

## Bobbie Walthall

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**To:** David L. Corliss  
**Subject:** RE: Formation of a Community Improvement District at 23rd and Ousdahl Streets

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**From:** McClure, Kirk [mailto:mcclure@ku.edu]  
**Sent:** Monday, January 03, 2011 8:58 AM  
**To:** mikeamyx515@hotmail.com; aroncromwell@gmail.com; ljohnson@peridiangroup.com; mdever@sunflower.com; robchestnut@sunflower.com  
**Cc:** David L. Corliss; Roger Zalneraitis; Diane Stoddard  
**Subject:** Formation of a Community Improvement District at 23rd and Ousdahl Streets

Members of the Lawrence City Commission

Economic development planning is implemented using a variety of tools. Community Improvement Districts (CIDs) are among these tools. To be successful at economic development, it is necessary to know when and how to use each tool.

The City is asked to form a special taxation district that will apply a sales tax surcharge on purchases within the district. The proceeds from the surcharge will pay the debt service on improvements within the district.

Such a tool is designed to expand or rehabilitate the supply of retail space where the market will not. This is usually the case in poor, inner city settings where the supply of space is small relative to the spending capacity of the population. These underserved markets need help in getting developers to bring the supply of space up to the appropriate level. Lawrence, with its overbuilt retail market, is anything but underserved in retail.

This tool can also be used to foster the rehabilitation of substandard retail space that intrinsically contributes to the overall health of the retail supply. Lawrence is heavily overbuilt in retail space and is in need of a plan to focus on what retail space can and should be supported (such as downtown) and where the surplus stock of space should be allowed to contract.

In the absence of such a plan, retail property owners will seek the benefits of CIDs from the city to pay for improvements. Letting the property owners initiate and drive the process will likely result in scattered and ill-targeted overuse of the CID tool. If the use of CIDs is allowed to expand too far, Lawrence can gain a reputation as a market with hidden taxes that will damage its attraction to shoppers from outside Lawrence.

It is very hard to believe that the stores at 23<sup>rd</sup> and Ousdahl Streets are so intrinsically valuable to the City's efforts to preserve its overbuilt retail stock that it should be granted a CID.

Recommendation: Set the bar higher. Engage in a carefully conducted planning process that recognizes the linkages between retail spending and the amount of retail space that can be successfully supported. Implement economic tools skillfully so as to further this plan.

All the best,

Kirk

**Kirk McClure****Professor**

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