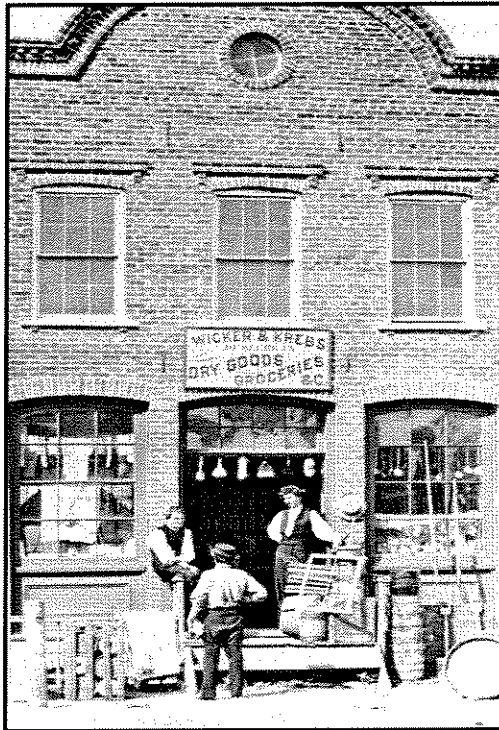


Planning for Retail



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Abstract

This paper is about retail development and its impact on local and regional communities. As the Big-box phenomena continues to play out in the 21st century, planning departments across the nation have been called to action with respect to addressing negative aspects of retail development. The purpose of this paper is to examine the nature of retail, by tracing the evolving retail form and applying critical analysis to planning practices that no longer safeguard community interests in relation to retail industry initiatives. Specifically, this paper discusses issues that shape the social, economic and physical design of urban life. To that end, this paper reflects on the impact of retail and offers guidelines for resolving potential community/retail conflicts.

Dedication

For Kathy, who makes big dreams come true.

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Preface

This paper is about retail. As a single word, retail does not fully articulate the scope of the retail industry, which presents itself in various forms, (i.e., malls, strip centers, big-box or life-style center). Each retail fragment includes many components, which affect the economic, social and physical form of cities. Nationwide, planners are beginning to understand and implement new practices and policies with respect to retail variations. Although the issues surrounding retail are, on one level, embedded in the historical progression of the shopping form, much of what is currently taking place in planning departments is relatively new given planning's heretofore hands-off approach in guiding retail matters.¹ Across the nation, retail is being reevaluated and tempered, and the net result is one of significant change for the retail industry.

In addressing that change, this paper will examine predominant trends associated with the retail industry, and identify "impact areas." The impact areas focus on the relationship of retail to specific aspects of community life. It is hoped this paper will provide information to planners who are engaged in the process of understanding how best

¹ In her book Going Shopping: Consumer Choices and Community Consequences, Ann Satterthwaite addresses this hands-off approach by suggesting "retail development has had its own engine, partly because planners were not able to guide, nor were they interested in guiding that development, and partly because the public has not wanted to be involved in retail planning and retailers have not wanted interference." (Satterthwaite, 2001, p.242)

to utilize the power of retail and tap into one of the more powerful economic and social elements in our society.



I. Introduction

There is little debate over the extent to which shopping has become a hallmark experience in Western cultures. In 2004 the International Council of Shopping Centers (ICSC) reported a total of 46,990 shopping centers in the United States creating a total of 5.86 billion square feet of leaseable retail area.² Annual sales generated more than \$3 trillion³ and the industry employed over seventeen million people.⁴ Supporting these numbers are a variety of social, political, economic and cultural habits, which have made and continue to make significant impacts on our built environment.

The primary task before planners is to safeguard the health, safety and welfare of the community at large, especially with respect to our use of land. There are innumerable factors that influence land use decisions, but a ubiquitous three trillion dollar retail industry is perhaps one that routinely affects planning the most. When developing plans for urban and rural areas, a planner's work automatically involves a certain level of retail comprehension. This is especially true given the communal need and demand for retail. With an eye toward retailing, we will see that the degree to which a planner's ideas

² International Council of Shopping Centers (ICSC). "Scope U.S. 2004." www.icsc.org.

³ <http://retailindustry.about.com/library/blprofiles.htm>

⁴ ICSC. "Scope U. S. 2004."

become successful rests in large part on the capabilities of the planner to integrate an array of economic, political and social interests with land use practices. Balancing these elements is a difficult task under optimal conditions. Today however, the planning community faces additional tension stemming from quickly evolving retail formats set against traditional land management policies. The current big-box debate is a prime example of how retailers push for specific land-use standards which are no longer met with automatic governmental and citizen acceptance. The debate has produced lively discourse between consumers, employees, city officials, citizens and retailers of all different forms. What becomes clear, in the course of the discussion, is that standardized practices of the past no longer address contemporary retail land use issues and we must look to new ways of generating healthy and vibrant communities as well as protecting and preserving existing communities. In the case of retail, one way to do this is by examining the nature of consumerism in our culture and evaluating consumption as a driver that indirectly shapes urban form.

While linking land use and consumerism is not new, (as witnessed by the rise of suburban development post World War II), consumption, as a driving force behind retail strategies, is a woefully understudied influence on our American landscape. Lizabeth Cohen's paper entitled *From Town Center to Shopping Center: The Reconfiguration of Community Marketplaces in Postwar America* begins with the idea that consumption realigned our commercial world. She writes, "a demand economy built on mass consumption had brought the United States out of the doldrums of the Great Depression and World War II, and its strength in the postwar period continued to impress those like retail magnate [Jack] Straus whose own financial future depended on it." The author

continues - “although Straus and his peers invested great energy and resources in developing new strategies for doing business in this mass-consumption economy, historians have paid far less attention to the restructuring of American commercial life in the postwar period than to the transformation of residential experience....less explored by historians and slower to develop historically was the restructuring of the consumer marketplace that accompanied the suburbanization of residential life.”⁵ In writing about the commercial transformation, the foundation of Ms. Cohen’s work rests on what may well be the elephant in the middle of the planning department, i.e., consumerism. Because consumer preference and purchasing power play such a vital role in the ultimate success or failure of a retailing interest, it may be found that the current retail dilemmas can be traced back to the old cliché of “following the money.” In this case, the consumer’s money.

The evolution of shopping center and retail design roughly aligns with the following timeline: 1. the emergence of the department store at the turn of the 20th Century, 2. the creation of the shopping center in the 30s, 3. mall development in the late 50s through the 80s, 4. designing “Supercenters” in the 90s, and 5. beginning the 21st Century we are witnessing the birth of the “Lifestyle Center.” Simultaneously with these transformations, the retail industry was diversifying in more specific ways. For example, after the development of the department store, a variety of store types emerged: the specialty store, the discount store, malls and food courts. As a result of the diversification each store type assumed its own distinct design and style. The struggle for planners throughout this revolution has been one of ensuring economic, social and environmental

⁵ Cohen, Lizabeth. “From Town Center to Shopping Center: The Reconfiguration of Community Marketplaces in Postwar America,” *The American Historical Review*, Vol. 101, No. 4 (Oct. 1996) pages 1050-1051.

integrity in the midst of constant change. The point of this paper is to reflect on retail movements and ascertain how best to maintain that integrity.

The second section of the paper looks at defining the retail form. We do this by

Table 1 - Retail Timeline	
1900-1929	Rapid growth of chain specialty stores.
1930s	Rapid growth of supermarket chains.
	Emergence of gasoline stations.
	First modern shopping center opens
1940s	Post-war surge.
1950s	Growth of self-service drug stores.
	First credit cards issued.
	World's first enclosed shopping mall
1960s	First hypermarket opens
	First retail barcode scanner
1970s	DYI home improvement centers.
1980s	Retail merger & acquisition era begins.
	Private label/vertical integration.
	TV home shopping.
1990s	Globalization of retailing
	E-retailing era begins.
	Amazon sells its first book (1995).
2000s	Euro introduced in Europe, creating single market. ⁶

exploring both the historical treatment of retail and tracing retail trends, which have lead us to the position we are in today. Historically, shopping and/or trading goods typically took place in key sections of a city or town. Open air markets and plazas, designed for the sole intention of mass exchange, are repeated features in cities and cultures worldwide. Instinctually, there is a sense that human behavior and human need have remained fundamentally the same throughout time. However, what began as purchasing or trading in order to survive has developed over time into something completely different; we are now shopping and trading to be entertained. A quick review of consumption levels in the United States shows that the U.S.

consumes more than most developed countries.⁷ In this regard, the U. S. retail industry has enjoyed much broader freedoms in meeting consumer demands. Because of this, it is

⁶ Perseus Publishing. Business: The Ultimate Resource. Cambridge: Bloomsbury Publishing, page 1882.

not unrealistic to suggest that U.S. retail policies have both created and responded to high levels of consumption in ways that are just now bringing to light adverse communal consequences. By defining the retail form in the context of consumerism, we can better understand one of the most fundamental considerations driving retail decisions.

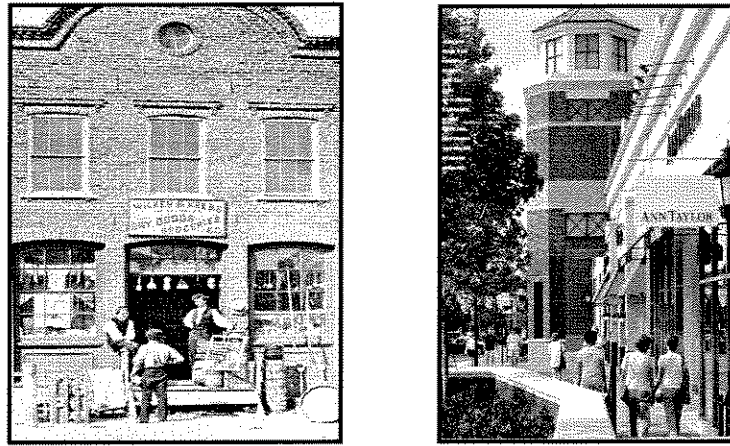
The third section of the paper examines the economic contributions of retail to the community. On one hand, the retail industry is noted for generating essential tax revenues for local governments, but on the other hand, the very competitive nature upon which retail relies, often poses serious consequences for fragile retail systems and local businesses. The economic realities rooted in the nature of retail, bring to the foreground many issues that divide local and regional communities. Whether it is in fighting for the attention of big-box retail giants or in keeping existing retailers, the issue sometimes becomes one of exacting a balance between cash income streams and the non-cash value associated with retaining a sense of place. To illustrate this point, we will consider how retail economics play out, and to what degree the financial benefits and burdens of retail affect the broader community. The retail-community dynamic will be examined with respect to ten “impact areas,” which display a high sensitivity to retail activity.

In the fourth section, we will turn to an examination of current planning trends, with an eye towards promoting those planning principles and practices, which balance community needs. This section will address initiatives that are designed to enhance the public position in light of retail challenges. Whether it involves amending zoning codes and comprehensive plans, requiring rigorous impact assessments, or instituting design

⁷ The Worldwatch Institute reports that, with respect to consumer spending and population, the United States, which constitutes 5.2 percent of the world’s population, accounts for 31.5 percent of the world’s private consumption expenditures. (Worldwatch Institute, 2004 p.6)

guidelines, this section will present an assortment of planning options and highlight the merits of each position.

The paper will conclude with a few closing remarks about the future role of retail in the context of our built communities.



II. Defining the Retail Form

One characteristic of the retail industry is that it is constantly changing. Continually motivated by consumer demand, retailing has made its mark upon the national landscape in evolutionary steps. By drawing its purpose from the consumer, the retail industry reflects consumption patterns in a way that clearly represents a society that is persistently reinventing itself. In *Reading Retail*, Neil Wrigley and Michelle Lowe suggest that part of the reason for the reinvention comes from the act of seeking profit:

Indeed the retail landscape provides one of the clearest examples of the strength of Schumpeter's 'perennial gale' of recurrent capitalist innovation, with retail investment continually on the move, creating, then abandoning, then rediscovering, spaces of profit extraction – in the process relocating downtowns, shifting retail investment to the suburban frontier, devalorizing and polarizing retail environments of the inner city, then revisiting, rehabilitating and revitalizing some of the most degraded of these areas, perennially reversing the pre-existing logic and location of profit extraction and the sources and flows of creativity in the retail landscape.⁸

As a motivating force, the role profit plays in directing the flow of retail development cannot be understated. However, it is not the only element associated with

⁸ Wrigley, Neil and Michelle Lowe. Reading Retail: A geographical perspective on retailing and consumption spaces. New York: Oxford University Press, page 132.

the success of the retail industry. Some may argue that retail is an outlet for community expression, which is rooted in a desire to share and know the world in ways not immediately available. In other words, the retail arena allows for, and creates an atmosphere that enriches social purpose based on the concept of exchange. Extending this philosophy, the Jerde Partnership's recently published book entitled *Building Type Basics for Retail and Mixed-Use Facilities* suggests that communal experience gives life to great cities, and one key element that supports this experience is the experience of shopping. When explaining the reason why retail continues to be a lead factor that shapes urban and rural landscapes, the Jerde Partnership postulates that the retail shopping experience is intricately linked to developing community spirit. The following excerpt from the book distills the concept in succinct form:

Retail responds to, but also transcends, commercial goals. People love to shop, but there is another reason why retail space has become ubiquitous: Shopping is the foundation of communal life. Whether in the form of a shopping center, a freestanding store, or a street-level shop, retail space makes up the bottom 30 feet of every city. It is the "glue" that holds the city together. Moreover, retail encompasses many types of commercial civic, and cultural exchange. Within the retail environment we not only exchange goods and services but also share experiences. This is the heart of what is best about vital communities at any scale. Great environments are the foundation of today's global public realm. Historically, the trade of goods and services has been a fundamental function of good cities.⁹

This concept acts as ballast to the view put forth by some critics who suggest that, in particular, "suburban retailers are predatory by definition, and that most new malls, big-box outlets and other shopping centers are built not to satisfy unmet demand but to steal

⁹ The Jerde Partnership. *Building Type Basics for Retail and Mixed-Use Facilities*. Hoboken: John Wiley & Sons, Inc., page 3.

demand from existing retailers.”¹⁰ Although market analysis may indicate an oversaturation of retail space, the Jerde Partnership takes into consideration other objectives, which may counter the statistical numbers. Taken on the whole, the Jerde Partnership perspective seems to support the notion that truly successful retail carries with it a sense of contribution back to the community. In effect, the shopping experience fortifies the essence of community and, when developed in appropriate form, retail is essential. Evidence in the historical record promotes this line of thinking and it could be argued that the New Urbanist platform bases much of their design on just this type of interconnected community activity.

Additionally, the Jerde Partnership proposition checks the impulse to discredit retail ventures. It does not, however, reconcile the historical record, which reveals the negative impact on communities when retail strategies take precedence over city or regional concerns.

In the early years, retail stores were an integral part of the town or city and could be viewed as fixtures that gave purpose and identity to its location. In Charles C. Bohl’s book *Place Making: Developing Town Centers, Main Streets, and Urban Villages*, the author compares the essence of ancient market places with contemporary shopping centers. “Whereas the agora, the medieval market square, and the colonial town commons evolved gradually to support complex social, civic, and economic activities, the evolution of modern shopping centers has involved a steady shrinkage of civic and residential functions

¹⁰ Duany, Andres, Elizabeth Plater-Zyberk and Jeff Speck. Suburban Nation: The Rise of Sprawl and the Decline of the American Dream. New York: North Point Press, page 165.

in favor of economic ones (a shift that some observers believe makes shopping centers more vulnerable to short-term changes in retailing).”¹¹

Barry Maitland’s work extends this thought with observations regarding the overall effects of shopping centers on community and the sustainability of the retail form. He writes: “Of all the new shopping center types to have emerged since World War II, the most powerful in its ramification on both city form and shopping centre design has been the out-of-town regional centre.” In the context of commenting on the actual buildings themselves, Maitland concludes “shopping buildings have proved to be types with short life-cycles and a frequent need for reconstruction and refurbishment.”¹²

With respect to retail development and planning, the Maitland and Bohl remarks cradle our contemporary planning issues. First, the “shrinkage of civic and residential functions in favor of economic ones” has, to some degree, facilitated the criticism that our built environment suffers from a loss of identity and sense of place. Second, the birth of “out of town regional centers,” such as the regional mall in the 1950s, ushered in a new era of shopping experiences that left downtown districts across the country reeling from the sudden migration away from the city core. Third, as the retail pendulum swings, we are frequently left coping with previous construction, or as Maitland characterized, we must deal with “short-lived buildings.” To meet this challenge, we look to create programs and policies which incorporate market analysis that allows planners to assess the overall impact

¹¹ Bohl, Charles C. Place Making : Developing Town Centers, Main Streets, and Urban Villages. Washington, D.C.: Urban Land Institute, page 39.

¹² Maitland, Barry. The New Architecture of the Retail Mall. New York: Van Nostrand Reinhold, pages 12 and 55.

of retail in a given location in addition to understanding the role of reuse/refurbishment practices and recycling potential.

Recent trends indicate that the “mallings” of America has slowed considerably, nevertheless, there is still the question of what to do with what already exists and how to wisely plan for those retail ventures that are on the drawing board. Bohl illustrates the saturation issue by citing the 2002 Pricewaterhouse-Coopers report on retail trends. According to the analysts, “20 percent to 30 percent of retail is redundant...America is overstored – too many formats cannibalize each other...dead and dying malls litter the nation’s suburbs.” He continues by pointing to “the one bright spot” which involves the rise of the life-style center.¹³ By way of definition, the life-style center is noted for its “free-standing stores clustered around an open-air plaza.”¹⁴

ICSC Research Quarterly lists “more than 100 lifestyle centers in the United States.... Lifestyle center growth has picked up momentum and is now a meaningful growth channel for upscale specialty stores. Of the centers included in the list, 29 have commenced operation since the beginning of 2002 and about a dozen of them were open for business in 2003. Lifestyle center gross leasable area now amounts to approximately 33 million square feet, of which one-third has been added just in the last two years.”¹⁵ Resource material indicates that although the lifestyle center was initially introduced in the

¹³ Bohl, page 17.

¹⁴ King, R.J., “Retailers bypass malls for ‘lifestyle centers,’” The Detroit News. January 2, 2004

¹⁵ ICSC Research Quarterly V.10, No. 4 – Winter 2003-04, page 13.

1980s¹⁶, the conflux of strong brand identity, economics, environmental and social attitudes have recently propelled the form to the forefront. Outwardly, the centers are based on concepts that attempt to blend fashionable land use principles. Evertett Hatcher, an architect with Birmingham-based Crawford McWilliams Hatcher, describes the lifestyle center as “‘trying to do something more villagelike, where retailers had more identity.’ The buildings housing the stores are more varied in height, for instance, giving the impression of a settlement built over time.”¹⁷ Retail developers in Fairfax County, Virginia have introduced the lifestyle center concept to the region. Situated not far from the County’s government center, “Fairfax Corner” is attempting to create a traditional town center evoking a sense of charm and character that attracts repeat visitors. Tenant rosters aside, lifestyle centers “typically take up less than half the land of a traditional mall. In turn, the center provides residents a gathering place and communities a sense of place.”¹⁸ Critics of the lifestyle center cite the manufactured nature of the design, forced onto the landscape with Disney-like intensity. “The original objective for the lifestyle center was to enhance the shopping experience by creating a ‘sense of place’ for the community. Tenancy was tailored to meet local needs, tastes and values. In contrast, [newer lifestyle centers have] created a ‘destination’ for the region by building a ‘mini-me’ version of the

¹⁶ Poag & McEwen claim that they were the first to coin the phrase lifestyle center. In 1987 they designed and built the first center called The Shops at Saddle Creek, located in Germantown, TN. (Information distilled from numerous sources.)

¹⁷ Hazel, Debra, “Brave New Format: Lifestyle centers look good, but are they earning their keep?,” Shopping Centers Today, May 2003.

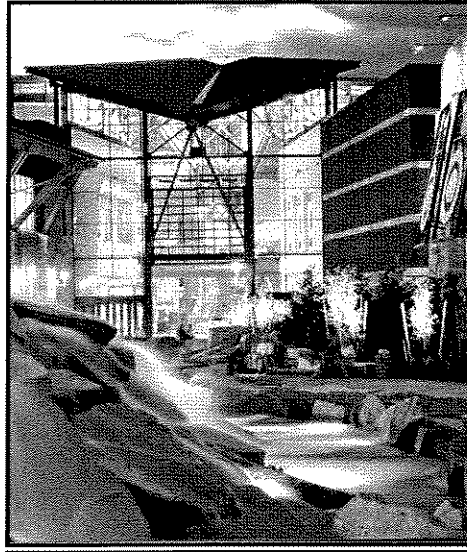
¹⁸ King.

mall in an architectural setting that is closer to the design and investment characteristics of a power center.”¹⁹

Clearly, the debate is ongoing. As retailers seek out the magical elements that satisfy consumers, the philosophical and practical planning matters are accumulating on the side. One such planning matter comes in the form of an observation. While reporting on Fairfax Corner, Peter Whoriskey’s quotation by Reston-based urban planner Patrick Kane concludes with a cautionary tone: “A town is a combination of people and social interactions and culture. There’s no town there yet. There’s no traditions...And if there is no town there yet, ‘town center’ is just a marketing term.”²⁰

¹⁹ Byrne, Therese, “Shopping Hydras: Morphing of Lifestyle and Power Retail,” Reis Insights: Commentary & Analysis. July 15, 2003. www.reis.com/insights/insights.cfm?id=2529

²⁰ Whoriskey, Peter, “In Suburban Geometry Puzzle, the Corner May be a Center,” The Washington Post, March 7, 2004.



III. Retail and the Community

For the last few years, the debate around retail has been focused on the large-format retailers, or big-box operators. As a fairly recent invention, the big-box retail format swept across the country and pushed aside much of what once was considered “the” sacred retail format...the mall. In the Wrigley and Lowe book, the authors devote a whole chapter to the “reconfiguration of corporate structures in retailing.” The chapter covers an array of issues but for immediate consideration, the authors provide a comment, which revolves around the economy of retailing and how it can transform an industry.

The sudden disappearance of the long-established F.W. Woolworth’s variety stores from ‘Main Street’ USA in 1997, the bankruptcy of Macy’s – New York City’s and the world’s largest department store – in 1991, and the increasingly common usage of phrases such as the ‘Wal-Martization of America’, provide some simple yet graphic illustrations from just one economy of the dynamic nature of the transformation of retail capital.²¹

This observation underscores not only the shifting retail format, but also speaks to the retailers struggle to stay fresh and effective. As a consequence of these pressures,

²¹ Wrigley, et.al. p. 21.

retailers continuously seek new ways of meeting consumer's needs in addition to generating environments that encourage consumer spending. Today, the large-format store has become the format of choice, and yet it is met with growing concern from the communities and consumers it desires to serve.

As an example of this concern, on April 20, 2004, the Board of Supervisors for Prince William County, Virginia approved Zoning Text Amendment 2003-00010. This amendment to the zoning ordinance established new requirements and standards for large retail shopping formats 80,000 square feet or greater in size. The language of the amendment closely follows language found in zoning ordinance proposals across the nation. The exact number of cities or counties enacting changes to zoning ordinances, with respect to large format retailers, is not known. However, what is known is that these types of ordinances are gaining popularity among communities who are dissatisfied with the results of big-box retailing.

In the March/April 2002 issue of "Municipal Lawyer," Constance E. Beaumont and Leslie Tucker note a series of "hidden costs" associated with large-format retailers: "In the view of many, big-box stores impose hidden costs that don't appear on the price tag of the products they sell: traffic congestion; loss of trees, open space and farmland; displaced small businesses; substitution of jobs that support families with low-paying jobs that don't; air and water pollution; dying downtowns and vacant buildings; abandoned shopping center; a degraded sense of community; and sprawl. The list of problems linked to big-box stores is long."²² The litany of problems attributed to the large-format retailers forms the context of the planning debate. These problems are notably associated with the 'Wal-

²² Beaumont, Constance E. and Leslie Tucker. "Big-Box Sprawl (And How to Control It)," Municipal Lawyer. March/April 2002.

Martization’ of the retail world, and they bring to the foreground a series of land-use issues, which are tied to the prospect of economic enrichment based on tax revenue. Beaumont and Tucker suggest that the hidden costs for such development outweigh the benefits because the services do not always serve for the betterment of public interests. If the question becomes one based on economics, then both the retail side and community side must be considered. Box 1²³ contains an articulate description of the relationship between the retail buildings and the community. This excerpt is taken from Maitland’s book *The New Architecture of the Retail Mall*. It is offered as supplemental background to the economic discussion to follow, wherein we consider the question of retail as an economic stimulus or economic drain.

Box 1

Of all building types, retailing buildings have a disproportionate impact upon the immediate public character of the city as perceived by the pedestrian. Office towers may shape its distant image, and suburban estates its domestic landscapes, but shopping streets form the predominant locus of its public space. For most people the centre of the city is, instinctively, ‘the shops’.

Retail buildings thus play a crucial role in the creation of a successful city, and their impact on a city is a vital issue of urban design, and upon the way in which the public realm may be shaped by the private. They are highly sensitive to location – that is, to their relationship to the public realm and its levels of accessibility and activity. They present the most transparent and enticing membrane between public and private space, and have the greatest interest in enhancing the attractiveness of the public spaces they address. They are the most immediate indicator of the economic and social vitality of a place, and we learn to ‘read’ the character of the public realm by the type of retailing activity going on within it.

It is for these reasons, as well as for those of employment generation and rate revenue, that the loss of retailing activity, or its relocation to some other part of an urban region, is so sensitive an issue to urban authorities and planners. The flight of shopping centers to out-of-town locations in the U.S. has been seen as a cause of the decline of city centres, and their return hailed as the engine of their recovery.

Although big-box retail is a driving factor for much of the research provided in this paper, it does not, however, dismiss the larger issues associated with all retail formats. Generally speaking, the areas impacted by retail share common concerns. Table 2 is an introduction to those concerns, and it lists ten areas that are affected by retail decisions.

²³ Maitland, p. 41.

The table is set up with “Pros” and “Cons” columns, and identifies the leading issues that relate to each of the impact areas. As a point of reference, the table is based on “impact area” categories found in a report prepared by Rodino Associates.²⁴ The table does not reflect an exhaustive list, but rather acts as a comprehensive overview to comments found in the remainder of Section III.

1. Employment

ICSC’s “Scope U.S. 2004” reports approximately 17,605,100 people fall into the “shopping center-related employment” category as defined by the U. S. Department of Labor Bureau of Labor Statistics’. This number represents “the number of jobs (not workers), and includes both full-time and part-time employment.”²⁵ It is, without question, a significant figure, and one that is frequently cited by retail advocates for obvious reasons. Local communities directly benefit from the employment opportunities and, in many cases, retail jobs meet critical needs of lower-wage earners. Conversely, this type of employment relies upon people with minimal skill sets, and it does not generally support higher skilled labor. While this type of employment may meet the needs of a less skilled work force, it also perpetuates a suppressed economic cycle wherein the broader community is burdened to financially meet community needs.

In addition, there is the issue of gaining jobs at the expense of other businesses going out of business. Although there may be a net gain, there is a far greater probability

²⁴ Rodino Associates. “Final Report on Research for Big Box Retail/Superstore Ordinance.” Prepared for City of Los Angeles Industrial and Commercial Development Division, Community Development Department. October 28, 2003, p.51.

²⁵ ICSC. “Scope U.S. 2004.

Table – 2 Impact Areas

IMPACT AREA	PROS	CONS
1. Employment	➤ Increase in jobs	➤ Does not support skilled labor
	➤ Support low-wage earners	➤ Local business loss
2. Labor Compensation		➤ Low wages
		➤ Health benefits
		➤ Union issues
3. Impact on Neighborhood Retailers	➤ Open market conditions	➤ Unfair market conditions
		➤ David v Goliath
		➤ Loss of local businesses
4. Consumer Choice -Consumer Demand	➤ Popular format for consumer	
	➤ One-stop shopping – Time factor	
	➤ Low prices	
5. Municipal Revenues	➤ Increase local spending	➤ Redistribute local spending
	➤ State revenues	
6. Municipal Investments		➤ Infrastructure
		➤ Subsidies
7. Property Values		➤ Effect of vacated stores
		➤ Crime
8. Land Use & Design Issues	➤ Serving people where they live	➤ Sprawl
		➤ Blight
		➤ Loss of identity
		➤ Environmental degradation
		➤ Congestion
9. Regionalism		➤ Over saturation
		➤ Loss of identity
10. Consumer Society		➤ Personal debt
		➤ Waste
		➤ Use of resources and energy

that others may lose their job and therefore the employment up-tick may be only relative in the context of the potential gross loss.

From a planner's perspective, the question of community needs, work force professionalism and local business support are long-term considerations, which heavily influence the vibrancy and health of community life. Understanding the ultimate costs and benefits associated with retail employment can help to inform planning policies which aim to create a financial balance.

2. Labor Compensation

As a direct result of the Wal-Mart debate, the issue of labor compensation is widely recognized as a criteria assessing retail in communities. Wal-Mart has been criticized for offering lower wages, inadequate health benefit coverage and triggering concerns of national labor unions. Because of this, large discount-retailers are raising eyebrows among some civic leaders. The concern focuses on the potential for "a greater public financial burden"²⁶ as a result of sub-par benefits or employee compensation. The issues most often talked about are child-care, retirement, job training and health care. Each of these issues, if not addressed responsibly by prospective retail employers, could create burdensome situations for the community at large. Public policies must provide guidance and support in the form of incentives or standards to businesses, which desire to become active community employment sites. Inadequately addressing or assessing the compounding impact of weak labor compensation packages could drain social welfare programs and ultimately negate any tax revenue gain.

²⁶ Rodino Associates, page 18.

3. Impact on Neighborhood Retail

The impact on neighboring retail has been noted in various studies. The Maryland Department of Planning produced a booklet subtitled “Big-Box Retail Development.” In this booklet, the author summarizes the findings of two such studies, which in his estimation “clearly show that there are both positive and negative impacts of big-box stores.”

The positive aspects include strong, initial growth in overall retail sales as well as in the general merchandise and specialty categories. Another positive aspect is increased sales in the eating and drinking category, particularly among restaurants near big-box stores. The negative aspects include a reduction in big-box retail sales after the first three years of a big-box development and a reduction in the number of non-big-box stores, particularly stores in close proximity and/or in direct competition with a big-box.²⁷

These studies bring up the question of open market conditions and the legal right for business’s to operate freely in the open market. Discussing the negative consequences resulting from the open market or discussing the idea of creating a “fair” or “level playing field” among competitors is beyond the scope of this paper. Nevertheless, it is a real and candid question, which qualifies the actions of planners.

In a report prepared by Peter G. Pan for the Legislative Reference Bureau, Honolulu, Hawaii, Mr. Pan suggests “commerce in a free society is based on fair competition where businesses strive to gain just such competitive advantages. It would be dubious public policy to force a business to divest or share that advantage with its

²⁷ Perry, Theodis L. and James T. Noonan. “Managing Maryland’s Growth: Models and Guidelines. ‘Big-Box’ Retail Development.” Maryland Department of Planning. October 2001, page 32. The authors cite two studies conducted by Kenneth E. Stone, a professor and economist at Iowa State University and another study conducted by Ken Jones and Michael Doucet. Similar studies are referenced in the Rodino Associates report and they include Boarnet and Crane, 1999; Damooei and Akbari, 2000; Shils, 1997; Grantz, 1997; Taylor and Archer, 1994.

competitors. Nor would it be appropriate for government to grant privileges or concessions to a business's smaller competitors in the name of "leveling the playing field."....Public interest is served by ensuring a "level playing field" on which all competitors have an equal chance to gain a competitive advantage."²⁸

Certainly the Wal-Martization of the retail industry delivers a crushing blow to those businesses that can not command or withstand market shifts. For some critics, this is just urban dynamics, private enterprise and competition at work.²⁹ But, it also becomes a policy choice for city decision-makers who assess the community business climate in terms of the larger goals and objectives of community life. In terms of impact on neighboring retail, community planners face quality and character issues, which are linked to these business dynamics. Therefore, careful consideration must be given to policy guidelines and economic development criteria.

4. Consumer Choice – Consumer Demand

"Not long ago, retailers realized that most Western consumers had one – sometimes two – of everything they needed. They recognized that a culture of *need* had been replaced by a culture of *want*."³⁰ This quotation summarizes the retailing atmosphere. For both the retailer and the planning community, there is an unspoken acknowledgement that consumer demand is a major force in directing retail development. As such, a retailers development criteria changes with respect to capturing consumer interests. According to Michael D. Beyard with the Urban Land Institute, "consumers are changing their habits in

²⁸ Pan, Peter G. "Big Box Retailing." Report No. 4, December 2003. Legislative Reference Bureau, State Capitol Honolulu, Hawaii. www.hawaii.gov/lrb

²⁹ Mitchell, Stacy. "Does Wal-Mart Really Need Our Tax Dollars?" High Country News, December 1, 2003. Published on at www.ilsr.org/columns/2003/12013.html.

³⁰ Jerde Partnership. p.202.

terms of how they want to shop, when they want to shop and where they want to shop. And this has major implications for the introduction of new forms of the shopping centers.”³¹ As noted earlier in this paper, the shopping experience evolves through time. Sometimes, as in the case of large-format retail, meeting consumer demand neglects other communal interests. As Beaumont and Tucker attest, this has lead to “a degraded sense of community and sprawl.”

In a sense, it is a bit of a “which came first” scenario - the retailer’s development or the consumer’s demand? At some point it doesn’t matter, as the result is one wherein the retailer and consumer are intertwined. For the planner, it is important to recognize the interdependent nature and apply critical analysis to retail schemes that extend beyond or interrupt efficiency and harmony of the community. And, at the same time, planners must educate the public regarding community resources and policies, which may or may not support satisfaction of other demands, (i.e., maintaining a sense of place, and ensuring environmental integrity.)

5. Municipal Revenue

A misleading concept about retail is that it can generate unlimited revenue. Or at least that is the impression some retail advocates give. However, as argued by William H. Fruth “retail development can grow only as fast as the surrounding economy.”

Retail is absolutely dependent upon the condition of the local economy. It cannot grow any greater than the amount of disposable income within the economy. It will decline if the flow of money into an area is reduced. It does not create wealth but absorbs wealth. A vibrant, dynamic retail sector is not the cause of a strong local economy, but the result of it.³²

³¹ Hoban, Sarah. “Lifestyle Centers Evolve to Meet Shoppers’ Demands for Convenience.” Commercial Investment Real Estate Journal, May 31, 2004. ULI’s Weekly News Roundup: June 4, 2004. <http://weeklynews.uli.org>.

³² Rodino Associate, page 15.

In other words, although we live in a consuming culture, there are limits to how much we fiscally can afford. Therefore, when planning for retail we must consider the economic limitations of a local market or trade area, and we must understand that building more retail does not equal more revenue. A thorough market analysis is critical to creating economic development plans. On a local level, complete evaluation of existing conditions speak to the ultimate capture of municipal revenue, losing sight of this can potentially skew public policy and undermine long-term goals.

6. Municipal Investments

Developers of the big-box retail format generally, seek strategic, inexpensive outlying areas for their new construction. Often there has been limited infrastructure in existence and therefore utility and transportation improvements must be initiated. In the past, many towns, cities and counties were willing to absorb much of the cost in an effort to attract retail giants. However, available space is dwindling and the prestige of courting large format retailers is also fading. Nevertheless, it remains a business strategy among retailers to initiate development wherein the retailer is assured a higher rate of return. One way to do this is by utilizing infrastructure, which is built at another's expense. In this case, capitalizing on city services.

Another area of municipal investment is the granting of subsidies to large national chain retailers. In reporting for the Institute for Local Self-Reliance, Stacy Mitchell raises this issue in an article entitled "Does Wal-Mart Really Need Our Tax Dollars?" Ms. Mitchell asserts that the inequity rests in the unfair advantage national chains have over the local businesses in receiving tax dollars. According to her research regarding Washington state subsidies to Wal-Mart, "taxpayers pick up the tab for corporate chains by bridging the

difference between what their workers earn and what they need to survive. Half of Wal-Marts employees qualify for food stamps. Many rely on other forms of public assistance. Washington state reports that Wal-Mart workers are the single largest group of users in its low-income health care program.”³³

Similarly, Good Jobs First published a report accounting for over \$1 billion in economic development subsidies to Wal-Mart. The May 2004 report cites ten different forms of subsidies, which include “free or reduced-priced land, infrastructure assistance, tax-exempt bond financing and general grants.”³⁴ All together, the subsidies were granted via state or local governments to a company who reported revenue of \$256 billion. Considering the multiple problems associated with big-box retail, and the current fiscal constraint many localities face, one questions the wisdom in granting such subsidies. At first blush, it would appear that these monies could be better spent.

7. Property Values

Perhaps one of the biggest nightmares for a neighbor to a large retail development is what happens when or if the retailer goes out of business? As an impact area listed on Table 2, vacant and abandoned properties potentially reduce surrounding property values in addition to increasing the element of criminal activity. However, it should be inserted that this is not always the case. It is quite possible that new or regenerated retail activity, which occupies the empty space, could boost property values. Nevertheless, devaluation is

³³ Mitchell, December 1, 2003.

³⁴ Mattera, Phillip and Anna Purinton. “Shopping for Subsidies: How Wal-Mart Uses Taxpayer Money to Finance Its Never-Ending Growth.” May 2004. Good Jobs First. www.goodjobsfirst.org

a valid concern and it should be evaluated in light of its potential to sour real estate markets.

8. Land Use & Design Issues

A major complaint about large retail formats is that they are ugly. The list of adjectives describing the “sameness” of shopping centers and strip malls usually connect with the feeling that what has been created is want of good taste. Edward T. McMahon’s booklet “Ideas for Improving the Design and Siting of Chain Stores and Franchises” agrees with this premise when he writes; “unfortunately, many American communities have gotten used to ugliness, accepting it as inevitable to progress.”³⁵ A key to this comment is the idea that our progress has limited our land use and design sensibilities. Today, retailers base their design sensibilities on formula. Meaning, every square inch of space has a monetary value, so when it comes to contemplating design, income generation comes first.

When working with active retail plans, planning departments are beginning to wrestle with the “ugly” factor, and many are developing design standards wherein the retailer’s formula style is redressed into something that builds community identity. Or there is an offering of style that breaks the ugly mold while at the same time allowing the retailer to retain their branding style.

In terms of existing, old or abandoned centers, planners are usually faced with a myriad of problems beginning with the reason for abandonment to adaptive reuse issues. Recycling old retail stores is a challenge and one that may bear the greatest opportunity as available space becomes harder to find. Planning in the future will regularly involve the

³⁵ McMahon, Edward T. “Better Models for Commercial Development: Ideas for Improving the Design and Siting of Chain Stores and Franchises.” The Conservation Fund in partnership with Planning Commissioners Journal and Smart Growth Network. 2004, page 1.

need to reuse our land and apply sound developmental policies informed by educated design review. In other words, it is becoming more important to understand the advantages of planning for reuse and recycling. The good news is that we are beginning to see “outside of the box” thinking in terms of replacement tenants and building reuse. As noted in Sarah Hoban’s article entitled “Lifestyle Center Evolve to Meet Shoppers’ Demands for Convenience,” vacated big box centers are being reoccupied by post offices, medical offices, physical therapy centers, schools, call centers, churches and self-storage facilities.³⁶

9. Regionalism

When the National Trust for Historic Preservation re-listed the state of Vermont on its 2004 list of “America’s 11 Most Endangered Historic Places,” it signaled a growing awareness of the idea that regionalism or the saturation of markets is a notable problem. According to the National Trust, Wal-Martization “could destroy much of what makes Vermont Vermont.”³⁷ At the heart of the issue is Wal-Mart’s plan to build seven new 150,000 square foot stores throughout Vermont. In the eyes of the National Trust, a state the size of Vermont with a population of 600,000 people will be saturated. “The likely result: degradation of the Green Mountain State’s unique sense of place, economic disinvestments in historic downtowns, loss of locally owned businesses, and an erosion of the sense of community that seems an inevitable by-product of big-box sprawl.”³⁸

³⁶ Hoban, 2004.

³⁷ National Trust for Historic Preservation. “State of Vermont.”
www.nationaltrust.org/11most/2004/vermont.

³⁸ Ibid.

Theodis L. Perry highlights the issue of “over-expansion” as he recalls a 1963 quotation by the American Society of Planning Officials:

[O]ver expansion will be a problem in almost every major metropolitan area. In some key markets, developers have built too many stores for all to share in sales growth. Some discounters have overestimated their likely sales growth, which has let them to build stores that are too big to be profitable, or sometimes to buy too much merchandise. Among 200 discounters surveyed by Dunn and Bradstreet, 25 percent in 1961 had total debts averaging three and one-half times their net worth.³⁹

Given today’s U. S. population and the total of U. S. leasable retail area (as reported by ICSC), there is approximately twenty square feet of retail space per person in the U.S. According to Beaumont and Tucker, “the U. S. had only five square feet of retail space per person back in 1980.”⁴⁰ The planning implications associated with this amount of development is palpable. Balancing retail proposals in the future will be essential in order to create balance and harmony between the shopper and the shopping space.

10. Consumer Society – Sustainability

Finally there is the issue of evaluating our consumer society. In the introduction to this paper, there is a footnote that indicated that the United States, which constitutes 5.2 percent of the worlds population, accounts for 31.5 percent of the worlds private consumption expenditures. This figure represents a consumer class that is unequalled in the world. Our consumption is driven by many factors and yet it has been suggested that this consumer society, based on abundance of food and other goods, leads to unhealthful levels of consumption.⁴¹ Issues of waste, personal debt⁴² and consumption of natural

³⁹ Perry, page 13.

⁴⁰ Beaumont, page 9.

⁴¹ Worldwatch Institute. p. 13.

resources/energy are becoming daily issues. With respect to guiding retail development, planners are in a position to examine such needs and assess the long-term implications for communities especially to the degree such needs adversely affect local resources (i.e., loss of agricultural land, contamination of watersheds, degradation of ecosystems. Planners should be equipped to monitor local and regional consumption patterns and offer critical feedback. This type of information will aide planners in addressing the health and well-being of the local natural environment and its affects on personal, quality of life issues.

⁴² Powell, Eileen Alt. "Americans Struggling with Personal Debt." Seattle Post-Intelligencer. January 6, 2004. Consumer debt hit a record \$1.98 trillion in October 2003, according to the most recent figures from the Federal Reserve. That debt – which includes credit cards and car loans, but not mortgages – translates to some \$18,700 per U.S. household.



IV. Planning for Retail

In *Going Shopping*, Anne Satterthwaite makes a couple of interesting points regarding the relationship between “shopping and consuming and the public sphere.” She writes, “One of the most basic challenges is to foster a greater sense of local empowerment, which could lead to greater local control. The benefits of more local control would affect not only shoppers but the overall livability of towns and cities. Communities’ local institutions are being taken over by distant corporations, some with seemingly constant turnovers of remote owners”⁴³ Two issues are set in motion with this observation; local empowerment and livability. Today, sprawling cities and increased service demands have tested the limits of land use plans, and have strained the traditional definitions of livability. With respect to retail, contemporary retail formats bear witness to the homogeneity of the shopping experience and city design. Perpetuated by the power of chain-stores operated by distant corporations, a cities’ sense of place may suffer from a lack of planning which does not take into consideration the corporate demands that can redefine a city landscape. In the case of Vermont, the issues are placed on a state level, but

⁴³ Satterthwaite, page 334.

in many areas of the country, integration of shopping centers into an existing or proposed community remains a complex local issue, which tries to balance sense of place with municipal growth and industry demands.

As noted in the introduction, ICSC estimates that as of 2004 the United States has 5.86 billion square feet of leaseable retail area. Although this amounts to oversaturation in many market areas, there is evidence that indicates the retail sector will continue to grow.⁴⁴ Implications of this growth are felt nationwide, particularly in areas where the amount of available land is shrinking and in locations where communities question the retail form. Set within this context, planning for retail presents unique challenges for planners. To meet these challenges, planners are developing and creating best management practices that aim to balance retail initiatives with community needs. In developing management practices, analysis, regulation and design become critical tools for crafting retail guidelines. Table 3 – Planning Guides, gives an overview of each area and the elements associated with each topic.

1. Analysis

The analysis area of the guidelines focuses principally on economic issues that affect both the retailer and the community. In light of questions stemming from Section III, the analysis category offers planners the opportunity to evaluate retail proposals on financial grounds, which include community economic assessment, retail leasing strategies/store services, and employment standards/practices. The goal of the analysis phase in the planning process, is to secure a realistic and practical understanding of how

⁴⁴ Muto, Sheila. "Plots & Ploys, What's Brewing in the Real Estate Market, 'Mall Madness?'" Wall Street Journal, April 7, 2004. "Banc of America Securities analysts expect the supply of retail space will increase by 22 million square feet, or 0.8% this year. The analysts included in the calculation only retail space at shopping malls that are 400,000 square feet or larger. Demand from tenants for retail space in terms of square feet is expected to grow 3.4% this year, according to the report."

Table 3 – Planning Guides		
Analysis	Regulation	Design Guidelines
Impact Assessments on Trade Areas	Size Limitations	Architectural Integrity
SKU Caps ("Stock-Keeping Units")	Explicit Definitions of Retail	Aesthetic Character: • Facades-Exterior Walls • Roofs • Materials & Colors • Entryways
Hiring Requirements	Build in Protection Schemes in areas that warrant protection: downtowns, historic sites, agricultural land	Overall Site Design: • Parking lots • Backs & Sides • Outdoor Storage • Pedestrian flows • Central features/Community space
Leasing/Re-leasing Requirements		
Wage/Benefit Standards		
Infrastructure Requirements		
Regional Impact Assessments		

the community or region is equipped to support or utilize retail. In addition the analysis will provide the necessary background for judging impacts on local businesses, and public systems such as roads and social services for those regions directly influenced by the presence of the retail development. In short, proper analysis aids planners in developing an integrated approach to policy-making.

- a.) Impact Assessments on Trade Areas. Similar to a market analysis report, the impact assessment on trade areas examines the need and side affects of new retail on existing retail. Geared toward understanding the financial impact brought on by large-format retailers, applying an impact assessment provides a basis for “structuring and assuring an appropriate level of service to selected areas within a community. [In addition,] impact assessments

will determine when market potential has peaked.”⁴⁵ From a planning perspective, this information is critical to projecting appropriate levels of retail development and gauging potential ramifications on the local market, i.e., labor adjustments, revenue and investment obligations, and local business modifications. In other words, “the key component of the impact assessment analysis should be objective measures of the degree to which the existing and projected consumer market, within the trade area [of the proposed retail development,] could absorb additional retail sales, versus the degree to which those retail sales would need to come from existing retailers within the trade area.”⁴⁶

- b.) Stock-Keeping Unit Caps (“SKUs”). Analysis of a retailers inventory is another means of interpreting the impact of a potential retailer on the local trade area. In the retail industry, SKUs describe the variety of products within a stores inventory. It does not reflect quantity. For example, a retailer specializing in refrigerators may carry only a handful of models (SKUs), but the retailer may stock a large number of those models. In this respect, understanding the type of inventory and depth of inventory of a prospective retailer could prove to be invaluable information in determining if that proposed retail “fits” within a community structure, and if it would impose a hardship on other trade groups, by monopolizing or dominating distribution of products.

⁴⁵ Altenhof, Laura. “Coping with Big Box Retailers.” American Planning Association. January 1999. www.planning.org/hottopics/bigbox.htm?project

⁴⁶ Rodino Associates, page 7.

- c.) Hiring requirements and Wage and Benefit Standards. As noted in Section III, employment and labor compensation are issues that could carry huge community consequences. Analyzing the employment procedures and practices of a retailer would be beneficial in terms of protecting against depressed economies and inadequate wage and benefit packages. The point of such analysis is to safeguard against potential burden on the public social service programs.
- d.) Leasing/Re-leasing Requirements. A phenomena witnessed across the country is the vacant or abandoned big-box store. Problematic on many levels, the empty space poses serious economic concerns not only for the general community, but also for property owners in the immediate vicinity. Typically, the controlling lessee or owner of an abandoned store sees this as an opportunity to control competition. Although, on one hand, the contractual arrangements may be legally protected, the results of such practices place onerous burdens on the region. To that end, planners may require a retailer to adhere to certain contract provisions. This would require prospective retail leases to be subject to county or city attorney review. The review would be coupled with established criteria, which protect against an event of long-term abandonment or vacancy. Such lease criteria may include:
- i. A clear definition of the terms, vacate, abandon, empty, and go-dark;
 - ii. In the event of vacation by lessee, the lessee turns over rights to re-lease or sell the store to another user of the owner's choosing;

- iii. The vacating lessee continues to be responsible for all other terms of the lease, including rent payments and common area charges that may apply;
- iv. In the event of vacation by owner; an agreement must be signed with the governing authority, as part of the occupancy permit process, which stipulates that at such time as the store is vacated, the owner will pursue releasing or sell of the property by an independent agent “with full authority to lease or sell to another user, including a retailers competition.”⁴⁷
- v. Failure to comply with governing requirements may carry with it monetary penalties in addition to denial of occupancy.⁴⁸

A caveat must be made regarding government review of private contracts. “This requirement raises possible Contract Clause issues because of the [cities or counties] involvement in the contracting process between lessor and lessee. The U.S. Constitution states: ‘no state shall pass any...Law impairing the Obligation of Contracts...’ Yet ‘[t]he contract clause is not an absolute bar to a land use regulation that impairs a contract....It is important to note that when addressing requirements upon private party contracts, a court should show deference to the legislative

⁴⁷ Rodino Associates, page 49.

⁴⁸ Subparagraphs i-v based on information found in the Rodino Associates research report.

judgment as to the ‘necessity and reasonableness of a particular measure.’”⁴⁹

- e. Infrastructure Requirements. As noted above, because many of the large retail developments seek large-tracks of open space, this frequently commits a developer to looking for land at the outer limits of urban development. Accordingly, a standard requirement for any type of “remote” development must include a comprehensive analysis of required infrastructure. Clear policy objectives must be established. For example, communities may direct retail use to existing/future planned commercial nodes, or, new development would be required to pay for its own infrastructure as well as impact on existing infrastructure or required upgrades.⁵⁰ Objectives that clarify expectations on the part of the developer and the community may reduce unintended conflicts and encourage harmonious growth.
- f. Regional Impact Assessments. Closely associated with the “impact assessment on trade area,” a regional impact assessment can be thought of as analysis focused on the proposed consumer and the employee.

In *Mixed-Use Development Handbook*, the Urban Land Institute outlines the elements involved in such an analysis. The research suggests “to identify regional market support requires a detailed demographic and market analysis, including an analysis of the size of the existing population

⁴⁹ University of Georgia. “Controlling Big Box Retail Development in Georgia.” Land Use Clinic. October 2003. www.law.uga.edu/landuseclinic/research/bigbox.pdf

⁵⁰ Altenhof, (1999).

within one, three, and five miles, projections of future population and employment growth, and the composition of the population according to age, income, and size of household units. The size of the population in the immediate market area influences the amount of retail space that can be supported, while the composition of the population indicates the type of retail tenants needed or wanted in the market area.”⁵¹

In addition to understanding consumer and tenant compatibility, it is also prudent to include an analysis of employee requirements in the context of the region. This would involve assessing the type of employment required versus the ability to fill the jobs with available local workforce. In other words, is there a balance between the type of work and the regional skills? Furthermore, will the proposed retail be located in an area that can be accessed via public transportation (i.e., bus or rail)? Or, are there limitations on accessibility, which would affect both consumer and employee?

Lastly, the regional impact assessment offers the opportunity for statewide or interstate collaboration on issues of over saturation by retail development. Because the desired tax revenue generated by shopping is coupled with undesirable side affects, such as traffic congestion, environmental degradation and sprawl, communities may consider banding together to form a regional plan. The regional plan would identify and target those areas that can support new retail without compromising existing

⁵¹ Schwanke, Dean, et.al. Mixed-Use Development Handbook. Second Edition. Washington, D.C. page 60.

conditions. This would reduce the possibility of cannibalization among retail developers, which often leaves in its wake abandoned stores. Regional planning ultimately serves for the betterment of the participating communities and municipalities. Implementation of the plan could include Tax Base Revenue Sharing (TBRS), similar in nature to the “Twin Cities Disparity Plan,” which was enacted in 1971. The basic premise of TBRS would be to pool a percentage of retail tax revenue from across a region and redistribute those dollars, in a way that would stabilize and encourage efficient retail development. The formula for redistributing the funds would be based on an equation that compensates all participating parties with money that encourages sustainable levels of retail across a region. In other words, it would allow those areas that do not necessarily need the retail facility, to share revenue generated across the region. The goal of such sharing would be to ease jurisdictional tension caused by competitive bargaining for retail tax dollars.⁵²

With the regional impact assessment, planners can evaluate “big picture” issues and assemble data variables in a way that will allow for sound planning proposals.

2. Regulation

With respect to regulation of retail facilities, the critical point to bear in mind is that retail is constantly changing; therefore, it is important to frame regulatory measures as flexibly as possible. As noted in Mr. Perry’s big box guide “the primary lesson from each

⁵² For a complete overview of the Wisconsin Tax-Base Sharing Model, please see www.wiscities.org/taxshare.html

of the [examples cited] is that a proactive approach must be used when dealing with big-box development rather than a reactive approach.”⁵³ The idea being that it is often the case when city or county zoning ordinances fall behind in terms of addressing contemporary trends. The key to meaningful administration of zoning standards is in the ability to adapt and modify as new issues come to light. As previously indicated, this is not an easy proposition given retail evolving form.

Nevertheless, regulation is by far the most direct way to influence retail development. Zoning Ordinances and Comprehensive Plans form the basis for regulatory practices and it is perhaps within these two areas that planning departments deliver the heaviest punch. Although Comprehensive Plans are intrinsically non-regulatory, the guidelines set-forth in the plans are closely aligned with the intent of the zoning ordinance text. Therefore, the combination of these two documents presents a formidable legal standing.

Using the big-box debate as an example, there are many lessons to learn regarding the use of zoning amendments in addressing retail problems. “In devising a big box or superstore ordinance, the [governing authority] must decide the threshold question of the use to be regulated in terms of store size and/or product mix.”⁵⁴ The central point here is the idea of establishing threshold questions. In the case of big-box, size is the obvious issue, followed by product mix. Jurisdictions across the country address these points differently, with the objective being to promote and fulfill the goals of the respective community. With that in mind, regulatory initiatives aimed at any retail form, whether it is

⁵³ Perry, page 56.

⁵⁴ Delgadillo, Rockard J. “Report Re: Options for Regulating the Development of Superstores.” Report submitted to Housing Community & Economic Development Committee and Planning & Land Use Management Committee from the City Attorney for the City of Los Angeles, December 16, 2003.

big-box, strip mall, shopping center or retail outlets, must set retail standards, which allow for certain modifications. This is critical to establishing community well-being. The following regulatory options are offered as examples for consideration:

- Explicitly define terms regarding retail form. This includes terms such as big-box, large-format retail, shopping center, superstore, warehouse club, life-style center, vacant, empty, abandoned, go-dark, and inventory. In essence, it is important to define terms that can be liberally interpreted. Removing ambiguity when defining terms will reduce conflict.
- Regulate size in conjunction with decisive land use objectives. Be confident and clear in describing land use patterns. Apply appropriate measures that not only account for present conditions, but for projected growth and future development.
- Regulate retail development in a way that promotes architectural integrity, building on issues of style, design, functionality and enjoyment and sustainability (reuse/recycle).
- Regulate for the protection of local and small businesses. Be cognizant of the contributions of the local retailer and modify zoning and land use in a way that will support and encourage the efforts of local business ventures.
- Regulate to protect important features such as agricultural land, historic sites, downtown business traffic.
- Be willing to think outside the big-box. Just as the “blue laws” of 1957 became a regulatory lifeboat for small New Jersey retailers, the same innovative thinking and strategizing can produce interim policies that will benefit fragile retailing interests.⁵⁵

3. Design Guidelines

According to Edward McMahon, “experience shows that if you accept standard look-alike corporate design, this is what you’ll get. On the other hand, if your community insists on a customized, site-specific design, that is what you will get.”⁵⁶ In short, good design is available for the asking. As noted previously, retail buildings in the United States

⁵⁵ Cohen, (1996). “local Bergen County retailers endorsed two strategies for improving their situation, both of which mobilized the authority and resources of government on their behalf. First, they joined a coalition of other interests – including churches and citizens concerned with traffic congestion – to pass blue law prohibiting Sunday sales. If the shopping centers were allowed to open on Sunday, small, family-run stores for whom a seven-day week was a great hardship would suffer a handicap.” Recently, blue laws were inadvertently reinstated in Virginia. The outcry from the business community speaks loudly to the power of legislative actions which affect a change based on a “dated” premise. See Michael D. Shear’s article “Virginia Judge suspends Blue Law: Lawmakers Urged to Fix Mistake.” The Washington Post, July 3, 2004.

⁵⁶ McMahon, (2004) page 2.

have not aged gracefully. In fact contemporary retail often presents itself in bland, repeated forms that do not exhibit a solid architectural design sense. The issue of placelessness and loss of identity can be pinned to a void in stylistic site design, which has homogenized communities across the nation. It comes as no surprise that the final element in the Planning Guides is devoted to architectural integrity and aesthetic character.

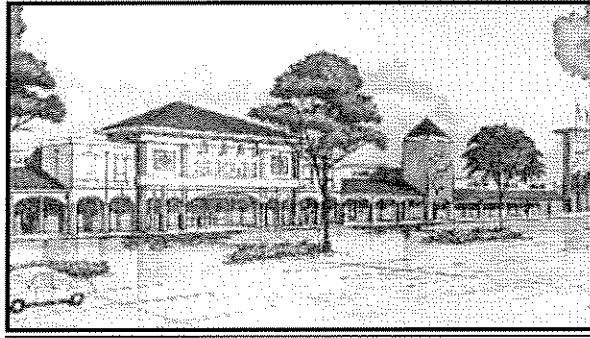
Fortunately, we are beginning to reverse our course and understand how design emboldens communities and establishes deep social connections between the land and the individual. No element of our built environment can escape contributing, either positively or negatively, to the space around it. In recognizing the significance of this relationship, planning can legitimately argue and defend the implementation of certain standards that dictate design and style. Some may argue that a national retail chain should have the right to develop and implement its branding and identification mechanisms through architecture. However, to Mr. McMahon's point, there are legitimate limits to the universality of many retail sketchbook designs. Those limits begin with a communities self-expression, which is founded in the physical constructs of buildings and supporting improvements. In other words, local traditions, cultural experiences and geography inform city design. Panama City, Florida should look different from Falls Church, Virginia, consequently, at some point, specific elements of design and style must be invoked. Currently, there is an enormous push for the development of community specific design guides. The following list highlights many areas that are frequently cited by planners and designers as elements that support place-making design.

- Facades and Exterior Walls
- Smaller Retail Stores
- Roof lines
- Detail Features

- Materials and Colors
- Entryways
- Entrances
- Parking Lot Orientation
- Back and Sides
- Outdoor Storage, Trash Collection, and Loading Areas
- Pedestrian Flows
- Central Features and Community Spaces⁵⁷

Each of the items listed above constitute broad initiatives, which provide contextual awareness, sense of scale, cohesiveness, and purpose when designing for site-specific locations. By setting up standards, planners can propagate building styles that express community interests and at the same time encourage the success of retail ventures by a commitment to making retail facilities more appealing.

⁵⁷ Georgetown-Scott County, Kentucky “Big-Box Design Standards.” For more details regarding the implementation of these design standards, please go to www.gscplanning.com/special_planning_regs.htm



Closing Comments

The theme of the May 2004 issue of “Shopping Centers Today” is “Many visions, one legacy: the innovators who shaped an industry.” What is particularly interesting in the May issue is the treatment of “half a century of retail real estate development that has transformed the United States and made its influence felt in many other parts of the world.”⁵⁸ The articles included in the magazine give an excellent historical treatment of retail post World War II. What becomes clear in the stories, with respect to what will be the next “big thing,” is that the retail industry can only be sure that retail strategies and formats will continue to change.

Driven by consumer preference, the retail form has shifted considerably from the early agora market-place to what we have today. Fragmented into various formats, retail is demanding in its land use and it cannot be defined as a simple, one-word term. For example, a mall is different from a strip center and a life-style center is different from a department store, and each format comes with a different set of needs. As the Jerde Partnership observes:

⁵⁸ McKinley, Ed. “The Visionaries: How a handful of people shaped the way we shop.” *Shopping Centers Today*, May 2004, page 38.

[r]etailers [have] responded by creating unique and entertaining experiences in addition to their products. It is not enough that stores serve as well-decorated warehouses filled with goods; they must invite consumers into their domains. Increasingly, retail environments must create destinations with enriching experiences that accompany purchases.⁵⁹

A sobering aspect to this observation is that it conveys the sense that not only does the retail market (and therefore land use) change and continually morph into other modes, it can be highly unpredictable in its presentation. The unpredictability stems from retailers struggle to stay vital. Whether it is the big-box format or the new trend of life-style centers, the idea that planners can address retail issues in generalized terms does not make for good planning. As presented in this paper, planners can benefit from an in-depth review of retail strategies as they impact critical economic, social, cultural and political components within their respective communities.

Looking to the future, retail will remain an integral part of community development and survival. Retail will also take on various roles (i.e., entertainment) and be incorporated in the growing trend to anchor mixed-use communities. As this takes place, planners will face numerous challenges, but a key to addressing the retail demand will be to evaluate community consumption and develop appropriate policies that build on the character and intent of the community overall. Retail will respond in kind, and the result will lead to a harmonious and balanced blend of land use.

⁵⁹ The Jerde Partnership, page 202.

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