



Make Way for Mixed Use

IN PAST ISSUES, I have frequently bemoaned our cultural affinity for simple solutions to complex problems and reminded readers that there is no easy fix for the housing affordability crisis. But in the spirit of New Year's resolutions—and recognizing that it's easy to pillory “flavor of the month” solutions and harder to put forth viable alternatives—I'll take a stab at describing an approach to housing that I think *can* be effective.

Complex problems need to be attacked on multiple fronts. To confront the affordable housing crisis, we need to do three things, at a minimum. First, we must defend and preserve our current stock of affordable housing. Second, we must identify and fix systemic problems that impede our ability to produce new housing. Third, we need to identify and cultivate new opportunities, incentives, and approaches that expand our productive potential and facilitate production.

We need to build a portfolio of solutions with multiple policies in each of these categories. This issue of *Land Lines* documents a few ways policy makers are doing that. It includes a feature on the increasing calls for zoning reform at the state level—and local resistance to those calls—by Anthony Flint. Loren Berlin offers a story on a heroic undertaking by the Port of Cincinnati to keep the city's single-family housing stock available for purchase by local families and out of the hands of outside investors. Jon Gorey examines efforts to preserve and expand manufactured housing, a mostly overlooked but critical component of the nation's affordable housing supply. For my part, I'll offer a contribution to the third category, a land-centric approach with great potential to expand production: adaptive reuse of commercial buildings.

According to the commerce industry organization ICSC, there are 115,857 shopping centers in the United States. This includes 1,220 large malls (with an average of around 900,000 square feet of retail space and 70 acres of land); 68,936 strip malls (averaging 13,000 feet of retail space and two acres of land); and thousands of other discount centers, factory outlets, and neighborhood centers (accounting for more than 4 billion square feet of retail space and 400,000 acres of land). Even before the pandemic, a significant share of these centers was imperiled by online retail. Real estate insiders have long predicted that one-quarter of large U.S. malls were at risk of closing, and the pandemic only accelerated this decline. Although vacant malls became convenient sites for mass COVID testing and vaccinations, insiders began to predict that more than one-third of large malls would be vacant or abandoned in the next few years.

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Crisis and opportunity are frequent bedfellows. The retail crisis offers what might be our best opportunity to solve the housing crisis. For example, in the San Francisco Bay Area, one of the toughest housing markets in the country, Peter Calthorpe estimates that we could build a quarter of a million new housing units by repurposing underutilized retail space along a

single roadway—El Camino Real—that runs some 40 miles from San Jose to San Francisco through 16 municipalities. This would help alleviate the severe housing shortage in the region, and it would create sufficient residential density to support public transit, contributing to state and national efforts to mitigate the climate crisis. And the residential growth might generate sufficient foot traffic to support multiple commercial uses. With this three-fer, the big question is, why hasn't redevelopment of El Camino Real already begun? Mostly because of multiple manmade, complicating factors.

As I've noted before, redevelopment is much harder than development on greenfield sites. One needs to undo whatever had been done on the site, while orienting multiple stakeholders with different interests toward a shared vision. To make matters worse, there are significant manmade roadblocks. First, adverse fiscal incentives interfere with jurisdictions' willingness to consider changing land uses. Commercial property generates a big share of local revenue, not only through property taxes, but also through the local share of the sales tax and other fees and charges. Residential redevelopment might replace only a small share of the lost revenue. Second, redevelopment projects are difficult to finance. New visionary projects might excite

developers; they signal uncertainty and risk for lenders and underwriters. Third, redeveloping a commercial corridor into residential or mixed-use requires zoning changes, which are notoriously fraught. In the case of El Camino Real, 16 zoning boards would need to approve rezoning for the project to proceed. While it might not require unanimous participation among all 16 cities and towns, a critical mass would be needed for the redevelopment to manifest its potential.

Just because it is hard does not mean redeveloping commercial properties into higher-density, mixed-use developments cannot be done. Each of the noted obstacles can be overcome, and all have been overcome in other places. For example, one of the largest development projects in the country, the Tysons Partnership in Tysons, Virginia, is redeveloping a 2,700+-acre commercial district into a transit-friendly, mixed-use development. The project has been underway for more than a decade and already includes 11 multifamily residential buildings. The Partnership plans to quadruple the residential population of the formerly prototypical "edge city," which housed around 25,000 people but employed around 125,000. They are leveraging four new stops on the Silver Line of the Washington Metro to become the urban center of Fairfax County,



The opening celebration of Crosstown Concourse, a mixed-used development in a former Sears distribution center in Memphis. Credit: Crosstown Concourse.

hoping to become the poster child for the “new new urbanism.”

In Memphis, a Sears distribution center that was abandoned for almost three decades was redeveloped into a “vertical urban village” called Crosstown Concourse. The 10-story building on 16 acres of land now hosts a charter school, a performing arts center, more than 600,000 square feet of commercial space, and 270 apartments. It is already catalyzing new development in the neighborhoods that surround it.

Outside of Seattle, developers are building a new anchor tenant for the suburban Alderwood Mall—300 apartments with underground parking. This will compensate for the loss of their former anchor, Sears; provide much-needed housing in a hugely stressed housing market; and provide a base of consumers to shop in the remaining stores in the struggling mall.

Although they might not be as lengthy as El Camino Real, there are hundreds and hundreds of underutilized commercial corridors across the country. If we could redevelop them as medium-density, mixed-use developments, we could put a huge dent in the current national housing deficit. There is also no shortage of abandoned or underutilized commercial buildings like Sears Crosstown; half-vacant commercial districts like Tysons; and struggling or abandoned megamalls like Alderwood that offer similar prime opportunities for redevelopment.

By my very conservative estimates, if we redevelop 20 percent of these commercial sites to low- to medium-density mixed-use standards (10 homes per acre), we could add 1.1 million new housing units and preserve millions of square feet of commercial space with a better shot at vibrancy. If we redevelop 25 percent of the sites at 15 homes per acre, we could add 2.1 million housing units. And if we could redevelop 30 percent of the sites at 20 homes per acre, we could add 3.4 million new housing units.

This is not a technical challenge. We cracked the code on adaptive reuse decades ago. We need to simplify the process to facilitate scaled redevelopment and establish new, more effective public-private partnerships to get it done. The public sector needs to step up to de-risk projects through accelerated permitting, co-financing, and smart financial incentives. The private sector needs to quit trying to build on virgin land and find more creative ways to redevelop obsolete sites. If you want to visualize the kinds of developments that are possible, look no further than Julie Campoli’s masterpiece *Made for Walking*, published by the Lincoln Institute in 2012. With thousands of sites to choose from, we can establish how to produce and reproduce the kinds of neighborhoods described in the book and reduce the perceived risks of development with each successful project.

The beleaguered commercial sector offers most of the elements needed to address our current housing crisis. It has land that is already served by basic infrastructure—water, sewer, power—and that is usually accessible to transit or otherwise surrounded by parking. It often sits in prime locations. By mixing uses, we offer two huge benefits for the commercial side: workers and customers. But the societal benefits are even more profound. So let’s pursue this strategy, along with single-family zoning reform and affordable housing preservation, and see if we can resolve the national housing crisis once and for all. □

This mixed-use redevelopment in Tysons, Virginia, includes retail, apartments, and lodging. Credit: Tysons Partnership.

