



A Letter from Supervisor Edward M. Michalenko, Ph.D.

The history and future development of Shoppingtown...

Onondaga County recently announced they have reached a settlement with Moonbeam, the owners of Shoppingtown. We are pleased the county will be acquiring this vitally important property and I want to take this opportunity to let the public know there is a both a history of aggressive effort on the Town's part to redevelop Shoppingtown...and also a bright future working in partnership with Onondaga County now to redevelop the property to serve both the Town of DeWitt and the greater Onondaga County community.

People often ask me **"What happened to Shoppingtown?"** Most folks are not aware that for the last 6 years the Town has been persistently working behind the scenes with Moonbeam to redevelop the site to serve the whole of the community: residents, business interests, and economic development opportunities for both the town and county.

We have steadfastly sought to partner with the mall's owners to support the redevelopment of the property; we want this valuable, strategically located commercial property - like all of our commercial properties - to be vibrant and profitable and to strongly support our tax base and our resident's needs.

To that end, we offered Shoppingtown's owners multiple, robust financial incentives. We pro-actively provided them with access to grants, energy incentive programs, specific redevelopment concepts, cost-saving plans, a potential PILOT agreement, and other financial inducements to encourage them to rehabilitate – or fully redevelop - the property.

Most of you are aware, over the last few years as the Destiny complex expanded, suburban shopping centers in and around the Syracuse area declined. This phenomenon is not unique; indoor malls all across the country have suffered as on-line shopping has gathered greater market share and big-box and brick and mortar sales have declined. In response, retailers have been steadily relocating to strip malls where rents are significantly lower for a variety of reasons outlined below. These factors combined with the COVID-19 virus, is presenting challenges for the viability of the Destiny complex now as well.

Shoppingtown is ideally suited as a mixed-use development property...

Shoppingtown is ideally suited as a mixed-use development property; once the agreement between the county and Moonbeam is completed, the Town would like to see Shoppingtown redeveloped as a combination retail, professional office, cultural, entertainment, food, and living facility...including for seniors.

Onondaga County would benefit from sales tax revenue and seniors and other residents would be able to live, eat, shop and recreate “right at home” and within walking distance of Marshalls Plaza, Erie Blvd., and Ryder, Cedar Bay, and Butternut Creek Parks and the Erie Canalway Trail.

There are links to beautiful and successful examples of this kind of mixed-use development below.

Historically, the Town of DeWitt took aggressive action to support Moonbeam...

Over the last 6 years, the town took aggressive action to support the redevelopment of Shoppingtown:

- As part of the Town’s evolving Comprehensive Plan, we included Shoppingtown in our mixed use overlay district, thereby permitting mixed-use development on the mall property.
- The Town also offered Shoppingtown’s owners a \$250,000 marketing grant enabling them to choose their own marketing consultants and develop a comprehensive marketing needs assessment and redesign plan...all for just \$80,000 in matching funds.
- The owners declined the offer; the Town went back to the owners and further agreed to split the match requirement and provide an additional \$40,000 toward the grant; again, Shoppingtown’s owners declined to take advantage of the marketing grant.

Supporting Shoppingtown – and tenants – by reducing utility costs...

We also developed several strategies to help Shoppingtown significantly remediate their utility costs. As outlined above, indoor malls are declining due to the competition of on-line sales. As such, indoor mall space has become cost prohibitive for retailers and businesses due to the additional “common space” costs. Most indoor mall space leases demand that renters not only pay their rent, but also bear a portion of the cost of the mall’s “common spaces.”

“Common space” costs – heat, air conditioning, lighting, and also maintenance – for indoor malls can be significant. This adds an extra financial burden for businesses and retailers seeking to lease mall space. As a result, the tide favoring indoor malls turned a few years ago; the current trend is to lease space/stores in strip malls. (This was Shoppingtown’s original configuration when I was growing up here in DeWitt.)

- Given these market realities for indoor malls, we offered to support the owners of Shoppingtown to enroll in a program with the New York State Energy Research and Development Agency (NYSERDA).
- The NYSERDA program would have supported Shoppingtown to significantly reduce their overall utility costs via re-working the mall’s heating, air conditioning, and lighting with modern, high efficiency systems and roof-mounted solar panels.

We also presented owners with a plan to re-develop Shoppingtown as an indoor-outdoor facility. An indoor-outdoor complex would have many of the advantages of an indoor mall, but without the disadvantages of the high utility bills that come with indoor space.

By raising the “greenhouse glass” over the hallways, allowing open air exchange and converting store-front facades with exterior walls, visitors and shoppers would be sheltered from rain and snow, but still warm enough in winter - and cool enough in summer – to enjoy the mall, but also be protected from our CNY weather.

- This archetype would be a return to the arcade architecture popular in large cities in the 1930’s and 40’s, but most importantly would eliminate common space heating and cooling costs for individual store owners and retailers.
- Had Shoppingtown chosen to convert the interior hallways in this way, the Town then would have been able to acquire the necessary easements to add the mall’s hallway lighting costs to the municipal street lighting district, thereby eliminating their common space lighting expenses and reducing tenant’s costs even further.

Municipalities cannot lower the value of any property...

For clarification, neither the Town Supervisor, nor the Town Board can arbitrarily lower the value of any property and therefore decrease the owner’s tax burden; by law, the Town is not permitted to establish assessment rates for any property; legally, that is the job of the Town’s Assessor.

Also for clarification, *Shoppingtown’s current assessment is lower than most area strip malls and on a square foot basis, lower than some truck terminal and warehouse properties.*

DeWitt offers Shoppingtown a PILOT agreement...

Still, with this in mind, and in order to help alleviate Shoppingtown’s property tax burden, the Town also offered Shoppingtown a Payment In Lieu of Taxes (PILOT) program.

- A PILOT would provide the mall’s owners robust tax benefits for a specified period of time while they constructed – and implemented – their own business development plan and showed us a path to economic recovery.
- In other words, under a PILOT agreement, the Town could legally lower the mall’s tax burden for a specified period of time contingent upon a redevelopment plan that would be implemented in phases over a period of 5 to 10 years.

Unfortunately, Shoppingtown’s owners declined all of these options and chose instead to engage in litigation with Onondaga County over the last 2 years.

The future: a positive, productive, revenue generating partnership with Onondaga County...

The future redevelopment of Shoppingtown is a powerful opportunity for DeWitt and Onondaga County to form a positive, productive, cost-effective, revenue generating partnership. Given the daunting challenges to our economy right now – the significant loss of sales tax revenue and the additional costs due to the COVID-19 virus – such a partnership will save time and money. The Town of DeWitt is ready to re-energize, revitalize, and redevelop this essential, revenue generating community asset to serve not only the town and its residents, but the whole of Onondaga County.

For a more tangible idea of the kind of comprehensive mixed-use projects the Town was advocating with Shoppingtown’s owners, please see the links below.

Most sincerely,
Ed Michalenko, DeWitt Supervisor

*West Glen, West Des Moines, Iowa: <http://www.westglentowncenter.com/>

*Masphee Commons, Massachusetts: <http://mashpeecommons.com/>

*Belmar Town Center, Lakewood, Colorado: <https://www.belmarcolorado.com/>
<https://www.denver.org/about-denver/neighborhood-guides/belmar-lakewood/>