



Big Box II

Vacancy Agreements and Economic Impact Analysis

City of Newberg Planning Commission
Workshop, September, 2008

Presentation Overview

1. Background

2. Vacancy Agreements

3. Economic Impact Analysis

4. Discussion

5. Next Steps

Background

1. June 2, 2008 - City Council adopted **Ordinance 2008-2696**.
2. The ordinance primarily regulates site and architectural design.
3. The Council requested additional consideration for environmental and economic impacts.

Big Box Vacancy

1. What is the cause of long-term vacancy?
2. Where are vacancies most common?
3. What are the impacts?
4. What can be done?

What causes big box vacancy?

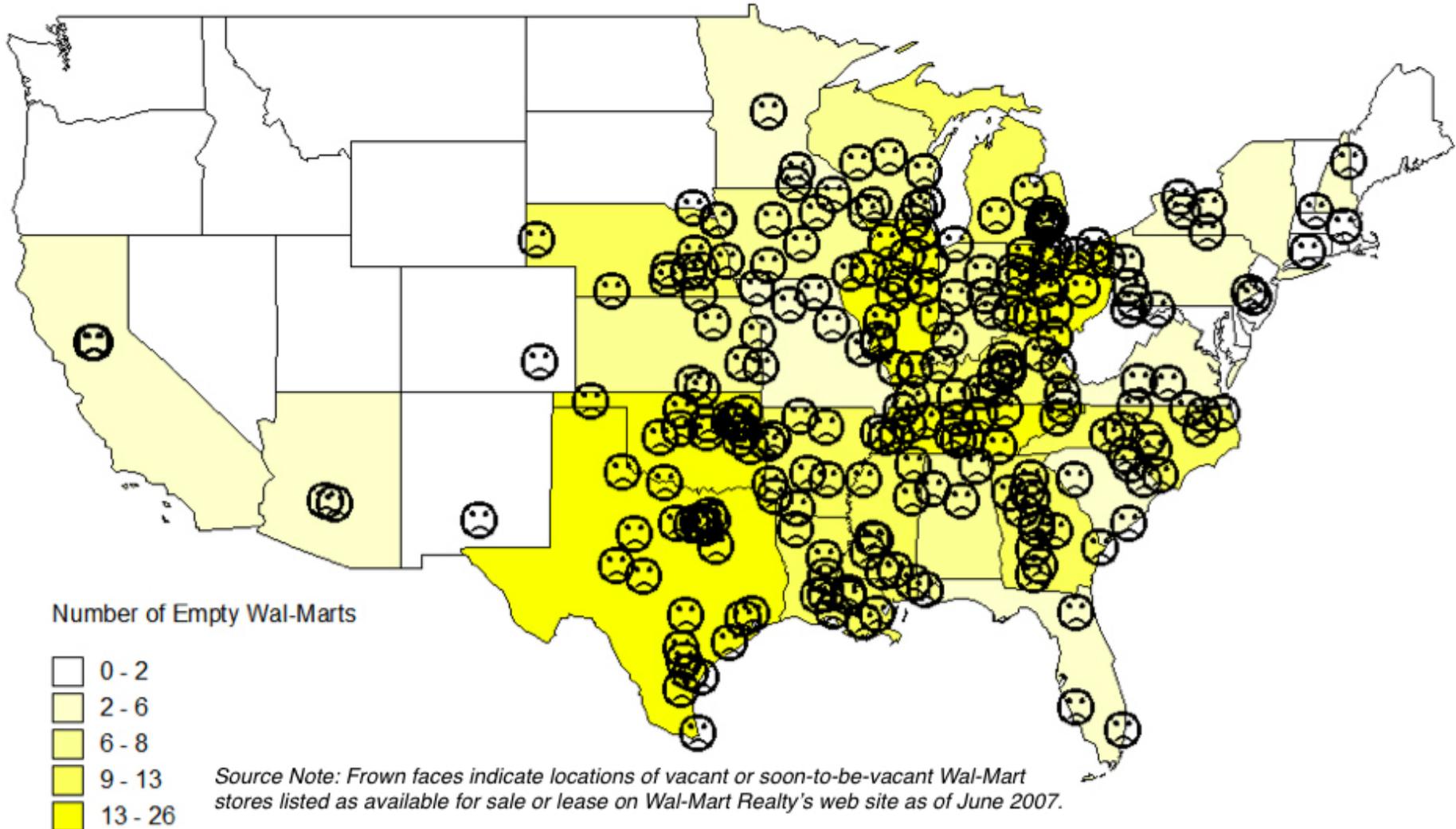
#1: Surplus of retail space

- Retailers move to larger stores.
- Stores are not designed to be re-used for other uses.
- Retailers will not lease vacant site.



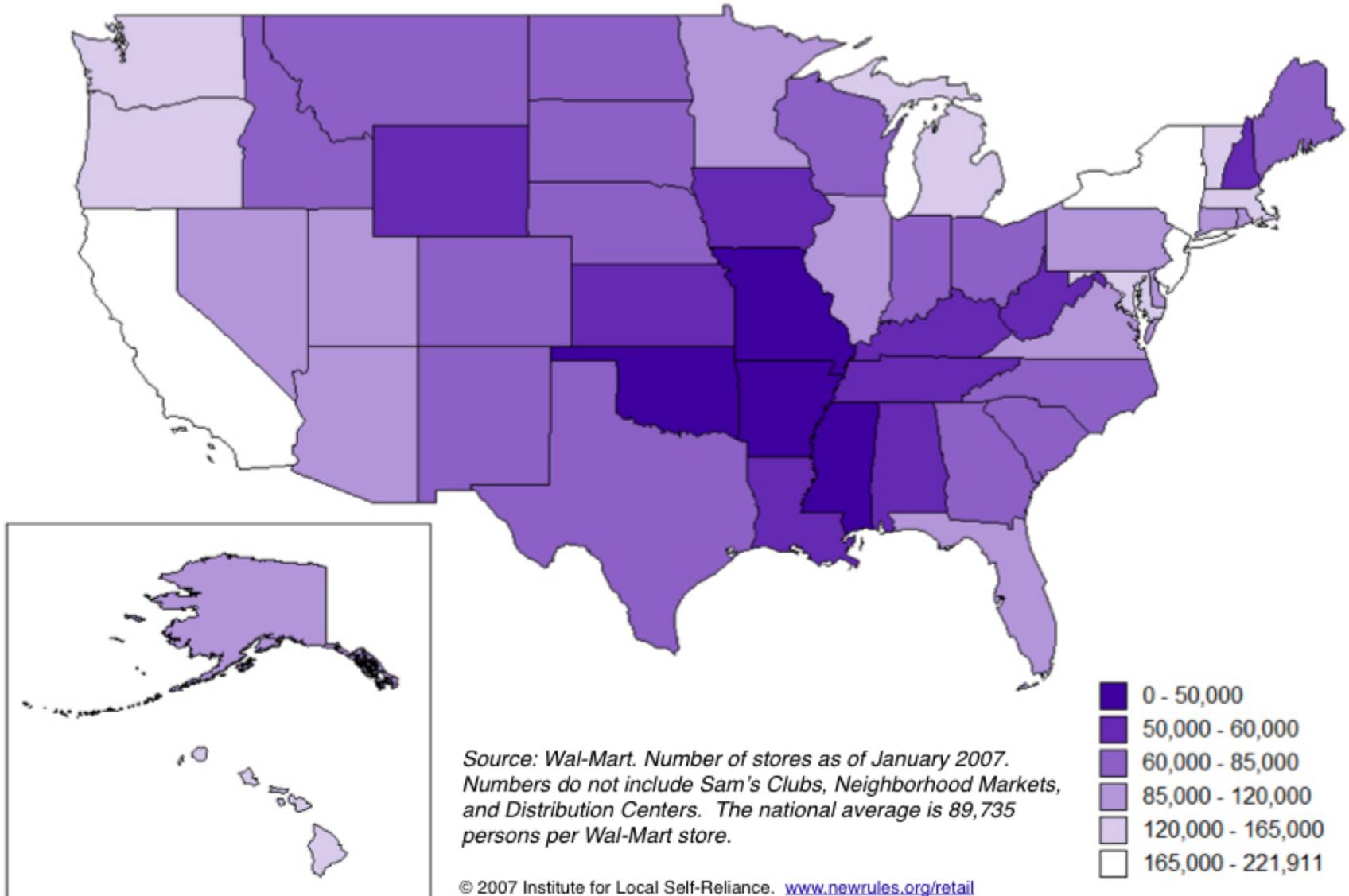
Where are vacancies most common?

Vacant Wal-Mart Stores



Where are vacancies most common?

Number of Persons per Wal-Mart Store



What are the impacts of long-term vacancy?

- Negative image for the community
- May lower nearby property values
- May discourage other business investment
- May draw vandalism and crime



What can be done to prevent long-term vacancies?

#1 Reduce surplus of land zoned for retail.

- Limit the size of building.
- Design for re-use and mixed Use
- Require funds for re-use.
- Ensure vacant land is available for lease.
- Require economic impact review.



Example Ordinances

1. Bond for demolition – Oakdale, CA
2. Land conservation fund – Wauwatosa, WI
3. Market availability ordinance – Peachtree, GA
4. Re-use ordinance – Bozeman, MT

Proposed Ordinance for Newberg

All large scale retail development sites shall submit a surety bond equal to 1 percent of the total valuation of the buildings.

May be used for:

- Landscape maintenance
- Exterior building repairs
- Parking lot paving
- Public amenities
- Incentives for prospective tenants

Big Box Economic Impact Analysis

1. What are the potential impacts of a big box?
2. Senate Bill 542
3. Example EIA Process
4. Proposed ordinance for Newberg

Types of Potential Impacts

What does the research show?

1. Retail employment
2. Wages & benefits
3. Existing businesses
4. Locally owned vs. Chain
5. Poverty rates
6. Municipal Costs
7. State Costs
8. Subsidies
9. Prices



Example of Municipal Costs



- One study shows a net annual deficit (taxes vs. services) of about \$450 per 1,000 sq. ft. of floor area.

Police Costs:

“One in four arrests are made at Wal-Mart”

“The arrival [of 3 big boxes] has resulted in an additional 1,500 police calls each year”

“The town hired an additional police officer to handle the additional burden”

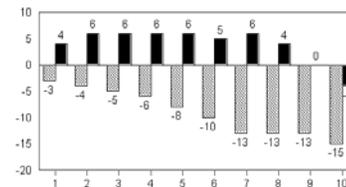
Oregon Senate Bill 542

(Proposed but not adopted -2007)

- Economic impact study for retail stores exceeding 100k sq. ft.
- Requires a public hearing.
- Independent consultant chosen by the city.
- Study must analyze effect of the store on existing businesses, jobs, wages, public revenue and cost, and vacancy.

Typical Process for EIA Review

1. A developer submits an application triggering economic review.
2. The municipality chooses an independent consultant, paid by the developer.
3. Consultant conducts study.
4. A public hearing is held.
5. Local officials determine if criteria are met.



Example Process for Economic Impact Analysis Report

Phase 1

Analysis of proposed store

Types of products
Sales figures
Jobs



Phase 2

Analysis of regional activity

What is the level of demand?



Phase 3

Forecast Impacts

Sales Tax
Property Tax
Infrastructure
Other costs



Proposed Ordinance for Newberg

1. EIA conducted by independent consultant chosen by the Director.
2. Criteria:
 - *No adverse impact on existing commercial employment*
 - *Any duplicate services and merchandise will not impact local business*
 - *No adverse impact on municipal services (police, fire, road maintenance, etc.).*
 - *Avg. starting wage will meet or exceed similar local positions*
3. If the Director finds adverse impact a Commission hearing is required.
4. The Planning Commission may require mitigation measures.

Discussion Questions

1. What would be the best strategy for Newberg to avoid big box vacancies?
2. What type of economic impacts should the City focus on?
 - Municipal finances?
 - Wages?
 - Local business?
3. What should the process be for economic impact review? Who should prepare the report? Who should review and make a determination?



Next Steps?



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Vacancy Agreements, Economic Impact Analysis, and
Green Design

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