

The Perils of over-retailing

The Perils of over-retailing »

From The Argus Courier: Wednesday, May 30, 2007 (By TIFFANY RENÉE, Guest Commentary)

As noted in Don Bennett's recent column "Slow growth and retail development," population growth in Sonoma County has indeed been modest. Using smart in-fill development, many cities adopted urban growth boundaries, opting to upgrade blighted areas, preserve open space and reduce sprawl. However, now's not the time to relax about retail development. We need to be concerned.

Since the now-obsolete 2003 retail leakage study, we've added enough new or expanded stores, several new banks, and a dozen new eateries to fill over eight football fields. By 2009 we will have built the equivalent of six more football fields of retail space based on the current and proposed projects in the pipeline, more than 700,000 square feet. This buildout is over 3 1/2 times our annual population growth.

What happens when we have more retail space than we can use? We get vacancies and bankruptcies. In economic development, this is called "over-retailing." That comes with greater risks of losing head of household jobs and local jobs that rely on business-to-business services and purchasing. Retail dollars spent at chains leave without the benefit of circulating our local economy. In the past 25 years, hundreds of cities around the country have seen this ripple effect in their local economies as freeway-centered malls and national chains decimate traditional downtowns and older shopping districts.

Over-retailing brings urban blight, as existing centers lose tenants. Our city leaders have managed residential growth, but zeal for sales tax revenue has led to near rubber-stamping of new high-traffic retail development. Over-retailing contributes to traffic congestion and air pollution, as Petalumans find the only way to get to these new malls is by car.

When we've asked, "What does the consumer want?" almost no one in town wanted another mall. Petalumans want shorter lines at checkout, friendly interaction with knowledgeable sales clerks, a familiar, more intimate place to shop with kids, and accessible shopping within walking distance. These are all things our existing smaller local businesses already offer in a shopping experience.

My concern for Petaluma comes from witnessing the demise of small businesses and blight where I grew up around Fair Oaks and Carmichael. Nearly 30 years after the retail sprawling of Sunrise Boulevard, empty mom-and-pop shops surrounded by vast parking lots still dot Sacramento's suburban sprawl like miniature ghost towns in the desert. Finally, even these towns are beginning to fix the problems, modeled after what Petaluma did in the downtown with our road diets, SMART code and Central Specific Plan.

So many claims for retail growth have been on increasing sales tax revenues for the city. But it's the net, not gross income that matters. The expense side of the balance sheet shows that big-box developments are a drain on local economies. They require increased local infrastructure, resulting in higher costs or reduced services. New roads, police, fire, ambulance, health services, housing and sewer lines may actually cost the city more than the sales taxes the retail development generates. Will we have a better, more robust city with more large-scale chains?

To answer that question, the city needs an independent analysis of net impacts to its budget and our community, as numerous other cities faced with similar choices have done. In addition to increasing impact development fees, we have proposed production of an independent Fiscal and Community Impact Report for all large-scale retail development over 25,000 square feet. Open and honest government requires a clear, unbiased picture of predicted results, not just the spin from the national chain stores' public relations firms.

We recognize and celebrate the generous nature of the many people who contribute to Petaluma's unique identity and character. We all love our thriving, successful city. Let's continue to keep our jobs local, our business formation local, the return of business profits local, and support as many local entrepreneurs and businesses as we can by buying local. Petaluma is a living national treasure worthy of our highest investment.

(Tiffany Renée is a fellow of the Leadership Institute for Ecology & the Economy, a board member of Petaluma Independent Business Alliance, a web developer, and is active in shaping public and environmental policy.)