



## Transforming Suburban Business Districts - Smart Growth's New Frontier

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I'd like to thank each of you for taking time out of your busy schedule to come together and explore Smart Growth's New Frontier - Transforming Suburban Business Districts. These two books were the result of ULI's first major research study completed after September 11, 2001. Copies of these books were on display in the foyer. If you'd like to order copies of either book, all you have to do is fill out the form and give it to me before you leave. These two books explore Smart Growth's New Frontier— Transforming Suburban Business Districts.

This PowerPoint presentation and address was prepared by Geoffrey Booth, Director, Retail Development, ULI - the Urban Land Institute, Washington, D.C., U.S.A. on Thursday June 6, 2002. The assistance of ULI's Nancy Stewart, Gerri Tennyson and Lyante Anderson is gratefully acknowledged. Authorization is hereby granted to use this material with full acknowledgement, to advance the Urban Land Institute's mission to provide responsible leadership in the use of land in order to enhance the total environment. For further details on this subject contact Geoffrey Booth at [gbooth@uli.org](mailto:gbooth@uli.org) or telephone 202.624.7038.

*(Slide 2 – Why Bother...)*

Now some of you will no doubt be asking, why would you bother Transforming Suburban Business Districts?

Well, it's all about quality of life—our life and our lifestyle. The key to successful community building is to understand the psyche of our fellow citizens and move deftly to satisfy changing market demands and needs in the real estate places we create. We are looking for more vibrant, pedestrian-friendly, live-work-shop places, not just in our cities but also in the suburbs—making such places the emerging focus of smart growth. Currently such places are in short supply.

Most suburban business districts encompass:

1. A disparate group of isolated uses with little or no integration;
2. A transportation system that lacks choice and is automobile oriented;
3. An environment hostile to pedestrians; and,
4. A near total absence of civic identity.

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We simply don't have the resources to keep building and rebuilding our suburban business districts until we get it right. We must make more efficient use of our community building resources. As a wise man once told me early in my career: "You only get so many breaths in this life – and you shouldn't waste one of them."

*(Slide 3 – It's All About Securing...)*

Our overriding objective in Transforming Suburban Business Districts is to secure the Place-Making Dividend. Not just a sound real estate return but also one that carries with it tangible benefits to the community and for government finance. There are no losers with the Place-Making Dividend. Everyone is a winner.

*(Slide 4 – The Place-Making Dividend...)*

(The Community) The Place-Making Dividend accrues to the community in the form of a special place in which we feel comfortable, secure, and which lifts our spirits. Such places form a bond or attachment that triggers a subliminal habit of repeat visitation and "ownership" of that special place.

(The Government) The Place-Making Dividend accrues to the government in the form of secure and growing tax revenues; and,

(The Real Estate Investor) The real estate industry gets its Place- Making Dividend from increasing rents and sales that directly translate into higher capital values.

*(Slide 5 – Remember, We are the Market!)*

You and I are the market. One of the great ironies of life is that the anti-globalization protesters are part of the market to which they object. The decisions you and I make every day affect the future form of the cities in which we live. If we drove to this meeting today instead of coming by transit, or walking, we contributed to traffic congestion, thereby strengthening the case for increased road construction. We made a decision that affected the future form of the city. As you can see from this simple example, the market is not some abstract entity; it is you and I. Change the way you and I behave – or the quality of place we demand – and you are changing the market. You and I are far more powerful than we realize. It's time we exercised this power with deliberation and purpose.

*(Slide 6 – The Privatized Public Domain)*

(Photograph on the left is the town park in Rockville town center in Rockville, Maryland, and the photograph on the right is the Starbucks coffee shop in Tyson's Galleria shopping mall in Tyson's Corner, Virginia)

When we all jumped in our cars and moved our shops, workplaces and families to the suburbs, we privatized the public domain. Community meeting and greeting places began to form part of private property—enclosed shopping malls, the bookstore, and the coffee shop. Around the same time we, as a community, stopped investing in civic spaces, parks and sidewalks. We are now realizing that such quality public domain space is a vital prerequisite for a healthy and happy community.

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In most suburban business districts, however, quality accessible public domain space doesn't exist. We became more interested in merely building space to lease rather than creating integrated places in which our community, our governments, and our real estate industry could prosper on a sustainable basis.

*(Slide 7 – Who Wants This?)*

(Photograph of highway strip development on U.S. Route 1, Prince William County, Virginia)

*(Slide 8 – When You Can Have This!)*

(Photograph of CityPlace, West Palm Beach, Florida)

*(Slide 9 – Who Wants This?)*

(Photograph of the BART station surface parking lot at Pleasant Hill, California)

*(Slide 10 – When You Can Have This!)*

(Photograph of parking garage in downtown Walnut Creek, California)

*(Slide 11 – Who Wants This?)*

(Photograph of existing waterfront development along the banks of Snapper Creek in Miami, Dade County, Florida)

*(Slide 12 – When You Can Have This!)*

(Artist rendering of potential redevelopment along the banks of Snapper Creek in Miami, Dade County, Florida)

*(Slide 13 – September 11—The Passing of an Era)*

(Photograph of downtown Manhattan skyline pre-9/11/2001—taken Christmas 2000)

There is no doubt that the attack and resulting devastation of 9/11 had a profound effect on each and every one of us. Those who profess otherwise are completely devoid of feeling and human empathy. Instead of turning away and hiding from each other, we turned to each other for support - and more important - to give support.

Attitudes of “Greed is good” and “It’s all about me” were consigned to the dustbin of the 80's and 90's. A renewed appreciation of, and yearning for, community made a comeback early in the twenty-first century. This is not to say that it was all because of 9/11; but there is little doubt that this horrific event brought these emerging trends sharply into focus and gave them a sense of urgency. Post 9/11 consumer spending held firm. And despite some very poor movie offerings and Chapter 11 woes, many cinema chains recorded their best-ever attendances in the calendar year 2001. We are seeking out places close to home that are safe, secure, and inspirational where we can come together and re-engage.

*(Slide 14 – From the Age of Separation)*

(Photograph of Tyson’s Corner, Virginia)

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We are witnessing a paradigm shift in metropolitan America from the Age of Separation to the Age of Connection.

*(Slide 15 – To the Age of Connection)*

(Photograph of Rosslyn town center, Rosslyn, Virginia)

We are demanding more from the metropolitan areas in which we live. We are no longer satisfied with the patterns of life in which we engaged in the later half of the twentieth century—that of living, working and shopping in separate places and commuting on increasingly congested roads from one use to another. These patterns are now out of step with how we wish to live. The transformation of suburban business districts facilitates a new form of community building, one that relies on both the vertical and horizontal integration of office, retail, residential and community uses to create places that we find so special and irresistible that:

- 1) We visit them again and again;
- 2) We invest in them; and,
- 3) We choose to reside in them.

This new age can mark the turning point for smart growth in the suburbs, one in which the focus of the land use industry moves to the creation of pedestrian-friendly places that lift the spirit—special places that have been:

- 1) Designed;
- 2) Built; and,
- 3) Maintained – to satisfy the full spectrum of human needs and aspirations - from the mundane to the inspirational.

*(Slide 16 – What’s Driving the Sea Change?)*

There are a number of factors driving this market sea change:

- 1) Demographics/New Life Style
- 2) International Travel/Education
- 3) Congestion/Transportation
- 4) Choice
- 5) Security/Stand-Alones Are Targets
- 6) Obsolete Buildings/Rebirth

*(Slide 17 – Demographics/New Life Style)*

(Graph of Trends in U.S. Households 1960 to 2000—Source: Population Reference Bureau)

The 2000 U.S. Census has confirmed that, “mum, dad and the two kids” represent just over 20% of all households, having fallen from just over 40% in 1960. Non-traditional households are well and truly in the majority. The number of persons per household continues to fall. Our children are marrying later and deferring childbirth, and most interestingly, are defining themselves through live-work-shop places rather than through the suburban dream embraced by their parents.

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A rich ethnic mix is bringing with it many new and exciting experiences and choices to enrich our life style. And the aging baby boomers are moving into the post child-rearing years to the enjoyment of new lives, rich with cultural and recreational pursuits, and funded by an affluence not shared by previous generations.

*(Slide 18 – International Travel/Education)*

(Photograph of shopping center at 2 Rodeo Drive, Beverley Hills, California)

This growing affluence has allowed an unprecedented number of people, both young and old, to travel internationally. Combined with significantly higher levels of education, there is now a demand for a richer range of choice in the places in which we live, work and shop. The Europeanization of retail places in America is a very cogent case in point. The enclosed fortress mall surrounded by a sea of asphalt is no longer doing it for many shoppers. Many of us are looking instead for the hitherto lost intimacy of the main street.

*(Slide 19 – Congestion/Transportation Choices)*

(Photograph on the left of I-495, the Washington, D.C. beltway and photograph on the right of Grosvenor/Strathmore Metro station in the Washington, D.C. metropolitan region)

The US highway system, which was once the envy of the world, is becoming increasingly congested. Governments are not funding new road construction to keep pace with demand. Residents don't want more roads and traffic in their back yards. The commutes within the metropolitan areas are getting longer and longer. Where residents are given the choice, many are voting with their feet and using transit, or changing the location of their activities, to minimize the congestion effects on them. America stands for choice in all things; the minute people feel they have been denied transportation choice, transportation policy will face a sea change in demand.

*(Slide 20 – Security/Stand-Alones Are Targets)*

(Photograph of market in Old Town Alexandria, Virginia) 9/11 focused us all on the issue of security.

But just as our collective response was not to separate and hide, but rather to come together, early predictions of evacuation of residential, office, and retail uses to stand-alone locations will occur in increasingly isolated cases. As the early American pioneers proved when they circled the wagons, there is safety in numbers – stand-alones are targets. Indeed, the strategy of the 9/11 terrorists was to blend with the community, stand out. To do otherwise would have made them, not us, the target. We will soon realize that the same security fundamentals apply to our activities and land use in metropolitan areas.

*(Slide 21 – Obsolete Buildings/Rebirth)*

(Photograph of demolition in progress of Golden Ring Mall in Baltimore, Maryland)

The banks and downtown department stores of the late nineteenth and early twentieth centuries were architecturally designed to convey the message of permanence and quality. By

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comparison, the buildings comprising our suburban business districts are relatively cheap and are not aging well. Many of these buildings are nearing the end of their economic life. Through the marvels of modern accounting, many have been tax depreciated to near zero value. But more important for the landlord, many buildings are just no longer capable of being leased. The tenants have moved with the market, and these superceded stand-alone buildings have been literally left behind. Of America's approximately 1,800 shopping malls, Price Waterhouse Coopers found in its May 2001 study that 140 were obsolete, and another 200 to 250 were at serious risk of obsolescence. This is not a threat; rather it is an opportunity to use the real estate cycle in Transforming Suburban Business Districts.

*(Slide 22 – Matching Market Forces with Community Dev. Policy)*

Given this historic opportunity to reinvent our suburban business districts, ULI believed that it was timely to publish and promulgate its research on Transforming Suburban Business Districts. Based on this research, noted American architect and ULI trustee A. Eugene Kohn chaired a task force to distill the Ten Principles for Reinventing American Suburban Business Districts. Chairman Kohn's brief was to demonstrate that market forces could be marshaled to deliver new communities ideally suited to the needs, values and aspirations of today's demographic.

*(Slide 23 – ULI's Ten Principles for Reinventing America's SBDs)*

The purpose of the Ten Principles document is to provide the community, governments and the real estate industry with a road map to secure the Place- Making Dividend. It demonstrates how market forces can be harnessed to implement sound community development policy, and in so doing create a win-win outcome for all parties.

*(Slide 24 – Understand Your Position in the Market)*

(Diagram of how to graphically depict your suburban business district's position in the market)

### Principle Number One: Understand Your Position in the Market

It is essential first to separate dreams from reality. A lucid analysis of:

- 1) market potential—demographic and market trends;
- 2) competing suburban business districts—accessibility, price, range of goods and services on offer, market reach and market niche;
- 3) the extent of oversupply of development entitlements; and,
- 4) the strength and depth of the local tax base, must form the basis of the investment prospectus and strategy to reinvent any suburban business district.

*(Slide 25 – Build Community Support)*

(Artist rendering of new suburban towncenter development)

### Principle Number Two: Build Community Support

Community building involves the mobilization of public and private capital. Shared goals and a fair, open and timely planning process are essential to the creation of a three-way partnership

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among the private sector, government, and the broader community. For the real estate developer, this is an opportunity to accurately gauge the needs of the market and refine the development product. For government, it provides the opportunity to harness private capital to implement sound community development policy. For the broader community, it ensures their needs are understood and allows them to play a constructive role in community building. The alternative is citizen opposition and NIMBY-ism - known to developers throughout the world as the Kiss of Death.

*(Slide 26 – Develop a Vision and a Plan)*

(Photograph on the left of a main road in Miami, Dade County, Florida and an artist rendering on the right, of same street with development brought to the street alignment and light rail and planting provided down the center of the street)

### Principle Number Three: Develop a Vision and a Plan

A development vision, and strategic plan to achieve and sustain that vision, must:

- 1) be bold and innovative;
- 2) be tempered with realism;
- 3) be based on the history, character, and strengths of the community; and,
- 4) be financially feasible and enhance tax revenues.

If properly conceptualized and executed, the numerous buildings, and spaces in between, within a Suburban Business District can be interconnected to create a sense of place. It is the sense of place that the community recognizes and rewards with the Place-Making Dividend. The Development Vision and the Strategic Plan provide all stakeholders with the instrument to capture and nurture this Place-Making Dividend.

*(Slide 27 – Stress Results Over Regulations)*

(Graphic on the left illustrates topological zoning that rigidly defines building form and type, and the graphic on the right is one frame of an interactive digital model of Rosslyn town center, entitled Virtual Arlington, prepared by the Arlington County Council in Arlington, Virginia)

### Principle Number Four: Stress Results Over Regulation

The literal interpretation of the law, with its limited and limiting vocabulary and legal style, fails to evoke a sense of place or capture our imagination. It is a flawed mechanism that has short changed, and often condemned, our communities. We must move from planning laws that emphasize blind adherence to regulations to a new sensory law that evokes the sense of place we wish to create. We must stress results over regulation. The one thing all humans do throughout their lives - apart from breathe, eat and sleep – is assess place, be it a room, a dwelling, a workplace, a district or a city. In doing this we rely on all our senses: sight, sound, smell, taste, and touch. Place making is the essence of real estate development. Places that are desirable appeal to all the senses. Yet in the creation of place we still rely on the "stone axe" of land use regulation - black letter zoning law. Zoning law is deliberately written in the most sterile and non-evocative language - uninviting and unintelligible to all but a few urban planners and

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property lawyers. The rest of the community is effectively locked out of the place-making process. The new sensory law must draw instead on the complete palette of human expression—evocative language, the combination of interactive digital motion “pictures and sound” to evoke the companion senses of taste, touch, and smell. Under sensory law, the city plan and regulatory instruments must take an interactive digital, visual and auditory form, because it is simply impossible to adequately express the places we love in black letter legal terminology. The new sensory law will be intelligible to all, not just lawyers and planners, because it draws on all the senses we use everyday to assess place. It will thereby empower all who live in the community to contribute to the regulatory standards for the places we wish to create. Developers will be required to present their proposals in an interactive digital and auditory form to demonstrate compliance and secure development entitlement. Unless the completed development is true to, or better than, the digital development approval that allowed it to be built, it will be unlawful to commence the use. No lawful use rights means no tenant, means no rent, means no capital value, means no place-making dividend. These are powerful incentives for excellence in place making. If you think this new sensory law sounds a lot like the computer games your children play, or what you have seen of the U.S. Defense Department’s latest tactical simulations—well, you are right on target. The Gen X’s and Gen Y’s are tomorrow’s big players in our metropolitan areas. We need a new generation of law for an emerging generation that knows how to shape that law and not be hidebound by it. Sensory law will shift the focus to Place Making (i.e., the results) and away from a confined and constrained literal interpretation of flawed regulations.

*(Slide 28 – 5. Break up the Superblocks...)*

(The plan on the left is downtown Bethesda, Maryland and the plan on the right is Rock Spring office park and Montgomery Mall in Montgomery County, Maryland)

### Principle Number Five: Break up the Superblocks and Optimize Connectivity

The superblocks of many suburban business districts need to be broken up into smaller street blocks. The huge size of these plats acts as a major barrier to community interaction and pedestrian movement. Rather than being an integrated whole, the district is merely a collection of geographically proximate stand-alone projects. At present many residents, workers and customers within suburban business districts are forced by the superblock plat to drive from one activity within the district to another. Reduced numbers of vehicle trips would translate into:

- 1) Lower levels of congestion and the need for less road space;
- 2) Shared parking and therefore less land devoted to parking;
- 3) Increased opportunities to activate the district through pedestrian movement, human interaction and an active public realm.

*(Slide 29 – Embrace Mixed Use)*

(Photograph of office and retail mixed use development on Town Center Drive, Valencia, California)

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### Principle Number Six: Embrace Mixed Uses

Mixed use creates a critical mass of activity and reason to stay and explore a place. It provides the community with a wider range of goods, services, and experiences at one location. It increases connectivity and choice and reduces internal trip generation rates. The diversification of use within projects hedges the property income stream and makes for proper and balanced risk management of property investments. Many regulatory barriers prevent mixed use, as zoning by its very nature seeks to segregate use. These impediments should be removed. Significant advantages can be derived by integrating community infrastructure and facilities within reinvented suburban business districts, rather than on stand-alone sites in green-field locations.

*(Slide 30 – Honor the Human Scale)*

(Plan on the left shows a shopping street configuration [downtown Bethesda, Maryland] and the plan on the right shows a strip mall configuration [anywhere USA])

### Principle Number Seven: Honor the Human Scale by Creating a Pedestrian-Friendly Place

A high standard of design excellence is needed to ensure the reinvented suburban business district appeals to the people who are going to use it and reward it with repeat visits. Fail this test, and you will learn the hard way this golden rule of real estate development:

“Place Making is the essence of successful real estate development. As people choose one place over another, the place of choice attracts a higher value and sells at a premium.” Places that enjoy this premium have been designed so that they appeal to all the senses: sight, sound, smell, taste and touch.

*(Slide 31 – Think Transit – Think Density)*

(Photograph on the left of how density can be achieved by design at Courthouse Hill in Arlington, Virginia and the photograph on the right of the BART station and parking garage at Pleasant Hill, California)

### Principle Number Eight: Think Transit—Think Density

To safeguard the future prosperity of a reinvented suburban business district, it must be protected from traffic congestion. Hence the overriding need for density and transportation choice. Real estate risk is reduced with transportation choice, tenant vacancy rates reduced, and rental rates increased, as per the Arlington, Virginia experience. To make transportation choice viable requires higher densities of development around transit stations. A commitment to higher development density carries with it a responsibility for excellence in place making and a critical mass of activity, thereby providing:

- 1) Residential choice;
- 2) Reduced traffic congestion;
- 3) Secure property values; and,

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- 4) A sustainable tax base.

*(Slide 32 – Create a Public/Private Partnership)*

(Photograph of way-finding sign provided by Bethesda Urban Partnership in downtown Bethesda, Maryland)

Principle Number Nine: Create a Public/Private Partnership

The successful transformation of a suburban business district is unlikely to occur in the absence of a formal public/private entity. Its role is to bring together the financial resources and commitment of governments with the private sector and thereby meet the aspirations of the broader community. The public/private partnership should be the entity responsible for delivering the development vision, implementing the strategic plan, and ensuring that all stakeholders benefit from the Place- Making Dividend.

*(Slide 33 – Share and Manage Parking)*

(Photograph of ground level street dining with parking garage above to blend into and enrich the experience of downtown Walnut Creek, California)

Principle Number Ten: Share and Manage Parking

The predominant driver of development form and configuration is parking. Large tracts of surface parking between buildings:

- 1) encourage automobile use for trips within the district;
- 2) frustrate pedestrian movement and activity; and,
- 3) prevent the development of shared parking.

As density increases within suburban business districts, structured parking becomes essential. Its cost often requires public involvement in garage construction to achieve the Place-Making Dividend. These costs can be recouped or offset over time by:

- 1) The creation of well-traveled pedestrian linkages leading to and from garages that can be lined with shops, cultural and civic activities;
- 2) The provision of leasable space along the frontage of garages;
- 3) Charging a nominal rental or parking charge where possible; and,
- 4) Requiring all future developments to buy their parking spaces from the garage rather than providing parking on their own site.

*(Slide 34 – Projects Showing the Way)*

(All page references on this slide relate to the book: Booth, Geoffrey, et.al.

Transforming Suburban Business Districts. (Washington, D.C.: ULI—the Urban Land Institute, 2001) There is no poster child development that has yet done everything right in Transforming Suburban Business Districts. Hence the reason for the book—to draw out the best examples, to guide best practice.

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1. Valencia Town Center, California; the first example in the U.S. where the shopping mall was combined with a main street to give the best of both worlds.
2. Washingtonian Center, Maryland, the first example in the U.S. where big box retailers modified their store layouts to become part of a main street development and succeeded beyond their wildest dreams.
3. Uptown Houston, Texas; work in progress—the innovative use of tax increment financing to break up the superblocks.
4. Country Club Plaza, Missouri; proof positive that well conceptualized and executed pedestrian-friendly development produces a place-making dividend—it's one of the oldest shopping centers in the U.S.
5. Reston Town Center, Virginia; a pioneer mixed-use town center that continues to attract premium rents in the Dulles corridor.
6. Addison Circle, Texas; the mixed use town center that created a community focus for a hitherto dispersed suburban business district. This project proved there can be a strong market for medium density residential rentals in mixed-use suburban locations.
7. Courthouse Hill, Virginia; a residential project that achieves density by design and acts as a transition from high-rise apartment development to the surrounding single-family detached housing.

*(Slide 35 – Your Community Needs You)*

We all have a role to play in Transforming Suburban Business Districts—either as a developer, investor, elected representative, government official, community leader, customer, employee or patron. If you insist on leaving the task to others, you condemn our Suburban Business Districts to the “same old, same old.” Remember, you and I are the market.

*(Slide 36 – ULI Is Here to Help!)*

Through its extensive range of programs and services which include:

- 1) District Councils - Across the U.S.A., ULI district councils are opening lines of communication and promoting best practice land use at the community level.
- 2) Conference - From Place Making to Master Planned Communities to Retail Entertainment, ULI brings together the industry and community leaders to network and discuss latest trends and innovations.
- 3) Books - Without doubt the most comprehensive range of best practice land use and real estate policy and practice books are published by ULI - including the two books from which my address today has been drawn.
- 4) Urban Land - Each month ULI's monthly magazine brings you up-to-date best practice and an overview of trends and innovations together with in-depth special profiles.
- 5) Advisory Services Panels - A unique service that gives developers, government and public bodies and community groups the ability to access the problem-solving skills of industry and community leaders.
- 6) Infopackets and Development Case Studies - Complete profiles on articles and research relating to particular land uses and an ever expanding range of comprehensive development case studies on best practice projects throughout the world.

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- 7) Workshops and Seminars - Small group meetings to focus on the resolution of particular land use problems or issues with a strong emphasis on problem solving.
- 8) Education and Training - Formal education and training programs in real estate finance and development policy and practice.

*(Slide 37 – Taking the First Step Toward: ...)*

So what is the next step in Transforming Suburban Business Districts? Yes, you guessed it. The first, but not the only step, is to buy the book Transforming Suburban Business Districts. I mean you'd pay more than the book price for half an hour of a good consultant's time, but in this case it's all written down for you. The last chapter of the Transforming... book is the "Ten Principles," and in any case you can download the "Ten Principles for Reinventing America's Suburban Business Districts" from the ULI website at no cost - Web Address:

[http://research.uli.org/Content/Reports/Sm Gr/R37\\_R39\\_SBD.pdf](http://research.uli.org/Content/Reports/Sm%20Gr/R37_R39_SBD.pdf)

*(Slide 38 – Smart Growth's New Frontier—Transforming Suburban Business Districts)*

Let me just say in conclusion that the task of Transforming Suburban Business Districts will not be completed tomorrow. But if we keep putting off until tomorrow what we should do today, the task just grows more difficult. We have the ability to transform our suburban business districts. In resolutely approaching this task we know that we don't stand alone.

Thank you all for participating in this session today, and thank you to each of the authors, staff members, and contractors who brought these books to life.

Rodney E. Engelen

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