



# ICSC P3 Case Study

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## The Streets at SouthGlenn: From Tired Mall to Recession-Proof Mixed-Use

### BEFORE: A CHANGING LANDSCAPE

The former SouthGlenn Mall sat at the corner of a major intersection in the not-yet formed city of Centennial, Colorado. The high-traffic location served the mall well after initial development in the 1970s, but by 2006, it was well past its prime and losing customers to nearby upscale malls.

The SouthGlenn project reflects the market demand for new kinds of retail outlets as suburban areas transition into urban nodes. The city of Centennial is relatively new — 77% of local citizens voted to turn the previously unincorporated land into a city on February 7, 2001. Without legal structure of the city in place, the SouthGlenn redevelopment may not have happened; the city was instrumental in financing the project.

### DURING: NEW MARKET AND NEW VISION

Alberta Development Partners proposed an entirely new format. The property would no longer be enclosed, but instead reconfigured to an open-concept development with 1 million square feet of retail, 125,000 square feet of office space, and approximately 300 for-sale residential units. It would be designed with a park the length of a city block and feature a fountain, fireplace, garden, and playground. The existing anchor stores (Macy’s and Sears) would stay open throughout development, but a different set of stores was planned for the end product, including a gourmet grocery store, bookstore, unique apparel boutiques, and a movie theater.

A partnership with the newly formed city of Centennial was essential to the success of the project. Mayor Randy Pye was a big supporter and brought along encouragement from the city council, city manager, and city staff. The city worked with Alberta Development Partners to put together a large public finance package that included property tax increment financing and shared sales tax. The developer was able to further monetize the shared sales tax in the bond market, which benefited them greatly. Due to the strong support of the city, the project came to fruition quickly. Groundbreaking took place on June 15, 2006, and the entire project was opened on August 28, 2009.

Prior to the opening of the Streets at SouthGlenn, the Centennial Urban Redevelopment Authority (CURA) was established pursuant to Part 1 of Article 25 of Title 31, Colorado Revised Statutes (the “Urban Renewal Law”). The statute provides for the creation and operation of an urban renewal authority to function in the city. The purpose of CURA is to develop, redevelop or rehabilitate the blighted area within the SouthGlenn area. While CURA is separate from the city, members of the city council, including the mayor, are also the commissioners of the agency. Once total tax collections exceed \$1.9 million (in a one year time span), CURA receive 76% of sales tax collections. The tax money that does not flow to CURA is used by the Streets at SouthGlenn for infrastructure development and maintenance. The deal is mutually beneficial: as the Streets at SouthGlenn adds more tenants and generates more revenue, more sales tax will flow to CURA. In 2014, tax collections increased by \$100,000 due to the center’s addition of several new retail outlets.

### AFTER: A CENTER OF COMMUNITY

The Streets at SouthGlenn is successful for reasons that the former property was not: the open-concept plan with amenities (including a library, health club and quality open space) has proven to be an economic boon as well as a source of community pride. Despite a mega-office complex just five miles away, the U.K. company Pearson leased space at the Streets of SouthGlenn for their 1,000 Colorado employees — they got such positive feedback and such strong retention numbers that they’ve since changed their office location model to favor space in mixed-use developments. The community has also embraced the development. Turnout for events such as the Halloween parade and Christmas light show are high, and high school students often take homecoming pictures in front of the site’s scenic fountain.

The Streets at SouthGlenn transformed an underutilized mall into a center of the community. While the development is performing well for the developers and tenants and has created a substantial economic impact, perhaps the most important aspect of this development is that it increased the morale of a very newly formed community by creating a regional destination and providing a sense of place.

\*The Streets of SouthGlenn is one of many case studies from Retail as a Catalyst for Economic Development and ICSC has provided this limited version as a preview.