Adaptive Reuse of Shopping Malls:
Case Study of the Foothills Mall in Tucson, AZ

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Abstract

Dead and dying shopping malls are pervasive in the United States and abroad. What were once proxy town centers, created with the best of intentions during the expansion of cities into suburbs after World War II, are now often a blight on the communities they once served. Although malls remained vibrant hubs of activity for decades, drawing in ever more development around them, the model became diluted, focusing far too much on retail and profit. Ultimately, consumers tired of the mall and directed much of their spending to big box stores, the “category killers,” and their free time to a new “third place,” outdoor lifestyle centers. Shopping malls had weathered downturns in the past, but the advent of internet retailing dealt malls a final blow, one that would be unrecoverable while in their current form. How to deal with these properties is a question for landlords and communities in nearly every municipality in the nation. Adaptive reuse has emerged as a promising solution that utilizes the existing infrastructure, limits the demolition of the site, and renews the vibrant activity that once took place in these “town centers.” The Foothills Mall in Tucson, Arizona (currently referred to as “Uptown” on the Bourne Companies website) is a compelling case study for adaptive reuse. It is a prime example of a shopping mall that once flourished during the growth of a city and then went through two downturns into vacancy. A Specific Plan for mixed-use has already been approved by Pima County for its redevelopment, keeping portions of the existing property in-tact. The literature on shopping malls, their history, golden years, decline, and renewal is reviewed along with industry publications and the Specific Plan. Interviews with industry leaders add insights. Best practices are discussed to support, challenge, and guide future decisions.
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Introduction

“Let’s go to the mall,” words uttered by generations of Americans over the last half-century, which have been heard less and less frequently in the past decade. The American shopping mall was a bastion of suburban life that was part and parcel to the growth of retail consumerism. Part 80’s movie set and part cultural “cathedral to consumption” (NY TIMES Archive and various other sources), just the mention of malls creates nostalgia for a time when consumerism, consumption, and window shopping were not accompanied by thoughts of ethical choices, fears of global warming, or carbon footprints. The indoor shopping mall, with its large anchor department stores, its expansive parking lots, and its outparcel destination restaurants existed because cities, in an effort to provide homeownership to the masses after World War II, were expanding ever further outward toward cheaper land (Goss, 1993). This expansion was made possible as much by the automobile and interstate freeway system as it was by savvy developers seeking a profit. As cities sprawled outward, the inner-city connectedness and vibrancy were lost to proxy urbanism created by smaller, less integrated developments. While these developments were originally intended to serve many of the same functions of “Main Street,” in an effort to maximize return on investment, they evolved primarily into retail shopping centers with one overarching goal; to capture customers, transport them efficiently from one store to the next, and get them to spend as much time, and money, as possible (Goss, 1993).

The first indoor shopping mall, Southdale Center, opened in 1956, in Edina, Minnesota (Gillette, 1975). It was designed by Victor Gruen, whose goal was to create a place that functioned similarly to Main Street, providing goods, services, community, and culture in a climate-
controlled environment (Gillette, 1985). The mall was intended to provide daily needs like markets and health clinics as well as retail. As malls evolved and exploded onto the landscape, developers learned that food, entertainment, and other psychological tactics could attract and keep customers within the premises. More time in the mall meant more money. Economics won out, and eventually, services were replaced with opportunities for revenue. Large department stores became the anchors, and because they drove large amounts of traffic to the mall, being treated as an “anchor” typically meant low rents and large square footages. Their fates intertwined, these anchors and malls were now partnering in success and failure.

For decades, the indoor mall model, in all its various forms, with anchor stores connected by indoor streets of retail, exploded in growth around the country. Eventually, a series of changes in the market from economic downturns to online shopping and consumer fatigue started to impact shopping habits (Rosenbaum, Otalora, & Ramírez, 2016). If the anchors did well, the mall still did well. If the anchors closed, the mall suffered near irreversible harm. As more and more large department stores declined, not even the novelty of fashion shows, the Easter Bunny, holiday carolers, nor Santa Clause could keep shoppers interested and engaged. It was just that, the novelty of shopping in a mall with all its methods for attracting and keep consumers inside its walls that might be part of its downfall. Consumers, in their human condition of seeking novelty, can grow tired of going to the same place, viewing the same things, and experiencing the same environment over and over. It is this decline in interest, the opening of new and different centers down the road, online shopping, and consumers ever-greater desire for health and wellness, which has led to new adaptations of the mall to outdoor lifestyle centers with varying levels of success and failure.
As more malls falter, owners and developers have a choice; either sell the property and let it become anything but a mall or re-invest in the development in some other form. Or, salvage what they can, and re-imagine the experience to create vibrant, attractive, and adaptable places that can weather the ups and downs of markets, the fickleness of consumers, and provide a real social benefit. Developers exist to make a profit, a return on investment (ROI) for their financiers, and a win for their stakeholders, and although offices, residential and other groups serve to provide that ROI, retail, restaurants, and entertainment provide returns and experiences that can be adjusted over time to keep a project relevant. This is at the heart of mixed-use developments, which have seen their share of success but also some failure. It is this failure of well thought out conversions of malls to mixed-use projects that requires investigation. What works? What does not? How best can you create a sustainable project?

Tucson has seen its share of malls come and go - El Con is an example of a recent redevelopment to independent stores on the footprint of the former indoor mall. The Foothills Mall is a good candidate for a case study on the adaptive reuse of indoor shopping malls because it checks so many of the boxes for the study of indoor mall success, failure, and planning for redevelopment. It has been a something of a landmark in the NW Tucson community, serving up a variety of experiences since its opening in 1982. It has seen a decline, renewed hope, and ultimate failure, and yet there is hope that it can be recreated once again to provide a benefit to the community. The sprawl that created it has continued well beyond the market, making its location, with the infrastructure already serving it, ripe for adaptive re-use. Currently, there is a redevelopment plan that has been submitted by the owners of the Foothill Malls, Bourne Properties and FHM Partners, LLC, who want to create a mixed-use project. The Pima County
Planning and Zoning Commission and the Pima County Board of Supervisors have approved the property for re-zoning from a CB-1 (local business) and C-B-2 (general business) to a Specific Plan which allows the owners greater flexibility in uses and heights.

The United Nations Brundtland Commission defined sustainability as “meeting the needs of the present without compromising the ability of future generations to meet their own needs.” The pillars of sustainability are social, economic, and environmental. It is time that mall properties began to meet the social and environmental needs of society as well as the economic needs of the stakeholders. A true adaptive reuse of the Foothills Mall, and other malls like it, can help to eliminate blight, reduce construction waste, and create healthy, fulfilling places that adapt and grow with the communities they serve.
Literature Review

History

Although shopping centers date back to the early 1900s through the 1930s, when centers were created for existing neighborhoods, it was not until the middle of the century that suburban shopping malls as a concept took hold (Gillette, 1985). As developments moved out of the city center, J.C. Nichols, a developer, believed that shopping centers would benefit from additional amenities, including art, entertainment, and landscaping, as well as access to daily needs (Gillette, 1985). Nichol’s development, Nichol’s Country Club, in Kansas City, Missouri, was essentially a residential town surrounding a shopping center with ten integrated shopping areas that included grocery and drug stores (Gillette, 1985). After Nichols’s work, other developers followed suit and continued to experiment with planned developments.

Following World War II and the Federal Highway act, major highways were built, and regional centers began to pop up at the crossroads (Gillette, 1985). With the popularity of the automobile, consumers were well attuned to the difficulties of traffic congestion in the inner city. Hence, developers highlighted the availability of parking and the fact that the pedestrian areas were separated from the traffic (Gillette, 1985).

Regional shopping centers were growing and becoming more popular, but it was Victor Gruen, who had a significant impact on the direction they were headed. (Gillette, 1985) Gruen was an immigrant who fled Austria because of the Nazis. He rose to some prominence by doing “innovative urban storefront designs.” He then became involved in shopping center projects and received further attention for his work on Milliron’s department store center in Los Angeles and the Northland Center in suburban Detroit honing his craft in developing centers that provided
“cultural enrichment and relaxation” (Gillette, 1985). However, it was his next project that earned him his place in the history of shopping malls.

Gillette writes that “Gruen brought together competing department stores, Hudson’s and Allied, to build the huge Southdale Center complex outside Minneapolis, this time around a closed court that was designed at the outset to provide an urban space for citywide activities such as the annual ball of the Minneapolis Symphony. Both as the country’s first enclosed,” weather conditioned” shopping center and as a complex incorporating dramatic public art, including forty-five-foot sculptured trees, Southdale quickly attracted public attention and inspired many imitators” (Gillette, 1985). Thus, it was the beginning of the mall that we are most familiar with, which became ubiquitous across the American landscape, an interior, climate-controlled space, bolstered at each end by large anchor department stores. Unfortunately, the utopian vision of Gruen was ultimately subverted by developers in favor of a model that maximized profit. The next few decades saw less innovation toward community building and a growth in the size and variety of malls that provided an engine for profit. Because developers generate profits from the construction, leasing, and sale of centers, the original ideal was lost in many locations (Goss, 1993). Gillette said it best, “the original intention may have been more noble, but the contradiction soon became apparent, and the dream of community and public place was subordinated to the logic of private profit.” Victor Gruen himself returned to his home city of Vienna disillusioned and disgusted at the greed of developers (Gillette 1985).
Golden Age of the Mall

As indoor malls created a culture of consumerism in the suburbs, it was around this time that the editor of Chain Store Age, S.O. Kaylin stated, “there is no logical place to locate stores but, in the suburbs” (Kaylin 1954; Gillette, 1985). That said, consumers still wanted an experience similar to what previous generations enjoyed in the city centers. In 1972, a report by Architectural Record commented that the growing amount of activities in malls was a “sign” that people did not want to move away from their urban lifestyle. (Jensen 1972; Gillett, 1985). This only supported the number of activities that became associated with the mall. An article published in 2016 about the dark side of experience-seeking mall shoppers cited studies that showed mall entertainment and activities resulted in positive feelings toward the mall and allowed malls a way to separate themselves from competitors (Rosenbaum, Otalora, & Ramírez, 2016). Such was the model of the mall for decades, peaking in the late 80s and early 90s. Interviews with well-known developers like Vintage Partners and Simon support this.

The Decline of the Mall

The same article that highlighted the success of experiential activities at the mall also showed the deleterious effect those experiences could have on the malls. As shoppers who are wired to seek novelty became bored, what was once a positive effect to attract customers, no longer served to encouraged them to spend money (Rosenbaum, Otalora, & Ramírez, 2016). With tactics that once attracted business losing effectiveness, malls suffered. According to one publication in 2017, “approximately one-third of enclosed malls in the US have died or are dying, covering over 13,000 hectares (32,120 acres) or more land area than the cities of Boston,
Massachusetts, or Manchester in the UK.” While the cause of mall failures is multifaceted, one current trend is having a very real effect: e-commerce. Some sources may differ, but a study done by Joseph Tokosh at Kent State University Department of Geography published a report on department store closures. Although his focus was primarily on three brands, Macy’s, JC Penny, and Sears, he cited some very significant statistics:

“According to Zhou and Clapp (2016), the United States is severely over retailed with over 30 square feet of retail space per capita...This suggests that some closures are necessary in heavily retailed areas, especially as online shopping takes an increasing share of the market. As online shopping continues to grow, many retailers will have to develop or expand their online channels alongside their brick and mortar stations to stay relevant (Akbar & James, 2014). At the initial stage of e-commerce growth, US researchers argued that although online shopping posed a threat to brick and mortar property, the threat was minimal. However, as online shopping developed, the threat to commercial real estate intensified. Data on e-commerce (U.S. Census, 2018) support that notion, between 2000 and 2005 online shopping was responsible for no more than 2% of all retail sales annually.

Brick and mortar establishments were able to show little concern for such a small percentage. From 2005 to 2011, online sales remained below 5% annually, and it wasn’t until 2017 that online sales broke the 9% barrier. This figure is expected to surpass 10% in 2018 and the ramifications for brick and mortar stores are apparent, as store closures continue to be announced. Forecasts show that e-commerce could make up 17% of all retail sales in the United States by 2022 (Keyes, 2017). An unprecedented growth which can be attributed to Amazon’s continued dominance in the market. Additionally, goods
sold in department stores are highly popular in online shopping; consequently, department stores are intrinsically vulnerable to competition from e-commerce (Zhang, Zhu, & Ye, 2016).” (Tokosh, 2018)

These statistics highlight the oversupply of brick and mortar retail and the ever-lower demand for it. This is an important consideration for the future of shopping centers. Further study is needed regarding the more recent adaptation of e-commerce where customers may return products to big-box brick and mortar retailers like Kohl’s.

Renewal

The renewal of dead and dying malls is happening all over the United States, and the ways that old malls are being re-used vary from the simple to the surreal. Ellen Dunham-Jones and June Williamson, authors of Retrofitting Suburbia: Urban Design Solutions for Redesigning Suburbs, more recently published an article that highlights some of the more recent uses of mall space. This includes zombie paintball, medical malls and offices, megachurches and ethnic malls, schools, and community colleges. They highlight that, at the time of the article, of the around 1,500 enclosed centers in the U.S., 1,035 are still operating and 196 are in “various stages of complete or substantial redevelopment with a more urban pattern of new building and uses” (Dunham-Jones & Williamson, 2017). Because many dead or dying malls are located in what was once a suburb, but now a city surrounding them, and with access to major roads, the malls are well-positioned to become community centers. Even better is the positive environmental outcome that can be achieved if their current structure can be adapted and reused, saving both materials and labor. (Dunham-Jones & Williamson, 2017).
This renewal and urbanism come with its own set of concerns. When it comes to creating public space that is partially or completely within a private development, one must consider that communities need a place where they can congregate. However, there are inherent risks in private control of assumedly public areas. Studies show that “subtly shifting the focus of community from public good to private gain” constrains democracy (Staeheli & Mitchell, 2006). There is a risk in adopting a model of urbanism where shopping centers are still central to the solution. There can very well be differing opinions between planners and developers on the effectiveness of mixed-use. One study found that “planners employ evolutionary theories of urban development to naturalize their normative visions of walkable and sociable communities. By contrast, developers point to consumer behavior to explain why planners’ ideas on mix do not work. In a society where people shop at big-box outlets, making the local café or pub commercially viable proves increasingly challenging” (Grant & Perrott, 2010). The same study profiled three cities and found that even though they found some success, they still struggled and dealt with their own failed uses after opening. Mixed-use development cannot be approached without a broad perspective. Although policy can direct developers toward a mix of uses, developer beliefs and priorities often differ from those of planners and therefore mixed-use policies may not always deliver the results intended (Grant & Perrott, 2010).

A benefit of mixed-use developments is that live-work-play downtowns command higher office rents and perform better. This supports higher investment in the lower risk of live-work-play developments (Malizia & Song, 2015). Also, in the case of adaptive reuse, because of the amount of available space and parking, the most common use for former malls is office space (Dunham-Jones & Williamson, 2017). However, while commercial office rents being higher is a
good thing for investors, there is a downside to the ability to command higher rents. Mixed-use developments can create an atmosphere of exclusivity. A Canadian study found that mixed-use development “may reduce housing affordability in core areas and inadvertently reinforce the social-spatial inequality resulting from occupational polarization unless supported by appropriate affordable housing policies” (Moos, Vinodrai, Revington, & Seasons, 2018). This creates a situation where city planners are forced to provide options for affordable housing within new zoning regulations. There may also be situations where developers need to be incentivized in order to plan their projects to be more inclusive of lower-income citizens (Moos, Vinodrai, Revington, & Seasons, 2018).
Methodology

This paper researches the ubiquitous problem of failing malls across the United States and their potential for adaptive reuse. It utilizes a mixed-methods approach of empirical analysis and interpretive methods of qualitative and quantitative data, drawing upon “the strengths of both sets of data” (Creswell, 2015). This study will be conducted with an analysis of the trend of failing malls and applied to a case study of the Foothills Mall in Tucson, Arizona. The Foothills Mall is used to illustrate not only the best practices for turning these, often large, properties into sustainable, vibrant, and successful projects without completely scraping and re-building but also what can be done with properties that have failed more than once.

In real estate development, a property that has failed in a particular use more than once becomes an albatross with few investors willing to take the risk of funding further projects in that location. This failure presents developers and cities with a serious and all too complex sustainability challenge. This Foothills Mall was chosen as the case study because it is a great example of a medium-sized mall, in a medium-sized city, with a medium-income level, in what was once a suburb, but is now a property that is well surrounded by established neighborhoods. It saw much early success yet has deteriorated, now twice, into low occupancy and disrepair.

To identify the best practices for adaptive reuse of failing or failed mall properties, there is a requirement to understand their past in order to understand their present condition and future potential, lest the past be repeated. Historical context is provided in the literature review, focusing on the reasons behind their creation, the success of their model, and ultimately, the failure of many. Because this issue is current, the jury is “still out” on what the best practices
truly are in reusing mall properties. There is indeed some evidence for what provides a resilient, enduring and profitable mixed-use development that is a win-win for the stakeholders and the people who live, work, and play there. This is not to say that mixed-use development is the answer to all failed malls. Each site is unique and requires considerable cost-benefit analysis.

To provide a recommendation of best practices as it applies to the Foothills Mall, this paper will review the literature surrounding mixed-use projects and community environments as they relate to planning for adaptive reuse. Sources of information include peer-reviewed articles, journal publications, industry leader reviews, and interviews with professionals in the field. A review of the existing Foothills Mall Specific Plan submittal is included and relied upon for some site statistics. Results and discussion are presented as best-practice suggestions for the ongoing planning of the Foothills Mall property re-development.
Industry Publication Review

Community and Industry-leading groups like the Urban Land Institute and International Council of Shopping Centers publish papers on the status of their respective areas as well as best practices. The following is an introduction to those groups and a review of documentation that adds to the research and discussion of the adaptive re-use of mall properties.

*NOTE: Only direct quotes have in-text citation. All other info is summarized directly from the publications.*

*Urban Land Institute (ULI)*

The Urban Land Institute, or ULI, is an influential organization, a consortium of minds from the design, real estate, legal and planning fields, made up of well over thirty thousand professionals in the land use and development field. On their website, ULI.org/about, they state that “ULI is the oldest and largest network of cross-disciplinary real estate and land use experts in the world. ULI is its members. Through our member’s dedication to the mission and their shared expertise, the Institute has been able to set standards of excellence in development practice.” Their mission, per their website, “is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.” In other words, the ULI is an organization that provides a critical ear for the problems that dead and dying malls face as well as an invaluable voice for sustainable solutions. The ULI has produced documents about the issue of creating healthy and open spaces. Healthy and open space principles are increasingly important to any development that seeks to attract and maintain a vibrant social base. It is this social base that is the bulwark against the fate of many past mall developments. With changes in the building codes, as well as certification systems like LEED and WELL, the health and sustainability of a development have become a priority. This is for a reason. The short and long-
term success of a project directly relates to its design and sustainability. Two of the ULI publications are reviewed here to highlight a few best practices for the adaptive reuse of malls.

_Urban Land Institute – “Ten Principles for Building Healthy Spaces”_

“Physical design affects human behavior at all scales – buildings, neighborhoods, communities, and regions” (Eitler, McMahon, & Thoerig, 2013). ULI’s report on the “Ten Principles” highlights how “Communities designed in a way that supports physical activity – wide sidewalks, safe bike lanes, attractive stairways, accessible recreation areas encourage residents to make healthy choices and live healthy lives. Healthy places, in turn, create economic value by attracting both younger and older workers and appeal to a skilled workforce and innovative companies” (Eitler, McMahon, & Thoerig, 2013). When mall developers invest in the health of their customers, they benefit from more use of their properties. “Numerous studies show that demand for compact, mixed-use, transit-accessible development far outstrips current supply. Walkable communities are in such high demand, in fact, that they achieve from 40 to 100 percent more than traditional, automobile-oriented communities in terms of sales and lease price” (Eitler, McMahon, & Thoerig, 2013). The ten principles are as follows:

1. Put People First
2. Recognize the Economic Value
3. Empower Champions for Health
4. Energize Shared Spaces
5. Make Healthy Choices Easy
6. Ensure Equitable Access
7. Mix It Up
8. Embrace Unique Character
9. Promote Access to Healthy Food
10. Make it Active
With these principles, the ULI provides a roadmap for developers to create successful, vibrant, inclusive, and continuously engaging projects.

“Put People First” focuses on designing around people, not automobiles. Complete Streets is one example of a strategy to put people first. “Complete Streets is a transportation policy that focuses on safe access for all road users – pedestrians, cyclists, public transit users, and motorists – of all ages and abilities” (Eitler, McMahon, & Thoerig, 2013). This planning strategy includes the use of defined lanes, trees, planters, lighting, and furnishings to create a safe and pleasant environment.

“Recognize Economic Value” highlights the shift to walkable communities and the economic impact it has with regard to sale and lease numbers. “Study after study shows that millennials place less value in cars or car ownership, instead spending money on shared experiences such as food, and music and art. A cycling culture has emerged among millennials, who make up the primary market of popular bike-share programs” (Eitler, McMahon, & Thoerig, 2013). “The economic opportunity of healthy places is not limited to large cities. As the tide of the housing collapse recedes, many suburbs, small towns, and rural communities find themselves in competition with one another. Outer-ring communities that can reinvent themselves as healthy mixed-use places will gain a competitive advantage, using active living as a way to attract investment in the community, foster growth, and increase revenues” (Eitler, McMahon, & Thoerig, 2013).

“Empower Champions for Health” stresses the need for community engagement. It highlights how “grassroots leadership is critical to attract resources and energy to secure “buy-
in” throughout the community” (Eitler, McMahon, & Thoerig, 2013). By broadening the base, building a brand, and forging unlikely partnerships with public health (think U. of Arizona), communities and developers can maximize the breadth of impact and the commitment to success.

“Energize Shared Spaces” is the idea of keeping the community or development easy to utilize and engage with. This involves ongoing programming and trying new activities, activities that are easy to implement and take down, as well as fostering an array of public and private programs. Always be planning is the idea.

“Make Healthy Choices Easy” indicates that the citizen or guest should not have to work so hard to enjoy the built environment. Safety, transportation, and experiences should all be obvious and interesting. “Ensure Equitable Access” dictates that the design works for everyone. Inequality is a real problem and developments that seek to remedy that disparity will benefit from a vibrant community.

“Mix It Up” states that “a variety of land uses, building types, and public spaces can be used to improve physical and social activity” (Eitler, McMahon, & Thoerig, 2013). Researching and understanding the services or amenities that currently exist or are needed allows communities and developers the opportunity to incentivize those uses that are needed. Working with planning departments to update and improve zoning ordinances so that they allow for a mix of uses can strengthen the development and the greater community.

“Embrace Unique Character” is exactly what it says. Communities and developers have the opportunity to utilize what is unique to the region, the market, and the site to create an
authentic experience and a sense of attachment to the project. This gives it an identity. “Often, the unique features that contribute to a deep-rooted sense of place are ecological, architectural, historic, or geographic” (Eitler, McMahon, & Thoerig, 2013). An analysis of the assets and the local environmental features can assist planners in creating a place that is readily embraced by the community and visiting consumers alike.

“Promote Access to Healthy Food” seems like an obvious statement, but it can be a challenging task. Healthy food is an integral piece in creating a healthy place. Additionally, “a University of Washington study has discovered that more and more shoppers are traveling by foot or by bicycle and that shoppers are making more visits and buying fewer items on each visit” (Eitler, McMahon, & Thoerig, 2013). By properly balancing smaller grocery type stores, restaurants, and rotating fresh food vendors, developers can create choices and attract a larger base of consumers.

“Make It Active” means just what it says. By creating spaces that allow for activity, “collocating” attractions for all ages, and designing for flexibility, communities and developers can provide an environment where people congregate and stay physically active. “Colocation can be used at offices as well: workplace physical activity programs in the United States have been shown to reduce short-term sick leave and health care costs and to increase productivity” (Eitler, McMahon, & Thoerig, 2013).

*Urban Land Institute – “The Case for Open Space”*

ULI’s “The Case for Open Space” is a small collection of informational statements and case studies that demonstrate how “investments made by the private sector improve community
health, support equitable development, and enhance real estate value” (Urban Land Institute, 2018). “The research team also conducted a scan of peer reviewed studies to uncover the latest empirical evidence on the comprehensive health and financial benefits of parks and open space” (Urban Land Institute, 2018). The case studies themselves are less important than the message the publication conveys. “Active open spaces are proven to deliver an excellent return on investment, often supplying far more in benefits than they cost to construct. These benefits accrue to private development while effectively strengthening communities and opening opportunities for all” (Urban Land Institute, 2018). The addition of open-space elements that encourage a healthy lifestyle creates a compelling story that differentiates a development and provides a competitive advantage. This can result in faster lease-ups or sales absorption as well as loyalty to the project, leading to increased tenant retention” (Urban Land Institute, 2018). The ULI did a survey of successful projects and found that investment in open space can pay dividends by attracting people. One of the case studies, Levy Park in Houston, TX, highlights how a redesigned park, its adjacent development, and year-round programming attracts between 5,000 and 10,000 visitors per week. The park previously drew less than 100. The publication shows several similar examples and further confirmation that open space benefits private developers as well as the public. “79% of surveyed investors believe that open space can act as a “crucial catalyst for economic development” (Urban Land Institute, 2018).

International Council of Shopping Centers (ICSC)

The International Council of Shopping Centers, or ICSC, is a large association of retail real estate development professionals from landlords and investors to tenants. ICSC focuses on the growth of the shopping center industry and provides events and publications for the continued
success and proliferation of retail shopping centers. According to the ICSC website, “Our mission is to ensure the retail real estate industry is broadly recognized for the integral role it plays in the social, civic and economic vibrancy of communities across the globe. Founded in 1957, today we are a 70,000-member network joined together in one vibrant global community”. Envision 2020 is an ISCS initiative to help landlords and developers cope and thrive with the rapidly changing dynamics impacting brick and mortar retail, the growth of online shopping, and the economics associated with current trends in development. ICSC’s report on “The Future of the Shopping Center Industry” is a vital component to understanding the issues facing developers.

*International Council of Shopping Centers – “The Future of the Shopping Center Industry”*

The publication, “The Future of the Shopping Center Industry,” is the culmination of the ICSC’s Envision 2020 Process to “Characterize the future state, conduct research, recommend a course of action, and resource for change” (ICSC, 2015). This process produced eight “Bold Statements”:

1. Unification of Bricks-and-Mortar and Online Retail
2. Unprecedented Intimacy with the Consumer
3. Conversion of Shopping Centers Into Communities
4. Mall Environments that Engage Millennials
5. Incorporating Distribution Into Shopping Centers
6. Accelerated Developer-Retailer Collaboration
7. Emergence of a New Blended Rental Model
8. Arrival of a Retail – Friendly Investment Outlook

Although they are somewhat obvious, these “Bold Statements” are supported with additional information within the publication. A review of that information follows.

“Unification of Bricks-and-Mortar and Online Retail” highlights that “a hybrid form of commerce is emerging, one, in which shoppers move seamlessly between the physical and digital worlds of retailing as they research products and make purchases” (Hertz, Robaton,
Mander, & Contini, 2015). As retailers and shopping centers seek to bolster their brands by offering an online presence, so too are online retailers working to establish physical stores in order to better communicate their brands.

“As Unprecedented Intimacy with the Consumer” highlights integrating technology within the development and pushing it to reach beyond that. It also means focusing on the needs of the consumer. “As they vie for the attention of time-starved, tech-savvy consumers, shopping centers are coming to look, feel and function differently than the retail fortresses of yesteryear. From a leasing standpoint, many landlords are keen to add so-called experiential retailers and restaurants, including popular local and regional concepts that appeal to millennials. Hotels, health clubs and other non-traditional tenants are becoming more prevalent, as are thoughtfully designed public spaces for recreation and entertainment” (Hertz, Robaton, Mander, & Contini, 2015). Additionally, a Kimco Realty study found that visitors who use wifi stay twice as long. (Hertz, Robaton, Mander, & Contini, 2015). This incentivizes malls to connect with consumers in many ways.

“Conversion of Shopping Centers Into Communities” highlights that malls need to integrate with the community rather than simply existing in an enclosed box surrounded by parking. The “ultimate goal was to create a third place” (Hertz, Robaton, Mander, & Contini, 2015). The “third place” being somewhere people spend time outside of work/school or home. There is evidence that third places not only provide people with a proxy community but also provide developers a sound return on investment though higher rents and a committed audience.
“Mall Environments that Engage Millennials” means focusing in on those whose ideals, habits, and opinions are shaping the conversation and the retail environment. This can vary greatly. “Real estate is a social science. Investors need to understand consumer behavior to understand the rationale behind their assets” (Hertz, Robaton, Mander, & Contini, 2015).

“Incorporating Distribution Into Shopping Centers” highlights the need for flexibility in getting products and services to the consumer. “The new shopping center model will combine traditional retail options with physical distribution points designed to fulfill brick-and-mortar and e-commerce orders” (Hertz, Robaton, Mander, & Contini, 2015).

“Accelerated Developer – Retailer Collaboration” highlights the fact that developers and retailers have an opportunity to work together through technical integration. “There need to be sound policies and protection mechanisms in place, but enhanced data sharing will give both sides an ability to work together to give a much better experience to the consumer” (Hertz, Robaton, Mander, & Contini, 2015).

“Emergence of a New Blended Rental Model” means that rents will no longer be based solely upon the physical real estate itself but will be considered as part of the broader relationship. “As retailers and landlords fully embrace the omni-channel world, we are likely to see new lease models emerge, with the range of models commonly employed being more dynamic to suit different circumstances. The range of potential models includes more traditional approaches such as fixed rent, and base plus percentage rents; enhancement of these models by including a proportion of click and collect and in-store online sales in the percentage rent” (Hertz, Robaton, Mander, & Contini, 2015).
“Arrival of a Retail-Friendly Investment Outlook” suggests that there is significant interest from investors in retail developments even with the paradigm shift. “But don’t expect an initial rush of investment in new property formats, such as those containing apartments, hotels, or other non-traditional uses of space,” said Jim Costello, as senior vice president at Real Capital Analytics. “Lenders are conservative, and they want to see results first. The problem with new retail formats is that we don’t have existing benchmarks” for performance, said Costello” (Hertz, Robaton, Mander, & Contini, 2015).
Review of Foothills Mall Specific Plan

General Outline

The Specific Plan was prepared for FHM Partners, LLC of Tucson, AZ by Lazarus, Silvyn & Bangs, P.C. with assistance from Cypress Civil development and M. Esparza Engineering, LLC, all located in Tucson, AZ. The plan was submitted to Pima County Development Services Land Planning and Regulation and approved by the Board of Supervisors on September 18th of 2018.

To start, the Specific Plan introduces the project, provides a compelling argument for the vision, and provides a description of how the physical and human infrastructure will meet the Pima Prospers Comprehensive Plan Initiative. “Pima Prospers” is Pima County’s Comprehensive Plan Initiative. The substance of the Specific Plan is in the Land Use Proposal and consists of the following:

A. Project Overview
B. Permitted Uses
C. Prohibited Uses
D. Development Standards
E. Landscape Program
F. Hydrology
G. Transportation and Circulation
H. Utility Infrastructure
I. Sign Program

The Specific Plan then provides sections on Implementation and Administration, a Site Inventory, References, and Exhibits. For the purpose of this review, Key Findings for each section of the Land Use Proposal will be briefly presented for analysis against the literature on the subject of adaptive reuse and mixed-use projects.
Land Use Proposal Key Findings

A. Project Overview

- The vision is “to create a true destination—a live/work/play, multi-modal experience for the region.”
- Implement the vision over the next “15 to 20 years.”
- “flexibility for the Owner to respond quickly to consumer demands and market needs.”
- “Property is unlike any other in unincorporated Pima County.”
- “Uniquely situated to take advantage of existing infrastructure.”
- “Major infrastructure in place – roadways, water, sewer and drainage facilities—to immediately support a multitude of opportunities and mix of uses.”
- Location along La Cholla Blvd. between Magee and Ina is serviced by arterial streets and bus transit.
- “The Owner envisions a complete redevelopment of the Property with a focus on a mix of uses, including entertainment, housing, office, retail and hospitality uses, that work synergistically to energize the Project and offers amenities to the surrounding community. This Specific Plan proposes a complete redesign and modification of the existing 620,000 square-foot building space, the addition of new and complementary uses, and the creation of linkages between uses to support its function as a single Project.
- The existing renovated movie theater will “remain a key component” of the development.
- Potential additions include “a bowling alley, gathering and event space(s), a children’s splash pad, and a venue for live musical performance.
- “The Project will continue to exhibit a strong retail component.”
- “Multi-family residential is a critical component of the Project” and the SP references documentation supporting the interdependent relationship between mixed-use and housing.
- “Higher-density office complexes and hospitality uses are also proposed.”
- Desire to achieve a “town center” synergy as “moderately intense uses are already established on the Property and surround it on all sides.”
- The “Specific Plan permits residential; office and hospitality uses to be 120 feet or up to 10 stories.” The SP refers to similarities at Top Golf and Northwest Medical Center.
- “The goal is to become a destination that attracts visitors and provides the amenities and dynamic activities that will keep FHM active the entire day.”
• The SP “aims to create an environment that encourages being outdoors and where a variety of daily activities are all located on a walkable (or bikeable) campus.” There is a desire to link all the uses within and around the development area as well as to the Loop trail system.
• There is a “sea of surface parking” which meets current zoning, but the parking will be revised to match the development and parking structures could be utilized to add density.
• “Flexibility and Response to market conditions are key to the success of this Project.” There is a phasing to this project that is not yet well defined.
• Conceptual site plans and renderings are provided but are not very detailed. Sizes and locations of buildings are for conveying the idea only. See Appendix for sample images.

B. Permitted Uses
• “The Specific Plan proposes a single land use category that encompasses the entire Specific Plan area. Unless modified in this Section, all uses within County CB-2 Zone are expressly permitted.”
• Additional permitted uses include Artisan Residence, Commercial Recreation, Conference Facilities/Banquet Rooms, Craftwork, Farmer’s Market/Craft Events/Fairs/Bazaars, Instructional School, Lighting Manufacturing/Research and Product Development, Live/Work spaces, Brewery, Outdoor Recreation, Open Space, Distribution Center/Delivery Services, Self-Storage, Vehicle Rental and Sales. Definitions are provided.

C. Prohibited Uses
• The list includes Adult Oriented Business/Adult Activities Facility, Cemetery, Feed Lot, and Industrial Uses not otherwise listed.

D. Development Standards
• Property to be considered a single Parcel.
• “Setbacks shall not apply for any internal lot lines.”
• Buildings limited to 80 feet in height unless office, residential, or hospitality where the height is raised to 120 feet or 10 stories.
• First 2 stories can include any permitted use.
• Building setback vary by height and location on the site from 15 feet to 150 feet.
• Parking space requirements per use are presented but variation from those may be submitted for approval with justification and consideration of operations times (dayparts).
• Bicycle parking at 1 space for 15,000 SF of GFA

E. Landscape Program
• Design to meet existing County Zoning Code.
• Irrigation to be connected to existing potable water system.
• “Passive rainwater harvesting techniques will be implemented to supplement irrigation when and where practicable only. New and redeveloped landscape areas will be designed to utilize harvested stormwater.”
• Technology for efficient watering and management will be utilized.
• Features that use groundwater will be limited in size to 300 square feet unless otherwise approved.
• Splash pads are exempt from the 300 square feet restriction.
• “Interior streetscape and Project amenities and furniture shall be provided at the sole discretion of the Owner.”

F. Hydrology
• The site is 90 percent impervious with an existing storm water lines tied to city stormwater system.
• There may be a “slight reduction” in flows from added landscaping and development increases in pervious surfaces.
• Analysis for total roof and site drainage will need be done during development to see how it will impact existing infrastructure.

G. Transportation and Circulation
• Property was designed as a regional shopping center with “retail as the primary use.” A new mix of uses will impact traffic.
• A traffic impact study was done, and further studies will be completed as design of the development moves forward.
• Alternative modes of transportation are being considered and are expected to influence future parking planning.
• Existing roads will need to be updated over the next 20 years so coordination between public and private will be ongoing.
• “Onsite circulation must be carefully managed to promote pedestrian and bicycle use.” Linkage within and outside of the property will need to be created, including to the Loop trail with County assistance.
• Dedicated pick-up and drop-off location will be considered for “on-demand” services like Uber and Lyft.

H. Utility Infrastructure
• On site utilities are substantial as the property was previously developed.
• A change in the mix of uses and an increase in density will require careful analysis of impacts during the planning and design stages.

I. Sign Program
• A multitude of sign types are allowed. Billboards are prohibited.
• In general, signs facing the exterior of the project will need to meet both Owner and County Development requirements.
• Signs facing the interior of the project will fall under Owner approvals.
Questions

The following are questions that should be understood before project programming begins:

- What is the basis for a 15 to 20-year development plan? Is this due to the site specifics, Tucson planning, or economics? In the interim, do you foresee short term activation of undisturbed portions of the property, including parking areas?

- What was the inspiration for the program standards, i.e., building heights, setbacks, parking counts, etc.? Does the grade change from La Cholla Boulevard to the site finish floor elevations influence the massing of the project?

- Various uses are allowed, including industrial, lighting manufacture, and artisan residence. What is the vision for this portion of the project, and are there already uses being earmarked as some are very specific?

- How will this development best connect to the existing Loop trails? The nearest public right-of-way locations are West Magee and West Ina. The nearest intersection to the Loop is at West Magee Road and North Shannon Road, and the second closest is at West Ina Road and North Camino de la Tierra. This will take a public -private partnership to connect the project to the Loop.

- What is the status of the Barnes and Noble in the short and long term and how will this affect the project timeline as well as any municipal or education uses?

The Specific Plan Land Use Proposal is a comprehensive document outlining the parameters for a project that will be in development over a significant time frame. This serves as a foundation for analysis against the historical information and best practices outlined in the preceding pages.
Discussion

Dead and dying mall properties require careful study when deciding their fate. There may be multiple solutions for a specific site from a full scrape and starting over to adaptive re-use, and several choices in between. The sustainability of adaptive reuse is well documented. It salvages resources, provides continuity to the community, and limits the impact of new construction. The Foothills Mall Specific Plan outlines a plan for 15 to 20 years of development. Overall, the intent of the plan is well laid out and is comprehensive in its scale and scope. Limited detail was provided on exact solutions due to the early stage of the proposal and allows the developer some flexibility to modify the plan as conditions change. Although questions remain as to the background and intent of some positions in the Specific Plan proposal, it falls very much in line with the recommendations covered in the preceding pages from the literature to the Urban Land Institute and International Council of Shopping Centers publications.

The ULI focuses on the community as a whole and win-wins for the public and private sectors. The ICSC focuses on how to help shopping centers attract and retain tenants and consumers. To those ends, the intent behind and tone of each organization's publication is vastly different, yet they arrive at the same conclusion; integrating a mix of uses, creating healthy and vibrant spaces, and merging public and private benefits can accomplish the goals of sustainable developments that are equitable, diversified, and flexible enough to last. Businesses seek profits for their stakeholders, and communities seek health, safety, and prosperity for their constituents. These goals are not mutually exclusive. Where once, developers sought to maximize their return on investment by packing in as many leasable square feet into a project as possible, the paradigm has shifted to rents being higher per square foot when there is more
open, active space for consumers to enjoy. The small investment in community building endeavors like parks, bikeways and farmers markets, gives stakeholders a firmer foundation on which to develop their lifestyle centers. These mixed-use communities should have a better chance at standing the test of time than the previous, distorted version of what the original indoor shopping mall was intended to be. The use of public-private partnerships creates a win-win project, that is also a triple bottom line victory for the people who live, work, and play there.

While the vision and goals of the project align well with the best practices thus far in the industry, careful study of the demographics, the psychographics, and the economics of the area will be highly important here, as they are anywhere a mixed-use development. A quick internet search revealed some public concerns over the heights of the buildings impeding view, so the desert and mountain landscape, something that is highly valued in the area. However, there is some precedent for this and to create a truly dense city center, some concessions must be made. This goes both ways. Even though a 120-foot building is now allowed, does not mean it must be created. Turning weaknesses into strengths like proper positioning of buildings to frame view and open space view corridors may be acceptable solutions. Balance is key. Because the Foothills Mall Specific Plan references a 15 to 20 year timeline, there is an tremendous opportunity to utilize the existing parking as rotating open space for farmers markets, festivals, and other “fail-fast” initiatives that will draw in people and act as test site for the pulse of the local and regional markets which in turn can help the developer with the curation of tenants.

Wal-Mart, with its inexpensive retail and grocery, is adjacent to the site. Although this could be viewed as a weakness, it does provide a bottom-line starting point for curation of food choices and fills a space within the overall project food programing. Because general, or even
discount, grocery may not be needed, the new development can focus on boutique, specialty grocery as well as fresh farmer markets to round out the offering. Fine dining, casual, fast-casual, and QSR restaurants could round out the offering, and rotating destination features like food halls and food trucks could keep the dining options interesting and on trend.

Although landlords, developers, and the ICSC focus an enormous amount of energy on the idea of Millennials as a subset of the population driving the industry, the more important realization may very well be that malls, shopping centers, or lifestyle centers are parts of the community. In order to serve today's communities, integrating technology will be key to servicing every age group. Further, giving e-retailers and other non-traditional companies a foothold in the brick-and-mortar shopping center world allows for synergy between brands and communities that may provide a path to affect change within those e-retailers as they are no longer so distanced from the communities they serve. Even if retailer intentions are not so noble, the proforma/ROI model for shopping centers is being changed as quickly as the retail world. Old norms of gross or per foot rents will evolve to account for all the income potential and liability associated with a much more dynamic shopping experience, including e-commerce, distribution, returns and digital marketing. Foothills Mall appears to be preparing for this and will benefit from doing so.

The Specific Plan mentioned that the recently remodeled AMC movie theater would remain a part of the new mix. Barnes and Noble is another existing tenant that appears in the conceptual renderings and on the plan. The fate of Barnes and Noble, once a category killer itself, lies in its ability to reinvent itself as it has seemingly done for the past several years with moderate success. E-readers and educational toys have replaced volumes of books. In an
interview, Bobby Williams, founding partner of Vintage Partners, an Arizona based developer, commented that “they can’t compete with Amazon, obviously, so they need to make changes and I think they are doing that in trying to make it more experiential and less about low price. This aligns with the thoughts of Kevin Korthuis of Simon Malls who, in an interview, stated that “I like books and would rather have a book versus a tablet, but having said that, I travel a lot, so I use a tablet...by the same token, there is a romanticism about books, one that people will always have for them.” Both Bobby and Kevin revealed a romantic connection to books and bookstores that, combined with continued re-invention, may assure their continued existence in mixed-use developments like the Foothills Mall. The inclusion of bookstores, like Barnes and Noble, can help to create a vibe and identity that connects the past with the present.

Regarding transportation options, serious consideration of project density and transport methods is imperative. Bicycles are an important part of the Tucson Metro and Pima county initiatives. A bicycle parking of 1 space per 15,000 Gross Floor Area (GFA) seems light considering that would be one bicycle space for 5 Chipotle Restaurants worth of area. However, not all occupancy uses are so intensive as restaurants with high occupant loads, so a 1:15,000 ratio could still provide essential bicycle parking to service the Loop system if GFA calculations are truly GFA, not Gross Leasable Area and take into account all hardscape on the site. Also, the impact of being on bus routes can be misleading as ridership habits need to be outlined. It is vital to have bus service for a vibrant and equitable project. The study, and possibly revision, of those routes, is essential to assure that they are truly providing the access that lower-income families need in order to benefit directly from the development.
Landscape plans appear to be pretty typical for mixed-use developments, but considering Tucson’s location in the desert Southwest and the existing grade of the space, there could be opportunities to utilize on site storm water retention and low impact development with native species to limit the need for irrigation. The developer should include these sorts of passive systems into the functional and aesthetic designs of the project.

The Foothills Mall adaptive reuse will benefit from creating a sense of place that relates to the desert environment and the greater Pima County culture and aesthetic. Attracting people to a shopping center can no longer be about gimmicks. It must be authentic. The tenants that are selected to be a part of the development must understand this as well. Involving tenants in the success of the overall project is key to creating a unique and well aligned identity. Now, more than ever, landlords, tenants, and communities must understand that their success is intertwined and contingent upon what is best for all of them. There is much evidence and support that a mix of uses, a mix of lease terms and types, outdoors space, an array of activities, some consistent and others varied, multiple food choices, retail that is integrated with online shopping and distribution, and a unique character that fits the location is as a recipe for success. Combining this with community connectivity, civic and municipal facilities, and any other use that is not conveniently located in the trade area can make the Foothills Mall a true town center.
Conclusion

“Today, college graduates are clustering in America’s most vibrant and active metropolitan areas. Active cities have become magnets for skilled workers and the millennial generation” (Eitler, McMahon, & Thoerig, 2013). For Tucson, with a major education and research institution in the University of Arizona and a robust community college system, keeping these skilled workers in the community after graduation and retaining their talents is a must. Mixed-use developments like the proposed adaptive re-use of the Foothills Mall can provide a dynamic environment that attracts talent from across the country while also enriching the surrounding area. Furthermore, the adaptive reuse of suburban shopping mall properties like the Foothills Mall can bolster the communities that they once served by facilitating renewal, limiting sprawl and waste, supplying a vibrant third place, and creating a sustainable solution to a real problem. A full cost-benefit analysis, as well as a project proforma, needs to be completed, considering all existing infrastructure, available resources, and opportunities for a cohesive mix of uses. It is genuinely a multi-variable equation, part art, part science. Community buy-in is imperative for a successful outcome. Providing a unique and vibrant third place by implementing enduring links to the community, physically and emotionally, can create a project that is a win for everyone.

Limitations

The breadth of the topic of dead and dying malls and their adaptive reuse is extensive. This paper is limited in its scope to focus primarily on the history, proliferation, decline, and re-use of malls utilizing best practices as defined by industry organizations. While the Foothills Mall
Specific Plan was approved, the planning is ongoing. The developer was briefly spoken with about the project, but a formal interview was not conducted due to scheduling conflicts.

**Future Research**

Further study of each potential use, the associated data, and statistics, as well as the potential return of investment for each use, and an assembly of uses, is required to prepare a substantial program for the development. Potential uses for in-depth study include co-working, food halls, food trucks, entertainment venues, gyms, hotels, education, healthcare, municipal services, civic uses, multi-family, and religious or secular congregation facilities.

In consideration of the current pandemic and its impact on society, the information presented will need to be re-examined prior to reliance on this data for future programming.
References


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Appendix

“Height Study Perspective” - Source: Approved Foothills Mall Specific Plan

“Height Study Concept Plan” - Source: Approved Foothills Mall Specific Plan

“Artistic Rendering A” - Source: Approved Foothills Mall Specific Plan
“Artistic Rendering C” - Source: Approved Foothills Mall Specific Plan

“Artistic Rendering D” - Source: Approved Foothills Mall Specific Plan