Aspen's Downtown Commercial Profile

In March 2006, the City Council identified four "themes" to explore as part of a moratorium on land use applications: one of them was "Commercial Mix."

The charge for staff was to investigate the mix of commercial uses in the downtown area in order to move forward with a discussion on whether there was a healthy balance and a diversity of uses. The overriding concern was whether there was enough "locally-serving" businesses for the year-round community.

This concern was first articulated in the 1993 Aspen Area Community Plan, as well as the 2000 Aspen Area Community Plan (see Table 1 below).

Table 1
Excerpts of AACP on 'Commercial Mix'

Document	Excerpts
1993 Aspen Area Community Plan	The community must find ways to strike a balance between the local and tourist shopping opportunities … Developments which include locally oriented businesses should be encouraged.
2000 Aspen Area Community Plan	▪ Our economic and business decisions should … ensure balance and integration between 'Aspen the Resort,' and 'Aspen the Community.' ▪ Both residents and a diverse visitor population … demand a lively, small-scale downtown with diverse and unique shops.
2000 Aspen Area Community Plan Action Items	Action item #91: Support Locally Owned Businesses. Study and consider ways to support a diversity of small, locally-owned businesses in the commercial core as opposed to national chain stores and tourist-oriented retail.

As part of an instant voting keypad session held in July 2006, more than 400 people responded to questions about the mix of commercial uses downtown. Nearly 60% either agreed or strongly agreed that they were "concerned about the current mix of commercial retail and restaurants downtown and how it serves my needs."

But the voting session wasn't only about "locally-serving" businesses. Nearly 64% agreed or strongly agreed that, "the current mix of retail stores is too high-end and does not meet the needs and interests *of tourists*." (Emphasis added.) Just over 62% either agreed or strongly agreed that, "Government should play a role in helping preserve and maintain some essential businesses that serve year-round residents."

With the help of a consultant, staff proceeded to explore a range of potential regulations that have been used across the country, with a particular focus on resort areas. In September 2007, the City held another instant keypad voting session to get responses to various potential regulations.

More than 90 people participated, and the results were varied:

- 78% wanted the City to explore "public-private partnerships to preserve essential commercial uses that are threatened in the future …";

- 60% wanted to see more restaurants and nightclubs on the pedestrian malls, and 46% favored a new set of review standards before allowing more retail stores on the pedestrian malls.
- 60% liked growth management incentives that might result in local-serving stores in basements, second floors and alleys;
- 46% favored a cap on “national/international chain stores that sell designer/luxury brand merchandise,” while 43% favored a cap on jewelry stores;
- 41% wanted the City to explore direct subsidies;
- 37% were in favor of prohibiting chain stores & restaurants.

In January 2008, the Aspen Chamber Resort Association (ACRA) released a survey on the same subject. Sixty-five percent either agreed or strongly agreed that the City should “play a role to preserve and maintain some essential businesses … that serve year-round residents.” The three most favored “tools” were “Public-Private Partnerships,” a “Cap on national or international high end chains” and “New review standards for retail on the pedestrian malls.”

Although City Council lifted the moratorium on land use applications in April 2007, the Council had enacted a separate moratorium on issuing building permits in the commercial core zone district in December 2006 – effectively halting changes in use and keeping the current commercial profile in place. That moratorium has been extended and is due to expire on December 12, 2008.

It appears that much of the community concern over local-serving businesses has been the result of redevelopment that has resulted in the disappearance – or threatened disappearance -- of businesses that were cherished by the community. Over the last 10 years, these have included the Isis Theatre, Aspen Drug, La Cocina Restaurant, Explore Booksellers, The Crystal Palace, Cooper St. Pier and others.

When a longtime business/property owner decides to retire, sell the business and/or the property – the new buyer tends to pay a high price and may seek to replace the existing business(es) with tenants that can afford much higher rents, and may no longer be “locally-serving.”

There have been a number of work sessions on the subject of commercial mix with City Council and ACRA. The most recent was held with Council this summer, with staff focused on an approach termed “the three-legged stool,” which is made up of:

- Identifying stores that are needed to serve year-round residents;
- Exploring “succession planning” with such business owners, seeking to ensure their continuation;
- Exploring options for creating space or raising revenues to ensure the continuation of local-serving businesses needed by the local community.

At the same time, staff recognizes that the discussion on commercial mix may reflect a community concern over the mix of commercial uses that is offered to visitors – not just concerns over local shopping needs. After all, the downtown is like Aspen’s “front porch” – the place where visitors first roam and form their impressions of the City’s identity. With the help of local residents Jackie Kasabach and Bob Langley, staff is completing a research project that shows what businesses have “come and gone” in the downtown area since 1992.

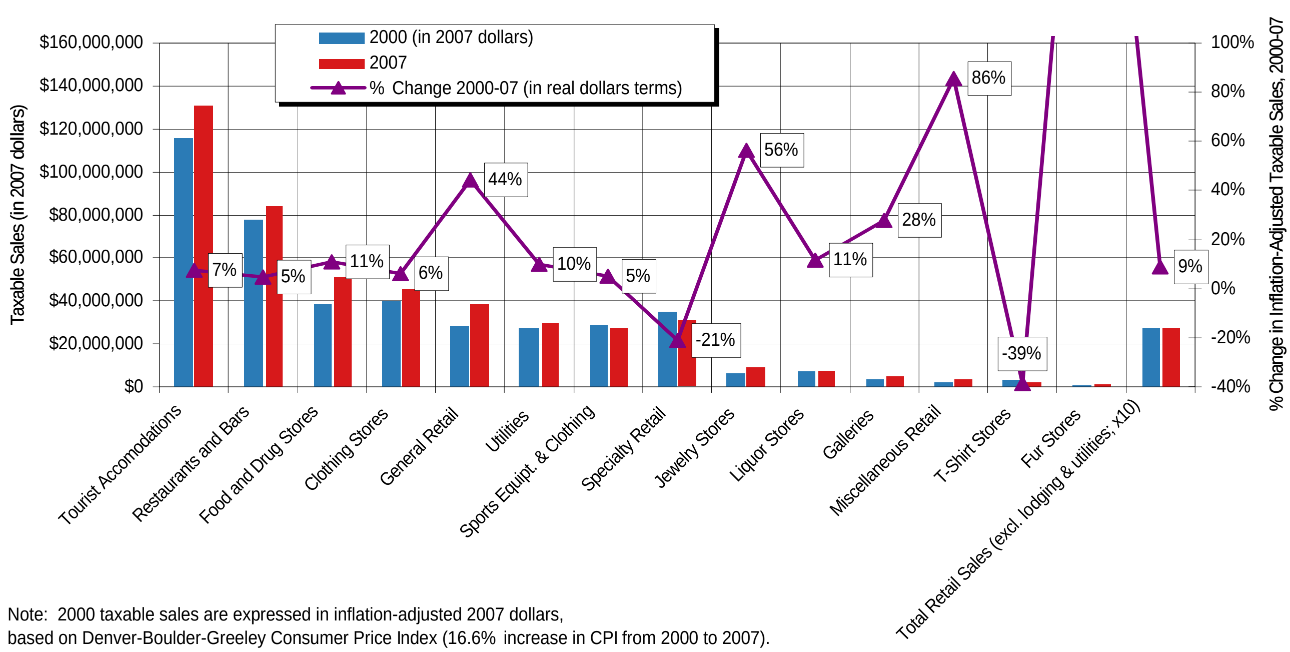
Under a variety of headings from clothing to restaurants and art galleries, these charts list the businesses that were located in the downtown in 1992, 1996, 2000, 2004 and 2008. Using Excel spreadsheets, the reader can easily see what stores have lasted, which have closed up shop and which have opened their doors during that period.

If there is a concern about the mix of commercial uses in the downtown, these charts should help with the discussion, providing a deeper understanding of how the local commercial profile has shifted over the last 16 years. The attached charts have not been polished in terms of formatting, but should be relatively easy to digest.

Also shedding light on the issue are portions of the State of the Aspen Area: 2000-2008, a report to be released in early September as part of the update of the Aspen Area Community Plan. Here are some excerpts from that report.

The Retail sector. Similar to several other economic measures in the Aspen area, the retail sector peaked in 2000, declined through 2002, and rebounded strongly through 2007. Specifically, total taxable retail sales rose to a peak of $258 million in 2000, before dropping to a trough of $240 million in 2002, and rebounding to $327 million in 2007.

FIGURE 9
City of Aspen Inflation-Adjusted Taxable Retail Sales by Sector (excluding Lodging and Utilities)
2000 – 2007



Source: City of Aspen Finance Department.

Figure 9 illustrates trends in City of Aspen inflation-adjusted taxable retail sales by sector between 2000 and 2007. As shown, inflation-adjusted total taxable retail sales rose by nine percent over the period. Similar 2000-07 growth rates occurred among the largest retail sectors, including restaurants and bars (up five percent), food and drug stores (up 11 percent), clothing stores (up 6 percent), and sports equipment and clothing stores (up 5 percent).

Stronger growth was recorded by general retail (up 44 percent). The general retail category includes stores where year-round residents tend to shop, such as hardware, electronics and video, but it also includes furniture, interior decorators, plumbers, electricians and other construction related businesses. Approximately half of the annual revenues in the general retail category come from those construction-related businesses, according to the City of Aspen Finance Department.

Losses were noted in specialty retail (-21 percent), a sector that includes tourist-oriented stores, such as antiques, optical, accessories, luggage, cosmetics and toys, including nine international designer brand shops.

The increase in sales tax revenues for restaurants/bars and other retail outlets contrasts with a decline in employment of nine percent in retail and five percent for restaurants/bars. This decline is consistent with a recent study showing a decrease in the number of restaurants, bars and some stores (particularly home furnishings and sundries) since 2000 (See Figure 10).

Figure 10
Commercial Profile of Downtown Aspen

	Number of Stores				
Category of Stores in Downtown Aspen	**1992**	**1996**	**2000**	**2004**	**2008**
Sportswear & equipment	23	25	22	22	24
Clothing & personal accessories	104	104	106	102	112
Jewelry (subset of clothing & accessories)	20	25	24	26	24
Home Furnishing & accessories	68	65	75	57	54
Art Galleries (subset of home furnishings …)	36	33	38	29	25
Restaurants, bars, coffee house, baked goods	87	96	90	92	76
Sundries (food, liquor, video, pharmacy etc.)	43	44	45	39	35
Personal services (beauty salon, gyms and spas)	19	26	30	29	30
Banks	4	4	7	7	7
Real Estate Offices	41	48	52	43	47

Source: City of Aspen Community Development Department