

Information and Tools for Citizen Planners

Introduction

Remember the days when most of your shopping was done at local stores owned by people in the community? Remember when downtown was the center of activity because of the local stores? Remember when running errands meant staying in your own community or area, seeing friends and neighbors and having a chance to “catch-up”? Maybe life is still this way for you. For many people, however, shopping and running errands means frequenting large retail chains, in distant retail centers, in the company of strangers from many different communities. Shopping is not quite so local and neighborly anymore. But this is beginning to change. “Buy local” is the new slogan. People are recognizing the value of local businesses and the contribution they make to communities. As a result, a growing number of communities are adopting policies and strategies to strengthen and rebuild their hometown businesses. If your community would like to do more to support local businesses, there are strategies and resources available.

Why Support Locally Owned Businesses

Locally owned businesses play a crucial role in maintaining vibrant, functional town centers. They also contribute significantly to the social health and economic vitality of Maine's communities.

Vital Town Centers

Many of Maine's downtowns have become lifeless and vacant as local businesses have been replaced by large retail development in outlying areas. Locally owned businesses are crucial to revitalizing our downtowns. Lively downtowns filled with an array of goods and services make in-town living appealing, helping to counter sprawl. Downtown businesses also tend to be clustered together, increasing citizen interaction and contributing to a vital downtown feeling.

Strong Communities

There's much to be said for the civic value of doing business with our neighbors—people who greet us by name, send their kids to school with ours, and have a vested interest in the long-term well-being of the community. Local merchants often sponsor cultural events and take a leadership role in community organizations. Studies have found that they contribute significant time and money to local causes (Source: Patricia Frishkoff, [Business Contributions to Community Service](#), Small Business Administration, 1991)

Economic Growth and Jobs

Locally owned retailers are powerful economic engines for the state. They purchase many of their inputs—from inventory to banking and accounting services—from other Maine-owned businesses, generating income and creating jobs. One study, conducted in the Midcoast region, found that locally owned businesses spend 54 percent of their revenue within the state, compared to just 14 percent for a typical superstore (see graph below). This means that if Maine residents shifted just 5 percent of the dollars they currently spend at national chain retailers to locally owned businesses, it would generate an additional \$187 million in economic activity and hundreds of new jobs for the state.



For every \$100 spent at a locally owned business, \$54 remains in the Maine economy as the store owner buys goods and services from other Maine businesses. In contrast, only \$14 of the \$100 spent at a superstore remains in the state.

Source: "The Economic Impact of Locally Owned Businesses vs. Chains: A Case Study in Midcoast Maine," by the Institute for Local Self-Reliance and Friends of Midcoast Maine, September 2003.

Lower Government Costs

Local stores situated in town centers are very efficient users of public infrastructure and services. They do not require an extensive road network, as large retail stores do, and therefore impose lower costs on local governments for road maintenance, police, and other services. A case study in Massachusetts quantified this difference, finding that a 150,000-square-foot store requires \$36,000 more each year in local services than the equivalent amount of retail space provided by small businesses in a compact downtown. (Source: Tischler & Associates, [Fiscal Impact Analysis of Residential and Non-Residential Land Use Prototypes](#), July 2002)

Healthy Environment

Studies have found that people who live in places where neighborhood and downtown businesses supply many basic, everyday goods and services drive fewer miles each year for shopping and errands than those in areas where large retail stores and malls are the only option. Driving distances are less and often walking is an option. Reduced driving contributes to a healthier environment because of less air pollution and lower greenhouse gas emissions.

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Downtown businesses, with their smaller building footprints and on-street parking and/or small parking lots, involve less pavement than large retail stores. Increased pavement leads to increased water runoff. "Parking lots rank among the most harmful land uses in any watershed," according to Tom Schueler of the [Center for Watershed Protection](#). Storm water runoff from parking lots contains high concentrations of phosphorous, nitrogen, trace metals, and hydrocarbons, and now ranks as one of the leading threats to water quality in many of Maine's lakes and streams.

Product Diversity

The best way to ensure responsiveness to local customer needs, and product diversity, over the long-term is a marketplace composed of a variety of independent small businesses, each making decisions based on the needs and tastes of their customers.

Strategies to Strengthen and Foster Local Businesses

There are many ways that communities can strengthen the opportunities for local businesses and in turn strengthen their local community. Establishing a community goal to encourage local businesses and working with existing and prospective local business owners are two ways to begin. Additional strategies are outlined below:

- **Review your comprehensive plan and zoning ordinances.** Make sure that your CP and ordinances support local businesses. Avoid zoning too much land for retail, to help concentrate retail development. Adopt land use policies to limit sprawling retail development. Examine requirements in existing commercial districts to be sure that new businesses can be accommodated; often times existing businesses could not be built under today's standards. Parking requirements, setback requirements, and allowed uses are some of the areas to review.
- **Consider limiting the size of retail stores.** Many communities are enacting "retail size cap" ordinances. These ordinances prohibit the construction of retail stores over a certain size. The intent is to encourage small-scale retail development in and around the downtown. Damariscotta, for example, adopted a measure that limits stores to no more than 35,000 square feet, about one-fifth the size of a typical superstore. The Institute for Local Self Reliance (www.hometownadvantage.org) provides resources and policy examples.

- **Start a downtown revitalization program.** Healthy downtowns provide ideal "habitat" for growing locally owned businesses. The Maine Downtown Center (www.mdf.org/downtown) provides resources to help your community develop and implement an effective downtown revitalization plan that includes rehabilitating buildings, recruiting and nurturing local businesses, and promotion.
- **Strengthen existing businesses and nurture new entrepreneurs.** Strategies include conducting a market analysis; setting up a retail business incubator; providing training and technical assistance to merchants; establishing a revolving loan fund; and creating mentorship programs that match new business owners with experienced retailers. Maine Business Works (www.mainebusinessworks.org), the Maine Downtown Center, and the Institute for Local Self-Reliance can all provide help.
- **Launch a public education campaign to encourage residents to support locally owned businesses.** Dynamic and effective "buy local" campaigns have been created in cities across the country since 2000. These campaigns, which highlight the economic and community benefits of locally owned businesses and encourage residents to make local stores their first choice, have proven remarkably effective. The city of Portland has recently started a "buy local" campaign (www.portlandbuylocal.org). The American Independent Business Alliance and Business Alliance for Local Living Economies provide how-to resources to help communities get started (see www.amiba.net and www.livingeconomies.org).

Additional Resources

- **The Institute for Local Self-Reliance** www.hometownadvantage.org
- **The Maine Downtown Center** www.mdf.org/downtown
- **Friends of Midcoast Maine** www.friendsmidcoast.org
- **National Main Street Center** www.mainstreet.org
- **Portland Buy Local** www.portlandbuylocal.org
- **"10 Reasons Why Maine's Homegrown Economy Matters and 50 Proven Ways to Revive It"** Institute for Local Self-Reliance and Maine Businesses for Social Responsibility (MEBSR). Call MEBSR at 338-8908 for a copy.
- **Big Box Swindle.** Stacy Mitchell, Beacon Press, 2006 www.bigboxswindle.com