CITY OF PLANO

NOTICE OF MEETING

PLANNING & ZONING COMMISSION

PLANO MUNICIPAL CENTER

1520 K AVENUE

JUNE 6, 2006

6:00 PM	Dinner	Training Room A
6:30 PM	Work Session	Training Room A

WORK SESSION AGENDA

1. Review of Training Handouts on Zoning and Development
2. Review and Discussion on Site Plan Review Requirements for Commercial Developments
3. Review and Discussion of Placement and Amount of Retail Zoning and Development
4. Review and Discussion of Land Use as the Main Focus of Zoning Requests

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CITY OF PLANO

PLANNING & ZONING COMMISSION

June 6, 2006

Agenda Item No. 1

Review of Training Handouts on Zoning and Development

DESCRIPTION:

Review of training handouts on zoning and development

REMARKS:

The City Attorney's office and the Planning staff have prepared short "cheat sheets" for the Commission that can be used as quick references to zoning and development procedures. These are too brief to cover all of the nuances of these topics, so please continue to refer to the ordinances or ask staff if you have any questions.

Planning & Zoning Commission

"Fast Facts" Reference Sheet

This reference sheet is a general guide to the types of zoning and development cases that you will be considering. You should still consult planning and legal staff if you have questions about any specific item on the agenda or about ordinances and procedures in general.

Zoning

Zoning is "The division of a jurisdiction into districts within a jurisdiction within which permissible uses are prescribed and restrictions on building height, bulk, layout and other requirements are defined." There are two basic types of zoning petitions: changes to a property's zoning classification and amendments to the zoning ordinance text.

Special Types of Zoning

- Planned Development Districts
- Specific Use Permits
- Heritage Designation

Commission's Actions on Zoning Petitions

- Recommendation to City Council
- Legislative Action, not an administrative action
- Broad discretion in making decisions on zoning petitions
- May take into account testimony of the public and facts presented in the public hearings
- Regulations must rationally and reasonably advance a legitimate government purpose

Site Plans and Plats

The site plan and plat process governs land development in the city. Developers must receive approval of these plans to begin development and/or sell properties.

Site Plans

The site plan review process is governed by the Zoning Ordinance and has three steps and includes the following types of plans:

- Concept Plan
- Preliminary Site Plan
- Site Plan

Plats

The platting process is governed by the Subdivision Ordinance. There are several types of plats that the Commission may review and approve:

- Phase I and Phase II Land Study
- Preliminary Plat
- Final Plat
- Replat
- Conveyance Plat

Commission's Actions on Site Plans and Plats

The Commission's actions on site plans and plats are considered to be administrative in nature. As such, the Commission should approve these documents if they conform to all of the city's ordinances and requirements. The Commission may not impose additional requirements and cannot deny a site plan or plat based on homeowner opposition.

COMMISSIONER PRACTICE TIPS

ZONING CASES (Legislative Items)

Discretion: Broad

Always: Consider **land use** appropriate for the various districts and make uniform and logical decisions.

Never: Make decisions that are arbitrary and capricious. (e.g. - avoid spot zoning – zoning which varies or makes exceptions for particular tracts of land without justification based on the legitimate goal of promotion of health, safety and welfare.)

Remember:

1) **LAND USE** - zoning is a land use issue. Decisions should be based on the legal designation of land or real property for a particular use such as commercial, industrial or residential.
2) Consider the comprehensive plan when making zoning decisions. The comprehensive plan is intended to guide the future growth and physical development of a community by providing for the distribution and relationship of various **land uses**.
3) Specific Use permits should only be utilized in limited situations when a land use may be appropriate in a certain location in a zoning district but not in all locations. Specific Use Permits are most frequently used for private clubs, private recreation centers in subdivisions, arcades and day care centers.
4) Planned Development Zoning should only be used in limited situations when a planned development district is needed to develop special regulations for a property. Planned developments should not be used as a backdoor means to grant a variance.

DEVELOPMENT APPLICATION REVIEW (Administrative Items – e.g. site plans/plats)

Discretion: Extremely Limited

Always: Approve if it meets requirements in the attached checklists and city regulations.

Never: Impose conditions greater than required by the code.

Remember:

1) Utilize staff's expertise when decisions are based on safety issues and make a record based on relevant evidence.
2) Generalized complaints by local residents are INSUFFICIENT to justify denial of an application.
3) Meetings between the developers and homeowners can be requested but CANNOT be required. Denial of the application CANNOT be based on the developer's refusal to meet with homeowners.
3) Approval CANNOT be withheld solely on conclusory allegations that the subdivision or site plan is not consistent with the character of the neighborhood if the plans meet all the applicable code requirements.
4) Guidelines, such as US75 design guidelines and SH121 guidelines are NOT requirements that must be followed. They are merely recommendations or suggestions for best practices for the developer to follow. Failure to follow guidelines is not basis to deny an application.
5) If it meets the standards contained in the code regulations, the commission MUST approve the application.

CITY OF PLANO

PLANNING & ZONING COMMISSION

June 6, 2006

Agenda Item No. 2

Review and Discussion on Site Plan Review Requirements for Commercial Developments

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DESCRIPTION:

Review and discussion on site plan review requirements for commercial developments

REMARKS:

Article 5 of the Zoning Ordinance contains the regulations governing site plan review. Site plans have traditionally been required for all commercial and multi-family developments. Recently, the ordinance was amended to also require site plans for patio home and townhouse developments. These developments require more scrutiny than typical single-family subdivisions because of the higher densities, reduced setbacks and other constraints that limit sidewalk, driveway and utility placement. The training session will focus on commercial site plans.

In Plano, the site plan review process has three steps. Concept plans have very little detail and are used primarily to coordinate driveways and median openings. The applicant may always skip the concept plan and go straight to the next step, the preliminary site plan. Preliminary site plans show details about building placement, parking areas, and landscaped areas. Preliminary site plans are required for all development except for properties less than 5 acres in size that are not being subdivided from larger tracts. A general tree survey is also part of the preliminary site plan review. Final site plans include specific details about utility size and placement, screening wall heights and placement, easement locations and other details. Landscape plans, façade plans (where required) and tree preservation plans are included with final site plans.

Concept plans and preliminary site plans require the Planning & Zoning Commission's approval; final site plans are approved by staff. The Commission will only see final site plans if no preliminary site plan was required for the project. Approval of these plans authorizes the applicant to proceed on to the next step in the process. Approval also gives the applicant some level of assurance that he may rely on the plan to begin preparing engineering plans and architectural drawings.

What Does a Planner Look For?

The site plan review process is used to determine a plan's conformance with the city's adopted ordinances and policies. Site plans show building location and placement, landscaped areas, parking spaces, fire lanes, dumpster locations, building height and setbacks, utility locations, floor area ratio and other details. The assigned planner reviews the plan to make sure that it conforms to the zoning requirements for the particular district and any planned development stipulations, overlay districts, FAA restrictions (if applicable) and other regulations. A checklist is attached to indicate the myriad details that the planner must look for as part of the site plan review process. The planner must also research plans for developments that are planned or have been built around the property to make sure that driveway spacing and median openings are coordinated. In addition to the Zoning Ordinance, the planner must also make sure that the plan conforms to the Subdivision Ordinance and the Thoroughfare Standards Ordinance. Coordination with the Fire Department, the city's development engineers and Building Inspections is also critical.

What Latitude Does the Planner Have to Force Design Changes?

Planners, like the Commission, are obligated to approve the site plan if it meets all ordinance requirements. However, the planners and engineers frequently suggest design changes to building placement, driveway locations and utility plans to make a site function better. In many cases, suggestions on utility locations may save the applicant quite a lot of money.

Where Do Façade Plans Come In?

Staff only reviews and approves façade plans for retail shopping centers, development in the Regional Employment and Regional Commercial zoning district, which have distinct façade requirements, and for properties with planned development stipulations for façade designs. For example, the PD districts governing development in Legacy Town Center and Haggar Square both contain specific façade requirements. There are no specific ordinance requirements for façade designs for retail shopping centers, but the Retail Corner Guidelines recommend that shopping centers have compatible building materials, roof lines and other architectural features.

Also attached are some examples of commercial site plans. During the training session we will review a specific site plan and discuss how it evolved during the plan review process.

SITE PLAN/PRELIMINARY SITE PLAN/CONCEPT PLAN CHECKLIST
All items required for site plans
Italicized = items not required on preliminary site plans
C = required for concept plans

General:

Use permitted? – C
pad sites: 1 per 5 acres if <5,000 s.f.
Plans/plats exist on adjacent properties - C
Adjacent zoning/adjacent uses labeled - C
All supporting plans/plats submitted
Façade?
HOA's
Tax statement submitted/taxes paid? - C
Minimum lot frontage & requirements met?
2 points access
Cross access
Setbacks & requirements per zoning and PD
FAA?
Superstore?
Open storage?
TIA? Trips generated
RAS?
Churches/schools:
fence heights
if residential district, requires min. 2 acres, with:
direct access 36' street pavement
direct access median opening
Overlay district? (landscape, signage, underground utils.)
Preston Road TSO
Spring Creek Pky TSO
Tollway & 121 TSO
Historic district / designation requirements
Preservation Plan requirements - C
Comp Plan conformance (all chapters) - C
Check existing "subj. to:" previous plans

Text & Format:

Location map, same orientation vicinity map - C
North arrow & scale bar w/ text (check scale accuracy) - C
Title block info - C
Room for approval stamps - C
General notes (B, F, H, F, M, A, A, O, B, O, P, A, U) and I B C 2003
Water meter schedule ID, type, size, no., san. sewer
Purpose of revised statement
<u>Site data summary table:</u>
Zoning
Use
Lot area
Building S.F.
Building height stories & feet
Lot coverage (bldg footprint s.f. / lot s.f. = ___%, move right 2 decimals)
FAR (total bldg all floors s.f. / lot s.f. = ___: 1)

Density units/acres
living units by # bedrooms & min. s.f. each type
Parking required
HC required
Parking provided
HC provided
Interior L.S. required
Interior L.S. provided
Impervious surface s.f. (lot area – building footprint - landscape area)

<u>Lot Coverage:</u>
Building base floor s.f. / lot s.f. = % (move right 2 decimals)

<u>Floor/Area Ratio:</u>
Building all floors s.f. / lot s.f. = ___ : _1__

Lot:

Boundary lines & dimensions - C
Lot lines dimensioned - C
Lot acreage & s.f. - C
Distance to nearest cross street - C
Existing contours 2 ft. or less
Proposed contours 1 ft.
Tree masses - C
Floodplains, drainage ways, creeks - C
Drainage & floodway dedications - C
Building footprint & dimensions – C (approx; no dimensions required)
Building s.f. & height (stories & feet)
Building lines & setbacks
Building use
FFE
Sign location
ROW dedications - C
Public streets w/ dimensions, radii, centerline, driveway distances - C
Medians w/ dimensions - C
Turn lanes w/ dimensions - C
Private drives w/ dimensions & radii & min. spacing – C
VAM
Drive-thru stacking w/ dimensions
Fire lanes 10% shade w/ dimensions & radii (dead end? over length?); 150' hose lay
Underground tanks? See fire code
Sidewalks; easement required if inside lot
Parking areas w/ number, dimensions (dead end? direct access from drive? access from adjacent lot?)
No parking at drive openings
Off-site parking
HC spaces, barrier free ramps, crosswalks
Loading spaces w/ dimensions
Surface types
Access easements
Dumpster-screening type & dims. (11" x 21.5'), notation/label
Parks s.f. & dedication/fee simple - C
Open space s.f. & dedication - C
COP Facilities dedication – C

Open storage?
Screening walls, retaining walls, fences w/ type & height – required or not
Gates?
Rooftop (RMU) screening
Service area screens w/ type & height
Living screens & headlight screens w/ plant spec. & height
Landscape areas, landscape edge 10', 15' corner lot, 30' overlay district)
Existing easements & utilities (water & sanitary sewer)
Proposed easements & utilities (water & sanitary sewer)
Underground utilities & easements; Required?
Drainage structures & easements
Phases – C

Additional:

Trees to be removed > 8" cal.? - C
HOA/Private Recreation Centers' CCR's to Legal Dept. before preliminary plat approval
Property owner's (multiple?) consent, signatures on application – C
75 Design Guidelines
Retail Corner Guidelines
Multi-Family Guidelines
Downtown Development Plan
Any other applicable or recent guidelines
Stickers and instructions for returning

Zoning Cases:

Check use for all requirements
Distance, separation, and setback requirements
Property owner signatures required
Zoning change signs placed on property.
Notify adjacent cities.
Zoning note statement:
PD stipulations stated if amending
Property owner, preparer, surveyor name, address, phone
N arrow, scale, date, vicinity map
No architect scale
Adjacent zoning, property ID, uses
Dimensions and distances
Easements
Stickers and instructions for returning

2 copies of floor plan if private club

	Req'd	Prov'd
# Dining Seats	80	___
Dining Area (12 sf/seat)	960 sf	___
Bar/Lounge/Waiting Area	n/a	___

CITY OF PLANO

PLANNING & ZONING COMMISSION

June 6, 2006

Agenda Item No. 3

Review and Discussion on Placement and Amount of Retail Zoning and Development

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DESCRIPTION:

Review and discussion on placement and amount of retail zoning and development

REMARKS:

Sufficient retail opportunities are certainly critical for cities to provide residents and businesses with needed goods and services and to support the sales and property tax base. In rapidly growing areas, a frequently voiced complaint is that commercial development lags behind residential development. Retail and other commercial centers are not planned and developed until there is a supporting market base. Inner city and first-ring suburban areas are often underserved, as retailers have moved outward seeking a larger market base and households with higher incomes.

There is no magic number as to the appropriate square footage of retail space per capita. The amount of retail space is affected by the economy's increasing reliance on consumption as its major support. Affluent areas with higher sales per capita also may support more retail development than would be expected based on population alone. In the 2003 Tri-City Retail Study, undertaken by Plano, Richardson and Carrollton, the retail space per capita for Plano was estimated to be over 50 square feet per capita. Richardson's estimate was in the lower 30's; Carrollton's in the mid 20's. Nationally, retail square footage per capita is estimated to be around 20 square feet.

How did Plano end up with so much retail? Including the two regional malls, Plano has 14.5 million square feet of retail space, with more in the pipeline. Existing zoning would allow about 7 million additional square feet of space. Retailers are attracted to Plano and other suburban Dallas areas by the relatively high household incomes and discretionary income and sheer population growth. The Dallas-Fort Worth area is also attractive to businesses who wish to try out new restaurant or retail formats. For many years, Plano's retail market extended into North Dallas and up into Oklahoma, as well as into the rural parts of Collin County and underserved markets in Garland and Richardson. However, these areas are now developing their own retail bases, which has decreased Plano's market share.

Land use planning also contributed to the supply of retail zoning and development. Plano wisely chose to limit retail development to the intersections of major thoroughfares, rather than allowing "strip" development along these roadways. However, with major thoroughfares located on a 1 mile grid, this policy created plenty of opportunities for four corner retail. The population density in these neighborhood grids has never been sufficient to support the 400,000 to 500,000 square feet of retail that could potentially be built at these intersections. Early future land use plans also indicated that retail zoning was appropriate on all four corners. By the mid-1980's, the city realized that approving retail zoning on all corners was not appropriate, and the Comprehensive Plan adopted in 1987 for the first time included a policy recommendation that no more than 1 or 2 corners of a major intersection be zoned for retail development.

A shift in retailers' preferences has negatively impacted these neighborhood shopping centers as well. With the move to larger stores that served a larger market, retailers increasingly sought sites with good visibility and access along major regional roadways. During the 1990's retailing in Plano shifted to the US 75, Preston Road and Dallas North Tollway corridors. The movement of Wal-Mart from the intersection of 15th Street and Custer Road to Park Boulevard and Preston Road, now on to the new store on the Dallas North Tollway, is a good example of this shift. It is likely that neighborhood grocery stores will be affected next by these trends, as companies consolidate and superstores such as Wal-Mart and Super Target gain a larger market share. The lack of an anchor store negatively impacts remaining businesses and leads to increased vacancies in shopping centers.

Plano must now adjust to these new retail realities. The Tri-City Retail Study recommended several actions to address the oversupply of retail zoning and development. The most important of these for the Commission to keep in mind are to "prune retail zoned land" and to "recycle older retail centers". The Commission should look for opportunities to reduce the amount of retail zoned land, and certainly avoid creating additional retail zoning except in very special circumstances. It is inevitable that some retail shopping centers will not be able to survive as markets change and decline. The Commission should look for ways to redevelop these sites for other uses. Several regulatory amendments have already been made in an attempt to address these issues, including a reduction in the number of required parking spaces and the allowance of some forms of residential development on properties with retail zoning.

Included in the packet is the executive summary from the Tri-City Retail Study, along with other selected readings on retail development.

RETAIL STUDY

Of

UNDERPERFORMING AND VACANT RETAIL AREAS

EXECUTIVE SUMMARY

A Joint Study of the Cities of Carrollton, Plano and Richardson

J. D. WILSON & ASSOCIATES

Leland Consulting Group, Inc.

Newman Jackson Bieberstein, Inc.

JOINT RETAIL STUDY
EXECUTIVE SUMMARY

Introduction/Background

Purpose of the Study

A national trend of stagnating and declining "inner ring" suburbs is evident throughout the U.S. Inner-ring suburbs were the first suburban neighborhoods beyond the original central city and today may be far from the fringe or urban boundary. Facing increasing competition from both "the fringe" and revitalizing downtowns, commercial areas in these "in between" communities are experiencing declines in property values and market share. These impacts are felt not only by property owners, but also by the communities within which these properties are located. The competitive position of commercial real estate in these communities will gradually erode unless there is a significant repositioning of its role, recognition of its current target markets, and restructuring of the physical layout of centers to reflect the more mature nature of the communities that surround them. Together, the public and private sectors face the challenge of revitalizing the commercial developments.

The cities of Carrollton, Plano and Richardson — all "inner ring" suburbs of Dallas — are "case studies" of the problems described above. Each of these communities, in their own way, faces a multitude of challenges to revitalizing their key commercial areas. Among them:

- Municipal planning practices which led to retail over-zoning
- Rapidly changing retail formats (nationally and regionally)
- Dramatic shifts in demographic characteristics, particularly age and ethnicity
- Limited market opportunities
- "Cannibalization" of retail sales by large format retailers
- Eroding market share due to competition from outer suburbs
- Historically adversarial relationship between public and private sectors
- Complexity of "deal points" in older commercial centers

For each of these communities, the implications of allowing these trends to continue are severe and immediate. The long-term health of a community relies, in great measure, on its ability to provide easily-accessible goods and services for its residents. A decline in this ability has far-reaching consequences, including: loss in fiscal revenues; deterioration of surrounding commercial development; negative impact on neighborhoods; decline in jobs and income; erosion in overall economic health; and, damage to future economic development efforts.

In an effort to reverse the trend of commercial decline occurring in their own communities, these cities joined forces to commission a study that would provide recommendations and strategies for the productive use/reuse of vacant/underused commercial structures, vacant sites and/or partially-developed retail zoned sites within their boundaries.

This report provides a technical basis for the individual cities to establish policies, revise codes and ordinances, consider rezoning proposals, and establish incentives to promote appropriate development and/or redevelopment. Based on the identification of "best practices" and the issues identified in analyzing the "prototypical" sites, a series of tools and strategies were developed to guide the municipal practitioner through the identification of issues and development of "agents" for change. The tools include a profile of market conditions, criteria for evaluating future sites in order to select an appropriate strategy, and a description of alternative strategies and tools necessary to further their implementation. This is concluded with "next steps" for establishing a framework within the communities to "ready their environments" for investment.

Project Process

The Joint Retail Study process began during the Fall of 2001 and will conclude during the Summer of 2002. The effort was initiated and directed by a Technical Committee made up of community development representatives from the three participating cities. They were supported by a team of consultants, including Dennis Wilson of J.D. Wilson and Associates (Planners and Urban Designers), Bill Cunningham and Anne Ricker of Leland Consulting Group (Real Estate Strategists), and Rowland Jackson and Michael Spackman of Newman, Jackson, Bieberstein (Landscape Architects and Land Planners). Insight and guidance was provided by an Advisory Committee comprised of commercial developers, brokers, business owners, and neighborhood advocates.

Audience for Findings

This report is intended as not only a summation of the process, but a strategic guide for community policy makers, staff, property owners and operators of commercial properties. For all who participated in its preparation, the goal was the identification of strategies to promote sustainable commercial environments which are adaptable to the evolving nature of retail development, support an increase in property values and ultimately result in a greater community benefit.

Best Practices

Following are conclusions regarding the "best practices" for cities to follow as a partner in the revitalization of their commercial base. They are based on lessons learned by successful commercial (re)development efforts from across the country, an in-depth understanding of issues impacting local retail markets, and industry knowledge gained through participation in this study by area experts (the Advisory Committee). They are intended to provide a foundation for the implementation of revitalization strategies for commercial properties in the three participating cities. The following "best practices" are based on successful retail developments.

1. Know the Market
2. Prune Retail-Zoned Land
3. Recycle Older Retail Centers
4. Avoid Strip-Zoning Major Roadway Intersections
5. Concentrate Retail at Major Intersections
6. Create "Pedestrian Districts"
7. Manage Parking
8. Use Landscaping to Soften Development
9. Tame Signage
10. Ensure Visibility to Tenants and Site Features
11. Facilitate Creation of Associations and Districts
12. Require "Clean and Safe" Retail Environments

Market Analysis

Introduction

Planning for the strategic revitalization of commercial properties requires that a community know its market and understand its unique potential. Retail development is driven by market forces — demand in the form of population, households and spending potential growth, and supply in the form of competition. Markets are people, and understanding the characteristics of those people — a community's residents and employees — is critical to an effective retail strategy. For the purpose of this study, market opportunities were identified through an assessment of national and local trends, and analyses of supply and demand conditions for various development products within the trade areas of the three communities.

National and Regional Retail Trends

Changes in retailing are the result of evolving consumer behavior brought about by demographic shifts, advances in technology, and expanded shopping choices. National and regional retail trends affecting development within America's "inner ring" suburban areas such as Carrollton, Plano and Richardson, include:

Ethnic Retailing: In response to changing demographics, particularly growth in the Hispanic, African American and Asian populations, retailers are increasingly targeting goods and services and even entire shopping areas serve these groups.

"Main Street in the Suburbs": As downtowns across the country continue to revitalize, they are creating place-making models for neighboring suburbs.

Store Formats and Center Types: Emerging consumer trends have precipitated the following changes in store formats and retail center types including: smaller is better; multi-branding / cross-branding; reuse of second generation space; and, urban formats and store types.

Local Economic and Demographic Trends

A review of historical data suggest that the three communities have experienced annual growth rates ranging from 1.5% to 6.3% over the last decade, an increase in median household incomes, and increasingly diverse ethnic profiles – trends providing opportunities for investment and reinvestment.

Local Retail Supply Characteristics

Retail supply within the three communities represents a typical suburban mix of shopping center and store types. Retail concentrations are located along major transportation thoroughfares such as US Hwy 75, Interstate 35E, the North Dallas Tollway, President George Bush Turnpike and key arterials within each community.

Plano contains nearly 60% of the retail space within the three communities and also has the lowest vacancy rates. This is due primarily to Plano's newer retail base and wealthier customer base. The highest vacancy rates are being experienced in Richardson, which has a much older retail base and slower household and income growth. Carrollton's retail environment falls between Plano and Richardson – relatively high household and income growth, but an aging retail base.

Retail Demand Estimates

Demand for new commercial development is estimated by analyzing current consumer expenditures by trade-area residents, identifying the total square feet those expenditures can support, and comparing these conditions to the existing amount of commercial square footage in the trade area. Based on this analysis, niche opportunities were identified for each of the three communities as follows:

Carrollton

- "Middle Market" Apparel – Discount Department Store; Footwear; Specialty Apparel
- Entertainment – Theaters; Sporting Goods; Recreational Retail; Bookstore
- Restaurants – Sit-Down, Family-Style Restaurants; Specialty Foods; Fast Food/Carryout

Plano

- Entertainment – Theaters; Sporting Goods; Recreational Retail; Bookstore
- "Higher-End" Apparel – Specialty Apparel (Men's/Women's); Footwear

Richardson

- "Higher-End" Apparel – Specialty Apparel (Men's/Women's); Footwear
- Entertainment – Theaters; Sporting Goods; Recreational Retail; Bookstore
- Household Equipment – Appliances; Home Electronics; Computer Equipment
- Home Furnishings – Specialty Furniture; Home Accessories

Evaluation of Prototypical Sites

Introduction

The overriding goal of any commercial revitalization strategy is to select areas and sites for reinvestment with the greatest likelihood of success. While success can be defined in many ways, it is most easily measured in economic terms – for the public sector, increased property values and tax revenues; for the private sector, higher rents/sale prices and rates of return. However, success can also be defined in physical, political, and even social terms. Therefore, areas/sites must be "screened" with criteria that reflect the range of factors for success. The prototypical sites which were the subject of study, and which are presented in Appendix B, were "screened" to ensure a broad variety of issues relating to "reinvestment" were addressed.

Opportunities for Reinvestment

Among the three participating communities, opportunities for use and reuse of commercial properties were identified. These opportunities include:

- Creation of mixed-use environments
- Engaged planning for the community's future
- Repositioned commercial centers
- Enhanced physical standards
- Connected commercial centers
- Policy framework which "readies" the environment for investment

Potential Barriers to Reinvestment

Commercial redevelopment is challenging., It requires a high level of analysis, planning and assistance in order to attract new investment from the property owner . Commercial areas affect the health and vitality of surrounding neighborhoods, but they are also a subset of a larger market and therefore must respond to changes locally and regionally. As such, they have unique strengths to be capitalized on and limitations to be overcome. These limitations, commonly referred to in this report as barriers, pose exceptional obstacles which require exceptional solutions.

Barriers identified during the study process fell into four broad categories — market, physical, financial and regulatory. The identification of barriers, and the issues which perpetuate them, framed the research and analysis necessary to arrive at final recommendations.

Implementation Strategies

Strategies to Capitalize on Opportunities and Overcome Barriers

In the context of this study, a review of more than 150 commercial properties in the three communities resulted in the identification of seven prototypes representative of a range of conditions affecting property use and reuse. Selection of possible approaches to promote investment in these properties was based on the results of an analysis of evaluation criteria. Strategies to address the challenges presented by the subject properties include: creation of a mixed-use environment; property re-zone; property build-out; physical retrofit; general marketing and financial assistance; completion of a sub-area plan; and, establishment of a policy framework and development standards.

These strategies are intended to help public decision-makers understand the challenges facing commercial centers in their community. No single strategy is the only solution for a challenged retail environment. In fact, a combination of targeted strategies is most effective. Identification of preferred strategies should be the result of market findings, the site evaluation, review of community goals and discussions with individual property owners.

Public and Private Roles

Local government has the largest and longest-term interest and responsibility in community reinvestment. Therefore, under any reinvestment strategy, the public entity needs to have a strong involvement and visible presence. It should provide continuing leadership, regulatory incentives and "seed" capital for pilot projects. Not only does government have the legal ability to address a failing retail environment,, it is the primary conduit to local, regional, state and federal funding sources.

The cities that commissioned this study recognize the importance of public participation in attracting reinvestment. Collectively they understand that their role should be to "prepare the environment" and to act as an advocate, promoter, facilitator, policy-maker, financier and educator. If done effectively, the private sector will respond as an investor, operator, manager, and marketer.

Getting Started

In order for city government to proactively initiate programs to facilitate and to directly participate in the evolution of their commercial areas and the properties within them, they need to:

- Adopt a policy framework to reflect a commitment to stimulating reinvestment, including funding sources and criteria for "rate of return on investment".
- Revise ordinances and standards to reflect current "best practices" in retail development.
- Identify funding sources for use in revitalization/reinvestment efforts; possibly establishing a range of programs to be offered.
- Streamline economic development programs to attract targeted uses such as "anchors" and other market "generators".
- Monitor and inform property-owners and the development community of changes in market conditions, the regulatory environment, and incentive programs.

The U.S. Retail Space Market

Perspective and Prospective on the Retail Real Estate Industry

Michael P. Niemira

U.S. retail space, as measured in square feet[1], grew at about twice the average pace of the U.S. population over the last 35 years (see Table 3-1). By 2004, there was an estimated median of 40.5 square feet per person for total retail space—including freestanding stores, shopping centers, street retail and retail at mixed-use projects—among the nation's 361 Metropolitan Statistical Areas (MSAs). Shopping center space for the entire United States, on the other hand, is estimated at 20.3 square feet per capita[2], as shown in Table 3-2.[3]

Table 3-1

AVERAGE ANNUAL GROWTH PER YEAR IN RETAIL BUILDING STOCK* AND POPULATION
(Square Footage and Number of People)

Period	Total Retail Stock Growth Rate (Geometric Averages)	Total Population Growth Rate (Geometric Averages)	Growth Rate Gap: Stock - Population (Percentage Points)
1970-1979	2.2%	1.1%	1.1 pp.
1980-1989	1.9	0.9	1.0
1990-1999	1.9	1.0	0.9
2000-2003	2.3	1.4	0.9
2004 (est.)	2.0	1.0	1.0

* Based on the total for 361 Metropolitan Statistical Areas (MSAs).
Sources: McGraw Hill Construction; U.S. Census Bureau; ICSC Research

Retail per capita figures in and of themselves are not benchmarks, nor are they very meaningful in isolation. However, in context with similar figures for all metro markets and over an extended period of time those statistics can help to identify which markets have greater or lesser retail space and can, in turn, be used as a "first pass" look at

Table 3-2

AVERAGE PER CAPITA RETAIL BUILDING STOCK
(Square Footage per capita)

Period	Total Retail*	Shopping Centers	Shopping Center Spaces as Shares of Total Retail (%)
1970-1979	29.0	9.4	38.4
1980-1989	32.3	14.7	54.6
1990-1999	35.8	18.9	63.5
2000-2003	39.1	20.0	63.5
2004 (est.)	40.5	20.3	62.8

* Based on the median per year for 361 MSAs
Sources: McGraw Hill Construction; National Research Bureau–a subsidiary of CoStar Group; ICSC Reasearch.

over- or under-supply. This article goes one step further and examines the relationship between per capita retail stock and the unemployment rate as a guide to the market's risk.

SHOPPING CENTER MARKET SHARE GROWTH

During the 1970s, shopping center space accounted for about one-third of the nation's 361 metro markets[4]. As a share of the population, there were 9.4 square feet of shopping center space per capita, on average, in the United States during the 10-year period ending 1979. The seemingly large jump to over 20 square feet per capita by 2004 reflected an increased market share of total retail stock in the form of shopping centers. *By the 1990s, shopping centers accounted for two-thirds of the nation's retail stock relative to those same markets.*

[1] These estimates of total retail stock are from McGraw-Hill Construction.

[2] These figures come from ICSC's Scope USA and are explored in Bindu Nair, "The Shopping Center Industry in 2004," *Research Review*, International Council of Shopping Centers, Vol. 12 (No. 1), 2005, pp. 13-15.

[3] Keep in mind that the population denominators between the median retail stock per capita and the shopping center stock per capita are different. Therefore, it is inappropriate to divide the median retail stock per capita by the shopping center stock per capita to determine shopping center growth relative to the total retail (proxied by the 361 market areas) presented in column 3 of Table 3-2.

[4] By population, those 361 metro areas accounted for 83% of the total population in 2000 and probably represented an even larger share of the total retail building stock in the United States. However, the only national data that we have are summed up from those metro areas, so our use of the term "total retail" is for those markets only. For this study, we use today's Census Bureau's definitions of metro markets and extend those concepts back in time. Special thanks to the Census Bureau for its help in getting those historically consistent data.

LARGEST RETAIL SPACE MARKETS

As shown in Table 3-3, the largest metro area market for retail is the New York-Northern New Jersey-Long Island, New York-New Jersey-Connecticut-Pennsylvania MSA. That MSA area alone accounted for 7.7% of the national metro area population in 2003 (the last actual), but only 5.0% of the retail space market for those same 361 geographic markets. Benchmarked to the largest retail space market, the next largest is Los Angeles, which is about 8% smaller than the greater New York City area. Not surprisingly, among the top retail markets are Chicago (3), Dallas (4), Miami (5), Philadelphia (6), Atlanta (7), Houston (8), Detroit (9) and Washington (10). Of significance in the wake of Hurricane Katrina is that the New Orleans metro area ranked as the 35th largest for retail space in 2003.

Among the largest 50 markets for retail space, the median density per market was 41.0 square feet per capita in 2003 compared with 40.0 for the median of all 361 markets.

HIGH RETAIL DENSITY MARKETS

The decision to build or expand retail space is made on a project-by-project basis yielding a potentially different composition of the retail stock in any given MSA. Nevertheless, the MSA ranking of 2003 retail stock per capita, as shown in Table 3-4, shows that the Myrtle Beach, South Carolina metro area had the highest stock per person at 74.8 square feet relative, almost twice the national average.[5]

Ohio metro areas as a group stand out as having among the nation's highest retail stock per capita. Lima, Ohio had 70.5 square feet of retail space per capita—the second highest stock per person among the 361 metro areas. But even beyond that, 11 metro markets in Ohio were among the highest 13 with an average of 63.8 square feet of retail space per person. *To be sure, this "macro" view does not address the quality or composition of that space, just the quantity.* Nonetheless, Ohio claimed a considerable amount of retail density, and this is not a new story.

[5]Myrtle Beach is a resort city and attracts 14 million visitors annually compared to its resident population in the metro area of about 210,000. Hence, that explains the high retail space per capita.

Table 3-3

FIFTY LARGEST RETAIL MARKETS IN THE UNITED STATES BY METROPOLITAN AREA FOR 2003

Rank	Metropolitan Statistical Area	Size Relative to Largest Market*
1	New York-Northern New Jersey-Long Island, NY-NJ-PA	100.0
2	Los Angeles-Long Beach-Santa Ana, CA	92.1
3	Chicago-Naperville-Joliet, IL-IN-WI	74.7
4	Dallas-Fort Worth-Arlington, TX	54.2
5	Miami-Fort Lauderdale-Miami Beach, FL	48.3
6	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	44.2
7	Atlanta-Sandy Springs-Marietta, GA	44.2
8	Houston-Baytown-Sugar Land, TX	43.3
9	Detroit-Warren-Livonia, MI	37.7
10	Washington-Arlington-Alexandria, DC-VA-MD-WV	36.3
11	Boston-Cambridge-Quincy, MA-NH	32.0
12	Phoenix-Mesa-Scottsdale, AZ	31.1
13	San Francisco-Oakland-Fremont, CA	29.5
14	Cleveland-Elyria-Mentor, OH	28.7
15	Minneapolis-St. Paul-Bloomington, MN-WI	25.8
16	Seattle-Tacoma-Bellevue, WA	25.7
17	Riverside-San Bernardino-Ontario, CA	23.5
18	Cincinnati-Middletown, OH-KY-IN	23.4
19	Tampa-St. Petersburg-Clearwater, FL	22.8
20	Columbus, OH	22.4
21	St. Louis, MO-IL	21.7
22	Denver-Aurora, CO	21.4
23	Pittsburgh, PA	21.3
24	San Diego-Carlsbad-San Marcos, CA	21.2
25	Baltimore-Towson, MD	20.8
26	Kansas City, MO-KS	20.0
27	Orlando, FL	18.4
28	Portland-Vancouver-Beaverton, OR-WA	15.8
29	Indianapolis, IN	15.7
30	Charlotte-Gastonia-Concord, NC-SC	15.4
31	San Antonio, TX	14.1
32	Sacramento–Arden-Arcade–Roseville, CA	14.1
33	Las Vegas-Paradise, NV	14.0
34	Nashville-Davidson–Murfreesboro, TN	13.5
35	New Orleans-Metairie-Kenner, LA	13.0
36	Milwaukee-Waukesha-West Allis, WI	12.3
37	Virginia Beach-Norfolk-Newport News, VA-NC	12.2
38	Dayton, OH	12.1
39	San Jose-Sunnyvale-Santa Clara, CA	12.0
40	Providence-New Bedford-Fall River, RI-MA	11.9
41	Memphis, TN-MS-AR	11.6
42	Salt Lake City, UT	11.1
43	Oklahoma City, OK	11.1
44	Jacksonville, FL	10.8
45	Buffalo-Niagara Falls, NY	10.7
46	Louisville, KY-IN	10.5
47	Birmingham-Hoover, AL	10.1
48	Austin-Round Rock, TX	10.0
49	Hartford-West Hartford-East Hartford, CT	9.7
50	Toledo, OH	9.7

* Markets indexed with largest equal 100.
Sources: McGraw-Hill Construction; ICSC Research.

Table 3-4

FIFTY METRO AREAS WITH HIGHEST PER CAPITA RETAIL BUILDING STOCK
(Square Footage Per Capita for 2003)

Rank	Metropolitan Statistical Area	Retail Stock Per Capita
1	Myrtle Beach-Conway-North Myrtle Beach, SC	74.8
2	Lima, OH	70.5
3	Sandusky, OH	69.7
4	Toledo, OH	68.8
5	Dayton, OH	67.1
6	Cleveland-Elyria-Mentor, OH	62.9
7	Columbus, OH	62.7
8	Canton-Massillon, OH	62.6
9	Mansfield, OH	61.4
10	Youngstown-Warren-Boardman, OH-PA	59.8
11	Akron, OH	59.0
12	Grand Forks, ND-MN	57.3
13	Springfield, OH	57.0
14	Vero Beach, FL	56.4
15	Greensboro-High Point, NC	56.1
16	Wheeling, WV-OH	55.4
17	Macon, GA	55.2
18	Rome, GA	55.1
19	Midland, TX	55.0
20	La Crosse, WI-MN	54.5
21	Cincinnati-Middletown, OH-KY-IN	53.7
22	Amarillo, TX	53.3
23	Boulder, CO	53.0
24	Dothan, AL	52.7
25	Salt Lake City, UT	51.7
26	Great Falls, MT	51.3
27	Pocatello, ID	50.6
28	Weirton-Steubenville, WV-OH	50.5
29	Billings, MT	50.2
30	Charlotte-Gastonia-Concord, NC-SC	50.2
31	Muncie, IN	50.1
32	Lubbock, TX	49.9
33	Chattanooga, TN-GA	49.7
34	Lexington-Fayette, KY	49.7
35	Sarasota-Bradenton-Venice, FL	49.4
36	Lawrence, KS	49.3
37	Kansas City, MO-KS	49.3
38	Cheyenne, WY	49.2
39	Columbus, IN	48.9
40	Cape Coral-Fort Myers, FL	48.8
41	Lafayette, LA	48.7
42	Hattiesburg, MS	48.5
43	Fargo, ND-MN	48.4
44	Spartanburg, SC	48.1
45	Orlando, FL	48.0
46	Wichita Falls, TX	47.9
47	Hot Springs, AR	47.9
48	Abilene, TX	47.7
49	Huntsville, AL	47.5
50	Fort Wayne, IN	47.4
	Average of Highest Fifty Markets	**54.3**
	Median of Highest Fifty Markets	**51.5**
	U.S. Median for 361 Markets	**40.0**

Sources: McGraw-Hill Construction; U.S. Census Bureau; ICSC Research.

Table 3-5

FIFTY METRO AREAS WITH LOWEST PER CAPITA RETAIL BUILDING STOCK
(Square Footage Per Capita for 2003)

Rank	Metropolitan Statistical Area	Retail Stock Per Capita
361	Madera, CA	19.4
360	Hanford-Corcoran, CA	19.5
359	Hinesville-Fort Stewart, GA	19.5
358	McAllen-Edinburg-Pharr, TX	19.5
357	Merced, CA	19.6
356	Greeley, CO	20.9
355	Visalia-Porterville, CA	22.4
354	El Centro, CA	24.4
353	Monroe, MI	24.4
352	Napa, CA	24.5
351	Morristown, TN	24.8
350	Killeen-Temple-Fort Hood, TX	25.1
349	New York-Northern New Jersey-Long Island, NY-NJ-PA	25.2
348	Stockton, CA	25.5
347	Cumberland, MD-WV	25.8
346	Williamsport, PA	26.3
345	Worcester, MA	26.3
344	Kingston, NY	26.5
343	Yuma, AZ	26.7
342	Bakersfield, CA	27.2
341	Prescott, AZ	27.3
340	Jefferson City, MO	27.4
339	Lebanon, PA	28.1
338	Modesto, CA	28.2
337	Yuba City, CA	28.2
336	Honolulu, HI	28.2
335	Corvallis, OR	28.4
334	Charlottesville, VA	28.4
333	Niles-Benton Harbor, MI	28.6
332	Lancaster, PA	28.6
331	Bangor, ME	29.0
330	Holland-Grand Haven, MI	29.2
329	Wenatchee, WA	29.3
328	Santa Cruz-Watsonville, CA	29.3
327	Salinas, CA	29.4
326	Ithaca, NY	30.1
325	Glens Falls, NY	30.2
324	Fresno, CA	30.2
323	Riverside-San Bernardino-Ontario, CA	30.3
322	Lewiston-Auburn, ME	30.3
321	State College, PA	30.5
320	Brownsville-Harlingen, TX	30.5
319	Lynchburg, VA	30.8
318	Laredo, TX	30.8
317	Fort Smith, AR-OK	30.9
316	Vineland-Millville-Bridgeton, NJ	30.9
315	Morgantown, WV	31.1
314	Reading, PA	31.1
313	Fairbanks, AK	31.4
312	Vallejo-Fairfield, CA	31.4
	Average of Lowest Fifty Markets	**27.2**
	Median of Lowest Fifty Markets	**28.2**
	U.S. Median for 361 Markets	**40.0**

Sources: McGraw-Hill Construction; U.S. Census Bureau; ICSC Research.

Between 1970 and 2003, those 11 Ohio metro markets averaged approximately 75% more retail space per capita than the nation.

As a whole, the average retail stock per person of the highest 50 metro areas was 54.3 square feet in 2003, with a median of 51.5 square feet.

LOW RETAIL DENSITY MARKETS

On the low retail density side, the Madera, California metro area ranked as the lowest among the 361 MSAs in 2003. With 19.4 square feet per person, that was about half of the nation's average and well below the median of the lowest 50 in 2003, as shown in Table 3-5, of 28.2 square feet per capita (or an average of 27.2 square feet).

Of note among the low retail density markets is the New York metropolitan area, which ranks as the largest retail market in absolute size, but the 349th of 361 based on population density. The New York MSA had 25.2 square feet per capita in 2003 and is an anomaly among the major MSAs.[6]

WHERE'S THE GROWTH?

Over the five-year period from 1998 through 2003, total retail building stock grew by 2.3% per year and, according to McGraw-Hill Construction, will slow to an average pace of 1.9% per year in the subsequent five years. The fastest-growing retail market between 1998 and 2003 was in St. George, Utah, with a hefty 8.4% increase per year. Carson City, Nevada had the second-fastest retail expansion of the 361 MSAs, as shown in Table 3-6, with an 8.0% average annual increase.

Although the McGraw-Hill Construction projection generally looks for a dramatic slowdown in retail expansion among the 50 fastest-growing markets between 1998 and 2003, there is one notable exception: Myrtle Beach—which was ranked seventh among the top 50. After average annual growth of 6.3% per year during that period, the

[6]A similar finding was noted in Mark Eppli and Steven P. Laposa, "A Descriptive Analysis of the Retail Real Estate Markets at the Metropolitan Level," *Journal of Real Estate Research*, Vol. 14 (No. 3), 1997, pp. 321-338. This "anomaly" may suggest that there is a non-linear sales productivity relationship based on some population size threshold, which might explain less "need" for a proportionally larger retail stock, or it may suggest that there is a "supply restriction" that is holding back development and expansion. The answer to that question is well beyond the scope of this article and the power of these data.

Table 3-6

FIFTY FASTEST GROWING RETAIL MARKETS BY METROPOLITAN AREA (1998-2003)

Rank	Metropolitan Statistical Area	Average Annual Growth (%)
1	St. George, UT	8.4
2	Carson City, NV	8.0
3	Hagerstown-Martinsburg, MD-WV	7.7
4	Las Vegas-Paradise, NV	7.0
5	Hinesville-Fort Stewart, GA	7.0
6	Boulder, CO	6.6
7	Iowa City, IA	6.5
8	Myrtle Beach-Conway-North Myrtle Beach, SC	6.3
9	Brownsville-Harlingen, TX	6.0
10	Boise City-Nampa, ID	6.0
11	Vineland-Millville-Bridgeton, NJ	5.9
12	Logan, UT-ID	5.8
13	Wilmington, NC	5.7
14	Orlando, FL	5.7
15	Muskegon-Norton Shores, MI	5.6
16	Huntsville, AL	5.6
17	Auburn-Opelika, AL	5.5
18	Blacksburg-Christiansburg-Radford, VA	5.4
19	Durham, NC	5.4
20	Warner Robins, GA	5.2
21	Phoenix-Mesa-Scottsdale, AZ	5.2
22	Naples-Marco Island, FL	5.2
23	Grand Forks, ND-MN	5.1
24	Cape Coral-Fort Myers, FL	5.1
25	Atlanta-Sandy Springs-Marietta, GA	5.0
26	Rochester, MN	4.6
27	Columbus, IN	4.5
28	Fort Collins-Loveland, CO	4.5
29	Dallas-Fort Worth-Arlington, TX	4.4
30	Grand Rapids-Wyoming, MI	4.4
31	Coeur d'Alene, ID	4.4
32	Trenton-Ewing, NJ	4.4
33	Raleigh-Cary, NC	4.3
34	Prescott, AZ	4.3
35	Fort Walton Beach-Crestview-Destin, FL	4.2
36	Gainesville, GA	4.2
37	Houston-Baytown-Sugar Land, TX	3.9
38	Salisbury, MD	3.9
39	Cheyenne, WY	3.9
40	Pensacola-Ferry Pass-Brent, FL	3.9
41	Kennewick-Richland-Pasco, WA	3.9
42	Sarasota-Bradenton-Venice, FL	3.8
43	Macon, GA	3.8
44	Sacramento–Arden-Arcade–Roseville, CA	3.7
45	Charlotte-Gastonia-Concord, NC-SC	3.7
46	Olympia, WA	3.7
47	Nashville-Davidson–Murfreesboro, TN	3.7
48	Bend, OR	3.6
49	Virginia Beach-Norfolk-Newport News, VA-NC	3.6
50	Hickory-Lenoir-Morganton, NC	3.5

Sources: McGraw-Hill Construction; ICSC Research.

MSA is projected to see a slightly faster pace of 6.6% over the subsequent five years.

Another notable fact among the top 50 growing retail markets is that Carson City and Las Vegas are the only two MSAs from the same state among the five or 10 fastest-growing areas. Las Vegas, which is known for its explosion in population and tourist draw, is projected to add retail space by an average of 5.0% per year between 2003 and 2008.

Generally, the retail expansion will occur in many smaller markets between 2003 and 2008, according to McGraw Hill. The El Centro, California MSA is projected to expand by a rapid 8.0% per year—making it the fastest-growing market for retail space—followed by Harrisonburg, Virginia (+7.2%), Greeley, Colorado (+6.8%), Myrtle Beach, South Carolina (+6.6%—as noted above) and Fort Walton Beach, Florida (+6.0%).

RISKY MARKETS

So far, this discussion has been descriptive. The article has parsed the retail space data by various size and growth characteristics. This can be useful to get a perspective on the regional development. However, this sidesteps the question of whether or not these markets have too much or too little retail space. Generally, a complete answer to this question is dependent on secular and cyclical factors, and that discussion is beyond the scope of this particular review. On the other hand, certain markets may be more risky than others simply given the relative economic landscape—despite the retail density.

Consider a simple paring of the unemployment rate and the retail stock per capita relative to the national average for both. Using this metric[7], the "most risky" retail markets in 2003 were not necessarily the obvious ones. As shown in Table 3-7, El Centro, California came to the top of that list since its local unemployment rate was three times the national average in 2003—even though its retail stock per capita was a relatively low 24.4 square feet per person—well below the national average. Indeed, some of the markets with the highest cyclical risk (using that simple data screen based on the unemployment rate) were in California. Similarly, the high unemployment rate in the New York metropolitan area in 2003 also suggested that even though its retail stock was low, its risk was high.

The point of this simple exercise is that reading these data in isolation is itself a risky endeavor. Only by combining the data with a supply and demand framework can real judgments be made. *Nevertheless, the starting point of that type of analysis still requires looking at the data.*

Table 3-7

ASSESSING "RISK POTENTIAL"
TOP 30 RETAIL MARKETS IN 2003

Rank	Market	Unemployment Rate	Retail Stock Per Capita
1	El Centro, CA	18.8	24.4
2	Merced, CA	14.9	19.6
3	Hanford-Corcoran, CA	14.4	19.5
4	Visalia-Porterville, CA	16.4	22.4
5	McAllen-Edinburg-Pharr, TX	13.4	19.5
6	Madera, CA	12.8	19.4
7	Yuma, AZ	17.2	26.7
8	Yuba City, CA	14.2	28.2
9	Salinas, CA	14.1	29.4
10	Bakersfield, CA	13.0	27.2
11	Fresno, CA	14.1	30.2
12	Stockton, CA	10.3	25.5
13	Yakima, WA	13.2	33.1
14	Modesto, CA	11.1	28.2
15	Brownsville-Harlingen, TX	11.1	30.5
16	Wenatchee, WA	9.9	29.3
17	Greeley, CO	6.7	20.9
18	Santa Cruz-Watsonville, CA	9.2	29.3
19	Longview, WA	9.6	31.7
20	Ocean City, NJ	12.2	41.0
21	Danville, VA	9.3	32.0
22	Cumberland, MD-WV	7.1	25.8
23	Monroe, MI	6.3	24.4
24	Kennewick-Richland-Pasco, WA	8.8	34.1
25	Florence, SC	8.4	33.8
26	Vineland-Millville-Bridgeton, NJ	7.6	30.9
27	Niles-Benton Harbor, MI	6.9	28.6
28	Redding, CA	8.1	34.6
29	New York-Northern New Jersey-Long Island, NY-NJ-PA	5.8	25.2
30	Salem, OR	7.4	32.3

Sources: McGraw-Hill Construction; U.S. Department of Labor; ICSC Research.

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[7] This is a crude way to segment the data for analytical purposes; there are considerably more sophisticated methods to do that. However, this simple metric using the ratio of the metro area retail stock per capita divided by the unemployment rate and normalized by the national average ratio demonstrates the point.

Let's Talk Business
Ideas for Expanding Retail and Services in Your Community

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Greyfields and Ghostboxes
Evolving Real Estate Challenges

By Matt Kures*

Most retail industry analysts would agree that the United States is largely "over-retailed". That is, there is currently an over supply of retail space. According to one source, the amount of retail space per capita has increased 20 percent since 1970[1]. The reasons for this overbuilding include the evolution of new retail formats, consumer preferences for new retail locations and attempts by national chains to gain greater market shares. As retail continues to evolve, less competitive retailers have been forced into bankruptcy or have downsized. Older retail space has become less attractive to retailers looking to develop a new image. As a result, there is a glut of vacant retail facing many communities. Increasingly, this retail space is found in "Greyfields" and "Ghostboxes."

Greyfields

The term Greyfield, has been coined to describe underperforming or declining shopping centers[2]. While some analysts would only apply the term greyfield to larger regional malls, others have extended it to smaller shopping centers as well. These greyfield shopping centers are typically older and likely have a poor tenant mix or a high vacancy rate.

Many regional malls are still performing extremely well. A recent study by the Congress for the New Urbanism and PricewaterhouseCoopers found that 54.0% of all regional malls are classified as being healthy in terms of their sales per square foot. Nonetheless, others have experienced significant decline. The study indicated 7% of all existing regional malls as being greyfields, with the potential of another 12% moving toward greyfield status within the near future[2].

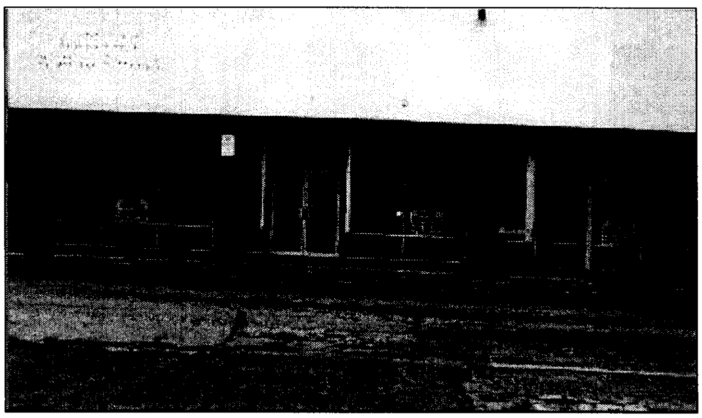
Northridge Mall in Brown Deer, Wisconsin is a classic example of a greyfield. As recently as 1990, Northridge had an assessed value of $107 million. However, the mall was sold in 2001 for $3.5 million and currently has one remaining retailer[3]. However, Greyfields are not limited to one specific area and present in most markets in the U.S.

While the reasons for a mall's decline vary, some common causes include:

- *Population Shifts and New Suburban/Exurban Development.* Many aging malls were built in older inner ring areas. As population moved away, retailers followed. Ironically, new retail is having the same impact on older malls that these malls had on downtowns 30 to 40 years ago.
- *Evolving retail formats* – Retail formats such as lifestyle centers and the increasing number of big-box retailers are seizing market share.
- *Consumer Preferences* – Traditionally, malls have been somewhat homogenous in their appearance and tenant mix[4]. Increasingly, shoppers want a sense of place that a conventional mall cannot offer.
- *Changing Demographics* – Trends such as the increasing number of two income households leaves less time for shopping at a mall and places a premium on convenience.
- *Failure to Reinvest* – the Urban Land Institute suggests that malls need to reinvent themselves every 5-10 years to remain competitive[5]. Older malls that have not experienced renewal through reinvestment may be less desirable to prospective tenants.

Ghostboxes

The past two decades have seen an increasing number of retailers building 20,000 to 200,000 sq ft. big-box buildings. Despite the growing number of large format establishments, the changing retail landscape has had its impact on these retailers as well. The result has been the emergence of Ghostboxes, or empty big-box buildings. The reasons for ghostboxes vary from poor economic performance to increasing space needs of an existing big-box retailer.



UW Extension

As with greyfields, many big-boxes locations have suffered poor economic performance. The result has been bankruptcy and downsizing. Nationwide, K-mart has closed over 600 locations within the last year (16 within Wisconsin). Other regional and national retailers such as Ames and Montgomery Wards have simply gone out of business.

In addition to big-box closings due to poor performance, others simply move to larger locations. With the growth of its Superstore concept, Wal-Mart is building new stores to accommodate their need for added grocery floor space. Once the new store is completed, the former location is abandoned leaving a 40,000 to 130,000 sq ft vacancy. Currently, Wal-Mart lists 303 vacant locations stores totaling 30.5 million square feet[6].

Addressing Greyfields and Ghostboxes

Greyfields and ghostboxes have a number of indirect or direct potential impacts on communities. Visually, a greyfield or ghostbox may signal decay or promote a negative business climate. Communities with a greyfield or ghostbox may experience retail leakage to other communities or a loss of tax revenue. Furthermore, there may be additional businesses that depended on the big-box or center to draw traffic into their own businesses. With the closing of these locations, the dependent businesses may be in jeopardy as well.

In addressing greyfields and ghostboxes, a number of strategies have been developed by both public and private sectors. Some communities have found opportunities in these empty locations. Other communities have struggled in filling the space due to their size. A number of specific strategies are listed below.

Adaptive re-use of Empty Big-Boxes – Given their size, it is often difficult to find a single retailer to fill an empty big-box location. Accordingly, some communities are looking beyond retail at office, entertainment or light-industry uses for these buildings. The February 2001 issue of *Let's Talk Business* provides a number of adaptive re-use examples for vacant big-boxes.

De-Malling – Many older malls are being re-configured to look more like a traditional Main Street. Parts of these malls are being demolished and retro-fitted with streets in an open-air design. The storefronts are then reversed so that they face the street. Additional mixed uses, such as upper story housing or office space is then added to diversify the tenant mix. The result is a more pedestrian-friendly layout that creates a sense of place. Currently, Bayshore Mall in Glendale, WI is undergoing such a transformation. Parts of the former mall will be razed to make room for sidewalks and a traditional street grid. The resulting design will connect the newly freestanding retail to the surrounding housing and office space[7]. The de-malling approach takes a deep financial commitment from a developer, but makes economic sense depending on the location.

Razing and Re-use – While many older shopping centers may have good locations, their current format many no longer make sense. Accordingly, many older shopping centers are being demolished to make room for new retail developments. The former Nakoma Plaza Shopping Center in Madison was razed to make room for a new Home Depot store along with other smaller tenants. While the site added a big-box store, the retail re-used an existing site and prevented new greenfield development at the urban edge.

Community Ordinances To Prevent Future Greyfields and Ghostboxes – An increasing number of communities are analyzing the potential impacts of large retail developments before they are built. Some communities are creating temporary development moratoriums to analyze big box development in terms of its design, size and impact on the community. The moratorium gives communities time to properly plan for a new development. Other communities are instituting retail size caps that ban freestanding stores over a pre-determined size. The National Trust's National Main Street Center has an informative publication that summarizes some of the size caps from around the country. Another unique approach to eliminating an empty big-box has been to create an ordinance that requires big-box developers to place money in an escrow account. The money is intended to cover the costs of building demolition should the location remain vacant more than a year.

Sources:
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2. PricewaterhouseCoopers and the Congress for the New Urbanism. *Greyfield Regional Mall Study.* January, 2001.
3. Daykin, Tom. "Mall Developer to get City Grant." *Milwaukee Journal Sentinel.* December 6, 2002.
4. Salvesen, David. "The De-Malling of America." *Urban Land.* February, 2001: 72-77.
5. Beyard, Michael D. and W. Paul O'Mara. *The Shopping Center Development Handbook*. Washington D.C.: Urban Land Institute,1999.
6. Wal-Mart Realty website as of 5-13-03 at URL: http://www.wal-martrealty.com/
7. Daykin, Tom. "Bayshore's plans sprout offshoots." *Milwaukee Journal Sentinel.* April 28, 2003.

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CITY OF PLANO

PLANNING & ZONING COMMISSION

June 6, 2006

Agenda Item No. 4

Review and Discussion of Land Use as the Main Focus of Zoning Requests

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DESCRIPTION:

Review and discussion of land use as the main focus of zoning requests

REMARKS:

Over the years, zoning ordinances around the country, including Plano's, have become increasingly complex and include regulations on everything from the gallon size for new shrubs to the reflectivity of glass. With all of this detail, it is easy to lose track of the original objective of zoning, which was and still is to regulate the location of different land uses. In the heat of a controversial zoning case, it is often difficult to look past the promises of the applicant and the fears of the opponents to focus on whether or not the proposed land use itself is appropriate. There are several guidelines to keep in mind when considering a zoning case:

Rely on the Comprehensive Plan Recommendations – The Future Land Use Plan should be your general guide in making zoning decisions, along with the policy statements and strategies contained within the plan. There may be occasions when it is appropriate to approve a zoning request that conflicts with the plan, but those are rare.

Remember that Zoning Districts Allow a Wide Range of Uses – An applicant may be proposing a certain type of use, but keep in mind that the zoning district also will allow other uses. If a property is not appropriate for all of these uses, then the zoning request should be denied.

Don't Be Influenced by the Pretty Pictures – Applicants often display elaborate exhibits, renderings and even 3-D visualizations of their proposed development when requesting a zoning change. Keep in mind that circumstances change and the zoning applicant may not be the party that ultimately develops the property.

Look Beyond the Individual Applicant and His Particular Operation – Especially with Specific Use Permits, it is easy to get sidelined by how the applicant operates his particular business or what type of food will be served at his restaurant. Your decision should be based on whether or not the location would be appropriate for any day care center or private club.

We will discuss these guidelines and talk about examples using past zoning cases at the work session.