ILSR INSTITUTE FOR Local Self-Reliance
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Nov. 14, 2013

Anthony Hood, Chairman
Zoning Commission
441 4th St NW
Suite 200-S
Washington, DC 20001

Re: Subtitles G, H, I, and K of Draft Zoning Regulations
Testimony concerning large-scale retail development

Dear Chairman Hood and Members of the Zoning Commission,

Thank you for this opportunity to provide comments on the revision of the City's Zoning Code.

We are representing the views of the Institute for Local Self-Reliance (ILSR), a 39-year-old national nonprofit organization based here in Washington, D.C. ILSR has nationally recognized expertise on the economic and community impacts of large-format retailers, often known as "big-box" stores, and the use of planning and zoning provisions to mitigate those impacts. Over the last ten years, we have advised city and state policymakers across the country on retail development and have helped craft and implement local and state land use provisions to address the unique implications of large-format retail stores, including special use standards that entail an economic or community impact review prior to permitting.

Given the growing interest on the part of big-box retailers in locating in the District, we urge the Zoning Commission, as part of the Zoning Code rewrite, to make large-scale retail stores a special exception use, thereby creating a much-needed oversight mechanism that will allow the City to evaluate the benefits and costs of proposed projects before permitting them.

As you know, big-box stores are allowed "as of right" on most commercially zoned sites under the current Zoning Code. This denies the City the opportunity to evaluate these projects through a public approval process and, for those found to have undue adverse impacts on the community, the authority to either reject them or negotiate mitigation measures with the developer. The current

Large Tract Review is not sufficient to address this gap in our planning policy, as it is ad hoc and advisory, and lacks transparency.

Designating large retail proposals as a special exception use would remedy this gap. Such a provision would apply to retail stores that exceed a certain size threshold. We would suggest setting this at 75,000 square feet. Best Buy, Home Depot, Lowe's, Target, and Walmart are a few examples of the retailers that build stores that typically exceed that threshold. However, it's important to note that a special exception process would be triggered by the size of the proposed store, not the brand. All of the above companies have stores in their fleets that are under 75,000 square feet in size.

Numerous peer-reviewed studies have found that large-scale retail stores can have significant negative impacts and hidden costs that affect both the surrounding neighborhood and the City as a whole. University of California-Irvine economist David Neumark looked at data from 3,000 communities and found that, for every 1 job created by a new big-box store, an average of 1.4 jobs are lost at existing businesses in the surrounding neighborhood.[i] Another study, published in *Economic Development Quarterly*, found that one-quarter of the businesses within a 4-mile radius of a new big-box store in Chicago closed within 4 years of the store opening, leaving a wide swath of vacant storefronts.[ii] Penn State economist Stephan Goetz has published studies finding that neighborhoods that gain big-box retailers experience depressed income growth and higher poverty rates.[iii] Another analysis by Tischler & Associates documents how, in some cases, the cost of providing municipal public services (police and road maintenance) to big-box stores exceeds the amount of local tax revenue these projects generate. [iv] Other studies have found that large retail stores can undermine walkability, exacerbate traffic, create noise and other nuisance issues, and detract from the character and well-being of the neighborhood.

Every development proposal is unique of course, both in terms of the project itself and its particular location. The advantage of a special exception approach to large-format retail proposals is that it is not a one-size-fits all policy that imposes unreasonable limitations. Instead, making large-scale retail proposals as special exception would allow the City to evaluate these projects on a case-by-case basis. In some cases, the City may conclude that a project is appropriate to a location, would be beneficial on balance, is consistent with the District's planning policies, and should be approved. In other cases, the City may find the costs of a project outweigh its benefits. In still other cases, the special exception process gives the City leverage to negotiate alterations that improve a project.

Most importantly, making large-format stores a special exception would create a concrete and transparent process for allowing residents to voice comments and concerns about proposed projects.

Designating big-box stores as a special exception use fits within the District's existing zoning framework, which already categorizes other uses as special exceptions, including some types of development that generally have much less significant and more geographically limited impacts.

In designating big-box stores as a special exception use, Washington D.C. would join many other jurisdictions, including most of the communities that surround the District, in treating these projects as a special use warranting special review and approval.

Thank you for the opportunity to share our perspective.

Sincerely,

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Footnotes

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[i] The Effects of Wal-Mart on Local Labor Markets - by David Neumark (University of California-Irvine), Junfu Zhang (Clark University), and Stephen Ciccarella (Cornell University), *Journal of Urban Economics*, Mar. 2008

[ii] The Impact of an Urban Wal-Mart Store on Area Businesses – by Julie Davis, David Merriman, Lucia Samayoa, Brian Flanagan, Ron Baiman, and Joe Persky, *Economic Development Quarterly*, October 2012.

[iii] Does Local Firm Ownership Matter? — by Stephan Goetz and David Fleming, Economic Development Quarterly, April 2011; Wal-Mart and County-Wide Poverty – by Stephan Goetz and Hema Swaminathan, Social Science Quarterly, June 2006.

[iv] Fiscal Impact Analysis of Residential and Nonresidential Land Use Prototypes – by Tischler & Associates, July 2002.