

WILLIAM W. GOODMAN

10/28/80

Dear Jim

Many of the arguments in this report apply to the possible Shopping Center at the Fair Grounds - and its effect on our own downtown shopping area.

Thought you would be interested in reading this!!!!!!


W.W.G.

IMPACT OF PROPOSED MEADOWLANDS REGIONAL SHOPPING CENTER ON SURROUNDING CITIES

Statement of Regional Plan Association in Response to: "The Urban Impact of the Retail Component of Berry's Creek Center" by Gail Garfield Schwartz, a Consultant's Report to the Hackensack Meadowlands Development Commission on the Proposal to Build a Large Regional Shopping Center in the Meadowlands, Less than 10 Miles from Downtown Newark, about Five from Journal Square in Jersey City

The Schwartz report leaves the whole issue of the size and composition of Berry's Creek Center exactly where it was. Its information does not answer any of the questions which led Regional Plan Association and many others to ask for public debate before the Hackensack Meadowlands Development Commission approves and facilitates construction of a major regional shopping center at Berry's Creek.

As an "urban impact" analysis of the proposed Berry's Creek shopping center, it fails because it considers only the effects on existing retailing, not on the eventual revival of New Jersey cities that the Governor has pledged. And, as an analysis of the effects on existing shopping areas, it fails because (1) the conclusions are based on insufficient data and (2) a key element isn't quantified at all: how much sales loss can be sustained by a store, a shopping cluster or a regional mall before it has to close.

The real issue is: What can New Jersey cities become if the leverage of State policy supports their revival—as promised by the Governor. This report seems to accept the continued drain of the mainstream of New Jersey's economy from its cities.

Who Will Lose What Sales?

Even the question the report does address remains unanswered objectively: What will be the effect on retailing surrounding the Meadowlands of a regional shopping center at Berry's Creek? There are many subjective conclusions, but no hard answers. The report itself testifies: "... Berry's Creek Center... will be a shopper goods facility" (furniture, clothing, general merchandise), but "to quantify the distribution of such expenditures... of the residents of each community, over all the major accessible malls and all the other options, including the local option, is not possible, given available data." In other words, the report cannot answer the question asked.

Though stating that regional shopping centers are irrelevant for another kind of retail trade, "convenience goods" (i.e., food, gasoline, stationery, hardware, etc.), the report devotes several pages to analyzing convenience goods sales, concluding that: "At least 98 percent of the present proportion of local residents' expenditures on convenience goods should be retained by these communities, as a group, despite Berry's Creek Center." It is not at all clear how such a precise figure can be calculated for convenience goods and not for shopper goods. In any case, the precision turns out to depend on policy: the report recommends that supermarkets be excluded from the regional shopping center at Berry's Creek to be sure that existing convenience goods stores in the market shed are not severely affected! So again, the plethora of numbers leads to no objective answer to the question addressed.

We do learn two very significant relationships from the numbers of the report, neither of them stated in the text:

1. There will be a net decline in aggregate real-dollar retail expenditures of residents in the study area over the foreseeable future. Therefore, whatever dollars are spent at Berry's Creek stores have to come out of dollars now being spent at existing stores in the area.
2. In order to be profitable, the proposed Berry's Creek shopping center will have to take in about

\$200 million in sales per year in 1977 dollars. This is equal to about 20 percent of all shopper goods expenditures of all the people in the study area, according to consumption patterns revealed in the research done by Regional Plan Association for the *Regional Accounts* study (Indiana University Press, 1980). It also equals about 20 percent of all shopper goods sales in the study area in 1977. In other words, shopper goods sales and spending on shopper goods by residents in the study area are about equal now, and the proposed Berry's Creek shopping center will have to take in about 20 percent of that amount to be profitable! So it is conceivable that the total sales of Berry's Creek, in the net, would be drained from the downtowns and neighborhood shops within the study area. But even if the report's suggestion is true that a considerable amount of the sales diversion will be from Willowbrook Mall, both Regional Plan's and the report's figures point to the probability that at least two-thirds of the Berry's Creek sales will be shifted from Meadowlands area downtown and neighborhood shops, not from existing regional malls.

The effect of a loss of 13-20 percent of total shopper goods sales from the study area is not objectively described in the report. For example, the report raises the question of whether the loss in sales to Berry's Creek Center "would encourage the shutdown of Bamberger's" in downtown Newark. After an array of numbers about who now shops where, there is no answer. More disturbing, there is a deceptive answer about the impact on clusters of smaller shops. The report shows how fragile is the health of local shopping clusters: "Because small businessmen and women are likely to go out of business more frequently than chain stores,... vacancy rates in local areas are normally... about 10-15 percent... at any given time. The danger point is 20 percent vacancies for over one year." So, if Berry's Creek shopping center drives just 5-10 percent of local stores out of business, a local shopping cluster could be destroyed—with real estate tax effects for the municipality. This vulnerability of local shopping clusters is underplayed in the report by concluding that 20 percent of the stores have to be driven out of business by the Berry's Creek shopping center to endanger the whole cluster when, in fact, it is only the 5-10 percent difference between normal vacancies and the 20 percent vacancy danger point.

What is missing from the report is any indication of the sales loss for each type of store that might threaten its continuance. Would, for example, the six percent decline in sales at Willowbrook, suggested by one of the report's tables, result in stores closing? Might enough stores close to make the whole mall shut down eventually, with serious real estate tax consequences to Wayne?

The report provides soothing but very subjective assurance of minimal effect from building 1.5 million square feet of shopping and perhaps more. (The report recommends unconstrained growth of the shopping center and suggests it should be larger than now being considered.) The work days of employees in some existing stores might be decreased a little, some profits thinned, with no effect on real estate taxes, according to the report. Assuming Berry's Creek will have good public transportation and substantial office growth, the report implies its choice: a shiny embryonic new downtown is better than strengthened cities. But in the face of the cataclysmic results of not

strengthening New Jersey cities, the report poses as the reason for favoring shopping centers their great convenience for people with cars. (Dr. Schwartz might argue that it is not her choice of parking convenience vs. strong downtowns but the public's; but she did not hesitate to propose restricting the public's convenience in having supermarkets in Berry's Creek Center to protect neighborhood stores. Is the viability of cities a less important goal?)

The report argues that a shopping center near the Region's Core is preferable to regional malls farther out of the urban center. With that, the contenders in the Meadowlands dispute could doubtless all agree. But there is an alternative. Promising efforts by Newark corporations, both to enlarge office jobs downtown and redevelop near-downtown neighborhoods, suggest that concerted public-private-civic efforts could begin to make downtown Newark a vital center. That is true, also, of other New Jersey cities. The report's negative evaluation of Newark's potential is backed by no facts whatsoever. Nor is its assertion that retailers don't want to locate in downtowns. Huge new shopping centers in downtown White Plains and Stamford belie that, as do numerous recent news reports and conversations of retailers with Regional Plan staff members. Now is the time for a concerted drive to restore the mainstream of the American economy and society back through our cities.

It is not enough to brush off the potential of New Jersey cities, saying that people don't want to locate there right now. If New Jersey is to ignore the Governor's promise of city revival, we should have some vision of what will happen to the cities instead. Are they to become even more the backwaters of the unwanted? Second-class opportunities for city residents seem to be accepted by the report when it observes that many Newark and Jersey City residents don't have automobiles to go to suburban malls nor enough income to support good stores in the cities. That is precisely our argument for recentralizing retailing downtown. Unless middle-income people participate in city downtown activities, there will be neither adequate public transit to give the poor, old and handicapped mobility nor adequate opportunities for jobs and services in them.

The report's argument that Berry's Creek is within easy reach of city residents and therefore good for them implies that it will have public transit convenience and frequency competitive with what downtowns could provide if revived. In research for the U.S. Department of Transportation, Regional Plan identified the factors most conducive to support for public transit: a large compact downtown surrounded by housing in which the density starts high near the center and tapers off from there, i.e., the pattern of cities not shopping centers. Nor would Berry's Creek ever have the mix of activities that downtown Newark already has—for example, \$350 million of new higher education institutions near downtown and a teaching hospital, Symphony Hall, the best reference library in the State and the Newark Museum.

In Sum

Altogether, the study is far from assuring that the ratio of benefits to costs of Berry's Creek Center for the State of New Jersey will be substantial. Nor does it deal with the basic question: should New Jersey develop in and on its cities or continue to turn its back

on them and leave them forgotten backwaters—with lessening opportunities for those who must remain there and abandonment of any hope of restoring centers of civilization, excitement and creativity for all New Jerseyans?

Regional Plan Association draws from the report the conclusion that the net gains of such a shopping development are far too small to warrant its approval, at least until much more effort has been made to revive New Jersey cities and their downtowns, as the State has proposed.

Some Examples of Contradictions Resulting From the Subjective Nature of the Report

1. "Limiting the size of Berry's Creek Center might limit its drawing power enough to discourage tenants, but not enough to assure the status quo in existing local retail areas." Therefore, the conclusion: don't limit the Center's size. But this sentence follows the conclusion that Berry's Creek Center, as proposed, will not seriously affect local retail areas. So what does the quoted sentence mean?
2. Public "support of one type of development" is approved even if it "may reduce the economic feasibility of other developments." That "is preferable to a completely free market where the public has no control over the environment, the aesthetics, the spill-overs, or the costs." (This is an argument for government assistance to retailers to compete with Berry's Creek Center when it is built.) In another place, the report opposes public intervention to control "the size, type, number, or quality of shopping center merchants..." as "generally unsuccessful." The report itself suggests a control on type of store: "the HMDC in managing the development" should "separate any supermarkets in Berry's Creek Center from the major retail center, so that the supermarkets are accessible only to Berry's Creek Center residents and not to patrons entering the center for comparison shopping purposes." So controlling the type of store seems promising on page 24, but likely to be unsuccessful on page 54 when a different conclusion is desired. And, despite the preference for public intervention on page 56, page 24 suggests it won't work: "... consumers in a densely built up area such as the (study area) have so many shopping opportunities that public policies cannot push customers from one area to another."

Next Steps

This consultant report was one of two contracted for by the Hackensack Meadowlands Development Commission in response to concerns expressed by the Governor's Cabinet Development Committee about the possible effects of Meadowlands development on surrounding areas. The second study—on transportation implications of the Master Plan for the Meadowlands—will be completed shortly. We assume that both the Commission (200 Murray Hill Parkway, East Rutherford, N.J. 07073) and the Cabinet Development Committee (c/o Donald Linky, Director, Office of Policy and Planning, Governor's Office, State House, West State Street, Trenton, N.J. 08625) would be interested in your comments on the reports, available at the Commission.

© Regional Plan Association, 1980



THE REGION'S AGENDA

REGIONAL PLAN ASSOCIATION
235 East 45th Street
New York, New York 10017

Non-Profit Org.
U. S. Postage
PAID
NEW YORK, N. Y.
PERMIT NO. 3554

Mr. William Goodman F
President 8-77
Shepard's Moving & Storage Service
32 Henry
Bethel, Connecticut 06801