

Section I: Introduction and Framework

Introduction

The Resurrection Project (TRP) and Eighteenth Street Development Corporation (ESDC) retained LISC MetroEdge to assess current and potential opportunities for commercial development in the Pilsen neighborhood and to help community leaders and businesses create a story that promotes development and strategies that address obstacles to development.

LISC MetroEdge is a product of the Local Initiatives Support Corporation (LISC), the nation's largest community development intermediary. LISC MetroEdge has been working in urban markets since the mid-1990's with clients from the public and nonprofit sectors as well as directly with retailers and developers. LISC MetroEdge is national in scope – serving clients from Los Angeles to New York, from Atlanta to Milwaukee, from Chicago to Jacksonville. The Retail Scan process used by LISC MetroEdge assesses the development potential of commercial areas and provides direction on strategies for sustaining and building markets.

Trade Areas

As part of this Retail Scan, two trade areas were defined. The first trade area is a *Convenience Trade Area*, created to scan shopping needs such as pharmacies, groceries, local diners or bakeries. The boundaries are defined as 16th street on the North, the expressway on the East, Cermak Road on the South, and Western Ave on the West. The second trade area is a *Destination Trade Area*, also referred to as the Drive Time Trade Area. The Destination Trade Area is based on an approximate 15 minute drive time from 18th Street and Blue Island Ave. This trade area can be used to evaluate comparison or destination shopping retail goods and services that people from outside the neighborhood would typically access.

Methodology and Sources

LISC MetroEdge with support from TRP and ESDC interviewed multiple stakeholders, conducted three community discussions with local business operators and toured the trade areas with David Baum from the Baum Realty Group. LISC MetroEdge simultaneously collected and analyzed a series of data sources. The analysis included a scan of national and local data sets, with input grounded in local knowledge and interpretation based on real estate expertise. Claritas provided national demographic and retail data. Local and alternative datasets used in the scan include Home Mortgage Disclosure Act (HMDA) data, traffic counts, transit counts, crime data and foreclosure filing data.

Section II: Key Findings

Pilsen is Cool

Pilsen is a cool place to live - Pilsen has easy access to traditional convenience goods and services like grocery stores, bakeries, as well as an active artist community, nationally recognized museum and a variety of outdoor eating opportunities. Multiple yearly neighborhood events increase the quality of life for residents.

Pilsen is a cool place to visit - Pilsen's strong Mexican identity makes it a destination for dining, merchandise, arts and events/festivities.

Retail opportunities are abundant in Pilsen – Market demand and physical spaces on the key corridors exist for new or expanded retail with potential to serve both convenience and destination retail trade areas like general merchandise, restaurants and the arts.

Buying power is strong in Pilsen - The Convenience Trade Area has \$341 Million in Concentrated Buying Power per square mile, almost four times greater than a comparable area in Cook County.

Income diversity and density are important attributes of the Pilsen residential community - The percentage of middle income households has increased by over 100% since 1990, with a density of three times greater the number of middle income households than in a typical square mile in Cook County. Income diversity is important to retailers and 60% of the households in Pilsen make more than \$35,000 a year.

Active local leadership - The Alderman is active and committed to bringing the resources critical to successful retail. Other institutions/partners like Eighteenth Street Development Corporation, TRP, Chicago Community Bank and the National Museum of Mexican Art are also active and an important part of the community leadership.

Section III: Core Market Assets

Accessible with three EL stops, six busses, and high traffic counts

- Over 350,000 annual potential customers entering the 18th St. Pink Line “EI” stop.
- Buses carry thousands through Pilsen such as 20,134 on the Ashland bus and 22,675 on the Halsted Bus.
- On an average weekday over 32,000 cars drive by Ashland Ave. near Cermak Rd and over 17,000 on Damen Ave near 19th St.

Strong and improving demographics

- The number of middle to upper income households in the Convenience Trade Area increased by 247%, 2.7 more times than the County.
- The Convenience Trade Area has seen a positive shift in income diversity, with a notable decline in the number of households in the lower income brackets and successive increases in the number of middle income households.
- The adult population in the Convenience Trade Area is stable and steadily growing.

Organically grown retail market

- The retail market has grown organically in recent years and is ready to significantly grow as both a local and destination market.
- Pilsen has cultural draw is positioned like Chinatown or Greek Town as a place to go for an ethnic experience.

Strong buying power and many retail opportunities

- Buying Power in Pilsen is strong - \$341.2 million per square mile
- Retail Float, a measure of the amount of unmet retail opportunity in the study area, and is positive for all categories. Ranging from \$1 to \$45 million leaving the market
- When adjusted for nearby competition, most retail categories still show unmet retail needs

A community of arts and festivals

- Pilsen is a destination for festivals with several events year round like Fiesta del Sol, Mole de Mayo, and ¡Buen Provecho! These, and events like We are Hip Hop and The Pilsen Arts and Cultural Festival make Pilsen a cool place to visit.
- The National Museum of Mexican Art includes civic and cultural attractions which are world famous, and bring thousands of visitors to the community.

Section IV: Assessment of Challenges

Plentiful opportunities require focus - Pilsen's commercial character is at a pivotal juncture as it faces multiple and diverse development opportunities and challenges both on and off major corridors. These include being positioned as Chicago's premiere Mexican food and culture district and development along Blue Island and 18th Street. This node is ready to be a **consistent** draw for dining and entertainment. A clear set of goals and focus on advancing these opportunities is needed.

Appearance, cleanup and aesthetics - Improving the appearance and aesthetics is a basic starting point for the success of any corridor. Several of the buildings and businesses while interesting architecturally would benefit from an improved appearance. Currently many on 18th Street are vacant and/or underutilized, which breaks up the retail flow. Completion of planned investments in infrastructure is critical, as is maintaining adherence to preserving the historic character and scale of the community.

Safety - Crime and perception of crime continues to be an issue for business owners, residents and visitors. The community is actively working to further mitigate crime by: Participating in the

Clear Path Project, regular Beat Meetings – 3 times a month, Pilsen National Night Out- Hosted in 2009 by El Hogar del Niño and with the Resurrection Basketball League.

Parking - Parking continues to be a major challenge identified by major stakeholders. Strategies should serve a mix of interests such as using the schools and churches for parking on the weekends. Solutions also should be geared to improving customer access to local businesses on the corridors while creating other options for those residents and employees that need them.

Section V: Strategy Recommendations & Next Steps

- The following strategic actions capitalize on today's business development opportunities in Pilsen and address challenges which constrain retail business improvements. Critical to succeeding and advancing the goals for the market is to get started quickly. ESDC is taking the lead role to organize a business association which will spearhead implementation.

RETAIL ATTRACTION AND RETENTION; LEASING STRATEGIES

Increase the density and stability of attractive successful businesses on key corridors serving the various markets' – local and regional.

- Encourage businesses to locate and expand their businesses on the main corridors, 18th St. between Halsted Ave. and Damen Ave., 18th Street between Bishop & Blue Island Ave., and Cermak Rd. between Western and Ashland.
- Develop an inventory of ready space and work with chambers and other business interests including the Alderman to direct retailers to these key locations. Target specific gaps in the market such as hardware stores, food and beverage, and general merchandise.
- Manage the available sites. Affordable space is increasingly scarce.
- Assist with retention of long-time businesses and support new businesses by providing technical and financial services such as those provided by ACCION Chicago and ESDC.
- Focus resources such retail attraction efforts, physical improvements, cleaning and maintenance, and culturally significant attributes at the key intersections.
- Review zoning to insure that key corridors are the places a business wants to locate. Redirect homeownership off the first floor of the key corridors.
- Support ESDC in taking the lead role to organize a business association with the intent to bring together the current and future business interests. Pilsen's business community can benefit from a combined focus on current issues affecting the success of their businesses. Improved communication with business and property owners supports other goals including tenant recruitment.

SAFE, CLEAN AND NEAT

Investments on the corridors improve the external business environment by improving access, safety and appearance.

- Expand the public safety campaign and initiatives. Educate the community about decreases in crime and communicate the improvements in safety already achieved.
- Identify vacancies and poorly kept buildings and implement a clean-up strategy. Involve residents and businesses in the clean-up effort.
- Work with building owners to improve the overall sense of safety and wellness on the street. Starting points include upgrades to lighting and filling vacant spaces with uses such as arts.
- Support the creation of a Special Service Area to bring new resources for cleaning and maintenance, as well as for other strategic work such as a marketing/branding campaign for the neighborhood.
- Encourage pedestrian friendly design, events, and leasing strategies that support retail contiguity and maximize active on the street.

MARKETING AND BRANDING:

Promote local and destination shopping especially food and entertainment; move diners and shoppers from events to regular customers.

- Use an organized marketing and branding strategy to propel Pilsen to further succeed as the premiere Mexican cultural and dining destination in Chicago.
- Define the brand and stay with a theme. Pilsen gets a lot of press - harness the message and manage it accordingly.
- Plan events at key sites and market them to the neighborhood residents and business owners and on the Pilsen Portal website.
- Use visible promotions such as banners and kiosks at high traffic areas, businesses and events. Leverage high traffic assets like the El stations, the National Museum of Mexican Art and the artist community.
- Maintain and improve the commercial, historic and cultural character of the street by promoting investments that sustain the historic European character of key sites along the corridors and help make Pilsen attractive to visitors. Assist businesses with connecting to the Mexican flavor of the area and develop local ownership of retail spaces.