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## Money spent in local stores stays in area, study finds

*October 24, 2004***BY SHAMUS TOOMEY** Staff Reporter

Ever wonder how much of what you spend in a chain store gets carted out of town compared to the cash spent in a mom-and-pop?

A new study has put numbers to the question -- at least in the bustling Andersonville neighborhood on the North Side, an area that has drawn increased interest from chain stores.

For every \$100 spent in 10 locally owned shops studied there, \$73 stayed in Chicago's economy. For every \$100 spent in a chain with comparable products, \$43 appeared to stay, according to the study by Civic Economics, a firm that penned an often-cited 2002 report comparing a chain to a local bookstore in Austin, Texas. The Chicago study found that money spent in local stores stayed local because employees were paid more, owners used more local goods and services for their businesses and contributed more to local charities.

"It's what we felt emotionally, but we didn't have the economic data behind it," said Ellen Shepard, executive director of the Andersonville Chamber of Commerce.

The \$6,700 study was funded by a previously approved special taxing district. It was commissioned by the Andersonville Development Corp., a nonprofit group that works with businesses. Jill Metz, president of the group, said a spate of inquiries from chains and a desire to find out how to respond spurred the study.

"The street is a victim of its success," said Ald. Patrick O'Connor (40th), whose ward includes the popular Clark Street strip of stores. "So naturally now, the chain stores say, 'We want to get on that street,' where 15 years ago they could not have cared less."

Andersonville stretches roughly between Bryn Mawr and Foster and Glenwood and Ravenswood. On Nov. 1, Clark Street through Andersonville will be designated a "pedestrian-oriented street," a new city classification that limits drive-through businesses and protects the existing footprints of stores. The city is also studying a San Francisco ordinance that tries to restrict chains, but Chicago officials are unclear whether it is constitutional.

"It's difficult to ban a type of store or a store in particular when the only difference is where their corporate headquarters is located," Planning Department spokesman Pete Scales said.

Recognizable chains can be a boon. But chains catering to nearby residents siphon off money that would have been spent at a locally owned store, said Dan Houston, co-author of the Chicago study, which did not look at how store prices compared.

One concern raised was the tax breaks and other incentives offered to entice chains. The study advocated better policies to protect and promote local businesses instead. Representatives from chains in Andersonville did not return messages.

Andersonville officials offered suggestions to help the locals, including using tax increment financing to better

promote start-up businesses, and creating a business equivalent of the homestead property tax exemption for owner-occupied stores.

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