

Recycling Big-Box Stores

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Abstract

This paper considers solutions to the problem of converting the ‘cast off’ buildings left over from old neighborhood shopping malls and also the ‘big box’ real estate left by high volume retailers such as Wal-Mart, Costco and furniture stores. The conversion of such large buildings into several different uses is discussed. These include: health centers, sport fitness clubs, educational facilities, senior community centers, justice centers, churches and affordable apartment buildings. Several specific examples are described to illustrate each type of conversion.

Psycho-geographers estimate that half to three quarters of Americans now live in the ‘suburbs of strangers’ often associated with urban sprawl. These social environments have few opportunities for the type of interaction that fosters a sense of belonging to a neighborhood community that offsets the job-centered competition that often produces conflicts at work. Environmental psychologists advocate the development of a more socially connected lifestyle as a means to avoid isolation and depression but many neighborhoods lack an appropriate range of organizations.

A second widespread problem of the suburbs is observed by community health practitioners, who estimate that only about 5% of the members of their population meet recommended exercise standards and as much as 40% of their population is completely sedentary.¹ After the long commute home from work, many residents simply eat dinner and then collapse in front of the television set until retiring. This pattern has resulted in widespread obesity and associated health problems, such as hypertension, heart disease and diabetes.

These twin problems are not hopeless, however, books such as *Better Together: Restoring the American Community*² document the emergence of new social institutions to help fill the void, and health club memberships have become more commonly available to help members of the middle class to regularly exercise.

A third problem is the lack of affordable housing. This situation is not unique to the suburbs of course, but is common in many large urban areas. This problem is becoming more acute month by month as mortgage foreclosures become more common. In order to prevent a widespread increase in homelessness, charitable organizations, such as Catholic Charities, are seeking ways to provide additional rental housing at lower rates than the open market.

This range of organizations faces a common difficulty -- finding affordable physical structures to house their activities – especially given high costs of new construction and the current difficulty in obtaining mortgages during the financial crises. Here, again, however, the situation is not completely bleak. One solution to this problem is the creative adaptation of ‘cast off real estate’, such as that left by old neighborhood strip shopping malls and even big-box spaces left by

¹ See *Health and Community Design* by Frank, Engelke and Schmid

² by Putnam and Feldstein

WalMart, Costco and other high-volume retailers, such as home furnishing stores. These structures are often called "big box buildings" – they are a free-standing, warehouse buildings, generally consisting of only one huge room. Of course, converting the building to a different use involves a significant investment of money and time, but it is generally less expensive than building a new structure. Moreover, such recycling creates a significant savings of energy. A recent Los Angeles Times editorial characterizes this issue:

“... a Brookings Institution study indicates that the construction of new buildings alone will destroy one-third of our existing building stock by 2030. And ... the energy used to destroy older buildings in addition to the energy used to build new ones could power the entire state of California for 10 years, according to the National Trust for Historic Preservation.

We've treated old buildings like we once treated plastic shopping bags -- we haven't reused them, and when we've finished with them, we've tossed them out. This has to stop. Preservation must stand alongside conservation as an equal force in the sustainability game.”³

The following discussion will describe fifteen projects which have converted big-box retail stores into other uses. The projects are organized into three major sections: Health and Fitness Centers, Educational Activities, Other Community Use Facilities and Affordable Housing. This author is indebted to Julia Christensen, who wrote the book: *Big Box Reuse*.⁴ Many of the projects included in this report are described by her.

Health and Fitness Centers

St. Bernard Parrish Health Center

St. Bernard Parrish (SB) is located across the canal from the Ninth Ward in New Orleans – made famous by the devastation during hurricane Katrina (August 2005), which reduced SB's population from 65,000 to about 25,000. Their original medical center (Chalmette) was completely ruined by the flood.

The health center was originally established about two months after the hurricane by FEMA as an emergency care facility. It has expanded into a maze of connected trailers which are located on the parking lot of an abandoned Wal-Mart store. This parking lot was selected for the facility because it was the only open space available with a central location (it is adjacent to City Hall).

The five doctors serve the needs of over 6,000 construction workers who are helping to rebuild New Orleans. An average of over 100 people receive care each day and the complex now includes a pharmacy. The complex continues to operate on an indefinite

³ [<http://www.latimes.com/news/opinion/sunday/commentary/la-oe-keaton13-2008oct13,0,6453760.story>]

⁴ MIT Press, 2008. <http://www.bigboxreuse.com/>

basis until the Parrish is able to build a permanent facility – perhaps within the next several years.⁵

The Central Kentucky Medical Center

The Central Kentucky Comprehensive Medical Center resides is owned by a group of four doctors, who funded the \$4 million dollar renovation of a 44,000 SF Wal-Mart to create a giant medical complex in Mt. Sterling. The space now includes a 24-hour urgent-care center, a cardiovascular center and chiropractic suite, which includes a pool and an indoor walking track In addition, a laboratory and an imaging center are included along with eighty-eight examination rooms.

Sport Fitness Clubs

As mentioned in the introduction, health problems which originate from lack of exercise in modern cities can be partly addressed through the construction of sports clubs. The Portland area has recently provided examples of where these gyms might occupy fairly large, abandoned retail stores. Interestingly, the first example shows that such prospective conversions are not always approved, due to the nature of the surrounding neighborhood.

Gold's Gym

Gold's Gym is one of the world's largest sport club franchises. They attempted to obtain approval from the City of Portland to locate a gym in an abandoned Wild Oats grocery store at SE 30th and Division St. This structure exceeds the 10,000 sq. ft. limit set for gyms in this historic neighborhood, which seeks to preserve the traditional small store atmosphere of its earlier history. The city Adjustment Committee approved the initial request to exceed the size limit, but a small neighborhood gym (Loprinzi's), located a dozen blocks down Division (at 42nd), appealed the decision to the Oregon Land Use Board of Appeals. Many local residents also opposed the adjustment, and ultimately the City refused final approval. This illustrates a problem with renovation of large retail spaces for other uses. Most neighborhood residents benefit from a fair sized grocery store but may well oppose the additional traffic that conversion to other uses may generate.

Eastport Plaza

In the second example, the gym conversion was approved. A 55,000 square-foot Albertson's property was acquired by Heslin Becker Properties, a full-service commercial real estate acquisition and development firm. They negotiated a long term lease with L.A. Fitness, which opened in the fall of 2008. (Details of the property value and lease arrangement were not disclosed.)

This property is located in the Eastport Plaza shopping center, Eastport Plaza, a 400,000 square-foot shopping center located in the 4000 block of Southeast 82nd Avenue in Portland, Oregon. This mid-size shopping center -- which is composed partly of stores which are larger than the "mom-and-pop" storefronts which populate most of the Division Street area -- has radically changed in the last quarter

⁵ More information is in: Christensen, chapter 9

of a century and illustrates the 'life cycle' of many similar small malls in many regions of the country. It is useful to provide a few more details, to serve as a general example of a typical mall's evolution.

The mall began as an enclosed space in the 1970's, with about 20 smaller stores located between the anchor stores of Mervyn's and JC Penney. The smaller tenants included the typical range for the 70's; a sporting goods store, a record store and a Newberry's dime store and a buffet style restaurant. An Albertson's grocery store was added, adjacent to the mall, in the late 70's.

This mall alone served the Southeast quadrant of Portland until the mid 80's, when a new, larger mall was built along a new section of freeway, which was added as a beltway on the East side of town. Mervyn's and JC Penney relocated there -- building larger stores. Business began to decline until eventually the enclosed portion of the mall was removed, leaving only the storefronts of the smaller stores. The extra space was next occupied by an Izzy's Pizza, a Taco Bell, a Bank of America branch and a Multiplex Theater. Finally, the Albertson's also closed and the store stood vacant for about five years until it was refurbished as the L.A. Fitness gym. (This occurred after Wal-Mart built a store across the street from the strip-mall.)

The Princeton Fitness and Wellness Center

The Princeton Fitness and Wellness Center renovated a Grand Union grocery store 2003. The building is 52,000 square feet -- approximately the same size as the L.A. Fitness gym that was described above in Portland Oregon but has more members (6,000) and offers a greater range on services, including a physical therapy unit and a day spa.

Educational Facilities

The Charter School in Buffalo

An abandoned K-Mart building in Buffalo New York has been the home of a charter school that opened in 2002. The 68,000 SF building, which had been vacant for close to five years, was purchased by a Buffalo development company for \$1.6 million. The K-6 charter school leased the building with an option to buy it. It spent about \$750,000 on initial renovations, which converted about half of the building into classrooms, office space and a gym. (The lease allows them complete freedom of control over interior space but they can not modify the external structure.) It has future plans to add an auditorium in a portion of the remaining space.⁶

The Sugar Creek School

The same basic economic factors lead to another charter school -- this one located in Charlotte North Carolina -- to also renovate an abandoned K-Mart building. The under-privileged neighborhood where school is located has no other educational facilities, but

⁶ More information is in: Christensen, chapter 4

the site has a central location and the school's students are drawn from a wide geographic area. Presently, only about half of the 60,000 SF building is in use as classrooms and office space. The remaining space will be converted into a cafeteria and gym when funds become available.

The Head Start Early Childhood Center

The Hastings, Nebraska, Head Start (HS) program serves a base of about 1,200 children, who live in the hinterlands of the small town on 24,000 residents. The U.S. Head Start program provides nutrition, health care and education to low income children. During the 1990's, Nebraska ranked second in the increased numbers of Hispanic, K-8 students. Most of the Hastings HS students are Hispanic. Some of the students are from migrant families. (Con-Agra Foods, which is located close by in Omaha, operates several food processing plants in the general Hastings vicinity. Many migrant families are drawn to this area during harvest seasons.)

The program operates in a K-Mart building, which was vacant from 1992 to 2001. At that point, Johnson Imperial Homes (a Hastings Real Estate Company) bought the building and resold it to the HS program for \$11.4 million plus their deed to the converted hardware store when they had previously located. (The price included basic renovations to the building and lot.) The school converted most of the 40,000 SF space into twenty classrooms and four meeting rooms, along with office and storage space. The remaining space is rented to the Hastings public school system. The rental income helps HS to pay their \$35,000 monthly mortgage payments.⁷

Other Community Uses

The Labanon-Laclede County Library

The Labanon-Laclede County Library is located in a renovated K-Mart building. The 40,000 SF building had been abandoned in 1999. It was owned by two people. One of them donated his share to the County and the other's share was purchased in 2002. A local engineer donated his services as the director of renovation and the funds were raised by a community drive, amply assisted by the local media.

As the project proceeded, it was decided to incorporate a Route 66 Museum and Café, in order to make the library a special 'destination' facility, in order to draw people to the facility from outside the local area. Moreover, including material which described the historic Highway 66 network and associated activities into the library helped to raise funds from a wider vicinity of donors. In addition, six community meeting rooms were added to the renovation plans to broaden the concept into a community center. A total of \$2 million was raised, in addition to many "in kind" gifts of labor and furnishings. This was a major victory for this small town of Lebanon, Missouri – especially since Lee Jeans, a major area

⁷ More information is in: Christensen, chapter 5

employer, closed their factory during the fund-raising campaign. The meeting rooms are now frequently used by both Boy and Girl Scout troops and other local organizations, such as the knitting and quilting clubs.⁸

The Spam Museum

The K-Mart store in downtown Austin, Minnesota closed and relocated to a larger store. The old store was vacant for over a decade, until it was purchased by Hormel Foods. It was within a mile of the Hormel pork, canning factory and an ideal location to renovate to help renew the downtown area. The company held a design competition for the best plan to convert the 32,000 SF structure into a SPAM (meat) Museum, which was won by Paulsen Architects (who are accredited for meeting LEED environmental standards), and the Museum opened in 2001.

In order to convert the old structure to an energy efficient structure that was also compatible with surrounding buildings in the historic downtown area, brick siding was added to the exterior of the building and a wrought iron fence was added around the parking lot. Front windows were also installed, to allow for natural light in the lobby and skylights were also added to the space for Hormel offices, which occupy about half of the building. About two hundred and fifty employees work in the office space and museum, which helps to support the economy in the town's central business district. Moreover, walking paths which circle the lake across the street or lead downtown were designed to encourage pedestrians to exercise and explore the vicinity.

Signs were added along I-90, a major East-West route which is adjacent to the Museum, to help attract outside visitors, which now average over 10,000 per year. The Museum includes some interesting design features, including an entire wall of Spam cans, connected to an overhead conveyor belt that carries Spam cans throughout the Museum. A movie and exhibits tell the story of the history of Spam, including how it fed our troops during World War II.⁹

The Senior Center

Wisconsin Rapids, Wisconsin was historically know for its paper mills, until their rapid decline in the 1990's. In 2000, Stora-Enso bought the Mead paper mill and laid off over 5,000 employees. The small town has struggled to adjust to the drastic blow to its economy which resulted from the closing of a Wal-Mart store, right in the middle of town. The Wal-Mart remained vacant for three years despite the fact that it was located in the center of town. Ultimately, seniors in the vicinity negotiated a purchase price of \$400,000 plus assumption of a \$350,000 development loan that Wal-Mart still owed Wisconsin Rapids.

The project was awarded a \$750,000 grant from the State of Wisconsin and owners of the Educational Software Company, Renaissance Learning (which is located in Wisconsin Rapids) gave a \$250,000 matching grant. The sale of the old senior center also provided \$250,000. The remaining funds (needed for renovation) were raised from smaller local donations.

⁸ More information is in: Christensen, chapter 7

⁹ More information is in: Christensen, chapter 6

The structure was originally 85,000 SF but 18,000 SF were demolished in order to provide a greenway between the highway and the Center. The Senior Center facilities occupy about 30,000 SF and the remainder is rented as non-retail office space for community oriented agencies. The rental income provides for the building maintenance and to amortize the bonds that the city issued to cover the development grant that they assumed.¹⁰

The Calvary Chapel

The Calvary Chapel is located in a re-used Wal-Mart building in Pinellas Park, FL. Its location between Tampa's giant suburbs of Clearwater and St. Petersburg, is ideally suited to their 3,000 member congregation. The Chapel moved into the Wal-Mart building in the first part of 2002, when the Wal-Mart moved to a larger store up the road. The Chapel needed a larger structure – it had outgrown the 43,000 SF structure it had occupied in a converted Winn-Dixie grocery store. The Wal-Mart building is much larger and located on a seven acre site, which allows room for gardens and expansion.

The Chapel is renovating the building in phases, as funds become available. The finished phase I includes a parochial school, which occupies 25 classrooms, a 3,000 SF lobby, a 2,400 SF bookstore, and a large cafeteria and auditorium. The design emphasizes the feeling of spaciousness, with 12 foot wide hallways and a 15 foot high ceiling.

The next phase will add ten more classrooms, an even larger auditorium. Plus, an exterior skate park will be added to the playground and garden.¹¹

Grace Fellowship Church

A slightly smaller conversion project is illustrated by the Grace Fellowship Church in Latham, New York. The Fellowship negotiated the purchase of a Grand Union Grocery Store, after it sat vacant for four years, and moved in during 2002. The church contains over 15 classrooms, a cafe, a youth club and 1500 seat sanctuary along with meeting rooms and offices.

The Bardstown Justice Center

The city of Bardstown, Kentucky bought an abandoned Wal-Mart building ten years after the store moved to a larger location a couple of miles away. Like the original courthouse, this site was chosen for its central location, as a hub for the towns activities. Selecting this site had the additional advantage of removing the long-abandoned building – which was demolished and the new Justice Center was built on what had been the parking lot. This locates the new building directly across the street from the preserved plantation Kentucky Hill – known as “My Old Kentucky Home” – the subject of the State Song. In fact, the two buildings “mirror” each other – they oppose each other behind large front lawns, which would meet except for the street.

¹⁰ More information is in: Christensen, chapter 3

¹¹ More information is in: Christensen, chapter 8

By way of associated improvements to the new Justice Center – a highway bypass route was constructed to complete a rough square of highways around the area. In addition, the old courthouse was preserved by making it the headquarters for the Chamber of Commerce and welcome center, as well as some city government offices.¹²

Affordable Housing

Kateri Park Affordable Apartments

The Catholic Society of St. Vincent de Paul owns land, on the corner of Southeast 28th Avenue and Rhone Street, in Portland Oregon. In 2004, they formed a partnership with Catholic Charities to collaborate on their first affordable housing project. Part of the space consisted of a renovated structure that had been a large thrift store along Powell Blvd, the rest had been vacant land behind it. The apartment complex is named Kateri Park, after Kateri Tekakwitha, a Christian Mohawk woman who cared for the sick and the elderly in the late 1600s. It includes eight 1-bedroom units, eight 2-bedroom units, 24 3-bedroom units and 10 4-bedroom units. The location is close to schools and parks, as well as mass transit and retail stores. The residents are a mixture of singles, parents and large families who require housing assistance. All residents share a central courtyard and a community center, which contains laundry facilities and a galley kitchen.

The Society of St. Vincent de Paul is an international Catholic organization whose mission is helping people who are disadvantaged, primarily through its shelters and thrift stores. Catholic Charities provides low-cost housing, aid for pregnant girls and women and support for immigrants. It is the social service arm of the Archdiocese of Portland, staffed largely by lay volunteers, who arranged funding for the \$7.4 million project. Support came partly from the Portland Development Commission and the Housing Authority of Portland, as well as from state and federal low-income tax credits.

The Granby Street Apartments

The Granby Street Apartments are located in a renovated Ames Department Store in Norfolk, VA. The project was similar in nature to the Portland project. However, the Ames Department store was an older building with several levels, each divided into many rooms and the renovation produced more affordable apartments -- about fifty. These are more urban in character, located in a square, high rise building, rather than around a courtyard.

The Affordable Housing Problem

To understand the importance of more affordable housing, it is useful to examine the statistical trends. The most serious problem began with the boom in housing prices that

¹² More information is in: Christensen, chapter 1

began just before the turn of the century. In 1999, one in eight working families – who are earning “at least the full time equivalent of the minimum wage” – reported spending more than fifty percent of their incomes on housing. (Report of the Millennial Housing Commission, May, 2002, p.3) And, as the data in Table 1 shows, the poor are spending an even larger percentage of their income on housing. The top row of the table shows that, on average, the poor now spend over 64% of their income on housing. This is because only 4% of the existing rental units are available at less than 30% of their income (second row). (Note the data in parentheses shows that poor households comprise nearly a quarter of the total renters over the entire period.)

Table 1

	<i>1960</i>	<i>1970</i>	<i>1980</i>	<i>1990</i>	<i>2000</i>
Rent as a percentage of household income for poor renters	44	57	63	63	64
Percentage of Rental Stock Affordable to Median Renter's Income for Poor Renters (< 30% Of income) <i>(percentage of poor renter households shown in parentheses)</i>	13 (27)	12 (22)	12 (22)	9 (22)	4 (23)

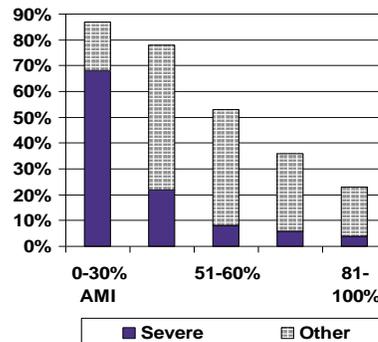
Source: "Is Housing Unaffordable? Why Isn't It More Affordable?" John M. Quigley and Steven Raphael
Journal of Economic Perspectives—Winter 2004—Pages 191–214

Note: For 1960 to 1990, the figures are tabulated from the Integrated Public Use Microdata Files. For 2000, the figures are tabulated from the American Community Survey Public Use Microdata Files.

The most serious problem, however, is associated with housing affordability concerns poor families who are not assisted with their rent payments. Table 2 shows this had become a serious problem by 1999, with almost 90% of those earning less than 30% of the adjusted median income (AME) reporting housing problems (adequate housing costing more than 30% of their income and almost 70% of this group with severe problems (adequate housing costing greater than 50% of their income). As the table also shows, of those with 40%- 50% of the AME, 80% reported housing problems and even those with 51%-60% of the AME, over 50% reported housing problem. Thus those in the lowest quarter of the income brackets all have were already at some affordability risk.

Table 2

Percent of Unassisted Renter Households with Housing Problems by Income, 1999



Source: K. Nelson, Office of Policy Development and Research, HUD, testimony before the House Committee on Financial Services, May 3, 2001, based on the 1999 American Housing Survey data.

The greatest type of hardship suffered by those with these housing problems was the severe rent burden, with 77% reporting this to be their sole problem. (However, another 11% reported living in substandard housing and 12% reporting physical problems with the housing, including overcrowding.) Examining unsubsidized working poor families as a whole, the same (1999) survey quantified the average extent of the rent burden: fifty-six percent of those surveyed paid more than 50% of their income for housing and another 32% paid more than 30% of their income.¹³

Since the latter half of the 1990's critical housing needs have increased. In fact, the percentage of households earning incomes at (or slightly above) the minimum wage who reported severe rent burdens or substandard housing increased 56% between 1997 and 2001.¹⁴

By 2002, the affordability problem had become especially acute on the West Coast. This is illustrated by computing the hourly wage necessary (40 hours work week) to earn enough income to afford the fair market rent for an average two-bedroom apartment (at 30% of total income). Moving from North to South, these wages are clearly above minimum wage:¹⁵

¹³ C. Dolbeare, Center on Budget and Policy Priorities, June 13, 2003, based on the 1999 American Housing Survey data.

¹⁴ Center for Housing Policy, American's Working Families and the Housing Landscape, November 2002.

¹⁵ *Out of Reach*, a report of the National Low Income Housing Coalition, 2002.

Alaska	\$16.19
Washington	14.77
Oregon	13.18
California	19.69
Nevada	15.54

Conclusion

This paper has considered solutions to the problem of converting the ‘cast off’ buildings left over from old neighborhood shopping malls and also the ‘big box’ real estate left by high volume retailers such as Wal-Mart, Costco and furniture stores. The conversions of such large buildings into several different uses were discussed. These included: health centers, sport fitness clubs, educational facilities, senior community centers, justice centers, churches and affordable apartment buildings. Several specific examples were described to illustrate each type of conversion.