



## ***A letter from Supervisor Edward M. Michalenko, Ph.D.***

### **What happened to Shoppingtown?**

Town residents, my neighbors, even people I run into on the street have been asking me, **“What happened to Shoppingtown?”**

Most of you are aware, as the Destiny complex has expanded, suburban shopping centers in and around the Syracuse area have declined. Yet 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 I outline below.

As such, over the last several years Shoppingtown Mall has become less and less viable. As reported in the media on October 9<sup>th</sup> of last year, the Onondaga County Legislature voted to allow the Onondaga County Industrial Development Agency (OCIDA) to take over the property if the owners: 1.) Failed to pay 25% of the over \$9 million total in back taxes owed, and 2.) Agreed to enter into a 24-month payment plan for the balance.

Subsequently, Shoppingtown’s owners failed to pay the 25% of total back taxes (\$1.94 million) required to maintain ownership, and they are presently in litigation with Onondaga County.

What most people do not know however, is that for the last several years the Town of DeWitt has persistently 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.

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 re-develop - the property.

- Ideally, the Town would like to see Shoppingtown redeveloped as a mixed-use complex; a combination retail, professional office, cultural, entertainment, food, and

living facility (including for seniors). The project would be similar to the mixed-use properties listed below. *\*(See links to comparable large-scale mixed-use properties around the country at the end of this letter.)*

- As part of the Town's evolving Comprehensive Plan, the Town included Shoppingtown in its mixed-use overlay district, thereby permitting mixed-use development on the mall property.
- As such, the Town offered Shoppingtown's owners a \$250,000 redevelopment grant enabling them to select their own consultants and develop a comprehensive market study and redevelopment plan... all for just \$80,000 in matching funds.
- The mall owners declined the offer.
- The Town then agreed to split the match requirement and provide an additional \$40,000 to the owners for the grant.
- Again, Shoppingtown's owners declined to take advantage of the marketing grant.

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 has turned; the current trend is to lease space/stores in strip malls. (This was Shoppingtown's original configuration when I was growing up 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 Authority (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 for open air exchange - and converting store-front facades to 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 could then acquire the necessary easements to add the mall's hallway lighting costs to our municipal street lighting district, thereby eliminating their common space lighting expenses and reducing tenant's costs even further.

To clarify, neither the Town Supervisor, nor the Town Board can arbitrarily lower the value of **any** property. By law, the Town is not permitted to establish assessment rates for any property; legally, that is the job of the Town's Assessor. (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.)

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 are presently in litigation with Onondaga County.

It is our hope we can work in partnership with Shoppingtown's owners going forward to re-energize and revitalize this important business and community asset. For a more tangible idea of the kind of comprehensive mixed-use project the Town was advocating with Shoppingtown's owners, please see the links below.

Most sincerely,  
Ed Michalenko, Ph. D., DeWitt Supervisor

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

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

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