

# Failing Shopping Malls Can Be a Powerful Tool for Addressing California's Affordable Housing Shortage

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## POLICY BRIEF

### Issue

Declining sales and anchor store bankruptcies have led to a nationwide trend of shopping malls failing. This trend has accelerated during the COVID-19 pandemic, and market analysts estimate that several hundred malls are at risk of failing in the next five years.

As malls close, the sites present tremendous redevelopment opportunities. They typically encompass a large land area, with big regional malls covering 40–100 acres or more, and are served by existing transportation infrastructure. While redevelopment plans may include new retail or other commercial options, housing is desperately needed in California—the state has an estimated shortage of 2.5–3.5 million units—and former mall sites may offer a natural solution to the state's housing woes. Redevelopment planning has already begun for some sites. However, it is unclear just how much potential these sites have for addressing the housing need, particularly for affordable housing, and what challenges to redevelopment might arise.

Researchers at the University of Southern California looked at case studies of ten distressed malls in California's metropolitan areas to assess their potential for mixed-use development, including housing. The case studies included malls with and without current redevelopment plans, and illustrate issues that could hinder or facilitate such redevelopments. The researchers also developed sustainability criteria by which to measure the benefits and costs of redevelopment.

### Key Research Findings

**Redevelopment of failing malls could meet a significant portion of regional affordable housing needs.** Researchers estimated a range

of housing that could feasibly be developed on the identified sites, and in each instance the site could provide at least 20% of the local affordable housing needs over the next eight years. In some cases, sites could meet as much as half of the local need.

#### **Site-related environmental issues could present challenges to mall redevelopment.**

Malls are typically near major highways, presenting pollution and noise issues. However, these impacts can be reduced by locating housing as far as possible from highways (Figure 1), using trees and vegetation to absorb pollution, installing high-efficiency building ventilation systems to improve indoor air quality, and using insulation and other construction materials to reduce noise.

#### **Community involvement in the redevelopment process is important for successful outcomes.**

Close coordination with the local community can provide an opportunity to respond early to community concerns and ensure that redevelopment benefits the community. Redevelopment efforts that included opportunities for community engagement in the planning process tended to see diminished community opposition.

#### **Public transit options currently available at mall sites may not meet the needs of new occupants.**

Redevelopment will bring in new residents and possibly office workers that will have different transportation needs than mall shoppers. Surveying new occupants after redevelopment can help identify additional transportation options that are needed.

#### **The researchers identified social, economic, and environmental sustainability criteria by which to assess mall redevelopment plans.**

The acute lack of affordable housing in California suggests that social sustainability



Figure 1. Site plan for the Village of Laguna Hills redevelopment, with residential areas (depicted in light blue) buffered from the highway bordering the site (Source: <https://leasevillagelh.com/site-plan/>)

should be the major focus for mall redevelopment, with the number of housing units created and community involvement in redevelopment plans as the key social sustainability criteria. Economic sustainability criteria include impacts on local tax revenue and costs for residents. Environmental sustainability criteria include pollution impacts and how redevelopment would affect vehicle traffic.

## Policy Implications

This analysis shows the huge potential for redeveloping shopping malls into housing to help meet California's affordable housing needs. The California Legislature is considering multiple bills to facilitate commercial redevelopment to address the state's housing crisis. However, many of these bills would override local zoning powers and processes, curtailing community participation in the planning process. This approach

could ultimately backfire if avenues for addressing community concerns are eliminated. An inclusive community participation process in the planning of mall redevelopments into mixed-use districts is likely necessary for their successful implementation.

## More Information

This policy brief is drawn from "Failing Malls: Optimizing Opportunities for Housing," a report from the National Center for Sustainable Transportation, authored by Hilda Blanco of the University of Southern California. The full report can be found on the NCST website at <https://ncst.ucdavis.edu/project/failing-malls-optimizing-opportunities-housing>.

For more information about the findings presented in this brief, contact Hilda Blanco at [hblanco@usc.edu](mailto:hblanco@usc.edu).

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