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City Commission
Lawrence, Kansas

Re: ***Text Amendment to Initiate a CC600 Zoning District***

Need for Additional Retail Space

There is no need for additional retail space in the city as a whole, and especially at the intersection of 6th Street and Wakarusa Drive.

History: The City has failed this neighborhood many times. The original plan for the intersection of 6th and Wakarusa called for 150,000 square feet of commercial space. Past City Commissions permitted incremental increases in this limit to over 400,000 square feet, under the false belief that building more retail space generates more economic vitality. Economic vitality is generated by people, their incomes, and their spending habits, not by retail buildings.

Adding square feet of space does not generate more spending. The size of the population, the scale of the population's income, and the population's propensity to spend income dictates the amount of retail activity. Retail space has grown much faster than retail spending (see attached chart), leading to the large surplus of unused and underutilized retail space, blighting large sections of Lawrence. From 1995 to 2009, the City permitted retail space to grow by 1.9 million square feet while the growth in spending was sufficient to support only 0.5 million square feet. There is now a surplus of about 1.4 million square feet (see attached tables).

The City has little choice but to adopt strategies that will deal with this surplus. Even if the City permits no additional space to be built, it will take many years to absorb this surplus space. It is unlikely that the City can cause much of this space to be removed from the stock. Some of the space may be converted to other uses, but conversions are not always helpful. For example, conversion of retail space to office space only spreads the problems of the retail sector into the office sector.

At the very least, the City should not make things worse; it should stop the development of any significant new retail space.

Need for an Additional Home Improvement Center

The population of Lawrence and its environs generate only enough home improvement spending to support a single improvement center. Simple analysis indicates that the market supports one home improvement center per 104,000 people and 28,000 homeowner households. The Lawrence market has 113,000 in population and 25,000 homeowner households. (See attached table.) This is barely sufficient to support one home improvement center; it is clearly insufficient to support two home improvements centers.

The effort to place a Lowe's home improvement center is not based upon increased spending that is not satisfied by the existing Home Depot home improvement center. Rather, this effort is cut throat competition which seeks to cannibalize the existing spending away from Home Depot, putting it out of business.

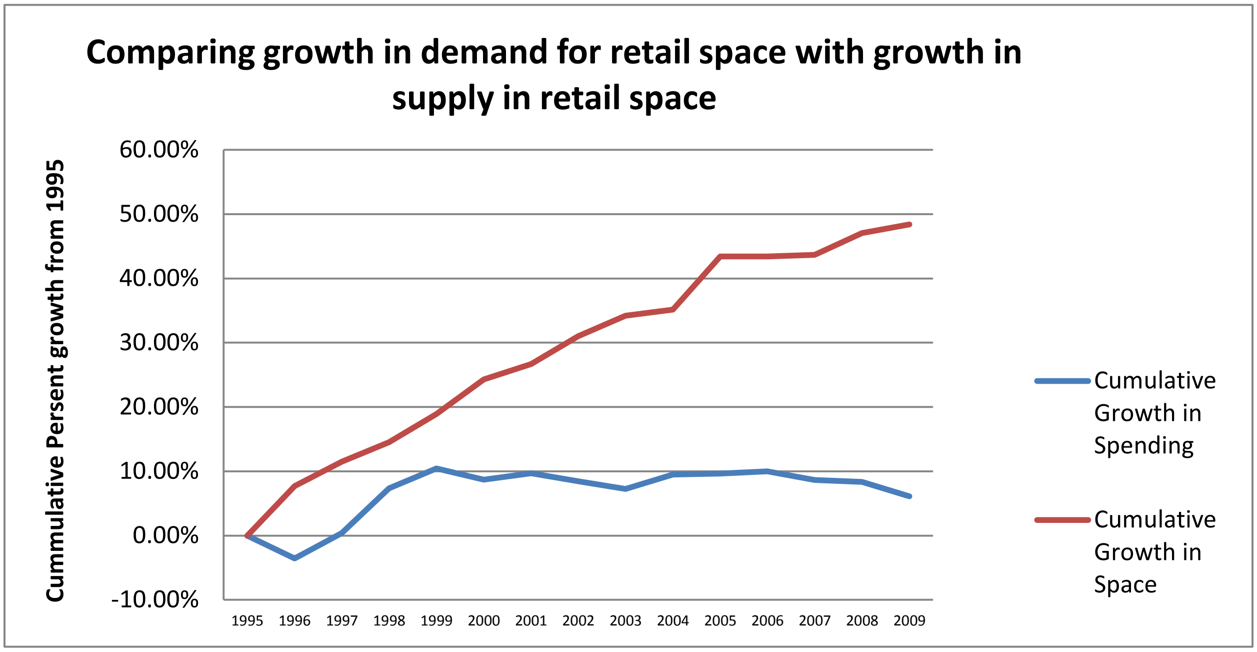
The taxpayers are not neutral to this effort. The taxpayers of Lawrence have invested over $1.5 million dollars in the development of the Home Depot site. The Home Depot site has yet to fill out. Wasting the $1.5 million investment is a very poor planning.

Recommendation

Stop this damage now. Do not initiate a text amendment to create a CC600 zoning district.

Sincerely,

Kirk McClure



Good growth management would have keep the growth of retail space on a par with the growth of retail spending.

Comparing growth in demand for retail space with growth in supply in retail space

Inflation Adjusted Growth in Sales Tax Revenues 1995 to 2009

Year	*Sales Tax (Current dollars)*	*Consumer Price Index*	*Sales Tax (2009 Dollars)*	*Percent Growth from Prior Year*	*Cumulative Growth since 1995*
1995	8,427,203	152.4	11,850,063		0%
1996	8,367,356	156.9	11,428,454	-3.6%	-3.6%
1997	8,909,583	160.5	11,896,097	4.1%	0.4%
1998	9,674,389	163.0	12,719,151	6.9%	7.3%
1999	10,174,313	166.6	13,087,367	2.9%	10.4%
2000	10,348,072	172.2	12,878,001	-1.6%	8.7%
2001	10,739,915	177.1	12,995,843	0.9%	9.7%
2002	10,789,837	179.9	12,853,041	-1.1%	8.5%
2003	10,914,097	184.0	12,711,364	-1.1%	7.3%
2004	11,438,872	188.9	12,976,973	2.1%	9.5%
2005	11,841,826	195.3	12,993,873	0.1%	9.7%
2006	12,260,437	201.6	13,032,796	0.3%	10.0%
2007	12,453,791	207.3	12,874,324	-1.2%	8.6%
2008	12,898,143	215.3	12,838,235	-0.3%	8.3%
2009	12,572,145	214.3	12,572,145	-2.1%	6.1%

	Real Growth in Sales Taxes 1995 to 2009	*Annual Growth Rate in Sales Taxes 1995 to 2009*
	6.09%	0.42%

Growth in Supply of Retail Space					
	Square Feet			*Percent*	*Cumulative*
	Retail			*Growth from*	*Growth since*
Year	*Space*			*Prior Year*	*1995*
1995	3,826,887				0%
1996	4,120,730			7.7%	7.7%
1997	4,266,132			3.5%	11.5%
1998	4,383,542			2.8%	14.5%
1999	4,550,082			3.8%	18.9%
2000	4,757,265			4.6%	24.3%
2001	4,847,312			1.9%	26.7%
2002	5,014,303			3.4%	31.0%
2003	5,136,331			2.4%	34.2%
2004	5,172,863			0.7%	35.2%
2005	5,487,953			6.1%	43.4%
2006	5,487,953			0.0%	43.4%
2007	5,498,731			0.2%	43.7%
2008	5,628,731			2.4%	47.1%
2009	5,678,731			0.9%	48.4%
	Growth	*Annual Growth*			
	in	*Rate in*			
	Retail Space	*Retail Space*			
	1995 to 2009	*1995 to 2009*			
	48.39%	2.86%			
	Stock of space in 2009			5,678,731	square feet
	Stock of space had it grown by 10%				
	matching the real growth in spending			4,208,842	square feet
	Surplus retail space built			1,469,889	square feet

Ratio of Home Improvement Stores to Population and Homeowner Households

Kansas City and Lawrence

	Kansas City Metropolitan Area	*Lawrence*	*Lawrence with Added Center*
Home Depot Centers	16	1	1
Lowes Centers	3		1
Total Centers	19	1	2
Population	1,980,619	113,569	
Owner households	538,827	24,800	
Population:centers ratio	104,243	113,569	56,785
Owners:centers ratio	28,359	24,800	12,400