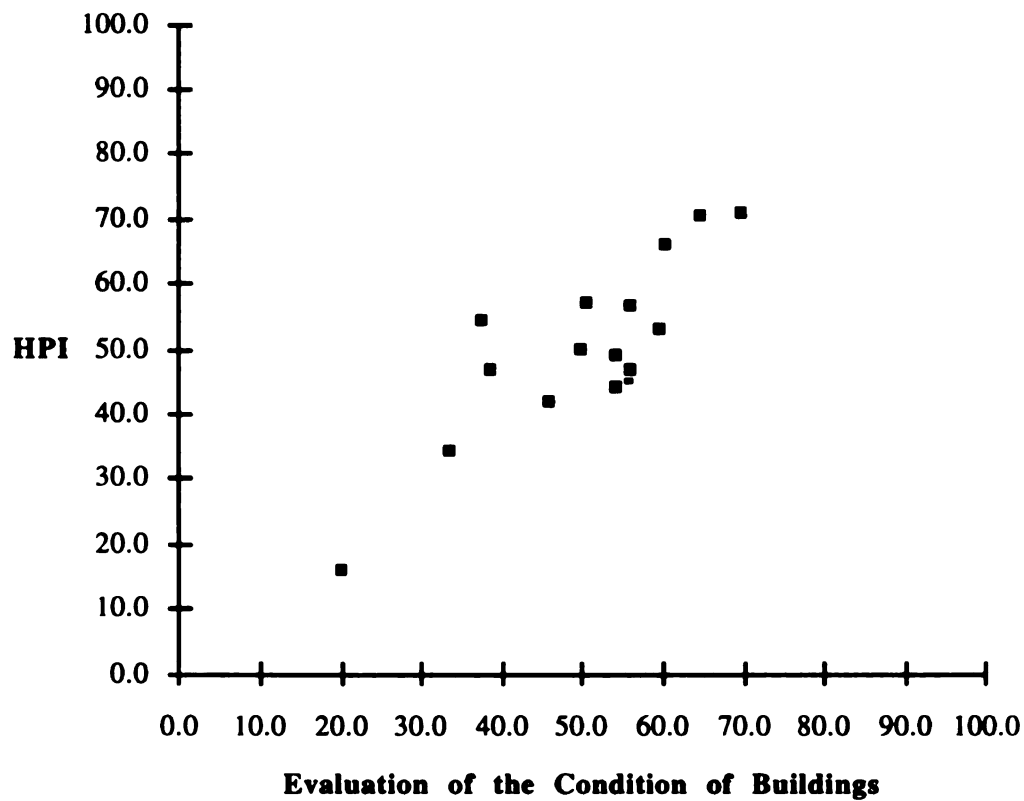


Figure 29 - Graph of Correlation of Building Condition to HPI

#### *Employment As a Characteristic*

“Employment” was also shown to be closely associated with downtown health. This was shown through three different types of analysis.

1. The evaluation of survey respondents showed the characteristic “Employment in the local area” closely correlated with the Health Perception Index (with a correlation coefficient of 0.79).

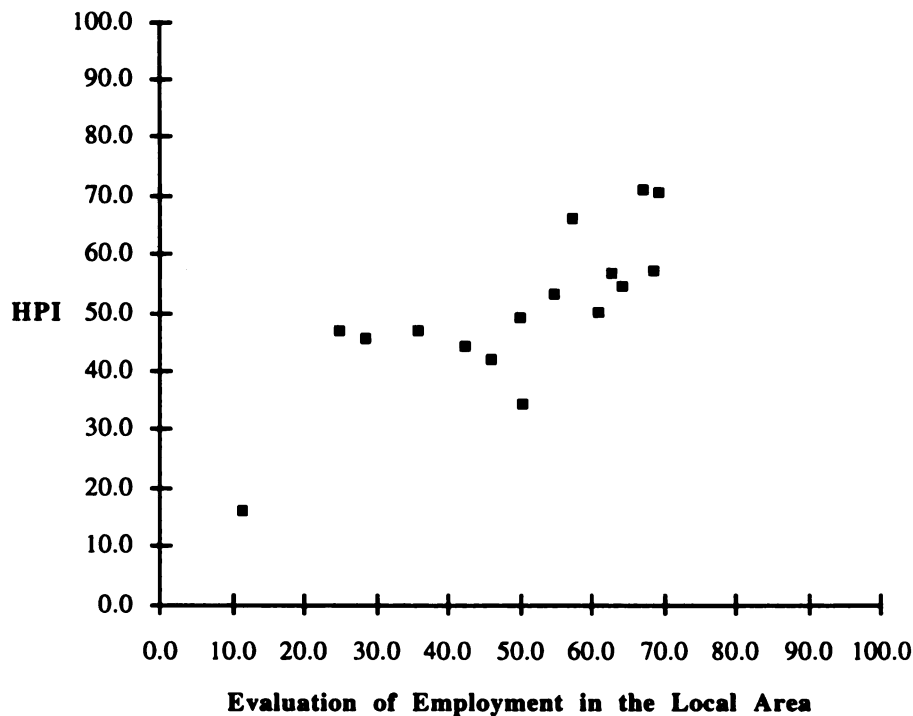


Figure 30 - Graph of Correlation of Employment to HPI

2. Labor force statistics (percent of population in the labor force) from the 1990 census were also found to be correlated with the Health Perception Index (with a coefficient of 0.60).
3. To test for consistency, respondents were identified who had also participated in the 1986 survey. A total of 39 matching respondents were identified (although there were likely others not identified). Comparisons were made on how their responses had changed, or not changed, over the six years. The mean differences in their answers over that six year time period are listed below. As shown, the characteristic they evaluated with greatest consistency over that time period was "Employment in the local area" (12.2), giving additional confidence to the evaluation of this characteristic.

Table 17 - Mean difference in evaluations between 1986 and 1992 surveys

<u>Characteristic</u>	<u>Deviation</u>
1. General condition of buildings downtown	19.2
2. Streetscape—sidewalks, benches, trees, etc.	21.5
3. Mix of stores and businesses	23.1
4. Parking in downtown	19.2
5. Your impression of overall retail sales downtown	N.A.
6. No. of shoppers for “browsing” shopping	17.3
7. No. of shoppers for “quick-stop” shopping	16.0
8. Merchants association	20.8
9. Cooperation of banks	13.1
10. Cooperation of city government	26.3
11. Local political situation	15.1
12. Downtown as a community cultural center	27.2
13. No. of tourists coming to downtown	13.1
14. Employment in the local area	<b>12.2</b>
15. Historic character of downtown	20.2
16. Safety and security downtown	22.4

### *Shopping As a Characteristic*

Two types of shopping were included as characteristics—“Browsing shopping” and “Quick-stop shopping.” Of the two, the respondents from downtowns that felt they had good browsing shopping stores tended to rate the health of their downtowns better (coeff.=0.78), while those with higher evaluations of quick in-and-out stores had a much lower correlation with overall health (0.54).

### *Streetscape As a Characteristic*

The characteristic "Streetscape" was shown as weakly correlated to the HPI. (coefficient of 0.56). However, the respondents evaluations varied widely from city to city, indicating a characteristic that is subject to considerable misperceptions regarding its importance to downtown health.

In the city of Dowagiac there was a +50.0 change in the rating for "Streetscape," much greater than typical. Responses were reviewed for the respondents who had participated in both the 1986 and 1992 studies; it was evident that for each respondent the change had been positive. Each of the five respondents who completed both surveys indicated there had been dramatic improvement in their downtown's "Streetscape." Chapter III included a background discussion of Dowagiac which described the streetscape improvements that were just being completed as the 1992 survey was being taken. It is evident that the respondents in Dowagiac considered this change in a very positive way, especially when compared to other study cities where streetscape improvement programs had sometimes been subject to criticism, controversy and disappointment. An analysis of the full surveys support this positive shift in Dowagiac. The rating for "Streetscape" in 1986 was a very low 19, but in 1992 it was an incredible 96. Coupled with this, in Dowagiac the rating for "Condition of buildings" rose from 22 to 60.

Other cities provided less clear information. Tecumseh had also recently completed streetscape improvements, and the mean rating given by repeating respondents had improved from 79 in 1986 to 90 in 1992. Manistee, however, which had recently constructed an extensive and expensive Riverwalk pedestrian walkway in their downtown, had a rating which dropped from 41 to 23 during the same time span.<sup>93</sup> This should not be

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<sup>93</sup> Changes in the normalized values for "Streetscape" for each of the eight original study cities included in both the 1986 and 1992 surveys are as follows:



considered as big a decline as shown, however, for the tremendously high rise in the values for Dowagiac caused the normalization of numbers to be significantly skewed, and if non-normalized numbers are used, the decline in Manistee is only from 51 to 48. The fact that there is a decline at all is nevertheless significant, considering the large amount of money spent on the Riverwalk project.

Looked at in its entirety, the data indicates the characteristic “Streetscape” was subject to the largest swings in evaluation values.<sup>94</sup> From this analysis an important conclusion can be reached: If streetscape work had recently been completed, it was typically seen in a very positive light, but if such improvements were completed years before, or had been

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	Normalized values		<i>Before Normalization</i>	
	<u>1986</u>	<u>1992</u>	<u>1986</u>	<u>1992</u>
Albion	43	26	53	48
Dowagiac	19	96	24	98
Howell	41	40	51	70
Ionia	83	79	87	91
Lapeer	58	42	68	72
Manistee	41	23	51	48
Marshall	79	46	84	75
Tecumseh	71	90	78	95

<sup>94</sup> The standard deviations from the normalized values for the 16 downtown characteristics are as follows:

1. General condition of buildings downtown	12.3
2. <b>Streetscape</b> —sidewalks, benches, trees, etc.	<b>23.4</b>
3. Mix of stores and businesses	13.5
4. Parking in downtown	16.9
5. Your impression of overall retail sales downtown	13.8
6. No. of shoppers for “browsing” shopping	14.8
7. No. of shoppers for “quick-stop” shopping	9.4
8. Merchants association	12.8
9. Cooperation of banks	10.4
10. Cooperation of city government	10.6
11. Local political situation	13.2
12. Downtown as a community cultural center	13.9
13. No. of tourists coming to downtown	19.6
14. Employment in the local area	16.6
15. Historic character of downtown	18.9
16. Safety and security downtown	12.2

controversial in some way, this characteristic did not show the same kind of positive response. In other words, streetscape improvements can have dramatic short-term impact, but not necessarily significant long-term impact.

### Deriving Groupings of Characteristics

Every characteristic listed also can be checked against every other characteristic for correlation, since each was rated by virtually all respondents. By doing so each pairing of characteristics has a correlation coefficient, as shown in the chart below:

	Bldgs	Street	B.Mix	Parkg	Sales	Brws	Quick	Merch	Banks	City	Polit.	Cult.	Tour.	Jobs	Hist.	Safety
Building Cond.	--															
Streetscape	.33	--														
Busi. Mix	<b>.62</b>	.41	--													
Parking	.48	.46	.32	--												
Ret. Sales	<b>.74</b>	<b>.53</b>	<b>.82</b>	.47	--											
Browsing Sh.	<b>.58</b>	.36	<b>.68</b>	.08	<b>.86</b>	--										
Quick-stop Sh.	<b>.54</b>	.20	<b>.56</b>	<b>.51</b>	<b>.59</b>	.39	--									
Merch. Assoc.	<b>.71</b>	.31	<b>.63</b>	.12	<b>.51</b>	.46	.26	--								
Coop of Banks	<b>.58</b>	<b>.64</b>	<b>.71</b>	.38	<b>.82</b>	<b>.61</b>	.45	.47	--							
Coop of City	<b>.78</b>	<b>.58</b>	<b>.69</b>	.47	<b>.73</b>	<b>.50</b>	<b>.54</b>	.46	<b>.73</b>	--						
Local Politics	<b>.70</b>	<b>.50</b>	<b>.53</b>	.35	<b>.61</b>	.49	<b>.51</b>	.44	<b>.62</b>	<b>.83</b>	--					
Cultural Center	<b>.80</b>	.40	<b>.70</b>	.36	<b>.61</b>	.48	<b>.53</b>	<b>.74</b>	<b>.55</b>	<b>.73</b>	<b>.70</b>	--				
Tourism	.40	.25	<b>.51</b>	.02	<b>.63</b>	<b>.82</b>	.09	.35	.29	.28	.30	.44	--			
Local Jobs	<b>.50</b>	.47	<b>.66</b>	.29	<b>.73</b>	<b>.61</b>	.35	.23	<b>.73</b>	<b>.72</b>	<b>.64</b>	.33	.41	--		
Historical	<b>.76</b>	.21	.25	.25	.43	.38	.21	<b>.50</b>	.23	<b>.53</b>	.46	.45	.28	.28	--	
Safety	<b>.72</b>	.14	<b>.60</b>	.37	<b>.57</b>	<b>.54</b>	.38	<b>.69</b>	.30	.46	.36	<b>.51</b>	.36	.37	<b>.64</b>	--

Figure 31 - Correlation coefficients for Downtown Characteristics  
(Statistically significant @ 95% confidence level shown in bold-face)

The chart becomes more descriptive if the correlations are grouped according to their relative strength. By adjusting the order of the characteristics and removing values not statistically significant (less than 0.50), the following chart was developed:

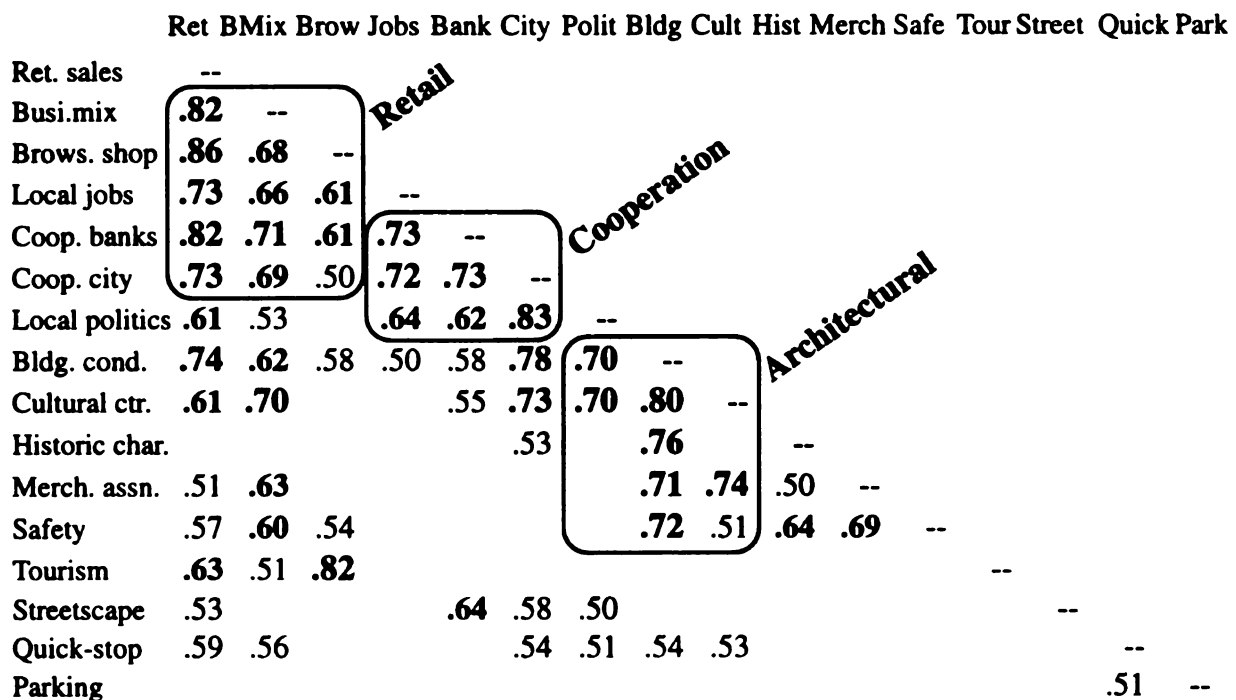


Figure 32 - Correlation coefficients for Downtown Characteristics (Revised)  
(Higher correlations shown in bold face and also larger type face)

By recombining the sequence of characteristics in such a manner, clusters of significant correlations are able to be shown. This clustering can be more revealing than the individual characteristics themselves.

At the top of the chart is a cluster strongly associated with general retail functions; it includes "Retail Sales," "Business Mix," and "Browsing Shopping." As was shown in Figure IV-34, each of these was also strongly correlated with the HPI—Sales (.88), Business Mix (.73), Browsing Shopping (.78)—all well above the minimal .50 level. For purpose of analysis this grouping will be termed as the "Retail Group."

Another cluster of related characteristics is seen further down the chart, and includes "Cooperation of Banks" (HPI of .75), "Cooperation of City" (.84), and "Local Politics" (.78), which will be referred to as the "Local Cooperation Group." Interestingly, the characteristic "Merchants Association" was not aligned with this group at all, indicating

merchants see their own organization as separate and apart from the more public organizational structure.

A final significant grouping deals with physical aspects of the downtown, and includes “Building Condition” (.84), “Downtown as a Cultural Center” (.75), and Historic Character” (.63). These will be referred to as the “Architectural Group.”

A single characteristic, not easily grouped with any of the above described groups, but statistically significant nonetheless, was “Local Employment.” This will be referred to individually and be considered a cluster of one.

For each of the groupings described above, the combined correlation coefficients were computed as shown below.

Table 18 - Correlation Coefficients of Characteristics Groupings

	<u>Corr. Coeff.</u>
Retail Group	0.86
Local Cooperation Group	0.86
Architectural Group	0.79
Local Employment	0.80

Each of these groupings has a high coefficient of correlation, and should be considered closely associated with downtown health.

#### *Groupings As Shown Through Principal Components Analysis*

Principal Components Analysis, a form of factor analysis, was used as another method of deriving groupings of Downtown Characteristics which had commonalities. The analysis was done with SPSS software, and was based on the data from individual respondents to the 16 Characteristics. Principal Components Analysis revealed four

groupings, with the strength of each grouping based on its Eigenvalue.<sup>95</sup> Only Eigenvalues of more than 1.0 were included.

Table 19 - Values of Four Groupings Using Principal Components Analysis

<u>Grouping Variable</u>	<u>Eigenvalue</u>	<u>Percent of Variation</u>	<u>Cumulative Percentage</u>
A	5.15	32.2	32.2
B	1.31	8.2	40.4
C	1.22	7.6	48.0
D	1.09	6.8	54.8

Variable A is shown to have the strongest grouping, and accounts for 32.2 percent of the commonalities of all the 16 characteristics. Variables B, C, and D are also significant as groupings, but much less so. The Characteristics which make up each of the Variables shown above can be determined from a salient factor loading to the Rotated Factor Matrix, as shown below.

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<sup>95</sup> The Principal Components Analysis was based on “Root One” Extraction and Varimax Rotation.

Table 20 - Rotated Factor Matrix for Principal Components Analysis  
(Principal Components Shown in Boldface)

	Grouping A Cooperation	Group B Retail	Group C Architectural	Group D Streetscape
Building Condition	.083	.186	<b>.562</b>	.430
Streetscape	.192	.095	.038	<b>.676</b>
Business Mix	.078	<b>.533</b>	.146	.347
Parking	.077	.061	.180	<b>.676</b>
Retail Sales	.260	<b>.664</b>	.172	.316
Browsing Shopping	.122	<b>.815</b>	.153	.085
Quick-stop Shopping	.331	.350	.050	.172
Merchants Association	.439	.259	.383	.101
Cooperation of Banks	<b>.615</b>	.305	.006	.260
Cooperation of City	<b>.838</b>	.088	.130	.153
Local Politics	<b>.837</b>	.034	.178	.135
Cultural Center	<b>.515</b>	.340	.260	-.186
Tourism	.145	<b>.756</b>	.120	-.114
Local Jobs	.375	.338	.040	.342
Historic Character	.201	.151	<b>.806</b>	.031
Safety and Security	.089	.096	<b>.714</b>	.107

Characteristics with a Factor Matrix value greater than 0.500 were considered to have significant degrees of commonality, and were included as parts of Factors A, B, C, and D. These values are shown in boldface type. Grouping A, which includes the following characteristics—Cooperation of City, Local Politics, Cooperation of Banks, Cultural Center—strongly resembles the Local Cooperation Group previously described, and reinforces the significance of these Characteristics as a grouping. Similarly, Grouping B, which includes Browsing Shopping, Retail Sales, and Business Mix, matches the Retail Group previously described, but also includes Tourism. Grouping C is similar to the Architectural Group—both include the characteristics Building Condition and Historic Character; only Cultural Center has been switched from this group to Grouping A. A final grouping, Grouping D, which includes the characteristics Streetscape and Parking, has been previously shown not to be an especially strong grouping, either to other characteristics or to the Health Index, and will be ignored.

This Principal Components Analysis gives strong statistical reinforcement to the more visual matrix analysis, and validates the Retail Group, Local Cooperation Group, and Architectural Group correlations.

#### *Characteristics Not Included in Clusters*

Other characteristics were found not to be closely associated with clusters with which they would seem to have much in common. “Streetscape Improvements” was not correlated with any of the characteristics from the Architectural Group, and so was not included. This would support the earlier conclusion that streetscape improvement programs tend to have dramatic impact on downtowns when first completed, but tend not to have long-term impact, and are largely disassociated from other factors contributing to downtown health.

Similarly, “Quick-stop Shopping” was not strongly associated with the Retail Group. This can be explained by the fact that quick-stop shopping is in-and-out shopping, and

quick-stop establishments do not contribute customers to the downtown retail area in general. This was also clearly shown and described in the 1986 survey, which concluded:

Many cities have modified their downtowns to accommodate shoppers who want to stop quickly at one destination. The prototype is the strip commercial shopping center. In many cases this has worked to the overall detriment of the downtown, for shoppers are not encouraged to pass by other storefronts and possibly make other stops.<sup>96</sup>

Another interesting correlation of two downtown characteristics was “Browsing shopping” with “Tourism,” with a correlation coefficient of 0.83, but this was seen as a unique relationship not closely tied with others. Other characteristics had less prominent correlations, and will not be considered in detail.

#### *Parking As a Characteristic*

“Parking” had no significant correlation with any other downtown characteristic, and also had no significant correlation with the Health Perception Index (coeff.=0.44). The 1986 survey also found that “Parking” had an insignificant correlation with downtown health.<sup>97</sup> This is important to recognize, because many cities have allocated a large portion of their downtown improvement budget to more or improved parking, when there is no evidence that the amount or quality of parking contributes to downtown health in any significant way. Of the 16 defined characteristics, only parking had no association with either the HPI or to other characteristics which contribute to downtown health.

#### Graphic Representation of “Characteristics” Clusters

Of the sixteen downtown characteristics evaluated in the survey, some have strong correlations with each other, some weak correlations, and some have no apparent

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<sup>96</sup> Norman R. Tyler. 1987. *An Evaluation of the Health of the Downtowns in Eight Michigan Cities* (Dissertation). Ann Arbor, Michigan: University of Michigan. 122.

<sup>97</sup> Tyler. 119.



correlations whatsoever. These relationships are shown graphically in the illustration below which symbolically illustrates the magnitude of relationships.

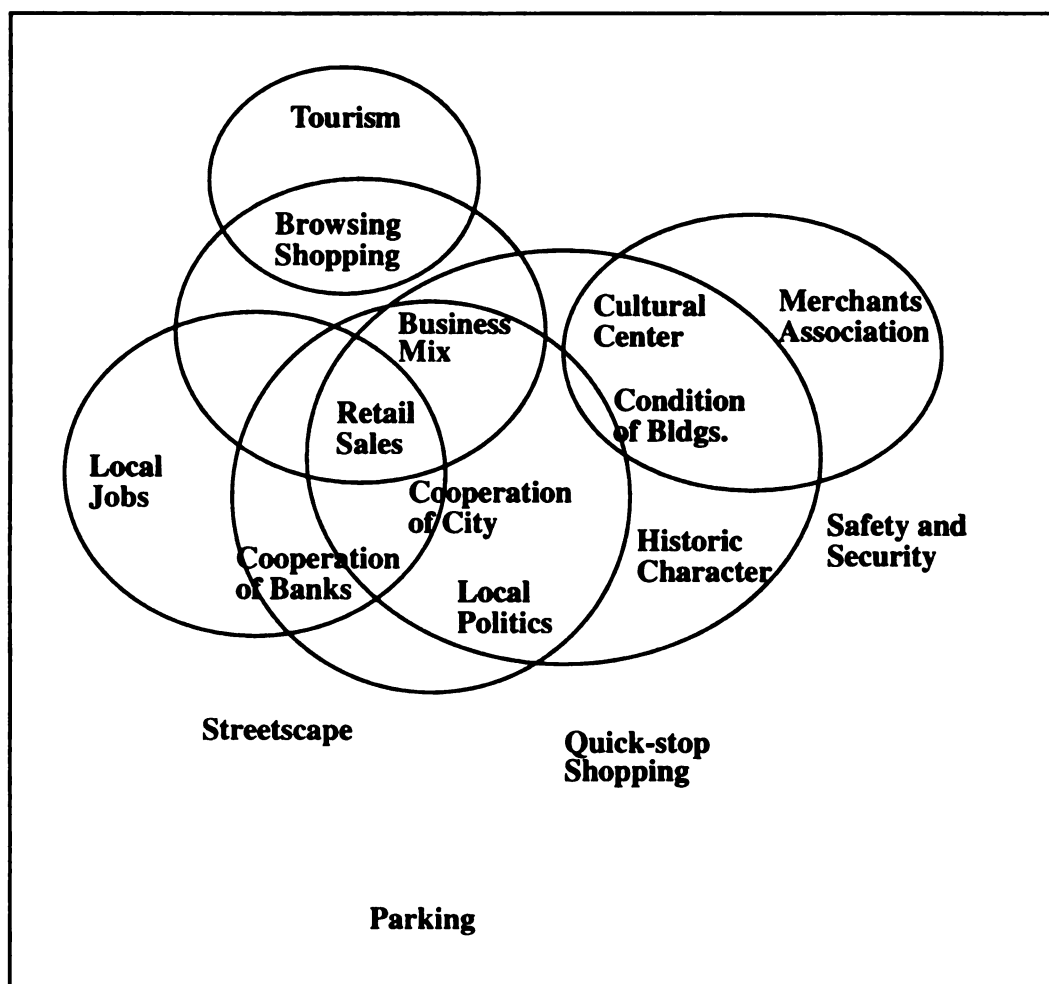


Figure 33 - Proximity Matrix of Downtown Characteristics

The illustration clearly shows that some characteristics are more central in their importance than others. As has been described above, “Retail sales” is the most prominent characteristic in describing merchants' perceptions of the health of a downtown, for it not only has the closest association with downtown health, but also with many other downtown characteristics. “Retail sales” is closely tied with “Business mix,” inferring it is highly dependent on an appropriate mix of business. It is also clustered with “Browsing

shopping,” representing a certain type of retail business, but is not at all closely aligned with “Quick-stop shopping.” Quick-stop shopping businesses are not closely aligned with any other particular downtown characteristics, indicating respondents' perceptions that the presence of such businesses is not directly tied with downtown health and revitalization.

Other key factors are shown to be the “Cooperation of the city” and “Cooperation of local banks.” The “Local employment” rate is illustrated as also a key factor for downtown health, but it largely unassociated with other characteristics.

#### *Comparison of Characteristics for 1986 and 1992 Surveys*

The 1986 study included a survey of eight cities. The 1992 survey included sixteen cities, and should be considered more definitive in its results. However, there was considerable consistency in the analysis of downtown characteristics for the two studies. Therefore, it is appropriate to review both the areas of similarities and differences of the conclusions of the two studies.

As with the 1992 survey, the 1986 survey found shopping related characteristics to be most associated with perceptions of downtown health. The primary characteristics were “Business mix” (#1 in the 1986 survey) and “Browsing shopping” (#2). Also, “Retail sales” had the highest coefficient of correlation for individual respondents in the 1986 survey.<sup>98</sup> These three key characteristics were clustered into a Shopping Group (as they were with this survey); this cluster had the highest correlation with downtown health. The perceived importance of “Quick-stop Shopping” did not have a high correlation in either survey.

Another cluster identified in the 1986 survey was termed the “Architectural Group,” which is similar to the “Architectural Group” defined above. The 1986 cluster included “Building condition” and “Historic character,” but also included “Landmarks” (similar to

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<sup>98</sup> However, Retail sales had a relatively low coefficient when analyzed by city.

Cultural center in the current survey) and “Streetscape.” The 1992 survey found them more closely aligned with the Health Perception Index than in 1986.

The “Local Cooperation Group” cluster was not identified in the 1986 survey. The correlation of its characteristics to the 1986 Health Index was only moderately strong for “Cooperation of city government” and not at all strong for “Local politics” or “Cooperation of banks.” The strength of this cluster has only been identified with the larger survey done in 1992.

“Local employment” has been shown to be an important characteristic with a high correlation to the HPI in both the 1986 and 1992 surveys. In 1986 it was ranked 3rd in importance and in 1992 it was ranked 4th. Although not closely correlated with any other downtown characteristic, it is loosely correlated with a broad number of them.

This analysis of both surveys largely confirms the results of the original 1986 study, giving additional strong support to the primacy of “Shopping” as the primary determinant of downtown health and clarifying the role of other important characteristics.

## THE USE OF PROXY DATA FOR DOWNTOWN CHARACTERISTICS

This section compares survey data with other available data sources. Each is discussed in turn, beginning with the Shopping Group.

### Proxies For Shopping Group Characteristics

#### *Retail Sales Data:*

The Shopping Group cluster includes three characteristics—“Retail sales,” “Browsing shopping,” and “Business mix.” Alternate sources of data are available for each of the three characteristics, although not as readily as one would hope.

Retail sales figures are available on a county basis,<sup>99</sup> a regional basis,<sup>100</sup> or by larger metro area.<sup>101</sup> Retail sales figures were given in the Michigan Statistical Abstract for 1987, but this was last published in 1987 and there are no plans to continue. Figures for retail sales are also available through the federal government's *Census of Retail Trade*, which includes figures for each of the study cities. The most recent Census, for 1992, was released in 1995.

From the 1992 Census total sales figures were converted to a per capita figure for each city. They are as follows:

Table 21 - Retail Sales and Retail Sales Per Capita, 1992<sup>102</sup>

<u>City</u>	<u>1992 Retail Sales</u>	<u>Sales Per Capita</u>
Albion	\$74,600,000	\$7,560
Dowagiac	\$93,800,000	\$14,589
Howell	\$161,100,000	\$19,120
Ionia	\$102,500,000	\$17,262
Lapeer	\$255,300,000	\$31,631
Manistee	\$93,100,000	\$14,176
Marshall	\$97,900,000	\$14,336
Tecumseh	\$68,800,000	\$9,185
Alpena	\$172,800,000	\$15,453
Big Rapids	\$164,100,000	\$13,394
Cadillac	\$175,800,000	\$17,432
Coldwater	\$163,700,000	\$16,988
Hillsdale	\$117,300,000	\$14,103
Owosso	\$239,400,000	\$14,691
South Haven	Not available	N/A
Sturgis	\$149,500,000	\$14,568

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<sup>99</sup> Sales Tax data.

<sup>100</sup> Available through the Federal Reserve Bank.

<sup>101</sup> Available through the National Retail Federation in Washington, D.C.

<sup>102</sup> Population figures for 1992 were projected from 1990 census figures based on historic trends.

For U.S. *Census of Retail Trade* retail sales figures are to be used as a proxy for the Health Perception Index, such figures should be correlated. As was shown previously, there was a strong correlation between the evaluation of Retail Sales and the downtown HPI, with a correlation coefficient of 0.88. However, there was no meaningful correlation of the HPI to actual retail sales per capita, with a coefficient of only 0.12, much below the 0.50 figure needed to have even a minimal statistical correlation. Therefore, it is impossible to conclude that the perceptions of respondents correlates with actual retail sales figures.

A cross-check of retail sales figures to “Retail sales” survey evaluation showed a coefficient of 0.35, once again indicating no statistical correlation. The results are illustrated in the chart below:

Table 22 - Correlations for Retail Sales Data

	<u>HPI</u>	<u>Retail Sales</u>	<u>Retail Sales Per Capita</u>
Retail Sales	-0.06		
Retail Sales per cap.	0.20	0.71	
Retail Sales, Survey Eval.	0.88	0.16	0.35

The lack of correlation between actual retail sales figures and the Retail Sales evaluation based on the survey can be interpreted in one of two ways. The first is that these results show respondents' perceptions do not relate to reality, and are largely psychological responses based on their own misguided view of the situation. The other interpretation is that downtown health cannot be determined simply by looking at hard data, for downtown health should be evaluated relative to expectations.

*Data available on Local Cooperation:*

The “Local Cooperation Group” consists of three Characteristics from the survey—Cooperation of City Government, Local Politics, and Cooperation of Banks. There is no

known data that could represent these characteristics, so the perceptions of the respondents must be used to represent this factor.

*Business Mix Data:*

Data on “Business Mix” is most easily and readily available through a simple count of businesses within downtowns. As part of this study, the numbers and types of businesses in each study city were tabulated by on-site counting. Because this is a primary area of analysis for this study, it is dealt with in a separate section (See the following section, “Analysis of Business Mix”).

*Employment Data Available:*

Previous analysis has shown that the demographic characteristic, “Percent of the local population in the labor force,” is closely correlated with the Health Perception Index. However, it was shown not to be correlated with the evaluation given by respondents for the characteristic “Local employment.” The coefficients are as shown below.

Table 23 - Correlations of Population and Employment

	<u>HPI</u>	<u>% Pop. in Labor Force</u>
% Pop. in Labor Force	0.60	
Local Employ., Survey Eval.	0.79	0.41

This indicates that Labor Force data available from the census can indicate a “tendency” toward evaluating downtown health, but cannot be considered a reliable indicator of downtown health.

## **ANALYSIS OF BUSINESS MIX**

Christaller, in his Central Place Theory, postulated that a city's success was largely determined by its population size and relative location. August Lösch, a contemporary of Christaller, took a different perspective. He suggested a city's prominence and success was related more to the varying functions that city was able to provide. Lösch concluded cities can provide sets of functions not directly related to their size. This supports the conclusion that the mix of businesses is an important factor in determining downtown health.

As was shown previously, "Business mix" is a characteristic closely aligned with the Health Perception Index. This section analyzes this characteristic in greater depth.

### **BUSINESSES IN THE STUDY DOWNTOWNS**

The numbers and types of businesses in each downtown were recorded through on-site observation. The business types were listed as they were found, with no attempt to combine them into generalized categories. This type of listing was more useful initially than trying to rely on established categorizing methods, such as the "Standardized Industrial Classification" Code used by the federal government, which is too inclusive in its categorizations.

The numbers of businesses (ground floor only) in each downtown were as follows:

Table 24 - Number of Each Business Type in Study Cities, 1992

<u>Business Type</u>	<u>Alb.</u>	<u>Dow.</u>	<u>How.</u>	<u>Ion.</u>	<u>Lap.</u>	<u>Mani.</u>	<u>Mar.</u>	<u>Tec.</u>
1. Appliances	4	2	1	2	1	2	1	0
2. Auto related	3	3	5	6	3	0	4	4
3. Bakery/Ice cream shop	0	2	2	2	1	1	2	3
4. Banks	2	4	2	4	3	1	2	2
5. Beauty/Barber shop	7	4	4	4	10	4	7	6
6. Bike shop	0	0	0	1	1	0	0	0
7. Books/Newspapers	1	1	0	1	1	1	2	2
8. Bridal shop/Tuxedos	0	0	1	0	1	1	0	1
9. Cameras/Film	0	0	0	0	0	1	0	1
10. Carpeting/Floor covering	1	0	1	0	1	0	0	1
11. Cleaners/Laundry	1	2	0	0	1	1	3	0
12. Clothing	2	4	6	2	10	7	3	8
13. Collectibles/Cards	1	2	1	1	0	1	1	1
14. Dance studios	0	0	0	1	1	0	2	0
15. Department stores	0	0	0	1	0	2	0	0
16. Dinner restaurant	1	2	1	1	2	4	4	1
17. Drug store	1	2	0	1	1	1	1	1
18. Electronics/TV	0	1	0	0	1	0	2	2
19. Florists	1	1	2	0	0	2	4	2
20. Fraternal organizations	1	0	0	1	0	1	0	2
21. Furnishings	0	0	1	0	0	0	0	0
22. Furniture	3	0	1	3	1	1	1	2
23. Gifts/Antiques	3	2	6	5	5	11	11	7
24. Groceries	1	1	0	1	0	1	1	0
25. Hardware	1	0	1	2	1	2	2	1
26. Health & fitness centers	1	1	0	0	1	0	0	1
27. Hobbies/Crafts	1	0	0	0	1	2	2	1
28. Hotels	0	0	0	1	0	0	0	0
29. Insurance/Real estate	4	4	2	3	2	3	6	5
30. Jewelers	1	0	2	1	1	3	1	3
31. Lumber	0	0	1	1	0	0	0	0
32. Lunch restaurant	8	4	8	5	2	1	5	3
33. Medical equipment	1	0	0	0	1	2	1	0
34. Music stores	2	0	2	0	0	1	1	0
35. Office supplies	2	1	1	1	2	0	1	1
36. Paints and decorating	3	1	1	2	1	1	2	0
37. Photographers/Frames	2	0	1	1	1	2	5	0
38. Plumbing/Elect./Heating	0	0	2	2	0	1	2	2
39. Printing/Publishing	2	0	2	2	2	1	3	3
40. Professional offices	6	8	14	13	14	8	16	8
41. Public agency offices	9	10	9	10	8	4	5	2
42. Second-hand stores	4	0	0	0	1	1	2	0
43. Sewing/Fabrics	1	0	0	0	3	1	0	1
44. Shoes	0	1	0	1	1	2	2	1
45. Shoe repair	1	0	0	1	0	0	0	1



Table 24 (Cont'd).

46. Sporting goods	0	0	0	2	1	2	1	0
47. Tavern/Bar	2	2	1	3	2	2	3	1
48. Theaters	0	0	2	1	1	1	1	0
49. Travel agencies	0	1	1	0	1	2	1	1
50. Used goods	4	0	0	0	1	1	2	0
51. Vacant storefronts	9	8	4	8	6	9	6	2
52. Variety stores	0	1	1	1	1	2	1	2
53. Video rentals/Arcades	1	2	0	2	0	2	1	1
<b>Total No.of Busi.</b>	<b>94</b>	<b>77</b>	<b>89</b>	<b>103</b>	<b>101</b>	<b>101</b>	<b>124</b>	<b>86</b>

<u>Business Type</u>	<u>Alp.</u>	<u>B.Rp.</u>	<u>Cad.</u>	<u>Cold.</u>	<u>Hill.</u>	<u>Owo.</u>	<u>S.Hv.</u>	<u>Stur.</u>
1. Appliances	1	1	1	0	1	0	1	1
2. Auto related	2	3	3	1	3	4	2	1
3. Bakery/ Ice cream shop	0	1	3	0	0	2	1	0
4. Banks	4	3	4	2	3	3	3	3
5. Beauty/Barber shop	6	5	6	6	8	7	7	4
6. Bike shop	1	1	1	0	0	0	0	0
7. Books/Newspapers	1	2	3	1	3	3	0	0
8. Bridal shop/Tuxedos	2	0	1	1	2	1	0	1
9. Cameras/Film	0	0	0	0	0	0	0	0
10. Carpeting/Floor covering	0	1	0	1	1	0	1	1
11. Cleaners/Laundry	3	0	1	1	0	1	2	0
12. Clothing	7	4	6	5	5	5	9	3
13. Collectibles/Cards	3	1	0	1	1	2	0	2
14. Dance studios	1	0	0	0	1	1	0	0
15. Department stores	1	2	0	0	1	1	1	1
16. Dinner restaurant	1	2	1	0	1	2	8	0
17. Drug store	1	2	1	2	1	3	2	2
18. Electronics/TV	0	1	1	0	1	1	0	1
19. Florists	1	2	1	1	2	3	1	2
20. Fraternal organizations	0	0	0	1	1	1	0	0
21. Furnishings	2	1	0	0	0	0	1	1
22. Furniture	1	0	1	1	3	1	1	1
23. Gifts/Antiques	12	1	7	2	2	6	12	4
24. Groceries	3	3	2	0	2	3	2	0
25. Hardware	0	1	0	1	1	2	1	0
26. Health & fitness centers	3	0	0	1	0	0	0	0
27. Hobbies/Crafts	1	1	0	1	1	1	0	1
28. Hotels	1	0	0	0	1	0	2	0
29. Insurance/Real estate	2	2	6	4	5	6	5	4
30. Jewelers	3	2	2	2	2	2	2	1
31. Lumber	0	0	0	1	0	0	0	0
32. Lunch restaurant	3	2	2	4	9	5	6	2
33. Medical equipment	2	0	0	0	0	1	0	0
34. Music stores	2	2	2	1	1	1	1	2
35. Office supplies	3	3	0	2	3	2	1	0

Table 24 (Cont'd).

36. Paints and decorating	0	1	1	1	2	2	2	1
37. Photographers/Frames	0	1	1	0	2	3	2	0
38. Plumbing/Elect./Heating	0	0	0	2	0	3	1	0
39. Printing/Publishing	0	2	2	0	4	3	2	1
40. Professional offices	14	11	11	11	15	12	9	10
41. Public agency offices	4	4	1	7	9	9	2	2
42. Second-hand stores	0	2	3	2	0	0	3	0
43. Sewing/Fabrics	1	1	1	2	2	2	0	0
44. Shoes	3	1	3	3	2	2	0	1
45. Shoe repair	1	1	0	0	2	1	0	0
46. Sporting goods	3	1	3	0	1	1	0	2
47. Tavern/Bar	4	1	2	3	0	3	1	1
48. Theaters	3	1	1	1	1	2	1	1
49. Travel agencies	0	2	2	2	1	1	2	2
50. Used goods	0	2	3	2	0	0	3	0
51. Vacant storefronts	12	7	7	9	1	9	8	11
52. Variety stores	2	1	0	1	1	1	1	0
53. Video rental/Arcades	0	1	0	1	1	0	1	0
<b>Total No.of Busi.</b>	<b>122</b>	<b>87</b>	<b>95</b>	<b>88</b>	<b>109</b>	<b>131</b>	<b>109</b>	<b>70</b>

### Quantifying business mix

As part of the survey, the total number of each type of ground-level business was recorded. Each downtown was divided into two sub-areas, the central downtown core and the surrounding downtown commercial area. The central downtown core was defined as that area where virtually every structure on a block was commercial; it was not found to be difficult to determine the boundaries of these areas. The surrounding downtown commercial area was not as clear-cut with its boundaries, but was still generally not difficult to determine. The rule of thumb used was that if a majority, but not all, of the ground floor space in a block was commercial, it was part of this sub-area.

This pattern of establishing the functional boundaries of a downtown was more fully explored in the 1986 study.<sup>103</sup> Analysis of these maps illustrated that the simpler

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<sup>103</sup> Norman R. Tyler. 1987. *An Evaluation of the Health of the Downtowns in Eight Michigan Cities* (Dissertation). Ann Arbor, Michigan: University of Michigan. pp. 33-42. In this study respondents were asked to draw boundaries of what they

procedure described in the previous paragraph effectively represented the same downtown areas derived from these image maps.

## BUSINESS MIX ANALYSIS

Analysis from the previous chapter has shown that “Business mix” is closely correlated with perceived downtown health. Based on that finding, a study of the business mix in the sixteen study downtowns should give clues about what a “healthy” mix includes. For instance, if more of a certain type of retail store is generally found in the healthier downtowns, then it could be concluded that that type of store contributes to downtown health.

Some downtowns may have more of a certain type of business simply because the cities are larger and they have more businesses in general. To get a more accurate picture, it was important not only to look at the number of businesses, but also the percentages for each business type. For these reasons both total number and percentage will be used throughout this analysis.

The 1986 study indicated that certain business type groupings were closely associated with merchants' perceptions of downtown health, while others had no significant correlation. This survey was to verify what had been only preliminary conclusions.

### Analysis by Business Type Groupings

The number of business types shown on the above list is large because there was no initial attempt to group business types together. The list was formulated simply by recording the number of businesses in the downtowns at the time of the survey. Groupings can better explain the categories of businesses that contribute to downtown

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perceived to be the edges of the downtown district. (Composite maps developed from this question are shown in Appendix 4)

health, however. For this reason, a number of groupings were formed, based on generally accepted criteria for downtown planning. These groupings, and their components, are listed below with their coefficients of correlation (as a group) to the Health Perception Index shown.

**Traditional Downtown Businesses**

Clothing

Department stores

Furnishings

Gifts/Antiques

Hardware

Jewelers

Music stores

Office supplies

Sewing/Fabrics

Shoes

Sporting goods

Variety stores

Coefficient by number of businesses: -0.01

Coefficient by percent of businesses: 0.07

As can be seen, the grouping of retail businesses most typically associated with the traditional downtown as the center of local shopping shows no correlation to the HPI.<sup>104</sup> Based on this analysis, there is no evidence the traditional downtown business mix is any longer associated with perceived downtown health.

**Apparel and Accessory Businesses**

Bridal shop/Tuxedos

Clothing

Jewelers

Shoes

Coefficient by number of businesses: 0.14

Coefficient by percent of businesses: 0.25

During interviews in the downtowns many comments were heard about the need for downtowns to keep clothing and accessory stores, since these are the primary business types that have been drawn away by new shopping centers. However, correlation analysis

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<sup>104</sup> With 16 cities the minimum correlation coefficient which is statistically significant at a 95% confidence level is 0.50.

showed there is no significant tie between downtowns that have retained a higher percentage of these types of retail and the perceived health of their downtowns.

#### Offices

Banks

Insurance and Real estate

Public agency offices

Professional offices

Travel agencies

Coefficient by number of businesses: 0.17

Coefficient by percent of businesses: 0.28

If downtowns no longer fulfill their traditional retail functions, can they have a better future through encouraging office use downtown? The analysis showed no significant correlation between downtowns with more offices and perceived downtown health. However, a coefficient of 0.28 shows a slight tendency toward this type of business as having a positive influence.

#### Tourism #1

(shown to be strongly correlated with each other)

Dinner restaurant

Gifts and antiques

Hotels

Coefficient by number of businesses: 0.18

Coefficient by percent of businesses: 0.26

Many downtowns in the study are encouraging tourism as a way to improve the health of their downtowns. Analysis of the actual business mixes showed a minor tendency toward this improving downtown health, but no statistically significant correlation.

#### Browsing Shopping

Clothing

Florists

Home furnishings

Gifts and antiques

Jewelers

Shoes

Coefficient by number of businesses: 0.17

Coefficient by percent of businesses: 0.42

Based on a correlation coefficient of 0.42, the business mix grouping having the strongest tendency toward association with perceptions of downtown health is "Browsing

shopping.”<sup>105</sup> This supports the results of analysis of downtown characteristics from the previous chapter, which showed that respondents associated “Browsing shopping” very closely with downtown health. The 1986 study also supported this conclusion, and showed a coefficient of 0.81 between the “Browsing shopping” business mix and the study’s Health Index. “Browsing shopping” was the only business mix from this study that was shown to be statistically correlated.<sup>106</sup> Since all three analyses reinforce each other with regard to this business mix, the survey clearly indicates that Browsing shopping is important to downtown health.

#### Deriving a Business Mix From the Data

Another avenue of analysis was pursued by using a “cart before the horse” technique. Rather than group business types prior to analysis, analysis was used to derive potential business type groupings.

A matrix was created which derived correlations for all 53 individual business types against one another. This large master matrix was carefully reviewed to look for business types that had either high positive or negative correlations with each other. Largely an intuitive procedure to begin with, two lists of business types were derived—those positively correlated to the Health Perception Index (HPI) and those negatively correlated. Two distinct lists resulted, as shown below:

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<sup>105</sup> Although a correlation coefficient of 0.50 is the minimum to show statistical significance, a coefficient of 0.42 is close enough to indicate a “tendency.” The minimal number of cases (16 cities) makes a higher coefficient unlikely.

<sup>106</sup> Tyler. 123.

**Business types positively correlated with the HPI:**

Bakery/ Ice Cream shops  
Cameras/ Film stores  
Electronics/ TV  
Florists  
Gifts/ Antiques  
Travel Agents  
Variety Stores

Coefficient for grouping by number of businesses: 0.51  
Coefficient for grouping by percent of businesses: 0.62

**Business types negatively correlated with the HPI:**

Appliances  
Furniture  
Groceries  
Hotels  
Department stores  
Paint/ Decorating  
Used goods  
Vacant storefronts

Coefficient for grouping by number of businesses: -0.72  
Coefficient for grouping by percent of businesses: -0.66

The correlation coefficients show each of these groupings has a statistically significant correlation, whether looked at by number of businesses or percent of businesses. With these groupings defined, the next step was to look for commonalities for the business types in each list. By reviewing various combinations of these business types, smaller groupings which have some commonalities were discovered. These lists, as refined, are shown below.

**Refined list of correlated business types positively associated with the HPI:**

Bakery/ Ice Cream shops  
Electronics/ TV  
Florists  
Gifts/ Antiques  
Travel Agents  
Variety Stores

Coefficient by number of businesses (central areas): 0.61  
Coefficient by percent of businesses (central areas): 0.72

**Refined list of correlated business types negatively associated with the HPI:**

**Appliances  
Department stores  
Furniture  
Groceries  
Used goods**

**Coefficient by number of businesses: -0.79  
Coefficient by percent of businesses: -0.80**

As can be seen, these smaller groupings have higher coefficients, and represent the business mix groupings with both the closest positive and negative correlations with the Health Perception Index. The first group, consisting of business types with positive correlations, are primarily small businesses found in small retail stores. They represent the type of shopping that encourages interaction and specialty purchases. This group will be referred to as the “Specialty” business mix.

As described earlier in this section, when the actual businesses in each downtown were counted, note was made of their locations—whether they were in the central area of the downtown or on the downtown fringe. As indicated above, the correlations for the positively correlated businesses were highest when the businesses located in the central area of the downtown only were considered (although there also were high correlations if the number included both the central and fringe areas). This indicates that these specialty shop businesses are most beneficial to downtown health if they are located centrally, and less beneficial when located at the fringe.

The grouping of negatively correlated businesses included larger stores, and will be referred to as the “Large store” mix. The grouping includes business types that are not subject to impulse buying or browsing. Rather, they are stores which tend to attract customers for larger purchase items, where a central downtown location is less critical to success. It should not be concluded that these types of businesses decrease the health of a downtown. Rather, it represents the fact that these types of businesses, because of their



appeal to customers making larger purchases where location is not as critical, can hold a viable customer base even in downtowns that were evaluated as having poorer health.

### **Business Mix and Retail Sales Data**

Correlations compared the “Specialty” and “Large Store” business mix groupings against three other relevant factors. Correlations were derived for the following items:

- “Specialty” business mix
- “Large store” business mix
- Health Perception Index (HPI) values
- U.S. Census of retail sales figures
- Evaluation of “Retail Sales” characteristic on 1992 survey

The table below shows these correlation coefficients (using percent of downtown businesses):

**Table 25 - Correlations of Business Groupings**  
(min. coeff. for statistical significance: 0.50)

	<u>HPI</u>	<u>Spec.</u>	<u>Large st.</u>	<u>Sales fig.</u>
Specialty	0.72			
Large stores	-0.80	-0.36		
Census ret. sales figures	0.12	-0.04	-0.28	
Survey eval. of sales	0.88	0.53	-0.82	0.35

This analysis shows high correlations of these business mix groupings with the survey’s evaluation of retail sales (0.53 and -0.82), but low correlations against actual sales figures (-0.04 and -0.28). There is also a high correlation of these groupings with the Health Perception Index (0.72 and -0.80). This supports the conclusion that perceived downtown health is closely tied with business mix, but not closely correlated with actual retail sales figures.

### Analysis by Respondent Business Category

During the survey, each respondent was identified as associated (typically as owner or manager) with their business under one of five categories—Small retail, Large retail, Office, Food/Entertainment, Other. Based on these categories, the HPI of individuals in each category was calculated to see if the responses were significantly different between respondents associated with “Small retail” versus “Large retail.” The responses were as follows:

Table 26 - Mean Health Perception Index Ratings By Business Category

	<u>HPI</u>	<u>No. of respondents</u>
Small retail	50.1	175
Large retail	50.5	76
Office	55.6	53
Food/ Entertainment	43.8	17
Other	58.4	40

The HPI values for respondents associated with “Small retail” and “Large retail” were similar, indicating no significant bias in their perceptions of downtown health based on the size of their establishment. Therefore, the significant difference between the two in the business mix analysis described above cannot be attributed to respondent bias.

However, bias could be attributed to other categories, for respondents associated with downtown “Offices” tended, as a group, to rate downtown health higher than average (55.6), while those associated with “Food/ Entertainment” businesses tended to rate it significantly lower (43.8).

The greatest bias, however, was a positive bias in the “Other” category, a group that included a high proportion of local officials. This group had been shown to be positively biased in the 1986 survey as well.

The evaluations (normalized) by the five business categories for the sixteen downtown characteristics reveal some interesting information, and possibly reveal other inherent biases among respondent groups.

Table 27 - Mean Evaluations (Normalized) of Characteristics  
by Respondent Business Category

<u>Resp'dents' association</u>	Bldgs	Street	B.Mix	Parkg	Sales	Brws	Quick	Merch	
Small retail	51.4	49.8	52.2	46.5	50.4	52.3	50.4	46.2	
Large retail	52.1	54.2	48.6	55.4	49.1	51.8	56.2	51.5	
Office	56.3	55.0	52.3	61.3	50.5	46.2	47.1	50.2	
Food/ Entertain.	42.7	46.6	39.3	33.1	39.7	38.8	41.9	51.5	
Other	50.1	51.0	52.7	53.9	55.6	54.2	50.0	49.3	
	Banks	City	Polit.	Cult.	Tour.	Jobs	Hist.	Safety	<i>Mean</i>
Small retail	47.4	40.5	43.2	46.3	52.2	41.9	48.0	48.5	47.9
Large retail	55.0	51.2	48.5	43.5	48.4	48.1	47.8	48.4	50.6
Office	56.9	56.8	51.6	52.5	45.9	54.9	53.8	56.6	53.0
Food/ Entertain.	42.6	44.2	51.2	47.3	44.6	40.8	48.5	48.0	43.8
Other	51.6	57.9	53.7	53.9	56.5	55.9	58.6	53.9	53.7

*Evaluations by Small Retailers:*

The chart shows small retailers gave significantly lower evaluations to the two characteristics relating to local government—"Cooperation of city government" (40.5) and "Local political situation" (43.2).<sup>107</sup> This indicates small retailers do not positively evaluate city officials, and the programs they coordinate, and are unsure whether they are helpful to them.

These two characteristics—"Cooperation of city government" and "Local politics"—had a high degree of correlation (coeff.=0.83) across all the study cities, indicating that cities that rated one these two characteristics high or low generally rated the other

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<sup>107</sup> The complete list of values is shown in Table 8 on page 118.

respectively high or low as well. Especially low ratings for these two characteristics were found in Albion (normalized ratings of 25.6 and 11.7 respectively), Hillsdale (36.4 and 44.3), and South Haven (40.3 and 42.3), all cities which had little involvement of the city in downtown efforts. The highest ratings were found in cities that had more involvement.

*Evaluations by Food and Entertainment Grouping Respondents:*

The business category in which respondents gave the lowest overall ratings was the Food and Entertainment category. Respondents from this category gave especially low ratings to “Business mix” (39.3), “Parking” (33.1), “Retail sales” (39.7), and “Browsing shopping” (38.8). They may have been especially critical of parking because convenient parking is critical to food and entertainment businesses, and such businesses can be competing for parking spaces with many other businesses. The other three characteristics to which they gave low ratings—“Business mix,” “Retail sales” and “Browsing shopping”—had been shown in earlier analysis to be the most closely tied to the Health Perception Index, indicating that food and entertainment businesses are hit hardest located in a downtown with poor health.

*Evaluations by Large Retailers*

The respondents from the “Large Retail” category tended to rate the sixteen downtown characteristics near the mean values. Large businesses tend not to be as impacted by what happens in a downtown as small retailers or owners or managers of restaurants and entertainment businesses. Because of their larger size, the businesses draw customers from a wider area, and are not as dependent on a healthy downtown for a healthy business. As one owner of a downtown appliance business explained, “My business could be downtown, or out in the new shopping center, or even out in a separate location, and it wouldn’t matter much. Customers who are buying appliances will go to where the store is.” They rated the characteristic “Parking” highest (55.4) and “Downtown as a

Community Cultural Center” lowest (43.5), indicating their practical orientation to a downtown location.

#### *Evaluations by Respondents in Downtown Offices*

Respondents from the “Office” category—i.e., people who had private or public offices in ground-floor downtown space—tended to give higher than average evaluations for most of the sixteen downtown characteristics. Instead of the low ratings given to “Parking” by both small businesses and food and entertainment businesses, respondents in offices gave their highest rating to “Parking.” For them, a downtown location seemed to be a good one, possibly because downtown provided all the other stores and services useful to office workers. They also gave higher ratings to “General condition of buildings downtown,” “Historic character,” and “Streetscape,” as well as “Safety and security,” indicating they liked the ambience found in the downtown. They also rated “Banks” and “City government” high, characteristics that relate to convenient services. Coupled with earlier analysis, these ratings would indicate that offices may not contribute significantly to downtown health, but they draw from it and thrive in a healthy downtown location.

#### *Evaluations by Other Respondents*

The last of the five business categories is “Other,” primarily made up of public agency officials and community leaders. The respondents in this category gave the highest ratings overall for their downtowns, indicating a feeling of positiveness and optimism about downtown health. Indeed, in many instances their professional reputations may be dependent upon having a healthy community, and the higher ratings may be a natural bias among this group. The tendency for high evaluations of downtown health among local officials was first recognized in the 1986 survey, and has been reinforced with these results. Among these respondents the characteristics with the highest evaluations were “Historic character” and “Cooperation of city government,” two areas where they probably

felt they had some control. However, their evaluations for virtually all the characteristics was above the mean, with the lowest reserved for “Merchants associations.” Likewise, small retailers had given “Cooperation of city government” its lowest rating, indicating a longstanding discord between city officials and small retailers that has been found throughout this study. As one merchant said about a major repaving project for his downtown’s main street, which would mean closing the street for a matter of months, “Not once has a city official come in to discuss this project with me and see if there was a way to minimize the terrible inconvenience to my customers during this period of construction.” And as was explained by a city official in that same downtown, “I am really surprised that some of the largest storeowners have never bothered to come to one of the meetings at City Hall where we presented the project and asked for comments.”

#### Analysis of Respondent Evaluations of Business Types

The survey questionnaire included a question which asked respondents to indicate how much various types of businesses contributed to downtown health. The question was placed toward the end of the questionnaire so it would bias respondents when answering other questions relating to the downtown health. The question was stated in the following manner:

## *Types of businesses...*

Most people would agree that some types of businesses contribute more to downtown health than other types.

From the list below, indicate your feelings about how important each type of business is to overall downtown health.

	Very important	Somewhat important	Not important	Hurts downtown
"Browsing" retail stores (e.g., gifts, clothing, jewelry, furnishings)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
"Quick-stop" retail stores (e.g., drug store, gas and snacks, fast food)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Large retail stores (e.g., department stores, hardware, variety, appliances)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Offices (e.g., banks, professional, real estate, insurance, travel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public buildings and offices (e.g., city hall, courthouse, post office)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Evening activities (e.g., theater, dinner restaurant, bar)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tourism businesses (e.g., specialty shops, photo store, galleries)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
"Handyman" businesses (e.g., hardware, building supplies, auto-related)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
"Small entrepreneur" businesses (e.g., beauty shop, health and fitness, crafts and hobbies)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Figure 34 - Survey Question on Importance of Business Types

Responses to this question were generally in the “Very important” to “Somewhat important” range. Of the average of 350 responses to this question, 300 were in this upper range, and only 50 below.<sup>108</sup> Converted to a 0–100 scale, but not normalized, the responses in each category had the following means (listed high to low):

Table 28 - Evaluation of Relative Importance of Various Types of Businesses

“Browsing” retail stores	93.2
Large retail stores	84.4
Tourism businesses	82.5
Evening activities	80.1
“Small entrepreneur” businesses	77.4
“Quick-stop” retail stores	70.2
Public buildings and offices	69.5
“Handyman” businesses	66.8
Offices	66.4

These evaluations closely match evidence derived from other areas of analysis of this study. Browsing retail businesses were seen as being most closely linked to downtown health. This supports two earlier findings from this study. First, browsing businesses were found most closely correlated to the Health Perception Index. Second, it was shown by counting businesses in each of the downtowns that the cities with healthier downtowns also had a higher proportion of browsing shopping businesses. These three pieces of evidence clearly indicate browsing shopping is perceived to be the business type most closely aligned with downtown health.

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<sup>108</sup> Total tabulations were as follows:

	Browsing	Quick	Large	Office	Public	Evening	Tourism	Handyman	Entrepr.
Very import.	282	114	215	92	120	177	2091	92	156
Somewhat imp.	68	167	106	180	148	138	115	172	154
Not import.	2	60	16	59	75	35	29	78	39
Hurts	0	7	8	18	7	0	3	7	2



Tourism businesses also were evaluated as important to downtown health, receiving an average rating of 82.5. Tourism businesses overlap closely with browsing businesses, in that they tend to be small, specialty stores.

From the above chart, large retail stores were shown to be more problematic, for although respondents felt they were important to downtown health, other analysis has shown there is no significant correlation between the number of large businesses and the Health Perception Index. This reinforces a perception of this researcher while visiting the downtowns. Although comments were commonly heard about the terrible impact of the loss of a major store—a long-established department store that had recently closed, for example—it was not clear that downtowns without such stores were suffering noticeably more than other downtowns. The recent loss of such a store may be perceived as having a very negative impact, but downtowns which have never had large stores as part of their downtown business mix, or downtowns which lost such stores many years ago, don't appear to have suffered.

Of the business types listed in this question, the lowest importance was assigned to "Offices." Many small retailers, a group making up the largest proportion of survey respondents, see offices located in downtown storefronts as limiting the opportunities for new retail stores to open, for they "steal" the prime street locations. The number of respondents who said offices actually "hurt downtown" (18) was greater than for any other business type. However, as described previously, other evidence from the survey indicated that offices did not hurt downtown, but also did not significantly contribute to the health of downtowns.

No correlation was found between the respondents' evaluations of "business types" and the types of businesses with which respondents were associated. In other words, small retailers were not shown to have a bias toward the importance of small businesses, nor did respondents in offices have a bias toward evaluating offices as important to downtown health.

## COMPETITION TO DOWNTOWNS

### RESPONDENT EVALUATIONS TO COMPETITION

The survey questionnaire gave respondents an opportunity to indicate what competition their downtown had. The question is shown below; they were asked to complete this questions for up to two competitors. A space for other comments was also included.

My downtown's greatest competitor is ...

Name of place ... \_\_\_\_\_

How distant (miles)? \_\_\_\_\_

It's competition is ... (circle one)

*Very strong   Quite strong   Strong   Moderate*

How is it competitive? ...

\_\_\_\_\_

Figure 35 - Survey Question on Competition

Since no scale of competitor was suggested in the question, competitors described by respondents varied from small stores down the block to larger metropolitan areas up to 150 miles distant. Of the 559 responses, the distances given to downtown competitors had a mean distance of 18.3 miles and a median distance of 10 miles (Note: the mode value was 2 miles). The descriptive statistics (in miles) for each city are as follows:

**Table 29 - Distances to Competition (in miles)**

<u>City</u>	<u>Mean</u>	<u>Median</u>	<u>Max.</u>	<u>City</u>	<u>Mean</u>	<u>Median</u>	<u>Max.</u>
Albion	16.0	20	30	Alpena	32.5	3	150
Dowagiac	22.3	25	45	Big Rapids	12.6	2	55
Howell	10.8	7	35	Cadillac	25.1	4	100
Ionia	13.7	3	40	Coldwater	14.6	3	45
Lapeer	13.3	3	45	Hillsdale	19.1	20	60
Manistee	45.1	50	149	Owosso	10.8	3	60
Marshall	11.7	12	45	South Haven	16.4	15	45
Tecumseh	13.0	10	45	Sturgis	20.5	2	60

As shown, the distances from which respondents felt there was moderate or strong competition varied greatly. In Manistee the median value for distance to competition was 50 miles, twice as great as any other city. Some respondents in Manistee listed Grand Rapids as a competitor, even though it is 119 miles away. Alpena's respondents identified competition on the city fringe, as indicated by a median distance of 3 miles, but also saw competition at some distance, with a mean distance value of 32.5 miles, and a maximum distance of 150 miles (Saginaw). In cities such as Ionia, Lapeer, Big Rapids, Cadillac, Coldwater, Owosso and Sturgis, with a median distance of 2 to 4 miles, a majority of respondents saw the competition as a shopping center just outside of the city.

These figures indicate that competition for a downtown can be felt at both close proximity and at great distances. By comparing these distances against the strength of competition, the impact of competition could be derived through use of a gravity model, which assumes there is an inverse relationship between distance and the pull of a body on another (in this case, the pull of a competitor shopping area on a study downtown). According to the Reilly gravity model described in the Literature Review chapter, if competition is at a greater distance, the pull away from the study downtown should be proportionally less.

Correlation analysis was used to test strength of competition (normalized values derived from the survey) to distance (from downtowns to competitors). An overall correlation coefficient of  $-0.01$  was derived, which indicates no correlation at all, not even a statistically insignificant tendency. Based on the survey responses, therefore, distance was not seen as a factor in determining the strength of competition. Cities such as Manistee and Alpena perceive competition from Grand Rapids, Traverse City and Saginaw in the same way other cities sense competition from only a few miles away. The question that is unanswered is whether this is just an inaccurate perception, or whether our mobile society has reduced such distances to virtual meaninglessness.

Further analysis looked at what types of respondents, with what types of businesses, perceived the greatest level of competition. The following chart indicates their responses.

Table 30 - Mean Ratings for Strength of Competition By Business Category

	<u>Strength of Competition</u>	<u>Distance (miles)</u>	<u>No. of responses</u>
Small retail	72.2 <sup>109</sup>	17.3	350
Large retail	74.4	18.0	152
Office	75.9	21.5	106
Food/ Entertainment	80.0	11.6	34
Other	69.0	21.8	80

The greatest competition is felt by respondents from the Food/ Entertainment category, a type of business that is very competitive. It is not surprising that the least sense of competition is seen in the Other category, which is made up primarily of city officials and downtown leaders. The Small retailers are the next lowest rating, even though it could be

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<sup>109</sup> To convert to a 0–100 scale, the following values were established,

Very strong competition	100
Quite strong	75
Strong	50
Moderate	25

assumed that small businesses would be subject to a lot of competition—more than large retail businesses which can draw from a larger area.

Competition is perceived as closest (in miles) by Food/ Entertainment business respondents as well, again because it is the most competitive of the categories. Large and Small retail businesses have a moderate view of distance to competition, and respondents in the Office and Other categories perceived the least pressure from competition nearby.

## **CHAPTER V**

### **SUMMARY AND CONCLUSIONS**

#### **SUMMARY**

##### **PURPOSE OF STUDY**

There have been many efforts by cities across the country to revitalize their downtowns. Some have been more successful than others. A major problem, however, has been that there is no generally accepted method of evaluating such efforts. For revitalization efforts to be meaningful, downtown leaders need a method for evaluating whether a program or activity has been helpful in improving downtown health. Often, programs appearing successful initially later are recognized as ineffective over the long run.

Development of an evaluative tool is an important need for city planners, local officials, downtown business owners, and others concerned about the effectiveness of downtown revitalization efforts. The Health Perception Index (HPI), as developed in Tyler's 1986 study and described and utilized throughout this study, provides a base Index evaluation against which other factors may be compared. It can be used as a yardstick for evaluating revitalization efforts. It is multi-dimensional, and can be utilized both in different communities and at varying time periods.

##### **REVIEW OF RELEVANT LITERATURE**

Planning and geography literature includes many models developed for evaluating urban health. Some, such as Christaller's classic Central Place Theory, use spatial analysis

to derive the potential health of a city based on its location relative to other cities. Others, including those of Lösch and Berry, determine urban health in terms of functional rather than spatial hierarchies.

Economic models evaluate urban health based on commercial retail patterns. Reilly's Law of Retail Gravitation established potential commercial vitality based on a gravity model. Others have derived economic health based on patterns of consumer preference; these include Clark and Rushton's Nearest Neighbor Model and Lalonde's Index of Retail Saturation.

Relatively few urban researchers have attempted to incorporate social or community factors in urban models, for evaluations are difficult to quantify. Schwartz recognized that downtowns could be seen as "inorganic" bodies that are machines for providing goods and services, but suggested that they should also be seen from an "organic" perspective as places that represent the culture of a place, and serve as a focus of community life—in other words, they can be more than the sum of their parts. Such factors are difficult to quantify, however. Thorndike's early attempt at developing a "Goodness Index" had many methodological weaknesses in its derivation, and relied too heavily on readily available datasets.

Multi-dimensional indexes of urban health have proliferated in recent years. Perhaps the best known is the Places Rated Almanac, first developed by Boyer and Savageau (1981, 1985, 1989, 1993). It has been criticized by Berger (1987) and others for being too "ad hoc" in its selection of criteria, and most such ratings systems have been exposed as having significant biases of one form or another.

Many studies, including polls completed by the U.S. Department of Housing and Urban Development (1979), have indicated the role of downtowns in community life is best seen in smaller cities. Craycroft and Fazio (1983) recognized a stronger link to quality of life factors in smaller cities. Robertson (1978) recognized generally accepted criteria had yet to be developed for defining and measuring downtown vitality and health. According

to Schumacher (1973), the normally accepted criteria of economic growth is no longer acceptable, for growth must include a qualitative dimension.

Andrews (1976) recognized the need to include qualitative indicators which rely on perceptual input. As Francis (1973) recognized, "The omission of items which cannot be measured is itself a major bias—often the most important facts about social considerations are qualitative, derivative or interactive."<sup>110</sup> Marans and Rogers (1975) concurred, saying that only through the use of subjective indicators can we begin to have confidence in the usefulness of objective indicators.

#### FOCUS OF STUDY

This study brings its own perspective in looking at the role of downtowns in the 1990s and beyond. It has focused on the downtowns of a group of representative smaller cities in Michigan. The cities were selected based on three criteria—they are 1) between 5,000 and 20,000 population, 2) not economically linked to larger cities, and 3) located in the outstate areas of the lower peninsula of Michigan. Eight of the cities were included in a precursor study completed in 1987; eight additional cities were purposively selected to give a representative selection based on city size, market autonomy and geographic location.

The study investigated attempts made by business and community leaders to revitalize their downtowns and evaluated the relative success of these efforts. In addition to evaluating the business environments of these downtowns, their role as social and cultural centers of their communities was also examined.

The study evaluated the health of the downtowns in sixteen cities in Michigan through a survey questionnaire given to business owners, merchants and local officials. The survey

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<sup>110</sup> Walton J. Francis. 1973. "A Report on Measurement and Quality of Life and the Implications for Government Action of 'The Limits to Growth.'" Washington, D.C.: Department of Health, Education and Welfare. 548.



was both inclusive and representative, and included at least 20 respondents in each of the study cities (365 total), with an overall response rate of 57 percent.

The study used as a starting point three basic assumptions:

**Assumption 1:** A meaningful evaluation of a downtown's health can be derived from perceptions of that downtown's merchants and business owners.

**Assumption 2:** Input from downtown merchants and business owners can be used to determine factors closely correlated with downtown health.

**Assumption 3:** Comparisons are valid only if a consistent method of data collection and analysis is used.

#### DERIVATION OF THE HEALTH PERCEPTION INDEX

This study systematically compared and evaluated revitalization efforts by sixteen study cities and developed a common yardstick—the Health Perception Index—for making such comparisons. The Index was derived from four questions included in the survey—1) compare the health of your downtown with other downtowns of similar size; 2) indicate how the health of your downtown has changed over time; 3) indicate whether you are optimistic or pessimistic about the future health of your downtown; 4) evaluate your downtown in terms of sixteen characteristics.

Through correlation analysis, various factors from the survey were examined to determine which were perceived as most closely linked to downtown health. The factors looked at included:

- sixteen downtown characteristics (e.g., parking, mix of businesses, cooperation of city government, etc.);
- significant events that had impacted downtown health;
- the level of retail competition from other areas; and
- how downtown health had changed over time.

Although the Health Perception Index lacks precision in scientific terms, since it relies on perceptual input for its derivation, it is important because it is one of few tools yet developed for evaluating urban health that is not based solely on data from sources outside the community (U.S. Census, state sales tax records, etc.) As a result, it can incorporate a broader range of factors and perspectives in its derivation than information drawn from statistical charts.

The use of the Index could be broadened to other situations. The four questions used to derive the Index could be included in a survey of any city. The HPI could then be used to evaluate the perceived impact of revitalization efforts. The Index could also be used for 1) evaluating the importance of various factors impacting downtowns, 2) comparing a downtown to other downtowns, and 3) observing changes in perceived downtown health over various time periods.

## FINDINGS

A primary finding of this study was that, of sixteen downtown characteristics considered, "Business mix" was the characteristic that most closely correlated to the Health Perception Index (HPI). In other words, the factor having the closest association with perceived downtown health was shown to be the types of businesses located there.

A good business mix includes various types of businesses. The business type having the strongest correlation with the Health Perception Index was "Browsing shopping."<sup>111</sup> Other characteristics closely correlated to the HPI included "Retail sales" and "Cooperation of city government." Most of the other sixteen downtown characteristics had varying

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<sup>111</sup> This supports the conclusion of a precursor 1986 study, which found a strong association between "Browsing shopping" and the study's Health Index. Norman R. Tyler. 1987. *An Evaluation of the Health of the Downtowns in Eight Michigan Cities* (Dissertation). Ann Arbor, Michigan: University of Michigan. 125.

degrees of correlation with the HPI. Three factors did not correlate—"Streetscape improvements," "Parking," and "Quick-stop shopping."

One of the most descriptive pieces of information to come out of this study was the Correlation Proximity Chart of Downtown Characteristics (Figure IV-46). It illustrates clearly and simply the downtown characteristics that are central to perceived downtown health, as well as their relationships to each other.

The business types found in each study city were grouped into five categories—Small retail, Large retail, Office, Food/Entertainment, and Other (primarily public uses). The business category with the strongest correlation to the HPI was "Small retail." Such businesses represent the type of shopping that encourages interaction and specialty purchases. The business category least correlated to the HPI was "Large stores," a category representing stores which attract customers for larger purchase items, where a central downtown location is less critical to success.

#### USE OF PROXY DATA

The study looked for proxy data which could reliably represent the Health Perception Index (HPI). Commonly used statistics, including retail sales figures from the U.S. Census of Retail Trade and sales tax figures from Michigan, were compared against the Index. Although a high correlation had been found between the HPI and the evaluation of downtown "Retail sales" by survey respondents, there was no statistical correlation found between the HPI and actual retail sales figures. This indicates government retail sales figures cannot be used interchangeably with evaluations of downtown health given by merchants, business owners and local officials.

Demographic statistics were also compared to the HPI. The HPI was found not statistically correlated with population growth; evaluations of good downtown health could be found in cities with no population growth as readily as in cities with growing

populations. However, some demographic data had significant correlations with the HPI. These included household income and population age categories.

#### PRECURSOR STUDY

This study is a follow-up to a similar survey and study completed in 1987.<sup>112</sup> A significant aspect of this study is that its findings support and validate the findings of the earlier study. Comparing results from this study to the earlier study allowed comparisons in survey responses to be made over time (between 1986 and 1992). In some cities, most notably Dowagiac, attitudes about the downtown had shifted considerably in six years, largely because of downtown revitalization efforts undertaken during the period between the two surveys. Focused analysis was given to the short-term impact and evaluation of these changes.

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<sup>112</sup> Tyler. 1987.

## CONCLUSIONS

### SIGNIFICANCE OF THIS STUDY

This study presents a new approach and a new methodology particularly suited to analyzing and evaluating downtowns. A downtown Health Perception Index is described. Its derivation and use comes out of the study itself, and is not closely tied with well-established urban models. The study's approach doesn't build on previous models as much as suggest a new approach to urban modeling.

A significant aspect of this study was the development of a method for comparing objective and subjective input. Comparisons of hard data from external sources with soft data generated by the study allowed for checks on the usefulness and relevance of each. The study's soft data came from perceptual input from the study's respondents. It was used to test whether hard data could be used as proxies for the survey data. Because the correlations between the study's survey data and other hard data was weak, the need to use both types of input for urban modeling was apparent. As a model applied to the problematic area of downtown revitalization, the Health Perception Index can be used to bridge the gap between hard and perceptual data.

This study also tested a spatial approach to evaluating downtown health, focusing on distance as a factor in its examination of competitors. It challenged classic spatial models by finding that distance to competitor areas had little correlation to perceived downtown health. The evaluation of downtown health had little or no association with whether its primary competitors were close or distant, or whether the relative strength of the competition was strong or weak. This finding suggests downtown health is not unduly affected by external forces, but is most dependent on factors internal to the downtown. Downtown health was shown to be more a product of internal factors, such as business

mix, the cooperation of city government, local politics and the condition of buildings, than it was factors external to the downtown and its city.<sup>113</sup> As a result, downtown merchants and business leaders should not be overly concerned with competitor districts, whether they are other cities or nearby shopping centers and malls. Such shopping areas are a fact of life in American culture today, but the study clearly indicated downtowns can hold their own, even with significant external competition, if they offer appropriate goods and services.

Finally, this study was significant because it analyzed in depth the effectiveness of revitalization efforts in smaller cities, an area of research largely ignored by urbanologists. The study's findings can be generalized to include most smaller cities (5,000–20,000 population). However, its relevance to larger populations is untested, and care should be taken in interpreting these findings to larger cities, where the dynamics of the city center can be quite different. For example, in larger cities the optimum business mix may vary substantially from that found for the study cities. Also, factors such as parking may have a much more important role in determining downtown vitality than was found in this study.

#### POLICY IMPLICATIONS AND RECOMMENDATIONS

Several clear policy implications come out of this study. First, revitalization efforts should include design strategies which develop downtowns as pleasant places to spend time. Downtowns should be seen as more than quick-stop convenience shopping areas, a direction which many have headed in recent years. Merchants and city officials should see downtowns as also providing an important focus for community life. The interchanges

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<sup>113</sup> A gravity model was also used for an ancillary study on the impact of Wal-Marts of the sixteen study cities. As described in Appendix 7, this analysis showed no direct correlation between the size and distance of Wal-Mart stores and the HPI. This was also true when all discount department stores (not just Wal-Marts) were grouped.

from chance encounters on sidewalks or in stores and restaurants encourage a type of vitality which builds long-term downtown health.

The study has also shown the image a downtown presents to the local market could be more attractive if it focused on encouraging certain business types to be located there. As described previously, the business type shown as most closely correlated with perceived downtown health was browsing shopping retail stores. Incentives should be given to attract business types shown as critical to downtown health. To encourage the appropriate business mix, downtown leaders should not rely on the chance attraction of businesses, but should proactively solicit businesses seen as most conducive to good downtown health. The example of Ionia, where the Downtown Development Authority was willing to lease a vacant storefront at one dollar a year if a young entrepreneur agreed to establish a men's clothing store, is an example of this proactive approach.

In contrast, a business type not correlated to the Health Perception Index was "Quick-stop shopping." The reasons for this are not immediately obvious. In order to allow customers to quickly enter and exit their downtown stores, many merchants have reoriented their entrances to the rear of their buildings for quick access from a parking lot. They see this convenience as a way to compete with the "Stop 'n Go" type of businesses found along commercial strips. However, downtowns should not be compared with commercial strips, for their role is quite different. The general health of a downtown can suffer when customers are not encouraged to use downtown sidewalks. Using front entrances of businesses should be encouraged, for it contributes to shoppers perceiving the downtown as a cohesive district, rather than as a series of individual businesses unrelated to each other.

Two other factors were shown not correlated with the Health Perception Index—"Parking" and "Streetscape improvements." Improved parking has been the focus for many downtown revitalization programs. In an effort to compete with shopping centers and malls, parking has been seen by many downtown merchants as the key to attracting

customers. In many instances, such a focus has diverted money and attention from more productive activities, and although improved downtown parking should not be seen as a bad thing, it was shown to not be the key that unlocks the door to downtown health.

Similarly, streetscape improvements, such as sidewalk pavers, trees and benches, and new lighting, have commonly been viewed as a panacea for poor downtown health. The study indicates that such improvements play only a minor role. Physical improvements should be seen as a product of improved downtown health, rather than a cause of it. As is suggested by the old clichè, "Beauty is only skin deep."

## FUTURE RESEARCH

This study is based on recommendations from a precursor study completed in 1987. The earlier study suggested a number of areas for future research. These were described in its Conclusions section, and are quoted below:

First, the number of cities surveyed during the study (eight) was the minimum number feasible to begin stratification of some of the data by city. A much fuller and more reliable perspective could be gained by increasing the number of cities surveyed to twice that number. In addition to improving the database significantly, such an expansion would also allow for statistical testing to see if the data were generalizable to a yet larger sample. The data at this time can only be seen as representing the respondents (primarily downtown merchants and owners) in the eight study cities, and should not be generalized beyond that scope. What is necessary is to determine whether a sample from eight cities, or even sixteen cities, can be generalizable to all small city downtowns.

Second, the results from the eight study cities should be seen as only an initial survey of the respondents, who would be given a follow-up survey after results of this survey become available. The respondents would be presented with the results of this initial survey, and asked to respond to the findings (a "Delphi" survey technique). This would allow the respondents to indicate whether they generally agreed with what was found, or if they markedly disagreed to clarify the areas of disagreement.



Also, follow-up surveys could be conducted at certain time intervals (e.g., every 5 years), to allow for an expanded database of information on each downtown which could be analyzed in a time series format. Even in the year since the questionnaires were received and tabulated to the time of the final draft of this paper the situation in a number of the study downtowns has changed significantly. Analysis would further define how certain factors had impacted on the perceived health of downtowns over time, and how respondent attitudes were reflected in those changed circumstances.

Perhaps the most important area of future research would be toward refining the Health Index as a tool for evaluating downtown health. In its initial form, as presented in this paper, the Index is a reasonable mechanism for representing perceptual data in a systematic, comparative format. However, as the scope of the evaluative technique is expanded, the Index can be further refined, and eventually include other parameters which may be better indicators of health. Also, more of a focus could be given to the number and types of businesses which make up an optimum business mix. Although this may be found to vary from city to city, the information would be beneficial to business and community leaders when deciding future goals for their downtown. Further research could also give more study to the types of revitalization programs that have had the most impact - what characteristics have the successful programs had in common.<sup>114</sup>

Three of the four recommendations were accommodated in this later study—the number of study cities was expanded from eight to sixteen; a follow-up survey was conducted six years after the initial survey (1986 and 1992); and the Health Index was refined and validated as a tool for evaluating the perception of downtown health. The one recommendation not followed was use of a “Delphi” technique survey to see if respondents agreed with the study’s conclusions. However, this was tested to some degree by identifying individuals who had been respondents in both the 1986 and 1992 surveys and

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<sup>114</sup> Norman R. Tyler. 1987. *An Evaluation of the Health of the Downtowns in Eight Michigan Cities* (Dissertation). Ann Arbor, Michigan: University of Michigan. 205-6.

analyzing their responses as a group. It was found there was no significant differences between this group and other respondents.

There are many opportunities for further study on the topic of downtown revitalization in smaller cities. To date, there has been little research concerning the evaluation of downtown health based on perceptual input. Using a systematic, comparative format, such input should be expanded, developed, and eventually accepted as a reliable indicator. The Health Perception Index is intended as an initial step in that direction.

Future research should also consider surveying other respondent groups. This study focused on downtown merchants and business owners, and also included local officials. It would be important to compare these findings against a similar survey administered to a random sampling of either downtown shoppers or local residents. This study's respondents were oriented primarily to the downtown environment. Shoppers and local residents may consider the downtown district as only one option among their choices of districts to frequent for goods and services, and as a result could provide an more impartial evaluation of the downtown.

Further research could also look more closely at demographic characteristics that correlate most closely with the Health Perception Index. Special attention could be paid to the relationship to population age categories and household income, since these were shown as strongly correlated.

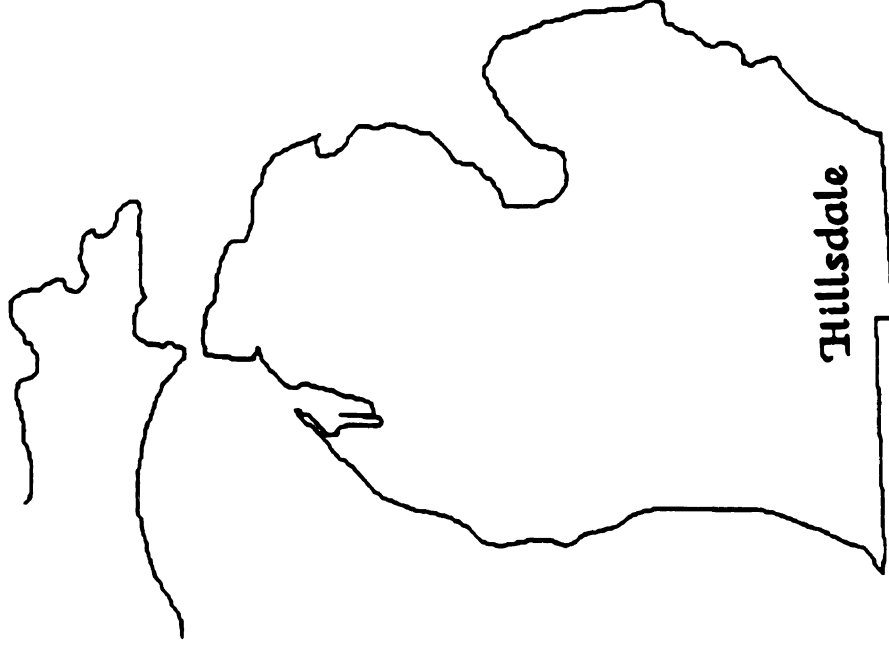
Finally, historians might be interested in looking more closely at a surprising finding of this study—that the HPI has a negative correlation with county seat status. It has been found in previous studies by other researchers that cities which are county seats benefited significantly from increased activities associated with this function, including law offices, restaurants, etc. This may no longer be as important a factor as it once was, and may have only a negligible impact on downtown health as the functions of the downtown have become reoriented in recent decades.

## APPENDICES

**APPENDIX 1**

**COPY OF 1992 SURVEY FORM**

***The Quality of  
Michigan's Downtowns***  
A Survey of Businessowners,  
Merchants, Officials and Residents



**Urban Planning Program  
Michigan State University**

***Hello,***

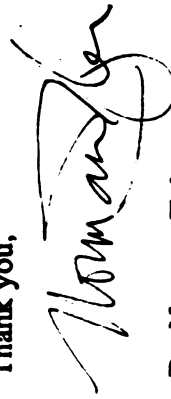
You have been carefully selected to participate in an important survey of Michigan cities. It will help in understanding how to improve the health of downtowns in cities such as Hillsdale.

We are interested in learning about your downtown. The questions ask simply for your "opinions" or "impressions"—you do not need to be sure of exact facts to answer.

Be assured that all responses will remain completely confidential, and no one will be identified individually. However, a Summary Report will be sent to you if you so desire.

Please complete this form and return it promptly. The few minutes it takes will be both interesting and worthwhile.

Thank you,



**Dr. Norman Tyler**  
**Project Director**

## ***Overall Health***

How would you compare the overall health of your downtown with those of other cities similar in size?

*(Note: A number of questions ask about the overall "health" of downtown. Its health can include economic, social and physical characteristics.)*

How do you feel it compares — is it ...

- ☐ Much more healthy
- ☐ Somewhat more healthy
- ☐ About average for this size city
- ☐ Somewhat less healthy
- ☐ Much less healthy

## Competitors to downtown...

*In your opinion, what other area gives the greatest competition to your downtown?  
(For instance, a local shopping center, another downtown, a large regional mall, etc.)*

My downtown's greatest competitor is...

Name of place... \_\_\_\_\_

How distant (miles)? \_\_\_\_\_

It's competition is... *(circle one)*  
 Very strong    Quite strong    Strong    Moderate

How is it competitive?... \_\_\_\_\_

(Optional)  
Another competitor to my downtown is...

Name of place... \_\_\_\_\_

How distant (miles)? \_\_\_\_\_

It's competition is... *(circle one)*  
 Very strong    Quite strong    Strong    Moderate

How is it competitive?... \_\_\_\_\_

Other comments? ...

## Significant events...

*Now, think back...  
What things have happened that have significantly affected the health of your downtown? Did they make the health of the downtown better or worse?*

*Indicate below what you consider to be these significant events.*

Significant Event #1...

\_\_\_\_\_

\_\_\_\_\_

Year (approx.) \_\_\_\_\_

Did it make the health of the downtown?...  
☐ Better    ☐ Worse

Significant Event #2...

\_\_\_\_\_

\_\_\_\_\_

Year (approx.) \_\_\_\_\_

Did it make the health of the downtown?...  
☐ Better    ☐ Worse

Comments?

Downtown characteristics...

Now we come to a very important section....Please consider it carefully.

How would you evaluate your downtown for the following characteristics. Indicate whether you consider each to be **Very Good, Good, Fair or Poor.**

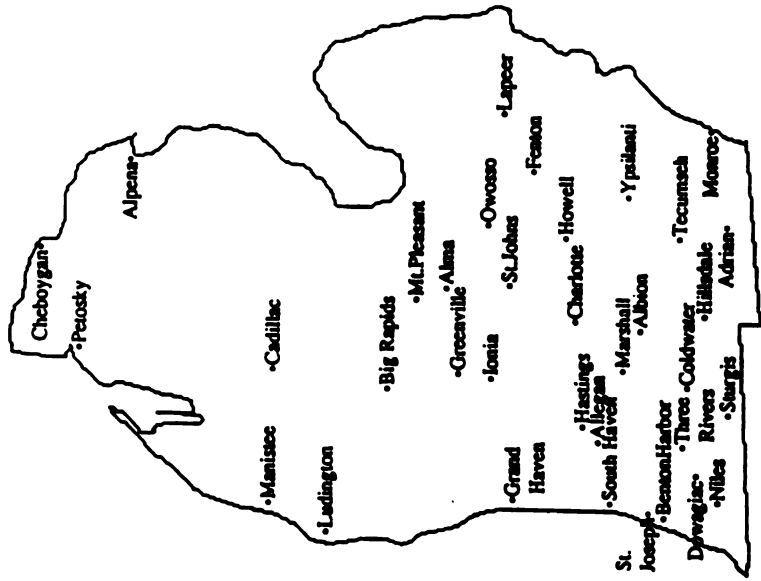
Simply give your impressions for each.

	Very good	Good	Fair	Poor
General condition of buildings downtown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
General condition of "streetscape"	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mix of stores and businesses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parking in downtown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall retail sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No. of shoppers for "browsing" shopping	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No. of shoppers for "quick-stop" shopping	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Merchants association	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cooperation of banks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cooperation of city government	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local political situation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Downtown as a community cultural center	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No. of tourists coming to downtown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employment in the local area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Historic character of downtown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Safety and security downtown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other Cities...

Shown on the map below are Michigan cities, many about the same size as yours. Of those with which you are familiar, draw a circle around those which you feel has a particularly "healthy" downtown. (Circle any number)

Next, draw an "X" through any which you feel has a downtown which is particularly unhealthy. (Again, "X" any number)



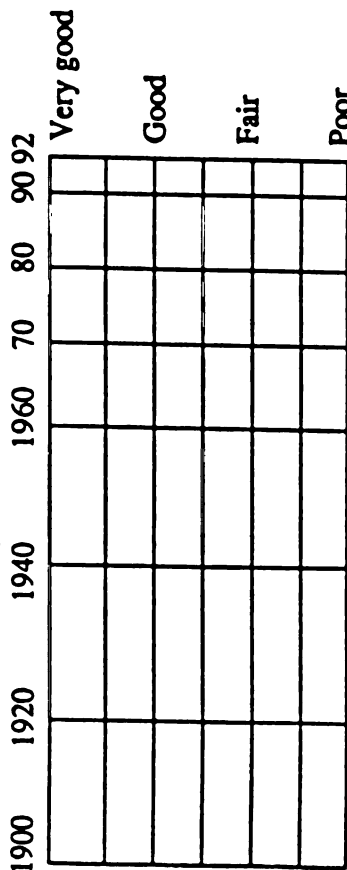


# How downtown health has changed over time...

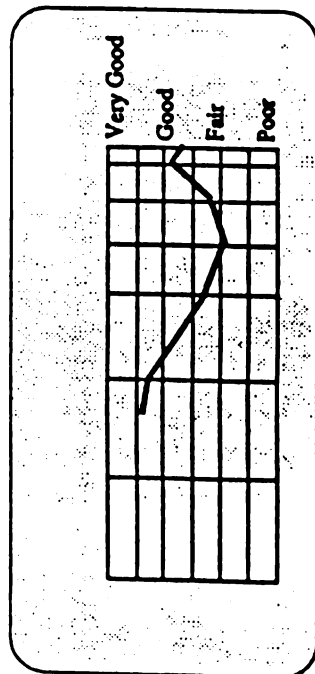
How has the health of your downtown changed over time? It's "health" can be seen in terms of economic, social and physical characteristics.

On the graph below, simply draw a continuous line which, in your opinion, shows how its health has changed over time.

(Go back in time as far as you are able.)



Below is an example...



## Types of businesses...

Most people would agree that some types of businesses contribute more to downtown health than other types.

From the list below, indicate your feelings about how important each type of business is to overall downtown health.

	Very important	Somewhat important	Not important	Hurts downtown
"Browsing" retail stores (e.g., gifts, clothing, jewelry, furnishings)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
"Quick-stop" retail stores (e.g., drug store, gas and snacks, fast food)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Large retail stores (e.g., department stores, hardware, variety, appliances)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Offices (e.g., banks, professional, real estate, insurance, travel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public buildings and offices (e.g., city hall, courthouse, post office)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Evening activities (e.g., theater, dinner restaurant, bar)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tourism businesses (e.g., specialty shops, photo store, galleries)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
"Handyman" businesses (e.g., hardware, building supplies, auto-related)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
"Small entrepreneur" businesses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Opinion of the Future...

*Finally, we would like your opinion on your downtown's future.*

What is your opinion on the future of  
Hillsdale's downtown?

Does it look good or poor?

☐ Good

☐ Poor

Why do you feel this way?

*Finally, we would like some general information about yourself. Answering is optional, but your answers will help in understanding your downtown.*

Do you consider yourself a resident of this community?

☐ Yes

☐ No

If Yes, for how many years? \_\_\_\_\_

*Check any of the following categories which apply to you.*

☐ I own or manage a downtown business...  
if so, for how many years? \_\_\_\_\_

☐ I am a member of a downtown organization  
if so, which one? \_\_\_\_\_

☐ I am a public official

☐ I have been active in revitalization efforts.

☐ I feel I know the downtown area well.

☐ Other relevant information about yourself...  
\_\_\_\_\_  
\_\_\_\_\_

## *Thanks!*

Thank you for participating in this survey.  
Your responses will remain confidential.  
However, if you wish to receive a  
**Summary Report** of the general findings  
from all 16 cities, check the box below.

☐ I wish to be sent the **Summary Report**.

My name and address is...

If you desire more information, please contact me:

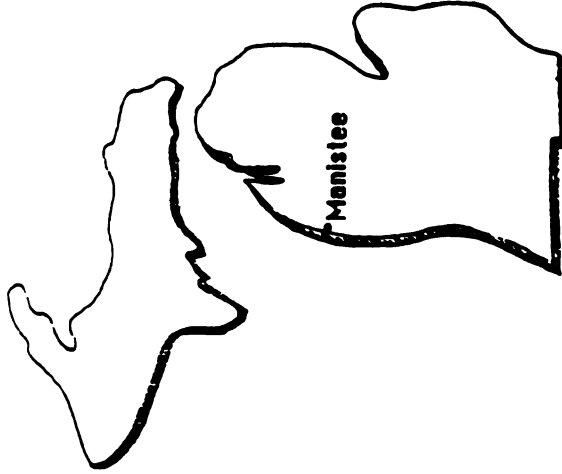
Norman Tyler, Project Director  
464 Eberwhite Blvd.  
Ann Arbor, Michigan 48103

## **APPENDIX 2**

### **COPY OF 1986 SURVEY FORM**

**The Quality of  
Michigan's Downtowns**

**A Survey of Property Owners,  
Merchants, Officials and Residents**



**College of Architecture and Urban Planning  
The University of Michigan**

(92)

13 Nov 86

Hello,

You have been selected to participate in an important Survey on Michigan cities.

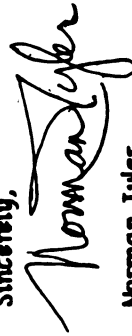
As part of a research project being conducted through the University of Michigan, I am interested in finding your impressions of Manistee and its downtown. Your responses to the following questions will help us better understand these critical issues and better serve the needs of cities like yours.

Note that many of the questions ask for your impressions or opinions -- it is not necessary for you to be sure of exact facts.

A Summary Report of the study's findings will be sent to anyone who completes this form, and will describe how your downtown compares with other cities in the Study. The Survey responses will remain confidential, however, and will not be identified individually.

Please complete this survey and return it promptly. The few minutes it takes will be interesting and worthwhile.

Sincerely,

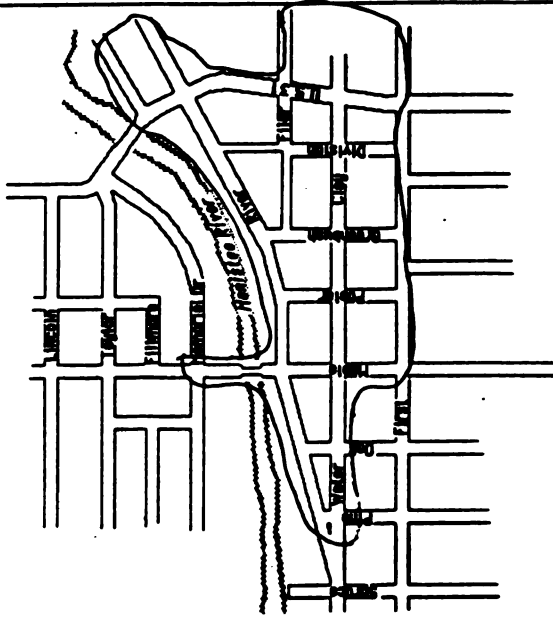


Norman Tyler  
Project Director

The first question asks you to compare the overall health of Manistee's downtown with other cities of similar size. How do you feel it compares -- is it:

- ☐ Much more healthy
- ☒ Somewhat more healthy
- ☐ About average for this size town
- ☐ Somewhat less healthy
- ☐ Much less healthy

On the map of Manistee shown, draw a line around what you feel are the boundaries of the downtown.



We are interested in knowing what you consider to be downtown landmarks. Indicate the location of anything you consider to be a downtown landmark.

**If the people in your community did not use the stores and services located in or near your downtown, to which city do you think they would go? In other words, what city is your downtown's greatest competitor.**

Flavase city

**Would you say the competition was:**

- ☐ Very strong  
☐ Strong  
☒ Moderate  
☐ Very little

**Name another city, large or small, which is the 2nd greatest competitor to your downtown.**

Muskogee

**Would you say the competition from this area was:**

- ☐ Very strong  
☐ Strong  
☒ Moderate  
☐ Very little

Now we come to an important section.

Please consider it carefully.

We would like you to evaluate your own downtown.

How do you feel it rates for each of the items listed

below — It Very Good, Good, Fair or Poor?

It is not important that you know exactly.

Just give your impressions

	Very Good	Good	Fair	Poor
The downtown has a nice looking "stratascap" (stores helping trees, etc.)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Good mix of stores and businesses located downtown	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Active merchants association	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cooperation and activity of city government	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cooperation of banks	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Downtown buildings in good repair	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Buildings restored to original historical character	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Occupancy of storefronts	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Occupancy of upper floors	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Number of customers for quick-stop shopping	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Number of customers for browsing shopping	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Number of tourists drawn to downtown	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parking	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Favorable local job situation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Low crime rate	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Significant population growth in the local area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Downtown serves as a cultural center for the community (theatre, library, etc.)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Downtown has identifiable landmark (river-ways, architecture, important persons, etc.)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Retail Sales	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local Political Situation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

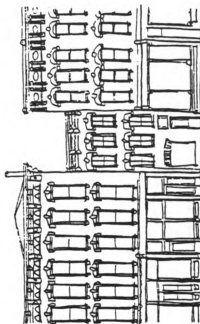
Why are there vacancies:

Many downtown buildings have unused spaces, especially the upper floors. We would like your opinion on why these spaces are vacant.

Please state briefly the reasons you feel downtown buildings have vacant upper floors:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

Any other?:





Think back over the years --  
What things have happened that have made  
a significant difference in the health of  
downtown, either for better or worse.  
(Examples may include the construction or demolition  
of buildings or other things, an important election issue  
or city program, a change in the political situation,  
changes in local industry, etc.)

Think of any factors that, in your opinion,  
has changed the course of the downtown.  
List them below, with the estimated date  
(year or years) and indicate whether you  
feel it improved the health of downtown or  
lessened it.  
(List any number)

1. \_\_\_\_\_  
\_\_\_\_\_ date  
\_\_\_\_\_ date
2. \_\_\_\_\_  
\_\_\_\_\_ date  
\_\_\_\_\_ date
3. \_\_\_\_\_  
\_\_\_\_\_ date  
\_\_\_\_\_ date
4. \_\_\_\_\_  
\_\_\_\_\_ date  
\_\_\_\_\_ date

## Historical Characteristics

Now there are a few questions about your City's history.  
Do you have some knowledge of how the downtown  
was at a previous time -- say, 25 or 50 years ago?

☒ Yes  
☐ No (If No go to the next page)

Which decade or decades do you feel best represents when the  
Downtown had its greatest period of growth?  
(Circle any decade or decades)

1900's 70's 60's 50's 40's 30's 20's 10's 1900's 1900  
before

When did the Downtown have its greatest Decline?

1900's 70's 60's 50's 40's 30's 20's 10's 1900's 1900  
before

What period represents when the Downtown had its best period  
of Retail Sales?

1900's 70's 60's 50's 40's 30's 20's 10's 1900's 1900  
before

What decades represent when the Downtown's Appearance was  
at its best?

1900's 70's 60's 50's 40's 30's 20's 10's 1900's 1900  
before

What period represents when Local Industry was most  
healthy?

1900's 70's 60's 50's 40's 30's 20's 10's 1900's 1900  
before

What period represents when the Local Crime Rate was  
highest?

1900's 70's 60's 50's 40's 30's 20's 10's 1900's 1900  
before

What decades represent when the number of Vacancies in  
Downtown buildings was greatest?

1900's 70's 60's 50's 40's 30's 20's 10's 1900's 1900  
before

### Individual Buildings

Are you the owner and/or tenant of a downtown building?

I am an ☐ Owner ☒ Occupant (if you are neither go to next page)  
☐ Both

Building Address \_\_\_\_\_

Evaluate the overall condition of each floor of this building:

	Very Good	Good	Fair	Poor
Ground Floor	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2nd Floor	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3rd Floor	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

What information can you give us on the history of your building -- for example, when it was built, how each floor was originally used, how long any floors have been vacant, when it was last renovated.

Built, - 1915  
 Used As CARPENTRY until  
 1957

LAST RENOVATION 1957

Finally, we would like some information about yourself. This will allow us to make better comparisons of the Survey results.

Do you consider yourself a resident of this community?

☒ Yes  
☐ No

If yes, how many years have you and your family lived in, or nearby, this community: 30 years

Which categories below best describe your present or past roles in downtown? (Check any number)

☒ I have owned or managed a downtown business

...for how many years? 3

☐ I live in a downtown building

...for how many years?     

☒ I regularly shop downtown

☐ I am a locally elected official

☒ I am a member of a downtown organization

...which one(s) MANUFACT ASSN  
CHURCH of COMMERCE

☒ I am a member of a local historical group

☐ Other (...describe) \_\_\_\_\_

What is your opinion on the future of your downtown.....  
 Does it look good or poor? Why?

**Thank you for participating in this survey.**

The individual responses you have given will remain confidential. However, if you wish to receive a Summary Report of the findings, sent to those who return this Survey form, check the box below.

☒ **I wish to be sent the Summary Report**

Include your name and address in the box below.

If you desire more information, or have more information for us, please contact me:

Norman Tyler  
College of Architecture and Urban Planning  
The University of Michigan  
Ann Arbor, Michigan 48109

## **APPENDIX 3**

### **LISTS OF VARIABLES**

### APPENDIX 3: LISTS OF VARIABLES

#### INDIVIDUAL RESPONDENT VARIABLES

##### From Study Survey

*(All data from 1992 survey unless otherwise indicated)*

1. Name of City
2. City identifier number
3. Date survey distributed
4. Date survey returned
5. Response time (no. of days)
6. Respondents' business name
7. Respondent identifier number
8. Indication of having met with respondent
9. Indication of whether had discussion with respondent
10. Respondent's business type
11. Business type category (Large retail, small retail, office, food/enter., other)
12. Business type category identifier
13. Evaluation of Question 1 of survey
14. Evaluation of Characteristics: General condition of buildings downtown
15. Streetscape—sidewalks, benches, trees, etc.
16. Mix of stores and businesses
17. Parking in downtown
18. Impression of overall retail sales downtown
19. No. of shoppers for "browsing" shopping
20. No. of shoppers for "quick-stop" shopping
21. Merchants association
22. Cooperation of banks
23. Cooperation of city government
24. Local political situation
25. Downtown as a community cultural center
26. No. of tourists coming to downtown
27. Employment in the local area
28. Historic character of downtown
29. Safety and security downtown
30. Type of Significant Event having impact on downtown
31. Year of Significant Event
32. Indication of whether Event had positive or negative impact on downtown

33. Type of Significant Event #2 having impact on downtown
34. Year of Significant Event #2
35. Indication of whether Event #2 had positive or negative impact on downtown
36. Downtown's greatest competitor area
37. Miles to downtown's greatest competitor area
38. Strength of competition from greatest competitor area
39. Type of competition
40. Another competitor area
41. Miles to downtown's other competitor area
42. Strength of competition from other competitor area
43. Type of competition from other competitor area
44. Evaluation of downtown health of other Michigan cities: Cheboygan
45. Petosky
46. Alpena
47. Manistee
48. Cadillac
49. Ludington
50. Big Rapids
51. Mt. Pleasant
52. Alma
53. Greenville
54. Ionia
55. Grand Haven
56. Hastings
57. Allegan
58. South Haven
59. St. Joseph
60. Benton Harbor
61. Dowagiac
62. Niles
63. Three Rivers
64. Sturgis
65. Coldwater
66. Marshall
67. Albion
68. Hillsdale
69. Adrian
70. Tecumseh
71. Monroe
72. Ypsilanti
73. Howell
74. Charlotte
75. St. Johns

76.		Owosso
77.		Fenton
78.		Lapeer
79.	Evaluation of downtown's historic health:	1900
80.		1920
81.		1940
82.		1960
83.		1970
84.		1980
85.		1990
86.		1992
87.	Evaluation of business type importance:	"Browsing" retail stores
88.		"Quick-stop" retail stores
89.		Large retail stores
90.		Offices
91.		Public buildings and offices
92.		Evening activities
93.		Tourism businesses
94.		"Handyman" businesses
95.		"Small entrepreneur" businesses
96.	Indication of optimism or pessimism toward downtown's future	
97.	Types of reasons for optimism or pessimism	
98.	Indication whether resident of community	
99.	No. of years as resident	
100.	Indication whether respondent feels they know the downtown area well	
101.	Indication whether own or manage downtown business	
102.	No. of years owned or managed	
103.	Indication whether a member of a downtown organization(s)	
104.	Type of organization	
105.	Indication whether respondent has been active in revitalization efforts	
106.	Indication whether a public official	
107.	Other information on respondent	
108.	Indication whether respondent wants copy of summary report on study	
109.	Health Index components:	Survey Question 1 Index
110.		1990-92 historic evaluation Index
111.		Optimism/pessimism Index
112.		Downtown Characteristics Index
113.		Health Perception Index

## CITY AND COUNTY VARIABLES

U.S. Census of Population*(All data from 1990 census unless otherwise indicated)*

- 1000. Identifier number
- 1002. County seat status
- 1003. City population, 1990
- 1004. County population, 1990
- 1005. City population, 1980
- 1006. County population, 1980
- 1007. City population, 1970
- 1008. County population, 1970
- 1009. City population growth rate, 1980-1990
- 1010. County population growth rate, 1980-1990
- 1011. City population growth rate, 1970-1980
- 1012. County population growth rate, 1970-1980
- 1013. Percent of city population/ county population, 1990
- 1014. Percent growth of city population/ county population, 1980-1990
- 1015. Percent growth of city population/ county population, 1970-1980
- 1016. Percent of city population under 18 years old
- 1017. Percent of county population under 18 years old
- 1018. Percent of city population 18-24 years old
- 1019. Percent of county population 18-24 years old
- 1020. Percent of city population under 24 years old
- 1021. Percent of city population 25-44 years old
- 1022. Percent of county population 25-44 years old
- 1023. Percent of city population 45-64 years old
- 1024. Percent of county population 45-64 years old
- 1025. Percent of city population over 65 years old
- 1026. Percent of county population over 65 years old
- 1027. Percent of city population over 45 years old
- 1028. Median age of city population
- 1029. Median age of county population
- 1030. Area of city in square miles
- 1031. Area of county in square miles
- 1032. Population of city per square mile (Population density)
- 1033. Population of county per square mile
- 1034. Percent of county land area urbanized
- 1035. Number of households in city
- 1036. Number of two-parent households in city



- 1037. Number of female-headed households in city
- 1038. Number of households with occupant living alone
- 1039. Number of households with occupant living alone over 65 years old
- 1040. Number of houses in city with value less than \$50,000
- 1041. Number of houses in city with value \$50,000-99,999
- 1042. Number of houses in city with value \$100,000-149,999
- 1043. Number of houses in city with value \$150,000-199,999
- 1044. Number of houses in city with value \$200,000-299,999
- 1045. Number of houses in city with value greater than \$300,000
- 1046. Lower quartile value of houses in city
- 1047. Median value of houses in city
- 1048. Upper quartile value of houses in city
- 1049. Number of black households in city
- 1050. Percent of black households in city
- 1051. Percent of black households in county
- 1052. Household income of black families in city
- 1053. Household income of black families in county
- 1054. Household income of white families in city
- 1055. Household income of white families in county
- 1056. Percent urban population in county
- 1057. Percent city population high school graduates
- 1058. Percent county population high school graduates
- 1059. Percent city population college graduates
- 1060. Percent county population college graduates
- 1061. Percent city population unemployed
- 1062. Percent county population unemployed
- 1063. Percent city population in labor force
- 1064. Percent county population in labor force
- 1065. Travel time in minutes, home to work, city residents
- 1066. Travel time in minutes, home to work, county residents
- 1067. County population: Number of workers in executive jobs
- 1068.                               Number of workers in professional jobs
- 1069.                               Number of workers in technical jobs
- 1070.                               Total number employed
- 1071.                               Percent of executive employed to total
- 1072. Co. Pop.: Last occupation of experienced unemployed:   Executive
- 1073.   Professional
- 1074.   Technical
- 1075.   Service
- 1076. City, mean household income
- 1077. County, mean household income
- 1078. City, percent of families with household income below poverty
- 1079. County, percent of families with household income below poverty

- 1080. Median rent for house in county
- 1081. Median housing cost in city, 1990
- 1082. Median housing cost in county, 1990
- 1083. Median housing cost in city, 1980
- 1084. Median housing cost in county, 1980

#### U.S. Census of Retail Trade

- 1101. Number of retail establishments in city, 1992
- 1102. Number of retail establishments in county, 1992
- 1103. Number of retail establishments in city, 1987
- 1104. Number of retail establishments in county, 1987
- 1105. Number of retail establishments in city, 1982
- 1106. Number of retail establishments in city, 1977
- 1107. Number of retail establishments in county, 1977
- 1108. Retail sales in city, 1992
- 1109. Retail sales in county, 1992
- 1110. Retail sales in city, 1987
- 1111. Retail sales in county, 1987
- 1112. Retail sales in city, 1982
- 1113. Retail sales in city, 1977
- 1114. Retail sales in city, 1972
- 1115. Retail sales in city, 1963
- 1116. Retail sales in city, 1958
- 1117. Retail sales per capita in city, 1992
- 1118. Retail sales per capita in city, 1987
- 1119. Change in retail sales, 1987-1992
- 1120. Percent change in retail sales, 1987-1992

#### Michigan Database<sup>114</sup>

- 1201. Retail sales tax, 1986
- 1202. Retail sales tax, 1987
- 1203. Retail sales tax, 1992
- 1204. Retail sales tax, 1993
- 1205. Retail sales tax, 1987 (adjusted)
- 1206. Retail sales tax, 1992 (adjusted)
- 1207. Change in retail sales tax, 1987-1992 (adjusted)
- 1208. Percent change in retail sales tax, 1987-1992 (adjusted)

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<sup>114</sup> Collected by the Michigan State University Institute for Public Policy and Social Research.

Other sources

- 1301. Size (sq. ft.) of closest Wal-Mart store
- 1302. Distance (miles) to closest Wal-Mart store
- 1303. Size (sq. ft.) of Meijer's store in community (if any)
- 1304. Size (sq. ft.) of KMart store in community (if any)
- 1305. Ave. size (sq. ft.) of other discount department stores in community (if any)
- 1306. No. of other discount department stores in community (if any)
- 1307. Total sq. ft. of all discount department stores in community
- 1308. Distance ranking (according to Stone) of Wal-Mart stores
- 1309. Distance ranking, revised (according to Stone) of Wal-Mart stores
- 1310. Gravity model rating (distance<sup>2</sup>)
- 1311. Gravity model rating (distance)

Derived from study survey

*(Data taken from individual surveys also interpreted at city level)*

- 1401. City identifier number
- 1402. Business type category (Large retail, small retail, office, food/enter., other)
- 1403. Evaluation of Question 1 of survey
- 1404. Normalized value of Question 1 of survey
- 1405. Evaluation of Characteristics: General condition of buildings downtown
- 1406. Streetscape—sidewalks, benches, trees, etc.
- 1407. Mix of stores and businesses
- 1408. Parking in downtown
- 1409. Impression of overall retail sales downtown
- 1410. No. of shoppers for "browsing" shopping
- 1411. No. of shoppers for "quick-stop" shopping
- 1412. Merchants association
- 1413. Cooperation of banks
- 1414. Cooperation of city government
- 1415. Local political situation
- 1416. Downtown as a community cultural center
- 1417. No. of tourists coming to downtown
- 1418. Employment in the local area
- 1419. Historic character of downtown
- 1420. Safety and security downtown
- 1421. Normalized value of Char.: General condition of buildings downtown
- 1422. Streetscape—sidewalks, benches, trees, etc.
- 1423. Mix of stores and businesses
- 1424. Parking in downtown
- 1425. Impression of overall retail sales downtown
- 1426. No. of shoppers for "browsing" shopping

1427.	No. of shoppers for “quick-stop” shopping
1428.	Merchants association
1429.	Cooperation of banks
1430.	Cooperation of city government
1431.	Local political situation
1432.	Downtown as a community cultural center
1433.	No. of tourists coming to downtown
1434.	Employment in the local area
1435.	Historic character of downtown
1436.	Safety and security downtown
1437.	Downtown’s greatest competitor area
1438.	Miles to downtown’s greatest competitor area
1439.	Strength of competition from greatest competitor area
1440.	Another competitor area
1441.	Miles to downtown’s other competitor area
1442.	Strength of competition from other competitor area
1443.	Evaluation of downtown’s historic health: 1900
1444.	1920
1445.	1940
1446.	1960
1447.	1970
1448.	1980
1449.	1990
1450.	1992
1451.	Normalized value of historic health: 1900
1452.	1920
1453.	1940
1454.	1960
1455.	1970
1456.	1980
1457.	1990
1458.	1992
1459.	Indication of optimism or pessimism toward downtown’s future
1460.	Normalized value of optimism or pessimism toward downtown’s future
1461.	Indication whether resident of community
1462.	No. of years as resident
1463.	Indication whether respondent feels they know the downtown area well
1464.	Indication whether own or manage downtown business
1465.	No. of years owned or managed
1466.	Indication whether a member of a downtown organization(s)
1467.	Health Index components: Survey Question 1 Index
1468.	1990-92 historic evaluation Index
1469.	Optimism/pessimism Index

1470.	Downtown Characteristics Index
1471.	Health Perception Index
1472.	Normalized value of: Health Perception Index

**Personal observation**

1501.	No. of businesses in central downtown:	Appliances
1502.		Auto related
1503.		Bakeries/ ice cream
1504.		Banks
1505.		Beauty shops/ barber shops
1506.		Bike shops
1507.		Book stores/ news stores
1508.		Bidal/ tuxedo shops
1509.		Camera/ film stores
1510.		Carpeting/ flooring
1511.		Cleaning/ laundry
1512.		Clothing
1513.		Collectibles/ cards
1514.		Dance studios
1515.		Department Stores
1516.		Dinner restaurants
1517.		Drug stores
1518.		Electronics/ TV stores
1519.		Flower shops
1520.		Fraternal organizations
1521.		Home furnishings
1522.		Furniture stores
1523.		Gifts/ antiques
1524.		Grocery stores
1525.		Hardware stores
1526.		Health and fitness centers
1527.		Hobbies and Crafts
1528.		Hotels
1529.		Insurance and rela estate offices
1530.		Jewelers
1531.		Lumber suppliers
1532.		Lunch restaurants
1533.		Medical equipment
1534.		Music stores
1535.		Office supply stores
1536.		Paint and decorating stores
1537.		Photographers/ frame shops

1538.	Plumbing/ electrical/ heating shops
1539.	Printers and publishers
1540.	Professional offices
1541.	Public offices
1542.	Sewing/ fabric shops
1543.	Shoe stores
1544.	Shoe repair shops
1545.	Sporting goods
1546.	Tavern/ bar
1547.	Theaters
1548.	Travel agents
1549.	Used goods
1550.	Vacant storefronts
1551.	Video rentals/ arcades
1552.	Total no. of businesses in the central downtown
1553.	No. in downtown, not in central area:
1554.	Appliances
1555.	Auto related
1556.	Bakeries/ ice cream
1557.	Banks
1558.	Beauty shops/ barber shops
1559.	Bike shops
1560.	Book stores/ news stores
1561.	Bidal/ tuxedo shops
1562.	Camera/ film stores
1563.	Carpeting/ flooring
1564.	Cleaning/ laundry
1565.	Clothing
1566.	Collectibles/ cards
1567.	Dance studios
1568.	Department Stores
1569.	Dinner restaurants
1570.	Drug stores
1571.	Electronics/ TV stores
1572.	Flower shops
1573.	Fraternal organizations
1574.	Home furnishings
1575.	Furniture stores
1576.	Gifts/ antiques
1577.	Grocery stores
1578.	Hardware stores
1579.	Health and fitness centers
1580.	Hobbies and Crafts
	Hotels

1581.	Insurance and rela estate offices
1582.	Jewelers
1583.	Lumber suppliers
1584.	Lunch restaurants
1585.	Medical equipment
1586.	Music stores
1587.	Office supply stores
1588.	Paint and decorating stores
1589.	Photographers/ frame shops
1590.	Plumbing/ electrical/ heating shops
1591.	Printers and publishers
1592.	Professional offices
1593.	Public offices
1594.	Sewing/ fabric shops
1595.	Shoe stores
1596.	Shoe repair shops
1597.	Sporting goods
1598.	Tavern/ bar
1599.	Theaters
1600.	Travel agents
1601.	Used goods
1602.	Vacant storefronts
1603.	Video rentals/ arcades
1604.	Total no. of businesses downtown, not in the central area

*(Note: These counts also available for 1986 survey)*

## **APPENDIX 4**

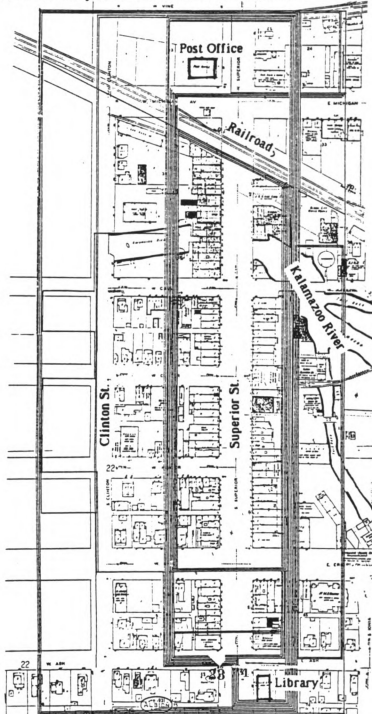
### **MAPS OF PERCEIVED BOUNDARIES OF STUDY DOWNTOWNS TAKEN FROM 1986 SURVEY**



### Albion:

Most respondents in Albion saw the downtown as the businesses located along Superior Street, from the Post Office on the north to the Library on the south. A few respondents included Clinton Street to the west also, but most did not. Surprisingly, no one defined the northern boundary as the river, but some used the railroad tracks as the northern edge.

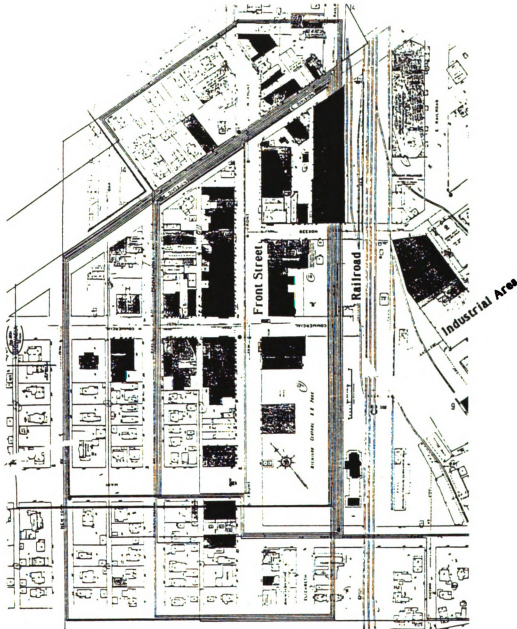
In spite of many natural and building landmarks which could disrupt the image, the combined map showed fairly clear and consistent boundaries.



**Dowagiac:**

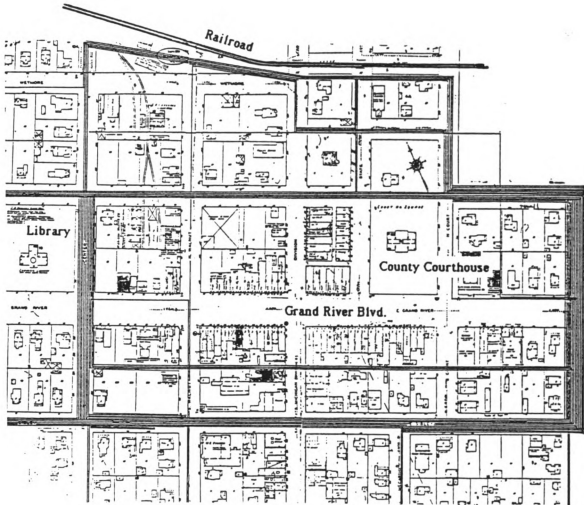
The downtown has a very strong edge at the railroad tracks, which has industry on the opposite side. However, the other boundaries wandered off, especially south on Front Street. In many instances, respondents included residential areas within their downtown boundaries.

The city is now defining the boundaries for a Downtown Development Authority. The new DDA boundaries cross the tracks and include much of the industrial area, chiefly as a way of increasing the tax base for the Authority.



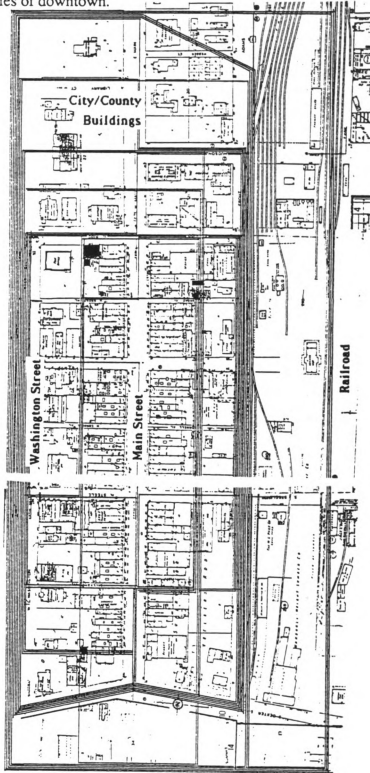
**Howell:**

Howell's downtown has a lot of physical integrity, as is illustrated by the strong definition given to its boundaries. The core of the downtown is located along Grand River Boulevard, with its strongest focus the County Courthouse square. A few respondents included the Library at the west end of the city, most did not. The only other discrepancy shown was whether the downtown extended on the north to the railroad tracks.



**Ionia:**

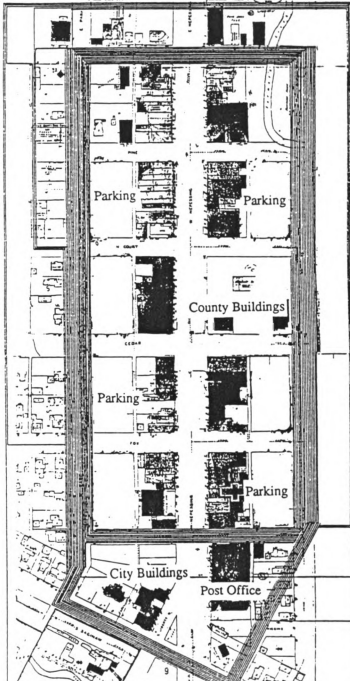
Ionia's downtown is along Main Street. It is enclosed on the north (left) by the base of a hill beginning at Washington Street. On the south its edge is the railroad yard. At the east (top) edge, respondents were unsure whether to include the many city and county buildings within the boundaries of downtown.



### Lapeer:

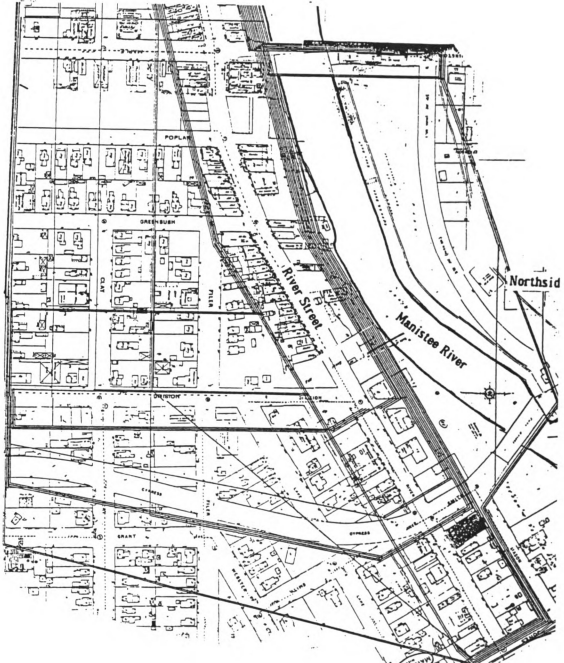
Lapeer has very strong boundary definition, probably because an Urban Renewal program which established a one-way street pattern around the downtown and created a strong edge defined by the new parking areas. However, a few respondents commented on the need for the downtown to expand by being able to cross these open areas which separate the downtown from the surrounding residential areas.

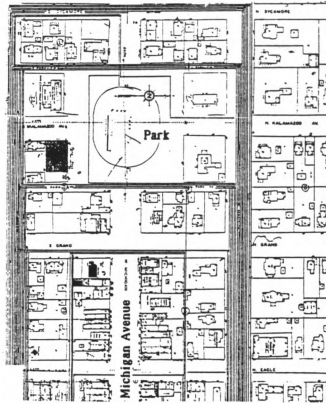
Similar to Ionia, the only discrepancy in boundary definition was whether the city and county buildings on the west (bottom) should be included; the respondents were split in their opinions on this.



# Manistee:

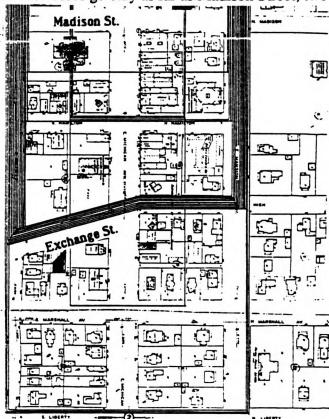
The respondents in Manistee showed the least agreement on downtown boundaries of any of the study cities. Most agreed that the north (left) boundary was along the Manistee River, but some large businesses are located on the opposite side, and some respondents wanted to include them also. The other boundaries were drawn in many different locations. There was little agreement as to whether the area to the south (above) River Street, which is mixed residential and commercial, should be considered as part of downtown.





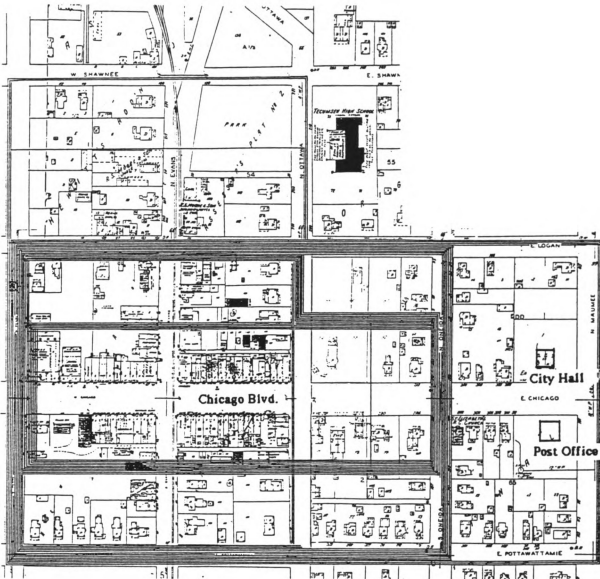
**Marshall:**

Marshall's downtown is well defined. It runs along Michigan Avenue from the Park turnaround to Exchange Street. The definition given the eastern (bottom) boundary was somewhat surprising, since businesses go only as far as Madison Street, two blocks before Exchange St.



### Tecumseh:

Tecumseh was represented by its respondents as a small downtown physically. The biggest discrepancy in Tecumseh's boundary image was whether the downtown was limited only to the buildings facing Chicago Boulevard, the city's main street, or whether it extended to include scattered businesses on adjacent blocks. The respondents were split on this. Few respondents went east an extra block, to Maumee Street, in order to include the City Hall/ Police Station and the Post Office; they were not considered part of the downtown by most.





## **APPENDIX 5**

**ITEMS USED BY E.F. THORNDIKE  
TO DERIVE HIS "GOODNESS INDEX"**

**APPENDIX 5:**  
**ITEMS USED BY E.F. THORNDIKE**  
**TO DERIVE HIS "GOODNESS INDEX"**

**Items of Health**

Infant death-rate (reversed, so that the fewer the deaths the higher the score)  
General death-rate (reversed, so that the fewer the deaths the higher the score)  
Death-rate from typhoid (reversed)  
Death-rate from puerperal diseases (reversed)  
Death-rate from appendicitis (reversed)

**Items of Education**

Per capita public expenditures for teachers' salaries  
Per capita public expenditures for textbooks and supplies  
Percentage of persons sixteen and seventeen attending schools  
Average salary of high school teachers  
Average salary of elementary school teachers

**Economic and "Social" Items**

Rarity of poverty as indicated by the infrequency of homes rented for under \$15 per  
month and homes owned valued at under \$1500  
Average wage of workers in factories  
Frequency of home ownership (number of homes owned per thousand population)

**Creature Comforts**

Per capita domestic installation of electricity  
Per capita domestic installations of gas  
Per capita number of telephones  
Per capita number of radios  
Per capita number of automobiles

Other Items

Literacy (number of illiterates aged 10 or over, divided by the population aged 10 or over, the percentage being reversed so that the fewer the illiterates the higher the score)

Circulation of the Literary Digest per 1000 population

Death-rate from syphilis (reversed)

Death-rate from homicide (reversed)

Death-rate from automobile accidents (reversed)<sup>115</sup>

The basic conclusions based on Thorndike's research were:

"So far as concerns fundamental causes, then, the golden rules for a small city, as for a large, are: to (1) make itself attractive to good people, (2) have them raise more children the better they are, and (3) give them opportunities to improve themselves physically, intellectually and morally and to earn larger incomes."<sup>116</sup>

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<sup>115</sup> E.F. Thorndike. 1940. *144 Smaller Cities*. New York City: Harcourt, Brace and Company. pp. 28-29.

<sup>116</sup> Thorndike. p. 78.

## **APPENDIX 6**

### **HISTORY OF DOWNTOWNS**

## APPENDIX 6: HISTORY OF DOWNTOWNS

This study has dealt with the situation in downtowns as they currently exist. However, there have been forces of change which have been impacting downtowns for many decades. The following section describes the history of downtowns generally, and looks at the many factors which have determined their evolution for more than a century.

### THE CHANGING NATURE OF RETAIL

The nature of retail business is that there is always change. Each decade brings large-scale and sometimes surprising shifts on both the supply and demand side. Retail businesses have been affected by a succession of innovations dating from the mid-1800s: “packaging in containers of fixed sizes and weights (1840s); standardized methods of sorting, grading, weighing and inspecting (early 1850s); fixed prices (1860s); standardized clothing sizes (early 1880s); periodic presentations via catalog (1880s); the buffet-style restaurant (1885) and the cafeteria serving line (1895); fully automated vending machines (1897); standardization through franchising (1911); drive-through auto service stations (1913); self-service store layout (1916);...packaging that ‘sold itself’ (late 1920s); ‘fair trade’ enforced price uniformity (1931); and wide selection of competing brands displayed on open shelves (1934).”<sup>117</sup>

As described by Hutter (1987), the downtown department store was the first true modern commercial phenomenon. From the 1880s to the 1920s it provided something new—a convenient one-stop, one-price shopping establishment. Trachtenberg (1982)

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<sup>117</sup> *The Future of U.S. Retailing*. p. 54-55.

points out that “in department stores, buyers of goods learned new roles for themselves, apprehended themselves as ‘consumers,’ something different from mere users of goods.”<sup>118</sup>

Part of the success of the large department store was the technology developing during the Industrial Revolution, including such new inventions as the elevator, improvements in gas lighting, and pneumatic tube systems. But there was also a social element to the phenomenon, for shopping in these “grand emporiums” represented a new ethic of consumerism that was being glorified during this period and represented the success of the American economic system. They also were important in teaching women to be proper users of goods.

As much as the school, and much like the factory, the department store served its customers as an educational institution. Proferring infinite charm at cheap prices, it sold along with its goods a lesson in modern living. The departments taught the social location of goods; trousers as “men’s clothing,” silks as “women’s wear,” reclining chairs as “parlor furniture.”...department stores taught families what they needed, taught symbolic as well as practical functions of things. The lessons inhered in the design of things themselves, their packaging and advertisement, their place and manner of presentation, the entire gestalt assuming a continuous act of learning and using, along with buying.<sup>119</sup>

The department store also provided post-Victorian women a safe place to go in the industrial city. Many provided more than basic shopping facilities, including ladies’ lunchrooms, sitting rooms, and even “silence rooms” for a peaceful respite. Detroit’s Hudson’s store had a room where mothers could nurse their babies and change their diapers. Ultimately this emphasis led to the “feminization of spending” (Duncan 1965).

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<sup>118</sup> Alan Trachtenberg 1982. *The Incorporation of America*. New York: Hill and Wang. p. 130.

<sup>119</sup> Tractenberg. p. 132.

Technology also had much to do with the new form of convenience shopping, for the automobile no longer made centrality necessary to retail success, and shopping followed the development of residential areas of the urban fringe.

### EMERGENCE OF SHOPPING CENTERS AND MALLS

In the last sixty years there has been a gradual, but inexorable, shift of retail from the city center to new suburban centers. At first retail followed new residential development, but then residential followed retail as the convenience of new commercial centers became better established.

This shift has been a relatively tranquil process, and has been widely accepted. Little friction to it has been created either through public policy or private competition. Indeed, it has generally been the strategy of formerly downtown businesses to join the surge to the suburbs rather than fight it. Thus, the functions that remain in the downtowns were either too weak or too established in a special niche to move.

#### History of the Shopping Center

The first automobile-oriented shopping center is generally agreed to be Country Club Plaza, just outside Kansas City, Missouri. Jesse C. Nichols, a real estate developer, was developing much of the area southwest of Kansas City for upper income housing, but recognized in the 1920s the increasing importance of the automobile to the new suburban lifestyle. Country Club Plaza was begun in 1922 specifically as an area for shopping by car. It was deliberately not located near a trolley line, and had 46 percent of its space taken up with streets and parking, including one of the first parking garages built anywhere. The Plaza was located at a nexus of roads which Nichols had built over the years for his housing developments. Nichols believed,

Wide streets, squares, and plazas are needed in these days of parking....Main traffic ways should have great width, but byways should be side enough only to

give capacity to go from one traffic way to another....The shops are built around a square of plaza ...and the main streets in commercial areas are 100 to 200 feet in width.<sup>120</sup>

It is clear that Nichols integrated the automobile into the design of this shopping plaza, and began an inevitable trend that has impacted cities all over the world ever since. By including 250 shops, some branches of downtown stores, he also established the suburban shopping center as a direct competitor to the traditional downtown as the center of retail.

One of the first and largest supermarkets established was the Crystal Market in San Francisco. Built on a former circus grounds, the store building was 68,000 square feet, with parking for 4,350 cars. "By the mid-1930s the Crystal Palace set a sales record of twenty-five tons of sugar in an hour, five freightcar-loads of eggs in a month, and an average of nearly a ton of apples per day for an entire year. Seizing the potential of one-stop shopping, the Crystal Palace quickly expanded to offer liquor, tobacco, and jewelry as well as drugstores, barber, and beauty parlors, and a dry cleaner—like the hypermarket of today—and sowed the seeds of its own destruction. While consumers could find almost anything they wanted,...they could not get past the logjam at the checkout counter to buy it."<sup>121</sup>

"Highland Park in Dallas, developed ...in 1931, synthesized new retailing ideas. Many consider this project to be the first planned shopping center... Highland Park occupied a single site not bisected by public streets, its stores were built with a unified image and managed under the control of a single owner, and the amount of onsite parking was determined by demand. It was so well conceived that even today it commands rents of \$45 per square foot...

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<sup>120</sup> James E. Vance, Jr. 1990. *The Continuing City*. Baltimore: The Johns Hopkins University Press. p. 491, from a speech given by J.C. Nichols to his company associates in 1934.

<sup>121</sup> *The Future of U.S. Retailing*. p. 55.



"Business and financial innovations may have been more important than design innovations. The River Oaks Center, developed in 1937 in Houston,... inspired a new way of thinking about "the shopping center" and contributed operational practices such as the percentage lease and the merchants' association. Other significant operational innovations surfaced in later years: careful attention to tenant mix, the professionalization of management, joint promotions and participative advertising, common area maintenance, the standardization of leases, the switch to net leases, and the inclusion of escalation clauses in leases.

"The model for the regional mall—Northgate Center in Seattle— was developed... in 1950. Northgate pioneered the idea of incorporating a full-line department store as an anchor, and featured a central pedestrian mall and service delivery via an underground tunnel. Fueled by the inception of the interstate freeway system and regional expressways, the development of regional malls took off.

"The market then began to refine the shopping center concept. In 1956, the first enclosed mall—Southdale—was developed, and from then on, the growth in shopping centers has been dramatic. Extra-large super regional centers have come into existence... Mixed-use centers, like Houston's Galleria, also represent an important refinement, as do multilevel malls, like Water Tower Place in Chicago, made possible by technological innovations in elevators and escalators."<sup>122</sup>

The evolution of the shopping center has led to its largest example in Edmonton Mall in Alberta, Canada. It has 5.2 million square feet, and contains "over eight hundred stores including eleven major department stores, nineteen movie theatres, 110 eating establishments, five amusement areas."<sup>123</sup> It also represents the notion of convenience shopping taken to its furthestmost expression, and represents how far retail businesses

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<sup>122</sup> A. Alexander Bul and Nicholas Ordway. 1987. "Shopping Center Innovations: The Past 50 Years." *Urban Land* (June 1987). pp. 22-23.

<sup>123</sup> *The Future of U.S. Retailing*. p. 57.

have gone from the small independent retailer located in a traditional downtown. Yet it also represents that retailing has taken two paths, one toward the convenience of the regional megamall, with all services collected in one common location, and the other toward the diversity of independent retailers filling a niche in the local market. This niche market is what most downtowns are left with, and with which retailers can capitalize.

#### Differences between shopping centers/malls and downtowns

Why are some retail environments currently more successful than others? The traditional wisdom of real estate experts has been that the three most important factors are “location, location, location.” This was supported in a survey of customer preference patterns by Hudson (??), which showed preferences were most strongly based on both location and price. However, a 1990 survey<sup>124</sup> of more than 250,000 shoppers revealed that the primary reasons consumers chose their favorite stores were as follows:

<u>Reason</u>	<u>Percentage</u>
Price	21.6
Selection	18.1
Quality	16.8
Location	14.7
Service	10.4

The study shows the most important factor to retail success is not location, but price. Downtowns have traditionally offered central location and service, but as a result are losing to the discount chains that offer low price and large selection. The discount store has become America’s favorite place to shop, although some studies show “...it is losing its competitive edge to ‘category killers’ because discount stores no longer represent off-price, but represent *the* price.”<sup>125</sup>

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<sup>124</sup> *The Future of U.S. Retailing*. p. 52.

<sup>125</sup> *Future of U.S. Retailing*. p. 53.

Even this advantage is being lost as all major retailers are getting products from the same suppliers at similar quantities and prices, and even factory outlets and category killers have similar prices. This leaves the small independent retailer in an almost untenable position. As one appliance retailer in a Michigan downtown explained, "I can't buy wholesale as cheaply as the new Wal-Mart is selling off their shelves. It would be advantageous for me to buy my small appliances from that store rather than from my distributor, but I refuse to do this on principle."<sup>126</sup>

Outlet centers are another concept that are anathema to independent downtown retailers, for the principle of outlet centers is that manufacturers want to retain more control over their product distribution. Although prices at outlet centers are typically not lower than at other discount retailers, the outlet allows manufacturers to both control their markets and trade more directly on their brand names. "Factory outlets are one modest step toward the ultimate solution to the problem of maintaining control from the factory to the customer—strategic organizational alliances."<sup>127</sup>

The new "power centers," which feature "category killers," are the latest in a long line of competitors to the downtown. The new commercial types may be doing more damage to each other than to "mom-and-pop independents, however. "What power centers affect most is the small- to mid-size strip center. They're taking both customers and tenants."<sup>128</sup> Independent retailers are less affected. "Small retail is in the bag on a mom-and-pop basis. The conglomeration theory says the power center is where everyone wants to be, but it really doesn't make sense for the mom-and-pops to be there."<sup>129</sup>

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<sup>126</sup> Interview for this project survey. July 1992.

<sup>127</sup> *The Future of U.S. Retailing*. p. 54.

<sup>128</sup> Quote from David Andrews, Vice President of Commercial Marketing, The Mitchell Co., Mobile, Alabama, in "Power centers flex their muscles." *Chain Store Age Executive*. February 1989. p. 3A.

<sup>129</sup> Quote from Ed Attebury, Vice-President of Marcon Brokerage, Sacramento, in "Power centers flex their muscles." *Chain Store Age Executive*. February 1989. p. 3A.

The retail industry has undergone significant changes throughout its lifetime of almost two hundred years. The following chart, taken from the text, *Retailing*, shows the gradual shift from general stores to more and larger specialized stores.

Table 31  
Selected Changes in Retail Institutional Structure<sup>131</sup>

<u>Institutional Type</u>	<u>Period of Fastest Growth</u>	<u>Inception to Maturity (yrs.)</u>	<u>Stage of Life Cycle</u>	<u>Representative Firms</u>
General store	1800-40	100	Declining/obsolete	A local institution
Single-line store	1820-40	100	Mature	Hickory Farms
Department Store	1860-1940	80	Mature	Marshall Field's
Variety Store	1870-1930	50	Declining/obsolete	Morgan-Lindsay
Mail-order house	1915-1950	50	Mature	Spiegel
Corporate chain	1920-30	50	Mature	Sears
Discount store	1955-75	20	Mature	KMart
Conventional supermarket	1935-65	35	Mature/declining	Winn-Dixie
Shopping center	1950-65	40	Mature	Paramus
Cooperative	1930-50	40	Mature	Ace Hardware
Gasoline station	1930-50	45	Mature	Texaco
Convenience store	1965-75	20	Mature	7-Eleven
Fast-food outlet	1960-75	15	Late growth	McDonald's
Home-improvement center	1965-80	15	Late growth	Lowes
Superspecialist	1975-85	10	Growth	Sock Shop
Warehouse retailing	1970-80	10	Maturity	Levitz
Computer store	1980-85	5	Maturity	Computerland
Electronics superstore	1980-	?	Growth	Circuit City Stores
Off-price retailer	1980-	?	Growth	Burlington Coat Factory
Warehouse club	1985	?	Growth	Sam's Wholesale Club
Electronic shopping	1990	?	Growth	Home Shopping Network

#### Advantages of the Shopping Center/Mall:

There are a number of advantages inherent in the shopping center/mall type of retailing. Some of these could also be used to advantage by downtown merchants.

**Management.** Downtowns are essentially managed by individual business owners who make decisions on management based primarily on their individual concerns. They

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<sup>131</sup> J. Barry Mason, Marris L. Mayer and Hazel F. Ezell. 1994. *Retailing* (5th Edition). Burr Ridge, Illinois: Richard D. Irwin, Inc. 93.

see other, similar businesses in the same vicinity chiefly as competitors, and there is little or no cooperation one with another regarding common concerns such as hours, promotions, parking or general planning.

In contrast, businesses located in shopping centers/malls are subject to very tight management control, and many policy decisions are not left up to the discretion of the individual storeowners or managers, but are determined by the overall management. The center management establishes common hours, promotions and many other aspects of operations to which the individual businesses must comply.

This distinctly different approach to overall management issues is probably the most significant difference between downtowns and shopping centers/malls.

- accessibility
  - adequate entrances and exits
  - good service facilities
- plentiful parking
- modern and well-planned facilities
  - unified arch., planned space, allows for expansion
- coordinated merchandising and promotion

There are many advantages inherent in managing a controlled retail environment like a mall which are not available for independent retailers in a downtown. One example is the Homart Daily Comparative Sales Report,<sup>131</sup> compiled daily for retailers in Homart managed malls. The reports are based on sales figures collected each morning from mall retailers, compiled and distributed by three o'clock in the afternoon of the same day. The confidential computerized figures allow retailers to compare their daily performance with other retailers in the same category and with the center itself. As one retailer says, "It's like

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<sup>131</sup> Designed by W. Joe Larson, Senior VP-Asset Management for Homart Development Company, Chicago.

a daily thermometer reading.”<sup>132</sup> The report compares figures with the previous year, along with weather conditions and special events occurring at that time, and also show daily, monthly and yearly growth and decline. The Report serves two primary purposes—it gives merchandisers immediate information on their comparative status and it also creates a daily performance incentive. Also, the reports are hand-delivered by management staff and keeps them in daily personal contact with the store owners.

Competition from large discount stores, using Wal-Mart as a representative retailer

Large discount stores have made important inroads into the market areas of small and medium sized cities. Initially located in larger urban areas, these all-inclusive stores have found relatively easy market opportunities in smaller urban areas. The discount chain that has taken most advantage of this more rural market is Wal-Mart, whose founder, Sam Walton, specifically targeted small cities for his store locations. Wal-Mart used a “down-home” retailing approach, appealing to lower middle-class households (40 percent of its customers have household incomes of \$20,000 or less<sup>133</sup>) and was so successful it became the nation’s leading retailer in just a few years. The advantages of the small town locations were numerous—there was virtually no competition for selection or price among small local retailers, municipalities had few regulations over land development (lot sizes range from five to 25 acres), and were generally very receptive to the increased tax base created by a large retailer, and access from surrounding communities was relatively convenient via the interstate highway system which now criss-crossed most of the countryside.

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<sup>132</sup> Teresa Andreoli. 1991. “Homart: Daily Comparative Reports Help Mall Retailers Keep Pace.” *Stores* (September 1991). p. 96.

<sup>133</sup> Gruidl, John and Steven Kline. 1992. “What Happens When a Large Discount Store Comes to Town?” *Small Town* (March-April 1992). pp. 20-23.

### Competition from Strip Malls

Further competition to traditional downtowns has come from strip malls, which service the convenience shopper by providing basic retail services in an auto-oriented environment. Although not as complete as the mall or discount center, or as friendly as a downtown merchant, the strip mall has remained successful because it provides a basic retailing need—convenient in and out. As described by one shopper, “It’s right off the highway, so I can get in and out fast. It’s not as nice as the Brookwood Mall, but that really doesn’t matter. They have what I want here.”<sup>134</sup> As families have had more demand put on their time, strip malls provide the quick in and out shopping most desired. “Big malls have become overwhelming to people,” says retail consultant Wendy Liebman, who has studied women’s shopping habits in the Midwest. “We’ve found that people still want selection, but for women with children, especially, wandering around a huge mall is hard work. Smaller centers are easier to manage.”<sup>135</sup>

Time is also an important factor to shoppers, now more than ever before. In two-earner families studies have shown that time is the most important factor in shopping, and many feel that shopping is a stressful chore chore that interferes with leisure time and quality time to be spent with children. Therefore, the opportunities for businesses to develop time-saving services are great. As one study of recent shopping habits concluded, “Marketers should determine how much their stores are inconveniencing their customers, reviewing all customer systems and selling contact points. By changing procedures or retraining personnel, they can eliminate ‘time bandits’ and offer their customers time-saving alternatives.”<sup>136</sup>

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<sup>134</sup> Chip Walker. 1991. “Strip Malls: Plain But Powerful.” *American Demographics* (October 1991). p. 48.

<sup>135</sup> Walker. p. 50.

<sup>136</sup> Eugene H. Fram and Joel Axelrod. 1990. “The Distressed Shopper.” *American Demographics* (October 1990). p. 45.

Situated at strategic intersections along transportation lines, strip malls are successful because of location. They have become ubiquitous, and as a whole accounted for 87 percent of all shopping malls and 51 percent of total shopping center retail sales. Almost 2,000 of these small convenience centers opened in 1990 alone.<sup>137</sup> As a result, they will continue to be major competitors to downtown retailers.

### Problems Resulting From Growth of the Retail Industry

Because of the growth of the retail industry through the 1980s, there are many problems and areas of concern that have accompanied this growth. As a result, retailing in general has significant challenges facing it during this decade. As described by Mason, Mayer and Ezell (1994), they include:

Too many stores: The growth in retail sales has proceeded faster than the growth in either population or consumer spending, resulting in more retail square footage generally than can be used for the population.

Sameness: Retailers have made a habit of copying retail leaders in terms of merchandise, layout, marketing and service. This limits the distinctiveness which in the past has differentiated one retailer from another.

Excessive price promotions: Current growth in the retail industry is primarily a result of promoting price over all other aspects. This has led to the need for quantity sales to support minimal profit margins, and has cut out many traditional retailers who offered primarily quality and service.

Poor customer service: As a result of excessive price cutting, service has received little attention, and there has been a significant reduction in customer loyalty to a store or retailer.

A lack of equity capital: Easy money availability in the 1980s led to many highly leveraged investments. As the 80s boom softened into the more fiscally conservative 90s, many of the highly leveraged companies and investors are unable to develop new capital for further growth.

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<sup>137</sup> Fram. p. 49.



A widening gap: The 90s have led to a period where there is a much larger gap between the large, high-performing retailers with sound management practices and the rest of the retail environment. This trend discourages start-up businesses and new entrepreneurs, and leads to an industry controlled by a few big corporations.<sup>138</sup>

These factors have led to the situation where many retail businesses are no longer viable, especially small independents and start-up businesses—the type that make up the core of the downtown retail environment. In 1989 David Glass, the Chief Executive Officer of Wal-Mart, predicted that more than 50 percent of all retailers would not be in business by the year 2000.<sup>139</sup> Clearly downtowns would be hit very hard by these changes if strategies were not implemented for adapting to the new situation.

## THE FUTURE OF DOWNTOWNS

The downtown has traditionally been seen both as the economic center of a city as well as it's center of urban life. It formed the focus of community activities, and was the highest location in the urban hierarchy. The advantages of spatial and functional agglomeration were such that functions benefited significantly from being at this common location. However, as Harris and Ullman have shown with their Multi-nuclei Theory (see Chapter ??), the contemporary city is no longer completely focused on the center city, or downtown, but has developed many nodes of activity, some directly competing with downtowns in terms of significance.

The question then becomes—What is the role of downtowns (or Central Business Districts) in the future? Lord and Guy (1991) have described the historical evolution of CBDs in their three stage model: CBD dominance (1850s-1950s); CBD decline (1950s-

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<sup>138</sup> J. Barry Mason, Marris L. Mayer, and Hazel F. Ezell. 1994. *Retailing* (5th Edition). Burr Ridge, Illinois: Richard D. Irwin, Inc. p. 607.

<sup>139</sup> Bill Saporito. 1991. "Is Wal-Mart Unstoppable?" *Fortune* (May 6, 1991). p. 50.

1970s); and CBD replacement (1970s to the present). Friedrichs, Goodman et al. (1987) present three possible alternatives:

1. *Overall growth*: The CBD will improve its position in the metropolitan area, perhaps even expanding its functions.
2. *Overall decline*: The CBD will become a center like other larger subcenters.
3. *Specialization*: The CBD will become more specialized.<sup>140</sup>

Where should growth in our cities be encouraged—in the center city or on the urban fringe? In the past decades we as a society have oriented our attention to the suburbs and away from our traditional urban core. It has now reached a point where many of our older downtowns have become largely forgotten as an activity destination point. In a 1984 editorial, Russell Baker expressed a common viewpoint with respect to the continuing deterioration of many of our downtowns.

Main Street is dead. Dead as the Bijou Theater with double-feature programs that changed three times a week. Dead as the dry-goods store that used to sit at the intersection of Washington Avenue. Dead as the trolley car that used to clang down the middle from the First National Bank all the way out to the Bosky Dale Amusement Park. Dead as Sinclair Lewis. Dead, dead, dead.

I must have been aware of its death for years, but I had never acknowledged it, had never said right out loud: “Main Street is dead. It died years ago. Main Street has been dead for years, and it’s never coming back.”<sup>141</sup>

Berry (1963) defined four types of commercial blight found in retail areas. “Economic blight” is the loss in market demand brought on by changes in competition of other socio-economic factors of the population which changes market demand. “Physical blight” is

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<sup>140</sup> Jurgen Friedrichs, Allen C. Goodman, et al. 1987. *The Changing Downtown: A Comparative Study of Baltimore and Hamburg*. New York: Walter de Gruyter.

<sup>141</sup> Russell Baker. 1984. “There’s no Main Street in America anymore, only shopping centers,” *The New York Times* (16 September 1984).

simply the aging and lack of maintenance of commercial structures. “Functional blight” results from changing technology, with older businesses not accommodating themselves to changing markets. It may also be a result of a lack of shopper convenience or inadequate parking. “Frictional blight” is the impact of external factors of businesses, such as incompatible adjacent land uses or environmental or social deterioration in the surrounding area.

The CBD does have some inherent assets which will allow it to keep an important role. One of the most obvious and most important is its centrality. Most of the the city’s infrastructure, transportation lines and development are located in the center city. It is also still the historic center, the tourist center, and cultural center in most cities.

One of the problems with downtown analysis is defining the boundaries of the study area. A boundary definition is often arbitrary, based on census or administrative boundaries of convenience rather than functionally defined boundaries. Murphy and Vance (1954) established boundaries by looking at the ratio of building floor area for downtown (CBD) uses to total building floor area for all uses. The U.S. *Census of Retail Trade*, published every five years, had published CBD boundaries for all cities using census tract boundaries, but discontinued the practice beginning in the 1987 *Census*. Tyler (1987) used a survey of downtown merchants to establish the perceived boundaries of downtown districts in eight smaller cities in Michigan, and found that cities with well-perceived boundaries also had a more positive evaluation of their downtown’s overall health.

The great majority of studies looking at Central Business Districts and downtowns have focused on larger cities. Very few attempts at a systematic analysis have focused on smaller cities of less than 25,000 population. But downtowns in smaller cities can serve a more critical function than in larger metropolitan areas, where specialized centers provide a full range of services within the urban sphere.

## MAJOR TRENDS IMPACTING DOWNTOWNS

Many changes have historically had an impact on downtowns, but four major trends which have been defined which have directly impacted downtowns, all long-term and wide-ranging. They are—population dispersion; the emergence of shopping centers and malls; the lack of innovation in downtown commercial districts; and the increasing difficulty of access in older downtowns. Each will be discussed in turn.

### MIGRATION PATTERNS: GROWTH AND DECLINE

Population growth or decline can be influenced by factors external to a city. These can impact on demographic characteristics in a variety of ways. Palm (1981) defined three primary influences on migration patterns—demographic, environmental and the impact of federal spending.<sup>142</sup> Demographic causes include impact of the “baby boom” generation on the population; environmental may include the movement of elderly to warmer climates in the south and west; federal spending may impact through the closing of a military base or the funding of a large research project.

Most of these influences on migration are regional or national in scope, and would generally impact all the study cities similarly. None of the study cities had a significant migration pattern that was unique to its own circumstance, and this factor could thus be ignored for purposes of a comparative analysis.

What gives some towns and cities more viability than others? In early patterns of settlement often new towns would be located very close to one another. In this uniform terrain, some would grow and prosper and others would die. Although there were many reasons for this, one of the most important factors was the designation of a town as a county seat. This gave a reason for early settlers to visit one center over another, since the

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<sup>142</sup> Risa Palm. 1981. *The Geography of American Cities*. New York City: Oxford University Press. pp. 170-172.

town which was also a county seat offered functions not offered by adjacent centers. The early histories of states are full of examples of one prosperous city withering and a smaller one prospering because of its fortune, typically through political suasion, at being selected as county seat.

#### POPULATION DISPERSION

Two national population trends that have been happening for a number of decades have had profound impact on center cities and downtowns. Neither has been caused particularly by changes in the center cities, but center cities and downtowns have felt the effect of them in many ways.

#### Suburbanization

The movement of the population to the urban fringe has been the result of “push-pull” factors which have both made center cities less desirable and suburban areas more enticing. The Industrial Revolution brought with it increased concentration of industry and business at the city core. Whether very large cities or much smaller cities, the resulting congestion and pollution made the urban core less desirable for residential use, and pushed first the affluent, and later the middle class, to distance themselves from the city center.

At the same time, transportation system improvements had a significant impact, for the history of urban land use has been closely tied to the history of transportation technology. As each new transportation improvement was ushered in, the city adjusted to it in its land use patterns. The growth of American cities can be subdivided into four eras, each based on new transportation systems. The early colonial city was circular in form, with its limits defined by the distance a pedestrian could walk (Era I). Era II was when city growth followed along the rails of the trolleys. Suburban development was seen, but only in close proximity to the tracks, since that was the only practical way of getting to the suburbs

before the turn of the century (Era II). The automobile allowed for access anywhere on the city fringe, since city streets could be built and were built in a regular pattern to fill in the gaps created by the trolleys (Era III). Finally, the era of the interstate highway opened up new centers farther out from the center (Era IV). With the highways it was easier to live further out and still have convenient access to the city center, and also the highway interchanges tended to define new centers of commercial development.

The pattern of suburbanization is now the dominant pattern of urbanization in most American cities. Most traditional downtowns have suffered from these changes, and have been coping for decades with the changes required to make them once again viable, even if in a new form.

### Regionalization

The other significant population trend has been regionalization—that is, the population migration from cities in the north and east to new and growing urban areas in the south and west. The “push-pull” phenomena can also be used to explain this trend. People were pushed from older northeastern cities because of their deteriorating infrastructure, industrial facilities and housing stock. Businesses were also increasingly put off by burdensome regulations and the high cost of labor resulting from unionization, and were looking for areas with less government regulation, as well as less union dominance. At the same time, the south and west was appealing because of its lower land prices, warmer climate, cheaper energy costs, and general newness in many growing urban areas. The areas also had less burdensome regulations, and attracted private investment as well as federal investment. The Democratically controlled Southern states became ripe for the picking for Republicans, as both Nixon and Reagan saw many of the traditional southern Democratic voters switching to the conservative approach of the Republican party. To encourage this switch many government-funded projects were given to southern and western regions. Cities that had traditionally been agricultural now obtained large industries.

## DOWNTOWN REVITALIZATION PROGRAMS

It could be concluded that downtowns truly have become obsolete. They have outlived their usefulness, and should be allowed to die a natural death. Yet there are numerous reasons why downtowns should not be left to die, but instead should be revitalized to once again take a prominent role in the community.

1. Existing infrastructure: Downtowns have existing streets, existing sewer and water lines and other utilities, and a central location. It is very wasteful for American cities to discard this built-up infrastructure and pay again for new infrastructure at the city's edge which largely duplicates what already exists. From both an economic and environmental standpoint, it is a poor decision for our society not to recycle downtowns rather than "throw them away."
2. Community focus: Downtowns have traditionally provided a focus for local communities, giving a sense of identity to its residents. By going downtown, one could associate a place with the concept of community, and this did much to create a common sense of purpose. Without this focus of local culture, residents do not feel they belong to a community, and it becomes difficult to get local support for projects and activities. As our society becomes more mobile, the need for a place with which to identify becomes increasingly important. With the loss of downtown comes the loss of the community's center, and as Gertrude Stein once said, "There is no there there."
3. Greater diversity: Downtowns have greater functional diversity than many of the newer centers being built on the city fringe. Downtowns still often serve as a center for retail stores, financial institutions, public agencies and local government offices, local public transportation, historic areas, and cultural and educational institutions. This diversity comes in many mixes, but the diversity gives to downtowns a long-term strength. By contrast, many newer developments are unfunctional, devoted only to specialty retailing, quick-stop shopping, or single-size residential developments. This makes these areas much more vulnerable to changing times, and indeed might make them obsolete long before downtowns. It can already be seen that many suburban developments from the 1950s and 60's are already

dated, and have been abandoned, to be replaced by more recently built fringe developments. Through it all, the diversity of functions found in downtowns may be what will allow them to persevere and eventually restore their place of primacy within the local community.

4. **Employment in downtowns:** Statistically, downtowns are still the greatest employment sectors within cities, with many people coming to the downtown district on a daily basis for their jobs. This provides the potential for a regular and continuing user base for functions located in downtowns.
5. **Distribution center:** Downtowns continue to be the center of distribution of goods and services. Although for many decades there has been a pattern of dispersion of businesses locating in other sections of cities, downtowns still retain an inordinate share of these functions, and this gives potential for many other things to happen around these centers of distribution.
6. **Return of residents to central cities:** Since the 1970s there has been a definable trend of people moving back to central cities. This population tends to be educated and professional, without children, but can form the base of a new downtown residential community.
7. **Downtown programs:** A number of programs have been instituted which have been directly beneficial to downtown revitalization efforts. They include the Main Street Program of the National Trust for Historic Preservation, the Downtown Development Authority program and Tax Increment Financing Act, and various local programs established by city governments or merchants' associations. These have given a particular focus to the needs of downtowns, and have successfully addressed the unique needs of downtowns in their program orientations.

There have been numerous programs that have attempted to deal with the problems of downtown. Most of these have been indirect attempts at revitalization, but they have come from all levels of government. A review of some of the primary programs illustrates the many approaches, and also suggests ways that have been relatively successful.



## FEDERAL PROGRAMS

### Community Conservation Guidance (CCG) Policy

One program which could have had great impact on protecting the retail business environment of center cities was the Community Conservation Guidance (CCG) Policy, initiated by President Carter in 1979. Originally called the "Regional Shopping Center Policy," it was intended to determine the impact new suburban shopping centers had on businesses in Central Business Districts. If the impacts on businesses in existing downtowns were determined to be negative, the federal government could withhold financial support for infrastructure improvements associated with new developments.

The CCG Act recognized that federal participation in development projects had in many ways led to the demise of central cities. The program was intended to ensure that future expenditures would not have the effect of eroding existing downtown commercial areas further. The policy could be invoked whenever a proposal for a new development included the expenditure of federal monies or other federal action, such as the construction of federal highway extensions or turnoffs or the extension of water or sewer lines. It required the preparation of a community impact analysis, which had to be completed within 45 days. The request for such a review needed to come as a formal written request from a community's chief elected official (e.g., the mayor). The written request had to include the following: "... (1) a statement indicating why local officials were concerned with the federal action; (2) evidence of support from local elected bodies such as city councils; (3) an indication of the link between the federal action and the development of the shopping center; (4) the local official's perception of the effect of the shopping center on an existing retailing district; (5) an indication of action which had been taken by local officials to strengthen existing commercial areas; and (6) an indication that local officials had sought to

discuss or negotiate the concerns with the applicant (shopping center developer) for the federal action in question."<sup>143</sup>

Negative impacts to be considered in the impact analysis were loss of jobs, reduction in the tax base, loss of employment for minorities, increase in population decentralization and its impact on energy consumption, and the effect on costs of retail goods in the future. If such negative impacts could be shown, the federal government, under this policy, could not stop a project, but could discourage its construction by withholding financial support.

The CCG program was strongly opposed by the National Retail Merchants' Association (NRMA), who argued for a "pro-downtown," rather than an "anti-suburban," policy, and by the International Council of Shopping Centers, who similarly argued for more downtown incentives rather than suburban disincentives. This was not a surprising stance, for as suggested by one reviewer,

"Although not totally unconstrained, shopping centre development in the USA has been little influenced by public policy. As long as taxes were paid, shopping centres were operated with little attention given to any broader public social and economic costs incurred from their operation."<sup>144</sup>

The CCG program lasted for one-and-a-half years, but was terminated by Ronald Reagan soon after being sworn in as President. During that short time span twenty-four impact studies were requested and completed. The general outcome was that they represented jurisdictional disputes between cities and their surrounding municipal governments having more to do with tax revenues, and only indirectly with supporting existing retail businesses. In addition, the Department of Housing and Urban Development (HUD), which administered the program, found it had virtually no power to require other federal agencies to withhold the expenditure of agency funds.

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<sup>143</sup> Dawson, John A. and J. Dennis Lord. 1985. *Shopping Centre Development: Policies and Prospects*. New York: Nichols Publishing Company. p. 11.

<sup>144</sup> Dawson. p. 9.

### Community Development Block Grants (CDBG) Program

Enacted in 1974, the Community Development Block Grant program consolidated seven separate grant programs of the Department of Housing and Urban Development (HUD) into one grant program. Primarily for larger cities and populous counties, HUD also provided discretionary grants to smaller communities, which were later given to states for distribution.

As proposed by President Nixon, the primary thrust of the CDBG program was to give greater decision-making authority to local officials through revenue sharing, allowing them more flexibility in the use of the funds. The program was oriented to low- and moderate-income neighborhoods, with its goal to reduce or eliminate slums and blight. As the program evolved, the federal role was minimized, and local governments made most of the decisions on how CDBG money was used. The most frequent use of funds during this period was for land acquisition and infrastructure development, with the goal being long-range economic development. In other words, CDBG funds were channeled in two distinct directions—one of providing physical improvements, the other of promoting economic development.

### Urban Development Action Grant (UDAG) Program

The Urban Development Action Grant program was introduced in 1977. The program's intent was to use public monies to encourage and leverage investment from the private sector. Unlike the CDBG program, UDAG funds were allocated directly toward economic development. According to a study done by the Department of Housing and Urban Development in 1982 hundreds of projects were initiated with UDAG funds through "pump-priming" grants and loans, a majority of which would not have happened

without the leveraging of funds provided through such support. On average, about six dollars of private investment resulted from every dollar of public money spent.<sup>145</sup>

About a fifth of these projects dealt directly with retail revitalization, targeted primarily at severely depressed cities. Central city retail redevelopment fit well with UDAG program goals, since such businesses provided a significant number of low-income jobs and minority employment, and because it focused on the redevelopment of "distressed" areas, as defined by HUD guidelines. As described by one writer, "In the 1970s and 1980s, urban planning and redevelopment reached their heyday in an atmosphere of free-flowing federal funds... As far as downtown retail development was concerned, the linchpin was the mighty UDAG."<sup>146</sup>

Although there was a program requirement that at least 25% of the UDAG funds go to smaller communities, there were insufficient numbers of proposals from cities of this size, so gradually the program became more oriented to larger projects in bigger cities. The types of project benefiting most often from UDAG funds were new center-city, multi-use centers. Also important were projects converting historic properties into shopping centers and multi-use centers. However, the success in obtaining funding for these larger-scale urban projects may have been counter-productive in the long run, for the higher financing made it necessary to bring in chain stores to satisfy pre-lease requirements for the centers, pricing out local retail and converting what had been diverse retail environments into retail areas not too different from competitor malls.

The Urban Development Action Grant program has been largely abandoned through de-funding. However, the general opinion is that UDAG was a relatively successful program for encouraging private sector investment in central cities and served as a development catalyst in many areas.

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<sup>145</sup> Dawson, p. 14.

<sup>146</sup> Alan L. Gilman. 1990. "Downtowns, Post-UDAG." *Chain Store Age Executive* (June 1990). p. 83.

### Historic Tax Credits

The 1978<sup>147</sup> Tax Act recognized the growing interest in preserving older, historic buildings in downtowns, and established an incentive program for rehabilitation. The Rehabilitation Investment Tax Credits program allowed developers a 10% tax credit for the costs of rehabilitating a historic structure. The 10% credit was a considerable incentive, for unlike a tax deduction, which is a reduction from gross income claimed on the tax form, a "tax credit" is subtracted directly from the amount of tax owed, and represented a much higher savings.

The new Rehab Investment Tax Credit program became an immediate success. A 1979 study showed that \$1.3 million in tax credits had generated \$27 million in rehabilitation work. Between 1976 and 1986 nearly 17,000 projects, valued at \$11 billion, took advantage of the program.<sup>148</sup> The focus of urban projects had shifted dramatically from demolition to rehabilitation. One prominent preservation consultant, speaking at a preservation forum, concluded, "The tax credits have been enormously successful in cities and towns around the country in encouraging the preservation of historic buildings."<sup>149</sup> Congressman Richard Gephardt (D-Mo.), speaking at the 1994 National Trust's conference, referred to the tax credits as "*the* most important feature for urban redevelopment and urban renewal" in the 1980s.<sup>150</sup> Others concurred; "...all kinds of things have been tried to stop the deterioration of downtowns. The first program that ever really worked was the investment tax credit."<sup>151</sup>

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<sup>147</sup> Revenue Act of 1978 (P.L. 95-600).

<sup>148</sup> Robert E. Stipe and Antoinette J. Lee. 1987. *The American Mosaic: Preserving a Nation's Heritage*. Washington, D.C.: The Preservation Press. p. 24.

<sup>149</sup> William MacRostie, comments for a symposium sponsored by *Progressive Architecture* and the AIA Foundation, "What Price Success," *Progressive Architecture*. August 1985. p. 107.

<sup>150</sup> Kim Keister and Arnold Berke 1994. "If Not Now, When?" *Historic Preservation News*. December 1993/January 1994). p. 22.

<sup>151</sup> Nellie Longworth, speaking at the same symposium, p. 110.

Because of its success and increasing public support, the federal government expanded the RITC program in 1981 as part of the Economic Recovery Tax Act (ERTA).<sup>152</sup> Instead of a straight 10% tax credit for Certified Historic Structures, the new Act increased the tax credit to 25% for historically “significant” structures, truly a substantial return on investment, and also allowed the tax credit to be used for “contributing” buildings in “Certified Historic Districts.” It also added two new categories, allowing a 20% credit for any income-producing building over 40 years old and a 15% credit for any over 30 years old. The new Act led to the creation of many new historic districts, for through this device many structures which would not be recognized as historically significant on their own could qualify for the 25% credit as “contributing” structures.

The tax credit program led to the saving and rehabilitation of many, many historic buildings. Its purpose was not to restore “significant” older buildings as museum pieces, but to return them to use to meet current housing, retail, industrial and commercial needs. Because of the financial opportunities, even developers with no previous interest in historic preservation wanted to become involved.

For the years 1982 through 1985 the tax credit program alone stimulated the investment of an estimated \$9 billion dollars in over 11,000 structures. An article in *Historic Preservation* magazine that included a national survey of developers showed that 36% would have not done rehab work to historic properties without the tax credit program, that 39% would have done substantially less, and that only 24% would have done as much as they did with or without the program. Certainly the tax credits provided the engine to make the historic rehab program run.

The program also made some strange bedfellows. Where old-line preservationists had for many years opposed most of the proposals presented by developers, now

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<sup>152</sup> Economic Recovery Tax Act of 1981 (P.L. 97-34).



preservationists and developers both supported the programs, the former because it saved historic buildings and the latter largely because it was profitable.

By 1983 there had been 3,600 applications for tax incentive projects. In 1984 the Government Accounting Office looked into the impact the program was having on the federal treasury, and became alarmed at the program's success. They calculated that the taxes lost through these credits had increased from \$2.5 million annually in 1978 to \$210 million in 1984, and an increase was projected to \$700 million annually by 1988. In a time of fiscal cutbacks, this kind of largesse could not pass unnoticed.

The GAO also discovered some serious abuses in the program. Some 17% of those owners claiming tax credits did not qualify, and their buildings had not been approved for such status. Also, if a building were sold within five years of its rehabilitation, the owner forfeited his or her tax credit on a prorated basis, and was liable for a "recapture" tax. The study found that fully 40% of those owners who sold within five years had not paid this recapture tax. Finally, a serious abuse was found in the use of easements.<sup>153</sup> For properties where an easement had been donated, and the owner was able to take a tax deduction based on its value, it was found that the average easement had been overvalued by more than 200%.

The federal government decided to clamp down, and the tax credit program became in serious jeopardy of termination. It was saved only because of a strong lobbying effort by groups impressed by the incredible success of the program in retaining and refurbishing older buildings and historic districts in cities throughout the country. The 1986 changes in the tax law trimmed down the program, but also removed some of the abuses and inequities.

The 1986 Tax Act limited credits to individuals who were actively involved in the property; passive investors would no longer be able to piggyback onto the investment

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<sup>153</sup> See the discussion "Easements" discussed earlier in this chapter.



activity of others only to take advantage of tax credits. Also, tax credits were scaled back to 20% for Certified Historic Structures or contributing buildings in Certified Historic Districts, and to 10% for any other structure built before 1936. These new values, although lower, were an improvement in some ways. With the previous values of 25% for a CHS and 20% for a 40+ year old building not certified as a historic structure, many owners and developers had preferred working on the latter type of property, for the rehabilitation standards were much less strict, and rehab work didn't require a delay while state certification was obtained. As a result, more secondary buildings were rehabbed than significant historic structures. This distorted the program's goals. The situation was largely rectified with the new 20%/10% values, which gives primary encouragement to the most significant structures.

## STATE AND LOCAL GOVERNMENT PROGRAMS

### Tax abatements

Although studies have shown that tax abatements can be ineffective when used indiscriminately by local governments, they can be effective when tied in with well-defined development objectives. In downtowns certain types of businesses might create a positive business mix complementarity and should be especially encouraged. These businesses could be encouraged by being eligible for a tax abatement program.

### Tax Increment Financing (TIFs) and

### Downtown Development Authorities (DDAs)

Tax Increment Financing (TIF) is a popular tool used by local governments to finance local economic development. Under the TIF Act, tax revenues generated in a defined district which exceed a base amount can be used exclusively within that district. As

assessed values rise, these incremental funds can be used to complete projects which enhance a downtown area and attract more business and more tax revenues.

The structure of Tax Increment Financing has been explained in the following way:

Tax increment financing (TIF) allows cities to create special districts and to make public improvements within those districts that will generate private-sector development. During the development period, the tax base is frozen at the predevelopment level. Property taxes continue to be paid, but taxes derived from increases in assessed values (the tax increment) resulting from new development either go into a special fund created to retire bonds issued to originate the development, or leverage future growth in the district.

A tax increment financing district is created by the adoption of a plan for redevelopment and a TIF plan. The assessed value of the property within the district is then determined according to the last tax roll and represents the "original" (pre-redevelopment) assessed value of the tax increment district. Each of the taxing jurisdictions (municipality, county, school district, and special taxing jurisdiction) continues to receive its share of the taxes collected on the assessed valuation that represents the original assessed value, just as though the district had never been created and there had been no change in the assessed valuation of the area. When the original assessed value of the district has been certified, the municipality may begin the redevelopment and the tax increment financing process.

The tax freeze lasts for a defined period of time, as set forth in the redevelopment plan. At the end of that period, taxing jurisdictions finally enjoy the benefit of increased property values.

A community using TIF financing does not lose the tax revenues that were being collected before the development program. In fact, it is possible for taxing jurisdictions to increase their millage rates during the increment period, thus increasing gross tax revenues.<sup>154</sup>

TIF districts have been used extensively in communities across the state in conjunction with Downtown Development Authorities (DDAs). The state's primary purpose in

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<sup>154</sup> Nancy L. Minter. 1991. "Tax Increment Financing." *Urban Land* (May 1991). p. 38.

enabling DDAs to be established by local governments was to "*halt property value deterioration and increase property tax valuation where possible in the business district of the city*" as well as "*eliminate the cause of that deterioration and promote economic growth.*" Although the Downtown Development Authorities Act (P.A. 197 of 1975) was intended primarily for traditional downtown areas, any type of municipal government, including counties, cities, villages and townships, has been able to establish one DDA district.

Establishing a DDA requires substantial commitment by a municipality's governing authority. A separate Authority board must be established, and technical skills must be available to implement the tax increment financing plans and/or the issuance of revenue bonds to raise funds, which sometimes becomes substantial over the years. However, the advantages of such an entity are also substantial. A DDA allows for the focusing of economic development activities on a defined area.

Downtown public improvements can be financed in two ways in a TIF district—improvements can be paid for directly from funds generated from the increase in the tax base, or tax increment bonds may be issued by the community based on projected increases in the future in the tax base. The funds can be used for a wide variety of improvements, as defined by the local TIF agency as part of its charter. A DDA may, by law, own and manage property, and can thus be directly involved with the economic renewal of certain parcels. It can also encourage a more direct and much stronger partnership between the public and private sectors in economic development activities.

Because of a pattern of general misdirection of the DDA concept by many municipalities, the state is no longer approving new DDA districts.

### Downtown Zoning

Can older downtowns also be revitalized using conventional land use regulations and zoning? Various cities have established specific overlay zoning to encourage certain kinds of growth in downtown areas.

In Washington, D.C. a SHOP zone was established in an eighteen block area of the downtown that had been losing its retail businesses. The overlay zone established a goal that 20 percent of the total floor area in this downtown district must be retail and service. This was roughly four times the amount typically found in a new downtown building at that time, and meant that for taller buildings not only the ground floor but some second floors must be given to retail use. The SHOP ordinance also called for continuous retail use at the ground floor level. To encourage pedestrian shopping and displays at the street, it regulated entrances and display windows and restricted interior atriums, which were common in newer buildings. Some service uses, such as banks and travel agencies, which did not encourage pedestrian shopping, were limited to 20 percent of floor areas. In contrast, department stores counted triple for satisfying the square footage requirement and legitimate theatre counted double. Also, minority or displaced businesses counted at 1-1/2 times the square footage.

Developers heavily criticized the SHOP zoning for forcing them to take on lower-quality (non-chain) tenants. They felt they were being forced to fulfill public policy, and felt this financial burden as unfair in a free market system. The ordinance was challenged in court, with developers claiming it was a “taking” of their property, but the courts held up the validity of the zoning as a legitimate use of public regulation for a community purpose.

Other examples give similar emphasis to trying to restore more traditional uses in their downtowns. Cincinnati established an ordinance similar to the example from Washington, D.C., but established that 60 percent of the ground floor frontage must be retail uses, also excluding banks, travel agents and airline ticket sales offices. Orlando has an ordinance that says such requirements apply not only to new buildings, but whenever there is a change of

occupancy in existing buildings as well. Bellevue, Washington has a zoning code provision which encourages neighborhood businesses for in-town residents. To counter the preponderance of up-scale, "boutique" retail attractive to tourists and upper-income white-collar workers, San Francisco established a provision that a certain percentage of downtown businesses be targeted specifically for less affluent downtown workers.

Some planners feel an innovative approach to zoning may be sufficient to encourage renewal activities. As described in an editorial from *Small Town* magazine:

"This country desperately needs an enlightened public policy concerning downtowns and their relationship to overall land use. Zoning must reflect the downtown's role as the community social center. Therefore, zoning codes need to begin the process of pulling multiple uses back downtown. For example, the code should say that government must stay downtown and that shipping must stay downtown. Also, downtown is where the movie theater and other entertainment businesses must locate. It is also the place for offices and for service businesses. Zoning should exclude these uses from other areas and it should do away with such designations as commercial highway strip, planned shopping center, etc.

"In our rush to modernize, we've forgotten the fundamental truth that people need a central meeting place. The old downtown served that function once. Nothing has ever replaced that crucial foundation for community in those places that destroyed their downtowns. The most important agenda item for all concerned citizens and public officials is not the sewer or water system, or the roads or the police. It is how to forge and maintain a special sense of community. The solution starts downtown."<sup>155</sup>

### Enterprise Zones

The concept of "Enterprise Zones" was first put forward in Britain. It was developed as a way for depressed neighborhoods to bring about jobs, capital investment and

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<sup>155</sup> "The World From Main Street." *Small Town* (July-August 1991). p. 3.

community renewal. The tools used for this revitalization were primarily tax reductions given for investment and a loosening of government regulations. The idea was to define specific areas eligible for these benefits to encourage private investment and the relocation of firms to these areas.

While President, Ronald Reagan encouraged the idea of enterprise zones as a way for government to encourage private investment. The Kemp-Garcia Bill on 1981 (H.R. 3824) supported this concept, and was different from other economic development legislation in that it allowed to geographic differentiation, with only certain zones defined as distressed being eligible. If the zone had high unemployment and poverty and the local government agreed to a reduction in real property taxes of at least 20 percent, the Secretary of Commerce would declare the area an Enterprise Jobs Zone for a period of at least 10 years.

The enterprise zone concept has been brought back under President Clinton, and is known as the Empowerment Zone and Enterprise Community (EZ/EC) program. Communities that are designated gain a number of benefits, including eligibility for tax-exempt bonds, EZ/EC block grants, special consideration for other federal funding, and an easing of federal regulations.

Although not used specifically for downtowns, enterprise zones and EZ/EC zones have improved inner city neighborhoods and have had a positive impact on downtowns indirectly. The enterprise zone concept also set the stage for other designated zone programs which directly impacted downtowns, including the Downtown Development Authority program described next.

#### OTHERS PROGRAMS AND STRATEGIES

##### Main Street Program

In 1980 the National Trust for Historic Preservation established the Main Street Program. The purpose of the program was to show that the rehabilitation of older

commercial buildings could be an important part of a downtown revitalization effort. The original concept for the Main Street Program was based on three pilot projects—in Galesburg, Illinois, where involvement began in 1977; Hot Springs, South Dakota; and Madison, Indiana.

### *The Four Point Approach*

Encouraged by the results of the pilot projects the Main Street Program established an "Approach" to downtown revitalization based on four key ingredients:

1. **Organization**: Perhaps the most difficult aspect of any revitalization effort is to create the organizational framework that brings together various interest groups and individuals. Each group comes to the table with its own agenda and sphere of interest. The merchants association may be interested in the promotion of retail sales, the Chamber of Commerce in job creation, and city government in providing municipal services. Without coordination, these efforts may not be supportive of each other, and in some cases may be at odds. The Main Street Program's project manager usually attempts to bring these groups together and reorganize them under an umbrella organization that deals directly and exclusively with the concerns of downtown.
2. **Promotion**: In many communities, the downtown has been largely overlooked by its citizens, who have shifted their consumer shopping patterns. To counter this, the Main Street Program has shown that downtowns need to compete by promoting themselves, and presenting an attractive new image. Promotions are considered critical to attracting people downtown. By first targeting groups that the downtown should try to attract (e.g., families with children, young professionals, or tourists), the creation of sales and special events establishes downtown as a place of activity, where there is always something new and interesting happening.

3. **Design**: Although physical improvements are not enough by themselves to revitalize an area, such activities, especially storefront rehabilitation and "streetscape" improvements, can provide visual proof that there is something happening in a downtown. Thus, the design aspect of the Main Street Program is important because it provides evidence of revitalization activity, as well as creating a more desirable environment.

4. **Economic Restructuring**: Providing financial support for a revitalization program is the last critical component in the Main Street Program's four-point approach. This effort attempts to find financial resources for revitalization work. A typical strategy may enlist local banks to provide funding for a revolving loan program for rehabilitation work. In the past, downtowns have largely been ignored by local lending institutions, who saw little business potential there. By convincing banks to give their support jointly, none feels greatly exposed to risk. The Main Street Program has demonstrated that property values can be substantially increased with a coordinated revitalization program.

Through the National Main Street Center, the National Trust provided and paid the salaries of project managers in many communities. These Main Street managers were professionals with some background in downtown revitalization work. Typically, the manager's initial involvement was for three years, with the Trust paying a project manager's full salary the first year, two-thirds of it the second year, and one-third the third year. Cities gradually picked up support for the manager and the program, and by the third year the program was intended to be self-supportive, at which point staffing was paid through local program funds.



### *Evaluation of the Main Street Program*

The Main Street Program was very successful in its efforts, and was shown to be one of the best approaches yet developed for revitalizing aging downtowns. Hundreds of communities entered the Main Street Program, and many others adopted some of its strategies, even without receiving full support from the National Main Street Center.

With its years of experience to draw on, the National Main Street Center established some guidelines helpful in understanding the nature of downtown rehabilitation projects.

They are:

1. The revitalization process is incremental; change cannot all happen all at once. (Such a one-shot approach was the essential failing of earlier urban renewal programs.)
2. Revitalization must be a self-help program, supported and implemented by members of the downtown community themselves.
3. Accomplishments should be emphasized, rather than problems.
4. As a corollary to the above, focus should be placed on the assets of a downtown, rather than on its weaknesses.
5. In the first year of a program, the biggest accomplishment may be a change in attitude, from negative to positive.
6. Quality should be the byword in all physical improvements.
7. The rehabilitation process should be continuous and ongoing. A good program will always have short-term goals with projects that can easily be seen and appreciated, along with long term efforts which, though not always on the front burner, may be more critical in the long term.

When the Main Street Program failed in a community, it was usually for one of the following reasons:

1. The project manager was not working full-time, and could not follow through properly on initiatives.
2. Some downtown groups were unhappy with a "new show in town," and sabotaged efforts of the Main Street project office.

3. The Board of Directors tried to accommodate too many groups, and became large and unwieldy.

### Pedestrian Malls

A revitalization strategy commonly tried in the 1970s and '80s was converting an existing downtown street into a pedestrian mall. The goal was to make the downtown retail shopping environment pedestrian friendly by replacing cars with people. The first pedestrian mall in the U.S. was built in Kalamazoo, Michigan. About 150 have been built since then. Few have fulfilled the promise of the early advocates of this revitalization strategy, and it is now generally accepted that this approach has been less than successful. Knack (1982) found downtown malls have had little impact, and concluded "Just about as many department stores and first-run movie theaters have closed in towns with malls as without, and just as many wig stores, fast-food places, and video-game arcades have opened up."<sup>156</sup> Lorch and Smith (1993)<sup>157</sup> found that enclosed malls tended to promote a "fortress attitude," with pedestrians largely staying within the mall area and little spillover to other downtown businesses from consumer traffic generated by the mall.

Oak Park, Illinois converted their main street, Lake Street, in 1974 to a picturesque outdoor pedestrian way called Oak Park Mall. Once the major commercial district for Chicago's western suburbs, Oak Park's downtown had suffered from the shopping centers being built at the time, and attempted to "fight fire with fire." Oak Park Mall was beautifully executed, with the planting of mature trees and major streetscape improvements. Unfortunately, the Mall was not able to continue to draw shoppers. Merchants and planners had not realized how important traffic was to the success of retail

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<sup>156</sup> Ruth Ecklish Knack. 1982. "Pedestrian Malls: Twenty Years Later." *The Best of Planning*. p. 492

<sup>157</sup> Brian J. Lorch and Mark J. Smith. 1993. "Pedestrian Movement and the Downtown Enclosed Shopping Center." *Journal of the American Planning Association* (Winter 1993). pp. 75-86.

businesses. People were not willing to shop unless they could drive by a store, make sure it's open, and then look for parking in front. By 1988 the Village Board approved funding to "restreet" Lake Street.<sup>158</sup> By 1989 they had ripped out the pedestrian mall and let traffic back in. "The effect was immediate and positive. Retailers began to move back into vacant storefronts. Sales rose a reported 24 percent."<sup>159</sup>

The pedestrian mall concept was tried in hundreds of locations across the country, and although it was not a bad idea, it has generally been unsuccessful for two reasons. First, it was too little too late, and attempted to draw back retailers after they had moved out of the downtown. As explained by a consultant for Mt. Clemens, Michigan, who helped design the city's downtown mall in 1979, "a lot of the malls were too late to do what they were supposed to do. It was an attempt to save something that was already dead."<sup>160</sup>

Second, the forces of suburban development and new shopping malls on the urban fringe were too strong to counter with direct head-to-head competition.

### Transit Malls

As a follow-up to the pedestrian mall, transit malls were built in a number of cities, including Minneapolis, Denver and Portland, Oregon. The switch was largely due to the fact that the federal government was willing to pay 80 percent of the cost if transit systems were integrated into the mall. Like the earlier pedestrian malls, these transit malls restricted auto traffic and encouraged pedestrians, but they have generally been more successful because they have permitted transit vehicles on the streets. The transit vehicles have both brought shoppers and others directly into the mall and have also given movement and vitality to the street again.

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<sup>158</sup> Ed Zotti. 1988. "Un-Malling a Downtown." *Inland Architect* (July/August 1988). p. 14.

<sup>159</sup> John Gallagher. 1991. "Taking Back the Streets." *Detroit Free Press* (September 23, 1991). p. 6F.

<sup>160</sup> Gallagher. p. 6F.

## **APPENDIX 7**

### **THE IMPACT OF WAL-MART STORES AND OTHER LARGE DEPARTMENT STORES**

## APPENDIX 7:

### THE IMPACT OF WAL-MART AND OTHER LARGE DISCOUNT STORES

In the past few years, the downtowns of cities across Michigan have been impacted by the opening of new Wal-Mart discount stores. These all-inclusive discount stores have found relatively easy market opportunities in smaller urban areas, where they have specifically targeted new store locations. Using a “down-home” retailing approach which presents an image of providing everyday goods at discount prices, Wal-Mart has appealed most to lower middle-class households (40 percent of its customers have household incomes of \$20,000 or less<sup>161</sup>) and has been so successful it has become the nation’s leading retailer in just a few years. The advantages for Wal-Mart of small town locations have been numerous—there is virtually no competition for selection or price among small local retailers; municipalities had few regulations over land development (lot sizes range from five to 25 acres), and were generally very receptive to the increased tax base created by a large retailer; and access from surrounding communities has been relatively convenient via the interstate highway system, which now criss-crosses much of the rural countryside.

However, the long-term impact of this recent retailing phenomenon is still unclear. Some downtown businesses in cities where Wal-Marts have located have benefited from the greater draw of customers. Others have been devastated by the overwhelming new competition for their customers’ dollars. In a study of the impact of 14 Wal-Marts in Iowa, Kenneth Stone found that towns within a 20-mile radius of the Wal-Mart stores saw

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<sup>161</sup> John Gruidl and Steven Kline. “What Happens When a Large Discount Store Comes to Town?.” *Small Town*. March-April 1992. pp. 20-23.

total retail sales drop 25 percent after five years.<sup>162</sup> The study clearly showed both the positive impact in towns where Wal-Mart had located and the negative impact on other similar towns in the surrounding area.

The purpose of this section is to evaluate the impact new Wal-Mart stores have had on the retail environment of the 16 study cities. The impact will be evaluated by comparing sales tax and retail sales data from 1987 (prior to the opening of the first store in Michigan) and 1992 (when 12 new stores had been opened, primarily in smaller cities). It looks at whether there is a significant correlation between the economic status of the study cities and the proximity of the new Wal-Mart stores to their downtowns. Changes in sales tax and retail sales data between 1986 and 1992 will represent changes to the economic environment. In addition, the changing health of the study downtowns will be evaluated using the author's "Health Perception Index."

#### HISTORY OF WAL-MART IN MICHIGAN

Large discount stores have made important inroads into the market areas of small and medium sized cities. Initially located in larger urban areas, these all-inclusive stores have found relatively easy market opportunities in smaller urban areas. The discount chain that has taken most advantage of this more rural market is Wal-Mart, whose founder, Sam Walton, specifically targeted small cities for his store locations. Wal-Mart has been able to locate in cities with populations of 20,000 or less and thrive. In fact, these locations often have become retail battlegrounds for discounters competing for this new and largely untapped market.

Maps indicating the locations of large discount department stores in Michigan show that in 1987 there were no Wal-Mart stores in the state. KMart and Meijers were the two

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<sup>162</sup> Edward O. Welles. "When Wal-Mart Comes to Town." INC. July 1993.. p. 78.

discount retailers, and the locations of their stores specifically targeted larger urban centers for the majority of their store locations.

Shown below are the discount department stores in the lower peninsula which were at least 60,000 square feet in size.

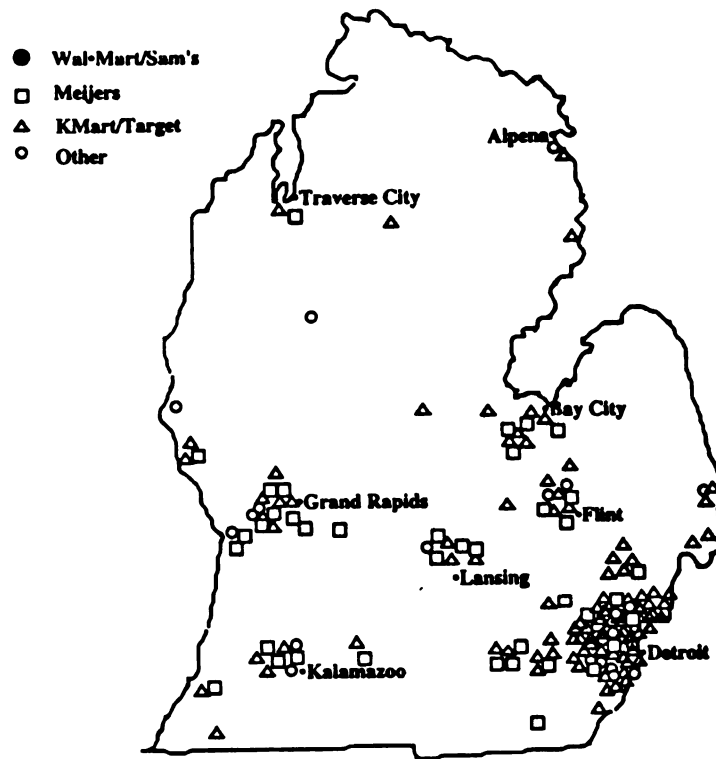


Figure 36

Locations of Discount Department Stores, 1986<sup>164</sup>

Five years later, the first twelve Wal-Mart stores were opened at strategic locations across the state, generally in smaller cities that didn't have direct competition from Meijers and KMart and where they could easily establish retail dominance in a region.

<sup>164</sup> Store locations taken from *Directory of Discount Stores*, published by Business Guides, Inc.

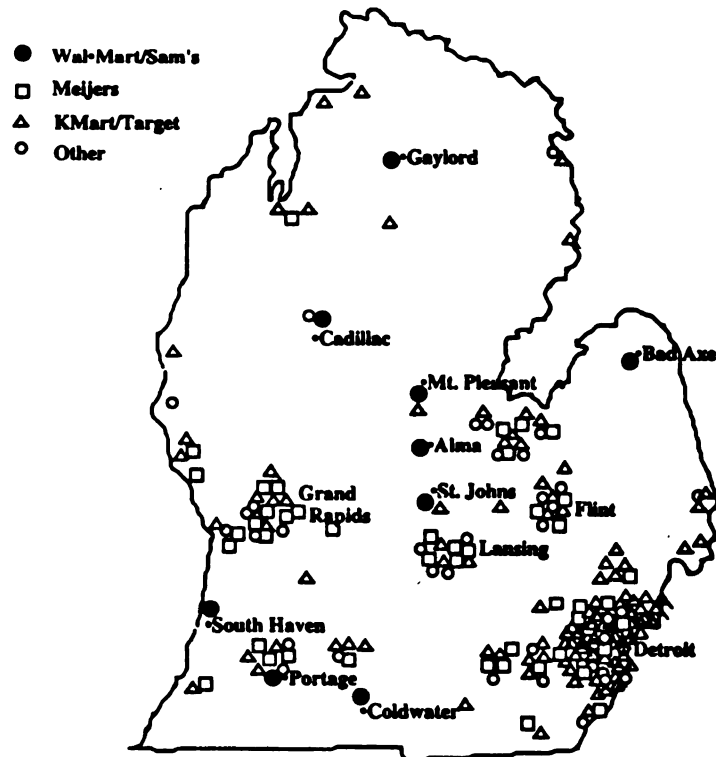


Figure 37  
Locations of Discount Department Stores, 1992

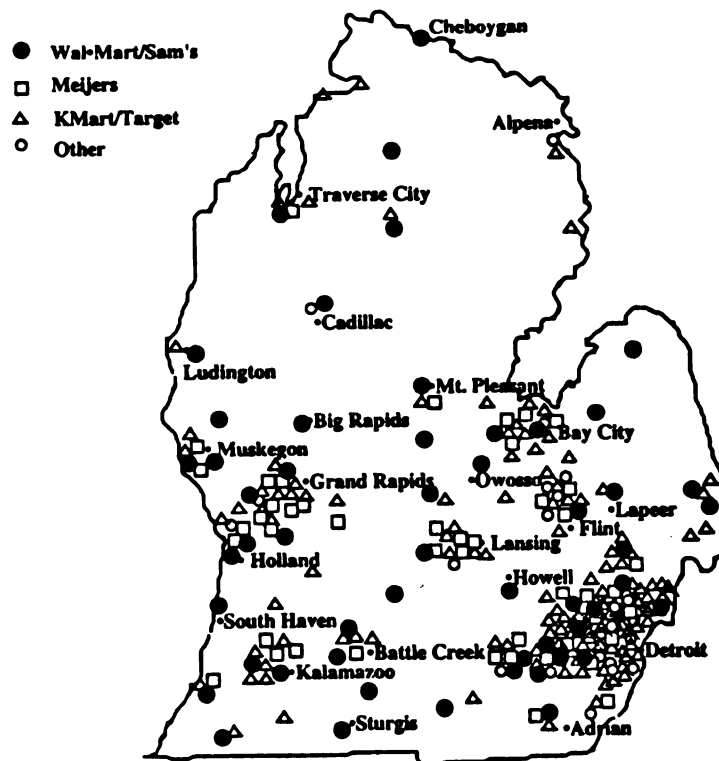


Figure 38  
Locations of Discount Department Stores, 1993



A year later, a total of 38 Wal-Mart stores had been opened in the state, including a large number in the larger metropolitan areas where they competed head to head with Meijers and KMart. This is especially significant growth over such a short time span because both Meijers and KMart had the distinct advantage of having their national headquarters located in Michigan, Meijers in Grand Rapids and KMart in Troy, while Wal-Mart had its corporate decision-making done in distant Bentonville, Arkansas.

A study by Gruidl and Kline (1992) of Illinois towns indicated that the infusion of a large discounter store in a community dramatically increased the retail market area and draw for that particular town. As shown in the graph below, which uses two years before the opening of Wal-Mart stores as a base period, for the year prior to the opening there is minimal growth in retail sales, but after the large store opens the retail base increases 14 to 15 percent almost immediately.

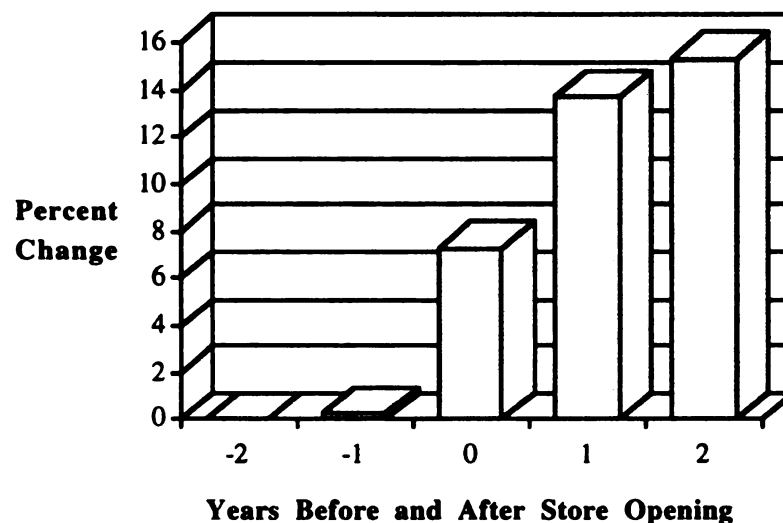


Figure 39  
Changes in Total Retail Sales in Illinois Towns  
Before and After Opening of a Wal-Mart Store<sup>165</sup>

<sup>165</sup> John Gruidl and Steven Kline. 1992. "What Happens When a Large Discount Store Comes to Town?" *Small Town*. (March-April):22.

Kenneth Stone of Iowa State University studied 14 Iowa towns where Wal-Mart opened stores during the late 1980s. The chart below shows the impact on the host town and illustrates that the gain in sales of general merchandise is divided unevenly between the gain for Wal-Mart and the loss for other host city businesses.

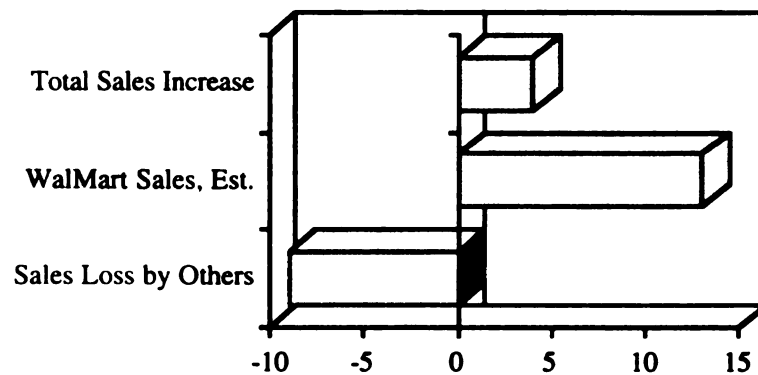


Figure 40  
Average New Sales Change After 3 Years  
In Wal-Mart Host Town<sup>166</sup>

Its impact on traditional downtown retail was startling. “As Wal-Mart rolled out its franchises, it sucked commerce off Main Streets, destroying traditional retailers that had served their communities for generations. But in the face of the abundance Wal-Mart produced in the form of more jobs, consumer savings, and expanded trade, the loss of Main Street life seemed an incidental price to pay.”<sup>167</sup>

Stone also found that surrounding towns within a 20-mile radius of the 14 Wal-Mart stores studied saw total retail sales drop 25 percent after five years.<sup>168</sup> The study clearly showed the positive impact in towns where Wal-Mart has located and the almost universal

<sup>166</sup> Kenneth E. Stone. 1990. “The Impact of Wal-Mart Stores on Retail Trade Areas in Iowa: Executive Summary.” Published by author. 2.

<sup>167</sup> Edward O. Welles. 1993. “When Wal-Mart Comes to Town.” *INC.* (July):78.

<sup>168</sup> Welles. 78.

negative impact (except for food stores, a market for which Wal-Mart doesn't compete) on other similar towns in the surrounding area. As shown in the following illustration, only the towns where Wal-Mart stores located were able to benefit from the regional draw of the large discounter.

Table 32  
Sales Change in Wal-Mart Towns vs.  
Other Same Size Towns (in percent)<sup>169</sup>

Business Type	Wal-Mart Towns			Same Size Other Towns		
	After years			After years		
	1	3	5	1	3	5
Building Materials	-6.3	-6.5	-5.1	-4.7	-7.1	-10.4
General Merchandise	29.1	39.5	58.8	-0.6	-4.2	-1.9
Food	-4.7	-4.1	12.1	1.6	5.5	7.8
Apparel	-2.7	-6.2	-5.1	-3.5	-5.8	11.5
Home Furnishings	2.9	5.2	4.2	-5.1	-12.2	-18.9
Eating & Drinking	0.8	-0.8	2.4	-0.7	-1.5	-0.8
Specialty	-5.7	12.1	19.7	0.1	-5.4	-9.9
Services	-5.6	-7.9	-6.8	-3.5	-9.5	14.2
TOTAL SALES	2.3	3.1	8.1	-0.7	-3.5	-4.9

= Gainers

From his study Stone developed two primary conclusions.

- Businesses that sell goods or services other than what Wal-Mart sells tend to experience high sales because of the spillover effect. The additional traffic attracted to town by Wal-Mart will shop at these stores.
- Businesses that sell the same goods as Wal-Mart tend to experience reductions in sales after Wal-Mart opens.

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<sup>169</sup> Kenneth E. Stone. 1990. "The Impact of Wal-Mart Stores on Retail Trade Areas in Iowa: Executive Summary." Published by author. 2.

Some business types are severely impacted. The decline in the furniture and household categories is very significant, as well as in hardware. In response, Stone has offered a number of what he calls "Prescriptive Measures for Merchants":

- Be prepared to make changes.
- Take proactive action, anticipate a period of declining sales and prepare both a short- and long-term business plan.
- Identify market niches that aren't currently filled.
- Improve your level of customer service.
- Carefully evaluate your ability to compete on price.

Sam Walton responded to the concerns of small-city retailers who criticized the Wal-Mart strategies as being unfair and destructive to traditional downtowns in this way:

Quite a few smaller stores have gone out of business during the time of Wal-Mart's growth. Some people have tried to turn it into this big controversy, sort of a "Save the Small Town Merchants" deal, like they were whales or whopping cranes or something that has the right to be protected.

Of all the notions I've heard about Wal-Mart, none has ever baffled me more than this idea that we are somehow the enemy of small-town America. Nothing could be further from the truth: Wal-Mart has actually kept quite a number of small towns from becoming extinct by saving literally billions of dollars for the people who live in them, as well as by creating hundreds of thousands of jobs in our stores. I believe millions of people are better off today than they would have been if Wal-Mart had never existed.

I don't want to be too critical of small-town merchants, but the truth is that a lot of these folks just weren't doing a very good job of taking care of their customers. Whenever we put a Wal-Mart store into a town, customers would just flock to us from the variety stores. With our low prices, we ended an era of 45% markups and limited selection. We shut the door on variety-store thinking.<sup>169</sup>

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<sup>169</sup> "Sam Walton Recounts the Life of a Salesman." *TIME*. June 15, 1992. p. 59.

The adjustment to downtown retailing when Wal-Mart arrives is illustrated by the activities of downtown merchants in Viroqua, Wisconsin:

This small community of 3,500 successfully weathered the competitive forces of Wal-Mart with good planning. Fred Nelson, owner of the local True Value Hardware store, organized a downtown revitalization association before he and other local merchants would otherwise have been forced to close their doors. Nelson organized what he called a 'reconnaissance mission' in which he and his store employees went to a Wal-Mart in Anamosa, Iowa, to check out its floor plan, level of service, and stock. With the information they gathered, Nelson was able to restructure his store and provide goods and services that he knew Wal-Mart would not have. He also cut out parts of his old inventory that he knew Wal-Mart could offer at better prices.<sup>170</sup>

Viroqua also became designated a "Main Street" community, a program of downtown revitalization supported by the National Trust for Historic Preservation. This led to an emphasis on organizational aspects, and a full-time Main Street program coordinator was hired to implement revitalization strategies. As described in a *Smithsonian* article, "even as Wal-Mart's registers sucked in cash, like a mercantile version of a white shark, the rest of Main Street Viroqua was hanging on economically and even inching forward....Wal-Mart, it now appeared, had been a wake-up call for Viroqua, a benefactor-motivator in wolf's clothing."<sup>171</sup>

#### Case Study—Wal-Mart in downtown Carroll, Iowa

The typical scenario for a newly arriving Wal-Mart or other discounter is for the company to look for an inexpensive piece of agricultural property in the township just

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<sup>170</sup> Michelle Gregory. 1993. "Doing Business with Big Box Retailers." *Zoning News* (October 1993). p. 3.

<sup>171</sup> Michael Melford. 1992. "It's Wake-up Time for Main Street When Wal-Mart Comes to Town." *Smithsonian* (October 1992). p. 46.

outside of a city's boundaries. This frees them from the more restrictive regulations of the city, but still allows them to compete for the downtown customer.

In Carroll, Iowa, however, the city had made a significant investment in their downtown and wanted to protect that investment. They developed a strategy of trying to attract Wal-Mart to locate its proposed new store in the central business district rather than on the city's fringe. They had built a downtown mall, using urban renewal funds, and wanted the store to contribute to its continues success.

...the town convinced Wal-Mart to accept the city center location *and* agree to build the new store to complement the existing mall. As importantly, the community convinced itself that such a move was desirable to protect and enhance its investment in the central buisness district *and* that it is possible to stand fast and force a national chain to recognize local goals.

"...Carroll persuaded Wal-Mart to pay for 50 percent of the cost of a large new parking lot, with the agreement that everyone, not just Wal-Mart customers, could use it.

Several reasons explain Carroll's ability to deal with a national volume chain on a more or less equal footing. First, the community had made major investments in the downtown, and business and government leaders alike understood and supported maintaining the investment. Then, Carroll had a high degree of community consciousness or agreement.

...The wisdom of Carroll's decision to retain and strengthen a strong city core is borne out by a recent announcement. KMart, Payless Shoe Source, Fashion Bug, Burger King and Hy-Vee (a major Iowa-based food store) have all decided to build in Carroll's central business district.<sup>172</sup>

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<sup>172</sup> Jerry Knox. 1991. "Dealing with a Volume Chain Store: Carroll Iowas, Guides Development and Protects Its Downtown." *Small Town* (September-October 1991). pp.21-23.

## DOWNTOWN HEALTH AS SHOWN THROUGH LOCAL ECONOMIC INDICATORS

The most commonly used indicators of downtown health and vitality are standard economic indicators. Two standard data sources were used to compare the economic vitality of the 16 study cities—sales tax distribution figures from the State and retail sales figures from the U.S. Census of Retail Trade.<sup>174</sup> Sales tax revenue figures for 1987 and 1992 were obtained from the Michigan Database, administered by the Michigan State University Institute for Public Policy and Social Research. The Census of Retail Trade is published every five years by the U.S. Department of Commerce. Its Geographic Area Series includes summary statistics for counties and for places with 2,500 inhabitants or more. Included in that information is annual retail sales. Although both the sales tax and retail sales figures are available for each of the cities, they are not specific to the downtowns in those cities. However, they represent the only consistently collected economic data available, and must be used to represent the economic vitality of the study city downtowns.

Table 33  
Sales Tax and Retail Sales for Study Cities, 1987 and 1992

	Population	Sales Tax		Retail Sales (in \$Mil.)			
	1990	1987 (adj)	1992 (adj)	Change	1987	1992	Change
Owosso	16,322	\$601,184	\$727,840	\$126,657	\$173	\$239	\$66
BigRapids	12,603	\$524,570	\$556,665	\$32,095	\$108	\$164	\$56
Alpena	11,354	\$446,020	\$491,574	\$45,555	\$123	\$173	\$50
Sturgis	10,130				\$124	\$150	\$26
Cadillac	10,104	\$372,329	\$449,387	\$77,059	\$148	\$176	\$28
Albion	10,066	\$396,929	\$433,538	\$36,610	\$69	\$75	\$6
Coldwater	9,607	\$345,000	\$425,203	\$80,204	\$114	\$164	\$50
Howell	8,184	\$253,845	\$384,200	\$130,355	\$88	\$161	\$73
Hillsdale	8,170		\$375,787		\$97	\$117	\$21
Lapeer	7,759	\$219,575	\$349,457	\$129,882	\$229	\$255	\$26
Tecumseh	7,462	\$267,437	\$336,071	\$68,634	\$60	\$69	\$9
Marshall	6,891	\$261,335	\$243,183	\$18,152	\$66	\$98	\$32
Manistee	6,734	\$279,895	\$281,463	\$1,569	\$78	\$93	\$15
Dowagiac	6,409		\$278,312		\$63	\$94	\$31
Ionia	5,935	\$208,045	\$261,649	\$53,604	\$63	\$103	\$39
SouthHaven	5,563	\$217,128	\$257,394	\$40,267	\$74		

<sup>174</sup> United States Department of Commerce. 1987, 1992. *Census of Retail Trade*. Washington, D.C.

The sales tax and retail trade figures were compared over a five year period<sup>175</sup> and the 16 cities ranked according to the relative improvement in the economic status of each downtown. The percentage change between 1987 and 1992 for both sales tax and retail sales are shown , along with a “Combined” figure which represents the mean of the two.

Table 34  
Ranking of Study Cities  
by Change in Economic Indicators, 1987–1992<sup>176</sup>

	Estim. Pop 87	Estim. Pop 92	Change in Pop.87-92	% Ch. Tax 87-92(adj)	% Ch. Sales %Sales 87-92	% Change Combined
Albion	10,364	9,867	-5%	9%	8%	9%
Alpena	11,612	11,182	-4%	10%	41%	26%
BigRapids	13,130	12,251	-7%	6%	52%	29%
Cadillac	10,133	10,085	0%	21%	19%	20%
Coldwater	9,563	9,636	1%	23%	44%	34%
Dowagiac	6,378	6,429	1%		50%	50%
Hillsdale	7,949	8,318	5%		22%	22%
Howell	7,822	8,426	8%	51%	83%	67%
Ionia	5,931	5,938	0%	26%	62%	44%
Lapeer	7,291	8,071	11%	59%	11%	35%
Manistee	6,984	6,568	-6%	1%	19%	10%
Marshall	6,984	6,829	-2%	-7%	49%	21%
Owosso	16,362	16,295	0%	21%	38%	30%
SouthHaven	5,677	5,487	-3%	19%		19%
Sturgis	9,931	10,262	3%		21%	10%
Tecumseh	7,419	7,490	1%	26%	15%	20%

As shown, the change in the Combined economic indicators varies widely for the study cities, from a 67 percent increase over the five year period in Howell to only a 9 percent

<sup>175</sup> Although it was originally intended that 1987 and 1992 sales tax figures be used, significant discrepancies were seen in the Michigan data files for some cities from 1986 to 1987 and 1992 to 1993. Therefore, the mean of 1986 and 1987 figures and 1992 and 1993 sales tax figures were used to more accurately represent the general economic health during that time period, and they are shown simply as 1987 and 1992 (adjusted).

<sup>176</sup> Notes: Sales tax figures were not available for 1992 for Marshall and South Haven and 1993 figures were substituted; sales tax figures were not available for Dowagiac, Hillsdale and Sturgis and no figures were available to be substituted. For cities where either sales tax or retail sales figures were not available, combined figures were derived from either sales tax or retail sales figures only.





increase in Albion, which is less than the normal increase due to inflation, and thus is effectively negative growth.

Correlation analysis was used to examine each of the following hypotheses:

- **Population, 1990:** Did cities with greater population growth have greater growth in economic indicators?
- **Percent change in Sales Tax and Retail Sales, 1987–1992:** Did growth in Sales Tax correlate with growth in Retail Sales?

The correlation coefficients are shown on the following chart:

Table 35  
Correlation Coefficients for  
Population and Change in Sales Tax and Retail Sales

	<i>Pop 87</i>	<i>Pop 92</i>	<i>% Ch. Pop.</i>	<i>% Ch. Tax</i>	<i>% Ch. Sales</i>	<i>Combined</i>
Pop 87	1.00					
Pop 92	0.99	1.00				
% Ch. Pop.	-0.25	-0.12	1.00			
% Ch. Tax	-0.17	-0.05	0.92	1.00		
% Ch. Sales	-0.05	-0.05	0.05	0.11	1.00	
Combined	-0.14	-0.08	0.55	0.68	0.80	1.00

When Sales Tax and Retail Sales are compared against population growth, the change in Sales Tax has a very high correlation with Population Growth ( $r=0.92$ ), while the coefficient for Retail Sales is inconsequential (0.05). These discrepancies strongly suggest that Retail Sales data (collected by the federal census) and Sales Tax data (collected by the state) are not interchangeable variables, and represent very different perspectives on the economic condition of cities.

Figure 11 also shows there is virtually no correlation between city size and economic growth. In other words, larger cities did not benefit from greater economic growth during the period when Wal-Mart came to the state of Michigan, and smaller cities were at no relative disadvantage overall.

The above chart also shows no significant correlation between changes in Sales Tax and Retail Sales ( $r=0.11$ ), which indicates these two economic indicators are not

interchangeable. This leads to the difficulty of deciding which is the more reliable indicator of economic health, which cannot be determined based on the information presented to this point.

The question then becomes—Which of these variables is more reliable? Because retail sales data is based directly on sales, and sales tax data is one step removed, being based on the tax collected on sales, retail sales data is assumed to be the more accurate of the two economic indicators. It also benefits from having more complete data available for the study cities for the years being studied. The Combined variable should not be considered reliable because of the large discrepancies between the Sales Tax and Retail Sales data on which it is based. For these reasons, Retail Sales will be used as the indicator of economic health in the rest of this analysis.

#### CORRELATION OF ECONOMIC INDICATORS TO "HEALTH PERCEPTION INDEX (HPI)"

Thus far the health and vitality of the study downtowns has been analyzed using the commonly available economic indicators of Sales Tax Distribution and Retail Sales figures. However, downtown health can and should be defined in a more comprehensive sense, and include, in addition to economic factors, an evaluation of the physical and functional condition of downtowns. Downtown health may be seen in terms of physical factors, such as streetscape improvements, restored facades, one-way streets, and improved parking. Functional factors can be more wide-ranging, and may include the ability of a downtown to serve as a focus of the community, the activities of organizations connected with the downtown (e.g., merchants association, chamber of commerce), or even issues of changing lifestyles and shopping patterns. Even economic factors can be more inclusive than sales tax and retail sales data, and may include such things as public expenditures in the downtown or the level of employment in the overall community.

### CORRELATION OF THE HEALTH PERCEPTION INDEX AND THE ECONOMIC INDICATOR

The Health Perception Index values for each of the cities was compared with the Retail Sales economic indicator, with the correlations shown below:

Table 36  
Correlation Coefficients of HPI  
to Population and Economic Indicators

	<i>HPI</i>	<i>% Ch. Pop.</i>	<i>% Ch. Sales</i>
HPI	1.00		
% Ch. Pop.	0.40	1.00	
% Ch. Sales	0.21	0.05	1.00

The chart indicates no significant relationship between the Health Perception Index and changes in Retail Sales. Since a minimum coefficient of 0.50 is needed to indicate a statistically significant correlation, the  $r=0.21$  represents simply an insignificant "tendency" toward correlation, but not sufficient to be considered as reliable.

This analysis indicates it remains unclear whether the health of a downtown can best be depicted through standard economic indicators or through the more perceptual and broader based Health Perception Index. Therefore, both will be used for the remainder of the analysis, which looks at the impact of the opening of new Wal-Mart stores on the health of Michigan downtowns.

### IMPACT OF WAL-MART STORES ON STUDY CITIES AND THEIR DOWNTOWNS

To study the impact of the rapid infusion of Wal-Mart stores on smaller cities in Michigan, the 16 study cities were used as a representative sampling. By 1993, seven of the cities had new Wal-Mart stores located in the community; the nine other cities had access to Wal-Mart stores only from varying distances.

To look at the impact on cities of having Wal-Mart stores located there, the changes in economic indicators and the Health Index were grouped for Wal-Mart versus non-Wal-Mart cities, as shown in Figure IV-70. A comparison of the mean values for the two groups indicates clearly that Wal-Mart cities had higher growth in Sales Taxes, Retail Sales and the Combined Economic Indicators. This growth had nothing to do with population growth, since neither group had an increase in population.

It may be assumed that the Wal-Mart company consciously looked for sites where there was already economic growth, but it is much more likely that locating a new Wal-Mart store in a community created the economic growth shown. What is also seen is that there is no significant difference in the downtown Health Index ratings for Wal-Mart versus non-Wal-Mart cities, with the non-Wal-Mart cities even having a slightly higher Index rating. This can possibly be explained by the fact that although a new discount store brings in more retail sales overall, the increased sales is typically in direct competition with downtown businesses, and merchants don't perceive any overall improvement in general downtown health, even though sales and tax figures are higher.

Table 37  
Comparison of Wal-Mart vs. non-Wal-Mart Cities

		% Change	% Change	% Change	% Change
	HPI	Pop. 87-92	Tax 87-92(adj)	Sales 87-92	Comb.Econ.
<b>WalMart Cities</b>					
Howell	56.5	8%	51%	83%	67%
BigRapids	34.3	-7%	6%	52%	29%
Cadillac	54.2	0%	21%	19%	20%
Coldwater	46.5	1%	23%	44%	34%
Owosso	49.1	0%	21%	38%	30%
SouthHaven	46.6	-3%	19%		19%
Sturgis	56.8	3%		21%	21%
<b>Mean for Group</b>	<b>49.1</b>	<b>0%</b>	<b>24%</b>	<b>43%</b>	<b>31%</b>
<b>Non-WalMart Cities</b>					
Tecumseh	70.8	1%	26%	15%	20%
Marshall	70.6	-2%	-7%	49%	21%
Albion	15.9	-5%	9%	8%	9%
Hillsdale	44.1	5%		22%	22%
Lapeer	52.8	11%	59%	11%	35%
Ionia	49.8	0%	26%	62%	44%
Dowagiac	66.0	1%		50%	50%
Manistee	45.4	-6%	1%	19%	10%
Alpena	41.8	-4%	10%	41%	26%
<b>Mean for Group</b>	<b>50.8</b>	<b>0%</b>	<b>18%</b>	<b>31%</b>	<b>26%</b>

### The impact of distance

To test the impact of distance on downtown health, using both economic and perceptual indicators, a correlation was done of distance to Wal-Mart and downtown health and how it had changed in the five years since the first Wal-Marts opened. The data is shown in the table below, and the correlation coefficients below it.

**Table 38**  
**Distance to Wal-Mart (in miles)**

	<b>HPI</b>	<b>Estim.Ch. Pop.87-92</b>	<b>% Ch. Sales 1987-92</b>	<b>Wal-Mart Size (1000SF)</b>	<b>Distance (mi.) to Wal-Mart</b>
Albion	15.9	-5%	8%	120	17
Alpena	41.8	-4%	41%	80	72
BigRapids	34.3	-7%	52%	93	3
Cadillac	54.2	0%	19%	80	3
Coldwater	46.5	1%	44%	80	3
Dowagiac	66.0	1%	50%	100	40
Hillsdale	44.1	5%	22%	80	20
Howell	56.5	8%	83%	119	3
Ionia	49.8	0%	62%	100	33
Lapeer	52.8	11%	11%	100	25
Manistee	45.4	-6%	19%	80	49
Marshall	70.6	-2%	49%	135	14
Owosso	49.1	0%	38%	93	3
SouthHaven	46.6	-3%		80	3
Sturgis	56.8	3%	21%	98	3
Tecumseh	70.8	1%	15%	127	12

A distance of three miles was given to Wal-Mart stores that were within a given community. This represented an assumed average distance for residents in the surrounding area to drive to the store.

**Table 39**  
**Correlation Coefficients for**  
**Distance to Wal-Mart (in miles) and Size of Store**

	<b>HPI</b>	<b>% Ch. Pop.</b>	<b>% Ch. Sales</b>	<b>Distance</b>	<b>Size</b>
HPI	1.00				
% Ch. Pop.	0.40	1.00			
% Ch. Sales	0.21	0.05	1.00		
Distance	-0.07	-0.20	-0.04	1.00	
Size	0.33	0.16	0.15	-0.21	1.00

Using distance in miles as a variable, no correlation is shown to either the downtown Health Index (-0.07) or Retail Sales (-0.04). However, this analysis does not incorporate the study of Stone, described previously, who found that cities with a Wal-Mart benefited from its presence, but that cities in a 20 to 30 mile perimeter of Wal-Mart cities suffered

the most from the competition. To study this effect for the 16 Michigan study cities, the distance variable was redefined. The sixteen cities were ranked from 1 to 16, with the lowest values given to the cities with the least negative competition. Since the seven cities with Wal-Mart stores were seen as being impacted the least negatively, they were ranked from 1 to 7 based on how many other discount stores were located there, and how big they were. From that, the next lowest ranking was given to the city which was the furthest distance from a Wal-Mart location (Alpena at 72 miles), continuing on to the city closest to a Wal-Mart city (Tecumseh at 12 miles), where the competition was predicted to be greatest. The distances and rankings and their correlations to the Health Index and Economic Indicators are shown below.

Table 40  
Distance Ranking to Wal-Mart (according to Stone)

	<b>Estim.Ch. HPI</b>	<b>% Ch.Sales Pop.87-92</b>	<b>Wal-Mart 1987-92</b>	<b>Wal-Mart Size (1000SF)</b>	<b>Distance (mi.) to Wal-Mart</b>	<b>Stone Rev. Dist. Rank</b>
Owosso	49.1	0%	38%	93	3	1
Cadillac	54.2	0%	19%	80	3	2
BigRapids	34.3	-7%	52%	93	3	3
Howell	56.5	8%	83%	119	3	4
Coldwater	46.5	1%	44%	80	3	5
Sturgis	56.8	3%	21%	98	3	6
SouthHaven	46.6	-3%		80	3	7
Alpena	41.8	-4%	41%	80	72	8
Manistee	45.4	-6%	19%	80	49	9
Dowagiac	66.0	1%	50%	100	40	10
Ionia	49.8	0%	62%	100	33	11
Lapeer	52.8	11%	11%	100	25	12
Hillsdale	44.1	5%	22%	80	20	13
Albion	15.9	-5%	8%	120	17	14
Marshall	70.6	-2%	49%	135	14	15
Tecumseh	70.8	1%	15%	127	12	16



**Table 41**  
**Correlation Coefficients for Distance Ranking**

	<i>Health</i>	<i>Sales Tax</i>	<i>Retail</i>		<i>Distance</i>	<i>Distance</i>
	<i>Index</i>	<i>87-92(adj)</i>	<i>Sales 87-92</i>	<i>Comb.Econ.</i>	<i>to WMart</i>	<i>Ranking</i>
<i>Health Index</i>	1.00					
<i>Tax 87-92(adj)</i>	0.20	1.00				
<i>Sales 87-92</i>	0.21	0.11	1.00			
<i>Comb.Econ.</i>	0.33	0.68	0.80	1.00		
<i>Dist. to WMart</i>	-0.07	-0.21	-0.05	-0.04	1.00	
<i>Dist. Ranking</i>	0.15	-0.12	-0.33	-0.25	0.35	1.00

The chart indicates there is no significant correlation between the distance factor as described by Stone and either economic growth or the Health Index. Instead, it indicates there may be a statistical “tendency” ( $r=-0.33$ ) between the distance rankings and growth in retail sales which is counter to Stone; that is, the non-Wal-Mart study cities closest to the 20 mile perimeter had greater growth than other study cities.

#### THE IMPACT OF ALL COMPETITOR DISCOUNT DEPARTMENT STORES

Other major discount department stores were next included in the analysis to see if there was a significant impact on downtowns of all discounters, rather than just the more recent Wal-Mart stores. However, an analysis of Total Square Feet of All Discount Department Stores in each community to both Economic Indicators and the Health Index once again showed no significant correlation.

To give a more inclusive look at this factor, a gravity model was used to derive for each city a value based on the competitive draw of all discounters within a 30 mile radius of each study city. The 30 mile radius includes the area Stone had found was most impacted by new Wal-Mart stores, and was assumed to spatially represent most of the competitive draw from the study city downtowns. The gravity model used was simply:

$$\text{Competition for each city} = \sum \frac{SF}{d^2}$$

where SF = Square footage of a discounter within 30 mile radius

and d = distance to retailer

(Note: discounters located in the community are assumed to be at a distance of 3 miles)

Because of the potential for vast differences in competition ratings from squaring the distance factor, the formula was also calculated simply using distance (unsquared). Both the "d<sup>2</sup> Ratings" and "d Ratings" are shown.<sup>177</sup>

The values derived from the gravity models for for each of the study cities are as follows:<sup>178</sup>

Table 42  
Gravity Models Values

<u>Name of Store</u>	<u>Competitor City</u>	<u>Sq. Ft.</u>	<u>Dist.(mi.)</u>	<u>d<sup>2</sup> Rating</u>	<u>d Rating</u>
Albion					
KMart	Albion	55,000	3	6,111	18,333
Meijer	Jackson	225,000	17	779	13,235
Quality Farm and Fleet	Jackson	60,000	17	208	3,529
Sam's Club	Jackson	120,000	17	415	7,059
Target	Jackson	100,000	17	<u>346</u>	<u>5,882</u>
				7,859	48,038
Alpena					
KMart	Alpena	71,000	3	17,750	23,667
Big Rapids					
KMart	Big Rapids	50,000	3	5,556	16,667
Quality Farm and Fleet	Big Rapids	30,000	3	3,333	10,000
Wal-Mart	Big Rapids	93,000	3	<u>10,333</u>	<u>31,000</u>
				19,222	57,667

<sup>177</sup> If a large city within the 30 mile radius had more than one store of a certain discounter, only one store of that discounter was included, with the square footage of its largest store considered as the competitor store.

<sup>178</sup> Information taken from *Chain Store Guides*. 1994. Business Guides, Inc.

Table 42 (cont'd).

Cadillac						
KMart	Cadillac	68,000	3	7,556	22,667	
Quality Farm and Fleet	Cadillac	75,000	3	8,333	25,000	
Wal-Mart	Cadillac	80,000	3	8,889	2,963	
Meijer	Traverse City	200,000	49 <sup>179</sup>	<u>83</u>	<u>4,082</u>	
				24,861	54,712	
Coldwater						
KMart	Coldwater	40,000	3	4,444	13,333	
Quality Farm and Fleet	Coldwater	20,000	3	2,222	6,667	
Wal-Mart	Coldwater	80,000	3	<u>8,889</u>	<u>26,667</u>	
				15,555	46,667	
Dowagiac						
KMart	Niles	110,000	17	381	6,471	
Meijer	Benton Harbor	200,000	22	413	9,091	
N.A. <sup>180</sup>	South Bend	100,000	25	<u>160</u>	<u>4,000</u>	
				954	19,562	
Hillsdale						
Ames Dept Store	Hillsdale	52,000	3	5,778	17,333	
Fisher Big Wheel	Hillsdale	45,000	3	5,000	15,000	
KMart	Coldwater	40,000	26	59	1,538	
Quality Farm and Fleet	Coldwater	20,000	26	30	769	
Wal-Mart	Coldwater	80,000	26	<u>118</u>	<u>3,077</u>	
				10,985	37,717	
Howell						
Quality Farm and Fleet	Howell	42,000	3	4,667	14,000	
Wal-Mart	Howell	119,000	3	13,222	39,666	
KMart	Brighton	71,000	8	1,109	8,875	
Meijers	Brighton	84,000	8	<u>1,312</u>	<u>10,500</u>	
				20,310	73,071	
Ionia						
County Post	Ionia	12,000	3	1,333	4,000	
KMart	Ionia	96,000	3	10,667	32,000	
Meijers	Ionia	90,000	3	10,000	30,000	
Target	Grand Rapids	100,000	30	111	3,333	
Sam's Club	Kentwood	100,000	30	<u>111</u>	<u>3,333</u>	
				22,222	72,667	

<sup>179</sup> Although Traverse City is beyond the 30 mile radius, a number of survey respondents from Cadillac indicated they traveled regularly to Traverse City for shopping, so this competitor is included.

<sup>180</sup> No information available for Indiana competitors, but according to surveys South Bend does attract Dowagiac shoppers, so assumption of size made.

Table 42 (cont'd).

<b>Lapeer</b>					
KMart	Lapeer	72,000	3	8,000	24,000
Meijer	Flint	190,000	17	657	11,176
Sam's Club	Flint	100,000	22	207	4,545
T.J. Maxx	Flint	27,000	17	93	1,588
Target	Flint	100,000	17	<u>346</u>	<u>5,882</u>
				9,303	47,191
<b>Manistee</b>					
KMart	Manistee	80,000	3	8,889	26,667
Quality Farm and Fleet	Ludington	30,000	26	<u>44</u>	<u>1,154</u>
				8,933	27,821
<b>Marshall</b>					
KMart	Marshall	80,000	3	8,889	26,667
Meijer	Battle Creek	225,000	14	1,148	16,071
Quality Farm and Fleet	Battle Creek	30,000	14	153	2,143
Sam's Club	Battle Creek	135,000	14	689	9,643
Target	Battle Creek	100,000	14	<u>510</u>	<u>7,143</u>
				11,389	61,667
<b>Owosso</b>					
Quality Farm and Fleet	Owosso	90,000	3	10,000	30,000
Wal-Mart	Owosso	93,000	3	10,333	31,000
KMart	Corunna	100,000	4	6,250	25,000
Meijer	Corunna	190,000	4	11,875	47,500
Target	Flint	100,000	28	<u>128</u>	<u>3,571</u>
				38,586	137,071
<b>South Haven</b>					
Wal-Mart	South Haven	80,000	3	8,889	26,667
KMart	Holland	80,000	26	118	3,077
Meijer	Holland	80,000	26	118	3,077
Target	Holland	100,000	26	<u>148</u>	<u>3,846</u>
				9,273	36,667
<b>Sturgis</b>					
KMart	Sturgis	40,000	3	4,444	13,333
Wal-Mart	Sturgis	98,000	3	<u>10,889</u>	<u>32,667</u>
				15,333	46,000
<b>Tecumseh</b>					
KMart	Adrian	86,000	12	597	7,167
Meijer	Adrian	109,000	12	757	9,083
Quality Farm and Fleet	Adrian	30,000	12	208	2,500
Wal-Mart	Adrian	127,000	12	882	10,583
Target	Ann Arbor	100,000	27	<u>137</u>	<u>3,704</u>
				2,581	33,037

The ratings from the gravity model calculations for each study city are shown in the following chart. As expected, the ratings using “d<sup>2</sup>” have extreme deviations from high to low, and the ratings using “d” suggest a better representation of the relative strength of competitor discount stores for each city.

Table 43  
Gravity Model Ratings

		Estim.Ch.	% Ch. Sales	Stone Rev.	Gravity Model	Gravity Model
	HPI	Pop.87-92	1987-92	Dist. Rank	Rating (d2)	Rating (d)
Albion	15.9	-5%	8%	14	7,859	48,038
Alpena	41.8	-4%	41%	8	17,750	23,667
BigRapids	34.3	-7%	52%	3	19,222	57,667
Cadillac	54.2	0%	19%	2	24,861	54,712
Coldwater	46.5	1%	44%	5	15,555	46,667
Dowagiac	66.0	1%	50%	10	954	19,562
Hillsdale	44.1	5%	22%	13	10,985	37,717
Howell	56.5	8%	83%	4	20,310	73,071
Ionia	49.8	0%	62%	11	22,222	72,667
Lapeer	52.8	11%	11%	12	9,303	47,191
Manistee	45.4	-6%	19%	9	8,933	27,821
Marshall	70.6	-2%	49%	15	11,389	61,667
Owosso	49.1	0%	38%	1	38,586	137,071
SouthHaven	46.6	-3%		7	9,273	36,667
Sturgis	56.8	3%	21%	6	15,333	46,000
Tecumseh	70.8	1%	15%	16	2,581	33,037

Table 44  
Correlation Coefficients for Gravity Model Ratings

	HPI	% Ch. Pop.	% Ch. Sales	Ranking	Rating (d2)	Rating (d)
HPI	1.00					
% Ch. Pop.	0.40	1.00				
% Ch. Sales	0.21	0.05	1.00			
Ranking	0.15	0.08	-0.33	1.00		
Rating (d2)	-0.16	-0.02	0.32	-0.73	1.00	
Rating (d)	-0.03	0.10	0.30	-0.45	0.84	1.00

Correlation analysis shows there is a strong correlation between the Gravity Model ratings and the Distance Rankings suggested by Stone (-0.73 and -0.45). This gives credence to both techniques for evaluating the relative power of competition. In other

words, distance to competitor stores and size of competitor stores is a good way to evaluate the level of competition as presented by Stone.

However, there is no significant correlation shown between these competitor evaluations and either the downtown Health Index ( $r=-0.03$ ) or the Retail Sales Indicator ( $r=0.30$ ), although the Retail Sales coefficient is much stronger than the HPI coefficient. Overall, this indicates that competition may not be a significant explanatory variable for evaluating downtown health, and there is no support for concluding that the level of competition directly impacts downtown health, even if evaluated in terms of either retail sales or the perceptions of downtowners.

#### SUMMARY OF THE IMPACT OF WAL-MART AND OTHER LARGE DISCOUNT STORES

This section has looked at various techniques for modeling the health of downtowns. Economic indicators were compared over a five-year period, from 1987 to 1992, for 16 smaller Michigan cities, including changes in sales tax distribution and retail sales. Also, Tyler's downtown Health Perception Index, developed from surveys in the same cities, was used as a broader evaluation based on input from merchants and business owners. Finally, the strength of retail competition from large discount department stores was derived for each study city from use of a gravity model.

Correlation analysis was used to compare the relationships between the three techniques. The lack of correlation between the study's three primary variables—the downtown Health Index, Retail Sales, and the Competitors' Ratings—suggests there is no reliable way to establish a model for predicting downtown health. Each has a degree of validity within its own right, but each is left without the reinforcement of other techniques of analysis.

## **APPENDIX 8**

### **RECENT PUBLICITY ON THIS STUDY**

## Focus on Faculty

### Tyler researches the 'health' of Michigan's small downtowns

By Kirk Carman

While many Michigan small downtowns are failing economically, unable to compete with larger and more prosperous cities and metropolitan areas, an EMU professor believes a study he completed pinpoints what it takes to save and revitalize downtowns.

Dr. Norman Tyler, associate professor in EMU's Department of Geography and Geology, has spent more than 10 years researching Michigan small downtowns and has completed a study of the downtowns of 16 Michigan cities with populations of 5,000 to 20,000, detailing the factors that make them healthy.

Tyler's study included Albion, Alpena, Big Rapids, Cadillac, Cadillac, Dowagiac, Hillsdale, Howell, Ionia, Lapeer, Manistee, Marshall, Oshtemo, South Haven, Sturgis and Tecumseh. The study features a "downtown health index," which rates each city's downtown and is based on an assessment and evaluation of its strengths. Cities with a high index rating include Tecumseh, with 70.8, and Marshall, with 70.6. Cities with a low index rating include Big Rapids, with 34.3, and Albion, with 15.9.

The index ratings were the result of Tyler's survey of city officials, property owners, merchants and residents on attitudes and opinions on their respective downtowns. Survey questions included comparing the

health of one downtown to another, describing how the health has changed, noting opinions about the downtown's future, and evaluating the downtown based on various characteristics.

According to Tyler, small downtown city officials and merchants often support spending money on parking and improving sidewalks, new lighting and business — things unrelated to improving the health of the downtown.

And yet, Tyler added, "they spend money on those things because it's what voters can see and identify with. They essentially become distracted by the political needs to have something to show, as opposed to spending money to try to recruit certain businesses. That's an effort that even if successful, results aren't as effective as actually building something. So, the efforts at revitalization were primarily efforts to build monuments to the person who had the money at the time."

Tyler said the study reveals that many downtowns haven't recognized that the types of businesses in the downtown reflect how healthy or unhealthy it is.

"What small downtowns need is a variety of unique stores that offer items not readily available at the larger, more well-known stores, which offer heavy discounts and large selections."

Attitude also has a definite impact on the way small downtown business owners run their operations. If one or two local businesses can set a positive example, many more usually will follow.

Tyler believes the study provides a new and insightful look at downtown revitalization. The study shows that historic preservation is only one part of revitalization. The study proves there are other factors that are more important than simply saving the buildings — factors other than just new signage and a fresh coat of paint.

According to Tyler, the city's employment rate also is a factor relevant to its healthiness. "If you want to save a downtown, one of the best ways is to have the local industry. If people have jobs,



Dr. Norman Tyler, associate professor in EMU's Department of Geography and Geology, has completed a study of the downtowns of 16 Michigan cities with populations of 5,000 to 20,000, detailing the factors that make them healthy. He believes many downtowns are vulnerable and need to re-evaluate their image. "Many downtowns will most likely have to make some changes in the near future," he said. "They can't remain as they always have been and are. They need to choose an image and/or decide what they want to specialize in, whether it be boutiques, offices, antique stores or whatever."

there is a direct relationship between employment rates and the downtown's health. Many cities might be better off by saving the downtown by saving jobs, rather than building parking lots and paid benches."

Tyler's interest in downtown revitalization grew out of a study he completed on Uniontown, Pa., where he worked as an architect/planner/urbanist. After moving back to Michigan, Tyler began researching smaller Michigan cities, citing the fact that most research involving cities is done on large metropolitan areas.

When Tyler first looked for data on saving the downtowns of small cities, he said he found very little. He began his research during the 1980s, surveying eight Michigan cities, all with relatively small populations. That study was then doubled to include 16 cities and the health index rating.

"While the health index rating is a good assessment, it concerns me that many people look at the numbers on the index and think

it's simply a heavy count or a football game," he said. "The index is much more than just an evaluation — its purpose was not simply to rank the cities, but to compare how the city officials and merchants felt about their city compared with other factors such as parking and historic preservation."

"The real heart of the study is the comparisons that are produced, not simply the index rating. While Albion received a very low rating, many individuals from Albion told me that instead of finding fault with the study, they found it helpful and insightful. Their attitude was, 'We've got some trouble here and we'd better start addressing these issues a little more directly than we have in the past.' While they were most likely a little embarrassed by the low rating, they started to take action, which is a positive step toward improvement."

Tyler believes many downtowns are vulnerable and need to re-evaluate their image. "Many

downtowns will most likely have to make some changes in the near future. They can't remain as they always have been and are. They need to choose an image and/or decide what they want to specialize in, whether it be boutiques, offices, antique stores or whatever."

"Many people wonder if downtowns are truly dying and debate whether or not we even still need them," he said. "While it's very possible that downtowns may be on their way out, they do have a place in our culture, our society and our heritage."

"Also relevant is the fact that the kind of shopping you get at shopping malls, Wal-Mart and other discount stores is vulnerable in the long term because it's strictly one type of shopping. The advantage downtowns inherently have is their wide breadth of diversity. In addition to retail, downtowns have specialty shops, banks, offices, boutiques, florists and antique shops. These facts truly make downtowns unique, attractive and worth saving."

#### Norm Tyler: Bio

- Holds bachelor's and doctoral degrees in architecture from the University of Michigan and a second doctorate in urban planning from Michigan State University.
- Worked as an independent architect and planner in Ann Arbor from 1962 to 1990 and in an architecture-urban planning partnership with his wife in Mill Run, Pa., from 1976 to 1985.
- Climbed Africa's Mount Kilimanjaro in 1981.
- Served as a Peace Corps volunteer in West Africa in 1964-66.



# MICHIGAN MONTHLY

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Stunning Decline of  
Michigan's Democratic Party

Sucker Fishermen's Lament

Terrific Travel Tips  
to Michigan Springtime  
Destinations



Michigan's Smaller Towns: surprising news about their health

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## The Health of Michigan's Small Towns

Many efforts to revitalize Michigan downtowns are ineffectual, researcher Norm Tyler believes. Some have even been harmful.

Don Hunt

**B**ack in the 1970s, as many Michigan downtowns languished and declined under the growing pressure from retail competition of malls and commercial strips, leaders looked for cures of their downtown ills. Many cities turned to urban planning firms for help. All too often, these experts' prescriptions for revitalization followed a nationwide trend: revitalize your downtown by making it a more efficient place for automobiles. The most common proposed fix was to turn avenues paralleling the main retail street and even the main street itself into one-way thoroughfares.

A classic Michigan example of this type of downtown fix was the plan developed by a Detroit planning firm for Lapeer, a town of 6,000 east of Flint. The plan converted the two streets on either side of the city's main street into one-way bypasses, thus draining traffic from its downtown core. The idea was to make downtown more automobile friendly. But surveys reveal that Lapeer's citizens and downtown merchants overwhelmingly dislike the changes.

Lapeer was far from the only Michigan city to fight downtown decline by creating one-way streets in the central area. Jackson's downtown has been circled by one-way streets. In Ypsilanti, planners converted Huron Street to a one-way feeder, creating a mini-highway that sliced in half the city's prime historical central neighborhood, located between downtown and the city's beautifully restored Depot Town area.

Many such revitalization efforts don't have the intended effect, points out Norm Tyler, an architect and planner who for the past 11 years has been researching small Michigan downtowns. Tyler's considerable research on Michigan downtowns suggests that rather than making downtowns more attractive places for people to visit and shop, one-way thoroughfares tend to reduce the public's exposure to downtown shops and deaden the retail environment of main streets. "If anything, you want more congestion, more inefficient, slow-moving traffic downtown," he concludes. That's because a key element of the health of downtowns is not efficiency but an atmosphere that encourages downtown visitors to walk along downtown main streets and browse.

Tyler, who teaches urban planning and historic preservation at Eastern Michigan University, has been scrutinizing the downtowns of 16 Michigan cities with populations of 5,000 to 20,000, looking for the factors that most directly strengthen a downtown's vitality.

His observations and measurements have convinced

### TYLER'S DOWNTOWN HEALTH INDEX

Tecumseh.....	70.8
Marshall.....	70.6
Dowagiac.....	66.0
Sturgis.....	56.8
Howell.....	56.5
Cadillac.....	54.2
Lapeer.....	52.8
Ionia.....	49.9
Owosso.....	49.1
South Haven.....	46.6
Coldwater.....	46.5
Manistee.....	45.4
Hillsdale.....	44.1
Alpena.....	41.8
Big Rapids.....	34.3
Albion.....	15.9

These ratings, based on Tyler's 1992 surveys of downtown leaders and merchants in each of the cities, reflect their assessments of the strength of their downtowns.

Tyler that the typical process most small cities adopt in attempting to revitalize their downtowns bears little fruit. These efforts typically include hiring a landscape or urban planning firm to design and install decorative street lights, trees, flower planters, benches, and other streetscape ornaments. "Cities do that and think, 'We've revitalized our downtown!'" says Tyler. Although he himself once thought such physical improvements as restoring the authentic historic facades of downtown buildings would in themselves revitalize older downtowns, he now realizes it isn't enough.

Another unsuccessful attempt to reconfigure downtowns in vigor in the 1960s and 1970s was to close off a downtown's main street entirely and create a pedestrian

mall. Jackson spent a lot of money trying this approach, as did Lansing, Battle Creek, Grand Rapids, and Kalamazoo. Although it seemed innovative at the time, in retrospect the downtown pedestrian mall has been found to be counterproductive in almost every instance. "Pedestrian malls completely eliminated what I call the 'interdiction' of traffic and pedestrians," says Tyler. "It's that combination of people and cars that makes a downtown seem alive. When you take the traffic off a main street, downtown seems dead." Sure enough, Jackson, Battle Creek, and Lansing have all reopened their main streets to traffic. Kalamazoo and Grand Rapids have stuck with their pedestrian malls. Kalamazoo's, the first in the U.S., is at best a modest success story. Grand Rapids' has been a dismal failure in attracting retailers.

### Parking can be too convenient

Yet another downtown revitalization strategy that backfires, Tyler finds, is to create easily accessible parking, allowing shoppers to pop in quickly to get things like a bottle of aspirin at the drugstore or some screws at the hardware store. Albion, for example, has just finished an expensive renovation of an alleyway behind its main street, creating convenient parking for visitors so that they can quickly walk to the back entrances of shops lining Superior Street. What this does, Tyler points out, is drain an atmosphere of vitality from the city's main street. Convenient parking is a real issue in larger cities like Ann Arbor. But Tyler says that in the smaller cities he studies it has little impact in influencing whether people come to the downtown or not.

Yet there are factors that promote a healthier downtown, Tyler finds. One is a retail mix that promotes what he calls "browsing shopping." This includes the types of businesses that make people want to walk along the sidewalks looking in shop windows and staying longer downtown. It is the presence of gift shops, candy and ice cream stores, jewelers, florists, bookstores, and home-furnishing shops in particular that make up such a mix in healthy small downtowns. These are the shops attractive enough to lure already-traffic by selling desirable specialty items that are not competing head-on with the discount stores on the city periphery.

### Why browsing matters

Such "browsing shops" are not the same as tourist-oriented businesses, such as hotels and dinner restaurants. Nor do downtown office centers necessarily promote downtown vitality. Central Lansing has tens of thousands of office workers, yet it

## CITIES



The architectural details in downtown Dowagiac were almost entirely hidden behind ugly 1960s aluminum façades. A downtown redevelopment campaign spearheaded by optometrist Fred Mathews effected this dramatic transformation by arranging for facade improvement loans, resurfacing a state highway, installing streetscape improvements, and even recruiting new stores.

has struggled over the years. Although empty storefronts may seem a critical symptom of an ailing downtown, it's not enough just to fill them up with any kind of business, says Tyler. Attention needs to be paid to the proper retail mix. "You have to think, 'What kind of businesses really reinforce what we want to do with downtown?'" Just sticking in transitional businesses such as weight lifting parks or martial arts studios won't boost a downtown's health in the long run.

In the mid 1980s, Tyler created a method of evaluating the health of the small-city downtowns he wanted to study. The Downtown Health Index ratings shown in the box on page 15 were derived from a 1992 comprehensive survey of merchants and downtown leaders in each of the study cities. Responses reflect their assessments of the comparative strengths of their own downtowns, converted to a 0 to 100 scale.

The index ratings were derived from four questions:

- Compare the overall health of your downtown to other cities of similar size.
- Depict how you feel the health of your

downtown has changed in past decades.

- Indicate whether you are generally optimistic or pessimistic about your downtown's future.

- Evaluate your downtown according to varying characteristics (in characteristics were listed, such as Business mix, Parking, Historic character, Cooperation of officials, etc.).

From these Tyler has generated ratings of 16 Michigan downtowns in 1986 and 1992. He then uses his Downtown Health Index to find factors associated with healthy downtowns as well as those associated with poor downtown health.

In tracking these 16 downtowns over the years, Tyler has been able to see dramatic changes in some. Dowagiac, for example, moved from a low index rating in the '80s, in his 1986 survey to a much higher rating in the 1992 study. What brings about such dramatic improvements in downtown health? Tyler's answer? "I have a hunch everything hinges around attitude. I can't put a number on it, but I really feel what leads the way, what causes things to happen, is attitude."

As an example, he points to the enthusi-

asm of Jim and Barb McCann in starting the Chocolate Vault in Tecumseh in 1983. "When they started their business," says Tyler, "they went up and down the sidewalk telling their neighboring businesses, 'Isn't this downtown great? Isn't this wonderful? Let's do some things! Let's fix up our storefront! Let's start a downtown festival!'" The two of them just did a tremendous amount of work reinforcing positive attitudes about Tecumseh. And the rest of downtown followed. This isn't something a city can just program in. But a dynamic person or persons can be the catalyst to turn attitudes around."

Fred Mathews of Dowagiac has also been an effective cheerleader, launching a campaign to uncover historic facades, install streetscape improvements, and plan downtown events, recruiting some key new businesses at the same time. His efforts have helped transform a slumbering downtown into a much more vibrant place these days. The civic activism of Brian Volkoff had a similar effect in little Three Oaks. Bill Shepler, owner of a ferry service to Mackinac Island, has been a catalyst in Mackinac City. Pete Sandman has been an important spark plug for Frankfort.

Even larger city downtowns can benefit enormously from dynamic leadership. Ann Arbor's downtown was given a boost in the 1970s when social psychologist and Del Rio bar owner Ernie Harburg formed an active downtown group. Downtown Royal Oak's emergence as Michigan's hippest destination was spurred by the cooperative enthusiasm of clothing store owner Patti Smith. In downtown Detroit, Pam Duvall of 2110 Elizabeth's gift shop shares customers with

**"I really feel what leads the way, what causes things to happen, is attitude," says Tyler.**

other specialty shops by producing cooperative brochures and events in her spare time. (By day she's a probation officer.)

Financing downtown improvements across Michigan has become much more difficult because of commercial property tax caps that have crippled tax increment financing of downtown development associations. So it's a good thing that enlightened enthusiasm counts for more than physical improvements in improving the health of downtowns. Norm Tyler's research should offer encouragement to Michigan's weaker downtowns to develop more positive attitudes as they go about finding ways to strengthen their central cities. ■■■

## A MISTAKEN ASSUMPTION

When architect and planner Norm Tyler began his research of Michigan downtowns, his interest was in the wonderful old facades of the buildings lining the main streets. Like many, he was dismayed to see so many fine old storefronts covered in the 1950s and '60s with boring aluminum fronts. He hoped his research would show how to bring older downtowns back to their former glory and eliminate how baneful such a transformation would be.

Growing up in Benton Harbor, Tyler enjoyed hanging around that city's downtown in the 1950s. He was shocked and dismayed when he returned 20 years later to find it almost totally abandoned. Seeing one of the country's worst examples of urban decline motivated him to look for ways to bring central cities back to health.

But his assumption about the benefits of restoring the historic architecture of old Michigan downtowns proved incomplete. While it could certainly play a role, his studies suggest that altering retail shops and the attitude of those who have downtown businesses are fundamentally more important.

Measuring and evaluating your community's quality

# URBAN QUALITY<sup>TM</sup> indicators

## Retail Quality Indicators

In Cleveland it's "reinvestment;" in Atlanta, the "suburban shift;" and in Denver, a "de facto" trend in grocery store supply.

By Ron Donohue

### Measuring the Availability of Retail in Central Cities

#### Introduction

There is general agreement among grocery store industry experts and researchers that U.S. Central Cities have experienced substantial declines in the availability of food alternatives over the last four decades. The result has been that central city residents often face high costs for low quality food in "mom and pop" stores characterized by limited choices. Some experts contend that this trend has stopped, with some supermarkets returning to declining central cities. There has been little systematic documentation of these trends, and even less explanatory work. This article reports on a recent research project intended to document these trends and provide some insights into their causes.

#### Scope of Research

This research focuses on grocery store trends in declining central cities, i.e., those that have small populations and low incomes relative to their surrounding metropolitan areas. A multi-stage screening process resulted in selection of twenty-eight declining central cities, listed on page 2.

The research tracked population, income and retail sales in the central city, the Metropolitan Statistical Area (MSA) and the suburbs for these areas over the period 1958-1992. Data were drawn from the Census of Population, the Census of Retail Trade and the Survey of Consumer Expenditures.

In order to test the *abandonment and reinvestment* trends, it is necessary to develop some measure of how well or poorly population needs are being met. The research used *service level*, defined as the ratio of actual sales to expected sales, for this purpose. Grocery shopping decisions are heavily influenced by location, such that shopping generally occurs close to the residence. It follows that the ratio of actual sales to expected sales should be close to one, if the market is in balance. Serious departures from one suggest a disequilibrium between supply and demand.

Supply is measured by actual sales, drawn from the Census of Retail Trade. Demand is measured using income distributions and expenditure by income. The ratio of supply to demand is the service level. Service level ratios were calculated for 1958, 1963, 1967, 1972, 1977, 1982, 1987 and 1992, coinciding with the Census of Business. Service levels

## Chicago at a Glance

1990 pop., metro	7,425,046
1997 pop., metro	7,749,799
1997 pop., Chicago city	2,731,743

avg. high-low temp., July	83-63
avg. high-low temp., Jan.	29-14
annual rainfall, inches	34
annual snowfall, inches	37
ethnic groups, % of pop.	
White	45
African American	39
Asian	4
Hispanic	20*
Native American	0.3
med. house price \$, 1997 metro	162,400

(\*incl. some counted in other categories too)

Sources: U.S. Census 1990; Woods & Poole Economics, Inc. 1997; National Association of Realtors 1997. Figures are for city unless otherwise noted.

### INSIDE THIS ISSUE

- **Tyler's Downtown Health Index**
- **22 pioneer cities in sustainability**
- **Chicago City Culture Map: Part 2**
- **Best small cities in the U.S.**
- **Hancock's Human Misery Index**

Issue 9  
Spring 1998

## Tyler's Downtown Health Index for Small Cities

Norman Tyler, now a faculty member of Eastern Michigan University, recognized the growing importance of small cities in the 1970s and 1980s when he set out to do his dissertation ("An Evaluation of the Health of the Downtowns in Eight Michigan Cities") at the University of Michigan next door. This growing importance resulted from the desire of both businesses and the general public to move away from big cities. But sometimes the smaller cities were not quite ready for this influx of newcomers. Tyler also found that most of the research on downtown health had been limited to large cities. Therefore, he established his own systematic framework for evaluating the health of downtowns in small cities based on exploratory interviews with merchants and city officials, but no shoppers or residents. This work identified and examined factors which contributed to the health of such downtowns and determined the relative significance of each.

Tyler selected eight cities as representative of small cities in Michigan, ranging in population from 5,000 to just over 10,000. Interviews and questionnaires were administered in each city to a total of 182 people, and addressed two questions: (1) What are the best criteria for evaluating the "health" of a downtown? and (2) What factors have had the most impact in changing the health of downtowns over time? Respondents were asked to rate their downtown's current and future health, how its health had changed over time, and how it compared to other downtowns.

They were also asked to evaluate twenty specific characteristics of their downtown (see table to the right). Their ratings on a four-point scale from "very good" to "poor" yielded scores on a 100-point scale for each downtown on each of the 20 Health Index items.

Findings clearly showed that the one factor most strongly associated with downtown health was "business mix" (i.e., the numbers and types of businesses found in a downtown). In healthy downtowns some types of businesses were consistently present in greater numbers than in downtowns with poor health. Most significantly, "browsing shopping" stores were shown to be closely associated with healthier downtowns.

On the other hand, low evaluations of downtown health were most closely associated with two factors—unemployment, especially from degree of recent loss of jobs, and competition chiefly from shopping centers and malls. Since that study, Tyler has completed a second Ph.D. dissertation (1996), using the same 8 Michigan cities plus 8 more. Those findings were pretty consistent with the earlier study. And this summer he will begin a similar study of downtowns in large cities across the U.S. Norman Tyler, Ph.D., can be reached at the Dept. of Geography and Geology, Eastern Michigan University, Ypsilanti, MI 48197, ph 734-487-8656, fax 734-487-6979, and email: geo\_tyler@online.emich.edu.

### The Grocery Gap (# supermarkets)

	1970	1990
Los Angeles	1068	694
Chicago	1003	469
Manhattan	302	177

Source: Urban Ecology, 1997

### Downtown Health Index (the criteria)

Nice looking streetscape (patrons ignoring, rears, etc.)	Browsing shopping opportunities
Good mix of stores & businesses	Number of tourists drawn to downtown
Active merchants association	Parking
Cooperation and activity of city government	Favorable local job situation
Cooperation of banks	Low crime rate
Buildings in good repair	Significant population growth in the local area
Buildings restored to original historical character	Downtown serves as a cultural center for the community (theater, library, etc.)
Occupancy of storefronts	Downtown has identifiable landmarks (river or bay, historic structures, etc.)
Occupancy of upper floors	Overall retail sales
Quick-stop shopping opportunities	Local political situation

\*Correlated highest with overall rating of downtown health. Rating scale included "very good, good, fair, poor." Source: Norman Tyler, 1987.



Houder PHOTOGENE KASPER

Fred Mathews and his wife, Thelda, stroll through downtown Dowagiac, which was rated the third-best for small towns in Michigan. Mathews, a local optimist involved in many community activities, has a lot to do with the downtown's vitality — he's head of the city's Downtown Development Authority.

## Attitude revives 'dead' downtown

By LYLE SUMERIK

South Bend Times

**DOWAGIAC** — If attitude is a key to the success of a community's downtown, it is little wonder that Dowagiac ranks high on a list of small towns with healthy centers.

"I agree 100 percent," commented Fred Mathews, a local optimist who is chairman of the city's Downtown Development Authority. "Attitude is No. 1. People want to blame a town, but a town is made up of people. The difference between successful and unsuccessful communities is attitude."

Mathews cited Dowagiac as a prime example.

"In 1986, the attitude here was 'Dowagiac is a dead town. There's no way to bring it back,'" Mathews said. "The downtown looked like a war zone. Half of the stores were vacant and boarded up."

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The downtown looked like a war zone. Half of the stores were vacant and boarded up.

Fred Mathews  
Dowagiac Downtown Development  
Authority chairman

Since the development authority was organized in 1987, the city has completed one streetscape, 37 storefronts have been restored, and just last week, ground was broken on the Depot Drive streetscape.

The city also ranks well above the national

average for new business successes. Since 1987, 66 new businesses have located in the downtown, with 44 still there; nine businesses have completed major expansions; and 10 merchants have opened apartments above their stores.

Overall, Mathews estimated that some \$15 million in local, state and federal funding has been invested in the development authority district since 1987.

All that helps Dowagiac jump from a score in the 30s, putting the city near the bottom of those surveyed in 1986, to a score of 66 and third place among 16 small towns throughout the state, based on a survey of local leaders and downtown merchants. The ranking was reported in Michigan Monthly, published in Ann Arbor. The city scored a solid third

See ATTITUDE/Page C2

## Sturgis town center also ranks high

By LYLE SUMERIK

South Bend Times

**DOWAGIAC** — Joining Dowagiac on a list of southwestern Michigan small towns with healthy downtown business districts are Sturgis and South Haven.

Sturgis, in southern St. Joseph County, ranked fourth, just one place behind Dowagiac, while South Haven, on Lake Michigan in Van Buren County, was 10th among the 16 communities ranked.

"I'm elated to see our standing right behind Tecumseh, Marshall and Dowagiac, all with viable downtowns," said Kim Musloff, executive director of the Sturgis

Downtown Development Authority.

Musloff said the primary effort now in Sturgis is to work both on restoration and attitude and on more promotions. She said the presence of U.S. 12 through the downtown has brought in traffic but has restricted what the city can do.

"We've done what typically everyone else has done," remarked Gary Mayer, director of industrial development for Sturgis. "We tried the planters but took them out this year in favor of hanging baskets. In place of the plastic and aluminum look, businesses are going back to the quaint, old style of yesteryear."

Mayer pointed out that with Wal-Mart and Kmart drawing some business out of the downtown, "we have an active group of downtown merchants trying to make things happen, trying to keep viable retailers instead of more offices."

South Haven depends heavily on fair-weather tourism for its perch and salmon fishing charter industry. The downtown fronts on the river and harbor, with some seasonal businesses, but most retailers are there year-round.

The downtown's success, in part, is a result of cooperation between the business community and city government, according to Larry King, executive director of

the Greater South Haven Chamber of Commerce.

"There has been no real structured program," King said, "more of a focus by the Chamber on the retail and downtown area, with the city promoting development by working to get vacant lots developed and demolishing old buildings."

Among projects undertaken by the city are a riverfront park that takes walkers through the downtown and a 40-slip marina. The city also recently entered into an agreement to extend sewer and water to neighboring townships, promoting residential and industrial development.

# STAYDOWN

LUDINGTON, MIC HIGAN

TUESDAY, AUGUST 15, 1995 \$10

## Attitude a key to downtown's health

*A few people can make a difference, researcher tells businesses*

By SUE REINICKE  
News Editor

I entrepreneurship, the right mix of businesses, and a few key elements that can make a downtown successful.

But something else also is needed there's another ingredient that's very important, he said. "It's attitude," he said. Norm Tyler, a researcher and Eastern Michigan University professor who has spent years studying the health of downtowns of smaller cities in Michigan, said he has seen the same people from Ludington, Scottville and Manistee.

Speaking at an unusually large audience at a breakfast sponsored by the Scottville and Ludington chambers of commerce, Tyler said even

one or two people in strategic places with the right attitude can turn a downtown around.

"If you change attitudes, things happen," he said. He told how one couple in the southeastern Michigan town of Ludington, which has a larger than Ludington, turned the downtown business attitude around by taking a personal interest in neighboring businesses, offering suggestions and finding out ways to improve the businesses and the district.

And while streetcape and parking projects, such as under way now in Ludington, are nice, Tyler said, "it's attitude that counts." He said he has seen the same people from Ludington, Scottville and Manistee. He said he has seen the same people from Ludington, Scottville and Manistee. He said he has seen the same people from Ludington, Scottville and Manistee.

Key factors, aside from attitude, that he cited included:

- Defining a market strategy. In Ludington's case, he said, capturing tourism is the fairly obvious strategy. But he said he has seen several possible strategies. "Establish what market you're going after and how you are going to get there," he suggested. Then work to make it happen, he said. "It's not just an attitude thing in businesses that fit the marketing mix."

- The business mix. "The kinds of businesses you have, how they mix together to create a downtown, is important," he said. He noted the business mix is what draws people, if it is good - or keeps them away, if it isn't good.

(See DOWNTOWN, page 3)

## DOWNTOWN

(Continued from page 1)

ing predictable and convenient hours and be seen when customers are shopping. Tyler described Ludington businesses he saw open Sunday night when he arrived downtown saying they are doing what he called "retail therapy."

Tyler also talked about the impact of "retail therapy" on downtowns. Wal-Mart, Kmart and other discounters on downtown. He said it is futile for downtowns to try to compete head on with the same merchandise the discounters sell.

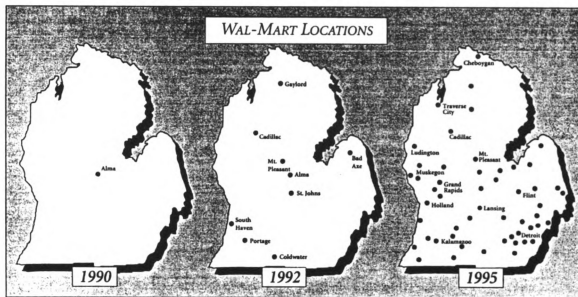
However, he said there is an opportunity to capture the discounters' customers. "You need to do something further away from the downtown alone used to draw from - by offering different products and better service. If you do that, you can attract a different kind of customer. And they also have to do what has worked for the discounters. That means hav-

ing predictable and convenient hours and be seen when customers are shopping. Tyler described Ludington businesses he saw open Sunday night when he arrived downtown saying they are doing what he called "retail therapy."

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# The Wal-Mart Invasion

Five years ago, there wasn't a Wal-Mart to be found in Michigan. But like a blitzkrieg, the Arkansas corporation is fast blanketing the state, leaving downtown retailers scrambling to stay afloat.

By NORMAN TYLER

**A**lthough large department stores have typically located in major metro areas, the Wal-Mart chain has made its fortune by focusing on smaller cities. Wal-Mart's founder, Sam Walton, specifically targeted cities with populations of 20,000 or less for his store locations. The stores have appealed largely to lower and middle-class households—forty percent of its customers have household incomes of \$20,000 or less. With this marketing strategy, Wal-Mart has quickly become the biggest discount retailer in the country. In 1994, Wal-Mart sold \$65 billion in merchandise out of its 2,500 stores, far outdistancing the \$34 billion sold by Kmart, with its 3,800 stores.

Wal-Marts have thrived in small towns for many reasons. They have faced little competition from small local retailers. Small cities and townships don't usually regulate land development very strictly, and most wanted the increased tax base Wal-Mart would create. The stores' attractive prices lure customers from surrounding communities, creating an economic impact well beyond the cities where they are located.

The first Michigan Wal-Mart was built in Alma. Now, five years later, there are 53 across the state, and they continue to be built. Although Wal-Mart first located in

small towns where it didn't have to compete with a Meier or a Kmart and could easily establish retail dominance, the company has more recently moved into larger metro areas to take on its rivals directly.

Not surprisingly, Wal-Marts have had a startling impact on retail in many downtowns. Writes researcher Edward Welles, "As Wal-Mart rolled out its franchises, it sucked commerce off Main Streets, destroying traditional retailers that had served their communities for generations." But in a study of the impact of 14 Wal-Marts in Iowa, Kenneth Stone found positive impact in towns where Wal-Mart had located. It was the communities a few miles away that the Wal-Marts hurt. Towns within a 20-mile radius of the Wal-Mart stores saw total retail sales drop an average of 25 percent after five years.

There's a lot of concern in smaller Michigan cities about the impact of the Wal-Mart invasion on downtown retailers. Merchants in Cadillac directly tie their downtown's vacancies with the arrival of a Wal-Mart in the area. Most of the small retailers who have moved out to the new malls on the city fringe have done well, while those who have stayed downtown have suffered. A small retailer in Lapeer said she couldn't buy goods wholesale for what Wal-Mart was selling them retail. However, one downtown businessman said the problem

is "small-mindedness"—merchants are trying to compete directly with Wal-Mart, when they need to revitalize new customer markets.

Wal-Mart's impact hasn't been that great in Howell, according to a local official there, because the downtown's upscale specialty stores have kept a niche that is separate from the products the large discounters carry. One specialty shop merchant said Wal-Mart has actually helped their business by drawing shoppers in from a larger area. A new business owner said he didn't feel the threat, for he saw Wal-Mart and Kmart catering to elderly customers, while downtowns are still appealing to younger customers.

In South Haven, responses to the Wal-Mart have been mixed. Some feel the new store almost killed the downtown, with vacancies going as high as 20 percent while businesses adjusted to a new retail mix. But a local official indicated the downtown at that time had a poor variety of stores, and Wal-Mart actually filled a large void in the retail mix.

*Norm Tyler teaches urban planning and historic preservation at Eastern Michigan University. He studies the health of Michigan's smaller downtowns.*

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