

Green Power – Campaign to Fight Retail Redlining Matteson, IL

**ICMA Best Practices 2004
April 22-23 2004
Annapolis/Anne Arundel County, Maryland**

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Local Government Data (Please insert your data below)

Form of Government (e.g., council-manager, commission)	Village President – Trustee Administrator Form
Legislative Body (e.g., 8-member council, separately-elected mayor)	Elected Village President & 6 member Board of Trustees
Population	Village of Matteson 13,000 Chicago Southland 700,000
Area (in square miles)	Village of Matteson 10 sq. miles Chicago Southland 350 sq. miles
Budget	Matteson, \$20,000,000
Major Types of Revenue Sources in FY2003	Sales Tax, User Fees, Property Tax State Shared Revenues
Number of Employees	160
Socio-Economic Indictors Median Household Income Median Age Homeownership Rate (%) Educational Attainment: % w/ College Degree (or higher)	66,000 37 82% 25.4%
Leading Employers (including names of employers and industry sectors)	Retail
Other Distinguishing Characteristics	400 Retail establishments supporting a daily population of 30,000

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EXECUTIVE SUMMARY

The Village of Matteson, Illinois has exercised a leadership role in identifying to its greater regional community, the process of retail redlining, which has influenced the Chicago Southland communities from achieving their true economic potential. Harnessing a multi-community response, Matteson's administration has designed a retail marketing strategy to draw attention to this process of "unconscious racism." This initiative has effected a behavioural change within the retail community, creating the potential to mitigate the adverse impacts of this form of economic discrimination.

Characteristic to many regions throughout the United States the communities within the Chicago Southland experienced a huge swing in its demographics during the decades of the 1980's and 90's. With this influx of diversity came the unfortunate consequence of "white flight" from many of the Chicago Southland's economically viable and stable residential communities. While the process of residential "white flight" has been researched extensively, the process of "retail redlining" has largely been ignored, misunderstood and unaddressed with any cohesive community initiatives. Sensitivity in dealing with race issues resulted in a collective apathy within regional organizations, to address this issue in any meaningful way. As a result, the Village of Matteson, along with the diverse communities of the Southland, suffered tremendous economic losses resulting from the closure of large and small retail centers relocating to homogeneous communities north and west of the Southland communities. Further aggravating the economic distress, new retailers shunned the region, eliminating the opportunity for new economic starts to revive the communities' economic base.

In 1999, the administrative team was charged with the mission to restore the viability to the Village's retail corridor. Initially employing traditional economic development techniques, the administration soon recognized that the goal to restore high-end retail back to our community was constrained by the perception of our community. The false perception of the community and region is pervasive throughout the retail community and is carried by the decision makers who have control over the retail site locations. After compiling a series of empirical case study evidence supporting the contentions that the process of retail redlining was impacting our economic potential, the administrative team sought funding to conduct a market research study to confirm our suspicions. Conducting over 12 scientifically designed focus group studies, evidence was documented to support our hypothesis that new "Class A" retail was not coming to the Village of Matteson and many of our neighboring South Town Communities due to the process of retail redlining. Further, a determination was made through demographic research that the economic profile, location criteria, traffic and housing counts and psychographics for our community clearly should support the location decisions, which were not being realized. The analysis confirmed that through the introduction of diversity there came a corresponding increase in average household income, disposable income, median housing values, price point for new home construction, as well as an increase in the educational attainment of our population. The focus group research supported the contention that there appears to be a large disconnect between the perception of the Southland's market strength and the reality of that

strength. This false perception appears to be based on a misunderstanding of our diversity, the stereotyping of our population and/or simply the lack of knowledge of the “true numbers” that demographically define the fabric of our market area.

To combat the process of Retail Redlining, Matteson launched a five-step process to achieve the true economic potential of its retail market and service area. These steps are as follows:

Step 1 - Reorganization of Administrative Capacity to Address Economic Development

Step 2 - Letter Writing Campaign

Step 3 – Kimco/Kmart/Lincoln Mall Redevelopment Plan

Step 4 - Promoting Sales above Corporate Projections

Step 5 - Regional Green Power Day Rally

The community response to this initiative was overwhelming. Matteson officials dominated regional headlines educating our populous to the issues of retail redlining, unconscious racism and the power that the citizens have, individually, to make a difference within their community. “Buy local” initiatives have been advocated throughout the region. Citizens now have a heightened consciousness that their local purchasing power impacts directly to the quality of their schools, parks and municipal services. They further recognize that the concentration of purchases within the newly opened high-end, “Class A” retailers who have taken a “risk” by locating within the Chicago Southland (43 independent communities immediately south of the City of Chicago) will not only insure that center’s success but it will engender other retailers to locate within the retail market area.

The September 6, 2003 Green Power rally hosted hundreds of citizens from across the region. Sales records were established for many of the stores within the center. To date, Borders Books and Music is reporting a 170% increase above its initial sales projections with Sportmart more than doubling its sales projections and Linens n’ Things exceeding its competing store in a homogenous western community by over 3 times. The retail communities have already taken notice with announcements that another vacant and abandoned “big box” will soon be under contract for renovation and conversion. Retail brokers and retailers are citing a heightened consciousness of the success of the Borders/Sportmart Power Center and are now recognizing that their concern of market risk may be unfounded. The program demonstrates that while it is difficult to change socially held attitudes regarding race, communities can act strategically to combat the behavior and impact of prejudice, discrimination and racism.

PROBLEM ASSESSMENT/INITIAL POLICY ENVIRONMENT

The Process of “Retail Redlining”

The Chicago Southland has been presented with a unique opportunity that could change the course of its future. This opportunity can improve its quality of life, enhance its economic base and begin the process of insuring that its school systems and local municipalities have the financing to deliver the highest-level of services that can be afforded to the community. The unique element of this opportunity is that the power to make this change is not held by a Mayor, Council or Governing Board; the power is vested with the people, citizens acting collectively to make a difference.

The action required to make this change requires no special legislation, petition, candidate selection, protest, vote or financial contribution. It simply requires the public to modify how we shop for goods and services and in what community the public decides to invest its dollars. Everyday citizens are given the choice, a choice to invest in the community and region they live in, or in the pocketbook of another community. The public invests in another community or region with no interest in the quality of its schools, recreation, roads, police and fire and other municipal services.

The vote for this choice does not come from a punch card at a ballot box, but rather a credit card at a department store. Each day as citizens follow this pattern they enhance the services of others, widening the gap between the Chicago Southtown communities and the other communities of the Chicago Metropolitan area. In essence, one community directly subsidizes the tax base of other outlying communities enhancing schools, parks, and services at the expense of their own community. Indirectly residents increase the rate of return on home investment outside their own communities providing a mechanism for competing regions to capture more revenue thus perpetuating and widening the gap.

A. Geographic Setting

The Village of Matteson is a community of approximately 15,000 in population occupying an area of approximately 10 sq. miles. The community is situated within the southwest corner of Cook County, Illinois and is bordered to the west by Will County, where much of the new population growth is not occurring. Interstate 57 bisects the community and provides a direct northwest thoroughfare to Kankakee to the south and downtown Chicago to the north. In addition to its access to I-57, the Village of Matteson is approximately 3 miles south of Interstate 80/94, one of the nation's busiest east/west thoroughfares. Commuters enjoy a 30 to 45 minute ride to the Chicago Loop, which is approximately 28 miles due north. Aside from the interstate transportation corridor, a major east/west arterial bisects the Village. This corridor, US Hwy 30, commonly known as Lincoln Hwy., represents one of the nation's first coast-to-coast east/west arterial systems. As Cook County frames the eastern most boundaries of Illinois, the Village of Matteson is also uniquely situated to take advantage of both residential and commercial opportunities from its Indiana neighbours to the east, as the Indiana/Illinois state-line is only 12 miles from the Matteson commercial center. Aside from its vehicular transportation corridors, the Village of Matteson enjoys a commuter rail link along the former Illinois Central line, which provides southern access to a major State University and an additional link to a series of metropolitan communities to the north, culminating with a direct-link to the Magnificent Mile in Chicago's Loop.

In terms of its retail market place, the Village of Matteson competes with two other retail centres within a 15-mile radius. The City of Orland Park, with a homogeneous population of around 51,000 is approximately 15 miles northwest of Matteson's Lincoln/Cicero commercial corridor. This retail complex has the predominate benefactors of both the residential "white-flight" of the seventies and eighties and has been the commercial "retail flight" within the corresponding period. The second competitive retail centre is located approximately the same distance northeast of the Lincoln/Cicero commercial corridor. This center hosting the River Oaks Shopping Mall is located within the community of Calumet City. While situated in a diverse region of the Chicago Southland, the retail centre has been resistant to some of the consequences of retail redlining primarily because of the larger population density that exists within its retail market area. This larger population base and density factor has maintained a higher level of market share and gross sales per square foot thereby minimizing the economic impacts associated with the negative perceptions connected to retail redlining.

Matteson is one of 43 communities that make up the South Suburban Mayors and Managers Association. A council of governments representing the Chicago Southland, which extends from the southern most boundary of the City of Chicago, the Indiana border to the east, Village of Homer Glen to the west and University Park to the south. While the City of Chicago is one of the most diverse communities in the United States, it is also recognized as one of the most segregated communities in the United States. Historic settlement patterns of the

City of Chicago reveal that the majority of African-American populations resided within the area south of downtown Chicago. As suburban ring and outer ring communities developed a natural out-migration occurred, creating new housing opportunities for the various segregated communities surrounding Chicago’s central core. As a result, the majority of the communities that make up the Chicago Southland are characterized as communities rich in diversity having a strong population base of African-Americans.

Table 1 provides a chart of the major employers within the Chicago Southland area surrounding the Village of Matteson. The Chicago Southland as a whole is evolving from an industrial and manufacturing center to a service economy. Table 1 also exemplifies Matteson’s strength associated with its retail base. It is significant to note that the Matteson Auto Mall with 18 dealerships is the fourth largest, employing over 950 individuals. The majority of the residents within the Village of Matteson, commute to downtown Chicago fulfilling an array of professional and middle management positions within the Chicagoland region.

Village of Matteson and Vicinity
(All figures are approximate)

Employer	Address	Employees	Services/Products
Stamping Plant - Ford Motor Co.	1000 East Lincoln Highway – Chicago Heights	1,500	Ford Vehicle Stamping Factory
James Hospital – Chicago Hts	1423 Chicago Road – Chicago Heights	1,500	Healthcare
Governors State University	Governors & University – University Park	990	Education
Federal Signal Corporation	2645 Federal Signal Drive – University Park	800	Emergency Vehicle Equipment Manufacturing
James Hospital- Olympia Fields	20201 Crawford Avenue – Olympia Fields	800	Healthcare
Alfa Manufacturing	25150 Governors Highway – University Park	400	Pneumatic Actuator Manufacturing
Elementary School District 162	3625 W. 215 th St. - Matteson	350	Elementary Education
Matteson Auto Mall	5355 Miller Circle Drive - Matteson	900-950	Auto Dealerships (17)
Elementary School District 159	6202 Vollmer Road - Matteson	200	Elementary Education
Home Depot	20808 S. Cicero - Matteson	150	Retail Sales
Holiday Inn	Holiday Plaza Drive - Matteson	170	Hotel Operation
Five Garden	5220 W. 211th St - Matteson	108	Restaurant Operation
Hardware Corporation	21901 S. Central Avenue - Matteson	115	Paint Manufacturing
Walmart	21410 S. Cicero - Matteson	115	Retail Sales
Walgreens Pirie Scott	Lincoln Mall - Matteson	200	Retail Sales
Walgreens Enterprises	20821 S. Cicero - Matteson	120	Corporate Office
Goodyear Nobel	21625 Oak Street - Matteson	52	Resins and Vehicles
Walgreens	Lincoln Mall - Matteson	163	Retail Sales
Wacker Barrel	1020 Corporate Lakes Drive - Matteson	85	Restaurant Operation
Walgreens Wholesale Club	21430 S. Cicero - Matteson	79	Retail Sales
Walgreens Blue City	4011 W. 211th Street - Matteson	67	Retail Sales
Walgreens Target	21600 S. Cicero - Matteson	130	Retail Sales
Walgreens Source Inc.	4801 W. Southwick Drive - Matteson	61	Claims Investigation
Walgreens Best Buy	4747 Lincoln Mall Drive - Matteson	50	Retail Sales
Walgreens Circuit City	4818 W. Southwick Drive - Matteson	50	Retail Sales
Walgreens Ward's	21610 S. Cicero - Matteson	140	Retail Sales
Walgreens Anheim’s Greater Chicago Auto Auction	20401 Cox Avenue - Matteson	450	Dealership Auto Auction

B. Demographic Change/Retail Closures & Vacancies

During the seventies and eighties Matteson represented the retail hub of the Chicago Southland. Demographically its population was viewed as a homogenous community, possessing a moderate to average household income. Within the next decades, a dramatic change took place as new families poured into the area. As the new populations pushed

up our average household income, our educational attainment also increased. Increases in home value also occurred. Conventionally, the retail market community should have viewed these changes in a retail trade area positively.

Ironically, Matteson's economic strength appeared to have the opposite effect. Other than "big box discount centers" existing high-end retail centers lost market share, and few retail starts were recorded for the subsequent decade. "Class A retail" opportunities for Matteson and the diverse communities of the Southland were seemingly out of reach. The retail hub of the Chicago Southland was in decline impacting not only store location, but also overall investment, operation and maintenance budgets and merchandizing at the shelf.

Answers to the explanation of this phenomenon may be found in the fact that with our population and economic growth our community also grew in diversity. Matteson's percentage of blacks grew from 12.4%, in 1980 to 44.4% by 1990. By 2000 the percent of African Americans grew to 62.6%. While we, as a community, have recognized this as our greatest strength, the brokerage and retail community carried a biased perception on the "quality of our community" for new high-end retail investment. Stagnation in new economic starts eventually resulted in stagnation in existing retail centers. The decline in Lincoln Mall is but one vivid example of this process. A 1,000,000 sq. ft. regional shopping center, the mall currently has two of its four anchor stores vacant, with an additional 40% of its "in-line" smaller retail space vacant.