

## NEIGHBORHOOD COMMERCIAL NODE VISION

### A. INTRODUCTION AND PROJECT DEVELOPMENT

The City of Rockford is seeking development proposals for parcels of assembled land on the SE quadrant of the North Main Street (IL 2) and Auburn Street intersection. The following section provides general guidance for the development proposals. Development proposals should consider the needs of the adjacent neighborhoods, and shall prioritize convenient multimodal access to goods, services, and entertainment options. In addition the proposals should consider the possibility of additional land assembly in the immediate vicinity so that a coordinated strategy can be used over time to produce revitalized mixed use development beyond the limits of the initial implementation being requested at this time.

The proposal guidance is not intended to limit the creativity of the development community by prescribing specific design standards, rather to provide a framework of design options that serves the needs of the public sector and meets with stakeholder expectations while providing an economically viable development for the private sector. Proposals may become a template for future development at neighborhood nodes within the city that have a commercial component.

### B. PREVIOUS PLANNING EFFORTS AND STAKEHOLDER EXPECTATIONS

There have been previous studies done of the North Main Corridor that proposals should consider. Envision North Main Street, which can be found at <http://rockfordil.gov/community-economic-development/long-range-planning/corridor-plans/envision-north-main.aspx> provides a general land use planning framework for the entire corridor. The N. Main & Auburn Intersection Improvement Study, which is not available on-line, has specific site design and development layouts. While each of these studies has its own intrinsic value, neither effort captured the market factors or design requirements for the redevelopment of a specific site. While much of the information listed in the Market Analysis section of this RFP reinforces the findings of the previous studies, the current design of the roundabout will create a substantially different residual land component than was known at the time of the previous studies.

Each of the previous studies included significant engagement of the surrounding neighborhoods and the businesses that existed at the time the studies were produced. It is generally accepted that most of the existing businesses will probably not be able to sustain the increased building rent that redevelopment proposals should create in this project. The notable exception is Der Rathskellar, which is considered an anchor for the site and development proposals should consider the future expansion needs of this business.

### C. SITE DESIGN AND PHASING

The initial phase to be considered by proposals (Phase A) includes all residuals parcels on the SE quadrant of N. Main Street & Auburn Street after the construction of the multi-lane roundabout which is scheduled to be complete by the Spring of 2013. All existing structures in Phase A will be demolished prior to roundabout construction. A map of the proposed roundabout is shown below. Only the parcels that lie east of Main Street, west of Toner Avenue, south of Auburn Street and north of Myott Avenue are committed at this time. The buildable area in Phase A is approximately 36,000 square feet.

# Proposed North Main and Auburn Roundabout



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Future land assembly could include areas east of Toner Avenue, south of Myott Avenue and west of Main Street. The most likely subsequent phase(s) of redevelopment would be expansion to the east to include parcels which directly abut Phase A. Development proposals for Phase A should consider an ultimate development framework that includes this additional land assembly.

The graphic below depicts one possible and very likely future expansion scenario that includes two additional phases; Phase B & C. The buildable area of Phase B is approximately 13,000 square feet and Phase C is approximately 7,500 square feet.

INSERT NEW GRAPHIC

## D. PLANNING PRINCIPLES

### Walkability

Walkability is being introduced as a healthy community initiative to advance healthy lifestyles and to further the reduction of single-occupant vehicle usage throughout the region. Walkability promotes access to neighborhood shopping and entertainment choices without the need to drive or park an automobile. Adequate pedestrian/bicycle facilities that connect to both regional pathways and neighborhood streets are available in this near downtown location. It is highly desirable that development proposals prioritize access and circulation on foot. Because Phase A is relatively small and the automobile will have access to the site, specific attention should be paid to parking. The City is willing to entertain a reduction in parking requirements if walkability goals can be integrated into the site design. Common community space that promotes human interaction and serves as a neighborhood-friendly destination should also be considered as a site design option. Amenities to accommodate walkable transportation options shall include: bicycle racks, amply sized walkways, neighborhood walk/bike way connectivity, cluster development, way finding kiosks, identifiable crosswalks, slow traffic speeds (within the site), and other complementary amenities.

### Mixed Use

The vision for development on this site includes a commercial/retail component as well as a residential component. To fully utilize the potential acreage of this site a medium density approach is desirable. Advantages of adding a residential component include: lowering commercial rents by providing additional developer income, giving retail businesses a customer base on which to draw, and lowering the risk to the builder/financier. Proposals shall include building(s) with a minimum of 2 stories and a maximum of three. Ideally structure(s) along North Main Street would be 3 stories to define the site and give residents a view of the roundabout and surrounding area. Ideally these residential units would include individual balconies or access to above ground floor outdoor common space.

### Parking

Site designs that include parking should promote pedestrian flows in a comfortable and safe environment. A shared parking model, normally associated with larger public parking lots, can be employed on the access aisles and adjacent streets (Myott & Toner) to reduce or eliminate the need for parking lots dedicated to individual businesses. The availability of public parking in Municipal Lot G on the west side of Main Street between King Street and Auburn Street can be considered as a site design component to help promote this shared parking goal.

### Materials

Proposal shall include a description of façade treatments detailing the specific materials used and design elements to be incorporated on all buildings. Suggested materials include stone, brick or other masonry and must be indicative of the area surrounding the site to preserve the character of the neighborhood. Ground floor commercial façade treatments with brick or other masonry could be mixed with differing upper floor treatments as long as the aesthetic character of the buildings is maintained. Proposals that deviate from this guiding principle must provide material specifications, life cycle details and warranties. Commercial storefronts shall be composed of at least 30% windows. Proposals should describe the placement and design structure of all windows.

### Building Orientation

The building(s) on this site should be designed so that access to storefronts is located along both North Main Street and Toner Ave. This dual frontage provides superior access to customers, especially those on foot. Options to split the interior of the space into separate components with two establishments located back-to-back, with their respective entrances either on North Main Street or Toner Ave, may be considered. Therefore all sides of buildings must use the same materials and be designed with a similar aesthetic quality.

### Layout

Site plans and development proposals shall detail the layout and orientation of all proposed buildings, landscaping, and parking areas in relation to those that remaining in the adjacent parcels. Proposed building(s) shall have a zero setback to the sidewalk or proposed common areas. Zero setbacks are not necessarily mandated. Proposals may consider additional building setback for public spaces to be used for patios, outdoor dining, congregation space, seating areas, walking space, etc.

### Sidewalks

Sidewalks along Main Street are designed as part of the construction of the roundabout. The width of the sidewalk along Main Street is 10 feet. A wider sidewalk along Main Street may be considered by the development proposals by incorporating sidewalk pavement outside of the new Main Street right-of-way. Sidewalks that face Toner Ave shall be a minimum of 10 feet in width. Sidewalk layout provide superior walkability for patrons and residents of the site.

Proposals may consider sidewalk materials or treatments that differentiate the site from the rest of the neighborhood. But the materials or treatments should complement the overall design of the buildings. These treatments can include embedded art within the sidewalk, pavers, colored concrete, stamped concrete, and may be combined with traditional concrete sidewalks.

### Landscaping

Proposals must include a landscaping plan and may include planters, trees, bushes, flowers, hanging baskets, bio-swales and other landscape material. Landscape elements should be designed to negate storm water runoff caused by impermeable pavements and rooftops on the site. Tree installations should be designed with ample sized drip basins so that sufficient water and nutrients can be absorbed into the root system.

### Lighting

Proposals must include a lighting plan that provides adequate light levels for the uses on the site. Lighting designs that incorporate lighting units on the buildings is highly desirable. Lighting plans that reduce or eliminate lighting poles will be considered superior. Lighting calculations should prioritize evenness (max to min ratios) over minimum, maximum or average light levels. Light sources that utilize new environmentally friendly technologies that minimize light pollution and energy consumption are desirable.

## NEIGHBORHOOD COMMERCIAL MARKET ANALYSIS

### A. INTRODUCTION AND DEMOGRAPHICS

The North Main and Auburn site is bounded by four established neighborhoods, Churchill's Grove, Edgewater, North End Square and Signal Hill. The vast majority of all parcels in these four neighborhoods are contained within a half-mile ring around the intersection and for the purposes of this market analysis are defined as a walkable distance. Graphics X and X show the parcels within this half mile ring as well as a quarter mile ring, and displays the fair market value. Eight census-defined block groups area are contained within the walkable distance. It is the intent of this analysis to show business potential through consumer spending habits and retail leakages/surpluses from these neighborhood areas. Graphic Y also shows the study area with a 1-mile, 2-mile and 3-mile buffer to assist in the understanding of retail options in the current marketplace, their relative location to the study area, and the potential market opportunities for the assembled land.

Demographics for the study area can be found in the data packet addendum. Data elements include age, race, and homeownership. Age data was delineated into five year age cohorts. Race includes the percentages and total populations for each racial group listed by block group. Homeownership includes the total number of housing units, number of housing units owned, number of dwelling units owned, and the percentages of dwelling units owned or rented.

### B. DATA SOURCES AND METHODOLOGY

The main data sources used in this analysis include:

- 2010 ESRI Business Summary and Location Data (which includes retail surplus/leakage)
- 2010 ESRI Consumer Expenditure Data
- US Census Bureau Data (which included the Year 2000 and the American Community Survey –ACS)
- WinGIS parcel level data (which includes information on parcel assessments and land use types).

Data that was mapped through GIS includes: Per Capita Income, Household and Median Household Income, Fair Market Value, and Property Type.

The graphics and tables that were used in the analysis and that are included in the addendum include:

- Packet A - Maps
  - Fair Market Value (2008) within established neighborhood boundary
  - Fair Market Value (2008) quarter and half mile buffers
  - Property Type quarter and half mile buffers
  - Household Income by Block Group
  - Median Household Income by Block Group quarter and half mile buffers
  - Household Income for surrounding census block groups – Chart table montage
  - Per Capita Income by Block Group quarter and half mile buffers
- Packet B – Business Tables
  - Individual “snapshots” of businesses located within each individual block group in the study area
  - Comprehensive list of businesses within the eight block group area which includes business classification and type
  - Sales Volume by business NAICS sector and subsector
- Packet C – Consumer Expenditure Tables
  - “Income vs. Fair Market Value” household expenses by block group

- Consumer Expenditures segmented in spending categories (i.e. Food, Transportation, etc.) by block group
- Demographic Table including Age, Race, Home Ownership (2010 Census)

### C. CONSUMER EXPENDITURE DATA

This section specifically details spending by residences within the eight block group area. The categories listed are not representative of all the spending done by residences, but lists the major expenditure categories. The statistics listed are purely the aggregate spending by all the households in the study area.

The goal of looking at expenditures is not to necessarily determine which businesses will work in this location; rather it is used to provide a synopsis of the items residents spend their money on. Examples of similar businesses that fall within each expenditure category either within the study area or within two miles of the intersection are listed. The distance to like goods and services will be an important key in determining market saturation. Given a set amount of spending, it may or may not be feasible to compete for a market segment that has established retailers.

#### Food Sales

Within the 8 Block Group area, the largest expenditure per household is that spent on food. An estimated \$21 million dollars a year is spent in this category by the residents within the study area. Of this, \$12 million dollars is spent of the category "Food at Home" which can somewhat be described as grocery products. The other \$9 million is spent on the "Food Away from Home" category, which includes all food intended to be consumed outside of the household. Meals at restaurants comprise roughly \$8 million of the "Food away from Home" category for this study area.

#### Grocery

Within a 2 mile radius of the intersection of North Main & Auburn Street there are several grocery stores. Those stores are Gray's IGA on Auburn St west of the study area (recently closed but may open under a different owner), a Hilander on the Northwest corner of Riverside and North Main, an A B Foodmart in the North Town Shopping Center, and a Logli/Schnucks on Rockton Avenue. There is also a SuperWalmart at Riverside & Central that is about 2 ½ miles from the study area. These are full service grocery stores carrying a full line of fresh produce, meats, dairy, frozen, and canned goods. Therefore, it is doubtful that a new store only carrying grocery items may compete successfully with these existing businesses. Grocery sales from predominately regional establishments with larger square footages dominate the market. Neighborhood grocers have struggled to compete.

#### Snack Food and Sweets: At Home

Spending in the snack food category represents about \$1 million in annual sales from residents with the study area. Businesses located in this area that sell these types of products are: Walgreens, Stop N Go, Express Convenience Store, as well as the grocery stores. This category may present some opportunity in the study area.

#### Food Away From Home

The Food Away from Home category, which is mostly comprised of meals at restaurants, is a major expenditure for households within the study area. Dining out for dinner comprised 48% of restaurant expenditures at about \$4 million dollars. Two thirds of the money spent at dinner time was spent at a full service restaurant while one third was spent in restaurants considered fast food in nature. Restaurants that fit the full service classification and are contained within the study area are: Der Rathskellar, The Olympic, JT's Bourbon Street Grill, Altamore Ristorante, and Deli Italia II. JT's Bourbon Street Grill will be demolished as part of the construction of the

roundabout and Altamore's, although popular, is only opened on a limited basis. There are no fast food restaurants within the 8 block group area, but within 2 miles there are many establishments including McDonalds, Pizza Hut, Culver's, Burger King, Happy Wok, Taco Johns and Beef a Roo.

Lunch Spending is approximately 34% of restaurant spending. Lunch spending is split 50/50 between full service and fast food restaurants, mainly due to the fact that people have a limited amount of time for lunch break.

Breakfast represents only 10% of dining expenditures at nearly \$800,000. Snacks are almost equal to this amount and represent about 8% of spending in the "Food away from Home" category. The small market for breakfast foods and the competition with fast food makes it very difficult to break into the market by only selling breakfast items. An establishment offering all three choices may actually do well in the study area due to limited selection of full service breakfast places especially given that most are closed on Sunday.

### Alcohol Sales

Household spending on alcohol is fairly robust within the study area with a yearly total expenditure of \$1.6 million dollars. 55% of this spending goes toward alcohol purchases for home consumption while the rest is spent on alcohol "Away from Home". The breakdown of alcohol by type is: Beer & Ale = \$452,132; Wine = \$334,000; and Other Beverages = \$87,134; Whiskey = \$28,000.

Alcohol spending "Away from Home" totals approximately \$730,000 which is mainly spent on beer, ale and wine at restaurants. There are two local restaurants that cater to this sector. The Olympic and Der Rathskellar are long established restaurants with a specific regional following. With the removal of the North Main Tap as part of the land assembly, there is market potential for an establishment catering to Alcohol Away From Home..

### Household Furnishings

The second largest amount of money spent within the 8 Block Group area is on household furnishings at \$4.5 million a year. Of this one third is spent on actual furniture, another third on "Other household items and the last one third is comprised of appliances, house wares, and floor coverings.

This sector has a few established retailers that are within a distance of two mile from the intersection, namely, Gustafson's Furniture, Al Grace Appliance, Guler Appliance, Wolf Den, and Vaughn's TV & Appliance.

### Apparel

This spending category ranks a close third behind that of home furnishings with almost \$4.5 million in household expenditures. Women's apparel dominates this spending sector with one quarter of expenditures; men's apparel lags behind at about one fifth. Expenditures on children's clothing is approximately \$675,000. Spending on watches/jewelry is just shy of half a million dollars matching the amount of money spent on footwear (a basic necessity).

### Other Opportunities

Outside of the above listed household expenditures, there are quite a few niche spending sectors that could be a good fit for business attraction within the 8 Block Group Study Area. The data indicates that residents are going outside of the study area for these retail opportunities. These niche sectors may represent a relatively small segment of household expenditures, but are so specific in nature that few local opportunities exist. Specifically these goods and services are: Personal Care Products, Pet Products including Veterinary Services, Medical Services, and Professional Offices.

### Personal Care Products & Services

The average household in the Study Area spends roughly \$1.8 million dollars on Personal Care Products and Services each year. One million of the expenditures are in the form of physical goods such as cosmetics/perfume/skincare/nail products, and the rest is money spent on services like hair styling and nail services.

As a result of the roundabout construction, two hair styling services will be removed. One is located in the northern section of the roundabout and one is located directly on the redevelopment site. This presents an opportunity for businesses to be replaced upon completion of the roundabout construction, and possibly could involve relocation of the existing establishments.

Other businesses located in our study area include: Michael Alexander Hair Salon, Paul's Hair Studio, Duke and Lords Family Haircutting, Bailie's Hair and Nail Studio, Gallion (onsite), and Reflektions I Hair Studio. The only opportunity to locally purchase specific hair care, nail care, perfume, bath, cosmetics, and skincare products within a reasonable distance are at big box and large grocers.

### Pet Products and Services

Fairly untapped markets in not only the study area, but within the region as a whole are products and services geared towards pet owners. The households within the Study Area spend \$1.4 million annually on pets whether it is in the form of Pet Food at \$450,000, Pet Supplies/Medicine at \$470,000, Veterinary Services at \$337,000, or Pet Services at \$108,000. One business that caters to this sector, Pampered Pet Grooming, is being removed as part of the roundabout construction. Rockford Animal Hospital is within a short driving distance, but stores catering specifically to animal goods as a whole do not exist in the immediate vicinity.

### Medical Services

There are significant expenditures within the study area for medical services. There are a number of establishments within close proximity that would compete highly with any opportunities created on the redevelopment site.

Recently, a national drug store chain has shown interest in relocating a store to the northwest corner of the roundabout intersection. The physical limitations of the redevelopment site make it unlikely that a traditional design for a big box prescription drug retailer could work, but the addition of such a retailer may prove beneficial as an anchor on the redevelopment site. Therefore, non-traditional design of an anchor drug store should be considered.

Medical services for a dental practice may be viable as a medical use on the site. Within Phase B & C of the redevelopment site there is a dentist office that could be relocated or replaced. Minor medical offices such as this could provide a steady stream of clientele for some of the other uses mentioned in this section.

### Professional Offices

The data available shows that professional services can be a potentially viable use within the study area. Professional Services can include: Insurance offices, Brokerage firms, Tax Preparation services, etc. This type of use would complement the mixed use nature of the site giving retailers, especially limited service restaurants, a clientele base on which to draw.

Computer services – spending on computer information services is approximately \$650,000, with PC Repair being \$22,000.

Legal Services – About half a million dollars is spent on legal fees making a small local lawyers office possible.

Vehicle Insurance – A little over \$3 million is spent on insuring vehicles in the study area. The Murray Agency is the only insurance business in close proximity to the study area. Although competition from internet insurance sales is eroding the traditional insurance office business.

### Transportation

Spending on Transportation is the highest expenditure in the study area, but vehicle purchases represent a substantial portion of this sector. New and used car facilities have become more regional in which probably precludes this type of business from the study area. Zoning and land use considerations also make this a poor fit for the study area.

The amount spent on Transportation in the category of Other Vehicle Expenses totals a little over \$7 million and includes vehicle maintenance, tire sales and car repair, but excludes gasoline and motor oil. A small auto parts store integrated into a mixed use building may have commercial viability. The key is the integration of such an auto parts retailer into the type of building prescribed at this location especially given the square footage requirements for such an inventory.

### Residential Component

Residential units are part of the vision for this site to complement the retail. It also serves to possibly decrease the amount of rent charged to commercial retailers by supplementing the income of the building's owner/developer. Because of the incremental cost to build upwards, residential income generation can not only build a customer base for the retailers but also downgrade the investment risk. Rents can be in the range of \$600 to \$900 dollars a month depending upon amenities and size. This type of mixed use development is fairly new to the Rockford market. Therefore, it is hard to gauge the exact amount of rent that could be garnered from quality units at this location. The majority of units within the study area do not command rents of this magnitude, but also are mostly single-family to multi-family conversions or large apartment buildings. Units of this type in Downtown Rockford enjoy a high occupancy rate and provide the lifestyle amenities envisioned in this development site.

An analysis of housing characteristics based upon the fair market values found in the parcel level data in the WinGIS system is summarized in the addendum tables. This data is produced by the Winnebago County Assessor's Office. The table referred to in this section can be found under the title, "Income vs. Fair Market Value". An assumption of a standard 30-year mortgage at a 5% interest rate was assumed for the analysis. The minimum base level of rent was assumed to equal the mortgage.

### D. RETAIL LEAKAGE / SURPLUS

Retail leakage means that residents are spending more for products than local businesses capture. Retail sales leakage suggests that there is unmet demand in the trade area and that the community can support additional store space for that type of business. Retail leakage is determined by subtracting potential retail sales from actual retail sales.

Calculated leakage may or may not mean that opportunities exist to start retail businesses specifically to capture that leakage. For example, there could be a strong competitor in a neighboring community that dominates the market for that type of product or store. There are a number of possible reasons for calculated leakage.

- ✓ Households may be purchasing a particular item in another block group or surrounding community. These purchases may occur for several reasons, including too few neighborhood/local stores in this sector to meet local demand or household members commuting to these other communities and choosing to make purchases near their workplace, regardless of the availability of local retail outlets. Note that local/neighborhood businesses that can compete with stores located elsewhere on price and service are more likely to attract customers.
- ✓ Study area block group households may be purchasing items from stores classified in another sector that are typically sold in stores under the sector showing leakage. An example might be apparel stores: Households may be more likely to purchase apparel at department stores because they may show a preference toward purchases at general merchandise stores rather than at specialty stores (i.e. boutique, etc.).
- ✓ Block Group household demand for items sold in a specific sector might be less than for the average household in the city/state.

Whichever of these factors is responsible for the calculated leakage in any particular sector, there still may be potential for retail expansion if households change their current spending behavior and patterns. Perhaps this can be accomplished through advertising or local retailers increasing their competitiveness, in terms of price and/or service, with stores in other sectors or other communities currently capturing the estimated leakage.

Business investment *should not be based solely* on this analysis. Investors should conduct their own independent business feasibility analysis before opening a store with the intent to capture retail leakage within the study area.<sup>i</sup> In examining 2010 retail leakage/surplus data from ESRI, the following sectors have been identified as the top eight in terms of retail sales dollars leaving the study area.

SECTOR	LEAKAGE (\$)
Motor Vehicle / Automobile/ Parts Dealers	-12,377,344
Food/ Beverage/Grocery Stores	-10,372,738
Gasoline Stations	-10,039,183
General Merchandise Stores	-8,238,476
Food Services & Drinking Places	-6,960,329
Limited-Service Eating Places	-5,066,149
Other General Merchandise Stores	-4,340,086
Dept Stores excl Leased Depts	-4,278,758

A retail surplus means that the community's trade area is capturing the local market plus attracting non-local shoppers. A retail surplus does not necessarily mean that the community/ local area cannot support additional business. Many communities have developed strong clusters of stores that have broad geographic appeal. Examples of these types of retailers include: sporting goods stores, home furnishing stores, restaurants, regional grocers, and other specialty operations that become destination retailers and draw customers from outside the local market/trade area.

Examining the quantitative aspects (Leakage/Surplus) is only part of the evaluation of community's retail opportunities. Before any conclusions can be drawn about potential business expansion or recruitment opportunities, qualitative considerations such as trade area psychographics and buying habits must be analyzed in context of other market factors.<sup>ii</sup>

The following table displays the Retail Sector and NAICS codes of types of retail services within the eight block group study area that are meeting local demand. When comparing actual spending to potential spending in these particular sectors, actual spending surpassed projected potential spending. It is important to note that sectors included in this list are *not necessarily available in each individual block group* of the study area. Please refer to *Graphic (\_A\_)* for a listing of each individual block group's sector *surpluses*.

<b>Retail Sector</b>	<b>NAICS</b>
Auto Parts/Accessory/Tire Stores	4413
Bldg/Garden Equip/Supply Stores	444
Drinking Places-Alcohol	7224
Electronics & Appliance Stores	443
Florists	4531
Food and Beverage Stores	445
Food Services & Drinking Places	722
Full-Service Restaurants	7221
Gasoline Stations	447
General Merchandise Stores	452
Grocery Stores	4451
Health and Personal Care Stores	446
Jewelry/Luggage/Leather Goods Stores	4483
Lawn/Garden Equip/Supply Stores	4442
Miscellaneous Store Retailers	453
Office Supply/Station/Gift Stores	4532
Other General Merchandise Stores	4529
Other Misc Store Retailers	4539
Special Food Services	7223
Specialty Food Stores	4452
Used Merchandise Stores	4533

#### E. INCOME AND AREA ANALYSIS

In determining characteristics around the North Main and Auburn site, factors such as land use/property type, fair market value of properties, income per household, income per capita were examined. Data regarding land use/property types and fair market value were retrieved from WinGIS' database and income data was retrieved from the U.S. Census Bureau<sup>iii</sup>

Land use/property types within a half mile radius are as follows:

- **45.1%** of properties within a half mile radius of the site have a Fair Market value between \$0-\$100,000 while only **1.3%** of properties have a Fair Market value of \$500,000-\$1,500,000
- **82.7%** of properties within a half mile radius are classified as single family residences while only **2.6%** of properties are classified as commercial business
- **61.2%** of housing units within the eight block group study area are classified as "owned", while **38.2%** of housing units are classified as being "rent".

Income (households) by Census defined block group are as follows:

- 9.3% of households in the eight census block group area earn less than \$10,000
- 26.3% of households in the eight census block group area earn \$10,000-\$29,999
- 40.5% of households in the eight census block group area earn \$30,000-\$59,999
- 17.9% of households in the eight census block group area earn \$60,000-\$99,999
- 3.7% of households in the eight census block group area earn \$100,000-\$149,999
- 2.3% of households in the eight census block group area earn \$150,000 or more

Comparing the household income data with larger areas, in this case the City of Rockford and the Rockford Urbanized area respectively, the following table results:

Geographic Area	Less than \$10,000	\$10,000-\$29,999	\$30,000-\$59,999	\$60,000-\$99,999	\$100,000-\$149,999	\$150,000 or more
City of Rockford	11.3	28.3	29.8	19.0	7.8	3.8
Rockford Urbanized Area	8.7	24.4	29.9	22.8	9.9	4.4
<b>Block GRP Study Area</b>	<b>9.3</b>	<b>26.3</b>	<b>40.5</b>	<b>17.9</b>	<b>3.7</b>	<b>2.3</b>

As it can be seen, the study area has a higher percentage of households earning \$30,000-\$59,999 than both the City of Rockford and Rockford Urbanized Area do in that income bracket, respectively. However, *as household incomes increase from \$60,000 and up*, the percentages of households within the study area are less than those of the larger comparison areas.

*In terms of per capita income statistics:*

- The highest per capita incomes occur within the Churchills Grove area (\$28,173 for BG30001 and \$28,816 for BG30002)
- The lowest per capita incomes occur within the Signal Hill area (\$15,384 for BG31002 and \$10,867 for BG31003)

*In terms of median income statistics:*

- The highest median household incomes occur within the Churchills Grove area (\$41,324 for BG30001 and \$65,250 for BG30002)
- The second highest median household incomes occur within the eastern portion of the North End Square area (\$44,196 for BG34003)
- The lowest median household incomes occur within the Signal Hill area (\$33,000 for BG31002 and \$36,214 for BG31003)

## F. RECOMMENDATIONS

There are opportunities for multiple business types that could feasibly fill the space generated by development at this site. Analysis of consumer expenditures, retail leakage/surplus, and neighborhood character lead to the following recommendations for business sectors that may have a market base for their goods in the area. There are similarities in the recommendations presented here and previous studies.

### Grocers

The current analysis has shown that spending of food items is a significant portion of household expenditures. Given the fact that many opportunities for grocery items exist within a reasonable driving distance to this area, it is not recommended that a store selling general grocery items be placed on this site. However it may be feasible to have a specialty grocer occupying limited space within the development. The retail leakage data shows that people currently spend money in this sector outside of the study area. The leakage data for this study area is elevated because of the fact that no grocers are located within the 8 block group area. Although the expenditure data supports the leakage data in the fact that a large percentage of expenditures are spent on grocery items, but none of those dollars are captured within the study area. Additionally there are no specialty grocers within 2 miles. The expenditure data for this sector can be found under the "Food at Home" heading and in the retail leakage section.

Also, there seems to be a large amount of expenditures on snack/sweets/confectionary items. The attraction of a specialty snack/sweets/confectionary store selling items that could not be otherwise obtained in a convenience store could be a good fit.

### Restaurants

Through the analysis of the data provided in previous sections, there is opportunity for an additional full service and/or limited service restaurant(s). Full service restaurants are loosely described as sit down and eat type of environment while a limited service restaurant deals in mainly food taken outside of the establishment. The replacement of a neighborhood drinking establishment could be included within a full service restaurant. The removal of the North Main Tap presents a potential to replace this drinking establishment with either a full service restaurant or stand alone drinking establishment. This new establishment would have to complement and not be a nuisance to surrounding businesses and homes.

A major component of the development vision is to complement the anchor, Der Rathskellar. An additional restaurant that would not directly compete with this business but would add to the character of the site and the neighborhood would be highly desirable over other uses. This is the broad vision of the site, to provide a place and atmosphere for use beyond typical working hours and to provide quality of life venues for the surrounding neighborhood. Specific spending amounts can be found in the "Food Away from Home" category under the consumer expenditure section.

### Professional Offices

The expenditure data tells us that people within the study area spend a relatively high percentage of their money on professional services, whether that is in the form of medical services such as dentistry, the purchasing of insurance, or money management services. The attraction of these types of professional offices could be promising and would provide retailers, especially restaurants, a clientele base. Since the space that would accommodate these end users is easily converted, the attraction of this group of merchants is desirable and with the existing spending in this category potentially viable and desirable.

### Personal Care Services & Products

Nail/hair salons and their corresponding products comprise a sizable chunk of expenditures. With this in mind, the attraction of these types of services could provide a clientele for either retail goods or restaurant patronage. With the demolition of a multiple hair salons, it would be desirable to make space available for this type of end user, knowing that either of the two current businesses may chose to continue operations at this location once redevelopment is complete.

### Pet Goods & Services

It seems that despite what seems to be an extremely high amount of spending on pets in the study area, there are no location within the area or within a reasonable driving distance to obtain such goods and services. A large opportunity exists to supply such goods and services due to the lack of market availability.

Based on the economic data listed above, these are the businesses that may be viable at this location. Not knowing specific information about each individual market and the complex dynamics that can either make an individual business successful or not, please provide a list of potential businesses that you as the developer believe can be attracted to the redevelopment site given the Neighborhood Commercial Node Vision Section that follows.

Keep in mind that to complement the existing anchor, Der Rathskellar, additional full/limited service restaurants and/or drinking establishments could provide additional clientele to both the anchor and possible retailers on the site. It is the vision that this development services the needs of the adjacent neighborhoods by providing an area that complements and supplements the quality of life of existing residents while attracting and/or retaining new talent.

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<sup>i</sup> Explanation of a retail leakage was retrieved from the *Oroville Taxable Retail Potential Analysis (2007)* conducted by Center for Economic Development, California State University, Chico.

<sup>ii</sup> Explanation of a retail surplus was retrieved from the *Retail Leakage and Surplus Analysis* produced by Buxton; Fort Worth, Texas. [www.buxtonco.com](http://www.buxtonco.com)

<sup>iii</sup> Using 2000 data- Income data is not available on a block group basis through the 2010 Census or through the 2005-2009 American Community Survey (ACS). As a result, 2000 block group data has been used.