

Grayfield Redevelopment & Adaptive Reuse

As infrastructure ages, communities face blight, lost jobs and diminished local tax revenue from underutilized buildings that no longer provide the highest and best use to their cities or towns. This is especially true for underutilized malls in urban, suburban and rural areas.

Forced closures and occupancy limits associated with COVID public health measures, especially for enclosed spaces, accelerated the demise of certain malls. Furthermore, the non-payment of commercial rent put a significant strain on landlords, undermining efforts to invest in, transform and repurpose these important community assets.

Industry analysts suggest that smaller regional malls located in secondary and tertiary markets will become underutilized during the next five years. These developments are often located on a large tract of land in a prominent location within a community's retail corridor with good access and egress. Repurposing these properties can be complicated, with outdated zoning codes, updated environmental regulations and disputed ownership making redevelopment difficult, drawn out and prohibitively expensive. Yet these spaces can and should be adapted to encourage the creation of housing, health care, transit, education and recreation spaces through public-private partnerships.

ICSC supports leveraging federal economic development grants to access low-cost, flexible financing for expeditious and efficient grayfield redevelopment.

Request

The Fiscal Year 2023 omnibus appropriations package included language encouraging the Department of Housing and Urban Development (HUD) to use existing funds "for the redevelopment of shopping malls." This year, ICSC is seeking support for and passage of the **"GREATER Revitalization of Shopping Centers Act."** The bill would establish a grant program at HUD to provide funding to local governments to assist with redevelopment efforts at underutilized shopping malls across the country.

Qualified projects would include reclamation and reuse of the grayfield property, promotion of transit-oriented development and construction of affordable housing or other priorities as HUD considers appropriate, including opportunities within smaller jurisdictions and non-metropolitan areas.

Adaptive Reuse Benefits

- Eliminates blight through redevelopment and revitalization of outdated facilities.
- Provides a pathway for community priorities such as increased mobility and connectivity, access to health care, education, recreation and housing.
- Allows for increased density to centrally locate the efficient delivery of goods and services.
- Adds jobs for the construction trades and new business creation.
- Stabilizes/increases sales and ad valorem tax collection.

Importance of Redeveloping Enclosed Malls

A 2018 International Economic Development Council study analyzed nearly 400 malls that have closed since 1980 and found that "none have been resurrected in their former incarnation."

Marketplaces contribute more than \$500 billion in tax revenue annually. Each dormant mall represents tens of millions of dollars of lost tax revenue and economic activity.

Case Study Merle Hay Mall Campus



Merle Hay Mall is the oldest regional shopping center in Iowa, opening in 1959. A proposed redevelopment, in partnership with the City of Urbandale, will bring a regional ice hockey/event arena to the area along with hotel, workforce housing and updated retail opportunities. The redevelopment will have a \$126.7 million economic impact annually and create more than 1,000 new jobs.

For more information, contact Moutray McLaren at mmclaren@ICSC.com.