

## Economic Development

### *Setting and Issues*

The primary economic activities along University Avenue include stores, restaurants, business and personal services, a few entertainment activities, and some offices. The number of businesses along University Avenue has grown at a faster rate than city as a whole and the University Avenue area has historically been a good location for small, start-up, locally owned businesses. Office-based and entertainment activities are clustered primarily in the eastern segment of the University Avenue corridor, as part of the larger Downtown area. The U.C. Theater, the Avenue's most significant entertainment use, also represents an important landmark for Downtown and the City of Berkeley as a whole. Retail activities are extremely varied in terms of the types of merchandise being sold and the size of the trade area being served. Some stores serve a very local clientele, while others are serving a city-wide or regional market. The various types of stores are intermingled, although the stores at the western end of the corridor tend to be more exclusively regionally-oriented due to their close proximity to the freeway.

A survey of real estate market conditions in Berkeley indicates that the Avenue's current land use pattern reflects current market demand. There is little evidence to suggest that demand is shifting to spur a significant change in land use patterns along the street. City-led actions, though, could help to strengthen the vitality and viability of businesses in the corridor.



Retail activities on University Avenue have historically reflected a mix between regional-serving and local-serving uses. However, even the local-serving uses are relatively dispersed, so that, with the exception of the San Pablo Avenue intersection, there are no specific areas that have the feel of a neighborhood shopping district.

National retail trends are and will continue to shape the environment in which merchants and property owners with retail space on University Avenue must operate. Many central city retail areas have been fighting the impacts of large-scale retail for many years; first from suburban style “malls” and then from the “big-box” warehouse type stores. However, until recently, Berkeley and Oakland seemed protected from these problems. With construction of the Powell Street Plaza in Emeryville and the East Baybridge shopping center at the Emeryville-Oakland border, retailers in Berkeley are now feeling the bite of this type of competition. A survey of merchants along University Avenue corroborates this conclusion, indicating that economic development policies in this plan must address the need to assist existing stores in responding to these changing market conditions and distinguishing themselves from big box, discount retailers.

In addition, an emphasis should be placed on attracting new retail activities to the central part of the University Avenue corridor and creating an atmosphere that is distinctly different than the suburban malls or big

box retail centers. The central area is at the greatest locational disadvantage in that it is not adjacent to the freeway, nor is it part of the greater synergism created by the Downtown at the Avenue’s eastern end or Fourth Street at the western end. An opportunity exists, however, to focus retail

activities in this central section to neighborhood-serving, specialty retail, particularly since this area is also ripe for additional residential development.

To ensure that retail in the central section is economically viable, it will be important to create concentrated nodes of retail activity, rather than dispersing it along the corridor. Nodes will also foster synergistic mixes of tenants, creating distinct locational identities and recognizable destinations. In addition, targeting nodes as the appropriate place for commercial activities will ensure that the supply of retail space on University Avenue will not exceed demand. In developing policies and

strategies to support existing merchants and attract new tenants, it is critical to recognize that the demand for additional retail space in this area is limited. Although the exact level of demand has not been quantified as part of this planning process, the difficulty property owners are experiencing in leasing space is a key indicator that demand for new retail space is currently relatively weak. Therefore, new space will be slow to lease up, particularly if it is isolated from other shops and not all new residential development should necessarily include ground floor retail, although this could be encouraged once the nodes are more complete.



*Encourage the development of new locally-owned small businesses in the University Avenue Study Area. Vacant buildings need to be targeted for new businesses.*

In general, it is expected that new office development will occur adjacent to the Downtown or in the area around Fourth Street. The balance of the Avenue will continue to function primarily as a retail street, with some interspersed residential and/or mixed-use development. However, over the long term, office development could occur in the more successful nodes, especially on sites within walking distance of BART.

In addition to implementing land use strategies, both successful and marginal businesses on University Avenue could greatly benefit from efforts to improve merchandising and marketing, such as offering an expanded mix of goods or services to appeal to a broader market or improving their display of goods. In addition, most of the area's merchants depend on word-of-mouth for advertising. However, to effectively compete in an increasingly competitive marketplace in the East Bay, merchants need to work together to undertake more proactive advertising. Joining together enables a group of small merchants to reach a large audience with minimal cost.

### *Economic Development Policies and Strategies*

(See each Sub-Area discussion for more specific approaches to strengthening and supporting key businesses.)

#### **POLICY 11: ENHANCE THE COMPETITIVE ADVANTAGES OF UNIVERSITY AVENUE MERCHANTS.**

Strategy 11A: Develop a Coordinated Marketing Program for University Avenue that might include print ads in local publications emphasizing the interesting variety of food, restaurants, services, and ethnically-oriented merchandise available in the area. Sub-area groupings of merchants may

be appropriate, as long as all merchants are included in area-wide marketing efforts.

Strategy 11B: Develop a Merchandising Support Program to provide assistance to existing University Avenue merchants. This program should be conducted as a joint effort of the City of Berkeley Office of Economic Development, the chamber of commerce, and a local association of merchants.

Strategy 11C: Encourage merchant coordination of events and public activities and establish a series of annual promotional events to occur in the various retail nodes along University Avenue. These events should be marketed on a City-wide basis to draw more people from other parts of Berkeley. Such events help establish an identity for each node and make more people familiar with the range of goods and service available there. The first such event should be the Celebration of Indian New Year. The event could incorporate the theme of the festivities in the decorations for the streetscape, window displays, and food vendors. The goal of the event should be to raise the larger region's awareness of the Indian merchant concentration and celebrating the uniqueness of the area.

#### **POLICY 12: INCREASE THE CAPACITY OF EXISTING BUSINESSES IN THE UNIVERSITY STUDY AREA TO ENSURE THAT BUSINESSES CAN REMAIN VIABLE, AND TAKE ADVANTAGES OF OPPORTUNITIES FOR FUTURE GROWTH. WORK TO RETAIN THOSE BUSINESSES THAT ARE SUCCESSFUL "ANCHORS" IN EACH NODE.**

Strategy 12A: Establish an education and training program to enhance small business merchants' ability to find and obtain private capital financing sources. The City should take the lead in educating merchants regarding potential sources of funds for small businesses including conventional loan financing, Small Business Administration loans, and other special programs that might be available to University Avenue businesses. To the extent necessary, this program could be expanded to assist merchants with general business practices, including accounting, inventory control, personnel management, etc.

Strategy 12B: Consider forming a Business Improvement District (BID). Business Improvement Districts can provide a significant mechanism for funding district-wide improvements, coordinating marketing efforts, soliciting new tenants, and solving unique problems.

Strategy 12C: Review the effectiveness of all City small business support programs, such as the Citywide Loan Fund and the Facade Improvement Grant, that assist merchants in undertaking physical improvements to store interiors, facade improvements, and signage improvements. Consider implementing a revised low-interest small business loan fund that addresses the specific needs and composition of the University Avenue merchants.

Strategy 12D: Establish an on-going outreach program between City staff and University Avenue Merchants. This program should provide early warning when merchants, especially those that serve as anchors in their subareas, are having problems that could result in their moving or closing down their business. The City should create a full-time position to conduct this type of outreach and to assist in attracting new businesses to the area (see below). Businesses functioning as anchors in each subarea are identified in the Sub-Area discussion.

**POLICY 13: THERE SHOULD BE A STRONG EMPHASIS ON BRINGING A VARIETY OF NEW BUSINESSES TO UNIVERSITY AVENUE.**

Strategy 13A: Create a City staff unit specifically assigned to University Avenue with the task of working with property owners to encourage building rehab and development on opportunity sites, linking tenant with available space, studying the feasibility of establishing a Business Improvement District, coordinating merchant activities and promotional events, implementing a festival lighting program, and facilitating information flow to merchants, property owners, and residents.

Strategy 13B: Develop informational/marketing materials that could be distributed to prospective tenants interested in doing business on University Avenue. These materials could include a description of the types of space and/or land available, typical lease rates and terms, area demographics, a description of the City's permitting process, and the names of key people to contact for further information.

Strategy 13C: Target attraction activities towards neighborhood-serving retail uses. Strong efforts should be made to attract locally-owned businesses, although chains can also be appropriate depending on the type of store and their physical requirements. All new businesses should design their facades and signage to be consistent with the character of the area in which they are locating. Smaller service-oriented users should be encouraged to locate in space between the nodes, rather than directly in the nodes themselves; fast food and auto-repair businesses should be discouraged.

Strategy 13D: Establish linkages to entrepreneurship training programs and the Alameda County Small Business Development Center to identify prospective entrepreneurs who might be interested in opening businesses in the area.

Strategy 13E: Assist the creation of locally-owned small business start-ups by continuing the City's Business and Real Estate Assistance Program and targeting it to the University Avenue area. Consider encouraging micro businesses such as push carts and kiosks at key corners with the nodes.

Strategy 13F: Look for opportunities to use vacant store fronts with short-term temporary activities such as holiday crafts fairs, art galleries, and retail outlets for charity activities.