MALLS INTO MAINSTREETS

an in-depth guide to transforming dead malls into communities

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A report by the Congress for the New Urbanism in cooperation
with the United Stated Environmental Protection Agency

Designed by Paula Salhany

Cover photo: Aerial view of the old mall that the mixed-use CityPlace
redevelopment replaced. Photo courtesy Adler Public Affairs/DDRC.

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ACKNOWLEDGEMENTS

Funding for this work has been provided through a cooperative agreement between the Congress for the New Urbanism (CNU) and the U.S. Environmental Protection Agency (EPA). Staff at the EPA's Development, Community and Environment Division has been instrumental in supporting CNU's work on greyfield malls.

The mall revitalization projects referenced in this report, along with several other projects, were first studied by CNU under an earlier cooperative agreement with the EPA. CNU's publication *Greyfields into Goldfields: Dead Malls Become Living Neighborhoods* was the result of that effort. An initial study that defined greyfield malls and analyzed the status of malls nationally was prepared by PricewaterhouseCoopers for CNU and is available for download at http://www.cnu.org/cnu_reports/Executive_summary.pdf.

This manual summarizes both research and professional experience relating to the revitalization of obsolete regional malls. Ellen Greenberg managed the project for the Congress for the New Urbanism. Economics Research Associates (ERA) conducted the research under the leadership of William Anderson in ERA's San Diego office. Anderson authored the first draft of the report. CNU staff Stephen Filmanowicz, Director of Communications, Heather Smith, Planning Director, and Lee Crandell, Membership and Chapter Coordinator, edited and produced the final draft. EPA staff members Lee Sobel and Brett Van Akkeren have been generous in their contributions of expertise and ideas as the report was finalized.

We are fortunate to have had several leading professionals lend their expertise in the fields of real estate development, city management, planning, finance, and design. One such valuable resource has been the case study interviews conducted by William Anderson and colleagues at ERA. We appreciate all of the insights and information they have provided. Another has been the input of members of a project advisory committee that convened mid-way through the process of preparing this manual. The committee included Jorge Camejo of the City of Boca Raton, Geoff Boothe of the Urban Land Institute, and Steven Spickard of ERA. Another member of the committee and volunteer champion of the project, Will Fleissig of Continuum Partners, shared valuable insights from his experience as the lead developer of Belmar, one of the greyfield transformations studied in this report. Gerrit Knapp of the University of Maryland also contributed to study design and questions about the nature of the greyfield problem and possible responses. The input of all members of the committee has been tremendously valuable.

INTRODUCTION

ABOUT THIS STUDY

This manual is the third in a series of works detailing how to convert greyfield shopping centers into vibrant mixed-use neighborhood developments. This work builds on previous research on dead and dying shopping centers. CNU has been studying the reuse of dying malls since 1998. The work began with a research studio at the Harvard School of Design. That work grew into a national study to identify and address greyfield revitalization. CNU hired PricewaterhouseCoopers in 2000 to determine the number of failing regional malls that were candidates for transformation into mixed-used neighborhoods. A second work was published as a book entitled *Greyfields into Goldfields* in 2002. That publication surveyed a dozen greyfield projects across the country and highlighted the components of successful "goldfield" projects that are enjoying strong revitalization. This manual, the third in the series, provides an in-depth look at the challenges and lessons learned from redeveloping greyfield projects. This work is the result of interviews with key project managers and developers. The case studies highlighted here provide a detailed look at six of the projects surveyed in 2002.

Plaza Real in Mizner Park. Photo courtesy Cooper, Carry & Associates.

The greyfield series serves as a resource for developers, community leaders, property owners and planners frustrated with dead or dying shopping centers. This particular work is intended to provide lessons learned from six detailed stories about how to take older under-utilized shopping centers and turn them into viable, mixed-use neighborhoods. It provides comprehensive information about key criteria such as market conditions, anchor tenants, ownership, site conditions, financing, and community involvement that reveal important clues about what makes a greyfield revitalization project successful.

Why Greyfields?

The greyfields series reflects CNU's commitment to redeveloping greyfields and the tough job of adapting and reusing under-utilized property, making neighborhoods more livable. The projects highlighted in this manual describe the potential for obsolete retail sites to accommodate redevelopment projects that are consistent with the principles of smart growth and new urbanism.

A greyfield mall in Brainerd, Tennessee.
Photo courtesy Dover, Kohl & Partners.

Greenfield, Brownfield... Greyfield

Real estate professionals use different words for different types of development sites. "Greenfields" are undeveloped land. "Brownfields" are contaminated former industrial sites. "Greyfield" is a new term, hinting at the sea of asphalt separating a regional or super-regional shopping mall from its town. Greyfields are economically obsolete malls and other sites that offer large infill redevelopment opportunities, without the contamination found on brownfield sites.

CHAPTER ONE

THE NEW URBAN GREYFIELD MODEL


Winter Park Mall before redevelopment. Photo courtesy Dover, Kohl & Partners.

A. THE PROBLEM

Across the country, shopping mall owners are facing critical choices as anchor department stores move out and discount stores proliferate. The owners of these dying malls, also known as greyfields, must decide whether to refurbish the mall, continue operating a declining asset, or consider a more dramatic change to restore the property's value.

Of the 2,000 regional shopping malls nationwide, 19 percent were categorized in 2001 by the Congress for the New Urbanism and PricewaterhouseCoopers as either greyfield malls or vulnerable to becoming greyfields, having sales per square foot of $199 or less. In many cases, this poor economic performance has been compounded by site and location characteristics that make a turnaround unlikely as long as the conventional retail mall format is maintained. As documented in CNU's 2002 report, *Greyfields into Goldfields: Dead Malls Become Living Neighborhoods*, these characteristics include significant competition within the trade area, poor or no freeway access or visibility, and size below current standards for regional malls.

Local communities in all 50 states are facing declining retail sales tax revenue and derelict properties along commercial arterials. The challenge of planning and implementing the revitalization of these troubled mall properties is shared by multiple stakeholders – not only property owners, but also mayors and other civic leaders play a significant role in turning a problem property around. The policy and funding decisions made by the host municipality can help turn a potential eyesore and financial black hole into a regional attraction with economic benefits that extend beyond the property's boundaries.

B. THE RESPONSE

This manual is for developers, community leaders, property owners and planners involved in a mall revitalization project. It establishes a model for mall redevelopment that fundamentally changes the mall. The goal of this work is to aid in transforming malls from single, retail-only structures into urban neighborhood developments characterized by compact, pedestrian-friendly, mixed-use design.

Successful regional malls create a controlled interior environment that is appealing to retailers and customers. However, their largely blank exterior walls, huge parking lots, scattered outbuildings, and large traffic demands give them a poor overall sense of place. Dead and dying malls add a sense of desolation and blight to these already challenging conditions.

The best mixed-use neighborhoods, on the other hand, are natural, even graceful, gathering places. Residents use the sidewalks of narrow, walkable streets to walk from apartments and town homes to nearby shops, restaurants, offices, and other attractions. Visitors take advantage of transit links or park once to reach myriad clustered destinations. Businesses with vibrant storefront windows line these streets, complementing pleasing public spaces and cultural sites. Such conditions are familiar in beloved urban places such as New York City's Greenwich Village or King Street in Charleston, South Carolina. Recognizing the enduring popularity and value of such places, retailers are rediscovering city districts and traditional main street locations, learning how to adjust their formats to better fit these compact locations.

The same trends are driving the interest in development and redevelopment models that incorporate features of traditional urban places. These models range from life-

A street in the new Winter Park Village.
Photo courtesy Dover, Kohl & Partners.

Town Center or Mixed-Use District?

This report uses a few terms to describe the redevelopment of greyfield malls into mixed-use urban neighborhoods and districts. Many of these projects are located in suburban areas with sprawling development patterns and no traditional downtown. Since the redeveloped sites serve as new walkable centers for their communities, complete with public squares or other public spaces and often civic facilities as well, their owners and urban designers have taken to calling them "town centers." We continue this practice, while acknowledging the term does not fit every mall-to-mixed-use conversion, particularly those in or near urban downtowns. The replacement of these malls results in mixed-use urban neighborhoods or districts that repair damaged urban fabric and complement existing centers, instead of serving as the new centers of their communities. While this report highlights this distinction in numerous places, the terms "town center" and "mixed-use district" are used somewhat interchangeably and can be assumed to refer generally to mixed-use greyfield redevelopment projects in a variety of settings.

style centers, which arrange typical retail uses around an imitation main street or partial street grid, to complex, mixed-use neighborhoods that function as authentic urban fabric. Together, these models have been on a strong growth curve that has corresponded with a steep decline in mall development. It is the mixed-use model, however, that offers the most lasting community benefits and is the subject of this report. A well-designed mixed-use town center or urban district can capitalize on the renewed interest in urban places, allowing a downtown to expand and rejuvenate itself by integrating an adjacent greyfield, or allowing a suburb to create a downtown where there was not one before.

C. THE FIVE MOST COMMON MALL REDEVELOPMENT MODELS

Those involved in the decision-making face a variety of redevelopment options. Although a mixed-use development may offer the greatest long-term value, it will not be feasible in every situation. Other options range from renovating the mall to reusing the mall as a call center or government office.

Paseo Colorado. Photo courtesy Ehrenkrantz Eckstut & Kuhn Architects.

1. Mixed-use town center or urban district

This model features a mix of uses, including retail space, residential units, public spaces, and often office space and civic or cultural uses. These developments are usually located in an inner-ring suburb, though they may be located in a central city as well. In the more suburban locations, a mixed-use town center can create a walkable downtown area and a sense of place where there was none, while helping to contain development and curb sprawl in the area. In urban areas, a traditional mixed-use development can reintegrate valuable land back into the urban fabric and add new dimensions to a core regaining its strength.

Converting a greyfield into a mixed-use development requires full or partial demolition of the existing mall structure, as the original site design will most likely be incompatible with the mixed-use plan. Characteristics of a town center or mixed-use neighborhood include an emphasis on public spaces, a high percentage of lot coverage, buildings with entrances directly on public streets, small, walkable blocks, and a high degree of connectivity within and to the outside of the site.

2. Single-use development

This model involves demolishing the mall structure and replacing it with big-box retail or another single use, such as an office park or district, a development of garden apartments or condominiums, an entertainment complex, or civic facilities.

Where certain site and market conditions prevail, such as superior freeway access and visibility, developers will recognize the suitability of the site for big-box retail or other similar use and will likely pursue this lower-risk development option aggressively, making a mixed-use redevelopment less likely.

A well-designed, single-use development, such as a neighborhood of garden apartments, may offer an opportunity to create urban features such as a network of walkable streets and blocks with improved connections to adjacent parcels. Likewise, a single-use business park may be designed with a block pattern characteristic of an urban office district, although developers and tenants may demand large surface parking lots that conflict with good urban design schemes. These projects have relatively limited potential for creating a true urban sense of place, but opportunities for adding urban character should be seized wherever possible.

3. Adaptive reuse

This model retains the mall structure and adapts it, typically for a single use. The original mall structure may be converted into a customer-service call center, church, or educational institution. Typically not extensive, renovation of the structure may involve adding new entrances, skylights, or landscaped areas. Visibility and freeway access are less important for the non-retail uses that may take over the mall structure. Adaptive reuse offers very limited opportunities to create a sense of place or reduce pollution, as it involves little change to the site.

4. Mall plus

An owner may also decide to reposition the mall with the addition of entertainment, offices, a hotel, or residences. This new "mall plus" would retain most of the existing mall structure and could allow for design improvements such as open spaces and pedestrian connections between uses. This model has limited potential to reduce pollution or build a sense of place, though incorporating more than one use has some potential to cut down on automobile travel or introduce elements of a block structure if well designed.

5. Reinvested mall

There is also always the option of reinvesting in the mall. The owner/developer may change the tenant mix and renovate the building in an attempt to draw customers back. Design improvements may include a new façade, better lighting or signage, or the addition of plantings and landscaping. There are few if any environmental benefits associated with this option. It has very low potential for building a sense of place and risks ignoring some factors that caused the site to perform poorly. This may only provide a temporary alleviation of problems.

Not every greyfield redevelopment will lead to a mixed-use town center or urban district, but other development options can still benefit from aspects of this neighborhood-based redevelopment model. Other reuse scenarios can still promote a walkable environment, renew the block and street structure, or incorporate other new urbanist principles. It is always important to approach any design in a way that is sensitive to the needs, assets, and problems of the surrounding community.

D. ADVANTAGES OF MIXED-USE DEVELOPMENT

Developing a mixed-use town center or urban district is a complex proposition with unique challenges. But from a development perspective, the mixed-use development also has four significant strategic advantages over the single-use development:

Ability to Spread Market Risk

The entire project does not hinge on the market demand for only one use. In certain cases, one can move ahead with some components, while other pieces may wait until the market returns.

Public Assistance

Since the site impacts will be mitigated and the mall replaced with a desirable walkable environment, the city in all likelihood will want to see the project succeed, especially if the community has been involved in the design process. Therefore, the city is more likely to approve the redevelopment project and/or provide infrastructure or contribute some other form of financial assistance.

Opportunity to Create Greater Long-Term Value

The asset will have a higher likelihood of appreciating in the long term as the activities from the different uses reinforce one another and rents reflect higher pedestrian traffic and improved pedestrian amenities.

Possibility of Creating Higher Short-Term Value

Once approved, portions of the site can be sold to third-party developers at a higher price than if the entire site had been sold for land value only. This will also allow the owner to concentrate on vertical development where they have more experience and comfort.

Real estate asset managers may be interested in the greyfield mall redevelopment model addressed in this report solely because of its potential to improve financial performance. Community members may be focused on removing an eyesore, creating an improved sense of place and reestablishing a healthy level of activity on the site. But municipal, regional, and even national leaders are increasingly focused on the potential for redevelopment to accomplish the objectives of pollution reduction, efficient land use, and investment in established urbanized areas.

E. NEW URBANISM AND GREYFIELD REDEVELOPMENT

The mixed-use town center model for greyfield redevelopment is based on the tenets of the Charter of the New Urbanism (Appendix F), which asserts 27 principles of coherent, well-designed places ranging in scale from the region to the block. Many of these principles pertain directly to this model for the redevelopment of mall sites and their immediate surroundings. Those most relevant to greyfield redevelopment include:

- Many activities of daily living should occur within walking distance, allowing independence to those who do not drive, especially the elderly and the young. Interconnected networks of streets should be designed to encourage walking, reduce the number and length of automobile trips, and conserve energy.

- Development patterns should not blur or eradicate the edges of the metropolis. Infill development within existing urban areas conserves environmental resources, economic investment, and social fabric, while reclaiming marginal and abandoned areas. Metropolitan regions should develop strategies to encourage such infill development over peripheral expansion.

- Cities and towns should bring into proximity a broad spectrum of public and private uses to support a regional economy that benefits people of all incomes. Affordable housing should be distributed throughout the region to match job opportunities and to avoid concentrations of poverty.

- The neighborhood, the district, and the corridor are the essential elements of development and redevelopment in the metropolis. They form identifiable areas that encourage citizens to take responsibility for their maintenance and evolution.

- Neighborhoods should be compact, pedestrian-friendly, and mixed-use. Districts generally emphasize a special single use, and should follow the principles of neighborhood design when possible. Corridors are regional connectors of neighborhoods and districts; they range from boulevards and rail lines to rivers and parkways.

- The development and redevelopment of towns and cities should respect historical patterns, precedents, and boundaries.

- Concentrations of civic, institutional, and commercial activity should be embedded in neighborhoods and districts, not isolated in remote, single-use complexes. Schools should be sized and located to enable children to walk or bicycle to them.

- Within neighborhoods, a broad range of housing types and price levels can bring people of diverse ages, races, and incomes into daily interaction, strengthening the personal and civic bonds essential to an authentic community.

- The physical organization of the region should be supported by a framework of transportation alternatives. Transit, pedestrian, and bicycle systems should maximize access and mobility throughout the region while reducing dependence upon the automobile.

- A range of parks, from tot-lots and village greens to ballfields and community gardens, should be distributed within neighborhoods. Conservation areas and open lands should be used to define and connect different neighborhoods and districts.

New Urbanism works toward the restoration of existing urban centers and towns within coherent metropolitan regions, the reconfiguration of sprawling suburbs into communities of real neighborhoods and diverse districts, the conservation of natural environments, and the preservation of our built legacy. CNU does not work alone on this effort. These goals are shared with the Smart Growth Network, which sets forth similar principles:

- Strengthen and direct development towards existing communities
- Create a range of housing opportunities and choices

- Create walkable neighborhoods
- Foster distinctive, attractive communities with a strong sense of place
- Take advantage of compact building design
- Mix land uses
- Provide a variety of transportation choices

The Congress for the New Urbanism has identified 12 greyfield projects nationwide that embody the principles of the Charter and the complementary principles of smart growth. These projects – six of which are investigated in greater detail in this publication – form the basis for the interventions recommended in this manual. They are identified as new urbanist projects because they transform under-utilized urban and suburban land into more compact, pedestrian-friendly, mixed-use neighborhoods or districts, with an emphasis on public and civic space and a circulation system that offers multiple connections to the surrounding city or town.

F. POTENTIAL FOR ENVIRONMENTAL BENEFITS

The enthusiasm for a smart growth approach to mall revitalization stems from the fact that such projects can meet many objectives, from profitability to pollution reduction. The U.S. Environmental Protection Agency (EPA) supports smart growth projects since they reduce pollution.

This study did not involve original research on the environmental effects of these projects. However, numerous other studies document the impact of land-use features on travel and resulting pollution levels. These studies provide a strong indication of how greyfield mall revitalization projects may aid in meeting pollution control objectives.

One of these studies, the INDEX 4D[1] study, shows that effective implementation

1. Criterion Planners/Engineers and Fehr & Peers Associates. INDEX® 4D METHOD: A Quick-Response Method of Estimating Travel Impacts from Land-Use Changes, a technical memorandum prepared for the U.S. Environmental Protection Agency, October 2001.

of new urbanist land-use principles results in a reduction in automobile trips, ultimately leading to a reduction in pollution.

The 4D methodology provides a basis for estimating the impacts of land-use and urban-design changes on vehicle trips and vehicle miles traveled. The name "4D" refers to the four land-use and design factors addressed by the study: density, diversity, design, and destinations. These four factors correspond quite closely with the principles of New Urbanism and smart growth: compact, mixed-use urban neighborhoods feature higher measures (often much higher) of density, diversity, design, and destinations than conventional sprawl settings. (See Appendix B for details of the INDEX 4D method.)

The impact of the factors varies, with the most significant impact being the exceptional reduction in vehicle miles traveled that can be attributed to regional accessibility (as indicated by the destinations measure in the INDEX 4D study). The benefits of locations that feature high levels of regional accessibility are increased when land uses at the location are more varied, because a greater number of origins and/or destinations are reaping the transportation advantages of a central location. An existing degree of regional accessibility is usually inherent to the mall sites, as they are often centrally located in the region.

A reduction in the number of trips made and/or average trip length favorably affects the environment because of the associated reductions in pollutants that degrade air quality and impair water quality. While it is true that per-mile motor vehicle emissions have been decreasing in the U.S. since 1970, it is also true that vehicle miles traveled have been increasing, effectively canceling out the benefits of improved emissions. Land-use and urban-design strategies that curtail growth in VMT can be valuable strategies in a program to reduce emissions[3].

The INDEX 4D method

It has been demonstrated that as any of the 4D factors increase within a study area, vehicular travel decreases, as measured in the following ways:

Vehicle miles traveled (VMT): Each mile traveled by a privately owned vehicle without regard to the number of occupants in the vehicle. For example, two people making a five-mile car trip would generate five vehicle miles of travel.

Vehicle trips (VT): A vehicle trip includes all trips made by a privately owned vehicle without regard to the number of occupants in the vehicle. [2]

2. U.S. Department of Transportation, Bureau of Transportation Statistics, NHTS 2001 Highlights Report, BTS03-05 (Washington, D.C., 2003), app. B.

3. U.S. Environmental Protection Agency. Our Built and Natural Environments: A Technical Review of the Interactions between Land Use, Transportation and Environmental Quality (Washington, D.C., 2001).

G. CASE STUDY PROJECTS

This manual uses the knowledge and lessons from six greyfield redevelopment projects. These case studies were selected from a group of 12 surveyed for CNU's earlier investigation of obsolete mall properties. They represent a cross-section of greyfield projects, covering a range in size, location, completion, ownership, and municipal involvement.

The original 12 properties from CNU's book *Greyfields into Goldfields* meet the following three criteria:

1. The revitalization embodies the principles of New Urbanism. At the heart of CNU's mission is the transformation of under-utilized urban and suburban land into more compact, mixed-use neighborhoods and districts. The fundamental new urbanist elements are mixed uses, walkable streets, civic space, and multiple connections to the surrounding city or town.

2. The site was previously a regional mall. In 2000, PricewaterhouseCoopers (PWC) studied this topic for CNU and published its "Greyfield Regional Mall Study." The report defined regional malls as centers with at least 35 stores and at least 350,000 square feet of space. PWC excluded power centers and strip centers.

3. The project was built, under-construction, or entitled as of 2001.

Local officials and developers generously helped CNU to reach a greater depth of research than was possible at the conclusion of the earlier work.

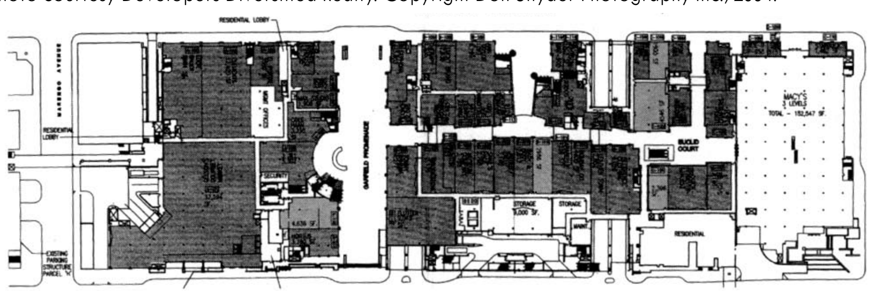
The following project summaries introduce each of the examples. Additional information obtained from interviews and project documents is integrated throughout this manual, so that lessons from the field augment sections on various aspects of mall evaluation and redevelopment, including opportunity assessment, positioning for a mixed-use reuse project, and project performance.

Paseo Colorado

Pasadena, California

Historic street grid reestablished. Old mall retrofitted so storefronts face revived streets, rather than internal corridors.

Photo courtesy Developers Diversified Realty. Copyright Don Snyder Photography Inc., 2004.



Plan courtesy Moule & Polyzoides Architects and Urbanists.

Project Facts

SITE: 11 acres / urban

USE OF EXISTING STRUCTURE: Partially demolished, old store slots newly opened to street

COMMERCIAL: 560,000 sf

OFFICE: 10,000 sf flex space

RESIDENTIAL: 387 rental units

CIVIC SPACE: Historic streets revived, connected to historic Civic Center, public plazas, pedestrian only paseo

ACCESS: Excellent access to 2 interstate highways, served by 4 city bus lines and the Pasadena Arts Bus

Development Team

DEVELOPER: TrizecHahn

RESIDENTIAL DEVELOPER: Post Properties

PLANNERS: TrizecHahn

CORRIDOR PLANNERS:
Moule & Polyzoides Architects and Urbanists

RESIDENTIAL ARCHITECTS:
RTKL and Ehrenkrantz, Eckstut, and Kuhn

Description

Paseo Colorado is the redevelopment of a 1978 enclosed regional mall site into a mixed-use district fronting Pasadena's Colorado Boulevard, the internationally renowned Rose Parade route. The development restores Garfield Street, the city's historic civic axis from the Beaux Arts Civic Center to the Pasadena Civic Auditorium, which was closed off when the enclosed mall was originally built. The old mall, Plaza Pasadena, was approximately 600,000 square feet on an 11-acre urban superblock site, with an off-site garage, bringing the total mall site to almost 15 acres. The area was part of downtown Pasadena, adjacent to the historic Old Town shopping district. The downtown mall never did well economically, especially after one anchor departed and another was converted to a clearance store in the early 1990s. By the time of redevelopment, the mall was losing business to a reenergized historic downtown.

Developers of Paseo turned the old mall inside out to make storefronts face the street, while retaining a pedestrian-only paseo through the middle of the development. The new mixed-use center, which opened in September 2001, contains 560,000 square feet of commercial uses, including 374,000 square feet of retail space, a 14-screen Pacific Theaters Cinema, 64,000 square feet of restaurants, a 37,000-square-foot Gelson's high-end supermarket, and a 24,000-square-foot Equinox Fitness club. Macy's is the one remaining retail anchor from the original mall. The project has eight levels--two levels of subterranean parking, two levels of retail space, and four levels of housing. The site encompasses three city blocks and is within two blocks of Old Pasadena, a successful historic district that serves as a regional destination for day-and-night entertainment and specialty shopping.

CityPlace

Long Beach, California

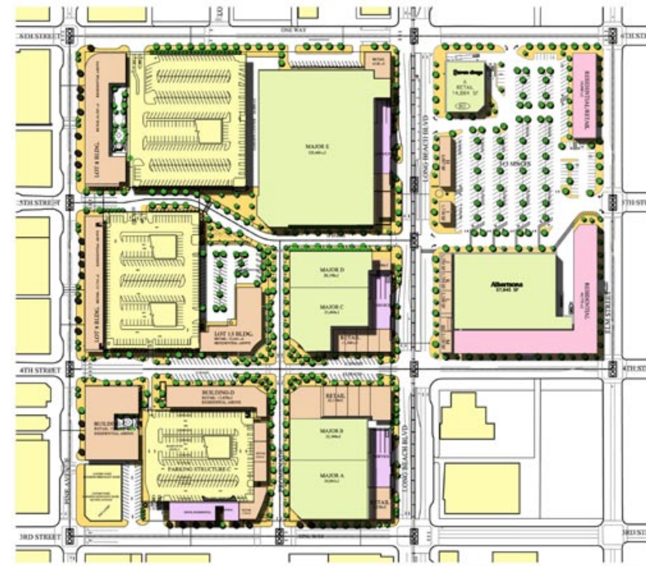
An urban mall revitalization project within the city's core, CityPlace is a 12-acre project with retail, hotel, and housing that breaks up the earlier mall's superblock and re-establishes the traditional street grid.

Description

CityPlace was constructed on a downtown site, in the center of a historic street grid. The site had been converted into a 12-acre superblock for Long Beach Plaza, an 870,000-square-foot enclosed mall that opened in 1982. The mall never did well, facing competition from street retail and malls in more desirable neighborhoods. In 2000, the Long Beach Redevelopment Agency and private developers demolished Long Beach Plaza to create CityPlace, a mixed-use retail and housing district within a reintroduced street grid.

Opened in Fall 2002, CityPlace includes 478,000 square feet of retail space, 221 apartment units, and 120 for-sale condominiums. This project is unusual in that it creates an urban, mixed-use, pedestrian-oriented district in an established downtown location, with discount "box" retailers as the anchors (Wal-Mart, Ross, Albertson's, and Nordstrom Rack). New zoning districts were applied to the site to encourage mixed-use development.

Existing conditions and several developer-instituted amenities served to ensure CityPlace is a unique and pleasant environment. The developer dedicated an amount equal to one percent of the project costs to public art. The site is located 25 minutes from downtown Los Angeles and within walking distance of downtown Long Beach, which offers a nighttime entertainment district, a Civic Center, Civic Auditorium, City Hall, and library. Public transportation connections are plentiful, and the site has easy access to the freeway.



Plan courtesy Kaplan, McLaughlin Diaz.

Project Facts

SITE: 12 acres / urban

USE OF EXISTING STRUCTURE: Demolished

RETAIL: 478,000 sf

OFFICE: None

RESIDENTIAL: 221 rental units, 120 for-sale units

ACCESS: Under 1 mile from freeway, 2 blocks from Long Beach Transit Mall (30 bus lines and light rail)

Development Team

OWNER/DEVELOPER: Developers Diversified Realty Corporation

RESIDENTIAL DEVELOPER: Urban Pacific Builders LLC

DESIGN ARCHITECTS: Kaplan, McLaughlin, Diaz

PROJECT ARCHITECT: Jerde Partnership

Illustration courtesy Kaplan, McLaughlin Diaz.

Belmar

Lakewood, Colorado

Mixed-use development with retail, office, multi-family housing, and for-sale residential units. Housing includes live–work, townhouses, apartments, and condominiums. Adjacent to new light rail station.

Description

Belmar, the largest project among the examples reviewed, is the redevelopment of Villa Italia, a former 1.4-million-square-foot enclosed regional mall on a 106-acre suburban site built on Denver's famed 1930s Belmar Estate. Villa Italia was the nation's largest mall west of Chicago when it opened in 1966. Anchors included Dillard's Discount Store and Montgomery Ward. By the early 1990s, sales and occupancy were on the decline. Contributing factors to the mall's decline included changes in the marketplace, shifting demographics, new competition, loss of anchor stores, and refinements within the retailing industry. At its low point, the mall was 30 percent occupied.

Belmar is located in Lakewood, an inner suburb 15 minutes from downtown Denver. The site occupies one-quarter of a civic master plan area that includes City Hall, Lakewood Commons, and Belmar Park, the city's performing arts center. The site is one mile from US Route 6 and four miles from I-25. It has strong bus connections, with three local and two express bus lines across the street. It is also within five miles of the new Alameda light-rail station and will be about two miles from the Wadsworth station on the planned West Corridor light-rail line.

The developers have demolished Villa Italia to develop 960,000 square feet of retail space, 1,300 rental apartments, 200 for-sale housing units, and 760,000 square feet of office space. These uses are organized within a new street system that uses small blocks to integrate the site with surrounding neighborhoods and to create a true urban town center where one did not exist before. The developers extended the existing Teller Street into the project to create a new main street core with on-street parking. Buildings with massing designed to a specified building envelope frame a public plaza network. The project opened in 2003.

The old Villa Italia Mall.

Project Facts

SITE: 106 acres / suburban

USE OF EXISTING STRUCTURE: Demolished

RETAIL: 960,000 sf

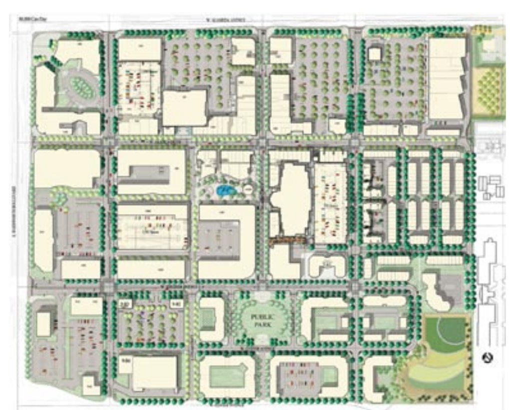
OFFICE: 760,000 sf

RESIDENTIAL: 1,300 units rental 200 units for sale

CIVIC SPACE: Central plaza, parks

ACCESS: 5 bus lines across street, 2 miles from proposed light rail line, 4 miles from nearest expressway, about 5 miles from existing light rail station

A festival at Belmar.



Plan for the final phase of Belmar.

Development Team

DEVELOPER: Continuum Partners, LLC

PLANNERS: Elkus-Manfredi Architects, Ltd

LANDSCAPE ARCHITECTS: Civitas, Inc

RESIDENTIAL ARCHITECTS: Van Meter, Williams, Pollock

All photos courtesy Continuum Partners LLC.

Downtown Park Forest

Park Forest, Illinois

A suburban mall revitalization project in Chicago's southern metropolitan area, Downtown Park Forest is a 48-acre project with Village Hall, independent- and assisted-living facilities, retail, office, and cultural center that create a central downtown.

A street in the new Downtown Park Forest.


Plan for Downtown Park Forest. Courtesy Village of Park Forest.

Project Facts

SITE: 48 acres / suburban

USE OF EXISTING STRUCTURE: One anchor box converted to office space, others demolished, smaller buildings retrofitted and renovated

RETAIL: 275,000 sf

OFFICE: 75,000 sf

RESIDENTIAL: 335 rental units, 65 for-sale units, 155 senior housing units/assisted living

CIVIC SPACE: Village Hall, Illinois Theater Center, small green at center

ACCESS: 2 miles from interstate, bus lines provide access to regional commuter rail service

Development Team

DEVELOPER: Village of Park Forest

PLANNERS, ARCHITECTS, AND LANDSCAPE ARCHITECTS: Lakota Group

RESIDENTIAL DEVELOPER: Jim Collegan Associate Venture

Description

Downtown Park Forest is the one example where a public agency, the Village of Park Forest, is owner and master developer. The site is the former 750,000-square-foot open-air regional Park Forest Plaza mall located on 48 acres in the heart of Park Forest, a garden city planned community in the outer suburbs of Chicago. Park Forest Plaza was built in 1953. The mall received national acclaim for its innovative use of anchor stores Sears, Marshall Fields, and Goldblatt's. It was also notable for its 4,000 parking spaces. However, the mall had no arterial access or visibility, so it began to suffer. In 1973, Lincoln Mall opened nearby, and Park Forest Plaza declined. In 1985, the mall was sold and renovated through TIF financing, though it remained purely retail. The department stores began to leave, and the mall was sold again in 1993. The new owner could not operate the center profitably and sold it to the village government in 1995 for $100,000, mostly vacant and deteriorated.

After a charrette and public design workshop, the village broke ground on the new project in summer 1997. The site is being redeveloped with 275,000 square feet of retail space (with Walgreens, Osco Drug, Bank One, and Tivoli Cinema serving as anchors), 335 rental apartments, 65 for-sale housing units, 155 affordable senior housing units, including assisted living units, 75,000 square feet of office space, a Village Hall, a community theater, and a museum. The village demolished the former Sears and Goldblatt's buildings, leaving the former Marshall Field's building as the only anchor structure. It was converted into an office building. The Village is redeveloping the site as a pedestrian-accessible civic town center, with a new main street to connect the center to surrounding neighborhoods, and it plans on selling all but the public buildings to private owners. Portions of the project are developed, while others are still under construction or planned. The site now acts as the downtown for the village.

Mizner Park

Boca Raton, Florida

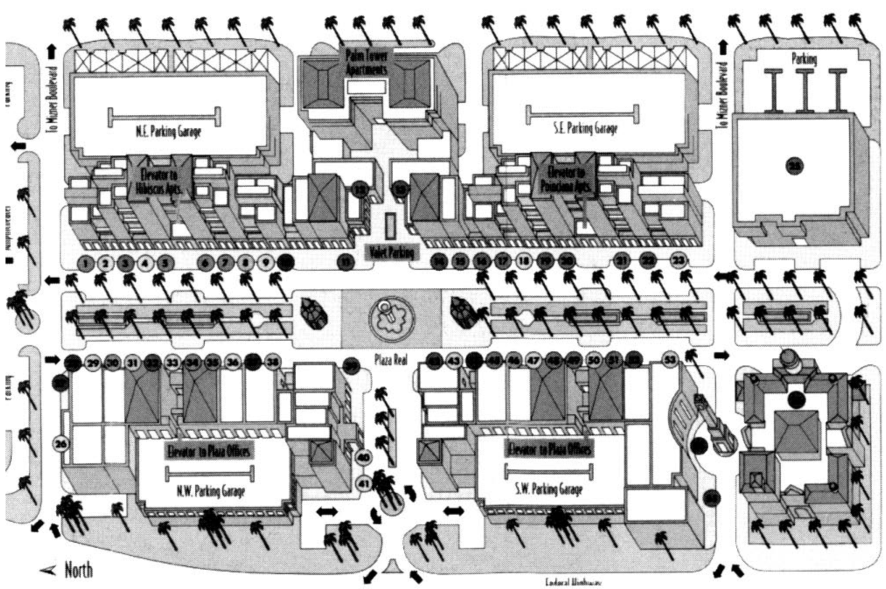
Mixed-use, multi-story development anchored by arts museum and central civic plaza

Description

Mizner Park was one of the first large-scale mall conversions in the country. The site is the former 28-acre enclosed Boca Raton Mall, located about a mile and a half from Interstate 95 and surrounded by low-density strip centers and single-family residences. Boca Raton Mall was built in what was the geographic center of the city in 1967, but was soon eclipsed by Town Center at Boca Raton as development moved west. The mall struggled until the city began to redevelop the project in 1987.

Built in phases, Mizner Park was completed in 1998. The new mixed-use district includes 236,000 square feet of retail space, 272 rental units, 260,000 square feet of office space, and cultural facilities, including the Museum of Cartoon Arts. Mizner Park features a new linear street system and a grand parkway plaza that terminates at the new 5,000-seat Count de Hoernle amphitheater next to the Boca Raton Museum of Art. The project has received recognition from the Urban Land Institute and the International Council of Shopping Centers, as well as praise form the Sierra Club of Florida.

Photo courtesy Cooper, Carry & Associates.



Courtesy Thomas Dolan Architecture.

Project Facts

SITE: 28 acres / suburban

USE OF EXISTING STRUCTURE: Demolished

RETAIL: 236,000 sf

OFFICE: 262,000 sf

RESIDENTIAL: 272 rental units

CIVIC SPACE: Central plaza, park with bandshell, Boca Raton Museum of Art

ACCESS: 1.5 miles from interstate

Development Team

DEVELOPER: Crocker and Company, Teachers Insurance and Annuity Association

PLANNERS AND ARCHITECTS: Cooper Carry & Associates

Winter Park Village

Winter Park, Florida

Long-term, phased mixed-use main street -development including housing and generous civic space.

Pedestrian-friendly streets now dominate the former mall site at Winter Park. Courtesy Dover, Kohl & Partners.

Project Facts

SITE: 32 acres / suburban

USE OF EXISTING STRUCTURE: Demolished except for Dillards store, now converted to retail with lofts above

RETAIL: 322,000 sf

OFFICE: 120,000 sf

RESIDENTIAL: 58 units

CIVIC SPACE: Small park at central intersection

ACCESS: 2 miles from interstate

Development Team

DEVELOPER: Don M. Casto Organization / Casto Southeast

URBAN DESIGN: Dover, Kohl & Partners

MASTER PLANNING/ARCHITECT: Dorsky Hodgson and Partners

TRANSPORTATION PLANNING: Glatting Kercher Anglin Lopez Rinehart

RETAIL CONSULTANT: Gibbs Planning Group

Plan for the final phase of Winter Park Village. Courtesy Dover, Kohl & Partners.

Description

Winter Park Village is a redevelopment of the 400,000-square-foot enclosed Winter Park Mall. The site is located two miles from Interstate 4, and is surrounded by strip retail centers and low-density residential uses. Winter Park Mall, built in 1963, was the region's first enclosed mall. It gained new competition when Fashion Square and Altamonte Mall were both constructed within five miles and the historic Park Avenue downtown commercial center became a renewed shopping destination. The mall declined through the 1980s, and occupancy hit a low of 30% before a new owner began consolidating ground leases in 1996.

The 32 acres were converted into a mixed-use village with 322,000 square feet of retail space, an 84,000-square-foot Regal Cinema theater, 58 loft residential units over retail space, and 120,000 square feet of office space, of which 80,000 square feet is over retail space. The developers extended and increased the intricacy of the grid system to integrate the site with existing neighborhoods and to provide civic space. Retail tenants include Albertsons, Borders, Ann Taylor Loft, Pier One, PF Chang's, Ruth Chris Steakhouse, Cheesecake Factory, and Johnny Rockets. The first phase has been completed and the long-term plan is approved.

CHAPTER TWO

ASSESSING THE GREYFIELD OPPORTUNITY

The purpose of this manual is to assist owners, developers, and community leaders who are facing the crucial questions about a failing mall property: whether conditions are right for a reuse project and what type of project has the best potential to succeed in the face of the current market conditions and community expectations.

For the timing to be right for a revitalization project, certain conditions are required. Many of the greyfield properties had to fail or falter badly before they were resurrected. They needed to reach a point where the redevelopment option presented a better economic return than continuing to replace national tenants with lower-rent-paying, non-credit-rated tenants. The asset value of the property had to fall significantly to bring down the cost basis to a point where redevelopment was the financially preferable option.

The occupancy rate at the old 1.4-million-square-foot Villa Italia mall that later became Belmar dropped to 30 percent prior to redevelopment, as did the occupancy rate at the predecessor to Winter Park Village. The 695,000-square-foot Long Beach Plaza tried catering to discount and local retailers on a month-to-month basis. Plaza Pasadena's remaining tenants were on year-to-year leases. Park Forest Plaza was largely vacant and deteriorated.

The Winter Park Village story is typical. The prior 400,000-square-foot mall saw its market share fall because of competition from the newly constructed Fashion Square and Altamonte malls, both located within three to five miles. The town's historical main street for shopping, dining, and entertainment also presented competition. Sprawling urban growth patterns outside Winter Park drew the market away from the mall. Changes in local demographics, lack of private capital for reinvestment, and alterations

Eastgate Mall in Brainerd, Tennessee was redeveloped into Eastgate Town Center. Photo courtesy Dover, Kohl & Partners.

5 key factors

A. Market Conditions
B. Ownership and Anchor Tenant Status
C. Site and Location Factors
D. Municipal and Community Capacity
E. Developer and Lender Capacity

in retail formats over time also hurt the mall's competitiveness. Eventually, the mall's occupancy rate fell to 30 percent. Only the 120,000-square-foot Dillard's Department Store remained open. Before redevelopment commenced, artists used some of the bays in the mall for studios. Dillard's too eventually closed.

Other major factors in determining project readiness include the commitment of local leaders to devote local resources to a redevelopment project and the broader recognition of the need for major change by owners, tenants, and neighbors.


Paseo Colorado. Photo courtesy Developers Diversified Realty. Copyright Don Snyder Photography Inc., 2004.

This chapter includes assessment topics and briefings to help assess the potential of a mall property. The briefings present lessons from six case studies drawn from the prior CNU publication *Greyfields into Goldfields*. Each section in this chapter examines one of five factors that are key to making a "go" or "no go" decision about a reuse project, based on the experience of the greyfield examples reviewed and the expertise of report authors and project advisors:

A. Market Conditions
B. Ownership and Anchor Tenant Status
C. Site and Location Factors
D. Municipal and Community Capacity
E. Developer and Lender Capacity

Each section contains a series of assessment points that project proponents should consider, whether they are owners, prospective developers, or local officials. Many of the assessments are identical to those that sponsors of any major development project would undertake before proceeding, while others are specific to the objectives of creating mixed-use town centers or to the reuse of obsolete retail properties. The key factors and related assessments are summarized in Appendix A.

A. MARKET CONDITIONS

Population Growth Creates Markets

All of the case study examples occur within growing local and regional markets. All of the new mixed-use neighborhood development sites are located in regions where the number of households is growing and regional housing development is sprawling. The new town districts provide a housing alternative for residents who want to be in a more pedestrian-oriented place, with easier commutes where residences are closer to transit or workplaces.

Niches among the existing population may have latent demand for mixed-use housing. Changing household characteristics, such as the growing number of empty nesters and seniors as the baby-boomer population ages, or the arrival of the nation's largest-ever generation of young adults, might support new types of housing. However, none of the case studies occurred in markets without overall population and household growth. It will be more challenging to introduce new housing concepts in regions that are not growing.

Adults Are in Abundance

Most of the case study examples occurred in markets that, within two miles, had proportionately more adults and households without children. This was an important consideration for retail and housing strategies. Those new town centers or urban districts – such as CityPlace, Winter Park Village, and Paseo Colorado – that were located near nighttime entertainment districts, had local markets with larger young-adult populations. Demand from smaller households, particularly those composed of young adults and couples without children, appeared to strengthen the market for the higher-density housing integrated into the revitalization projects.

Incomes Solidly in the Middle

Despite the moderate incomes in their markets, most of the reuse examples, except CityPlace and Park Forest, attempted to position their commercial retail, and in par-

Things to Consider

- Determine whether the retail, housing, and employment markets are on a general growth curve, in stasis, or declining.
- Identify population and employment growth or other demographic changes that would support the mixed-use center redevelopment, such as an increase in small households that might seek an urban residential environment.
- Assemble information on trade area population, employment, households, and trend lines for the next three to five years.
- Determine larger market trends (overall absorption, rents, vacancies) and likely competition from other existing and planned retail centers.
- Review the performance of the asset over the previous five years, including rents and vacancies of various store groupings (soft goods, restaurants, home furnishings, etc.).
- Examine competitive mall and retail locations in the market area in relation to sales per square foot.

Case Study Market Characteristics

- All but Mizner Park had 350-400,000 people within their 5-mile market areas, and all but CityPlace had fewer than 100,000 people within their 2-mile market areas;
- All markets experienced growth in the number of households during the 1990s;
- Most had a materially higher-than-average share of households without children within their 2-mile market areas;
- All 2-mile market areas had slightly higher than average median ages than their respective metro regions;
- The examples that were near established nighttime entertainment districts – Paseo Colorado and CityPlace – had a much higher proportion of young adults within their 2-mile populations compared to the other case study locations;
- The examples that did not have established nighttime entertainment districts had higher proportions of "empty nester" 55-64 year olds among their 2-mile population;
- Except for Mizner Park, the median household incomes within the 2-mile market areas were equal to or below the metro area median.

Source: CACI; Economics Research Associates

ticular, their housing, towards the upper-end of their local market. The 5-plus mile catchment areas often include more upper-income families than exist in the immediate neighborhood. A few greyfields, like Belmar, are being positioned to draw a portion of the outlying upper-income segment back to a more convenient, mixed-use environment. While the attraction of higher-income households may offer benefits in some locations, it raises the question of responsibility for providing affordable housing, especially if some level of public financing is involved. Downtown Park Forest, the only project owned by the local government, includes affordable senior housing.

As shown in the table below, four of the case study sites had median household incomes within their 2-mile markets that were less than the MSA (metropolitan statistical area) median in the year 2000. Mizner Park and Winter Park were the exceptions. The median household income within 2 miles of CityPlace was as low as 60 percent of the MSA median. At the other extreme, Mizner Park's 2-mile market median income was 113 percent of the regional MSA's median.

Competition Forces Change

Insurmountable competition turns malls into greyfields. Often, competing new centers have used new retail formats to capture market share. Owners of deteriorating shopping centers usually first react to this competition by trying to upgrade or reposition their retail format. However, all of the case study properties eventually found that they were no longer competitive as regional shopping centers (with catchment areas of 10-plus miles). This was due to a combination of obsolete design, small size relative to contemporary standards, significant regional competition, and lack of freeway access and visibility.

Usually the regional competition includes newer and larger regional malls closer to freeway locations. Given their size, larger malls offer consumers more shopping options. Anchor de-

SITE INCOME COMPARED TO MSA

Site	Belmar	CityPlace	Mizner Park	Downtown Park Forest	Paseo Colorado	Winter Park Village
Median income of site's 2-mile market as a % of metropolitan (MSA) median income	86%	60%	113%	95%	98%	100%

The demolition of Park Forest Plaza mall. Photo courtesy Village of Park Forest.

partment stores are attracted to these more competitive centers. The older centers that become greyfields cannot compete without commitments by their anchors to stay or re-invest. For example, Plaza Pasadena could not compete effectively with Glendale Galleria and Santa Anita Fashion Park. Villa Italia faced superior competition from Park Meadows and the new Flat Irons Crossing.

Larger regional malls are not the only source of competition. An abundance of competitive power centers in the marketplace also provides competition in locations such as Park Forest. Villa Italia, the predecessor to Belmar, also anticipated competition from a planned Mills outlet shopping center elsewhere in Lakewood. The malls that were replaced by Winter Park Village and Paseo Colorado lost trade to nearby dining, entertainment, and specialty retail districts in traditional, historic downtowns. The reemergence of "main street" retailing in nearby Old Pasadena made the 1970s Plaza Pasadena a retail anachronism. The regional competition eventually forced change that led to each site's redevelopment as a mixed-use district.

B. OWNERSHIP AND ANCHOR TENANT STATUS

Greyfield Land Owners

The original owner of a greyfield property usually will not be involved in a town center reuse project. Of the six examples, only one developer, TrizecHahn at Paseo Colorado, was the original property owner. Even there, TrizecHahn had to buy out its original landowner partner. One of the reasons the prior mall or property owner may not be the one to initiate the property's redevelopment is that the under-performing shopping center may still be an adequate revenue source for the owner even if rents have declined.

The case studies reveal that disagreement among the original owners or between the owners and representatives of the city is common. Mizner Park, Park Forest, Belmar, and Paseo Colorado all had difficult negotiations with a prior landowner.

Sometimes the disagreement is among the original owners, such as the owner of the shopping center, the owner of the land, and the department stores. In several instances, the owner of the shopping center, such as an REIT, was under a long-term lease with the landowner, such as a private family trust. The REIT's interest is to generate income and add near-term value to the leasehold for its shareholders. The landowner, however, continues to obtain a minimum level of rental income for little effort and is less eager to undertake a major project. The department stores simply want to protect their retail position.

Other disagreements are between present and future owners. Frequently these disagreements are over value. It is difficult to value a failing shopping center. The potential buyer bases the value on the capitalized value of the existing and projected income, which is low when the shopping center is failing. The seller often wants a higher price based on reuse value, or a return on their original investment (a sunk cost), or the replacement value of the improvements (a largely insignificant concern to someone who wants to buy it to tear down), or a value that assumes the property can be repositioned (often an uncertainty). Consequently, there is often disagreement on highest and best use.

Equitable Life Insurance Company, for example, bought Villa Italia in 1999, but with 28 years left on the land lease it could not come to terms with the Bonfils Stanton Foundation, the family trust that owned the land. Continuum Lakewood Development, LLC, the developers of Belmar, came into the project by purchasing the foundation's land ownership. It took Continuum another 18 months to come to terms with Equitable on purchasing its ground lease. The City of Lakewood had to intervene and use eminent domain to purchase the leasehold rights for certain anchor stores and separately owned pad sites.

At Paseo Colorado, the prior ownership included TrizecHahn and a private real estate company that was over-leveraged. They had disagreements over reinvestment

Things to Consider

- Determine ownership (number of fee-simple land owners and holders of ground leases) and parcelization, identifying number and type of owners, and number, size, and configuration of parcels.
- What is the ownership group's evaluation of the asset's performance? How does the asset perform relative to other properties in owner's portfolio? (This information may not be available if the properties are privately held.)
- Review the ownerships of adjacent properties.
- Assess the current activities of all tenants on site.
- Use sales tax receipts to learn how the project is performing; review data for anchor store sales if possible.
- Observe whether the anchors are leaving or have already left.
- Review terms of any ground leases (base rent vs. percentage rent). Ask how much time is left on the leases. Is there a percentage lease (tenant pays percentage of gross revenues or a stated base, whichever is higher)?
- Investigate whether anchor tenants have covenants that would prevent or impede town center operations. Find out about rights and exclusions in easements and conditions, covenants, and restrictions (CC&Rs). These are all potential obstacles to success if an anchor is not cooperative.

At Paseo Colorado, Macy's remained as an anchor in the redevelopment. Photo courtesy Ehrenkrantz Eckstut & Kuhn Architects.

strategy and TrizecHahn considered pulling out. To encourage faster progress, the city encouraged TrizecHahn to go through a public planning process to reach a consensus. The other partner was not involved in this process. TrizecHahn eventually decided it needed complete control of the site to implement the plan, so it bought out its private partner's interests and the lender's interests.

Anchor Stores

Most of the department stores in the original regional shopping centers were not retained in the new mixed-use centers or districts or chose to leave. While all of the new districts were able to get the department stores to cooperate, several faced obstacles. It is important to recognize that department store anchors typically can veto redevelopment of the proposed redevelopment through their encumbrances and covenants.

When redevelopment is first considered, relationships between the operators of the mall anchors and the shopping center owners sometimes are strained, which makes cooperation to undertake a radical change more difficult. The anchors at Plaza Pasadena, for example, were upset that the mall was underperforming and that there was a lack of reinvestment in the shopping center. Sometimes the shopping center owners blame the anchors for not reinvesting, as was the case at Villa Italia.

The closing of an anchor may precipitate the process of decline at the original regional shopping center. Sometimes these closures had less to do with the site's competitiveness than with corporate financial difficulties, such as with Buffums at Long Beach Plaza, Broadway at Plaza Pasadena, and Montgomery Ward at several locations. The anchors that anticipate closing do not reinvest to maintain a competitive edge. This deterioration hurts the rest of the shopping center.

The actions of a single anchor tenant can make or break a project. By 1996, the department stores at Plaza Pasadena reportedly wanted out and were willing to pay to leave the mall. Ultimately, J.C. Penney's left amicably and Macy's remained. Reportedly, if Penney's had stayed, there would not have been a project since the Penney's building site was needed to implement the plan.

None of the four department store anchors at Villa Italia remained as part of Belmar. Three of the four department stores closed around the same time, while the fourth elected to close a year later. The City of Lakewood, however, had to employ its powers of eminent domain to purchase the property rights of the last anchor store, Foley's. The old Foley's building now houses a Galyans sporting goods store on the first two levels and office space on the third level.

At Mizner Park the department stores left, but several important tenants, including an

AMC 8-screen theater and Liberty's bookstore remained initially, although the bookstore later closed. A Fort Lauderdale cinema operator that presents art and foreign films now runs the movie theater. The transfer of theater operations appears to have stemmed more from changes in the cinema industry than from the market conditions at Mizner Park.

To make way for its new main street, the Village of Park Forest demolished the Sears and Goldblatt's buildings that anchored the previous mall. The building that housed a third anchor, Marshall Field's, remained with the intent that it would be reused as office space. In 2003, a telemarketing firm leased the building, but became a point of contention. While the building is nearly fully occupied, this particular use has not had a positive impact on the adjacent retailers. The telemarketing firm is parking intensive and the workers tend to enter the building, work their shift, and leave. They generally do not shop, eat, or make use of the entertainment offerings on site. Village leaders wanted a major corporate tenant or several smaller tenants with employees who would spend lunch breaks or after-hours downtown. The challenge is that the site is perceived as an inferior location in a weak office market.

Downtown Park Forest retained as many of the original businesses as possible – including two banks, a post office, Fannie May Candies, a movie theater, a coffee shop, two beauty shops, a Christian Science Reading Room, a recording studio, and several second-floor office tenants. Some of these tenants relocated from buildings slated for demolition.

At Winter Park Village, Dillard's Department Store remained open only until approvals were obtained and redevelopment occurred. The store vacated before Winter Park Village opened.

Some department store anchors stayed. At Paseo Colorado, Macy's remained after negotiations and now anchors the new mixed-use center, even though it operates a full-line store just two miles away. It did not redesign its building's exterior, however, to integrate architecturally with the new project, except to allow a connection. Fortunately, despite some remaining blank walls, the anchor's street entrance and display windows on

Colorado Boulevard help maintain an urban sense of place on Pasadena's main street.

Macy's was a party to the original redevelopment agreement that created the mall that preceded Paseo Colorado and could have vetoed the reuse plan. The retailer owned their building with a low cost basis and leased the land. Consequently, it had little incentive to take on a major investment. TrizecHahn persuaded Macy's parent, Federated, that its investment in Paseo Colorado would generate customers for the Macy's store, and offered it a common-area-maintenance (CAM) fee concession. The project lender, Wells Fargo, wanted Macy's retained, which was important for the project's valuation.

Retention of a department store provides a positive continuing commercial presence and anchors the commercial component of the new district. However, integrating the department store so that it looks like a downtown store within an urban district, rather than an anchor to a conventional shopping center, is a design and operating challenge. Most of the operators of these department stores have difficulty accepting that they should invest in redesigning their stores as the site is redeveloped. Sometimes

C. SITE AND LOCATION FACTORS

Town Centers Are Being Created Even Where There Is No Traditional Urbanism

The existing mall developments in most of the case studies were built in the 1950s through 1970s on "greenfield" sites as suburban regional shopping centers. Consequently, they are not nestled within a traditional urban grid. Instead, they are surrounded by the street design of the era in which they were built – long, curvilinear, and wide.

The exceptions were the regional malls that preceded Paseo Colorado and CityPlace. These prior malls were redevelopment projects that closed original streets and assembled urban blocks to create superblock sites. These interruptions of the traditional grids to accommodate urbanized enclosed malls were meant to stimulate economic revitalization in their downtown locations. While these first-generation redevelopment efforts had initial success, they failed as catalysts for their surrounding districts,

Things to Consider

- Research the site's land value to determine whether it has declined enough to make redevelopment feasible.
- Explore whether a competing interest for the site may spur quick action.
- Review the site's size and location for suitability with competing retail formats. Freeway proximity, visibility, expansion possibilities, infrastructure capacity, and site size are key factors that may lead competing developers to propose alternatives such as big-box retail for the site.
- Investigate whether a mix of uses on the site could improve traffic conditions despite greater total activity.
- Review possibilities for improved connections with surrounding properties and neighborhoods in order to ease access for both pedestrians and automobiles.
- Assess current level of transit service at the site and opportunities to improve service.
- Are there bicycle and pedestrian facilities to promote easy access and generate lively street life, or could they be added?
- Inventory nearby land uses for their ability to complement a mixed-use town center. Is an alternate (single) use more likely because of strong potential demand and land-use patterns that would conflict with a mixed-use neighborhood (e.g. a high-intensity office park near the site)?
- Assess whether the site has regional accessibility characteristics (e.g. location in an area with a concentration of destinations including housing and employment) that offer transportation and air quality benefits.
- Review existing buildings or infrastructure supports at the site for their potential to be reused in the redevelopment.
- Are there natural features that can be restored or incorporated as unique features for a town center?
- Look for the presence of historic structures, parks, or urban design features that can be used in the design of the town center or city district.

in part because their intentionally self-contained format was designed to capture and hold customers. This strategy ultimately failed in many locations.

Small Sites Can Be a Good Fit for a Mixed-Use Town Center or Urban Neighborhood

The case study redevelopment sites ranged from CityPlace's 12-acre infill parcel in downtown Long Beach, California, to the 106-acre Belmar site in suburban Lakewood, Colorado. All of the sites except for Belmar are less than 50 acres, relatively small for modern regional shopping centers. The relatively small sites reflect the industry standard for regional malls when the predecessor malls were built, in the cases of Downtown Park Forest and Mizner Park, or the land constraints of their urban locations, as with CityPlace and Paseo Colorado. These site constraints limited the previous regional shopping centers' ability to expand and add anchors to compete with newer, larger, more modern regional shopping centers.

A small site does not necessarily condemn a regional shopping center. There are examples of successful regional centers on relatively small, well-situated sites in cities or affluent inner-ring suburbs, such as Horton Plaza in San Diego or Old Orchard north of Chicago. But in most suburban markets, small can mean failure if other centers in the region offer consumers a greater critical mass of shopping options, particularly in the moderate income markets that exist in most of the case study examples.

While the greyfield sites typically are small for a modern regional shopping center, they are relatively large for mixed-use development, particularly in the older, built-out suburban locations where they are located. The parcel sizes present opportunities that can be realized once it is determined that a conventional regional shopping center can no longer work.

Locations in or near Traditional Business Districts Offer Market and Environmental Benefits

All of the sites except Winter Park are found within their respective communities' traditional business districts. Mizner Park, Park Forest, and Belmar are attempts to create a new definition of downtown for their business districts. Paseo Colorado and CityPlace are important infill developments within larger urban downtowns that are already well defined. Most of the examples are proximate to local business destinations and add to the total concentration of activity within their downtowns, heightening the travel and air quality benefits offered by regional accessibility.

While the case study sites tend to be near or within the heart of their respective community's central district or civic center, their distance from the metropolitan area's core varies significantly. Belmar is within approximately 15 minutes of downtown Denver. Park Forest and Mizner Park are in the suburbs of Chicago and Miami/Ft. Lauderdale, respectively. Winter Park Village is 15 minutes from downtown Orlando. Paseo Colorado and CityPlace are located 10 and 25 minutes from downtown Los Angeles, respectively.

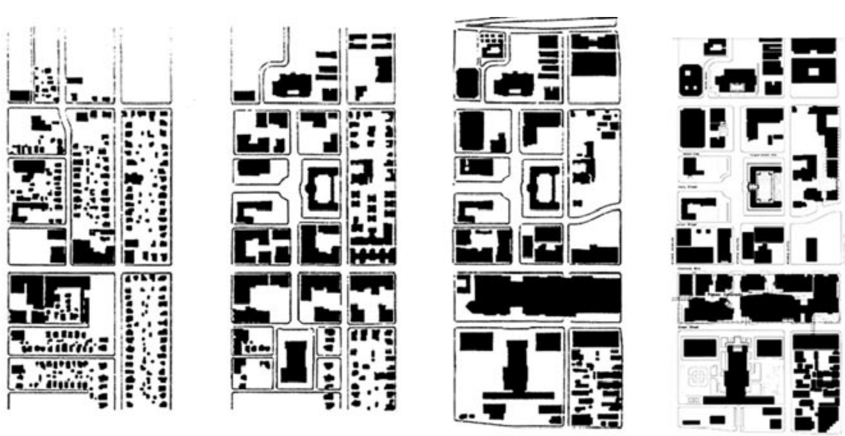
Most of the sites are within or near major employment centers. CityPlace and Paseo Colorado are within sub-regional downtown locations. In addition, CityPlace is within three miles of the Port of Long Beach/Los Angeles, one of the largest ports in the United States. Belmar is within one mile of the Denver Federal Center (5,000 employees), only 15 minutes from downtown Denver. And Belmar plans to add 760,000 square feet of office space to become a job center in its own right.

Great Access to Transit and Good-But-Not-Great Freeway Access Are Good Matches for Mixed-Use Redevelopment Projects

Distance from a freeway interchange and the level of freeway exposure are important factors to consider. If the site is visible from the freeway and near an interchange, chances are that the owners will seek a commercial reuse or repositioning of the site rather than redevelopment of the site into a town center. None of the case study sites have freeway frontage. Some, however, lie near freeway interchanges. Paseo Colorado is within 500 feet of the I-10 freeway and 0.4 miles from the I-210 freeway. CityPlace is just under a mile from the I-710 freeway. Some are relatively distant from freeway interchanges, especially for regional shopping center sites. Belmar is approximately one mile from U.S. Route 6, and about four miles from the I-25 freeway. Downtown Park Forest is approximately two miles from Interstate 57 and Sauk Trail. Mizner Park is about 1.5 miles from the I-95, and Winter Park Village is approximately two miles from the I-4.

Easy access to public transit is an important feature, common among the case study projects. The projects inherited public transit lines that served the original regional shopping centers, and, in some cases, enhanced them to serve the new mixed-use development. Belmar is served by three local and two express bus lines, and is slated for shuttle bus service from the future Wadsworth Light Rail Station, one mile away. Four bus lines serve Paseo Colorado. The Pasadena Arts Bus also stops at Paseo Colorado in shuttling visitors to locations around the city. Downtown Park Forest has bus service throughout that links the site to a Metra commuter rail station, which connects the community to Chicago. CityPlace is two blocks from the Long Beach Transit Mall, which is served by almost 30 bus lines and a light rail system that connects downtown Long Beach to downtown Los Angeles.

The new mixed-use districts may serve as anchors for multi-modal transit centers, particularly if they have significant office space either within the project or nearby. Given the complementary peak hours of parking demand between park-and-ride transit users and shoppers, there are opportunities for transit agencies and retail center owners to share parking supply and costs. Depending on where the transit lines go, the mixed-use center's residential, office, and retail uses generate demand for public transportation.



1920 1935 1980 2001

Paseo Colorado restored the historic Garfield Street axis that the old mall had interrupted. Courtesy Ehrenkrantz Eckstut & Kuhn Architects.

Street Design and Connectivity: Challenges and Opportunities

The street patterns surrounding the sites are typical of the eras during which the communities were originally built. Three of the case study communities – Lakewood, Park Forest, and Boca Raton – were built after World War II, primarily in the 1950s, when the automobile dominated urban transportation. Belmar lies within a typical western grid, with large blocks and long street frontages, and is adjacent on one side to a typical older residential street grid system. Park Forest, one of the first "planned communities" in the country, was designed with curvilinear streets and wide setbacks. Wide commercial boulevards and residential streets surround Mizner Park.

Paseo Colorado, CityPlace, and Winter Park Village are in locations that were developed in the early part of the twentieth century when trolley systems were in use. Their surrounding grid patterns continue to favor pedestrian travel. The controversial Plaza Pasadena, the mall that Paseo Colorado replaced, disrupted the historic Plan for Pasadena. That early plan resulted in broad, tree-lined boulevards and strong pedestrian linkages between important civic buildings – the kind of urban design that inspires New Urbanism today. Paseo Colorado restored important axes and pedestrian connections.

All of the sites, however, are near or on one or more major thoroughfares linking them to other commercial, employment, and civic centers in the region. While inconsistent with plans to accommodate pedestrians, arterial streets can be assets by providing roadway capacity to absorb higher-density, mixed-use development without requiring significant and costly off-site traffic mitigation measures. As noted above, often regional public transit systems, either bus service or light rail, already serve these arterial streets.

Location on arterial streets often means that sites are near multi-family housing and/or strip-retail development. Few of the suburban case study projects were easily integrated into surrounding development patterns. Rather, most have attempted to create a new urban identity within the site, and address challenging edge conditions where they front arterial streets, with mixed results. Downtown Park Forest's main street is a defining interior feature, but conventional surface parking still lines surrounding arterial streets. CityPlace and Paseo Colorado do integrate with existing downtown grids, although both have sides for service functions that create walls to the secondary street front. CityPlace managed to fit into the grid even with its big-box retail anchors.

The adjacent arterials present real design challenges, particularly if they are not already pedestrian oriented. Belmar has addressed this challenge by creating pedestrian connections to the residential neighborhoods to the east and south. It has also provided specialized medians and street crossings across the major arterials to the civic complex to the west, and the existing commercial and residential district to the north.

Projects Can Succeed in Locations That Lack an Established Mixed-Use Pattern

Most of the case study projects are in fairly standard suburban settings with separate areas of commercial and residential uses, and some civic or cultural uses. These conditions demonstrate that traditional mixed-use buildings nearby are not a prerequisite for greyfield revitalization projects, but they also highlight the prevalent challenge of integrating new projects with their surroundings.

For example, Belmar is surrounded by a subdivision of moderately priced single-family homes to the east, market rate apartments to the south, the Lakewood Commons (retail, city hall, and cultural center) to the west, and strip commercial and big-box retailing to the north. Downtown Park Forest is surrounded by a public safety building and housing cooperatives to the north and east, a bank, churches, a post office and single-family homes to the south, and a neighborhood strip shopping center to the west.

Winter Park Village is surrounded by strip retail centers, suburban office buildings, detached housing, homes converted into offices, commercial buildings, and low-rise, walk-up apartment buildings. Mizner Park is surrounded by suburban-scale commercial and residential neighborhoods, including single-family neighborhoods to the east.

Paseo Colorado and CityPlace have the greatest mixed-use traditions among the case study examples. Paseo Colorado is in a first-ring suburb, surrounded by Pasadena's historic

Civic Auditorium, City Hall, and Library, mixed-use street-level retail with upper-level offices on a traditional grid, a 1970s era bank and corporate office buildings set back in a campus design, and well-kept, craftsman-style neighborhoods nearby. It is within two blocks of the historic and revitalized Old Town Pasadena, a major regional entertainment, dining, and specialty-shopping district with many older mixed-use buildings.

CityPlace is located in a secondary downtown location, surrounded by a mixture of buildings with retail at the street level, and office, residential, and lodging on upper levels. It is within walking distance of Pine Street, a sub-regional nighttime entertainment district. It is also a few blocks from the City Hall and the Civic Auditorium. CityPlace is the most urban of the locations, but ironically, it incorporates some retail types most associated with single-use sprawl, such as big-box retailing. Thanks to careful design and the cooperation of retailers in modifying their formats, these uses are compatible with the project's mixed-use urban character.

D. MUNICIPAL AND COMMUNITY CAPACITY

Local Governments, Developers, and the Public Must Be Engaged in the Planning Process

Successful projects are built with trusting public-private partnerships. Thorough planning involving multiple parties is critical to success. Both the public and private sides need knowledgeable point persons who have the trust of their respective decision-makers.

All of the case study examples involved the public in at least some stage of the planning process, from very structured meetings run by a city-appointed steering committee to a series of general public workshops. Community members and leaders were generally eager to see change and improvement come to the sites. This enthusiasm for change, however, did not necessarily translate into easy acceptance of a specific project proposal. Local residents and business people may be adverse to change and may hold out for the level of retailing and services provided by the old mall, even if the competitive market prohibits it. The general public does not easily accept the concept that higher density is beneficial and may not generate greater impacts, particularly traffic, because of the land-use mix. Sometimes they express concerns about a new, higher-density residential development affecting the existing income mix in the community and bringing crime. A public education process is important to gain community acceptance.

The Winter Park Village developer appreciated that he had a very positive partner in the city, especially with officials willing to help make it possible for tenants to open on time. Public support was also high; the neighborhood had watched the mall die and wanted something new.

At Belmar, the Lakewood City Council and Continuum Partners developed such a trusting relationship that the city transferred its design control review powers to an architectural control committee that included both city and developer representatives, along with three design professionals.

In the case of Park Forest, the local agency acting as the developer achieved a high degree of flexibility. The process of seeking village approvals and shaping development in the best interest of the village was also much easier than for a conventional development project.

A Structured Public Planning Process Helps Achieve Community Acceptance

Communication and public relations are key to a public-private partnership. Adequate resources must be spent on communicating the project objectives to make sure the message is clear to the public, so that public support is sustained. It is likely that local council and board seats will change during the course of concept development and entitlement processing, and new public officials will look to their constituents for direction.

While the initial idea to create a mixed-use town center or urban district often comes from individuals, the process for translating the idea into a specific plan usually requires an extensive, structured public planning process that brings the development

Things to Consider

- Ascertain the level of community interest in change on the site and the supportiveness of key constituencies for change.
- Determine whether municipal government and/or special districts are willing and able to assume risk associated with financial commitments and political support for the project.
- Assess readiness of city to make policy and regulatory changes through planning and zoning.
- Determine readiness of local government to assist with land assembly and subdivision, tax increment financing, financial partnerships, management of community involvement, and ongoing collaboration with the development team.
- Is there a community vision in place for a town center or mixed-use district?
- Ask whether the local government can assign a single project manager with expertise in complex projects to the greyfield conversion effort.

and design team, city, and public together.

Despite the hurdle of gaining public support, most of the projects achieved relatively quick approvals, particularly given their complexities and the significance of the changes proposed. However, this was only possible after communities undertook careful community review and concept formation processes prior to officially entering into the formal entitlement approval stage. While the entitlement approval process was usually short, the preparatory community planning and design work often took much longer.

For example, the entitlement process for Belmar, the largest of the case studies, took nearly nine months, resulting in revision to the pre-existing planned unit development (PUD). No environmental impact report was required. By the time the project formally entered the entitlement approval process, there was no organized opposition.

At Paseo Colorado, the project was not feasible when all of the public objectives and ideas were incorporated. A structured steering committee allowed the developer to demonstrate with a pro forma why some ideas were not feasible, and the parties were able to test alternative physical and financing schemes until a workable scenario was reached. Developers that used the steering committee approach considered it key for achieving public support and a relatively short approval process.

City Governments and Redevelopment Agencies Often Take Active Roles Beyond Review and Approvals

Support during the project design, review, and development process is only one of the prerequisites for a successful public-private partnership. City governments and their redevelopment agencies were all active partners in the redevelopment programs that planned, approved, and built the new town centers and districts. Key public agency functions have been:

- leadership in soliciting public input and support
- adoption of zoning and other regulatory changes to support the project
- financial participation, particularly in connection with infrastructure and parking costs
- coordination with other public agencies involved in project approval, development, or operations
- assignment of staff to assist in project management throughout the design, review, and approval process
- assistance with land assembly and subdivision
- introduction of civic activities to the project site

At Belmar and Paseo Colorado, the cities formed special public districts to assist with financing public parking, infrastructure, and amenities. At Belmar, the Metropolitan District was formed to facilitate the issuance of $120 million in bonds. Other regional agencies were also involved in the case study projects, particularly regional transit agencies and in those cases where remediation has been required, environmental agencies. For example, the developers of Belmar used an EPA brownfield loan through the State of Colorado to help finance site clean-up costs.

Another agency role has been assistance with both assembly and subdivision of land. The parcels that compose a regional shopping center site typically include the anchor department stores, in-line retail, parking, and pad sites. Reciprocal easements often exist. Various parcels usually have different owners. The parcel configurations were not designed for an integrated urban fabric of streets, public spaces and mixed buildings, which complicates implementation considerably. In most cases, some parcels need to be consolidated to facilitate planning and implementation.

At Belmar and Mizner Park, the city or its redevelopment agency assembled the ownerships. At Paseo Colorado, TrizecHahn, one of the owners of the previous shopping center,

The redevelopment of Paseo Colorado managed to avoid the use of eminent domain. Photo courtesy Ehrenkrantz Eckstut & Kuhn Architects.

bought out its partners and lenders to take full control of the property.

Once the property is consolidated and planned, it needs to be re-subdivided into its various components to facilitate financing, phasing, infrastructure, and streets provision, and to create the diversity that characterizes a town or city district. Here is where the real skill resides on the parts of city government, developers, and project designers.

A municipality's power of eminent domain and public financing, particularly tax increment financing, were crucial to implementing most of the case study examples. Mizner Park and Belmar used eminent domain extensively. The Lakewood Reinvestment Authority used eminent domain to terminate ground leases and department store encumbrances. This enabled the authority to offer the property through a request-for-proposals process, which led to the selection of Continuum Partners to build Belmar.

Others, such as CityPlace and Park Forest used these powers for minor property consolidation. A few did not use their powers at all, such as Paseo Colorado and Winter Park. Even when eminent domain is not used, the possibility of its use can provide leverage during negotiations.

Unfriendly condemnation, however, should only be pursued as a last resort. The cost of acquisition can be much higher than market price given business relocation cost requirements in some states and probable court and legal costs.

Most Mixed-Use Redevelopment Projects Require Significant Zoning Changes

Town center designs frequently require revisions to zoning codes and related regulations. A custom regulatory mechanism is usually required, such as a planned unit development (PUD) zone or special district, although standard zoning is sometimes used. Prior shopping center developments often have specialized zoning or permits in place. In these situations, the new regulatory mechanism is an amendment of an existing permit.

Belmar, for example, comprehensively modified an existing PUD that governed Villa Italia's land use and urban design. The city formed an architectural control committee that included a developer representative, a city planning department representative, and urban design professionals selected by both parties. Winter Park Village, on the other hand, used the city's standard C-1 zone, but simply altered the floor area ratio (FAR).

Paseo Colorado already had entitlements for 650,000 square feet of space and prepared a specific plan and environmental impact report before amending its existing conditional-use permit. The regulatory code is performance-based rather than proscriptive.

Rather than amend existing ordinances or permits, Boca Raton and Long Beach developed new zoning districts to regulate the areas that include Mizner Park and CityPlace respectively. Boca Raton formulated and passed a downtown development order to regulate development in a 344-acre area that included the Mizner Park property. Long Beach created Land-Use District 7 to encourage mixed-use development. Both cities found it necessary to reform their regulations to allow mixed-use urban development and design, and to establish complementary capacity thresholds to mitigate impacts.

Public Financing Helps Projects Cover Extraordinary Costs Associated with Mall-to-Mixed-Use Conversions

Public financing was used in all but one of the case study projects. Public capital typically leverages private capital. Most often, communities use public capital for parking, amenities, some infrastructure, and, occasionally, to write-down land costs or cover impact fees. It is needed because the redevelopment of an obsolete regional shopping center into a new mixed-use district often incurs extraordinary costs, such as condemnation, utility retrofitting, structured parking, transit facilities, prevalent curbs and sidewalks, and other superior public amenities.

Property tax and sales tax increment financing mechanisms, special assessments on

Downtown Park Forest is an example where the local municipality is owner and developer.

parking revenues, tax reserves, impact fees, and revenue from land sales and leases are among the sources used to support these public investments. Pasadena's parking revenue from its garages funded most of the city's financial contribution to Paseo Colorado. Boca Raton, Lakewood, Long Beach, and Park Forest used tax-increment financing for much of their public obligations. In Long Beach and Lakewood, the tax increment came from an area that was larger than just the new mixed-use districts.

Tax increments alone were not enough in some cases. Long Beach also used proceeds from land sales, land trades, and business license fees to help put CityPlace together. Belmar also imposed a public improvement fee on its tenants, after the city agreed to forfeit a share of its sales tax. Belmar was the only example to use tax waivers, abatements, and refunds.

The Village of Park Forest acquired the former Park Forest Plaza in lieu of back taxes and used general funds and rental income to help pay for new improvements. The sale of some parcels covered a portion of the village's investment in infrastructure improvements. To cover other costs, the village was able to obtain grants and utilize its motor fuel tax to help offset these costs. As both the owner of the site and the entity concerned with the tax-producing capacity of the greater area, the village was concerned that the blighted mall was depressing housing values and the value of other commercial properties. Therefore, the motivation for redevelopment was not solely on the basis of investment returns. The village hoped to sell the buildings at appraised values that would generate future property and sales taxes, returns that would not benefit a private investor.

As with the financing of the development phase of the project, no single approach prevails for financing project maintenance. Sometimes, the private developer/operator funds maintenance costs of the plazas, landscape, and streetscape with common area charges to tenants, such as at Paseo Colorado. Sometimes, the city government or its special district assumes responsibility, as at Park Forest and Mizner Park, funded by general funds or assessments. Sometimes maintenance is handled through a mix of these approaches, as at Belmar, where public funds, private fees, and assessment district revenue are used, depending on the facility and location.

The Role of Tax Increment Financing

The use of tax increment financing was key for several projects. CityPlace, Belmar, Park Forest, and Mizner Park all used tax increment financing. Timing is important when forming a tax increment district. It is best to form a new tax increment financing district after the older mall has declined dramatically or closed, so that the assessed valuation base is lower and the potential tax increment greater.

Some projects did not use tax increment financing. Paseo Colorado did not find it necessary. Paseo Colorado is within a redevelopment project area, and the city's redevelopment agency receives tax increment revenues. However, the amount generated will be small due to legislated tax sharing requirements, so tax increment was not a major source of project financing.

Not all tax increment financing strategies succeed at first. Park Forest had formed a tax increment district to finance an earlier reuse project a developer had planned. When the developer failed to perform and the village obtained the site, the old tax increment financing district was dissolved and a new one was formed to reduce the annual debt service and create some "breathing space" up front for the village's new mixed-use town center redevelopment effort.

Redevelopment powers and tax increment financing, though powerful tools, are also controversial and must be used as implementation measures for carefully laid plans that have public support, rather than to drive the plan concept. The public remembers that the same tools have been used to implement some of the old regional malls that new town districts are designed to replace. After redevelopment powers were used to remove historic buildings and diminish historic urban design schemes in Pasadena to create the controversial Plaza Pasadena in 1978, the Pasadena Redevelopment Agency was abandoned. Pasadena later reinstated the agency with the City Council sitting as the redevelopment commission. In Boca Raton, the members of the Community Redevelopment Authority were removed after exercising

E. DEVELOPER AND LENDER CAPACITY

Workable Structures for Owner-Developer Teams

Various types of owner-developer relationships are suitable for developing new town or city districts on the sites of failed malls. Since the goal is to create value over time as development is phased in and the synergies between uses mature, most of the developers are private companies and partnerships that intend to hold on to their properties as they develop long-term value. However, some of the developers in the cases studies are publicly traded companies that tend to have shorter-term horizons. In the case of TrizecHahn at Paseo Colorado, the company sold its interests approximately a year after the project opened.

Almost all are experienced developers, usually with shopping center experience. Often the developers with shopping center experience will partner with developers that have residential experience, especially if the two uses are in separate buildings in the new town center. TrizecHahn, a shopping center developer, initially sold interests in Paseo Colorado to Post Properties, a national residential developer. Paseo Colorado was Post Properties' first project in California. To reduce its risk exposure, TrizecHahn preferred to sell the residential interests rather than form a joint venture. It later sold the commercial portion of the project to a joint venture between Lehman Brothers and Developers Diversified Realty (DDR). At CityPlace, DDR undertook the commercial development and Urban Pacific Builders the residential development. And Continuum intends to retain ownership of all of the mixed-use components of Belmar, but will sell parcels that are 100 percent residential to other developers.

The ownership interests can be vertical. Paseo Colorado has eight levels and three owners. The city owns two levels of underground parking and land. The successor to TrizecHahn owns two levels of commercial space, and Metric Properties owns four levels of residential space.

One new town district, Winter Park Village, is on a land lease. A private individual owns all three parcels and leases them to the Casto Organization, based on a joint-venture agreement.

Park Forest is the one example owned by a public agency. The Village of Park Forest owns all but two of the older buildings. The operator of the movie theater owns its building. One additional building is in private ownership. It is the village's goal to sell all of the buildings except the Village Hall and cultural arts center. As of the date the research for this document was conducted, individual parcels (six total) had been sold for development as a Walgreens, Osco Drug, senior independent housing, senior assisted-living housing, a bank, and single-family development. Several of the private owners have been active partners with the village in creating a new mixed-use district, and one has been deeply involved in the planning process, including drafting the plat covenants and serving on the owners association. American Stores, which purchased a parcel and demolished a former Sears Automotive Center, participated in its environmental remediation. The owner of the strip center across the street worked as a leasing agent for Park Forest's main street.

Challenges to Private Financing

The complexity of town center reuse projects and unfamiliarity with the asset class can make private financing challenging. The sources of private financing for development and land acquisition are the same as for most large-scale developments – private investors, public investors, REITs, insurance and pension funds, and commercial banks. Attracting private capital to fund mixed-use development is relatively difficult. Investors and lenders tend to specialize in single-use projects with notes that can be easily sold. With mixed-use projects, sometimes buildings have to be subdivided into condominium space to divide the vertical uses by type, so each can be financed and sold separately. Conflicts may arise between the investors and lenders of each use regarding

Things to Consider

- Assess whether the development team's intentions match the municipality's vision for the site.
- Confirm the firm's (or firms') financial capacity for carrying the project to completion, specifically its willingness to put up sufficient equity capital to carry the project through the early phases.
- If a developer experienced with town center reuse is not involved, confirm that the development team collectively possesses the right skills to do the job (e.g. by adding a small firm's mixed-use expertise to the resources of a large-scale retail or residential developer).
- Confirm that the developer has a demonstrated ability to recruit and lease to local and national tenants.
- Learn the typical time horizon for the developer in terms of return on investment. Is there tolerance for a longer predevelopment period and greater short-term risk?
- Determine the readiness and willingness of the development group to work closely with the city and community.
- Determine whether the development team will use the services of designers familiar with the principles that create a walkable public realm and with the fundamentals of retail dynamics.
- Search for mixed-use models in the region to act as lessons for both lenders and developers.

whose loan or investment is paid first from project cash flow or sale, in the case of bankruptcy. Tenant relocation is sometimes an unexpected cost and should be properly considered in evaluating the project's financial feasibility. The City of Pasadena required TrizecHahn to relocate some tenants. Most tenants waived their relocation rights in exchange for compensation.

The mixture of uses helps stabilize long-term value by coordinating uses that are mutually supportive and providing multiple sources of revenue as an investment hedge to diversify risk. However, this benefit is realized over the long term, sometimes too long for certain types of investors. For this reason, several of the developers were private companies that built the new mixed-use districts to hold for the long term, selling off specific portions such as stand-alone residential and office building sites within the project. The developers of Belmar, Mizner Park, and Winter Park took this approach. Paseo Colorado is the exception, developed by a REIT and public corporation, with the commercial portion sold about a year after its opening.


Plaza Real in Mizner Park. Photo courtesy Cooper, Carry & Associates.

Lenders are cautious. They often look at the multiple uses as additional risk since the economic health of more than one sector of the area real estate market must be sustained to service the debt. Even a largely successful project can be brought down by one under-performing use if the project is heavily leveraged. As a result, lenders are not sure whether to treat reduced parking associated with mixed-use development as an economic efficiency strategy or as a potential liability that will constrain the project's marketability. Lenders prefer single-use loans that they can easily sell on the secondary market or collateralize. To reduce this risk exposure, lenders often require a greater-than-usual share of equity from the investors.

To spread risk, several of the projects, such as Belmar, obtained construction loans from bank consortia comprised of national financial institutions. Syndicates are becoming increasingly familiar with mixed-use projects. Reportedly, Wells Fargo's syndicated construction loan for Paseo Colorado was over-subscribed. Several of the new town centers obtained permanent financing from pensions and insurance companies. Teachers financed Mizner Park and Winter Park Village. It helps to have lenders who are familiar with the local market and who understand the value of the developer's relationships with the community. The track record and reputation of the development team are important. TrizecHahn was able to obtain standard terms for their construction loans, in part based on their reputation and long-standing relationships. They were prepared, however, to underwrite the project themselves.

While none of the case study examples utilized them, these projects are good candidates for "smart growth" equity and loan funds that have been initiated in some regions of the country, and their home buyers may qualify for special "location-efficient" mortgages with underwriting criteria that give credit for locating near a transit station.

In amortizing costs over future phases, developers must take into account each debt and equity investor's time horizon. These calculations are very difficult due to their varying tolerance levels for risk and cost of funds. Lenders want as much up front project revenue as possible to pay off loans, while developers want to leverage loan dollars. Investors' equity funds are necessary to cover most predevelopment costs, which can be extraordinary. Because the nature of new urbanist projects requires front-end investments in public infrastructure and amenities, some lenders' near-term revenue requirements may be fundamentally incompatible with town center projects. On the other hand, investors with patience may be well rewarded over the long term.

CHAPTER THREE

POSITIONING FOR A MIXED-USE DEVELOPMENT PROJECT: THE TEN LESSONS OF SUCCESSFUL GREYFIELD TRANSFORMATIONS

Belmar carefully planned its redevelopment into phases. This aerial was taken after the completion of phase 1. Photo courtesy Continuum Partners LLC.

At each of the case study sites, the transformation into mixed-use urban fabric began following a decision to replace the original regional shopping center. After deciding what they would do, involved parties had to begin planning how they would reach their goal.

Mixed-use districts are the focus of this manual because they implement the principles of New Urbanism most comprehensively, creating superior long-term community value and offering the greatest potential for environmental benefits. However, not every mixed-use project is guaranteed such success.

Whether a public agency, private owner, or developer initiates the project, positioning for success means learning from the experiences of others and having realistic expectations about both process and outcomes. This chapter contains valuable lessons from the case studies to help proponents of such projects position themselves for success.

Lesson 1: Incorporate Features That Will Maximize Environmental Benefits

Place-making can incorporate environmental benefits, as discussed in Chapter 1.F. Designing projects to maximize environmental benefits will help smooth the way for discretionary approvals and for environmental regulatory clearance. While some important features – most notably regional accessibility – derive from location rather than project planning, others are directly related to the development program and the site plan features.

With interest and expertise evolving quickly in the field of green building, mixed-use redevelopment projects may offer wider opportunities for environmental benefits through the use of green building techniques in combination with location and design characteristics.

Environmental Features:

Land-use mix: the development program can reduce vehicle trips by incorporating a mix of uses that will result in internal trip capture. In other words, activities such as shopping or visiting the doctor or day-care provider that would otherwise require a trip to remote locations can occur on-site.

Design for walkability and transit: the layout and design of the circulation system for all modes should support a high level of walking and transit service. The design and placement of buildings should also be friendly to pedestrians. These features directly benefit air and water quality and support an active lifestyle.

Lesson 2: Explore Major Physical Changes

The mixed-use town center or urban district model that builds on new urbanist principles is a very different proposition from the regional mall. The mixed-use center has an outward orientation, with stores, housing, and offices facing streets rather than interior corridors. The parking field is vanquished and replaced by streets and blocks. Parking structures allow far more intensive use of the site, with buildings or public space on a much greater portion of the property.

A greyfield transformation is ultimately an ambitious undertaking, but the proposition often surfaces in response to simple and straightforward goals. Typically, the idea to introduce mixed-use development and create a special community place is proposed as a general notion, without a specific concept plan. In most cases, the community or city proposed the concept of mixed-use redevelopment. Mizner Park, CityPlace, Winter Park, and Belmar fit this pattern. In other cases, such as Park Forest, a developer made the initial proposal. In one case, Paseo Colorado, the lender on the property suggested the idea of adding housing to increase the value of the property. This set in motion a chain of events that changed the character of the project from a reformatted commercial center into a new mixed-use city district. Implementing these ideas fully may take many years, so careful phasing plans may be required after the long-term plan for physical change is determined.

In a successful project, the public, property owners, and developers come together as the opportunity for reuse becomes clear. The private sector sees an opportunity to create value from their holdings. The community sees an opportunity to improve blighted property and create a valuable public place that is both walkable and sustainable. The city sees an opportunity to improve civic life while restoring some of the fiscal resources that were lost when the original shopping center declined. Cumulatively, the growth in these assets builds a place-making dividend that emerges over time. In the best situations, this dividend adds value to surrounding properties as well as creating valued places on the sites of defunct shopping malls.

Lesson 3: Use Parking Carefully

Use parking as an implementation tool. Its configuration, design, and relationship to other uses are critical to the mixed-use center's pedestrian orientation. Adequate parking is necessary to market all of the uses. Residents of the project represent an added customer base for the project's retail stores but do not in themselves generate enough trade to support them. The stores must draw customers from surrounding areas and, in the suburban locations that are the natural habitat for both regional malls and greyfield conversions, most consumers and residents still drive and require parking spaces. At the mall-to-mixed-use conversions in or near the downtowns of major cities, a greater share of customers and residents walk or use transit, but drivers still must be accommodated for the projects to succeed.

Determining the "adequate" number and type of spaces is difficult in the mixed-use environment, especially one that is well-served by transit. Commercial tenants want sufficient parking near their stores. Residents and office users want some dedicated parking for their cars. Yet the new mixed-use projects take advantage of shared parking opportunities associated with mixed-use development. The varying daily cycles of the different uses create parking efficiencies. Residents require fewer spaces during the day when many residents are at work, freeing spaces for the customers of stores. Similarly, office tenants need few spaces in the evening when restaurants and pubs experience peak demand. For these reasons as well as the opportunities mixed-use developments create for convenient and viable transit use, these projects permit lower parking ratios than similar single-use projects. Lower parking ratios, in turn, allow for increased density, more efficient utilization of the land, and more authentic urban fabric.

Belmar and Mizner Park carefully planned the location of parking to direct consumers to specific locations within the new district. Paseo Colorado was built in large part over an underground parking garage and next to two parking structures that provide an abundant supply of 3,000 spaces. CityPlace is adding housing to an existing parking garage. Most of the new town or city districts hide their parking structures by placing development in front or on top of garages, at least on the sides that face major streets and public places.

The provision of parking is usually an important public-sector financial contribution to the partnership that creates new mixed-use centers. Public agencies often provide and own the parking, financing it through a low-cost public debt instrument that is serviced by a parking assessment district, tax increment district, or parking fees.

The City of Pasadena owns the parking under Paseo Colorado, and management is shared among the owners. The parking was free at the defunct regional shopping center, but the garage now charges a parking fee with a validation credit. The parking revenue is used to reimburse a $10 million certificate of participation that was issued to help finance public costs associated with the project. Moving from free to paid parking creates a cash flow and adds value to the public/private partnership. On the other hand, there is a risk of alienating customers, especially in markets where they are not accustomed to paying for parking. Particularly in such environments, parking charges might also limit the universe of retailers that can be attracted.

An advantage of former regional shopping centers is their ample supply of existing parking, which serves as a blank slate for the development of mixed-use town centers. Together, some retained surface parking, garages, and shared-parking strategies allow the introduction of a more intense, higher-density mixture of uses. Some projects, such as Mizner Park or Belmar, have added or plan to add additional parking structures to achieve the intensity of use and urban form desired. Winter Park is now looking at a 1,000-space garage with the Winter Park Community Redevelopment Authority. Concentrating the required parking into several garages frees space for additional streets, civic activities, parks, and more street-oriented development, all of which combine to enhance the site's pedestrian orientation and its identity in the regional market.

Lesson 4: Incorporate Public Amenities That Add Value and Distinguish the Development

Many of these projects devote an extraordinary amount of resources to public amenities. Investment in public amenities distinguishes a town center or urban district as a unique civic place implementing new urbanist principles rather than a more basic mixed-use project. All of the case study projects have major civic spaces, such as plazas or a town commons, within or adjacent to the project.

Belmar features a large public plaza and nine acres of parks, including part of a detention basin that serves as a visual amenity. It also sets aside 30 square feet of open space per unit in residential sub-districts.

Paseo Colorado has a major public paseo – a space for strolling – and an upper level fountain plaza. Both spaces have become community gathering spots. Winter Park Village offers a small open green. At CityPlace, the developer is dedicating an amount equal to one percent of the project costs for public art. Downtown Park Forest has a village green with a stage, gazebo, and veterans memorial where most community events and summer concerts are held.

Some of the new mixed-use districts, like Winter Park Village and Paseo Colorado, retain private ownership of the public spaces. The owners of Paseo Colorado conveyed public pedestrian and view easements to the city on the privately held and maintained plazas, with liability insured by a master insurance program with the city and the property owners.

Alternatively, public spaces within some new mixed-use centers are publicly held and operated, such as the streets and important plazas in Belmar, or the publicly owned Park Forest project.

Lesson 5: Include Civic and Institutional Activities

Park Forest's green space has become a center for community interaction.
Photo courtesy Village of Park Forest.

Most of the case studies leveraged civic or cultural institutions to create a civic identity for the new project. Most have cultural attractions within or adjacent to their sites. Mizner Park has the Boca Raton Museum of Art and the Count de Hoernle Amphitheater, completed in 2002. Downtown Park Forest is home to the Illinois Theatre Center, an equity theater company, a gallery operated by the Tall Grass Arts Association, and the offices of the Illinois Philharmonic Orchestra. Belmar is located across the street from the Lakewood Civic Center and Performing Arts Center. It houses gallery space and studios for 25 artists. Paseo Colorado is across the street from the Pasadena Civic Auditorium and a few blocks from the city's historic library. CityPlace is within walking distance of Long Beach's Civic Center and Civic Auditorium.

Links to civic functions are also common. Paseo Colorado, CityPlace, and Belmar are all within walking distance of their city halls. A village hall is located within Downtown Park Forest and serves as one of its anchors. CityPlace and Paseo Colorado are also near their main city libraries and Belmar is adjacent to major city parks. As mentioned previously, Park Forest, Winter Park Village, and Mizner Park incorporate town greens.

Integrating the centers with civic functions helps differentiate a project from other mixed-use developments and establishes its role as an important public place. This integration creates a sense of place, generates activity, and creates a pool of business patrons among employees and visitors.

Redevelopment of a regional mall into a new type of place is a long process, so patience is required. All parties should anticipate a long lead time. The lengthy pre-development period stems from the project's complexities and need for public support. Much of the time is needed to evaluate alternatives, get public input, develop plans, work out ownership issues, structure the zoning and regulatory framework, and develop a public/private financing strategy prior to entering the formal entitlement approval process. It helps to have a city with a vision and a developer who understands the time required to develop consensus. If all parties are not prepared for a lengthy, complex process, success will be unlikely. Choice of partners – both on the public and private side – is thus critical.

Implementation requires an agreement among all owners to proceed, including the landowner and mall owner, as well as department store owners that can veto a change. If they cannot agree among themselves, an outside entity must intervene to assemble the parcels. This entity may be a new development team with a public agency exercising its eminent domain powers.

Anticipate coordination issues between the different uses, such as the need to determine which use is subordinate and how to time construction so as not to be disruptive. While a mix of uses creates rich opportunities for interaction, be ready for potential conflicts between commercial, entertainment, and residential uses. Conflicts between residential and commercial uses are the most common. One of the reasons most housing units at such projects are offered for rent rather than for ownership is to reduce potential future conflicts between the commercial center management and a homeowners association over issues such as noise, delivery truck hours, and odors from restaurants.

In a vertical mixed-use project, residential development typically lags behind the commercial development since the homes must be built on top of the commercial platform. But retailers do not want residential construction to interfere with their operations. While commercial developers may prefer to have the residential and retail development on separate platforms, combining them on one platform supports the design goal of creating a true urban mixed-use environment. At Paseo Colorado, the residential component shell was completed concurrent with the opening of the commercial components to minimize disruptions, then interior improvements were undertaken. Post Properties originally wanted to participate as developer of the project's housing component under an option agreement, but TrizecHahn needed a formal commitment to assure the retailers located underneath the housing that the housing would be built. Therefore, the parties negotiated strong liquidation damages to be invoked if Post pulled out.

Because of the complexities involved and the number of interests independently pursuing their self-interests, anticipate having to make decisions before being fully prepared. Try to predict in advance which conflicts may arise and have a strategy to deal with them. This is where depth of expertise on all sides pays off.

Lesson 7: Establish a High Standard for Urban Design

Belmar included a variety of housing types and architectural styles. Courtesy Continuum Partners LLC.

Employ planners and architects that have demonstrated understanding of the concepts and do not make plans to build merely a "product." Designers should create a place for multiple trips, uses, and unique activities – a real place with a unique identity.

Some designers with experience in town centers recommend keeping style, colors, materials, and design of mixed-use projects consistent. But several projects employed multiple architects to provide diversity and an organic feel to the new town center or mixed-use district rather than employing a single architect to design everything.

Public agencies should follow urban design principles and adhere to them regardless of suburban design formats forwarded by developers or tenants. Park Forest's Village Board unfortunately approved conventional designs, including deep setbacks, on key gateway parcels on the new main street sold to chain outlets, even though the designs were not consistent with the new district's design guidelines. Belmar worked to prevent this from happening by forming its Architectural Control Committee. Under the PUD permit agreement, the committee is the decision-making entity regarding urban design compliance, with appeals going to the city manager.

Lesson 8: Market the New Concept

The mixed-use urban center concept is unfamiliar to many potential tenants and much of the public, even though places with mixed-use urban character ranging from New York City's SoHo neighborhood to cozy towns of Napa Valley, California are popular destinations. It is important to devote enough time and money to explain and market the concept. If an existing downtown or another special urban place is located nearby, do not try to compete with it; instead, plan to complement the existing destination, bringing a different quality to the city that can be conveyed through marketing and experience.

Demonstrating that the project helps achieve broader public policy goals increases the chances for success tremendously. The project may help achieve goals of revitalizing the local economy or connecting with the history and design of older parts of the city, as in Paseo Colorado's renovation. Other goals worth promoting include expanding cultural opportunities, reducing vehicle traffic and emissions, and adding open space, as was achieved at Mizner Park.

Lesson 9: Develop Mixed Uses that Can Thrive Independently

Mixed-use projects create synergies that provide mutual support for the various activities on the site. However, projects succeed where there is independent market demand for each use – the projects do not create demand where none exists; nor do they fully support on-site uses. Some people argue that residents within the new town district will support the retail that is developed. They will, but not at levels that sustain the retail uses. The amount of residential development in a mixed-use center can only support a very small share of the retail space. Fundamentally, the broader community or regional retail market drives the success of the retail space. The residential uses extend the viability and hours of operation of the retail but do not act as an anchor of the larger project.

Housing in the mixed-use environment contributes to the character of the town center, distinguishing it from traditional malls and more synthetic "lifestyle" centers. Residents give life to a site even after business hours. Together, housing and offices help support desirable uses such as restaurants, which benefit from a walking-distance population of customers for both lunch and dinner business. As restaurants are able to sustain business from the day into the evening, the offerings grow from breakfast counters and chain sandwich outlets to fine-dining cafes offering diverse fare. Still other activities, notably civic uses, will bring people to the site and expose them to the range of activities offered.

Lesson 10: Patient Money Is the Best Fit for Town Center Projects

Value is created over time, particularly for the larger-scale projects that are built in phases. Yet the costs of infrastructure, public facilities, and amenities cannot be easily phased. Many of these costs must be incurred up front to create the required framework for mixed-use development and to establish the public presence that distinguishes the new town center or urban district from other developments. This requirement makes these types of projects difficult for impatient sources of capital.

Mixed-use projects of this scope are fundamentally different from typical mall projects. Investors cannot expect the fast returns that come from building and selling projects quickly. Developers must find patient investors who understand the opportunity to create enduring value over time – or developers must find ways to structure the financing of projects to accommodate investors with shorter and longer investing horizons.

CONCLUSION

HOPE FOR DYING MALLS

The case studies presented in this manual illustrate how developers and local governments can partner to revitalize properties where malls are dying. There are many challenges in bringing these projects to fruition; however, there are some key lessons that arise from all of the projects. Some of the key ingredients for overall success include local municipalities that act as a catalyst for change, projects that connect the mall site to the larger community, and recognition that revitalizing greyfield projects takes a long time.

Paseo Colorado incorporates a mix of land uses and public spaces to keep the site vibrant. Photo courtesy Developers Diversified Realty. Copyright Don Snyder Photography Inc., 2004.

Many of the ingredients that contribute to project success also have environmental benefits. For example, creating a diversity of land uses on the new site leads to a decrease in auto trips. Visitors and residents of the new mixed-use town center have easy access to shopping, restaurants, offices and amenities such as doctors and day care, reducing the need for independent car trips for each use. The examples in this manual also stress designing the new site for pedestrians and for public transit. When new designs promote high levels of walking, the project positively impacts air and water quality.

Another lesson to draw from this work is that incorporating public amenities into the project can connect the community to the project both physically and socially. Connecting the greyfield project back to the town helps revitalize the place as a whole and gives developers a new concept to market to the town. Projects such as Winter Park Village break up the mall's superblock design and integrate the site with existing neighborhoods and streets. CityPlace reintroduced the street grid and connected housing with the mall project. Belmar carefully considered the placement and shape of buildings to create public spaces that draw people into the site. Greyfield sites provide an opportunity to reshape the physical design and create a new identity and destination with the project.

It is our hope that more new projects will emphasize creating a great sense of place. Successful reuse projects require patience and some creative thinking about how the site fits within the greater context of the community. Indeed, key components of many of these successful projects are investors with "patient" money and a public willingness for a lengthy redevelopment process. But perhaps the single most important factor is ensuring that the municipality actively integrates the greyfield mall site into the surrounding community. There is encouraging evidence that initial reinvestment can positively impact the surrounding community. Results from Mizner Park, Paseo Colorado, and Park Forest demonstrate that property values can increase around a well-planned greyfield redevelopment.

Despite the challenges that America's dying and dead malls present, the Congress for the New Urbanism believes that the principles of New Urbanism offer the greatest hope for successful redevelopment of greyfield malls, offering the most benefit to both the developer and the community.

APPENDIX A: SELECTING A REDEVELOPMENT STRATEGY

Based on the assessment process detailed in Chapter II and outlined in Figure A below, those considering redevelopment of a failing mall will probably find that the property is a candidate for one of five types of revitalization efforts. Each reuse model responds to a specific market context, with a particular mix of uses, different physical form, and a set of distinctive strategies to consider. Figure B below outlines the most common site and market conditions that favor each reuse scenario. The conditions are revealed as responses to the assessment considerations outlined in Figure A. Comparing assessment results to those in Figure B should help community leaders and members of development teams determine a workable strategy for the sites in question.

FIGURE A: REDEVELOPMENT STRATEGY CHECKLIST

Following are important factors to consider in assessing a property and deciding on a redevelopment strategy. The subsequent chart (Figure B) matches responses from the assessment tasks below to the development scenarios listed at the beginning of Chapter II, helping those involved in the redevelopment process determine whether conditions are right for a mixed-use neighborhood redevelopment strategy or whether some other model must be considered.

A. MARKET CONDITIONS

Mixed-use projects create synergies that provide mutual support for the various activities on site. However, strong market demand for each use is important for project success. Financial fundamentals must receive special attention when considering redevelopment strategies.

- Determine whether the retail, housing, and employment markets are on a general growth curve, in stasis, or declining.
- Identify population and employment growth or other demographic changes that would support the mixed-use center redevelopment, such as an increase in small households that might seek an urban residential environment.
- Assemble information on trade area population, employment, households, and trend lines for the next three to five years.
- Determine larger market trends (overall absorption, rents, vacancies) and likely competition from other existing and planned retail centers.
  Review the performance of the asset over the previous five years, including rents and vacancies of various store groupings (soft goods, restaurants, home furnishings, etc.).
- Examine competitive mall and retail locations in the market area in relation to sales per square foot.

B. OWNERSHIP AND ANCHOR TENANT STATUS

Ownership and anchor tenant status are critical factors when contemplating conversion to other land uses and possible reduction in retail square footage. In most cases, new owners, not the existing owners of conventional malls, have undertaken the mixed-use revitalization projects. In most projects, anchor tenants have not remained.

- Determine ownership (number of fee-simple land owners and holders of ground leases) and parcelization, identifying number and type of owners, and number, size, and configuration of parcels.
- What is the ownership group's evaluation of the asset's performance? How does the asset perform relative to other properties in owner's portfolio? (This information may not be available if the properties are privately held.)
- Review the ownerships of adjacent properties.
- Assess the current activities of all tenants on site.
- Use sales tax receipts to learn how the project is performing; review data for anchor store sales if possible.
- Observe whether the anchors are leaving or have already left.
- Review terms of any ground leases (base rent vs. percentage rent). Ask how

much time is left on the leases. Is there a percentage lease (tenant pays percentage of gross revenues or a stated base, whichever is higher)?

- Investigate whether anchor tenants have covenants that would prevent or impede town center operations. Find out about rights and exclusions in easements and conditions, covenants, and restrictions (CC&Rs). These are all potential obstacles to success if an anchor is not cooperative.

C. SITE AND LOCATION FACTORS

In addition to commonplace concerns such as infrastructure and service availability, there are other specific criteria that are important to the success of a mixed-use neighborhood redevelopment. These factors pertain to access, connectivity, and design. Items at the top of the following list are more important considerations in deciding on a redevelopment plan, while items lower on the list may be seen as opportunities to add value to the project, community, or region.

- Research the site's land value to determine whether it has declined enough to make redevelopment feasible.
- Explore whether a competing interest for the site may spur quick action.
- Review the site's size and location for suitability with competing retail formats. Freeway proximity, visibility, expansion possibilities, infrastructure capacity, and site size are key factors that may lead competing developers to propose alternatives such as big-box retail for the site.
- Investigate whether a mix of uses on the site could improve traffic conditions despite greater total activity.
- Review possibilities for improved connections with surrounding properties and neighborhoods in order to ease access for both pedestrians and automobiles.
- Assess current level of transit service at the site and opportunities to improve service.
- Are there bicycle and pedestrian facilities to promote easy access and generate lively street life, or could they be added?
- Inventory nearby land uses for their ability to complement a mixed-use town center. Is an alternate (single) use more likely because of strong potential demand and land-use patterns that would conflict with a mixed-use neighborhood (e.g. a high-intensity office park near the site)?
- Assess whether the site has regional accessibility characteristics (e.g. location in an area with a concentration of destinations including housing and employment) that offer transportation and air quality benefits.
- Review existing buildings or infrastructure supports at the site for their potential to be reused in the redevelopment.
- Are there natural features that can be restored or incorporated as unique features for a town center?
- Look for the presence of historic structures, parks, or urban design features that can be used in the design of the town center or city district.

D. MUNICIPAL AND COMMUNITY CAPACITY

Successful projects require both expertise and commitment on the part of local leaders, redevelopment staff, and community members. In addition to making a financial investment, successful local redevelopment agencies have dedicated experienced staff members to shepherd greyfield projects through planning and development.

- Ascertain the level of community interest in change on the site and the supportiveness of key constituencies for change.
- Determine whether municipal government and/or special districts are willing and able to assume risk associated with financial commitments and political support for the project.
- Assess readiness of city to make policy and regulatory changes through planning and zoning.
- Determine readiness of local government to assist with land assembly and subdivision, tax increment financing, financial partnerships, management of community involvement, and ongoing collaboration with the development team.
- Is there a community vision in place for a town center or mixed-use district?
- Ask whether the local government can assign a single project manager with expertise in complex projects to the greyfield conversion effort.

E. DEVELOPER AND LENDER CAPACITY

Ambitious conversions of greyfield malls into mixed-use centers cannot succeed without the right combination of experience, understanding, and commitment on the part of developers and lenders.

As investors cannot expect the quick returns from a mixed-use project that they might receive from a big-box or other typical single-use project, developers must manage their investors and find long-term as well as short-term sources of capital. Mixed-use projects are complex, and developers may need to educate lenders to build confidence in the investment.

- Assess whether the development team's intentions match the municipality's vision for the site.
- Confirm the firm's (or firms') financial capacity for carrying the project to completion, specifically its willingness to put up sufficient equity capital to carry the project through the early phases.
- If a developer experienced with town center reuse is not involved, confirm that the development team collectively possesses the right skills to do the job (e.g. by adding a small firm's mixed-use expertise to the resources of a large-scale retail or residential developer).
- Confirm that the developer has a demonstrated ability to recruit and lease to local and national tenants.
- Learn the typical time horizon for the developer in terms of return on investment. Is there tolerance for a longer predevelopment period and greater short-term risk?
- Determine the readiness and willingness of the development group to work closely with the city and community.
- Determine whether the development team will use the services of designers familiar with the principles that create a walkable public realm and with the fundamentals of retail dynamics.
- Search for mixed-use models in the region to act as lessons for both lenders and developers.

FIGURE B: ASSESSMENT OF REUSE SCENARIOS

This table is used to assess the potential for a particular mall reuse strategy at a site based on certain critical factors. While the community or property owner may prefer an aggressive redevelopment approach, particularly the transformation of a mall into a mixed-use neighborhood or district, they must first review the assessment factors to see if such an approach is feasible. The assessments highlight the conditions that were present that led developers to pursue a successful town center transformation – or led them to conclude a different approach was more feasible.

	Mixed-Use Town Center (all case studies)	Single-Use Development	Adaptive Reuse	Mall Plus	Reinvested Mall
Existing Market Conditions	Limited or highly competitive market for mall-based retail, amid regional population growth	Limited or highly competitive market for mall-based retail, but conditions still favor big-box retail or other single use such as garden apartment, office district, or community facility	Very limited market for productive retail, regional demand for low-cost, centrally located space	Stable retail market with new competition four to five years away	Stable or growing market for upgraded mall or other retail format; other malls in market may have already invested in improvements of only moderate competitive value
Anchor Status	Likely to lose anchor tenants with mall demolition, if not lost already	Likely to lose anchor tenants with mall demolition, if not lost already	Anchors are closed; empty buildings available for potential reuse	Some anchor tenants likely to remain, perhaps for short period	Anchors likely to remain, reformat and/or upgrade

	Mixed-Use Town Center (all case studies)	Single-Use Development	Adaptive Reuse	Mall Plus	Reinvested Mall
Location	Visible site on major surface streets is important; present or future transit connections are a plus; site may be smaller than average for regional malls	Highly visible location on major arterials or near freeways may draw interest from big-box retail developers; otherwise freeway access less important	Available parking is important; visibility and freeway access are far less important	High visibility location and 50-plus-acre site near freeway is a major bonus	Freeway visibility or direct access is important; sites larger than 50 acres or in very enviable locations tend to be candidates for mall upgrades
Site Improvements	New streets, new utilities, new public space, pedestrian connections; additional structured parking	New parking layout, possible new utilities, potential for limited new streets	Minimal	Improved parking layout with additional landscaping and possible new streets	May include improved parking layout with landscaping, possibly a parking garage
Municipal and Community Roles	Infrastructure assistance (including financial support), building and street code adjustments, new zoning district, planning review, possible active role in managing development	Planning review, transportation analysis, possible investment in public facilities	Minimal as long as development is compatible with surroundings	Planning review, PUD amendment, possible infrastructure assistance	Permit processing and potential financial assistance
Developer and Lender Capacity	Often new owner/ developer experienced with town center or urban mixed-use projects, ready to partner with local government	Typical single-use developer	Owner, developer, or government entity prepared to make minor improvements in exchange for lease commitments or recognized community benefit	Owner or partner with retail competence and ability to develop non-retail space or re-lease land for new uses	Standard leasing, property management and TI coordination arrangement; retail competence
Readiness	Mall is closed or near closure; owners and community accept need for substantial physical changes to attract new tenants and add long-term community value; local government understands major effort required to achieve this vision	Though mall is closed or near closure, there is clear demand for new uses with adjusted land price	Building systems are intact or easily replaced	Identified demand for additional uses	Owners and anchor tenants ready to reformat with existing and new tenants

APPENDIX B: INDEX 4D METHOD

INDEX 4D

The four land-use and design factors examined in the INDEX 4D study are:

Density: increase in population and employment per square mile;

Diversity (or land-use mix): increase in the ratio of jobs to population;

Design: increase in pedestrian environment variables including street grid density, sidewalk completeness, and route directness; and

Destinations: increase in accessibility to other activity concentrations, expressed as a reduction in the mean travel time to all other destinations within the region.

The relation of the 4Ds to vehicular travel is shown in the 4D Elasticities chart below. Each of the 4Ds correlates negatively to both vehicle trips and vehicle miles traveled. The elasticities are the measure of percentage change in vehicular travel that can be expected as a result of a percentage change in any of the 4Ds. For example, if density were to increase by 1 percent, then vehicle trips would decrease by 0.043 percent.

4D Elasticities

	Vehicle Trips	Vehicle Miles Traveled
Density	–0.043	–0.035
Diversity	–0.051	–0.032
Design	–0.031	–0.039
Destinations	–0.036	–0.204

APPENDIX C: CASE STUDY MATRIX

Project	Belmar, Lakewood, Colo.	CityPlace, Long Beach, Calif.	Downtown Park Forest, Park Forest, Ill.	Mizner Park, Boca Raton, Fla.	Paseo Colorado, Pasadena, Calif.	Winter Park Village, Winter Park, Fla.
Previous Use	Villa Italia Mall	Long Beach Plaza	Park Forest Plaza	Boca Raton Mall	Plaza Pasadena	Winter Park Mall
Context	Suburban	Urban	Suburban	Suburban	Urban	Suburban
Developer	Continuum Partners LLC	Developers Diversified Realty and Urban Pacific Builders LLC (residential only)	Village of Park Forest	Crocker & Co.	TrizecHahn (retail) and Post Properties (residential)	Don M. Casto Org.
Opening Date	2003	2002	1997	1990	2001	1999
Site Size (Acres)	106	12	48	28	11	32
New Uses	Retail, office, rental and for-sale housing, central plaza, parks	Retail, rental and for-sale housing, 120-room hotel	Retail, office, rental and for-sale housing, City Hall, small park, movie theater, assisted living facility	Retail, office, rental housing, Boca Raton Museum, amphitheater	Retail, office, rental housing, interior pedestrian paseo	Retail, office, rental housing, small park
Mass Transit	Denver Rapid Transit District bus across street; city seeking rail funding	Existing Blue Line light rail (5th Street Station) and Los Angeles Metropolitan Transit Authority bus within site	Several bus lines stop on main street. Serving METRA commuter rail, also Jolly Trolley local bus	Existing bus hub for Palm-Tran, Broward County Transit	Stops at Los Angeles Metropolitan Transportation Authority site and Foothill Transit regional buses, and City Arts local bus; Blue Line light rail (Memorial Park Station) scheduled to open	Lynx city bus on arterial adjacent to site
Public Parking	1,424 Surface & 7,700 Structured Spaces	479 Surface & 2,237 Structured Spaces	1,050 Surface Spaces	492 Surface & 2,177 Structured Spaces	City Street Parking & 3,050 Structured Spaces	2,248 Surface Spaces

APPENDIX D: CASE STUDY PERFORMANCE SNAPSHOT

While this report concentrates on the development process by which failing malls become mixed-use neighborhood developments, CNU did collect very limited data on the market activity and performance of the case study projects after they opened (or as they neared completion). The following data was collected through interviews and does not represent audited numbers. Collected primarily in 2002, this data provides a snapshot that may be of interest to future greyfield developers.

MARKET

As of mid-2003, all of the case study projects had at least their first phase open. Mizner Park has the longest experience.

The commercial component of Paseo Colorado opened with approximately 80 percent signed deals, and 75 percent occupancy, as planned. One year later, commercial space was 96 percent occupied. In late 2004 retail occupancy was approximately 95 percent. In 2002, sales per square foot were reported in the $325-$365 range. Apartments were more than 90 percent leased in late 2004, with rents high, at $2.54 per square foot, although lease-up was about three months behind schedule, which is not bad given that the project was conceived prior to an economic downturn.

At Winter Park Village, office rents equaled market-area rents of $25 per square foot as of fall 2002. Retail rents were also consistent with the market, at $25 per square foot plus $1.98 per square foot common-area maintenance charges and $1.46 per square foot for taxes. The overall occupancy rate was 90 percent.

Mizner Park's asking rents as of fall 2002 were $22-$25 per square foot for office tower space and $19 per square foot for other office space. Retail rents ranged from $30-$50 per square foot and apartments rented for $1,280 to $2,300 per month. The project demonstrates the economic viability of mixed-use residential development by encouraging other mixed-use projects in the region, such as CityPlace in West Palm Beach, as well as several projects in Fort Lauderdale.

As of 2002, Park Forest was not yet a complete success. Occupancy rates were approximately 76 percent. Proponents would have liked to have drawn more restaurants and attractions to give the downtown an active after-hours feel. Some believed, however, that the unsatisfactory performance was not related to the concept so much as to a weak regional economy in the south Chicago suburbs. Most projects in the market area were not performing well when this data was collected. Triple net lease rates for retail properties averaged between $7 and $9 per square foot. The average gross lease rate for office space was $12 per square foot. And commercially zoned improved land sold on the average of $300,000 per acre.

In most cases, housing appears to be the strongest land use from a performance perspective. Post Property's Paseo Colorado was the highest-end residential project among the case study projects, with 2-bedroom/2-bath units renting for $2.57 to $3.31 per square foot per month as of 2002. In Florida, Winter Park Village lofts rented for $1.84 to $2.70 per square foot. Belmar anticipated renting units at $1.30 to $1.35 per square foot and selling units for $225 per square foot. Mizner Park's units rented for $1,280 to $2,300 per month in 2002. The condominiums at CityPlace were anticipated to sell from the high $200,000s, with most units in the $300,000-$400,000 range, and a few penthouses priced higher. These prices were high for the local market and will help diversify the income mix in downtown Long Beach. Park Forest provided more affordable housing, with 90 independent senior units and 70 assisted-living units.

FINANCIAL

Downtown Park Forest, the one new neighborhood development that is publicly owned, achieved a low rate of return on its investment as developer/landlord, but officials reported that they achieved additional public and fiscal returns by eliminating blight and increasing the tax roles.

Through the redevelopment phases of its downtown, Park Forest Village realized it would not recover its costs related to infrastructure improvements and demolition. Village leaders felt that a private developer would not have been able to afford the investment that the village made. The village was able to obtain grants and utilize its motor fuel taxes to help offset these costs. On individual spaces the rates of return were low, initially, because they were so deteriorated. It was anticipated that as space is improved, rates of return of 10 to 20 percent would be realized. The village viewed this project as a blighted area that was negatively affecting surrounding housing values and the value of other commercial properties. Therefore, unlike a private developer, the motivation for the village was not solely a direct return on investment. The village hopes to sell the buildings at appraised values that will generate future property and sales taxes, returns that would not benefit a private investor. The village has made a concerted effort to sustain rents that are comparable to market rates, although at the low end. There has been some measurable growth in property value. The estimated assessed value in 1997, the year the tax-increment district was created, was $3,598,133. The estimated assessed value in 2000 was $5,748,998.

At Winter Park Village, the developer sought a 12 percent return on costs and a leveraged rate of return in the mid-20 percent range. Reportedly, the project had exceeded these hurdle rates. In addition, Winter Park Village was the largest taxpayer to the city.

Boca Raton has seen the assessed value of the Mizner Park site increase from $26,845,522 in 1990, when the Boca Mall was operating there, to an assessed value of $68,254,478 in 2002. The value of the entire downtown was $16,234,649 in 1992 when Mizner's first phase debuted. In 10 years it increased to the 2002 value of $229,795,741. Downtown's square footage in 1982 was 0.075 million, increasing to 1.774 million in 2001.

SURROUNDING PROPERTIES

The properties surrounding the new mixed-use neighborhood developments were also increasing in value. At Winter Park, the surrounding neighborhoods have seen local investors buying property and holding it for future development. New street revitalization is coming to Lee Road and Orlando Avenue. At Mizner Park, adjacent single-family home values have jumped from the $80,000 range in the mid-1980s to $400,000 in 2002.

At Park Forest, the impact on surrounding properties has been positive. The private sector has invested over $24 million in and around the downtown. On the north, there was a vacant public school that was sold and being redeveloped as a set of upscale town homes. On the west, there was a vacant, deteriorated strip shopping center that had been redeveloped and was nearly fully occupied. Its anchor tenant was a new 65,000-square-foot grocery store.

In 2002, the value of properties near Paseo Colorado had risen since it opened, although this increase in value is attributable to many factors in addition to Paseo Colorado's development. There was development interest to build luxury condominiums on the north side of Colorado Boulevard, across the street from Paseo Colorado.

PUBLIC RESPONSE

Community leaders and project sponsors reported that public opinion was positive for most of the new neighborhood developments that have been built.

The public's response to Mizner Park, Paseo Colorado, and Winter Park has been very positive. Mizner Park has received national recognition from the Urban Land Institute and the International Council of Shopping Centers, and statewide praise from the Sierra Club of Florida. The public appreciates Paseo Colorado's development not only for what it added to the city, but also for what it restored.

Public opinion at Park Forest, however, appears to be mixed. Some people accuse the Village Board of trying to recreate the old mall while some who are unfamiliar with its long history of decline do not understand the slowness of its recovery. Most, however, appear to be supportive of the village's efforts. As a result of this redevelopment and an extensive program of community activities at Downtown Park Forest, a town center is being reestablished in Park Forest. Residents are beginning to view the former mall site as a location that provides them with a sense of place that had been missing in the community even when the mall was healthy. Holiday celebrations, community events, summer concerts, theater, art fairs, and other programming bring people to a shared common area.

The public has also responded well to Belmar and CityPlace, even before their completion, because of their attempts to replace blighting influences and their emphasis on new neighborhoods that create or reinforce a strong sense of place.

These projects are not without their critics. Some dissenters do not approve of projects such as Mizner Park that spend public funds to subsidize private development. Also, some developers and designers have been criticized for not going further to integrate the new neighborhood development with the surrounding community, particularly with regard to exposed parking garages or blank walls along secondary street edges. Affordable housing advocates have complained that most of the projects built to date have not provided housing for low- and moderate-income households and working families, even though they received public subsidies and are located in redevelopment project areas.

Despite these criticisms, the best measure of public response is the number of consumers at the retail and dining outlets, the number of people wanting to locate their offices in the new development, or those wishing to buy or rent a home there. From this measure, the new mixed-use neighborhood developments have performed quite well in most cases. Dying malls that had brought a sense of defeat to communities have become places to shop, dine, gather, enjoy civic life, and call home.

APPENDIX E: BACKGROUND ON THE GREYFIELD MALL SERIES

An earlier study by the Congress for the New Urbanism (CNU) and PricewaterhouseCoopers (PWC) conservatively estimated that there are as many as 140 regional malls in the United States that are already greyfields, with another 200 to 250 such malls approaching greyfield status. Together, these two categories represent 19 percent of all regional malls nationally. These properties are referred to as "greyfield" sites because of their similarities to the blighted industrial sites known as brownfields.

PricewaterhouseCoopers (PWC) conducted its survey of regional malls for CNU in 2000. The report identified and defined the characteristics of aging and economically obsolescent regional malls, including the following findings:

- The majority of Greyfield mall sites are privately owned.
- Greyfield malls have significantly lower occupancies than non-Greyfield malls.
- The average Greyfield mall gross leasable area (GLA) is under 0.5 million square feet (msf), significantly smaller than non-Greyfield malls (averages for Viable and Healthy regional malls are 0.650 msf and 0.906 msf respectively).
- Greyfield malls are, on average, 8 to 10 years older than non-Greyfield malls.
- Greyfield malls compete with an average of 22 other retail centers, i.e., neighborhood and community centers, other regional malls, within five miles (2.33 msf of competing space).
- Greyfield malls are more often located in moderate and low-income neighborhoods than non-Greyfield malls.

PWC gathered information on every regional and super-regional mall in the United States. The National Research Bureau Shopping Center Database (2000) indicated that there were 2,700 completed regional and super-regional shopping centers. Based on a minimum of 35 stores in each mall, PWC narrowed the field for the study to approximately 2,000 regional malls. PWC excluded strip centers and power centers (defined as strip centers with a big-box retail anchor).

Photos courtesy Dover, Kohl & Partners

PWC established four classifications of regional malls based on their performance: greyfield, vulnerable, viable, and healthy. The study determined sales per square foot to be the best measure for classification. The table below shows the breakdown of the categories and the percentage of malls found in each category.

	Sales/Sq. Ft.	% All Regional Malls
Healthy	$250+	54.0%
Viable	$200-249	27.3%
Vulnerable	$150-199	12.0%
Greyfield	< $150	6.7%

In 2002, CNU produced a second report, *Greyfields in Goldfields*, which focused on a dozen case studies that addressed the greyfield problem through new urbanist-style redevelopment. The report proved the effectiveness of redeveloping greyfield malls into mixed-use neighborhoods.

APPENDIX F: THE CHARTER OF THE NEW URBANISM

The Congress for the New Urbanism views disinvestment in central cities, the spread of placeless sprawl, increasing separation by race and income, environmental deterioration, loss of agricultural lands and wilderness, and the erosion of society's built heritage as one interrelated community-building challenge.

We stand for the restoration of existing urban centers and towns within coherent metropolitan regions, the reconfiguration of sprawling suburbs into communities of real neighborhoods and diverse districts, the conservation of natural environments, and the preservation of our built legacy.

We recognize that physical solutions by themselves will not solve social and economic problems, but neither can economic vitality, community stability, and environmental health be sustained without a coherent and supportive physical framework.

We advocate the restructuring of public policy and development practices to support the following principles: neighborhoods should be diverse in use and population; communities should be designed for the pedestrian and transit as well as the car; cities and towns should be shaped by physically defined and universally accessible public spaces and community institutions; urban places should be framed by architecture and landscape design that celebrate local history, climate, ecology, and building practice.

We represent a broad-based citizenry, composed of public and private sector leaders, community activists, and multidisciplinary professionals. We are committed to reestablishing the relationship between the art of building and the making of community, through citizen-based participatory planning and design.

We dedicate ourselves to reclaiming our homes, blocks, streets, parks, neighborhoods, districts, towns, cities, regions, and environment.

We assert the following principles to guide public policy, development practice, urban planning, and design:

The region: Metropolis, city, and town

1. Metropolitan regions are finite places with geographic boundaries derived from topography, watersheds, coastlines, farmlands, regional parks, and river basins. The metropolis is made of multiple centers that are cities, towns, and villages, each with its own identifiable center and edges.

2. The metropolitan region is a fundamental economic unit of the contemporary world. Governmental cooperation, public policy, physical planning, and economic strategies must reflect this new reality.

3. The metropolis has a necessary and fragile relationship to its agrarian hinterland and natural landscapes. The relationship is environmental, economic, and cultural. Farmland and nature are as important to the metropolis as the garden is to the house.

4. Development patterns should not blur or eradicate the edges of the metropolis. Infill development within existing urban areas conserves environmental resources, economic investment, and social fabric, while reclaiming marginal and abandoned areas. Metropolitan regions should develop strategies to encourage such infill development over peripheral expansion.

5. Where appropriate, new development contiguous to urban boundaries should be organized as neighborhoods and districts, and be integrated with the existing urban pattern. Non-contiguous development should be organized as towns and villages with their own urban edges, and planned for a jobs/housing balance, not as bedroom suburbs.

6. The development and redevelopment of towns and cities should respect historical patterns, precedents, and boundaries.

7. Cities and towns should bring into proximity a broad spectrum of public and private uses to support a regional economy that benefits people of all incomes. Affordable housing should be distributed throughout the region to match job opportunities and to avoid concentrations of poverty.

8. The physical organization of the region should be supported by a framework of transportation alternatives. Transit, pedestrian, and bicycle systems should maximize access and mobility throughout the region while reducing dependence upon the automobile.

9. Revenues and resources can be shared more cooperatively among the municipalities and centers within regions to avoid destructive competition for tax base and to promote rational coordination of transportation, recreation, public services, housing, and community institutions.

The neighborhood, the district, and the corridor

1. The neighborhood, the district, and the corridor are the essential elements of development and redevelopment in the metropolis. They form identifiable areas that encourage citizens to take responsibility for their maintenance and evolution.

2. Neighborhoods should be compact, pedestrian-friendly, and mixed-use. Districts generally emphasize a special single use, and should follow the principles of neighborhood design when possible. Corridors are regional connectors of neighbor-

hoods and districts; they range from boulevards and rail lines to rivers and parkways.

3. Many activities of daily living should occur within walking distance, allowing independence to those who do not drive, especially the elderly and the young. Interconnected networks of streets should be designed to encourage walking, reduce the number and length of automobile trips, and conserve energy.

4. Within neighborhoods, a broad range of housing types and price levels can bring people of diverse ages, races, and incomes into daily interaction, strengthening the personal and civic bonds essential to an authentic community.

5. Transit corridors, when properly planned and coordinated, can help organize metropolitan structure and revitalize urban centers. In contrast, highway corridors should not displace investment from existing centers.

6. Appropriate building densities and land uses should be within walking distance of transit stops, permitting public transit to become a viable alternative to the automobile.

7. Concentrations of civic, institutional, and commercial activity should be embedded in neighborhoods and districts, not isolated in remote, single-use complexes. Schools should be sized and located to enable children to walk or bicycle to them.

8. The economic health and harmonious evolution of neighborhoods, districts, and corridors can be improved through graphic urban design codes that serve as predictable guides for change.

9. A range of parks, from tot-lots and village greens to ballfields and community gardens, should be distributed within neighborhoods. Conservation areas and open lands should be used to define and connect different neighborhoods and districts.

The block, the street, and the building

1. A primary task of all urban architecture and landscape design is the physical definition of streets and public spaces as places of shared use.

2. Individual architectural projects should be seamlessly linked to their surroundings. This issue transcends style.

3. The revitalization of urban places depends on safety and security. The design of streets and buildings should reinforce safe environments, but not at the expense of accessibility and openness.

4. In the contemporary metropolis, development must adequately accommodate automobiles. It should do so in ways that respect the pedestrian and the form of public space.

5. Streets and squares should be safe, comfortable, and interesting to the pedestrian. Properly configured, they encourage walking and enable neighbors to know each other and protect their communities.

6. Architecture and landscape design should grow from local climate, topography, history, and building practice.

7. Civic buildings and public gathering places require important sites to reinforce community identity and the culture of democracy. They deserve distinctive form, because their role is different from that of other buildings and places that constitute the fabric of the city.

8. All buildings should provide their inhabitants with a clear sense of location, weather and time. Natural methods of heating and cooling can be more resource-efficient than mechanical systems.

9. Preservation and renewal of historic buildings, districts, and landscapes affirm the continuity and evolution of urban society.