

Celebrating Success: Missouri's Main Street Communities

Missouri Main Street Connection (MMSC) recently celebrated its 10th anniversary by measuring the success of the Main Street program across Missouri. The real success was the economic impact in Main Street communities. After a decade of hearing great stories and watching economic numbers intensify across the board, it was time to recognize the increased economic growth, hundreds of historic renovations; and the surge of new businesses and new jobs. It was time to celebrate together!

Each year, MMSC gathers basic data from its member communities. The data from each of those years showcases the success of Main Street programs, but leaders wanted to know how that apparent success fit into a larger context. The organization commissioned a study, "Measuring the Economic Impact of Main Street in Missouri Communities."¹

Main Street is economic development in the context of historic preservation and is about preserving a community, not just preserving the community's buildings. For Main Street, the data that has been collected over the past decade was used as the basis of the analysis of impact Main Street programs have had.

Thirteen communities were visited as part of this analysis. The purpose of these site visits was twofold. First, the goal was to see, directly, what Main Street had accomplished. However, the second and more important purpose was to obtain the qualitative attributes to supplement the quantitative analysis. The numbers are both impressive and necessary, but so, too, are the human stories – the people who opened the new business, created the new jobs, and invested the dollars reported in the data. It was important to learn the "why" behind the numbers.



Washington, Missouri, is a Missouri Main Street National and State Accredited Community. In 2012, the City was a Great American Main Street Award winner.

This research approach led to the structure of the report, with impressive results learned.

The numbers below reflect the activity in Missouri Main Street programs from 2006 through third quarter 2018. Over the last 12 years, Missouri Main Street communities have:

- Invested more than \$906 million, including more than \$695 million in private investment;
- Created more than 3,700 net new jobs in Main Street districts;
- Established 759 net new businesses;
- Expanded more than 200 businesses;
- Opened more new businesses than they closed, even through the Great Recession, far outperforming the statistics both statewide and nationally;
- Seen more than half of net new jobs gained in Main Street Districts coming from towns with populations between 10,000-19,999; and
- Generated, on a conservative estimate, more than \$9 million in annual state sales tax from the net new businesses.

Missouri Main Street Connection

In the late-20th century, when many downtowns were dwindling, the Main Street Four-Point Approach[®] was started in an effort to bring life back to historic downtown commercial districts. The concept of Main Street is simple: economic development in the context of historic preservation. Developed by the National Trust for Historic Preservation,



the Main Street Four-Point Approach® to commercial district revitalization – organization, economic vitality, design and promotion – has become part of the vocabulary of successful economic development throughout the country.

The value of the Main Street Approach has been proven in more than 40 states and more than 2,500 communities across the United States. Missouri state government saw the potential for using Main Street as an economic development strategy, particularly in its rural communities, and established a state-funded program in 1989. The state funding for the Missouri Main Street Program was eliminated, in 2003. However, a determined group of Missouri residents contracted directly with the National Main Street Center to keep the program alive. Since 2006, MMSC has been demonstrably effective in meeting its purpose. The program assists communities in creating an economic environment where local businesses thrive.

Since its inception in 2006, MMSC has provided technical assistance and services to more than 150 communities.

The program is set up in a four-tiered system that allows communities to receive additional services as they step up in capacity and commitment.

One of the obligations of being a Main Street program is sending quarterly reports to the state Main Street office on the activities in the Main Street districts. These statistics on the health of each downtown include easily quantifiable statistics such as: number of net new businesses, net new jobs, number of buildings rehabilitated and amount invested, number of newly constructed buildings and amount invested, and public infrastructure investment.

Total Main Street Investment

Since 2006, more than \$906 million has been invested in the buildings, infrastructure and public improvements in Main Street districts. More than 81 percent of this was by the private sector that has invested more than \$738 million in rehabilitation and new construction in these downtowns. These investments range from new sidewalks and streetlamps to façade improvements and full-building rehabilitations.

When investment is considered by size of community, towns larger than 20,000 in population attracted approximately 55 percent of total investment. Equally impressive is the fact that the smallest towns, those under 5,000 in population, have seen more than \$18 million in investment. In many instances, prior to working with Main Street, those towns had seen decades without reinvestment in their downtown business districts.

Main Street is economic development within the context of historic preservation. However, that does not mean towns become museums where everything is frozen in place. In fact, of the total investment in physical improvements in Missouri Main Street communities, nearly two-thirds was in new construction. Main Street encourages the rehabilitation and

AgriCycle

When acres and acres of tree stumps and tree debris need to go away fast and economically, municipalities, residential/commercial developers, land excavators and road builders call AgriCycle – the leading specialist in the Midwest.

Visit us online at www.agricycle.net or call us at 636-861-0200



reuse of existing historic buildings, but also encourages new development that complements, rather than diminishes, the quality and character of each town’s heritage.

Net New Businesses

A top priority of many Main Street communities is to fill vacant storefronts. The number of net new businesses since 2006 tops 759. These establishments provide a small-scale but powerful economic momentum that creates jobs, sales tax revenue, and economic stability for Missouri communities.

It is important to note that the measurement above is net new businesses. Main Street communities are required to report not only when new businesses open, but also when businesses in their districts close.

Net New Jobs

These new businesses also mean new jobs. Since 2006, Missouri Main Street districts have seen more than 3,700 net new jobs. Jobs are certainly lost during a recession, but even in the best of economic times some jobs on Main Street disappear – a merchant retires, a business is acquired by new owners who decide to operate with a smaller staff, a particular type of business is in decline even though the local economy is growing. Even the strongest local economy during the best economic times will see some job losses. To have a growing economy, there must be more new jobs than lost jobs. Again, even in the depths of recession, Missouri Main Street communities saw more jobs created than jobs that were lost.

Of all of the net jobs gained in Missouri Main Street districts, more than half came from towns with populations between 10,000 and 19,999. Even the smallest of towns still produced net new jobs over the last decade.

Downtown Housing

When Missouri downtowns were first built, they were commonly comprised of two-story buildings with a ground floor for commercial activities and an upper floor for offices and for housing. For more than 50 years, there has been a

steady disappearance of upper floor uses, leaving thousands of square feet sitting vacant. However, that pattern is changing in Missouri Main Street towns. In just six Missouri Main Street districts, two hundred units of housing have been added since 2006 – much of that through the redevelopment of previously vacant upper floors of downtown buildings.

Return On Investment – State Of Missouri Support For Main Street

Since it began in 2006, MMSC has increased the number of towns served; expanded the range of activities provided; hired more full-time staff; and, of course, increased its budget. With a first year budget of a mere \$42,000, the organization has grown in financial strength and capacity to a current budget of more than \$2.2 million. There are four primary sources of revenue for MMSC: direct appropriations by the state legislature; private investment through donations, fees, memberships, fundraising, conferences, etc.; private investment through donations utilizing the Neighborhood Assistance Program (NAP) State Tax Credits; and grants. From 2006 through 2018, approximately 80 percent of all revenues came from private investment either directly or through the NAP program, with the balance from state appropriations and grants.

The study showed that the taxpayers of Missouri received a huge return on their investment. This could be measured several ways.

As noted earlier, Main Street Communities over the last 12 years have seen the addition of 3,700 net new jobs. According to the study by PlaceEconomics for 2006-2016, the cost from direct and indirect state support is \$563 per job. Even if every one of those jobs only paid the minimum wage, the income tax paid each year to the state treasury by each of those workers would amount to \$736 per job.

While the cost per net new job is a one-time expenditure, the income tax from that job comes each year it exists, and these figures assume the job pays only minimum wage.

The return on investment to the state could also be measured by the number of net new businesses. Main Street communities have recorded a total of 759 net new businesses since 2006. The state’s investment in MMSC, according



Hochschild, Bloom & Company LLP
 Certified Public Accountants
 Consultants and Advisors

Governmental Services

<ul style="list-style-type: none"> Financial audits Fraud and forensic accounting Employee benefits Budget assistance Auditing and assurance 	<ul style="list-style-type: none"> Policies and procedures Internal control reviews CAFR consulting Interim support Monthly accounting
---	---

Chesterfield (636) 532-9525
Washington (636) 239-4785

www.hbclp.com



Left: In 2015, Cape Girardeau, Missouri, was a Great American Main Street Award winner. They are a National and State Accredited Community. Right: Liberty, Missouri, is a Missouri Main Street Accredited Community.

to the study, amounted to \$2,912 per net new business. Conservatively, the sales tax generated for the state treasury each year by each of those net new businesses is nearly five times the cost for each net new business. While the cost per net new business is a one-time expenditure, the sales taxes are generated for the state each year the business is in operation.

Main Street is providing the building blocks for a prosperous Missouri in the 21st century. They are doing it by preserving and utilizing historic resources from the 19th and 20th centuries. Main Street communities are seeing their downtowns reemerge as the commercial, social and cultural hearts of their towns and cities. They are attracting new businesses, new jobs and significant private sector

investment. Local tax revenues are increasing, vacancies decreasing and long empty sidewalks are now often filled with people. Main Street is, at its heart, an economic development program. This has been proven nationally across many states who have utilized the program and seen great economic improvements to their historic districts. There is no economic development program that is more cost effective for taxpayers than Main Street. 🍃

Gayla Roten is the state director of the Missouri Main Street Connection. The MMSC works to ensure that the downtown districts in Missouri’s cities and towns remain essential elements to their sense of community, their cultural heritage and to the state’s economy. Downtown revitalization is encouraged through economic development within the context of historic preservation. The primary purpose of a local Main Street® Program is to ensure the long-term success of the downtown by creating, educating, training and empowering a comprehensive, professional, volunteer-based downtown revitalization organization. Contact Gayla at (417) 334-3014 or glroten@momainstreet.org.

“Measuring the Economic Impact of Main Street in Missouri Communities.” By PlaceEconomics, Principal, Donovan D. Rypkema

**Infrastructure Upgrades
with Guaranteed Savings**

**Pay for Today’s Improvements
with Tomorrow’s Savings**



ctsgroup.com
636.230.0843

- ✓ No Up-Front Capital
- ✓ Reduce Deferred Maintenance
- ✓ No More Piecemeal Projects
- ✓ Guaranteed Price & Performance
- ✓ Single Point-of-Contact
- ✓ On-Site Project Management