



Memo

TO: Charles Buki
FROM: Kennedy Smith
DATE: September 12, 2014
SUBJECT: Commercial revitalization/development in Perry

Thank you for inviting me to participate in the comprehensive plan process for the Village of Perry and to examine conditions and possibilities for business development. I have summarized my research and suggestions here and hope this information will be helpful in the ongoing community discussions about the Village's future and in shaping its new Master Plan.

First, a quick note about retail markets and catchment areas: Commercial activity does not conform to political boundaries. People shop in myriad ways and buy things from many different places – local shops, shopping malls, nearby communities, big-box stores, online retailers, vending machines, Tupperware parties, and on and on. For the purposes of this research, I have therefore looked *primarily* at the purchasing power of the residents of both the Village and Town of Perry – but I have also looked at the purchasing power of Wyoming County residents and people who pass through Perry.

MARKET CHARACTERISTICS

Demographic characteristics

There are several key demographic characteristics that are usually useful predictors for the types of goods and services for which market demand exists in a community, or that might exist in the future:

- **Population size and growth trends:** The populations of both the Village and Town of Perry are shrinking. Both the Village and Town have lost more than 13 percent of their residents since 1990 [Table 1]. The County has lost about one percent of its population over that period of time. Ironically, the Village's 1969 Master Plan

projected that the community’s population would grow to 5,975 by 1990 – more than 1,700 people more than actually lived in Perry that year.

Without population growth, there is no *organic* growth in demand for retail products and services. Instead, growth must come from either finding new customers to whom to sell products and services and/or from selling more to existing customers.

	1990	2000	2010	2012	% change, 1990-2012
Village of Perry	4,211	3,940	3,665	3,641	-13.5%
Town of Perry	5,353	6,654	4,616	4,610	-13.9%
Wyoming County	42,507	43,424	42,155	42,092	-1.0%

Table 1: Total population 1990-2012 for the Village and Town of Perry and for Wyoming County, and the percent change from 1990-2012 (*Sources:* US Census Bureau’s 1990, 2000, and 2010 *Censuses of Population* and 2012 American Community Survey).

- **Households and household size:** Households spend money in more predictably similar ways than individuals do – and for that reason, changes in the numbers of households in a community or region are often a better indicator of retail market demand than changes in population. While the Village and Town have lost households over the past decade, they have done so at a slower rate than that of population loss [Table 2]. The number of households in Wyoming County grew by four percent.

	2000	2010	% change
Village of Perry	1,560	1,514	-2.9%
Town of Perry	1,905	1,872	-1.7%
Wyoming County	14,906	15,501	4.0%

Table 2: Number of households in the Village and Town of Perry and in Wyoming County in 2000 and 2010, and the percent change (*Sources:* US Census Bureau’s 2000 and 2010 *Censuses of Population*).

The fact that the number of households shrank at a lower rate than the number of residents means, of course, that households in the Village, Town, and County are becoming smaller. And, in fact, between 2000-2010, the average size of a household in the Village shrank dropped from 2.48 people to 2.39 people. The average size of households in the Town and County dropped from 2.55 to 2.45 and from 2.62 to 2.46, respectively [Table 3].

	2000	2010	% change
Village of Perry	2.48	2.39	-3.6%
Town of Perry	2.55	2.45	-3.9%
Wyoming County	2.62	2.46	-6.1%

Table 3: Average household size for the Village and Town of Perry and for Wyoming County in 2000 and 2010, and the percent change (*Sources: US Census Bureau's 2000 and 2010 Censuses of Population*).

- **Household income:** Median household income in the Village and Town of Perry appears to have grown slightly between the 2000 and 2010 decennial censuses. However, when adjusted for inflation, it appears that median household income actually declined slightly (by 4.5 percent in the Village and 7.0 percent in the Town) between 2000-2010. Median household income remained flat in Wyoming County [Table 4].

	2000	2000, adj. for inflation	2010	% change
Village of Perry	\$ 35,596	44,613	42,589	-4.5%
Town of Perry	39,455	49,449	46,011	-7.0%
Wyoming County	39,895	50,000	50,075	0.2%

Table 4: Median household income for the Village and Town of Perry and for Wyoming County in 2000, 2000 adjusted for inflation, and 2010; and the percent change (*Sources: US Census Bureau's 2000 and 2010 Censuses of Population; US Bureau of Labor Statistics' Consumer Price Index*).

- **Age:** The populations of the Village, Town, and County are becoming older. Between 2000-2010, the median age of residents of the Village of Perry increased by 5.2 percent, from 36.8 years in 2000 to 38.7 years in 2010 [Table 5]. The Town of Perry and Wyoming County both experienced double-digit increases in median age during that time period.

	2000	2010	% change
Village of Perry	36.8	38.7	5.2%
Town of Perry	35.3	39.4	11.6%
Wyoming County	36.7	40.9	11.4%

Table 5: Median age for the Village and Town of Perry and for Wyoming County in 2000 and 2010, and the percent change (*Sources: US Census Bureau's 2000 and 2010 Censuses of Population*).

This is a regional and, to an extent, a statewide trend. The median age of an American in 2010 was 37.2 years; in New York State, it was 38.0 and, in Upstate New York (all counties north of Orange and Dutchess), 40.0.

The overall numbers of individuals and households in a community strongly influence how much money the community's residents are likely to spend on retail products and services, but other factors, such as household size, residents' ages, levels of educational attainment, and ethnicity influence the types of products and services people buy and the ways in which they prefer to shop. For example, a household with several children is likely to prefer convenient, family-style restaurants rather than fancier, quieter restaurants. Younger households are more likely to spend money on home furnishings (particularly moderately-priced furniture and furnishings) than older households that have already bought most of the furniture they need. And household income influences both how much money the residents of an area are likely to spend and also how they are likely to shop.

Retail demand

Using demographic information for Village, Town, and County residents, we estimated the amount of money that local residents are likely to spend annually on a variety of retail products and services [Table 6].

We also estimated the amount of money that the households represented by the people driving through Perry are likely to spend annually¹. Many of these people are of course likely to be Village, Town, or County residents, also – but looking at this data separately makes it easier to understand the potential magnitude of the retail buying power of people traveling through downtown Perry every day.

We estimate that Village of Perry residents spend roughly \$13.8 million annually on retail products and services. They spend an additional \$11.8 million each year on transportation, health care, and education – categories not typically included in estimates of retail market demand, but business categories that are important to downtown development, given the role of medical offices, pharmacies, dance studios, auto parts stores, and other retail- and service-sector businesses in these categories in attracting people to downtown districts.

¹ The New York State Department of Transportation reports that, in 2012 (the most recent year for which traffic counts are available), the average daily traffic count on Rt. 39 between S. Federal Street and Simmons Road in downtown Perry was 4,803 vehicles. To estimate the amount of market demand represented by the people driving these cars, we very conservatively estimated that each car represents just one household, that every vehicle makes a round-trip (e.g., that it has been counted twice – once going each way), and that only 80 percent of the vehicles represent unique households (e.g., that 20 percent of the vehicles are driven by members of households already included in the daily count).

Product/service category	Village	Town	County	Vehicles
Food/beverages consumed at home	\$ 4,465,000	5,580,000	46,732,000	5,612,000
Food/beverages consumed away from home	2,498,000	3,139,000	26,726,000	3,158,000
Housekeeping supplies	650,000	808,000	6,826,000	813,000
Furniture + home furnishings	1,299,000	1,626,000	13,878,000	1,633,000
Apparel + footwear	1,668,000	2,084,000	17,501,000	2,096,000
Transportation	7,405,000	9,332,000	81,170,000	9,387,000
Health care	3,500,000	4,448,000	38,523,000	4,475,000
Entertainment	2,556,000	3,202,000	27,440,000	3,221,000
Personal care	573,000	717,000	6,105,000	721,000
Reading	96,000	121,000	1,041,000	122,000
Education	876,000	1,070,000	8,143,000	1,077,000
Tobacco products/smoking supplies	21,000	27,000	235,000	27,000
Total	\$ 25,607,000	32,154,000	274,320,000	32,154,000
Total w/o trans, health care, education	13,826,000	17,304,000	146,484,000	17,403,000

Table 6: Retail market demand generated by residents of the Village and Town of Perry, of Wyoming County, and of households represented by drivers traveling on Rt. 39 through downtown Perry (*Sources: 2010 Censuses of Population, 2012 Consumer Expenditure Survey, CLUE Group*).

Retail supply

Estimating retail demand is a relatively straightforward process. Unfortunately, estimating retail supply – the actual volume of sales being captured by a community’s businesses – is not so straightforward.

There are typically three sources of information on retail supply:

1. **State departments of revenue:** Many states provide information on the volume of taxable sales that take place in different types of businesses in the jurisdictions from which they collect sales and use taxes. Unfortunately, while New York State provides this data at the county level, it does not provide it at the town or village level. It also releases data several years after sales taxes have been collected – so, the most recent year for which data is available is the year ending February 2011 [Table 7].

Store category	3/09 – 2/10	3/10 – 2/11	% change
Motor vehicles and parts	\$ 68,716,000	74,311,000	8.1%
Furniture + home furnishings	3,576,000	3,794,000	6.1%
Electronics + appliances	4,152,000	4,369,000	5.2%
Bldg materials + garden equipment	16,972,000	15,392,000	-9.3%
Food + beverage (groceries)	18,420,000	17,442,000	-5.3%
Health + personal care	1,584,000	1,608,000	1.5%
Gasoline stations	6,685,000	6,741,000	0.8%
Clothing (excluding local sales)	1,046,000	1,577,000	50.1%
Sporting goods, hobby, book, music	1,073,000	1,098,000	2.4%
General merchandise	21,755,000	22,334,000	2.7%
Miscellaneous retail	4,169,000	4,356,000	4.5%
Nonstore retail	7,526,000	8,652,000	15.0%
Food services (restaurants)	24,939,000	24,881,000	-0.2%
Total retail	155,674,000	157,318,000	1.1%
Total food services	24,939,000	24,881,000	-0.2%
Total	\$ 180,613,000	182,199,000	0.9%

Table 7: Taxable retail sales and purchases for Wyoming County for March 2009 – February 2010 and for March 2011 – February 2011, and percent changes for each store category (Source: New York State Department of Taxation and Finance, Office of Tax Policy Analysis, *Taxable Sales and Purchases: County and Industry Data for March 2010 - February 2011*, published August 2012).

2. **Census of Retail Trade and Nonemployer Statistics:** In addition to conducting the decennial *Census of Population*, the US Census Bureau also conducts an economic census every five years (in years ending in -2 and -7). It publishes its data in a series of reports – one for each major industry segment – released 2-3 years after the census is conducted. However, the *Census of Retail Trade* gathers information only from businesses with employees, which excludes small businesses whose owners pay themselves by taking owners’ draws or distributions, rather than by paying themselves salaries. To augment this, the Census Bureau also collects and releases data from “nonemployers” (including many mom-and-pop businesses). Unfortunately, the most recent data sets available from both of these surveys is the 2007 data set – and only the *Nonemployer Statistics* provides data for the Village of Perry (the *Census of Retail Trade* is available for counties, but not for smaller units of government) [Table 8].

There are two other important limitations, also. First, the Census Bureau does not release sales data in store categories in which there are only one or a few establishments, since doing so would reveal the sales of specific businesses. So, in smaller counties (including Wyoming County), the Census Bureau’s data does not reflect total reported sales in all retail categories. Second, if a business has multiple

outlets, the Census Bureau typically assigns sales to the jurisdiction in which the business is headquartered – which means that sales often appear inflated (and sometimes dramatically inflated).

Store category	Census of Retail Trade	Nonemployer Statistics	Total
Motor vehicles and parts	\$337,990,000	11,101,000	349,091,000
Furniture + home furnishings	84,075,000	1,716,000	85,791,000
Electronics + appliances	3,178,000	448,000	3,626,000
Bldg materials + garden equipment	4,380,000	(D)	4,380,000
Food + beverage (groceries)	32,549,000	387,000	32,936,000
Health + personal care	69,081,000	2,250,000	71,331,000
Gasoline stations	29,433,000	114,000	29,547,000
Clothing (excluding local sales)	54,829,000	(D)	54,829,000
Sporting goods, hobby, book, music	1,330,000	61,000	1,391,000
General merchandise	1,668,000	771,000	2,439,000
Miscellaneous retail	38,095,000	366,000	38,461,000
Nonstore retail	(D)	1,418,000	1,418,000
Food services (restaurants)	(D)	2,729,000	2,729,000
			\$703,961,000

Table 8: Retail sales as reported by the US Census Bureau for Wyoming County for employers (*Census of Retail Trade*) and nonemployers (*Nonemployer Statistics*) for 2007 (Sources: 2007 *Census of Retail Trade*, 2007 *Nonemployer Statistics*, CLUE Group).

3. **Geospatial data firms:** There are several private-sector geospatial data firms that aggregate information from a variety of sources, including the *Census of Retail Trade*, *Nonemployer Statistics*, state-level taxable sales data, and commercial databases (such as infogroup) to estimate actual sales volume for a given area [Table 9]. These data usually adjust for some of the limitations of other data sources (such as state government data on taxable retail sales and Census data). But, like the Census Bureau’s data, this data omits sales estimates for categories in which there are only several businesses [Table 9].

Retail sales voids

Retail sales voids - the difference between retail supply and retail demand – can sometimes help identify potential opportunities to develop new businesses or to add new product and service lines to existing businesses. For example, if a community’s grocery stores are generating, say, \$20 million in sales, but the people who live in that community are spending \$30 million annually on groceries, the community is experiencing a leakage of \$10 million in grocery sales. Depending on why the leakage

exists, this could mean that the community might have an opportunity to re-capture some or all of that leakage.

Store category	Village of Perry	Town of Perry	Wyoming County
Motor vehicles and parts	\$ 8,771,000	7,235,000	59,665,000
Furniture + home furnishings	(D)	889,000	7,214,000
Electronics + appliances	(D)	1,296,000	1,784,000
Bldg materials + garden equipment	746,000	1,204,000	20,354,000
Food + beverage (groceries)	8,107,000	7,237,000	52,037,000
Health + personal care	5,984,000	3,366,000	13,590,000
Gasoline stations	2,841,000	3,963,000	25,893,000
Clothing (excluding local sales)	146,000	2,713,000	1,797,000
Sporting goods, hobby, book, music	599,000	921,000	1,626,000
General merchandise	(D)	4,465,000	37,320,000
Miscellaneous retail	680,000	1,196,000	19,657,000
Nonstore retail	(D)	4,025,000	5,391,000
Food services (restaurants)	2,102,000	3,781,000	8,939,000
	\$ 28,010,000	38,510,000	255,267,000

Table 9: Retail sales estimates by ESRI, a private-sector geospatial data firm, for the Village of Perry, Town of Perry, and Wyoming County (*Source:* ESRI).

Using our estimates of retail demand and data on actual sales from ESRI², we estimated sales voids for major retail categories for Wyoming County [Table 10]. We found that the County is experiencing sales leakages – including some fairly hefty leakages – in all but two retail store categories:

- Building materials and garden equipment (\$9.3 million sales surplus – meaning that the County’s building materials and garden equipment stores are generating \$9.3 million more in sales than the County’s residents are spending)
- Miscellaneous retail (\$9.0 million surplus). This category includes florists, office supply stores, stationery stores, gift stores, used merchandise stores, and other stores that do not fit into other major store categories.

² We chose ESRI data because its estimates of actual retail sales are the most current and complete of the three major data sources. And, we chose to estimate sales voids for Wyoming County, rather than for the Village or Town, because the small numbers of businesses in some store categories in the two smaller jurisdictions made accurate estimates impossible.

The County is experiencing sales leakages in all other major retail categories – and some of these could represent opportunities for the Village (more about this in “Suggestions”, below).

Store category	Supply	Demand	Void
Motor vehicle and parts	\$ 59,665,000	64,051,000	(4,386,000)
Furniture + home furnishings	7,214,000	7,811,000	(597,000)
Electronics + appliances	1,784,000	11,329,000	(9,545,000)
Bldg materials + garden equipment	20,354,000	11,023,000	9,331,000
Food + beverage (groceries)	52,037,000	63,152,000	(11,115,000)
Health + personal care	13,590,000	29,951,000	(16,361,000)
Gasoline stations	25,893,000	34,811,000	(8,918,000)
Clothing	1,797,000	23,386,000	(21,589,000)
Sporting goods, hobby, book, music	1,626,000	8,024,000	(6,398,000)
General merchandise	37,320,000	38,971,000	(1,651,000)
Miscellaneous retail	19,657,000	10,639,000	9,018,000
Nonstore retail	5,391,000	35,856,000	(30,465,000)
Food services (restaurants)	8,939,000	16,869,000	(7,930,000)
	\$ 255,267,000	355,873,000	(100,606,000)

Table 10: Retail sales voids for Wyoming County (Sources: ESRI, CLUE Group).

COMMERCIAL CHARACTERISTICS

Village and Town business composition: We obtained an inventory of business entities (including for-profit, nonprofit, and government entities) from Polk City Directories. Combined, the Town and Village of Perry have almost 240 business entities (including industries, retail businesses, service-sector businesses, nonprofit organizations, and public agencies) [Table 11].

Retail businesses comprise the largest percentage of business entities (19.3 percent), followed by “other services (except public administration)” (18.1 percent)³, then health care and social assistance (10.9 percent).

According to information provided to us by the Mayor of the Village of Perry, half of downtown Perry’s 52 current businesses were here in 2005; the other half have opened since then. Assuming the half that have opened since 2005 took the places of businesses

³ This category includes services not included in another North American Industry Classification System group – services like machinery repair, religious activities, grantmaking, laundry services, personal care services, and death care services.

that closed (versus, say, moving into new buildings or into spaces that were vacant in 2005), business churn has been roughly six percent – fairly typical of older downtowns.

NAICS	Industry group	# entities	%
11	Agriculture, forestry, fishing and hunting	6	2.5%
21	Mining, quarrying, and oil and gas extraction	0	0.0%
22	Utilities	2	0.8%
23	Construction	14	5.9%
31-33	Manufacturing	8	3.4%
42	Wholesale trade	6	2.5%
44-45	Retail trade	46	19.3%
48-49	Transportation and warehousing	3	1.3%
51	Information	3	1.3%
52	Finance and insurance	7	2.9%
53	Real estate and rental and leasing	5	2.1%
54	Professional, scientific, and technical services	16	6.7%
55	Management of companies and enterprises	0	0.0%
56	Admin. and support and waste mgmt. and remed. svcs.	7	2.9%
61	Educational services	6	2.5%
62	Health care and social assistance	26	10.9%
71	Arts, entertainment, and recreation	6	2.5%
72	Accommodation and food services	14	5.9%
81	Other services (except public administration)	43	18.1%
92	Public administration	20	8.4%
		238	100.0%

Table 11: Numbers and percentages of business entities, by North American Industry Classification System category, for the Village and Town of Perry (*Sources:* Polk City Directories, CLUE Group).

Commercial context

There is no large regional shopping mall within 20 miles of the Village, and the closest sizable malls or shopping centers are at least 30 miles away [Table 12]. There are, however, several large discount superstores nearby – a Walmart Store in Warsaw (roughly nine miles away, currently considering expanding to a Walmart Supercenter) and a 204,137 square foot Walmart Supercenter one in Geneseo (roughly 15 miles away), plus several others within 30 miles (in Batavia, Hornell, and Rochester). Batavia and Rochester, of course, offer a variety of shopping options, with several million square feet of commercial space.

Miles	Name/address	SF	Representative tenants
7.1	Warsaw Shopping Center 461 N Main St; Warsaw	90,000	Tractor Supply, Sears Hometown Store, Dollar General
7.1	Tops Plaza 2382 Rte 19; Warsaw	74,105	Tops Friendly Markets
12.1	Genesee Valley Shopping Ctr 4276 Lakeview Rd; Geneseo	191,284	Fashion Bug, Dollar Tree, Staples, Peebles, Tractor Supply
18.0	Tops Plaza 128 W Main St; Leroy	62,747	Tops Friendly Markets; SuperCuts; Subway; H&R Block
18.7	Tops Plaza 35 Franklin St; Dansville	74,010	Tops Friendly Markets; T-Mobile; Radio Shack; Liberty Tax
19.1	Tops – Avon 264-290 E Main St; Avon	62,988	Tops Friendly Markets
21.4	Batavia City Centre Main & Rt. 5	234,000	JCPenney
22.9	Towne Center at Batavia State Rt 90 + Veterans Mem	370,000	Lowe’s, Target, Bed Bath & Beyond, Michaels
30.7	Hornell Plaza State Rt. 36 & Bethesda Dr.	253,513	Walmart, Wegmans
31.3	South Town Plaza Jefferson & W Henrietta	509,353	Burlington Coat Factory, Jo-Ann Fabrics, OfficeMax
31.4	The Marketplace Mall W Henrietta & Jefferson	1,166,000	Macy’s, Sears, JCPenney, Bon-Ton

Table 12: Representative sample of shopping centers over 50,000 square feet within 30 miles of the Village of Perry (*Sources:* International Council of Shopping Centers, CLUE Group).

Business and commercial property development tools and incentives

The Village has done admirable work in using historic rehabilitation tax credits to help finance the rehabilitation of older downtown commercial buildings. And it has created a business loan program, funded by Urban Development Action Grant repayments, to capitalize a small revolving fund for business loans.

OBSERVATIONS

- The region is experiencing considerable sales leakage – and this could translate into business development opportunities for Perry:** Wyoming County is experiencing sales leakages in all but two major retail categories. While we do not know definitively where Wyoming County residents are shopping, vehicular traffic counts suggest that it is very likely that they are going to shopping malls and power centers in and near Buffalo, Rochester, and Cheektowaga. Data on actual sales in the Village of Perry is not available, but it is also very likely that Perry residents are doing a large percentage of their shopping in the region’s major cities.

One might expect both the Rochester and Buffalo-Cheektowaga-Niagara Metropolitan Statistical Areas to therefore have significant retail sales surpluses in most retail categories – but, in fact, they are both experiencing sales leakages in most major retail store categories. Even though the region has lost population in recent years, it has also lost retail space, and this could translate into new opportunities for retail development in downtown Perry.

Store category	Retail sales voids		
	Rochester	Buffalo	Wyoming Co
Motor vehicle and parts	(122,460,000)	322,400,000	(4,386,000)
Furniture + home furnishings	(89,966,000)	(31,614,000)	(597,000)
Electronics + appliances	(92,167,000)	(134,842,000)	(9,545,000)
Bldg materials + garden equipment	(22,340,000)	33,142,000	9,331,000
Food + beverage (groceries)	189,307,000	(11,766,000)	(11,115,000)
Health + personal care	(280,370,000)	(166,134,000)	(16,361,000)
Gasoline stations	708,518,000	(250,377,000)	(8,918,000)
Clothing	(307,867,000)	(16,798,000)	(21,589,000)
Sporting goods, hobby, book, music	(10,072,000)	32,322,000	(6,398,000)
General merchandise	316,979,000	186,271,000	(1,651,000)
Miscellaneous retail	15,048,000	28,404,000	9,018,000
Nonstore retail	(862,619,000)	(818,749,000)	(30,465,000)
Food services (restaurants)	(35,080,000)	158,498,000	(7,930,000)
	(710,635,000)	(722,639,000)	(100,606,000)

Table 13: Retail sales voids for the Rochester and Buffalo-Cheektowaga-Niagara Metropolitan Statistical Areas and for Wyoming County (*Sources:* ESRI, CLUE Group).

- Potential exists to develop small business concentrations:** There is too little unmet retail market demand within the County to attract the attention of a shopping center or shopping mall developer – but there appears to be ample unmet market demand for smaller concentrations of businesses. In most retail store categories, a

concentration of businesses – small clusters of businesses that sell complementary products and services and/or that cater to similar types of customers – have a greater chance of attracting shoppers than the businesses would individually.

- **Commercial rents are affordable:** Commercial rent levels in downtown Perry are relatively low, particularly compared with rent levels in the region’s larger cities. Businesses that target customers within the Buffalo-Rochester region could parlay this into a significant strategic advantage.

Here’s an example: A woman who owned a wedding gift store (she sold place settings – crystal, china, silver) about ten years ago in a small town about 30 miles from Memphis captured about 15 percent of Memphis wedding gift sales by offering her customers ten cents back in cash for every dollar spent on a wedding gift in her store. She charged prices comparable to those charged by major Memphis department stores – but, because her rent was so low, she was able to recoup the ten percent rebate through rent savings. Customers did not need to physically visit her store – they simply needed to call her to place their wedding gift orders, and her business made daily deliveries throughout the Memphis metropolitan area.

- **Incentives exist for both business and property development, but for a relatively narrow range of circumstances:** The Village has made better use of historic rehabilitation tax credits than many communities of comparable size, and it is relatively rare for a village of Perry’s size to offer any incentives at all for business development – so, comparatively speaking, Perry offers more downtown development incentives than most small towns in the US. But these incentives address a relatively small range of circumstances. A deeper arsenal of incentives might be needed to help the Village reach its downtown revitalization goals.
- **Significant variations in property condition and market-readiness:** Some of the commercial buildings in downtown Perry have been rehabilitated/redeveloped, and some are good candidates for rehabilitation. But there are some in need of rehabilitation but with uncooperative property owners, complicated ownership issues, or other problems that make it unlikely that redevelopment will occur within the next several years, at least not without concerted effort.

SUGGESTIONS

1. **Focus on developing hyper-local retail and services.** In many instances, this will mean adding new and additional products and services to existing businesses. But there are several products and services for which enough market demand might exist to support one or more new businesses, such as restaurants and perhaps groceries (if the grocery store is able to differentiate itself from others within the region, such as by offering specialty products or making deliveries).

2. **But, simultaneously, focus on development of a small cluster of regionally-serving destination businesses.** Perry (both the village and town) and Wyoming County are losing sales in many categories, and it is likely that – with very good merchandising, marketing, and management – a small cluster of regionally-serving businesses could successfully attract customers from throughout the area to downtown Perry. Furniture and home furnishings would likely be a good option, since downtown Perry already has a regional market foothold in this store category.

It is imperative that businesses in this cluster use a variety of methods to reach customers, augmenting in-store sales with online sales, deliveries, and other sales channels. Until the cluster is well established, businesses in the cluster should expect to generate about half of their revenue from in-store sales and the other half from online sales, mobile sales, sales at trade shows, sales within other stores, and other channels.

3. **Consider developing a few home furnishings-related businesses to complement Family Furniture.** Wyoming County has a modest – almost negligible – sales leakage in this category, in large part because of the presence of Family Furniture. But both Buffalo and Rochester have sizable leakages. A cluster of home furnishings businesses could be viable by capturing only a small percentage of these two MSA's \$121.6 million in unmet market demand in this store category. For example, capturing just three percent of this unmet market demand would translate into capturing roughly \$3.6 million in new sales, enough to support approximately 14,600 square feet of new store space⁴.

There are scores of possibilities for specialty furniture and home furnishings product lines, such as:

- Lighting and electrical supplies
- A woodworking co-working shop
- Used furniture and furnishings
- Unfinished and self-assembly furniture
- Antiques of all types
- Architectural salvage
- Closet organization supplies and services
- Upholstery fabric and upholstery services
- Office furniture and furniture rentals
- Small appliances
- Decorative and antique hardware

⁴ This assumes new businesses in this store category would generate \$250/square foot in gross sales.

- Artificial/silk plants
- Lawn and patio furniture
- Interior and exterior shutters
- New and vintage posters
- Rugs and floor cloths
- Lamps and lighting fixtures
- Bed and bath linens
- Vintage kitchen appliances
- Weather vanes
- Draperies and window blinds
- Futons

4. **Consider developing one or two new restaurants downtown.** One or two new restaurants could make downtown Perry more attractive as a regional dining option. Capturing 12-15 percent of Wyoming County's \$7.9 million leakage in restaurant sales would make it possible to support two restaurants. Ideally, the new restaurant (or restaurants) would provide some diversity in dining options and would be unique within the region – e.g., perhaps by growing produce directly on site (in an adjacent lot or on a rooftop) or by offering special programming (cooking demonstrations or entertainment, for example). A few examples of small-town restaurants that have established strong regional market presence for themselves include these:

- A restaurant in South Carolina offers only one entrée each evening – and the first person to reserve a table gets to choose what the entrée will be (the restaurant of course accommodates people with food allergies or special dietary needs). The person reserving the first table almost always invites lots of friends and family, giving the restaurant a core customer group most evenings.
- A restaurant in Oregon has a magician who goes from table to table performing card tricks for diners. The restaurant offers a slightly more elegant environment than other restaurants, and locals enjoy bringing their out-of-town guests here.
- A restaurant in Georgia films a cooking show every week in the restaurant's open kitchen.
- A restaurant in New Jersey hires voice students as servers – and when someone asks what the restaurant's ice cream flavors are, all the servers rush to the table and sing the ice cream menu. As with the Oregon restaurant, area residents enjoy bringing out-of-town guests here.

- A restaurant in Iowa features a voting booth for its patrons in its lobby, asking unusual poll questions each week and issuing weekly press releases publicizing the results.
5. **Consider creating a coworking space.** Consider creating a small coworking space, providing work space to people who work from home-based businesses and/or who would like to collaborate with others. Perry's newer residents include some who have tech-related and location-neutral jobs within the region and who have chosen to live in Perry, and some of these might be ideal coworking candidates.
 6. **Consider creating a forgivable loan program to stimulate business development.** Forgivable loan programs help make it possible for a community to attract or develop businesses that offer products and services that are high priorities for the community and to also ensure that the businesses supported by the program meet certain criteria (such as locating in a ground-floor space, and/or in a specific block, or that it be open a specified minimum number of hours, for example).

Downtown Waterville, Maine's forgivable loan program offers loans up to \$50,000 to qualified businesses (both new businesses and existing ones interested in expanding downtown). Loans must be matched 1:1 by owner equity. Businesses make interest-only payments for five years, at which point the loan principal is forgiven (assuming the businesses remain compliant with the original terms of their agreement). Priority is given to businesses identified by downtown Waterville's most recent retail market analysis as priorities. Businesses receiving forgivable loans must agree to be open a minimum of 48 hours per week, and they must locate in ground-floor spaces. The program is funded by Tax Increment Finance (TIF) revenue.

TIF is probably not a practical option for downtown Perry at this point, but a forgivable loan program could perhaps be capitalized with a New York Main Street grant, National Grid grant, Community Development Block Grant, USDA Rural Development grant, HUD RHED grant, or other sources.

7. **Create a pop-up business program.** Pop-ups can be a great way to both incubate new businesses and also generate visibility for the downtown. In essence, a pop-up program would work with one or more owners of vacant storefront spaces to make storefront space available for a few months (typically three months) to an entrepreneur with a good idea for a new business. The program vets potential businesses and streamlines the utility and property insurance process for property owners.

A number of communities offer pop-up business competitions in order to encourage entrepreneurship and promote the availability of pop-up space. For example, Florence, South Carolina's Main Street program makes two storefronts available

each year, offering three months of free rent to the two businesses that receive the highest scores in the Main Street program's pop-up business plan competition. The Main Street program works with owners of vacant property to streamline the process. In its first two years, three of the four pop-up businesses have signed leases at the end of the three-month pop-up period.

8. **Consider community capital for high priority businesses.** A growing number of downtown businesses have had part or most of their start-up costs covered by community capital. There are three common models:
 - Crowdfunding websites, like Kickstarter and Indiegogo, have raised start-up money for businesses like Persimmon Hollow Brewing Company (a microbrewery in Deland, Florida), Bradley's Bistro (a farm-to-table restaurant in Saginaw, Michigan), the Antioch Theatre (Antioch, Illinois), and the Freight Shed (a winter farmers market in Bath, Maine).
 - Community-owned businesses, such as Township Grocery in Bonaparte, Iowa and the Mercantile in Powell, Wyoming, are capitalized by shares of stock sold to area residents.
 - Private investment groups – typically groups of fewer than a dozen residents that pool their money (usually forming a limited liability company) – have launched hundreds of businesses in downtowns throughout the country.
9. **Boost support for current and new downtown businesses by steadily working to increase the supply of downtown (and near-downtown) housing.** Downtown residents provide a built-in customer base for downtown businesses, improve the district's safety and cleanliness, and, in many instances provide property owners with additional sources of rental income.

A number of small towns offer incentives for downtown upper-floor housing development. For example, Walla Walla, Washington abates property taxes for ten years on the increased property value resulting from upper-floor housing development.

10. **Streamline and focus marketing and promotional activities.** The Village offers many marketing and promotional events – but many of them take place outside the downtown district. Bringing as many events as possible downtown will help build familiarity, visibility, and enthusiasm for downtown development activities and will gradually reverse negative perceptions.

We recommend choosing events based on the likelihood that they will reinforce the major downtown economic development strategy the Village chooses to pursue (or,

if it chooses to pursue two strategies simultaneously, that will reinforce one or both of these strategies). For example, if Perry were positioning itself as a family-friendly community, its marketing activities should consistently reinforce this position – store hours would be aligned to best meet the needs of area families, events would appeal to families, etc. – as would merchandising, window display design, and other activities.

Finally, for inspiration, here are a few examples of small towns that have strategically transformed their downtown districts:

Lanesboro, Minnesota (pop. 754). Over the past 25 years, Lanesboro has undergone a remarkable transformation, based largely on development of a bike trail and a theatre. In 1980, 38 of its 40 downtown storefronts were vacant. Several years later, community leaders decided to convert an abandoned rail bed to a biking and hiking trail. A few B&Bs popped up near the trail – and one of the B&Bs hired an award-winning chef. In 1989 the Lanesboro Arts Council bought a vacant theatre building downtown – for \$5,000 – and invited three local residents to create a local theatre company. The Commonwealth Theatre Company now produces 4-6 plays annually, hosts a summer residency program, and organizes an annual Ibsen Festival, tapping into the community's Norwegian heritage. Several months ago, *Smithsonian Magazine* included Lanesboro in its 2014 list of "20 Best Small Towns to Visit". It has been included in scores of other "top" lists, as well, from *Outside* magazine's list of "American Dream Towns" to ArtPlace's list of "Top Small Town ArtPlaces". It won one the National Trust for Historic Preservation's Great American Main Street Awards in 1998.

Floyd, Virginia (pop. 429). Like Lanesboro, Floyd's transformation has been partly based on arts and culture. Floyd's revitalization began when the new owner of the Floyd Country Store began inviting local musicians to play there on Friday nights. The Floyd Country Store quickly became a popular community gathering spot – so much so that someone bought a vacant mill building next to the Floyd Country Store and opened a restaurant and small theatre, the Sun Music Hall. When the Sun Music Hall's owner decided to close the restaurant several years later, community members pooled their money, created an LLC, and bought the building and business. Since then, several additional arts and music venues have popped up, along with a number of B&Bs. About ten years ago a community group organized a four-day music festival – FloydFest – that is now an annual event attracting more than 10,000 visitors (this year's roster included Ben Harper, Lauryn Hill, and Ziggy Marley).

Powell, Wyoming (pop. 6,314): When Powell's only clothing store closed, Powell residents realized that driving 60 minutes to the next-largest town would be too much of a hardship for the community. So, a group of residents decided to launch a community-owned variety store. They sold shares of stock, for \$500 each, to 800 Powell residents, raising \$400,000 to launch the store. Because the Powell Mercantile is

community-owned and doesn't have the profit motivation a national chain store might have, it is able to keep prices low – but still manages to be profitable. After five years of operation the Merc paid its first dividend to shareholders (\$75/share), and revenues topped \$700,000. The store's buyer is able to be very responsive to customers' requests, making a wide variety of merchandise available to them.