Big-Box Sprawl

(And How to Control It)

by Constance Beaumont and Leslie Tucker

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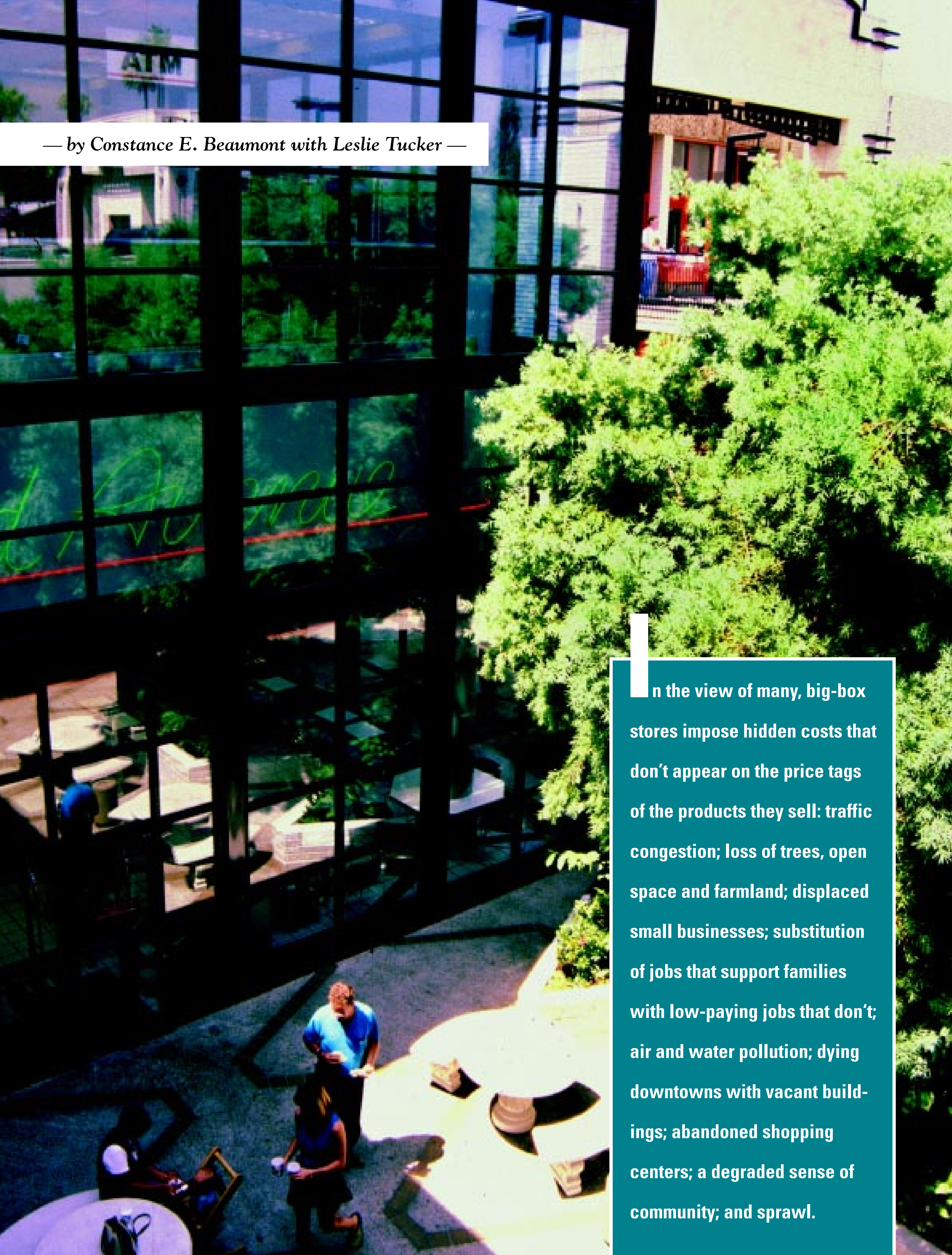

— by Constance E. Beaumont with Leslie Tucker —

In the view of many, big-box stores impose hidden costs that don't appear on the price tags 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 with vacant buildings; abandoned shopping centers; a degraded sense of community; and sprawl.

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People love what's inside superstores. They hate what's on the outside.[1] In those words, Edward T. McMahon, a national expert on smart growth, captures the love-hate relationship Americans have with big-box superstores. It's hard to argue with the popularity of Wal-Mart, Target, Home Depot, Lowe's, and their many imitators. As Wal-Mart itself points out, "All customers appreciate good service, low pricing, and great selection." With $200 billion in sales in 2001, Wal-Mart's new status as the world's biggest business speaks for itself.[2] So does the rapid growth of such companies as Home Depot, Target, and Lowe's, whose sales reached $45 billion, $29 billion, and $18 billion, respectively, in 2000.[3] And yet, at any given moment, hundreds of grassroots organizations across the country are fighting tooth and nail to keep these retail behemoths out of their communities. "Is the worst of the suburbs the best we can hope for?" asks a flier distributed by citizens in New Orleans protesting a proposed 199,000 square-foot Wal-Mart store in the historic Lower Garden District.[4] "We're not gaining a store; we're losing our community," laments a citizens' group in Decorah, Iowa, in an ad placed in *USA Today*.[5] Opponents of a proposed Home Depot in Mountain View, California, have opened their own office, stocked with lawn signs, literature, and petitions, to protest the giant store.[6] "I Don't Shop at Sprawl-Marts," reads a bumper sticker in Greenfield, Massachusetts.[7] A group called Mainstreet Defense Fund sued the city of Northfield, Minnesota, over its approval of a sprawling Target store on the outskirts of town.[8]

What's behind these battles? In the view of many, big-box stores impose hidden costs that don't appear on the price tags 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 with vacant buildings; abandoned shopping centers; a degraded sense of community; and sprawl. The list of problems linked to big-box stores is long.

Whether one loves or hates big-box stores, it is indisputable that their effects are long-term and significant. Local public officials owe it to their constituents to consider these effects—and to become familiar with tools available for mitigating them—before approving big-box stores. Such tools include impact assessments, design standards, planning moratoria, retail size limits, intergovernmental agreements, and the withdrawal of subsidies for retail sprawl.

Impact Assessments

The idea behind "impact assessments" is a simple one: communities should look closely at how large development projects will affect their towns, and mitigate potential harm whenever possible. While environmental impact statements are standard fare for large projects, economic impact assessments are less common, even though major commercial developments can devastate the economic vitality of a downtown or Main Street. Arthur Frommer, who launched the widely-read travel guide series, has observed:

> The destruction of America's downtowns has occurred all over the country as a direct result of mall development on the outskirts, and especially because of the construction there of mammoth stores of the

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Constance E. Beaumont is Director for State & Local Policy of the National Trust for Historic Preservation. She is also the author of *How Superstore Sprawl Can Harm Communities* and *Better Models for Superstores: Alternatives to Big-Box Sprawl.*

Leslie Tucker is Local Policy Analyst for the National Trust for Historic Preservation. She holds a B.A. from the University of Alabama and a master's degree in historic preservation from Savannah College of Art and Design.

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> Wal-Mart variety. In addition to disfiguring those outskirts, they have forced out of business nearly every major category of downtown shop.[9]

To see how an economic impact assessment can help protect local community character, consider the experience of Lake Placid, New York. When Wal-Mart proposed to build an 80,000 square-foot store surrounded by nine acres of asphalt in a scenic preservation district on the edge of this small resort town, local residents recoiled. Among other things, they feared that the big-box sprawl typically generated by Wal-Marts would make Lake Placid less attractive to tourism, a staple of the local economy. "People come to our unique valley for a sense of renewal…to get away from the pressures of urban life," explained one resident. "With its strip-mall architecture, traffic lights, and the bulldozing of thousands of trees for a parking lot greater than all the combined spaces available downtown, the Wal-Mart will deface our view of Whiteface Mountain. The business required to support a store of this size threatens Lake Placid and its neighboring villages."[10]

Development proposals in the Village of Lake Placid are regulated by the town of North Elba, whose zoning law calls for "any undue adverse impact on the natural, physical, social and economic resources of the Village/Town [to] be avoided."[11] In this case, the town's planning board rejected the proposed superstore because its negative economic impacts threatened to harm Lake Placid's community character.[12] The economic impact study conducted for the proposed Wal-Mart said that it could take up to 14 years to refill retail space likely to become chronically vacant due to the super-store's construction:

> Such chronic vacancies…would almost inevitably result in fewer tourists visiting the area, which would in turn result in less sales overall, resulting in a net downward spiral in the psychological, visual, and economic character and conditions of the…downtown…. These potential impacts would have a significant unmitigatable adverse impact on the character and culture of the community by resulting in vacant storefronts [and] a loss of "critical mass" in existing downtown areas….[13]

Pedestrian-friendly downtowns and small-town Main Streets, such as this one in Leesburg, Va., provide alternatives to big-box sprawl. Photo by Constance E. Beaumont.

Wal-Mart sued the planning board for denying its request to build, but in February 1998, a court upheld the board's decision.[14]

Other jurisdictions have rejected big-box stores or put conditions on their approval as a result of impact assessment findings. In Vermont, for example, the state environmental board denied permission for a developer to build a superstore outside St. Albans after an impact assessment estimated that the 100,000 square-foot store would cost the public $3 for every $1 of public benefit. The big-box retailer appealed this decision to the Vermont Supreme Court, but in 1996, the court validated the board's ruling.[15] The court observed, "A municipality's ability to pay for [public] services depends on its tax base, that is, the appraised value of property [on the local tax rolls]. To the extent that a project's impact on existing retail stores negatively affects appraised property values, such impact is a factor that relates to the public health, safety, and welfare."[16]

Bozeman, Montana, now requires economic, as well as traffic and environmental, impact analyses for all new retail stores over 50,000 square feet.[17] When a big-box retailer proposed to expand its existing store from 125,000 to 205,000 square feet, the city commissioned an economic impact study. The study recommended that the retailer be asked to help pay for a shuttle service running from its store to the downtown, and to contribute to a promotional campaign benefitting existing stores as well as the superstore.[18]

Design Standards

Another reason for citizen opposition to big-box stores is their design: nondescript, enormous, "off the shelf" buildings set in a sea of asphalt, with no windows, rooflines, or attempt to respect the architectural character of the local community. Thousands of communities have enacted design standards to improve the appearance of commercial development. Cathedral City, California; Evanston, Wyoming; and Cape Cod, Massachusetts, are just a few of the local jurisdictions that have used design standards to improve the character of big-box stores.[19]

Evanston's design standards grew out of public hearings conducted during a temporary moratorium on big-box stores after a retailer announced plans to vacate an existing store and build a bigger one. The city denied the retailer's request for an amendment to Evanston's ordinance limiting retail stores to 30,000 square feet, and then adopted strict design standards to ensure that the proposed store, as well as all future big-box stores, would be compatible with the town's architectural heritage.[20] The standards require all stores over 25,000 square feet to use red or light brick, simulated brick, grey sandstone, native stone, cultured stone or wood on at least 30 percent of the main facade (cinderblock is not allowed on the facade); use earth tones for facades instead of jarring colors; and break up monotonous building facades with interesting roof lines and architectural details.[21]

On Cape Cod, stores with footprints[22] of over 50,000 square feet must either be designed, or screened with vegetation, to avoid negative visual impacts on their surroundings; strip development is prohibited; and parking must go to the side or rear of buildings wherever possible. "Developments of regional impacts"—projects exceeding 10,000 square feet—are subject to special scrutiny and must show the Cape Cod Commission that their benefits outweigh their detriments.[23] Under a new policy expected to be approved soon, stores will be limited to footprints of 15,000 square feet unless they locate in "growth incentive zones" or are fully screened.[24]

Big-Box Blight, Retail Glut, and Retail Size Limits

Many communities share Cape Cod's view that retail sprawl is "inefficient and unsustainable."[25] As the Cape's regional plan explains, "The surplus of retail operations both locally and nationally indicates that over-retailing does not add to the region's economic pie. It ends up hurting smaller, locally-owned businesses and creating blight when existing retail buildings are vacated."[26] The U.S. had only five square feet of retail space per person in 1980; today, that number is 20 square feet.[27] "Developers and retail chains have over-saturated the suburbs and under-served the cities," says Burt Flickinger, III, managing director of Reach Marketing of Westport, Connecticut.[28] Even though Wal-Mart has vacated 426 of its stores, the company plans to build 46 million square feet of new retail space this year.[29]

Traffic generated by big-box stores in northern Virginia. Accessible only by car, big-box stores generate pressure to widen roads for miles around and are generally inaccessible people who cannot afford to drive. Photo by Constance E. Beaumont.

The idea behind "impact assessments" is a simple one: communities should look closely at how large developments will affect their towns, and mitigate potential harm whenever possible. While *environmental* impact statements are standard fare for large projects, *economic* impact assessments are less common, even though major commercial developments can devastate the economic vitality of a downtown or Main Street.

As retailers close older, smaller stores and open larger new ones farther out in the countryside, terms like "retail graveyards" and "greyfields" have emerged to describe the growing problem of vacant superstores. Local officials are concerned that these outlets breed crime and vandalism, depress nearby property values, and saddle municipalities with financial and legal liabilities. Snellville, Georgia, has three big-box stores sitting empty. In Bardstown, Kentucky, an old Wal-Mart built directly across the street from My Old Kentucky Home, a state park and major tourist attraction, stood vacant for almost ten years. In Hagerstown, Maryland, a big-box building supply store has moved into a new structure but allowed its previous one across the street to sit vacant for the past five years. In a preemptive strike against big-box blight, Buckingham Township, Pennsylvania, passed an ordinance requiring developers to put money into an escrow account to cover demolition costs in case the superstores they build ever become vacant.[30] Peachtree City, Georgia, requires that contracts between property owners and big-box tenants state that the tenant may not vacate the building and then prevent the landlord from leasing the property to another tenant.[31] Under an agreement negotiated by Evanston, Wyoming, in 2001, a big-box retailer must help the city find tenants for a store it vacates so that it won't just stand empty.[32]

Limits on the size of stores offer an increasingly popular way to prevent

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overbuilding, which often overwhelms communities with vastly more retail space than they can absorb. From Walpole, New Hampshire, where stores are capped at 52,000 square feet, to Coconino County, Arizona, where they are limited to 70,000 square feet, communities across the country have adopted limits on the size of big-box stores.[33] Another promising approach is to limit the footprint of new stores. Gaithersburg, Maryland's ordinance allows larger stores, but limits their footprint to 80,000 square feet.[34] This policy has resulted in several two-story big-box buildings. Likewise, multi-story big-box retailers can be found in New York City, Chicago, Seattle, Pasadena, and other communities.

Intergovernmental Agreements

One of the biggest challenges facing communities arises when big-box developers pit adjoining jurisdictions against each other. Many towns fear that if they impose any conditions on big-box superstores, the stores will simply move to the neighboring community, where anything goes. Their neighbor gets all the sales and property tax revenues; they get all the traffic. State law can help towns avoid becoming pawns in intergovernmental bidding wars.

Acting pursuant to Oregon policy, Hood River (a small city on the Columbia River Gorge in Oregon) has executed an Urban Growth Management Agreement with the County of Hood River that requires the county to adopt regulations similar to those of the city.[35] The city's big-box ordinance includes tree-planting requirements intended to break up the "sea of asphalt" look in parking lots, and a ban on stores with footprints of over 50,000 square feet.[36] As is true elsewhere in Oregon, city policy prohibits sewer line extensions outside designated urban growth boundaries unless a health hazard exists.[37] To avoid "leap-frog" development (random development that jumps haphazardly over undeveloped areas), Hood River will only annex land that is contiguous to the city.

Planning Moratoria

A number of municipalities have enacted temporary development moratoria to give local planning agencies time to develop standards for the design, location, and size of big-box stores. One example is Fort Collins, Colorado, which adopted a six-month moratorium in 1994 on all stores over 80,000 square feet.[38] Concerned that such operations might create an "irreversible negative impact" on the city, Fort Collins created a special task force comprised of developers, citizens, planners and others to devise design guidelines for superstores. The guidelines ultimately adopted:

- prohibit long blank walls that discourage pedestrian activity;
- mandate display windows, awnings, and other features to add visual interest to the stores; and
- require sidewalks linking stores to transit stops, street crossings, and building entrances.[39]

Another reason for citizen opposition to big-box stores is their design: nondescript, enormous, "off the shelf" buildings set in a sea of asphalt, with no windows, rooflines, or attempt to respect the architectural character of the local community. Thousands of communities have enacted design standards to improve the appearance of commercial development.

More recently, Easton, Maryland, adopted a 90-day moratorium on big-box stores before adopting a 65,000 square-foot cap on such developments; likewise, Rockville, Maryland, used a six-month moratorium to develop an ordinance with a similar cap.[40]

Withdrawal of Subsidies for Big-Box Sprawl

Kenneth Stone, an economist at Iowa State University who has studied superstores for years, is appalled at the number of local governments that actually subsidize these operations. In a 2001 study, he asks, "Is it fair to give taxpayers' money to big corporations that will then use it to help put existing firms out of business?," alluding to a "zero sum game" being played by city governments that dole out financial incentives to big-box stores.[41] "The deck is stacked against local merchants. Nobody speaks up for them."[42] Under its smart growth policy, Maryland has decided it no longer makes sense to force taxpayers to subsidize wasteful and inefficient development, so the state has pulled the plug on subsidies for sprawl. Developers can still build such development, but the state will no longer subsidize the construction of new roads or water and sewer lines to middle-of-nowhere "sprawl sites;" instead, state funds are directed toward designated "Priority Funding Areas," which include existing communities and areas for which new growth is planned by local governments.[43]

The "Class" Issue

A common complaint is that big-box builders often try to pit one class of people against another in their efforts to get controversial projects approved, in an argument that goes something like this: It's "elitist" to oppose big-box stores, which greatly benefit lower income people by giving them high-quality goods at rock-bottom prices. This argument would ring less hollow had retailers not effectively "redlined" older cities and towns, where many low-income people live. The argument would also warrant more credence if big-box stores were more willing to locate in places that are accessible by transportation modes affordable to people with modest incomes. At present, most big-box stores are far from town, totally inaccessible to anyone who is too poor, too young, too disabled, or too old to drive.

However, that situation is not always the case. To its credit, Target's willingness to recycle an empty department store in downtown Pasadena, California, demonstrates that big-box retailers can make a profit and still put stores in locations that are accessible to customers by foot, bus, and car. And in Rutland, Vermont, Wal-Mart drew praise from preservationists for agreeing to recycle a smaller than usual store (a former 75,000 square-foot Kmart in the downtown) instead of paving over a farm for an edge-of-town store that would have harmed the city's downtown economy.

Making Choices That Save Communities

Can't we have stores with both low prices and community-friendly design? Of course we can. Communities have choices. They can put policies in place that will enhance their ability to negotiate for the kind of development they want, or they can adopt an "anything goes" policy and be at the mercy of whatever comes along. Retail chains have choices, too. They can insist on look-alike, big-box sprawl wherever they build, or they can respect the desire of distinctive communities to preserve the scenic vistas, historic places, and downtowns that people love.

For more information on ways to reduce superstore sprawl, see: *Better Models for Superstores: Alternatives to Big Box Sprawl* and *How Superstores Can Harm Communities (And What Citizens Can Do About It)*, both available through the National Trust's web site at *www.nthp.org* (go to Publications); *The Home Town Advantage*, by Stacy Mitchell (Minneapolis: Institute for Local Self-Reliance, 2000), available at www.ilsr.org; and *Better Models for Development*, *by* Edward T. McMahon, at *www.conservationfund.org*.

Notes

1. Telephone interview with Edward T. McMahon (February 5, 2002).
2. Wal-Mart web site *at* http://www.walmartstores.com.
3. Home Depot Annual Report 2000, *at* http://www.homedept.com; Target Corporation Annual Report 2000, at http://www.targetcorp.com/investor-relations; Lowe's Annual Report 2000, at http://www.lowes.com/lkn?action=pg&p=AboutLowes/annualreport&topic=aboutLowes
4. Flier distributed by Urban Conservancy in New Orleans, at www.urban conservancy.org.
5. Advertisement, USA TODAY, April 9, 1999, at page 12A.
6. Joshua L. Kwan, *Mountain View Campaign Attempting to Stop Plan for Home Depot*, THE MERCURY NEWS, *at* http://www.mercurycenter.com (January 14, 2002).
7. Bumper sticker produced by Sprawl-Busters, Greenfield, MA; see http://www.sprawl-busters.com.
8. Linda Mack, *Group Plans to Rally Tonight Against Target in Northfield*, MINNEAPOLIS STAR TRIBUNE, June 1, 2000.
9. Prefiled testimony of Arthur Frommer in *The St. Albans Group & Wal-Mart Stores, Inc., Land Use Permit #6FO471*, June 13, 1994, Exhibit C-8, at page 4.
10. Letter from Naj Wikoff to National Trust for Historic Preservation (April 14, 1994) (on file with the author).
11. JOINT VILLAGE OF LAKE PLACID/TOWN OF NORTH ELBA LAND USE CODE, Part V, Appendix E (Development Considerations).
12. Town of North Elba Planning Board, *Statement of Findings and Decision, Proposed Wal-Mart Store*, January 9, 1996 at page 15.
13. *Id.* at 14.
14. Wal-Mart Stores, Inc. v. Planning Bd. of Town of North Elba, 238 A.D.2d 93 (N.Y. App. Div. 1998).
15. In re Wal-Mart Stores, Inc. 702 A.2d 397 (Vt. 1997).
16. *Id.* at 401.
17. Telephone Interview with Clark Johnson, City Manager, Bozeman, Montana (January 16, 2002); Ron Tschida, *Economic Impact Studies to be Routine for Box Stores*, BOZEMAN DAILY CHRONICLE, Dec. 19, 2001, at page 1.
18. Bay Area Economics, *Economic Impacts Analysis of Wal-Mart Expansion*, at page iv (February 1, 2001), at http://www.bozeman.net/planning/Bozeman%20Wal-Mart%20Impacts%20Study.PDF.
19. City of Cathedral City, California, Design Guidelines (September 1989, amended May 1997); Evanston, Wyo., Ordinance 00-08, Design Review Standards (2000); Cape Cod, MA, *Designing the Future to Honor the Past*, Design Guidelines for Cape Cod, Second Edition, 1998.
20. Telephone interview with Paul Knopf, Director of Planning, Evanston, Wyoming (February 2, 2002).
21. Evanston, Wyo., Ordinance 00-06 (2000) (amending Evanston City Code, Ch. 24, §§ 24-15 (b) and (c)).
22. The "footprint" of a building is defined by the square footage of the ground floor only.
23. Telephone interview with John Lipman, Deputy Director, Cape Cod Commission (January 28, 2002).
24. *Id.; see also* "A Guide to the Review Process for Developments of Regional Impact," *at* http://www.capecodcommission.org/ref.htm.
25. Cape Cod Commission Regional Policy Plan (1996), at page 58, *at* http://www.capecodcommission.org/rpp/rpptoc.htm.
26. *Id.*
27. Telephone interview with Burt Flickinger, III, Managing Director, Reach Marketing (January 22, 2002).
28. *Id.*
29. Telephone interview with Cindy May, Public Relations for Wal-Mart Realty Division (February 12, 2002); *see also* http://www.walmartrealty.com.
30. Buckingham Township, PA, Ordinance 98-02, §5 (1998).
31. PEACHTREE CITY, GA., CODE, Zoning, Article X, Appendix A, § 1006 General Commercial District (1994).
32. Evanston, Wyo., Resolution 01-09, A Resolution of the City of Evanston, Wyoming authorizing the execution of a Memorandum of Understanding with Wal-Mart Stores, Inc. (February 28, 2001).
33. The full text of these two ordinances is available *at* http://www.newrules.org/retail/size.html, along with others dealing with retail stores, including community impact review laws, neighborhood serving zones, and more.
34. Gaithersburg, MD., *Neighborhood Three Land Use Plan*, at page 25 (1997).
35. Telephone Interview with Cory Johnson, City of Hood River Planning Department (February 5, 2002).
36. Hood River, OR., Ordinance No. 1819 (2001).
37. Telephone Interview with Cory Johnson, City of Hood River Planning Department (February 5, 2002).
38. Fort Collins, Colo., Ordinance No. 111 (July, 1994).
39. Fort Collins, Colo., *Design Standards and Guidelines for Large Retail Establishments*, City of Fort Collins Community Planning and Environmental Services (1995).
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41. Stone, Kenneth E., and Georgeanne M. Artz, *The Impact of Big-Box Building Materials Stores on Host Towns and Surrounding Counties in a Midwestern State*, August 2001, at page 28; telephone interview with Kenneth E. Stone (January 14, 2002).
42. Telephone interview with Kenneth E. Stone (January 14, 2002).
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