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Authors
Blanco, Hilda
Wikstrom, Alexander

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POLICY BRIEF

Transit Oriented Development Opportunities Among Failing Malls

Dr. Hilda Blanco and Alexander Wikstrom
Price School of Public Policy, University of Southern California

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Transit Oriented Development (TOD) typically follows a common construction sequence that begins with transit infrastructure, followed by changing land use designations and densities. TODs are then built around transit stations or lines. An alternative approach is to turn failing shopping malls with their large footprints into mixed-use housing, then provide or enhance transit to these redevelopment projects. This approach could result in successful TODs: housing and mixed uses at appropriate densities to support transit. This white paper reviews the literature and provides the rationale for such redevelopments.

Key Research Findings

There is strong federal and California policy rationale for TODs. Since the mid-2000s, TOD strategies have been supported by the Federal Transit Administration and California's SB 375, the Sustainable Communities and Climate Protection Act of 2008. SB 375 aims to reduce greenhouse gas (GHG) emissions by reducing vehicle miles traveled (VMT) through a mix of smart growth, compact communities, and TOD strategies that include higher density, land use mix, network connectivity of streets, transit access, and regional accessibility to jobs and housing.

Various studies and meta-analyses document the desirable effects of TODs. Much research and several meta-analyses indicate the extent to which various built environment characteristics, such as density, mixed uses, design of streets, proximity to transit and job locations, and their combinations are associated with reduced VMT and GHG emissions.

Several issues hinder the development of TODs around transit stations. These include existing low densities around transit stations; neighborhood opposition to zoning changes that would allow increased densities around new transit stations; delays in re-zoning; difficulties in assembling land parcels for higher density or larger redevelopments; parking regulations that encourage vehicle ownership and use; and, a major concern, loss of affordable housing due to redevelopment.

Regional shopping malls across the country are closing at an increasing rate. The retail sector is undergoing major structural changes due to oversupply and a shift toward Internet shopping. These changes have affected shopping malls and resulted in the closure of anchor stores. Regional shopping malls are most vulnerable to closures, according to industry analysts.

There are major advantages and disadvantages of redeveloping failing malls as TODs. In addition to their large size, failing malls may face less community opposition to redevelopment since they tend not to increase traffic or displace affordable housing. Failed malls have great potential to be redeveloped into affordable housing, and if transit were provided, parking requirements could be reduced. Such conversions could also retain compatible and viable retail. Consolidated ownership of mall properties may be able to help facilitate redevelopment negotiations for local governments or take advantage of public-private partnerships. A major disadvantage of such redevelopment projects is the loss of potentially significant sales tax revenue to local and state governments due to the conversion of retail to residential use. A 2018 ruling by the U.S. Supreme Court (S. Dakota

v. Wayfair) decreases this potential loss by expanding the ability of local and state governments to collect taxes from online retailers. Another challenge for local governments seeking to serve residential populations in redeveloped sites involves increased local costs, especially school costs.

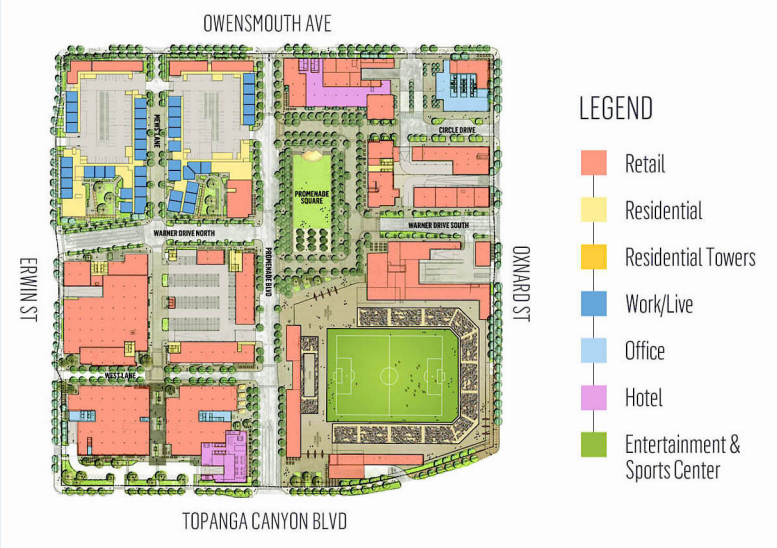
Regional shopping malls with large land footprints can offer large redevelopment sites that can be linked to transit or provided with enhanced transit. Regional shopping malls have footprints ranging from 40 to 100+ acres. Failing regional malls could provide redevelopment sites for thousands of housing units and an appropriate mix of uses. Typically, regional malls already have bus access. Such redeveloped sites could be provided with higher quality bus service, including bus service to more regional employment centers and more frequent service. Some locations could be upgraded to Bus Rapid Transit.

Public-private partnerships could be used to facilitate the redevelopment of such sites. Local governments could facilitate rezoning of such sites and provide appropriate transit options, as well as other public infrastructure and services. Private sector investors or owners could provide the site and financial investment needed for redevelopment.

Westfield Promenade Mall

at Woodland Hills, CA

This 34-acre shopping mall in Los Angeles County opened in 1973, underwent several ownership changes, and was acquired by Westfield America, Inc. in 1998. By the mid-2000s, several anchor stores had left, and in 2015, Macy's closed its anchor store in the mall. In 2016, Westfield announced plans to replace the mall with Promenade 2035, a mixed-use residential and retail development, including 1,400 upscale housing units, a 572-room hotel, offices, and large entertainment and sports venues. In June 2018, Westfield Corporation was bought by Unibail-Rodamco, one of the largest commercial real estate companies in Europe. The new consolidated owners have continued forward with the failed mall's redevelopment, however, no affordable housing is planned, and the phasing of the project extends to 2035. This failed mall could have provided an opportunity for more housing, including affordable housing, and more rapid development through a public-private effort.



Layout of the proposed Promenade 2035 mixed-use development project. See https://promenade2035.com for more information.

More Information

This policy brief is drawn from the white paper, "Transit-Oriented Development Opportunities Among Failing Malls," from the National Center for Sustainable Transportation (NCST) authored by Hilda Blanco of the University of Southern California, with the assistance of Alexander Wikstrom. The full report can be found on the NCST website at https://ncst.ucdavis.edu/project/transit-oriented-development-opportunities-among-failing-malls. For more information about the findings presented in this brief, please contact Hilda Blanco at hblanco@usc.edu.

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