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# When the Mall Comes to a Small Town: How to Shape Development with Carrots and Sticks


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## **When the Mall Comes to a Small Town: How to Shape Development with Carrots and Sticks**

**By Zenia Kotval and John R. Mullin**

Across the United States there is a continuous expansion of population away from our traditional urban center cities. As people have occupied housing in these former open spaces, industrial parks and commercial centers have soon followed. While local planning boards have been able, in most cases, to handle residential and industrial growth, they are rarely able to handle extensive retail growth. Indeed, when a mall developer – complete with a multitalented staff and reams of plans – comes before a small town planning board, there is inevitable shock and a great deal of fear. In our experience, few small towns are ever prepared for the changes that follow.

Following is a description of what happens when a mall comes to a small town, a summary of the likely impacts that will ensue and a synopsis of key actions that a community can take if it wishes to control its own destiny. The research is based upon six mall-related projects in three New England states (Vermont, New Hampshire and Massachusetts) where mall owners have attempted to develop malls either in or adjacent to a small town. It should be pointed out that, in none of the six cases, did the town's residents have the faintest expectation that a mall would ever be considered for their community. Indeed, a review of state highway plans, regional plans and local zoning in all of the communities did not provide the slightest clue that anyone had ever perceived the possibility of a major mall locating at the sites in question.

To set the tone, we would like to ask you to picture yourself as serving as a local planning board member attending the monthly Tuesday night meeting. Reading the agenda at the start, you note that attorney Farnsworth Wigglesworth from Boston has asked for one half of the board's time to talk about a zoning change. Arriving at the appointed time, he quickly states that he represents the Pyramid-Shopko-DeBartello-Homart Group, that they have an option on Farmer MacDougall's 150-acre parcel and that they wish to build a regional mall on the site next spring.

Catching your breath, you rhetorically and quietly ask what does all of this mean and then you look among your peers for answers. Unfortunately, they are equally at a loss and are also wondering what to do next.

This scene has been repeated at least 15 times across New England in the past five years, many other times in other parts of the country and will be repeated even more following the recession. Given all of the above, we believe that the following information can help local residents gain a better grasp of what a mall proposal means to a community. It should be noted that we are neither pro or anti mall. Rather, we are pro planning. A mall can be a highly valued addition to a community when it is wanted and expected. It can be devastating when it appears out of nowhere. Our findings are written in this spirit.

## **The Characteristics of Small Towns: Are They Ready for the Mall?**

Most small towns have relatively simple zoning regulations that are geared for density limitation and for defining general uses, for example, the codes set up regulations for land zoned for industrial, commercial and retail or residential uses. The rules usually give little or no consideration to the actual kinds of commercial or industrial uses and the codes rarely address malls. Site plan and design review standards are often considered to be complicated issues, and furthermore, thought unnecessary for a small town where everybody knows their neighbor. As such, the zoning regulations and the zoning process provide little insulation from the outsider wishing to bring unplanned and frequently undesired intensive land uses, such as regional malls, to the community.

Small towns rarely have updated master plans that define their long-term planning goals or the community character that the plan wishes to espouse. And, in many cases, a community's long-term goals are more reflective of romantic images of the past rather than the realistic trends and needs of the present. Often the master plans are prepackaged, outdated documents that quietly sit on a shelf. They are rarely considered to be active planning tools that need to be updated every five years in order to keep current with changes in land-use and demographic trends.

Little planning assistance is available to most small communities. A few fortunate ones have a trained professional planner. However, even in this enviable situation, the planning office is usually a one person show: a long-term resident whose hobby is planning and who is doing the best he or she can.

Small towns frequently look positively on private enterprise. Especially in these hard economic times, communities look to new private development as a means of balancing the budget deficit. Increased tax revenue is welcomed, as is the potential for new jobs arising from commercial and industrial projects. Thus, the mall developers are perceived as good guys. And as such, say many residents, why should they have to go through special impact assessment procedures and deal with more stringent design regulations?

A handicap facing small towns is that they rarely see themselves within a regional context. No one seems to stop and reflect, for example, that the town and the surrounding areas are now part of a growing metropolis or that there is a new interstate intersection on the fringe of town just waiting for development. Furthermore, even if residents do realize that their locality is changing, given their limited resources, small towns do not have the capacity to project and analyze demographic and consumer trends or the effect of changes in technology and settlement patterns.

Small town residents also exhibit a limited understanding of the secondary impacts of development. While they may understand the direct impact of tax revenues, service costs and jobs, they have little knowledge of issues such as traffic infrastructure/service, environment, fiscal policy, the change in the community character

and, especially, the change in the land adjacent to the development. For example, a mall inevitably attracts a strip commercial development along the highways leading to it.

All of the above leads to the hypothesis that small towns are often unprepared for regional malls. People do not expect one to locate in their small community, especially if there is a big city nearby. They fail to see their town as an attractive location, offering low capital investment costs (labor and land) and low service costs, having less stringent rules and regulations for development, and having larger tracks of land than are normally found in bigger cities. Thus, small towns do not expect regional malls to locate in their community, have not planned for them, don't understand their full impact and are taken unawares when a proposal is announced.

### **The Typical Impacts of a Regional Mall on a Small Town**

*The Economic and Fiscal Impacts.* Malls tend to have a positive fiscal impact for the host community. The direct fiscal impact can be judged based on the tax revenue generated from the development and the service costs that the town must bear because of the development. As malls do not contribute to school costs, the community generally experiences a positive fiscal flow. Furthermore, in order to mitigate indirect fiscal impacts, mall developers are often willing to contribute to the host community for amenities and revitalization efforts beyond those directly connected to the mall. They will also normally pay to mitigate any traffic or infrastructure problems caused by their development.

Malls also provide decent second jobs or part-time jobs for children, spouses and senior citizens. However, it is important to realize that the jobs are low-paying, therefore, malls are not considered to be primary job generators.

*The Environmental Impacts.* The most significant environmental impact will center upon air pollution as malls and other highway-related uses attract high numbers of automobiles. The state of Vermont, through its Act 200, has dealt with this issue by limiting the number of particulates that can enter the air. In so doing, the state limits the size of development by limiting the number of cars it can attract. Another important issue to consider is the use of infrastructure capacity. How much of the town's water and sewer capacity will be used by the mall? Is that in keeping with the community's long-range plans and how will that effect future land-use development? Questions such as these must be addressed before the community gives its approval.

*The Traffic Impacts.* Large volumes of traffic from areas within a 45-minute driving radius will be attracted to the site. This will have an effect not only on the roads offering direct access to the mall, but also on internal residential streets due to a bleeding effect. Traffic concerns along the main routes and major intersections can be mitigated by the mall developers. They are usually prepared to construct stacking lanes and to provide extra signal lights where necessary. However, communities should have a real concern about impulse traffic along secondary and tertiary roads. That issue is often not addressed adequately.

*Community Character.* Malls are considered to be pregnant. The first density is not the last density. Malls attract other commercial activity such as McDonalds and Jiffy Lubes along the strips adjacent to it. This development changes the character of the community drastically. It is not long before a rural scenic drive is converted into a lit commercial strip.

*Impacts on Downtowns.* This is probably considered to be the most significant impact of the regional mall. Malls hurt downtowns! The most obvious shift will be in retailing. Local department stores, unable to compete with the mall in terms of prices and variety will inevitably close. Family-owned stores will suffer and few will survive the transition. An overwhelming number of the mall's tenants are already in the marketing region, as there are no new markets, only stolen markets. Furthermore, a herd instinct prevails, once a key merchant moves to the mall, others follow suit. Downtowns will be forced to carry specialized goods not offered by the mall, or change its focus towards being the civic hub of the community rather than remaining the traditional commercial and retail center.

## **Recommendations and Action Steps**

Communities must take a hard look at themselves. They need to consider their locations, growth patterns and existing commercial base. They, then, must use the data to analyze whether or not they are likely to be attractive to regional retail activity or to other new commercial activity. Factors that residents need to study include new interstate or major state highway development, local underrepresentation in terms of shoppers goods, dated malls and misdirected marketing towards shoppers who do not reflect the wants and needs of the emerging populace.

Communities then must create the regulatory tools that will insure that any mall development occurs in a manner that meets local goals. It is in the community's best interest to address these issues in their comprehensive plans or growth management plans. Some regulatory items to consider include:

- The mall should not be allowed by right. It should be granted only under a special permit.
- The special permit should include criteria related to the environment, traffic, fiscal impacts and community character – as well as the impacts on downtown. Furthermore, these impacts should be addressed assuming full build-out of the entire property.
- The mall should be governed by a site plan review. Provisions for buffer and open space restrictions, design and landscape architecture components and covenants should be included and enforced in perpetuity.
- The mall developer should be expected to pay for relevant technical and legal assistance required by the community.

## **The Fully Developed Review Process**

It is imperative that communities fully develop the review process. A regional mall is more than just another development. The total impacts are far greater than the direct, foreseeable ones. Therefore, stringent and comprehensive review processes are in order. Some of our recommendations include:

- Take the heat off the planning board by appointing a neutral or nonadversarial advisory committee. This committee should hear testimony from development proponents and opponents and report its findings to the planning board and the special permit-granting authority.
- Involve the regional planning agency in order to assess regional impacts and report them to the advisory committee. Also, consult the planning boards of surrounding towns.
- Encourage citizen participation right from the start. The planning staff should organize neighborhood meetings involving citizens who have homes close to the mall site.
- Organize meetings with and get input from the chamber of commerce and the merchants most affected by the mall proposal.
- Institute a formal process that meets state and local regulatory procedures. This should include the option of conducting a pre-preliminary plan review.
- Require the mall developers to hire a clerk of the works so that the community can insure that the development proceeds as planned.

## **Conclusion**

Towns must be prepared to negotiate with developers to insure that community interests are protected. The agenda must include off-site needs not normally covered under impact fee assessments. Mall developments have dramatic community impacts and the towns must negotiate, in good faith, to insure the community's quality of life is maintained. Too often, poorly developed proposals result from the ability of an inflamed minority of citizens to influence decision makers or stem from the developer's ability to overwhelm or dazzle the community into a quick decision.

We hope that the above comments will help guide towns towards better planning. We know from experience that the unprepared town is a town that will evolve as others want it to, not as its citizens wish. Above all, the key to molding the proposal to fit the community's true needs is to anticipate rather than react.