Planning and Development Department
Land Use Planning Division

STAFF REPORT
February 4, 2026

TO: Members of the Planning Commission

FROM: Uttara Ramakrishnan, Associate Planner

SUBJECT: Corridors Zoning Update – Objective Design Standards and Small Business Anti-Displacement Tools

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RECOMMENDATION

Receive a staff presentation, consider public comments, and provide feedback on the Berkeley Corridors Objective Design Standards ***(Attachment 1)*** and Small Business Anti-Displacement Strategies **(*Attachment 2).***

BACKGROUND

The Corridors Zoning Update is an implementation action of Berkeley's 2023–2031 Housing Element Update (Program 27).[1] The project is intended to:

- Expand housing opportunities in high-resource areas, specifically, along the College Avenue, Solano Avenue and North Shattuck Avenue corridors;
- Address historic exclusionary zoning patterns; and
- Promote equitable housing distribution while maintaining neighborhood character and supporting local businesses.

At its September 17, 2025 meeting, the Planning Commission provided feedback on the Corridors Zoning Update Alternatives Report. The Planning Commission was particularly interested in design standards for ground-floor uses in the corridors.

Since that time:

- A City Council work session was held on November 6, 2025, which was attended by approximately 100 members of the public. Staff presented the Corridors Zoning Update Alternatives Report and received input from City Council and the public.

[1] *City of Berkeley Housing Element Update 2023-2031*. https://berkeleyca.gov/sites/default/files/documents/Berkeley_2023-2031%20Housing%20Element_02-17-2023v2_0.pdf

- Staff presented the project to community organizations, including the North Shattuck Association, Avalon and Monkey Island Neighbors, and Keith-Shasta Neighbors.
- Staff have recently met twice with a group called Save Berkeley Shops, which is advocating for stronger protections for small businesses.
- Staff are scheduled to meet with UC Berkeley student groups.

DISCUSSION

Ground-Floor Objective Design Standards

The ground-floor objective design standards ***(Attachment 1)*** seek to establish clear, measurable requirements to guide the design of street-facing ground floors along Solano Avenue, North Shattuck Avenue, and College Avenue. The standards address **ground-floor frontage**, **retail tenant space design**, **sidewalk activation**, **human-scaled storefront design**, and **residential ground-floor design**, and are intended to support active, adaptable, and pedestrian-oriented corridors while accommodating the functional needs of mixed-use buildings. Together, these standards promote high-quality ground-floor environments that support long-term commercial viability, housing feasibility, and an engaging public realm.

A. Ground-Floor Frontage and Retail Tenant Spaces

Ground floors of mixed-use buildings must accommodate residential accessory functions such as building lobbies, ingress and egress, trash rooms, and utilities, which can interrupt continuous retail frontage and diminish the retail character of a building or block face. The objective design standards seek to minimize these impacts by prioritizing active, street-facing uses and encouraging the consolidation or strategic placement of residential service functions away from primary frontage areas. In addition, the standards respond to common challenges in newly constructed retail spaces—such as inadequate dimensions, limited flexibility, and high leasing costs—by encouraging retail tenant spaces that can support a broader range of uses, including small, local businesses and food-oriented tenants.

B. Sidewalk Activation and Human-Scaled Storefront Design

Active ground floors are essential to extending and activating the pedestrian realm along the corridors. The objective design standards emphasize human-scale storefront design through requirements for transparency, frequent entrances, and architectural detailing that adds visual interest at the pedestrian level. These standards are intended to reinforce a comfortable, walkable streetscape and ensure that new development contributes positively to the public realm, regardless of tenant turnover or evolving market conditions.

C. Residential Ground-Floor Design

In locations where continuous retail frontage may not be feasible, residential ground-floor uses may be permitted, recognizing that they typically generate less street activity than retail. The objective design standards require residential ground floors to be designed in a manner that activates the sidewalk and addresses resident privacy

concerns, particularly along busier streets, through strategies such as setbacks, stoops, and landscaping. The standards also encourage residential ground-floor designs that anticipate future market shifts by allowing for potential conversion to retail or other active uses, supporting long-term adaptability and corridor vitality.

Small Business Anti-Displacement Strategies – Preliminary Findings

In response to City Council direction and feedback from small businesses and community members, the City asked Strategic Economics, one of the firms that is part of the project and specializes in economic development, to evaluate potential programs and policies to support existing businesses. Their report ***(Attachment 2)*** examines current retail conditions along Berkeley's commercial corridors, assesses how proposed rezoning may interact with broader market forces affecting small businesses, and identifies programs and policies for the City's consideration.

The analysis finds that small businesses in Berkeley are operating in a challenging retail environment shaped by long-term structural changes, including the growth of e-commerce, increased price competition from large retailers, and shifting consumer preferences toward experiential retail. Citywide, the total number of retail establishments and average sales per establishment have declined since 2016, and while taxable sales have partially recovered since the pandemic, they have not returned to pre-pandemic levels.

The report finds that corridor-specific demographic and real estate trends vary, but do not indicate that rezoning alone is likely to result in widespread or immediate displacement of small businesses. Retail vacancy rates along Solano Avenue, North Shattuck Avenue, and College Avenue remain relatively low, and retail rents are driven more by space quality than by building age or zoning. Evidence from recently upzoned corridors in Berkeley and nearby cities does not suggest sustained rent increases attributable to upzoning. In addition, most commercial parcels along the corridors are owned by individuals, families, or small property groups, and redevelopment would typically require parcel consolidation, suggesting that any redevelopment resulting from rezoning would be gradual and limited in scope.

The report describes how rezoning may impact small businesses, including direct displacement from redevelopment, construction-phase disruption, changes in customer base as new residents move into the corridors, and shifts in neighborhood character associated with higher-density development. The memo outlines a range of potential mitigation tools to address these risks, including relocation assistance, early notification requirements, legal and mediation support, construction-phase business interruption assistance, targeted tax relief, and technical assistance and marketing programs. The report also highlights the role of ground-floor design standards and public realm investments in supporting functional, adaptable retail spaces that can better serve local businesses over time.

The report also reviews applicable state and regional policy frameworks relevant to small business protection. State law, including AB 2011, already requires relocation

assistance for qualifying displaced small businesses under certain streamlined development pathways, while regional policy under the Metropolitan Transportation Commission's Transit-Oriented Communities program encourages jurisdictions to adopt commercial stabilization tools in transit-rich areas such as North Shattuck Avenue. The report concludes that pairing rezoning with targeted small business assistance strategies and complementary policy tools can help mitigate displacement risks while advancing housing production and long-term corridor vitality.

Table 1: Zoning Alternatives - Maximum Building Height (Alternatives Report)

	Existing Zoning	Alt Form 1 Medium Density	Alt Form 2 Higher Density
Solano Avenue (C-SO) (85 ft wide)	2 stories 28 ft	4 stories 48 ft	5 stories 58 ft
With 50% Density Bonus	3-4 stories	6 stories	7 stories
Building-to-Street Ratio	(0.33:1) @ 2 stories	(0.8:1)	(0.9:1)
Estimated Density*	35-85 du/acre	150 du/acre	175 du/acre
North Shattuck (C-NS) (94 ft wide)	3 stories 35 ft	5 stories 58 ft	6 stories 68 ft
With 50% Density Bonus	5-6 stories	7 stories	8 stories
Building-to-Street Ratio	(0.37:1) @ 2 stories	(0.83:1)	(0.94:1)
Estimated Density*	70-170 du/acre	175 du/acre	200 du/acre
College Avenue (C-E) (60 ft wide)	2 stories 28 ft	3 stories 38 ft	4 stories 48 ft
With 50% Density Bonus	3-4 stories	4 stories	6 stories
Building-to-Street Ratio	(0.5:1) @ 2 stories	(0.8:1)	(1.13:1)
Estimated Density*	35-85 du/acre	85 du/acre	130 du/acre

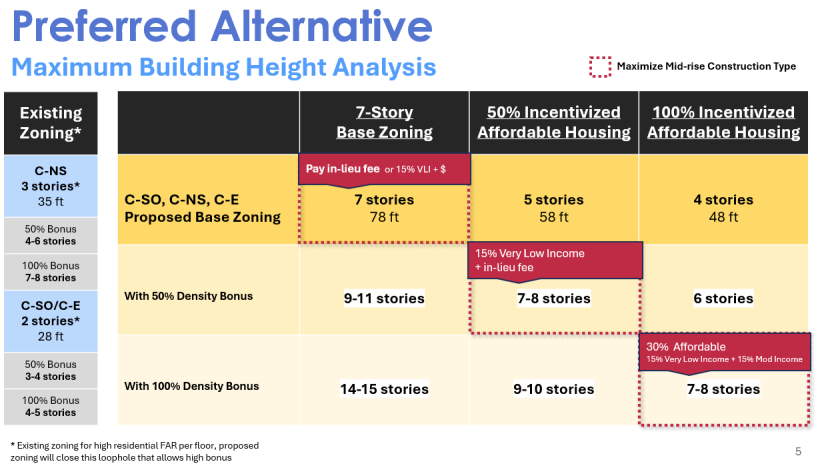
** Estimated average density based on a mixed-use building with an average unit size of 1,000 sf*
*** Buildings would be eligible for additional height with a 100% SDBL*
**** Based on existing base zoning standards and calculations*

City Council Worksession – Summary of Councilmember Direction and Public Comments

At the City Council worksession, Councilmembers generally expressed support for advancing the Corridors Zoning Update in a manner that increases housing capacity along commercial and transit corridors while strengthening protections for small businesses and ensuring consistency across districts. Several Councilmembers emphasized that increased residential density can support corridor vitality by increasing pedestrian activity and customer bases for local businesses and noted that the City's Housing Element and Affirmatively Furthering Fair Housing (AFFH) obligations require action in these areas. A recurring theme was the importance of **parity across corridors**, with multiple Councilmembers cautioning against maintaining lower heights or more restrictive standards on certain corridors in ways that could perpetuate historic patterns of exclusionary zoning.

With respect to development standards, a number of Councilmembers expressed support for **7 stories across the corridors, with up to 8 stories on North Shattuck**, generally suggesting a taller option than the higher-density alternative presented in the Alternatives Report ***(Refer Table 2).*** Several Councilmembers favored **flexible ground-floor requirements**, including concentrating retail at key nodes or intersections rather than requiring continuous ground-floor commercial frontage, and allowing residential or office uses in other locations. Views on Objective Design Standards (ODS) varied: some Councilmembers supported targeted, corridor-wide ground-floor standards to replace discretionary review, while others expressed concern that required standards could be overly burdensome or preferred no ODS. There was also interest in increasing allowable FAR for non-residential and mixed-use development, limiting or eliminating upper-story stepbacks to preserve unit yield, and ensuring that any rezoning is paired with small business retention, relocation, and mitigation strategies.

Table 2: Zoning Alternatives - Maximum Building Height



Several Councilmembers raised corridor-specific considerations, particularly for College Avenue, noting its narrower right-of-way, limited retail blocks, and constrained opportunities for business relocation. Suggestions included more targeted or site-specific rezoning approaches, the potential use of zoning overlays for opportunity sites, and requirements to preserve active retail frontage and manage residential entrances along College Avenue. Councilmembers also emphasized the **need for continued and expanded outreach to business owners and community organizations**, and additional economic and feasibility analysis to suggest strategies to protect small businesses.

Public comments reflected a wide range of perspectives, with strong participation from small business owners, property owners, residents, and housing advocates. Many speakers supported increasing housing along corridors, citing the need to address housing shortages, meet AFFH obligations, and bring more customers and activity to commercial areas. Several commenters expressed explicit support for higher-density alternatives, including 6–7 stories, more flexible ground-floor requirements, and eliminating mandatory ground-floor retail in favor of housing feasibility.

A significant number of speakers, particularly small business owners along Elmwood, North Shattuck, and Solano Avenue, expressed concern about displacement, lack of outreach, and uncertainty related to redevelopment timelines. Common themes included requests to slow or pause the process, expand engagement with merchants, and implement concrete protections for existing businesses. Many speakers noted that relocation can be highly disruptive or infeasible for small businesses, that newly constructed retail spaces are often unaffordable or poorly suited to local needs, and that construction impacts and parking constraints could negatively affect operations.

Several commenters questioned whether increased density would meaningfully improve affordability or benefit small businesses, while others emphasized the need for more family-sized units, ownership opportunities, or 100 percent affordable housing. Additional concerns included neighborhood character, traffic and congestion, public realm impacts, and whether upzoning should be more targeted or extended to other corridors. Across viewpoints, speakers frequently called for clearer information, stronger coordination with business owners, and policies that balance housing production with economic vitality and community-serving uses.

QUESTIONS FOR PLANNING COMMISSION

Objective Design Standards

1. **Ground-Floor Frontage**: Should the ground-floor development standards include minimum lot width requirements or limit mixed-use development to corner lots to support viable and continuous active frontages along the corridors?
2. **Retail Tenant Space Configuration**: Should the objective design standards establish minimum dimensional requirements for ground-floor retail spaces, such as desired minimum depth with an absolute minimum threshold, to better accommodate a range of retail tenants?
3. **Accommodation of Larger-Format Retail Uses**: In cases where existing sites with medium- or large-format retail (e.g., grocery stores) are redeveloped, should the zoning or objective design standards include requirements or incentives to retain space capable of accommodating these uses?
4. **Sidewalk Activation and Ground-Floor Setbacks**: Should the objective design standards require ground-floor retail setbacks to enhance sidewalk activation, and if so, should the standards specify a minimum setback or a setback range? What setback dimension, if any, is appropriate?
5. **Human-Scaled Storefront Design**: Are the proposed storefront design standards sufficient to achieve a pedestrian-oriented, human-scaled streetscape, or are there additional objective standards the Commission recommends for consideration?
6. **Residential Ground-Floor Setbacks**: Where residential ground-floor uses are permitted, should the objective design standards require setbacks to address privacy and sidewalk activation, and if so, should these be established as a minimum or a range? What setback dimension would be appropriate?
7. **Future Adaptability of Residential Ground Floors**: In areas where residential ground-floor uses are allowed, should the standards require residential units to be designed to facilitate future conversion to retail or other active uses in response to changing market conditions?

Small Business Anti-Displacement Strategies

8. **Additional Small Business Protection Strategies**
   Beyond the anti-displacement tools identified in the Small Business Anti-Displacement Strategies report, are there additional policies or programs the Planning Commission recommends the City explore to further support and protect small businesses as part of the Corridors Zoning Update?
9. **Additional General Feedback on Small Business Strategies**
   Does the Planning Commission have feedback on the overall approach to small business anti-displacement outlined in the Small Business Protection Strategies memo?

ENVIRONMENTAL REVIEW

There are no identifiable environmental effects or opportunities associated with this staff report. However, possible future actions will be reviewed in accordance with the California Environmental Quality Act Guidelines (CEQA).

NEXT STEPS

- Community engagement will continue throughout 2026, including ongoing outreach and presentations to community organizations across the city.
- A Community Workshop will be held in spring 2026 to present the Draft Objective Design Standards.
- The Planning Commission will be asked to conduct a public hearing on the proposed zoning and General Plan amendments and make a recommendation to the City Council.
- Staff aim to advance Planning Commission's recommendation to City Council by mid-2026.
- Project updates, public documents, and subscription options for email notifications are available on the Corridors Zoning Update webpage.
- Projects updates are also available on the Instagram page.

CONTACT PERSON

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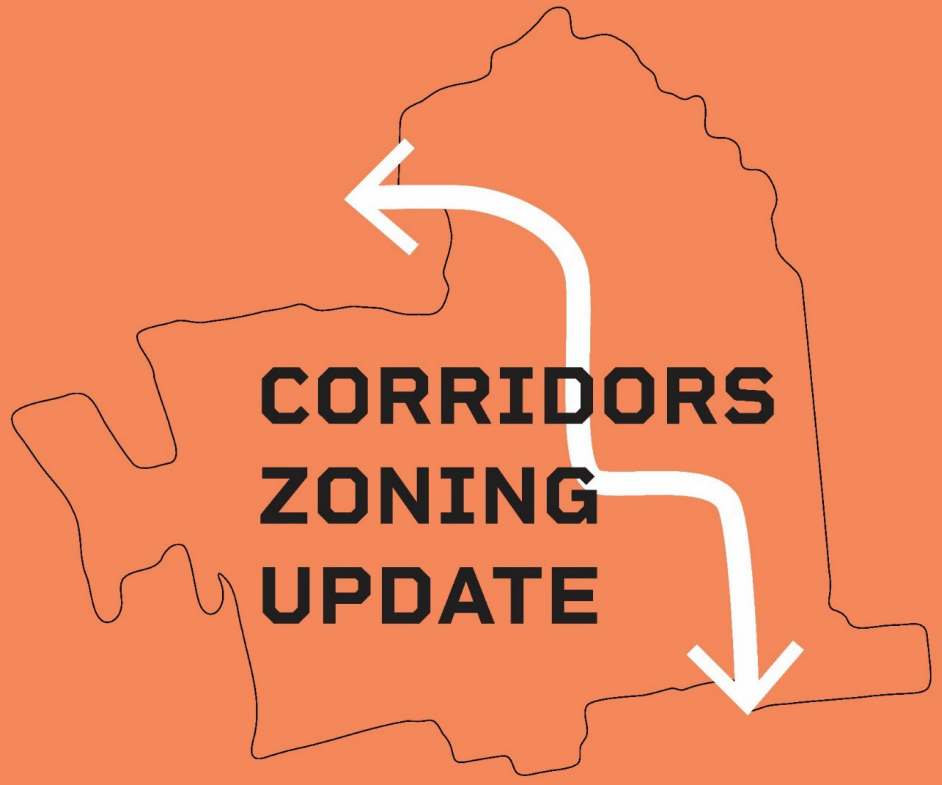
Attachments:

1. Objective Design Standards Presentation
2. Small Business Anti-Displacement Strategies Memo

Links:

3. Draft Alternatives Report *(Linked)*
4. Existing Conditions Report (*Linked*)



GROUND FLOOR OBJECTIVE DESIGN STANDARDS

December 29, 2025

Contents

I. Preferred Alternative

City Council Feedback

→ Allow **7 stories**

→ Keep **all corridors the same**

Preferred Alternative

Maximum Building Height Analysis

Maximize Mid-rise Construction Type

Existing Zoning*		7-Story Base Zoning	50% Incentivized Affordable Housing	100% Incentivized Affordable Housing
C-NS 3 stories* 35 ft	**C-SO, C-NS, C-E Proposed Base Zoning**	Pay in-lieu fee or 15% VLI + $ **7 stories** 78 ft	**5 stories** 58 ft	**4 stories** 48 ft
50% Bonus **4-6 stories**	**With 50% Density Bonus**	**9-11 stories**	15% Very Low Income + in-lieu fee **7-8 stories**	**6 stories**
100% Bonus **7-8 stories**				
C-SO/C-E 2 stories* 28 ft	**With 100% Density Bonus**	**14-15 stories**	**9-10 stories**	30% Affordable 15% Very Low Income + 15% Mod Income **7-8 stories**
50% Bonus **3-4 stories**				
100% Bonus **4-5 stories**				

* Existing zoning for high residential FAR per floor, proposed zoning will close this loophole that allows high bonus

II. Ground Floor Frontage

Why?

→ Ground floors of mixed-use buildings will **need to accommodate residential accessory spaces**, such as residential lobbies, egress, trash, and utilities.

→ This could **impact the retail character** and **disrupt the continuity of retail ground floor frontages** in these corridors.

Ground Floor Frontage

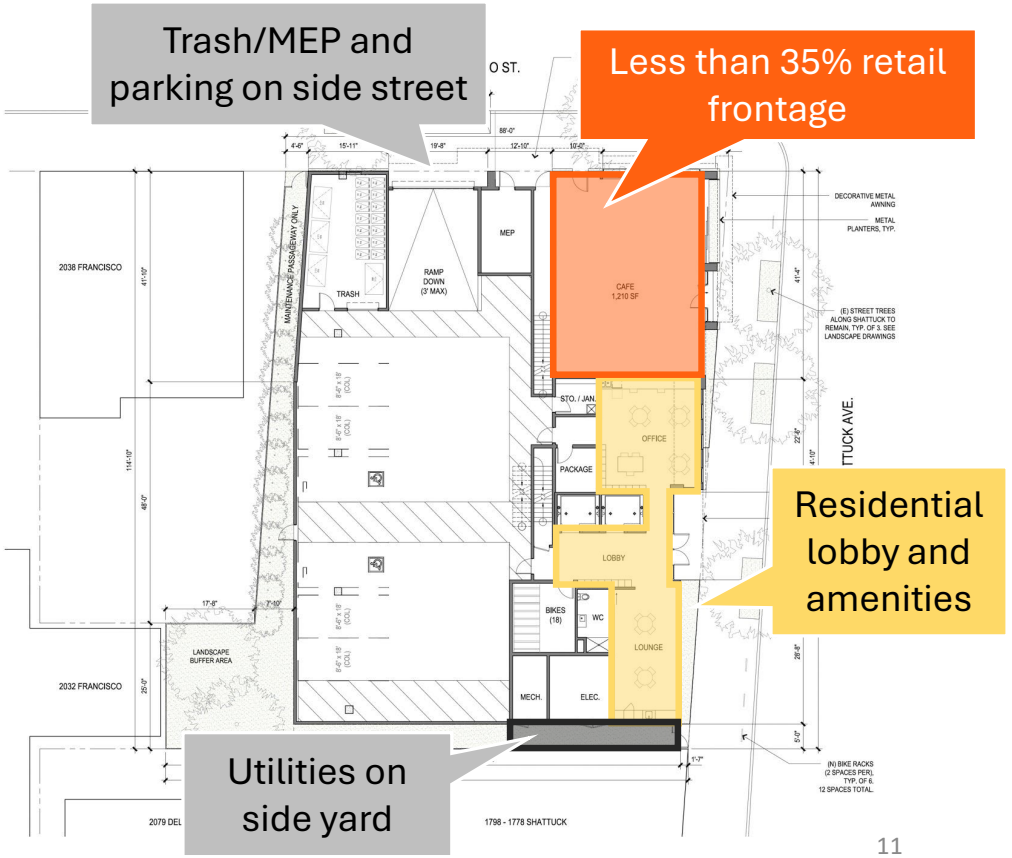
Ground Floor Frontage

2480 Bancroft Way, Berkeley, CA

Ground Floor Frontage

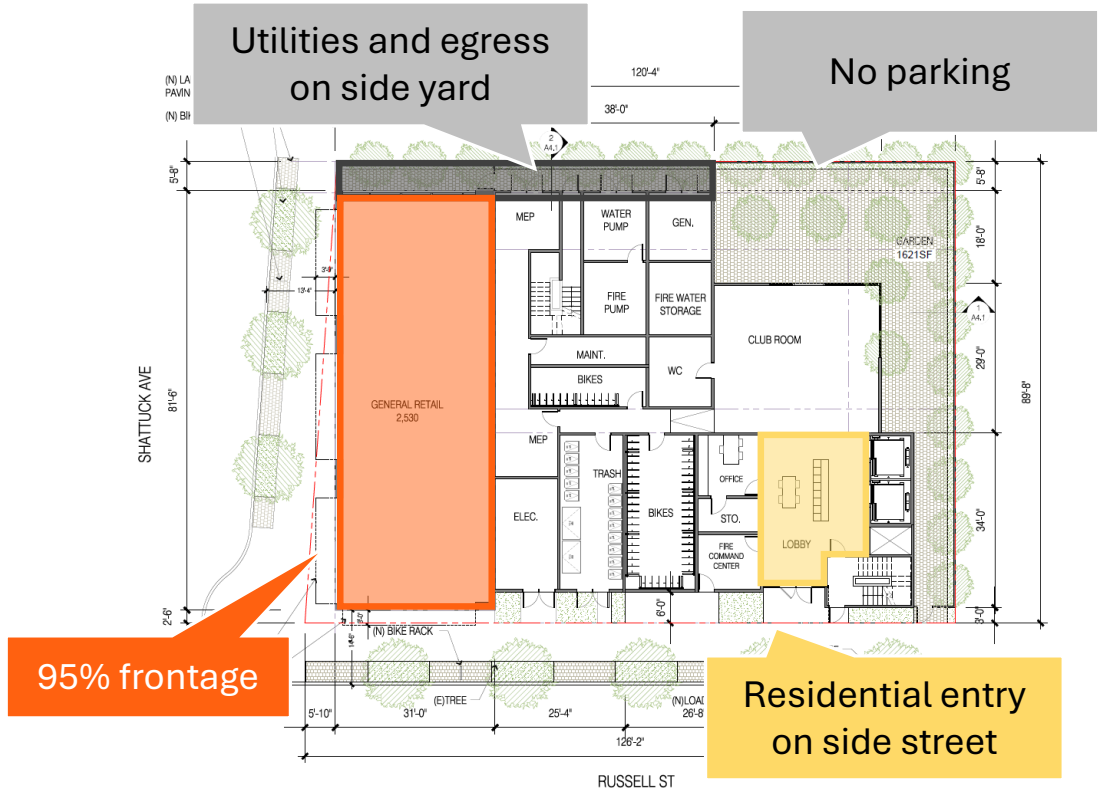
Ground Floor Frontage

1752 Shattuck Avenue, Berkeley, CA



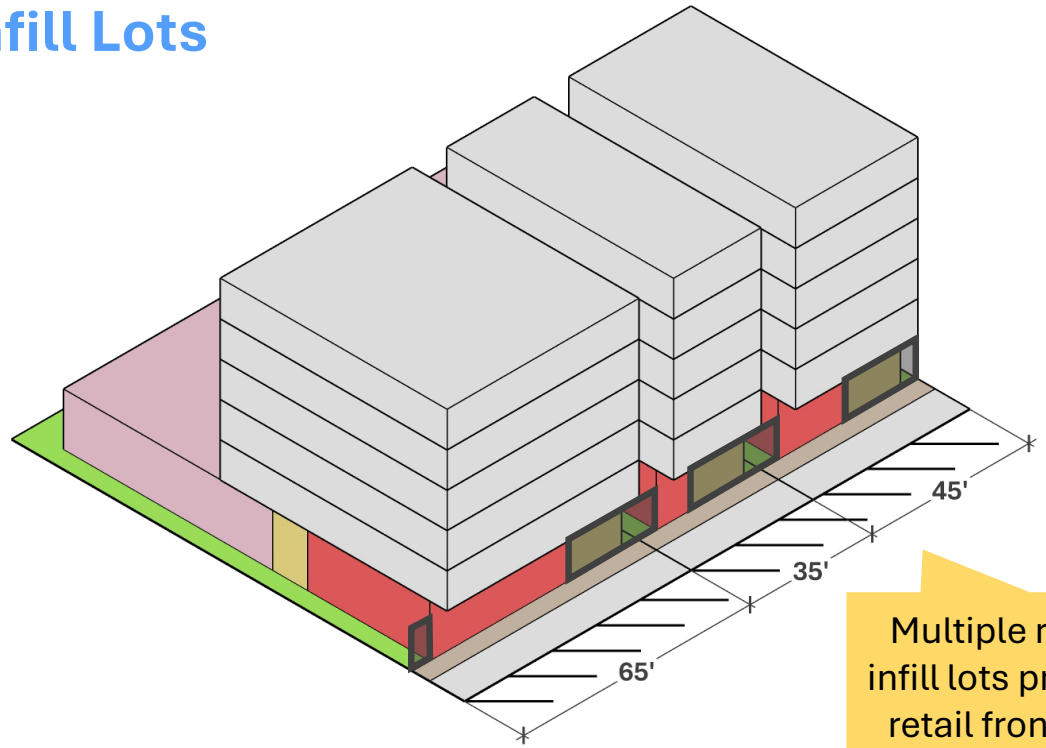
Ground Floor Frontage

2847 Shattuck Avenue, Berkeley, CA



Ground Floor Frontage

Multiple Infill Lots



Multiple redeveloped infill lots provide limited retail frontage (<50%)

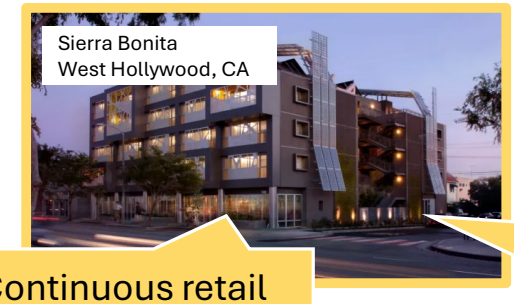
How?

→ Potential Ground Floor Frontage Standards

Ground Floor Frontage – Corner Lots

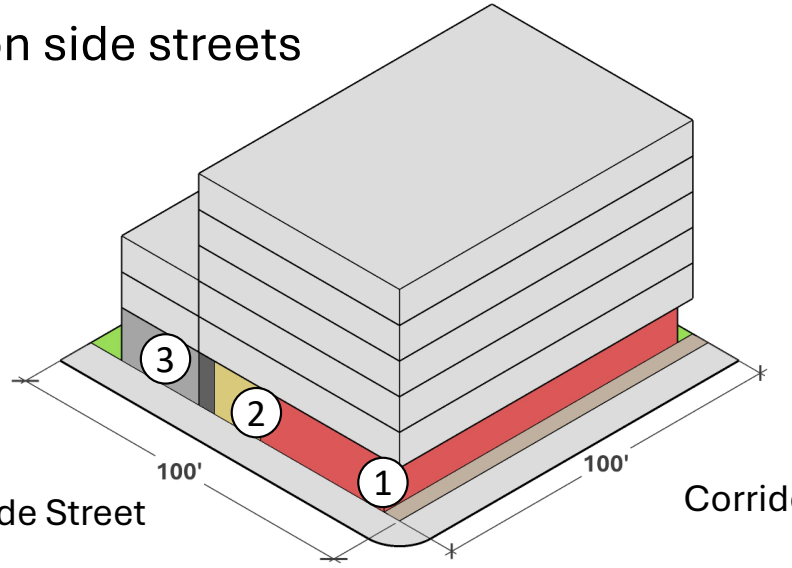
Draft Standards

1. Retail shall wrap the corner
2. Non- retail entries shall be located on side streets
3. Parking/service entries:
   Maximum 35% of façade length
4. PG&E shall be located underground



Continuous retail along corridor street

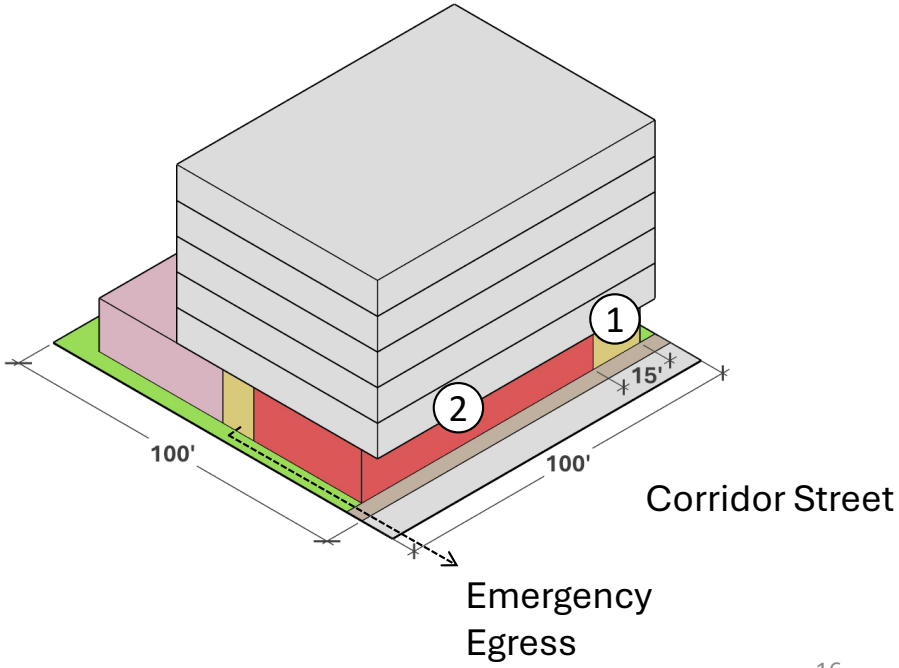
Residential, parking & service entries on side street



Ground Floor Frontage – Infill Lots

Draft Standards

1. Non-retail frontage (utilities, trash, lobbies, and egress): Maximum 10-15 feet
2. Parking entries shall be prohibited
3. PG&E shall be located underground

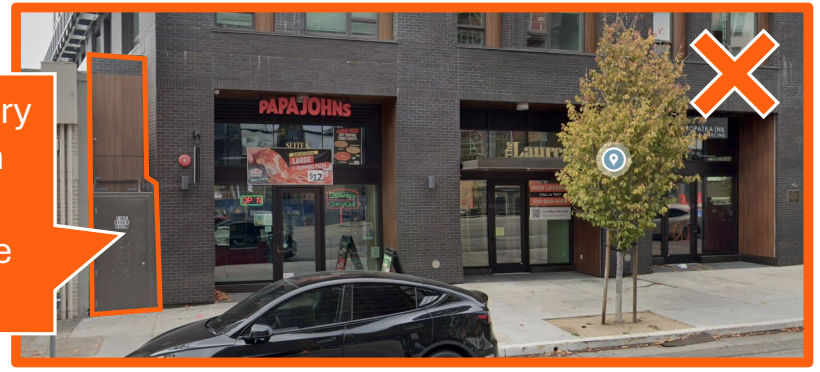


Non-Retail Frontage Design

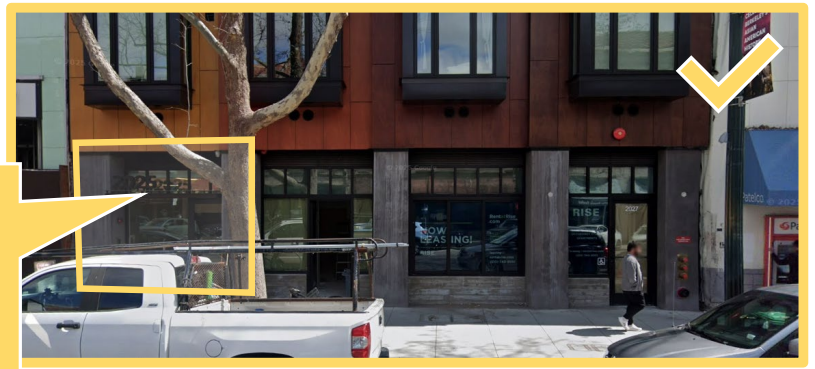
Draft Standards

- Non-retail frontages (utilities, trash, lobbies, and egress) shall have similar design treatment to the retail frontages

2nd egress has very different design treatment compared to the retail frontage



The lobby is integrated within the same column structure and is behind a storefront design similar to the retail frontage



Question(s)

→ Should the development standards include a minimum lot width requirement or require corner lots for mixed-use development?

III. Retail Tenant Spaces

Why?

→ Ground floor retail spaces in new developments often **do <u>not</u> provide the right dimensions for retail tenant needs** nor **fulfil design requirements for the desired variety of retail tenants** (e.g. restaurants, grocery stores, etc.)

→ The **leasing cost of newly-built retail spaces can be prohibitive** for small, local businesses

→ Ground floor retail facades of new mixed-use developments often **fail to maintain an engaging environment for pedestrians**

Ground Floor Height

Higher ground floor heights allow flexibility for various tenant spaces, workshop space, retail lofts, mechanically-stacked parking, and open lobbies

855 Brannan St,
San Francisco, CA

Ground Floor Height

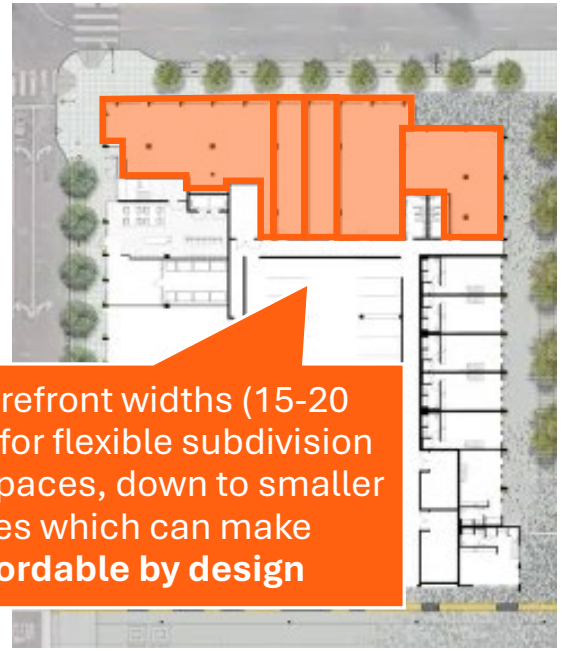
Richardson Apartments
San Francisco, CA

Ground Floor Retail Depth

Deep retail spaces (40-60 feet) allow for tenant layouts that can comfortably accommodate a welcoming entry, product display, and back-of-house functions

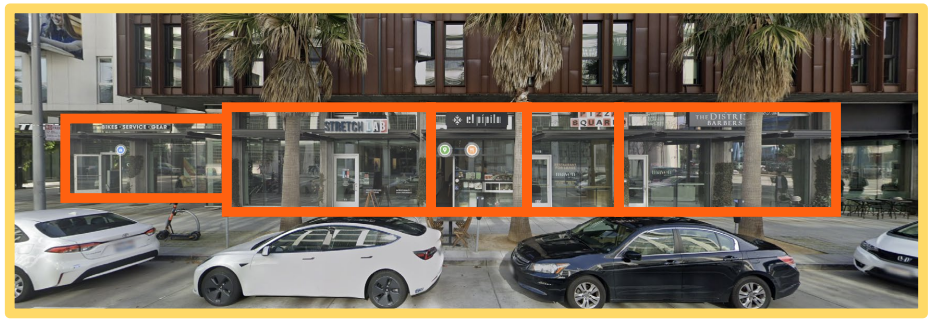
9812 Howard Street, San Francisco, CA

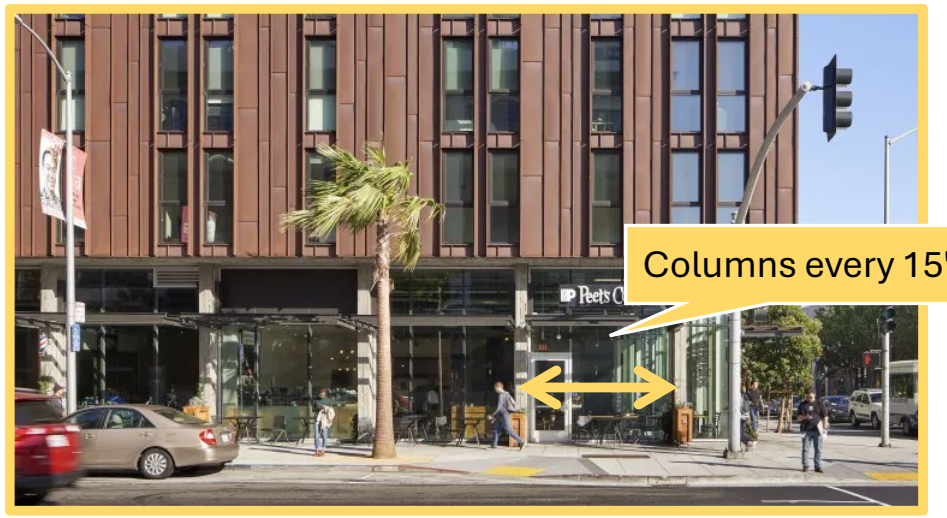
Storefront Width



Narrow storefront widths (15-20 feet) allow for flexible subdivision of tenant spaces, down to smaller retail spaces which can make spaces **affordable by design**

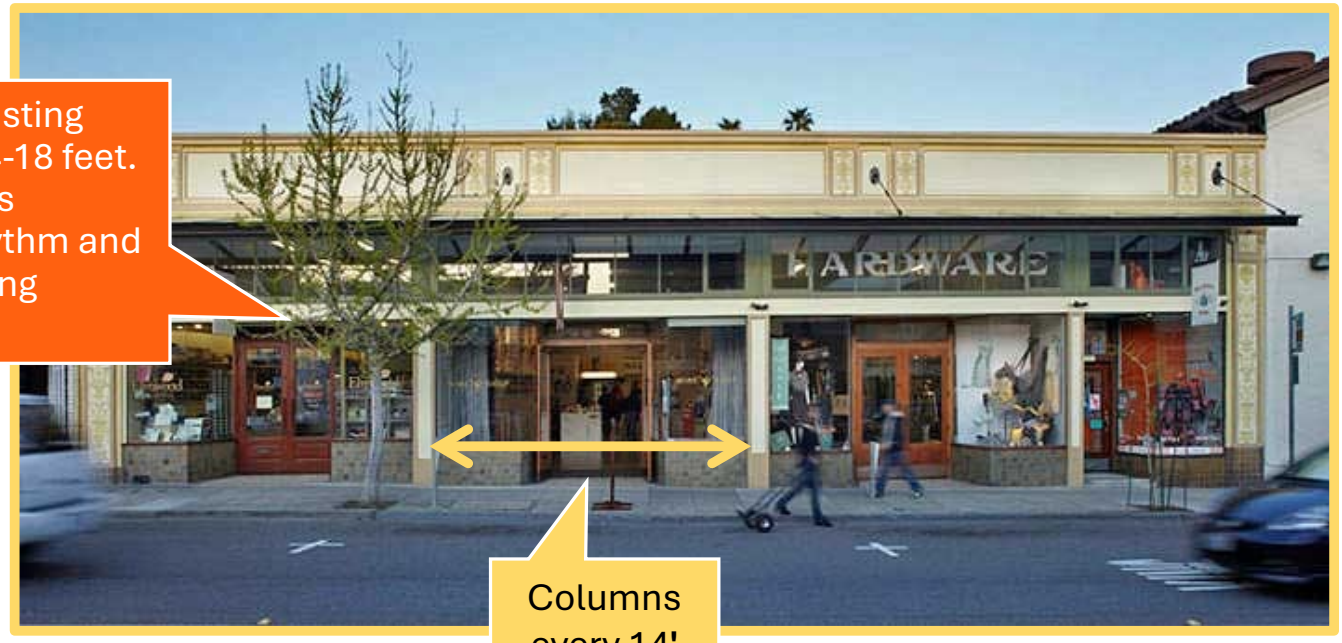
855 Brannan St,
San Francisco, CA





Storefront Width

The typical rhythm of existing historic storefronts is 14-18 feet. Narrow storefront widths preserve the existing rhythm and help maintain an engaging pedestrian experience



2947-53 College Avenue, Berkeley, CA

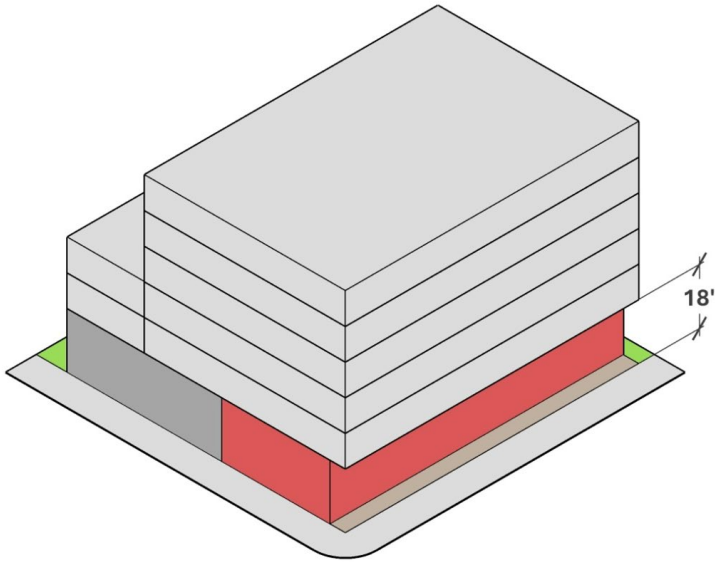
How?

→ Potential Retail Space Design Standards

Ground Floor Height

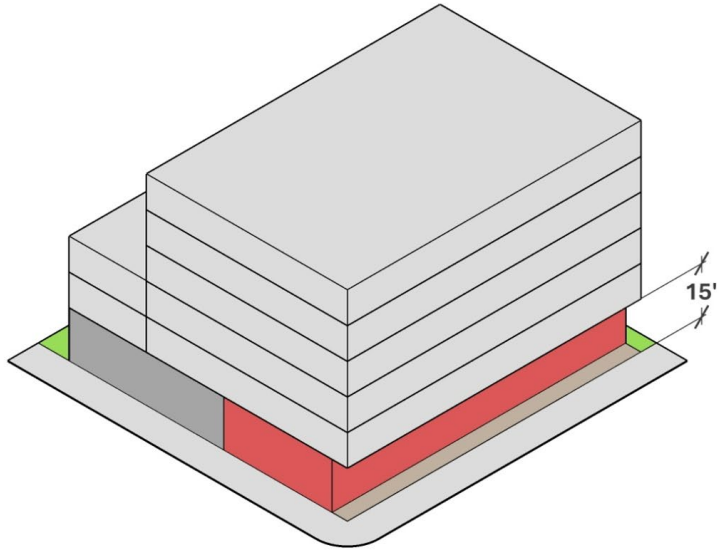
Draft C-NS Standard

- Minimum floor-to-floor: 18 feet



Draft C-SO/C-E Standard

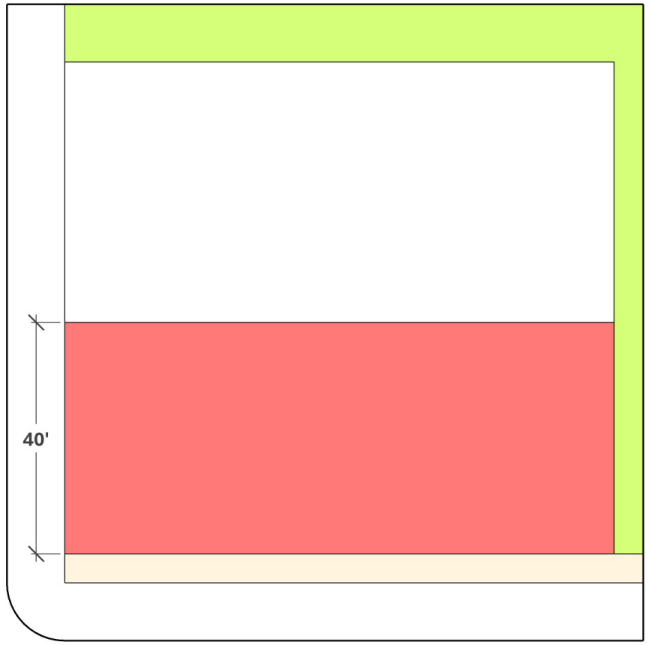
- Minimum floor-to-floor: 15 feet



Ground Floor Retail Depth

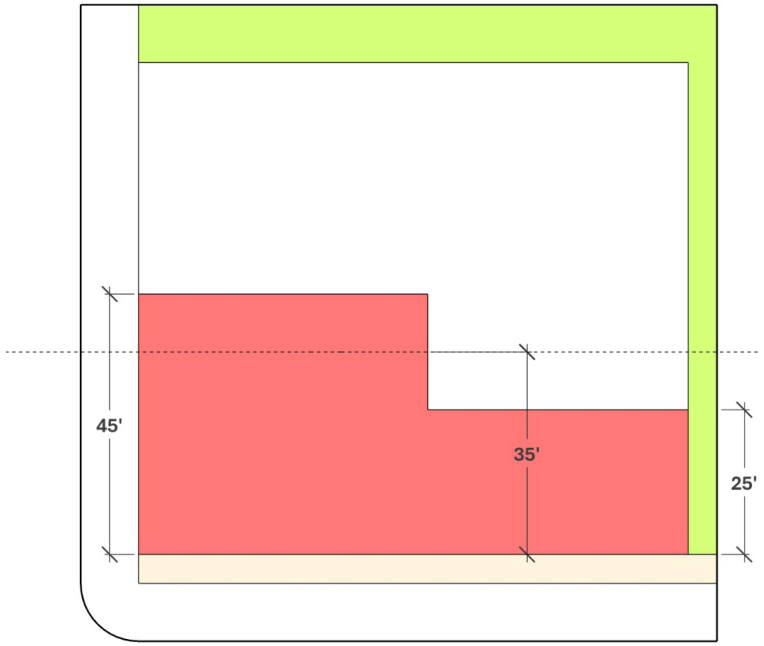
Draft Alt 1 Standard

- At least 40 feet



Draft Alt 2 Standard

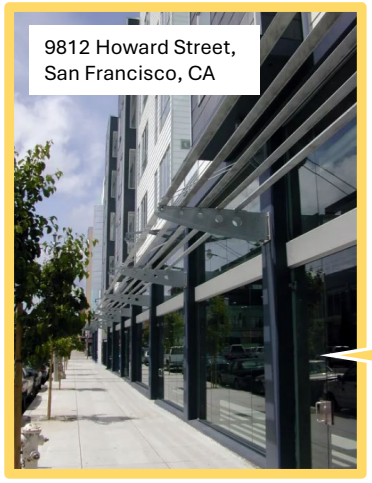
- Average 35 feet; minimum 25 feet



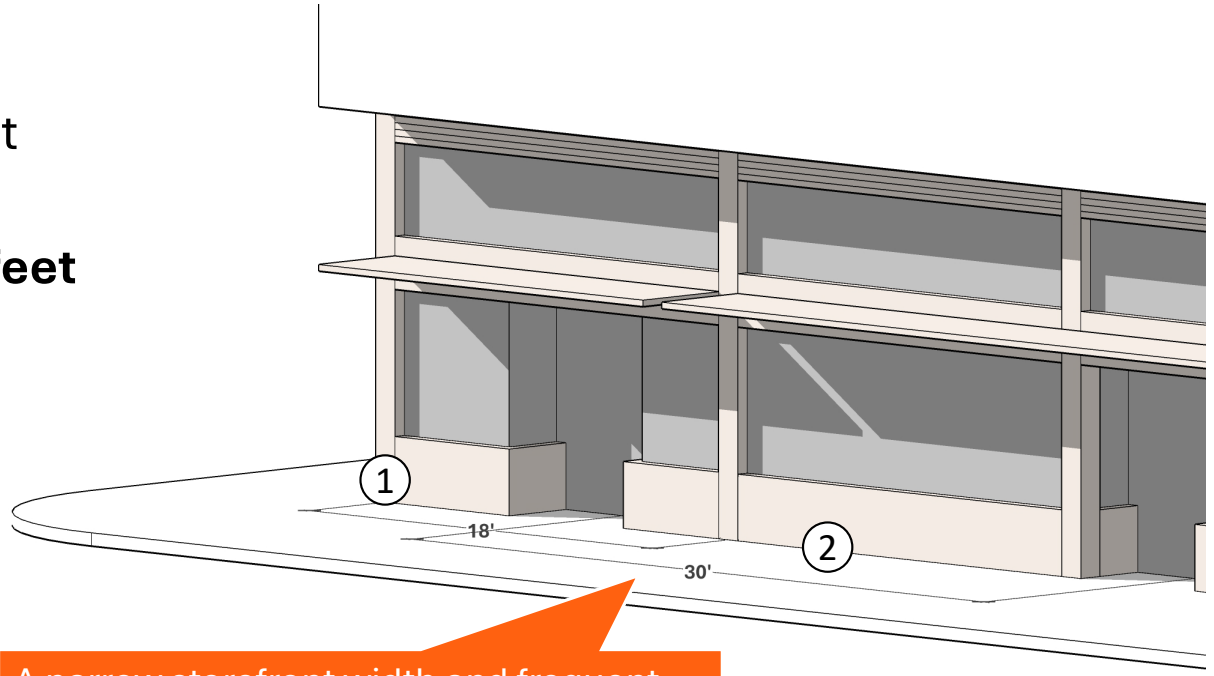
Storefront Rhythm

Draft Standards

1. Vertical rhythm of columns at least every **18 feet**
2. One retail entry for every **30 feet** of retail frontage



Columns every 18'



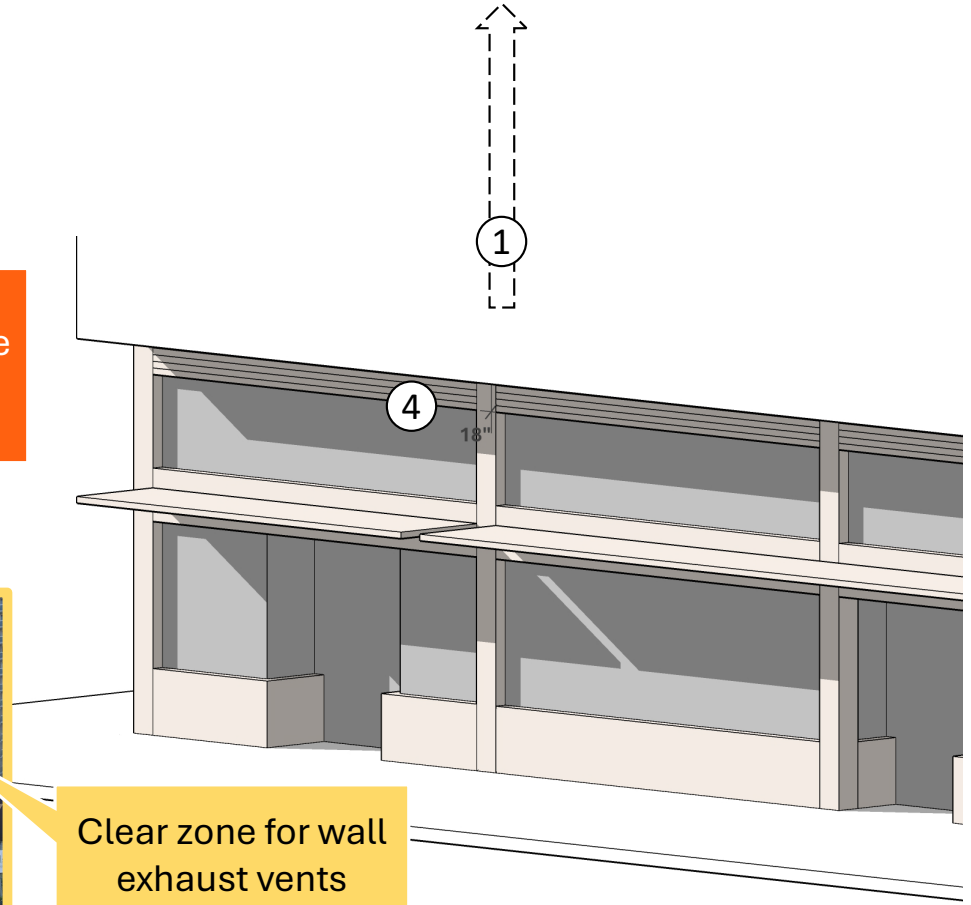
A narrow storefront width and frequent retail entries allow for flexible subdivision of tenant spaces and create an engaging experience for pedestrians

Restaurant-Ready

Draft Standards

1. Exhaust vents for restaurant tenants venting up to the roof
2. Stub-outs for plumbing
3. Separate entry for trash storage/handling
4. Clear zone for wall exhaust vents; maximum 18" tall

Restaurants are a viable and desirable type of retail in the three corridors



Clear zone for wall exhaust vents

"Anchor Tennant" Preservation
Medium/Large Format Retail Spaces

Draft Standards

1. If an existing retail space greater than **17,500 or 18,000** square feet is redeveloped; a space with a minimum size of **10,000 or 15,000** square feet shall be built on-site.
    - The space shall be able to accommodate one tenant but **may be subdivided to accommodate smaller retail spaces**.

Medium/large format retail spaces in the three areas include important neighborhood-serving amenities that could be maintained

EXISTING GROCERY STORES
Safeway on Shattuck (29,375 SF)
Andronico's on Solano (19,497 SF)
Andronico's on Shattuck (37,323 SF)

EXISTING MEDIUM/LARGE FORMAT SPACES
CVS on Shattuck (17,932 SF)
Benchmark Climbing Gym on Shattuck (11,671 SF)
Oak Theater Climbing Gym on Solano (10,447 SF)

Question(s)

→ Should we require a desired minimum depth or include a more flexible requirement of an average and absolute minimum depth?

→ Should we include requirements to retain space for medium and large format retail, like grocery stores, if existing sites are redeveloped?

IV. Sidewalk Activation

Why?

→ Retail ground floors in new developments have the potential to **extend and activate the pedestrian realm**

How?

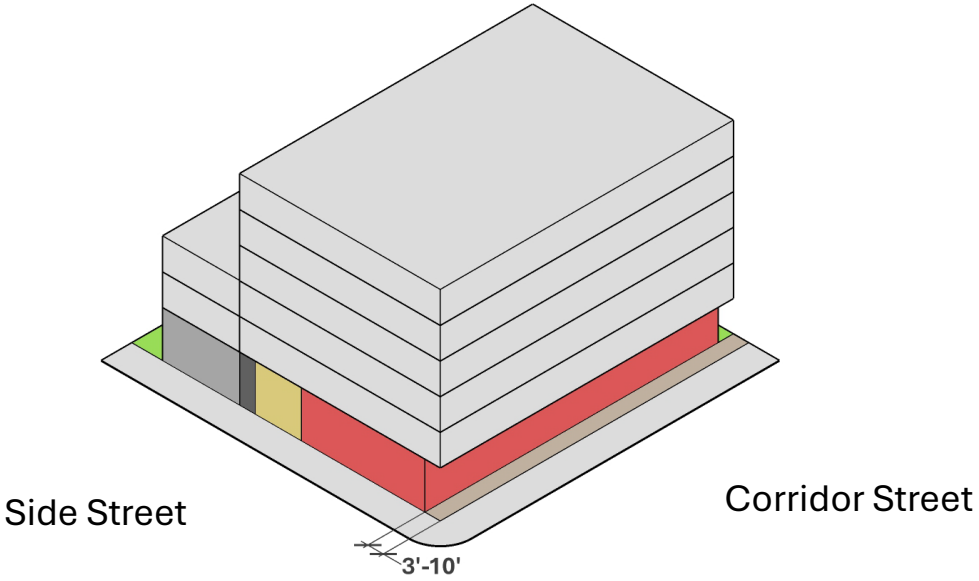
→ Potential Sidewalk Activation Standards

Retail Setback

Draft Standard

- Ground floor retail frontage shall be set back between **3 and 10 feet** from the property line

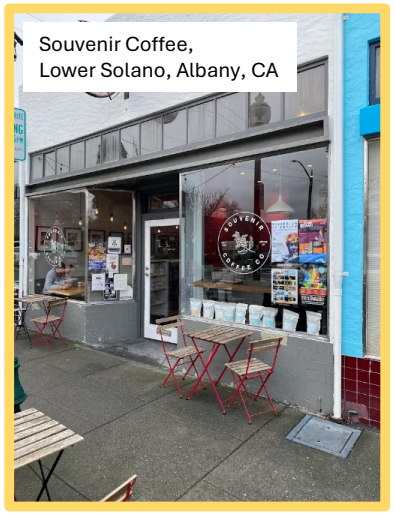
Former Creekwood Restaurant, Berkeley, CA



Retail Setback

3 ft setback

- Allows for door swings, small café tables, planters

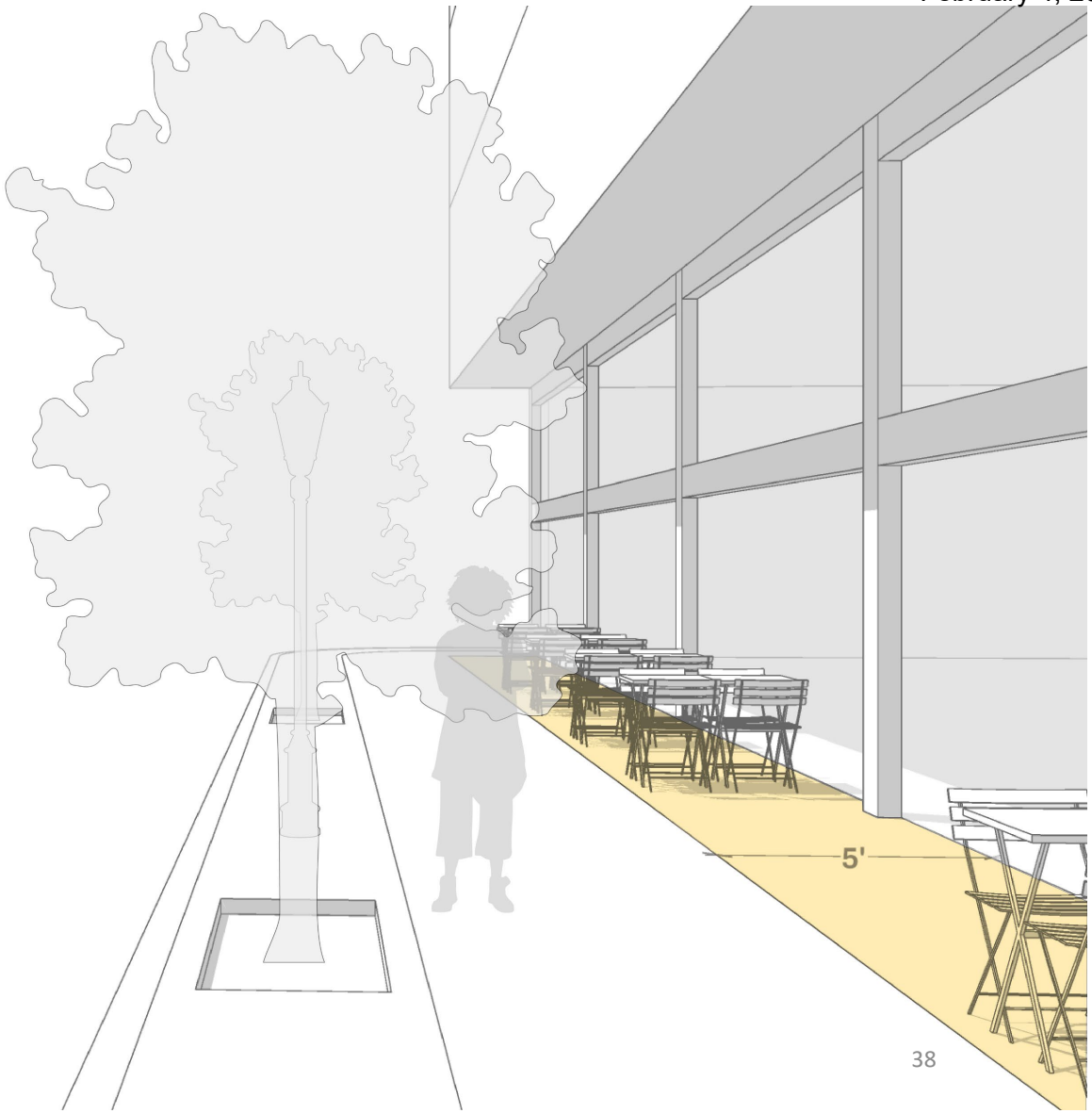

Souvenir Coffee,
Lower Solano, Albany, CA

Retail Setback

5 ft setback

- Provides space for one row of café tables for 2-4 people


Sidewalk cafe in Paris, France

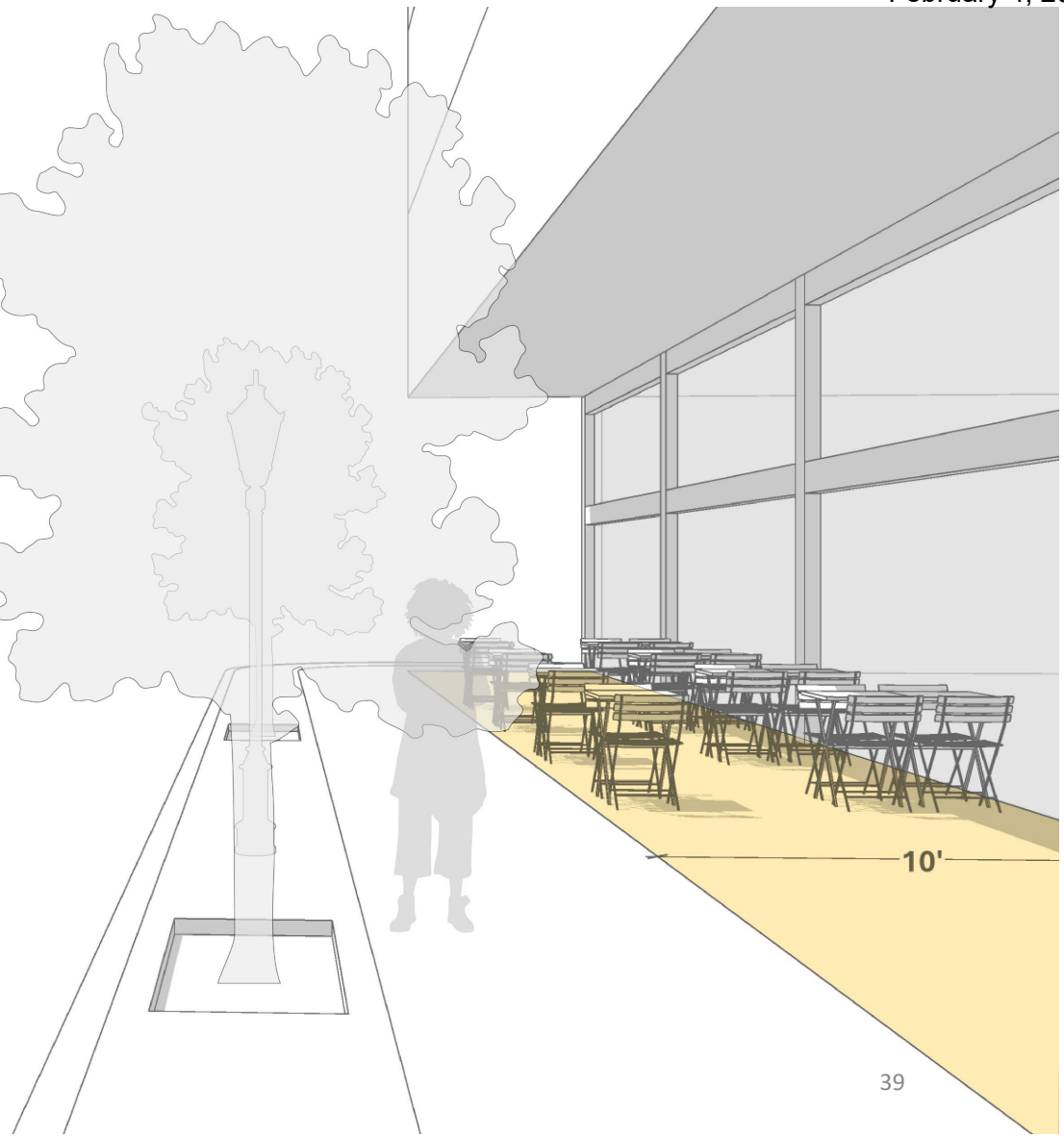


Retail Setback

10 ft setback

- Provide space for a sidewalk café (two rows of café tables for 2-4 people)


Sidewalk cafe in Seattle, WA



Question(s)

→ Should we require a range or a minimum ground floor retail setback? If the latter, what should the minimum setback requirement be?

V. Human-Scaled Storefront Design

Why?

→ Storefronts in new developments have the potential to add **human scale, detail, and interest** to the pedestrian experience

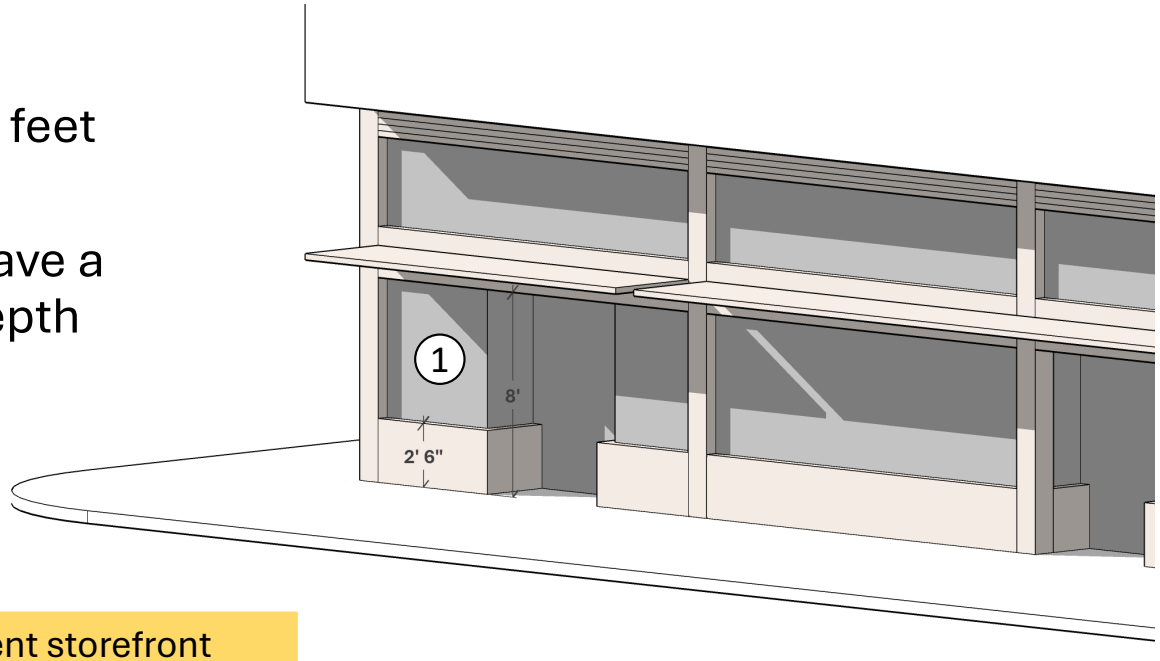
How?

→ Potential Storefront Design Standards

Retail Transparency

Draft Standards

1. 60% transparency between 2.5 feet and 8 feet from sidewalk grade
2. 50% of storefront width shall have a lighted display zone 4 feet in depth from the window

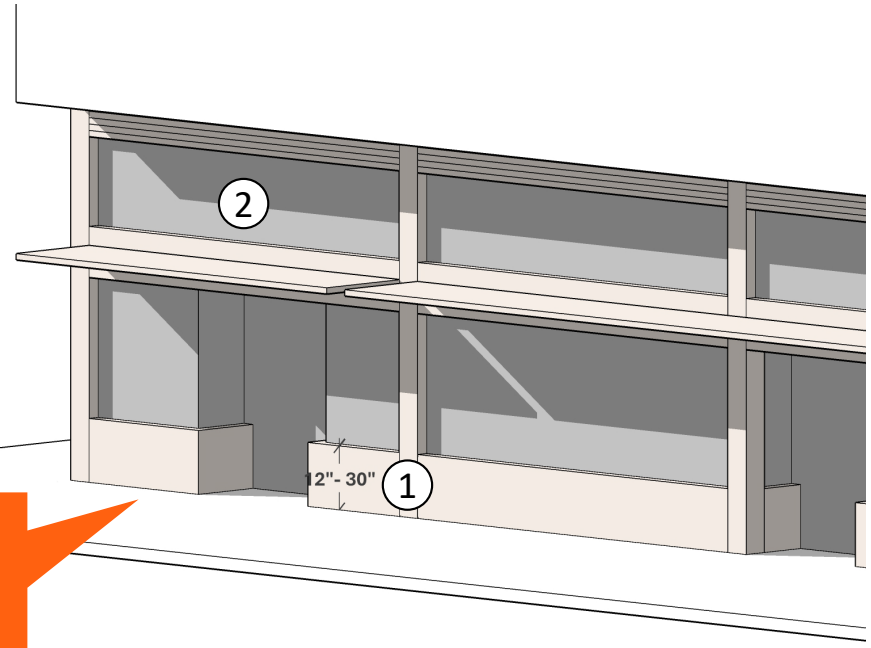


Transparent storefront between 2' and 8', and display zone behind the window

Storefront Design Elements

Draft Standards

1. 12-30" bulkhead (if provided)
2. Transom windows (encouraged)

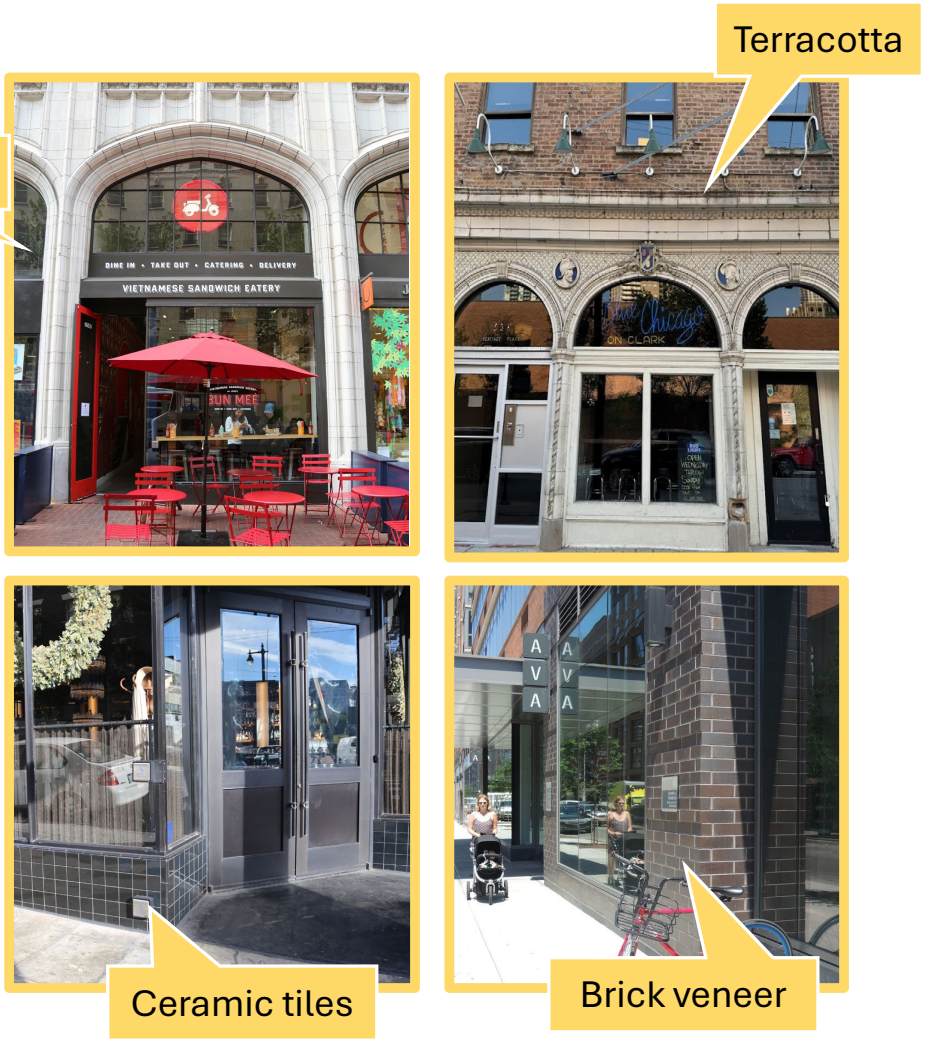


Bulkheads and transom windows add detail and a horizontal rhythm to the storefront façade. Transom windows also provide additional light into retail spaces.

Materials

Draft Standards

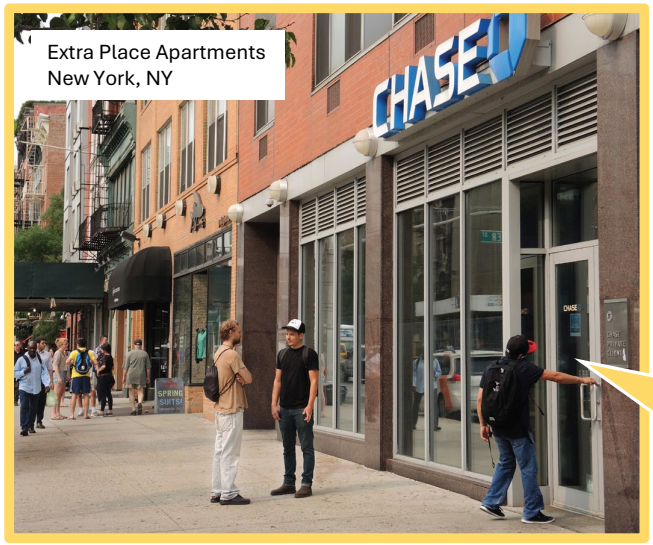
- Use materials that:
  - Are durable
  - Provide human-scale textures and/or patterns
- Recommended materials:
  - Terracotta, brick, brick veneer, ceramic tiles, simulated or natural stone, wood, metal, board-formed concrete



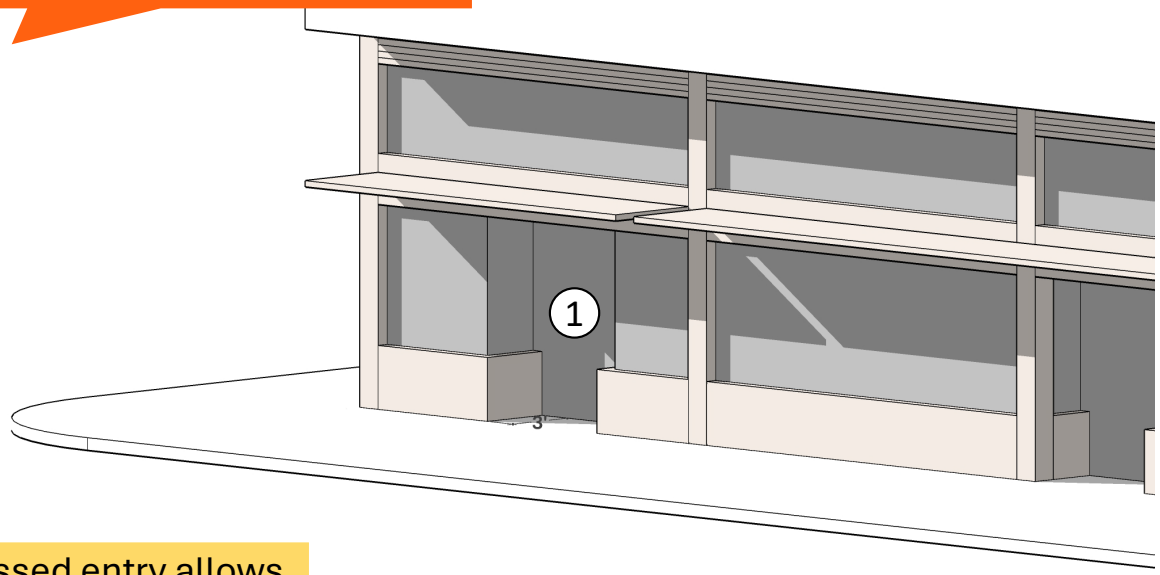
Retail Entries

Draft Standards

1. Recess of at least 3 feet, or projection/awning



A recess provides weather protection and identifiability of entries. It also allows for door swings clear of the pedestrian right-of-way.



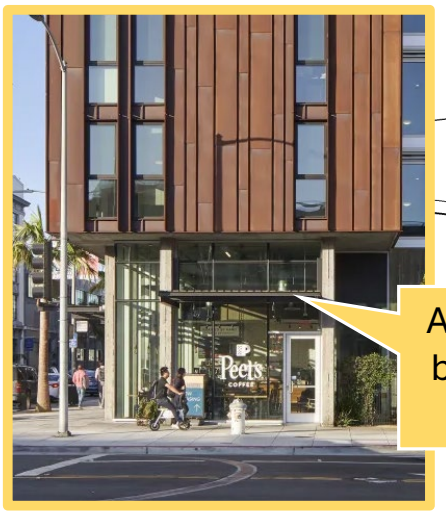
Recessed entry allows for the door to swing clear of the pedestrian right-of-way

Awnings/Canopies

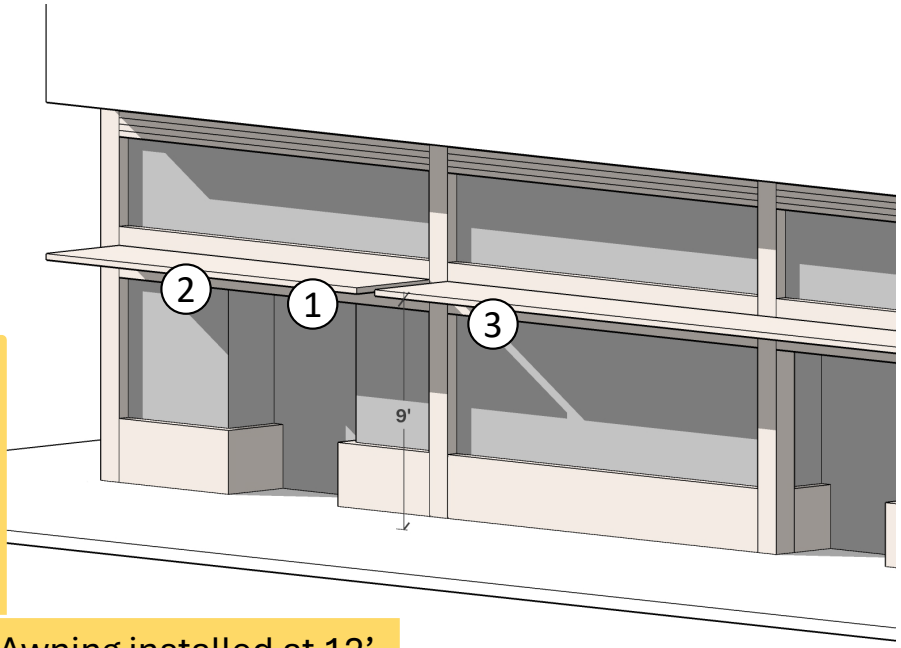
Draft Standards

1. At least 9 feet above sidewalk
2. Installed between transom and display windows
3. Segments installed over each storefront

Awnings and canopies provide shade and weather protection for people walking



Awning installed at 12’ between transom and display windows



Question(s)

→ Is there anything missing from the above storefront design standards?

VI. Residential Ground Floors

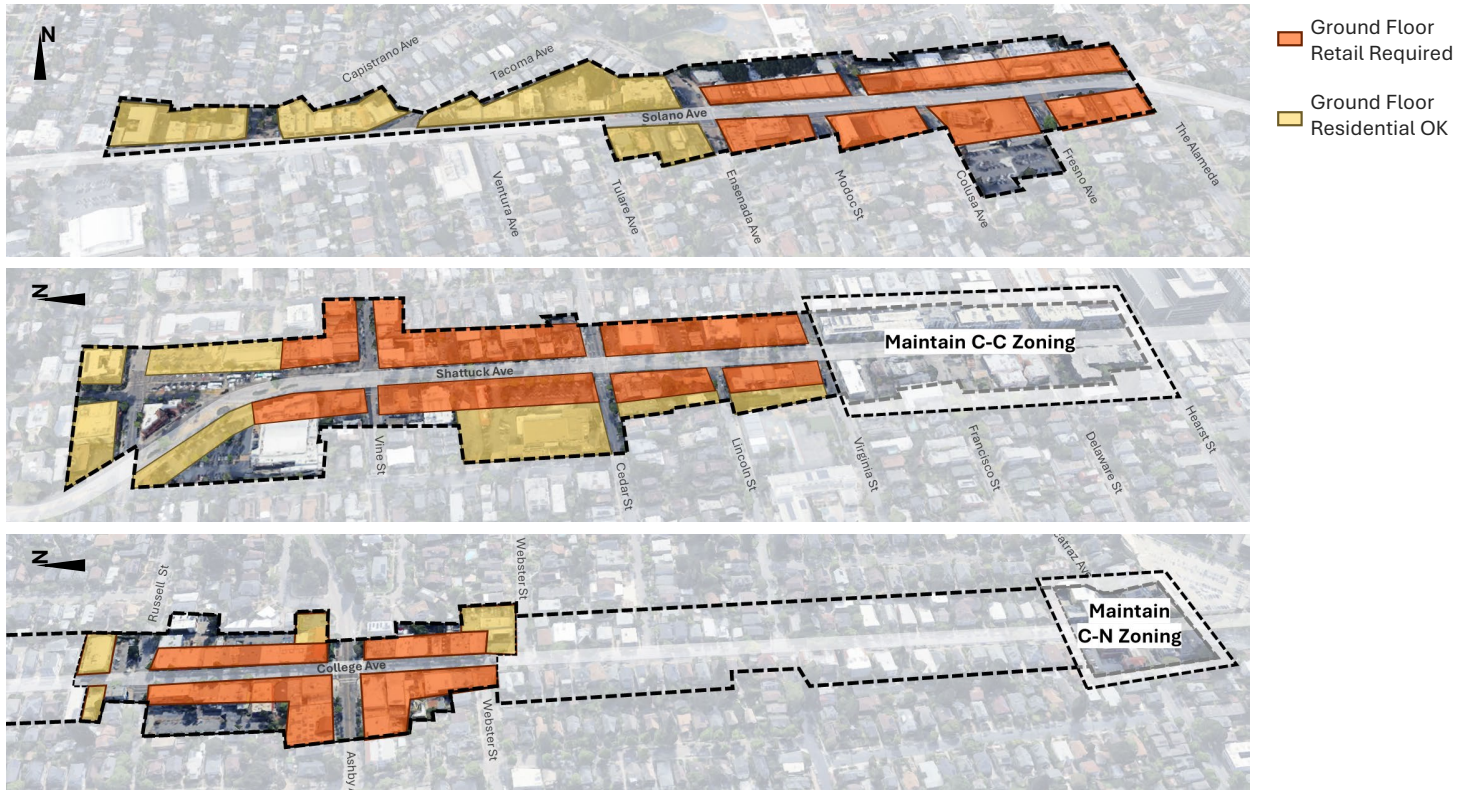
Why?

→ **Residential ground floors generate less street activity** compared to retail ground floors

→ The design of residential ground floors has the potential to **activate the sidewalk by incorporating elements such as residential stoops and plantings**

→ Ground floor residential units directly fronting busy streets may face **privacy concerns**

Allow Ground Floor Residential



How?

→ Potential Residential Ground Floor Standards

Residential Building Setback

Draft Standard

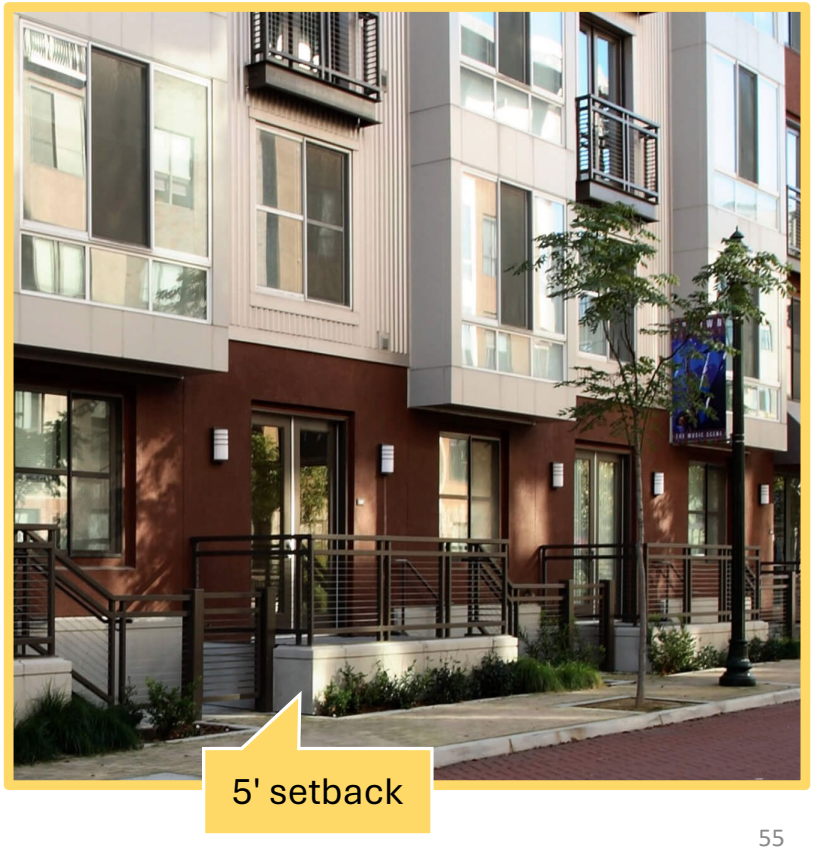
- Residential ground floor shall be set back between **5 and 15 feet** from the property line

12' setback to grey wall;
6 ‘ setback to white wall

Residential Building Setback

5 ft setback

- Allows for larger building footprint
- Not enough room for trees in setback
- Stoops will likely need to be parallel to sidewalk (reducing planting areas)



Residential Building Setback

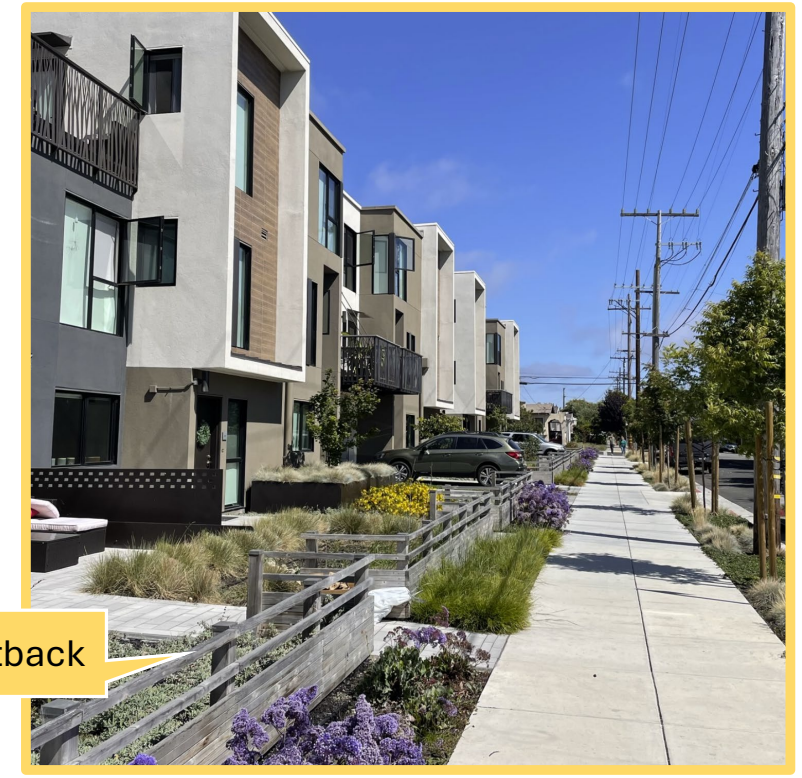
10 ft setback

- Reduces building footprint and may reduce overall floor area
- Stoops may be perpendicular to sidewalk
- Allows for shrubs and maybe small sized trees in building setbacks
- Increased planting areas

Residential Building Setback

15 ft setback

- Reduces building footprint and may reduce overall floor area
- Stoops may be perpendicular to sidewalk
- Allows for small to medium sized trees in building setbacks
- Increased planting areas



Why?

→ Future changes in the market may result in higher demand for retail in areas where residential ground floors are allowed

→ The design of residential ground floors **can make residential to retail conversions easier** to anticipate and adapt to future changes in the retail market

How?

→ Potential Residential Ground Floor Standards

Convertible to Retail

Draft Standards

- Minimum floor-to-floor height: 15 feet
- Minimum 50% of the façade designed with a storefront character

Question(s)

→ Should we require a setback for residential ground floors? If yes, should we require a range or a minimum residential setback? What should the minimum residential setback requirement be?

→ In areas where residential ground floors will be permitted, should we require residential ground floors to be convertible to retail?

VII. Appendix

Best Practices Summary

→ Best practice examples of ground floor design standards and guidelines

	SPUR Designing at Ground Level	San Francisco Downtown Historic Design Standards	Oakland One- to Three-Story Multifamily Residential and Mixed-Use Developments, Standards for Projects with Ground Floor Commercial	Los Angeles Downtown Design Guide, Ground Floor Treatment Along Retail Streets	NYC Design Guidelines for Retail and Other Ground-Floor Uses in Mixed Use Affordable Housing Developments
Minimum Ground Floor Height	15'-18', 20' for residential stoops/stacked parking/ground floor lofts/workshop space/open lobbies		15'	14' (floor to ceiling)	15' floor-to-floor, 14'-4" floor to underside of slab, 12' clear above finished floor level
Ground Floor Depth	40'			Min 25'	Ideally 65', Min 30'
Ground Floor Frontage	Minimum active frontage, minimum transparent glass, maximum frontage of exposed parking, utilities, or single user			50-75% retail, professional office, and live-work	
Corners			Wrap around elements at least 10'	Retail space should wrap the corner	
Parking/Services	Maximum frontage, design treatment				
Ground Floor Setback					
Vertical Rhythm		Piers	Columns or pilasters every 25', 6" deep, 12" wide		Storefront width ideally 23', minimum 18'
Retail Entries – Location			Primary entrance on principal street or at a corner; 1 entrance for each 100'	Primary entrance from public street or from a pedestrian paseo, courtyard, or plaza connected to the street	Retail entries on the main street; Multiple retail entries for flexible subdivision of retail space; Min 15' from residential entries
Retail Entries – Design		Recessed 2"-6" to 6'; Predominantly glazed	Recessed by at least 3'; Projection at least 12 sq. ft.; Vestibule or alcove paving material distinct from sidewalk		
Transparency			No opaque, semi-opaque of dark tinted glass	Clear glass for wall openings; Dark tinted, reflective or opaque glazing NOT permitted	70% between 2' and 10' above sidewalk
Display Zone					
Storefront Design		18"-24" bulkhead	6-24" bulkhead, windows 3" of the face of the bulkhead, 18" transom windows or glass storefronts, 8' glass display, 50% transparent doors	Open wall storefronts encouraged	
Awnings/Canopies		1 awning per storefront bay; min 8' above sidewalk; max 4' deep if >10' wide, max 6' deep if <10' wide	18" deep		Coordinate with bays
Materials/Colors		Terra cotta, brick, simulated or natural stone, scored stucco; different tones or one or two colors	Distinct from upper floor façade; Detailing at least 60% of façade length (tile, brick, or other durable material)		
Outdoor Seating/Dining			5' unobstructed access at building entrances; receptacles		
Building Systems		Interior room, mechanical penthouse, or non-visible façade; if necessary on visible façade, conceal using translucent glass, films, grilles/louvers	Vent shafts, exhaust vents, stub outs for plumbing		Clear zone for exhaust vents/louvers, 10' above sidewalk, 12-18" tall

	Chicago Design Guidelines for Ground Floor Commercial	Boston Tactical Public Realm Guidelines	Vancouver, WA Downtown Design Guidelines	Beaverton Downtown Development Code	Milpitas Residential and Mixed-Use Objective Design Standards
Minimum Ground Floor Height			18' for retail-ready, 14' where retail-ready is not required	18', 16' in Old Town zone	
Ground Floor Depth			Min 25'		
Ground Floor Frontage					
Parking/Services	Alleys or rear of the building				
Ground Floor Setback					
Vertical Rhythm					
Retail Entries – Location			1 entrance for each 30'		
Retail Entries – Design	Door swings into the sidewalk NOT permitted		Identifiable through awnings, projections, or recesses	Shall include weather protection min. 6' wide/4' deep; recess, awning, or a combination	Minimum width of 3'; minimum setback of 3' to prohibit door swings into the sidewalk; shall include weather protection min. 6' wide/4' deep; recess, awning, or a combination
Transparency	Transparent glass from knee level to ceiling height		60% between 2' and 7' from sidewalk grade	60% between 2' and 10' from sidewalk grade; min. VT value of 0.6	60% between 1'-6" and 7'-6" in height; max. 15% reflective glazing, VLT >80%, and no tint or coloration
Display Zone				Up to 50% of storefront width should have a lighted display zone 4' in depth from the window	
Storefront Design			12-24" bulkhead, if provided; transom windows encouraged	12"-30" bulkhead, if provided	12"-30" bulkhead, if provided
Sunshades/Awnings/Canopies	Min. 9' above sidewalk			Installed between transom and display windows; fixed or retractable awnings; shall not extend across the façade, segments installed over each storefront	Installed between transom and display windows; fixed or retractable awnings
Materials/Colors	Brick, Stone, Weather-Treated Wood, Durable Architectural Metal; avoid Stucco, CMU, and EIFS				
Outdoor Seating/Dining	On private property, if space allows; permit for public ROW	Seating area width max. 50% of total sidewalk width; 36" min. circulation path to entrance			
Building Systems			Venting for restaurant tenants		

SPUR Designing at Ground Level

Planning and regulating the ground floor

Height

The height of a ground floor has a major impact on its performance. Good retail spaces usually need a 15-18-foot ground floor. (David Baker Architects has been advocating for 20 feet; see pp. 10). A higher ground floor allows adequate space for residential stoops raised a half level, mechanically stacked parking, or groundfloor lofts, workshop space or open lobbies.

Depth

Depth is also important. It is not uncommon for retail tenants or brokers to demand spaces 40 feet deep. Retail depth is often in tension with the need to provide parking behind.

Frontage

Policies may stipulate the minimum frontage that must be occupied by active uses, or minimum frontage of transparent glass. They may also define maximum frontages for exposed parking, utility functions or a single user. A single large user such as a big-box retailer may be required to provide “in-line” storefronts.

Parking

Parking is the single biggest driver of ground-floor design and a major factor in the economics of development. Planning codes typically regulate the amount of parking and may also address its placement and design treatment (by limiting its exposure to the street, for example).

Building heights and building types

Building heights are shaped by the interaction of planning and building codes. The most common multifamily building types put up to five stories of wood-frame construction atop a concrete parking and retail podium. Height limits of 40, 50 or 60 feet often resulted in a cramped 10-foot ground floor with three to five 10-foot stories above. Five additional feet — now permitted by the California building code and increasingly by local zoning codes — adds enough room for a more generous ground floor without adding a story overall.

Utilities and other challenges

Numerous other features must fit into ground floor frontages. These include electrical transformers, fireplugs, ventilation systems, loading docks and trash rooms. When combined with entrances and auto access, there is often little frontage left to work with.

Use

Many cities encourage or require “active uses” in the ground floor of new buildings, which varies from an outright requirement for retail, to broader definitions that include residential doorways. Parking is often the major ground floor use, but policies frequently require that it be hidden. New use categories, like PDR (production/ distribution/repair) as well as co-working, and mixed production and retail have been codified in recent years. —B.G.

Oakland One- to Three-Story Multifamily Residential and Mixed-Use Developments

Standards for Projects with Ground Floor Commercial

4.1.2 Ground floor height. Unless otherwise mentioned in the underlying Zoning district, the minimum ground floor height shall be 15 feet for buildings containing ground floor non-residential facilities. The Zoning Code provides that height shall be measured from the sidewalk grade to the second story floor, or to the roof if only one story is proposed.

4.1.3 Commercial Space Viability. Ground floor commercial spaces shall include vent shafts, exhaust vents, and stub outs for plumbing.

4.1.9 Commercial entrances. Pedestrian entrances to ground-floor and upper-floor commercial uses shall meet all following standards:

d.	At least two of the following standards shall be met:
i.	Entrances that are recessed by at least 3 feet from the rest of the ground floor building *facade*. If the entrance is a part of a bay formed by columns or pilasters at the ground floor, the entire ground floor commercial space may be recessed by at least 3 feet and no more than 5 feet measured from the rest of the building *facade* above the ground floor excluding any projections.
ii.	Entrances that are covered by a roof, canopy, permanently fixed awning, or other permanent architectural projection that provides weather protection that is at least 12 square feet in size.
iii.	Exterior entry vestibule or alcove floors that are paved with tile, stone, or other hard-surface material distinct from the adjacent sidewalk. This standard may also be met by scoring concrete and using integrated color.

Oakland One- to Three-Story Multifamily Residential and Mixed-Use Developments

Standards for Projects with Ground Floor Commercial

4.1.8 Commercial Ground Floor Treatments. The commercial ground floor of 3-story buildings shall be articulated using at least one of the following:			
a. Columns or pilasters that are a maximum of 25 feet on center and that project from the street-facing building by at least 6 inches in depth and at least 12 inches in width.	☐	☐	☐
b. Permanently fixed awnings, sunshades, canopies, or screens that are at least 18 inches deep.	☐	☐	☐
c. A horizontal expression line or a design feature, such as a water table, bellyband, belt course, or *cornice*, that is applied above the ground floor or building base, creating a transition to the upper floors. This feature shall extend across at least 80% of the *facade* length.	☐	☐	☐
d. Distinct materials from the remainder of the *facade* above ground floor. This change in materials shall include at least at 3 feet by 10 feet area and shall include at least 20% of the building area of the base, whichever is greater. This change in materials shall also include a change in plane of at least 2 inches from the wall surface from the remainder of the building. This option shall comply with standard 2.10.1 for high quality materials.	☐	☐	☐
e. Surface detailing for at least 60% of the ground floor *facade* length (tile, brick, or other durable material).	☐	☐	☐
f. A belt course with a change in material of at least 3 feet in height as measured from the sidewalk grade, or a feature such as frieze or similar ornamentation at least 12 inches in height, placed between 4 and 7 feet above grade. Either of these features shall cover at least 60% of the base *facade* length.	☐	☐	☐

Oakland One- to Three-Story Multifamily Residential and Mixed-Use Developments

Standards for Projects with Ground Floor Commercial

Storefront Elements Standards	Yes	No	N/A
4.2.1 Storefront Elements*. Commercial facades shall provide at least three of the following or meet Exception (e): *Please see Glossary section for a diagram showing a typical storefront condition.			
a. Transom or Clerestory window with a window trim. If transom windows are proposed, they shall be at least 18 inches high.	☐	☐	☐
b. Lintel with piers that connect lintel to the ground.	☐	☐	☐
c. Entry recess to create an alcove that is at least 3 feet wide and 3 feet deep.	☐	☐	☐
d. To support storefront windows, a bulkhead of at least 6 inches and no more than 24 inches in height, measured from the adjacent sidewalk. In addition, the following shall be met:	☐	☐	☐
i. Storefront windows shall be set at or within 3 inches of the face of the bulkhead or the bulkhead materials shall be incorporated into the sill detailing.	☐	☐	☐
ii. If bulkhead is proposed, transom windows or another transom element shall be provided.	☐	☐	☐
iii. If bulkhead is proposed, all materials must be durable and resistant to surface damage, such as tile, polished stone slabs, wood panels, pressed brick, metal and formed concrete. Prohibited materials for bulkheads are stucco, wood shingles, board-and-batten siding, rustic materials such as rough-sawn wood, vinyl, and cultured stone. If any of the materials in this standard conflict with standard 2.10.1, materials in this standard shall prevail for bulkheads only.	☐	☐	☐
e. Exception: Provide glass storefronts with at least 8 feet high glass display windows, and entry doors with transparent glass sections of least 50%.	☐	☐	☐

Los Angeles Downtown Design Guide

Ground Floor Treatment Along Retail Streets

Design ground floor space on designated Retail Streets for retail or other active uses, orienting tenant spaces to the street and maximizing storefronts and entries along the sidewalks to sustain street level interest and promote pedestrian traffic.

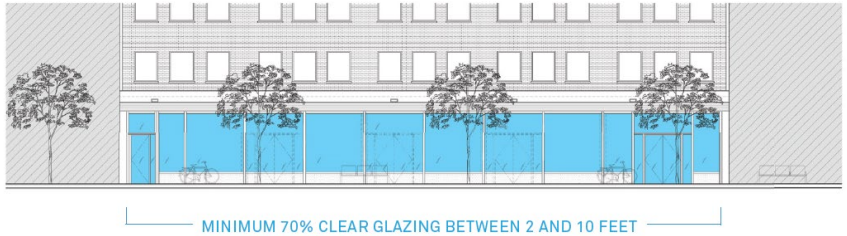
2. On Retail Streets, ground floor space with a linear frontage equal to at least 50% or 75% of street frontage, as specified in Figure 3-1, shall be designed to accommodate retail, professional office, and live-work uses.

4. Where Retail Streets intersect other streets, the ground floor retail space should wrap the corner onto the intersecting streets.

7. Required ground floor retail space shall be provided to a depth of at least 25 feet from the front façade and shall include an average 14'-0" floor-to-ceiling height. Note that the ground floor retail space may be occupied by other uses initially, but will be available for retail uses in the future when there is demand for such uses.

NYC Design Guidelines for Retail and Other Ground-Floor Uses in Mixed Use Affordable Housing Developments

Glazing/Fenestration



Making the facade as transparent as possible allows for a two-way visual exchange between the exterior and interior. Occupants in the retail space see what is happening on the street and pedestrians outside see the activity and offerings in the retail spaces. This symbiotic relationship benefits both patrons and retailers.

.1 Provide continuous ground-to-ceiling glazing, with integral doors. Where ground-to-ceiling glazing is not possible, meet a target of 70% transparency between 2 feet and 10 feet above the sidewalk.

.2 Coordinate glazing zones with the building's structure, louvers, and other base elements.

.3 Design glazing to meet NYC code regulations as well as any State and Federal rules that apply. For projects located within Federal Emergency Management Agency (FEMA) flood zones, alternative approaches should be considered to maximize transparency while following building regulations.

NYC Design Guidelines for Retail and Other Ground-Floor Uses in Mixed Use Affordable Housing Developments

Footprint/Area

Small < 4,000 square feet
Laundromat
Community Use • Childcare/Pre-K Center • Health Facility • Cultural Space

Large ≥ 4,000 square feet
Bank
Full-Service Pharmacy
Full-Service Restaurant
Grocery Store
Major Drugstore with Pharmacy (>10,000 sf)
Supermarket (>10,000 sf)
Community Use • Childcare/Pre-K Center • Health Facility • Cultural Space

.1 Design storefronts to be at least 23 feet wide. At no point should storefronts be less than 18 feet wide.

.2 Design the retail space to be a minimum of 65 feet deep from facade to rear wall. At no point should storefronts be less than 30 feet deep from facade to rear wall.

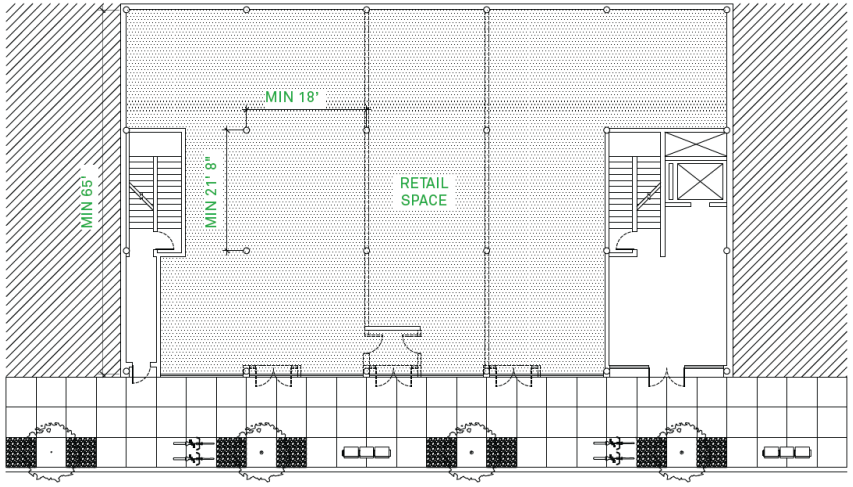
.3 For larger stores, design the maximum depth of the retail space to be 70 feet. Space behind this depth is often used for storage or administration.

.4 Locate residential entry and egress corridors to minimize the disruption of the continuous retail floor plate.

.5 Determine whether a second means of egress is required by code if planning for a larger store.

NYC Design Guidelines for Retail and Other Ground-Floor Uses in Mixed Use Affordable Housing Developments

Column Spacing



Column spacing affects a retailer's ability to lay out fixtures and displays in an organized way. Typically, column layout at the ground floor is dictated by the structural requirements of the housing above. Careful planning of the structural layout of residential units, with the objective of making a more regular and open column layout at the ground floor, can help produce a better retail space without additional construction costs. However, the column layout must never compromise the efficiency or legal compliance of the unit layouts of the building.

.1 Maximize column spacing to allow for more flexibility in the layout of retail space, thus appealing to a greater number of retailers.

.2 Regularize column spacing, and extend the grid from the interior to the street. This simplifies interior layouts and allows for flexibility with shelving and displays.

NYC Design Guidelines for Retail and Other Ground-Floor Uses in Mixed Use Affordable Housing Developments

Kitchen Exhaust

When restaurant or food tenants are desired, designers must plan for kitchen exhaust. Kitchen exhaust air requirements are much larger than normal retail exhaust requirements. Exact sizes depend on the type of cooking and the size of the grease hood. There are many NYC Building Code requirements.

The base building should include kitchen exhaust ducts, to accommodate food-related tenants, according to the total retail square footage of the building:

TOTAL RETAIL AREA	NUMBER OF KITCHEN EXHAUST DUCTS
< 5,000 SF	None
5,000 SF – 10,000 SF	1
10,000 SF – 20,000 SF	2

.2 **Ensure that all exhaust ducts run within a fire-rated enclosure, with access points as defined by code, running from a designated kitchen area to the roof. The duct should be capped until a tenant requiring a kitchen is secured. The landlord should then install and maintain the kitchen exhaust fan at the roof. Electricity used to run the fan should be charged to the tenant. The tenant installs all required hoods and kitchen ventilation equipment within the retail space. Additional make-up air or heating may be required due to high exhaust rates. The base-building design team should consider the possible advantages and code implications of using an ozone or other grease removal system within the tenant space. This will add cost to the system overall but will reduce the requirements for clean-outs and extend the life of the kitchen exhaust fan.**

San Francisco Downtown Historic Design Standards

Storefront Design

» Retain the height of the historic bulkhead or closely match the dimensions, generally between 18" and 24" tall, with a rectilinear or chamfered (angled) projection;

Transparency

To ensure visibility into the building, the area of pedestrian eye level (between 4 feet and 8 feet in height), within 4 feet from the surface of the window glass must be at least 75% open to perpendicular view. For potential exceptions, an entitlement application subject to review and action by the Historic Preservation Commission may be required.

San Francisco Downtown Historic Design Standards

Systems

» If exterior equipment cannot be located on a non-visible facade, minimize its appearance as much as possible and incorporate translucent glass, films, or decorative grilles when feasible to help conceal the equipment and maintain the historic character.

The decorative architectural grilles have been installed to conceal mechanical intake and exhaust vents, and incorporated into the storefront design.

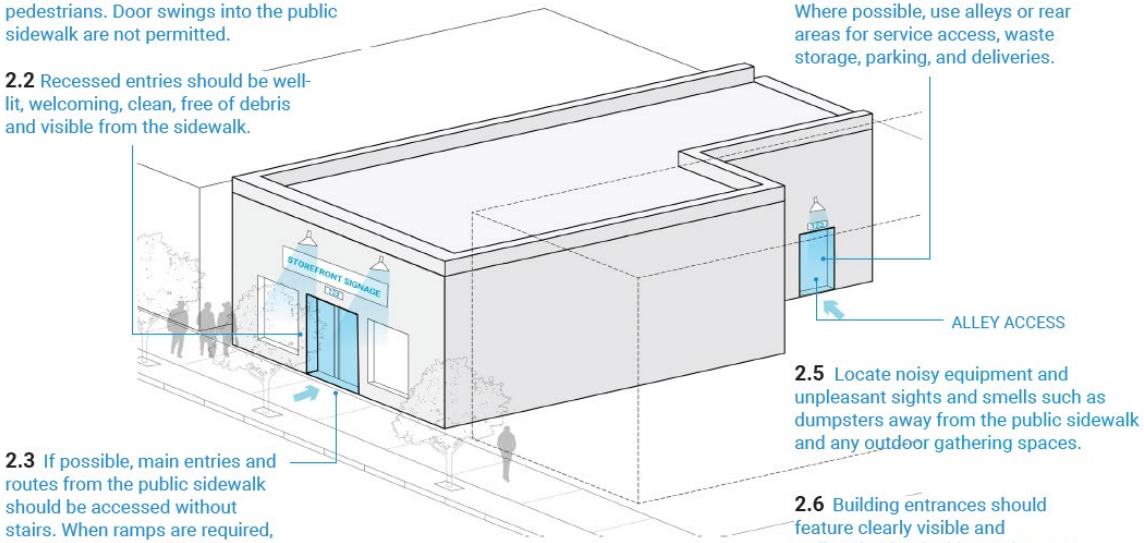
San Francisco Downtown Historic Design Standards

Materials

- Utilize traditional building materials. Terra cotta, brick, simulated or natural stone and scored stucco convey permanence and shall be used when architecturally appropriate.
- Materials used near sidewalks and adjacent to building entrances shall be highly durable and easily maintained.

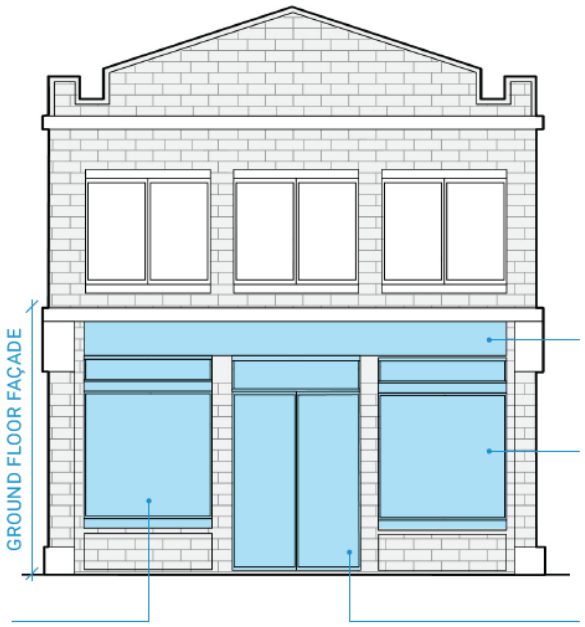
Chicago Design Guidelines for Ground Floor Commercial

Access & Entries



Chicago Design Guidelines for Ground Floor Commercial

Façade Proportions & Context



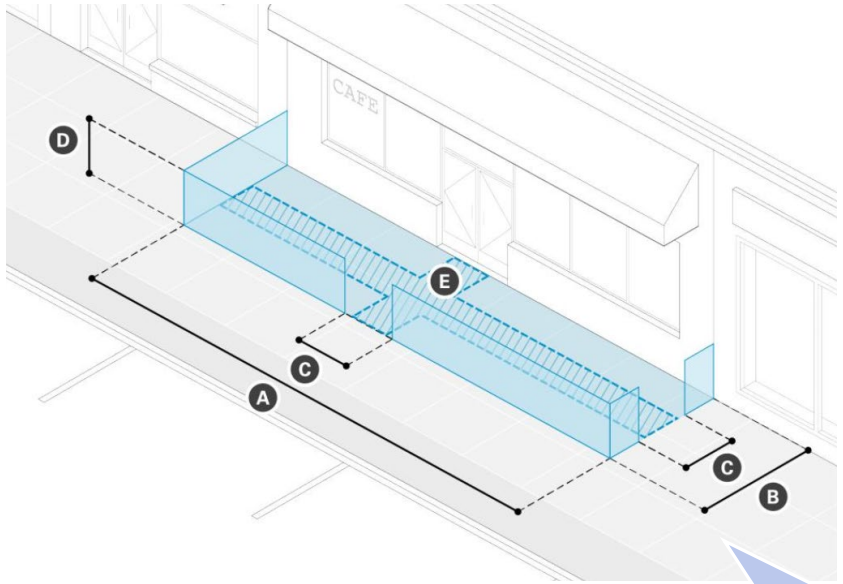
3.1 Maximize views from the sidewalk into neat and attractive interior space. Storefront windows and doors should use transparent glass wherever possible from knee level to ceiling height. Visibility invites customers, creates a sense of safety, and allows natural light into the space. Properties on City of Chicago designated Pedestrian Streets have specific requirements about window transparency.

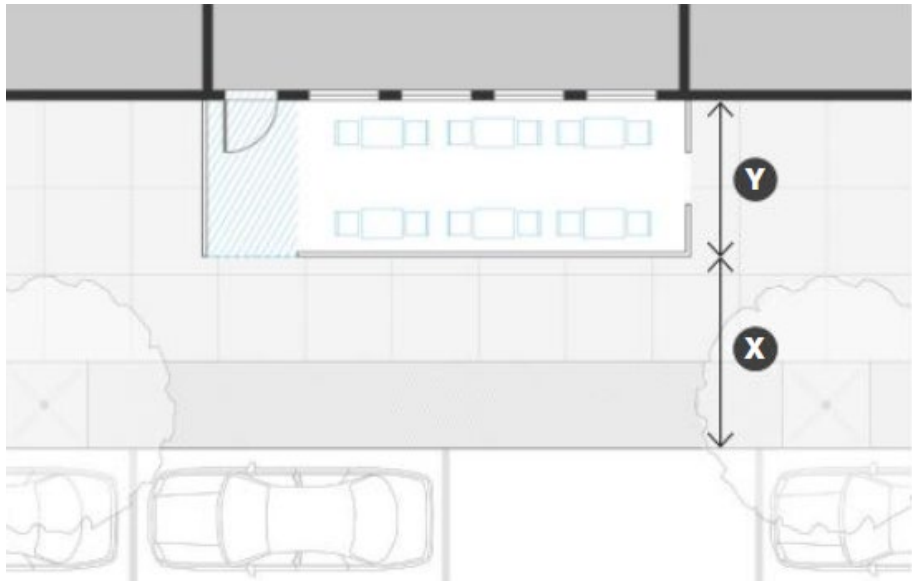
3.2 Maintain or restore existing or original façade proportions, including masonry rough openings, window and door sizes and locations, when possible.

3.3 The ground floor façade should have visual interest along its length. Windows and doors should be sized in proportion to the façade, and blank walls should be avoided. Murals, architectural details, and tall planters are common ways to make a blank wall more attractive.

Boston Tactical Public Realm Guidelines

Outdoor Cafes





Seating area width:
6' minimum, 9' typical

Vancouver, WA Downtown Design Guidelines

Retail/Commercial

INTENT
To provide retail spaces that are inviting, provide transparency into interior spaces, and are flexibly designed for a range of tenants.

A. Retail-ready Ground Floors.

1. Retail-ready ground floors, where required, should have a minimum depth of 25 feet. Greater depth in high-retail areas is encouraged to serve the needs of a variety of retail tenants or provide more storefronts per linear frontage.
2. Retail-ready ground floors should be designed to include or be retrofitted with at least one entrance for each 30 feet on linear frontage.
3. Retail-ready ground floors should be designed to incorporate venting for potential restaurant tenants, even if venting is not installed during initial construction.

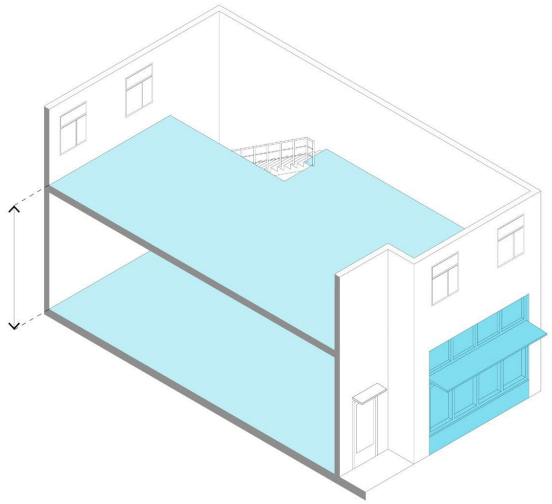
B. Minimum floor-to-floor height. Retail and retail-ready ground floors should have a minimum floor-to-floor height of 18 feet. Retail in areas where retail-ready is not required may have a minimum 14 feet floor-to-floor height.

C. Storefront Facade.

1. Storefront/retail facades should maximize transparent glazing between 2 and 7 feet in height from the sidewalk grade, approximately 60% or more of the facade area.
2. Transom windows are encouraged to bring natural light into commercial spaces.
3. Bulkheads and solid walls, if provided, should measure approximately 12 to 24 inches from finished grade.

Vancouver, WA Downtown Design Guidelines

Live/Work



INTENT
To ensure that live/work units contribute to creating an active storefront character and provide active ground floor frontages.

A. Floor-to-floor height. Floor-to-floor height. Live/work units should have a minimum floor-to-floor height of 15 feet on the ground floor, or a minimum floor-to-floor height of 18 feet for live/work units with a mezzanine.

B. Fenestration. Live/work units should have a minimum 50% of their facade area designed with a storefront character; and live/work unit's storefront areas should maximize transparent glazing between 2 and 7 feet in height from the sidewalk grade.

Vancouver, WA Downtown Design Guidelines

Residential Units

INTENT

To ensure ground floor residential units create activity and enhance the public realm through direct interaction with the sidewalk through stoop unit entries, balconies or porches.

To maintain privacy through raising units above sidewalk grade and setting ground floor units back from the building line to provide space for landscaping.

To create a more residential feel with increased setbacks for buildings north of 15th Street while allowing for more urban ground floors with limited setbacks south of 15th Street.

A. Ground floor residential units should be raised a minimum of 2 feet and not more than 6 feet above sidewalk grade, on average per facade.

B. The ground floor unit should have a minimum floor-to-floor height of 10 feet.

C. Ground floor units are encouraged to have stoop entries.

D. North of 15th Street.

1. Ground floor residential units north of 15th Street should be setback a minimum of 3-5 feet from the building line.
2. Entrances to ground floor units should be setback a minimum of 5 feet from the building line to provide an entrance area and room for stoops.

Beaverton Downtown Development Code

Active Ground Floor Design

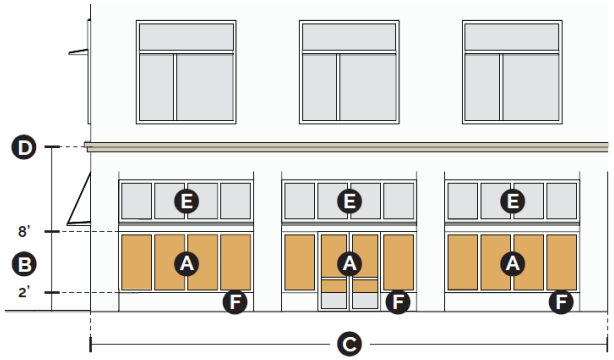
a. Floor Height: The minimum floor-to-floor height in Regional Center-Beaverton Central, Regional Center-Mixed Use and Regional Center-Downtown Transition zones shall be 18 feet. The minimum floor-to-floor height in the Regional Center-Old Town zone shall be 16 feet.
b. Transparency: Active frontage areas shall include a minimum 60 percent transparent glazing between 2 and 10 feet in height from sidewalk or terrace grade, providing unobstructed views into the commercial space. Transparent glazing shall have minimum Visible Transmittance (VT) value of 0.60.
c. Entrances: Primary ground-floor entrances serving active uses shall include weather protection that is a minimum 6 feet wide and 4 feet deep by recessing the entry, providing an awning or using a combination of those methods.

Beaverton Downtown Development Code

Active Ground Floor Design

- **A** Transparent glazing area
- **B** 8 ft transparent zone between 2 ft and 10 ft from sidewalk grade
- **C** Active frontage length
- **D** Minimum floor-to-floor height
- **E** Transom windows
- **F** Bulkhead

$\left(\frac{A}{C \times 6}\right) > 60\%$ = *Transparent Glazing*

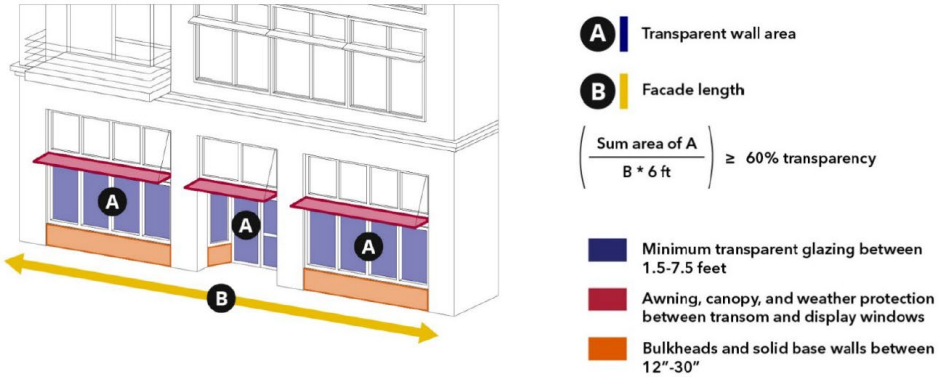


e. Storefront design options:
   i. A lighted display zone 4 feet in depth from the windows may qualify as unobstructed views into the commercial space for up to 50 percent of the combined storefront window width on each storefront on primary frontages and on the entirety of secondary frontages.
   ii. On ground-floor windows, window signs shall not exceed 40 percent of window area. Window signs in other locations shall not exceed 20 percent of the interior window area.
   iii. Bulkheads: If provided, bulkheads shall not be less than 12 inches or higher than 30 inches.

Milpitas Residential and Mixed-Use Objective Design Standards

Storefront/Retail Facades

1. Storefront/retail façades shall have a minimum 60% transparent glazing between 1.5 and 7.5 feet in height.
2. Transparent glazing shall be maximum 15% reflective, visible light transmittance greater than 80%, and without tint or coloration in the glass substrate.
3. Bulkheads and solid base walls: If provided, shall measure between 12 and 30 inches from finished grade.
4. Awnings, canopies, and weather protection: When transom windows are above display windows, awnings, canopies, and similar weather protection elements shall be installed between transom and display windows. These elements allow for light to enter the storefront through the transom windows and allow the weather protection feature to shade the display window. Awnings may be fixed or retractable.



Berkeley Projects

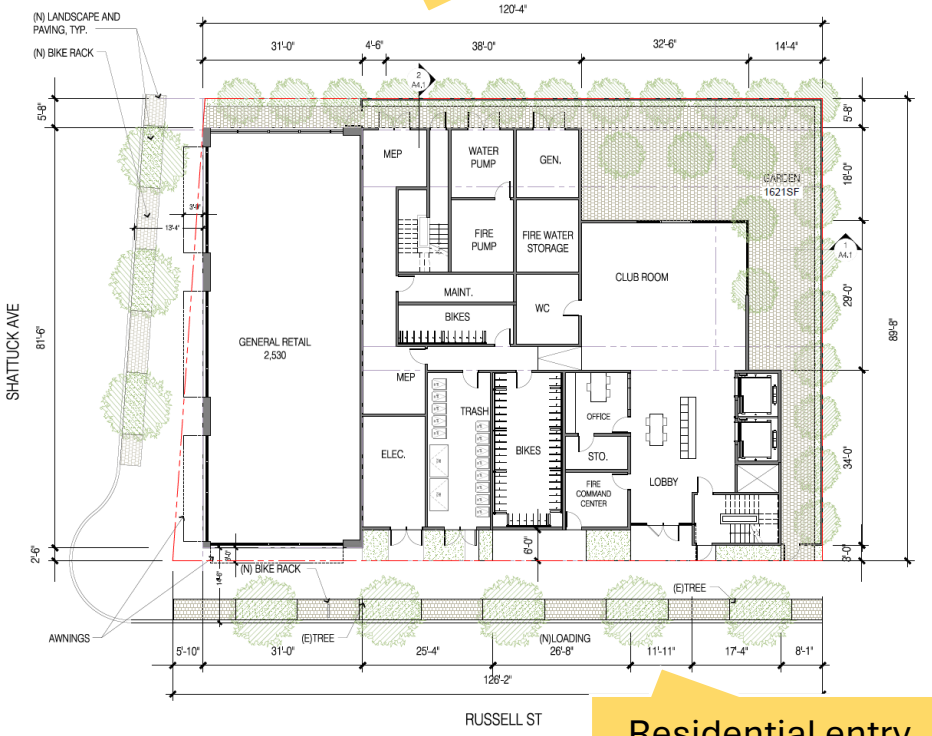
→ Mixed-use project precedents in Berkeley

2847 Shattuck Ave

Project Data

Lot Type	**Corner Lot**
Lot Area	**11,036 SF**
Commercial Area	**2,530 SF**
Commercial FAR	**0.23**
Commercial Depth	**31'**
Commercial Frontage	**81'-6"**
Lobby Frontage	**11'-11"**
Parking Frontage	**N/A**
Services Frontage	**25'-4"**

No parking



Residential entry on side street

2847 Shattuck Ave

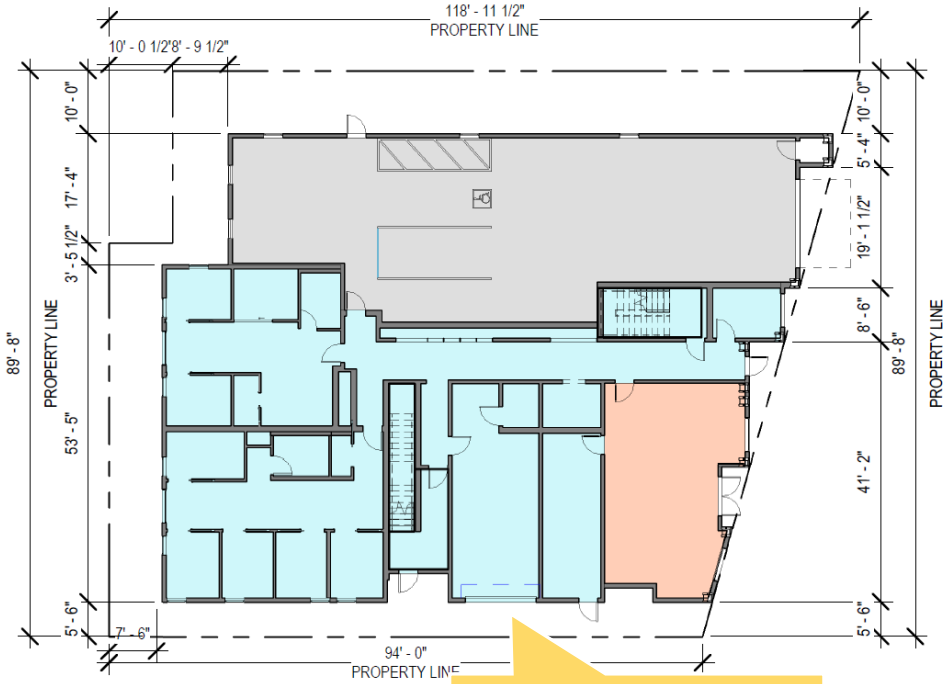
Project Data

Ground Floor Height	**14'**
Retail Facade Rhythm	**~27'**

2712 Telegraph Ave

Project Data

Lot Type	**Infill Lot**
Lot Area	**11,036 SF**
Commercial Area	**700 SF**
Commercial FAR	**0.06**
Commercial Depth	**~25'**
Commercial Frontage	**~36'**
Lobby Frontage	**~14'**
Parking Frontage	**23'-7"**
Services Frontage	**N/A**



2712 Telegraph Ave

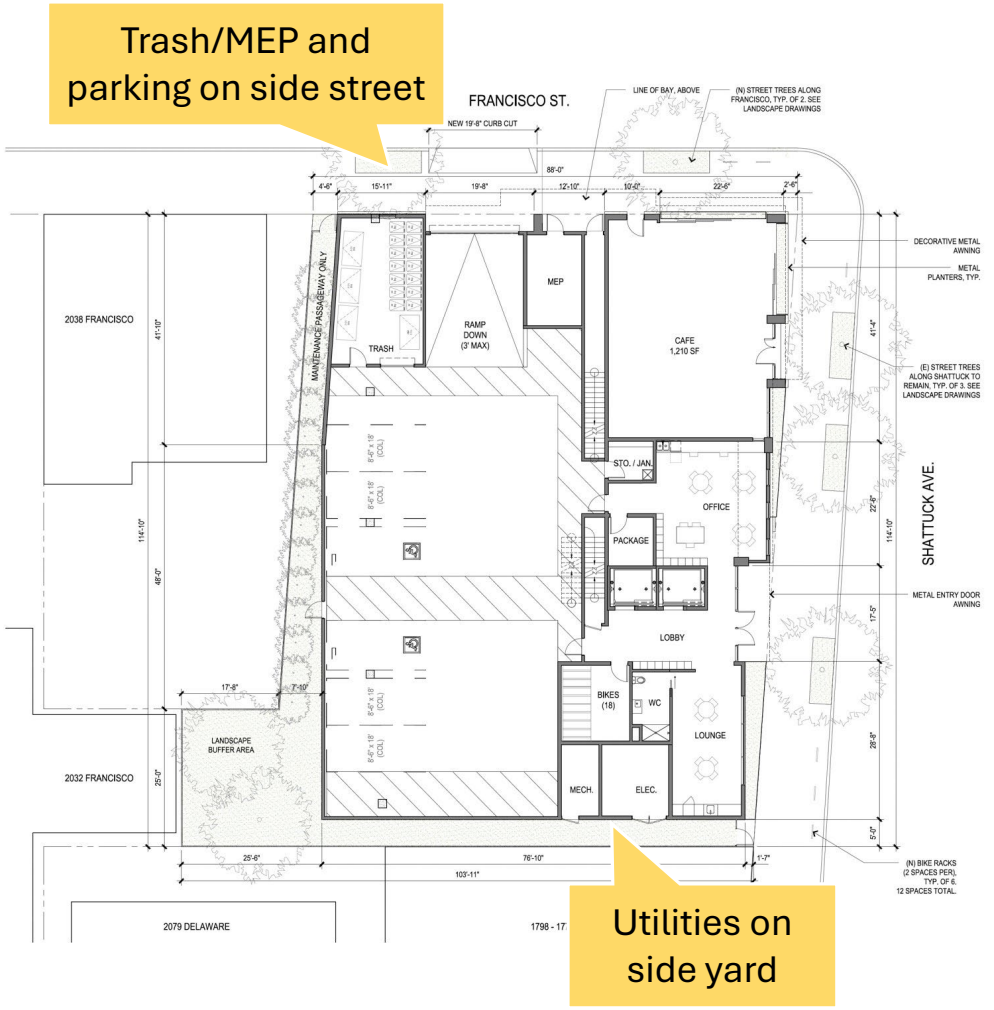
Project Data

Ground Floor Height	**12'**
Retail Facade Rhythm	**~12'**

1752 Shattuck Ave

Project Data

Lot Type	**Corner Lot**
Lot Area	**10,522 SF**
Commercial Area	**1,210 SF**
Commercial FAR	**0.11**
Commercial Depth	**32'-6"**
Commercial Frontage	**~41'**
Lobby Frontage	**~17'**
Parking Frontage	**19'-8"**
Services Frontage	**25'-3"**



1752 Shattuck Ave

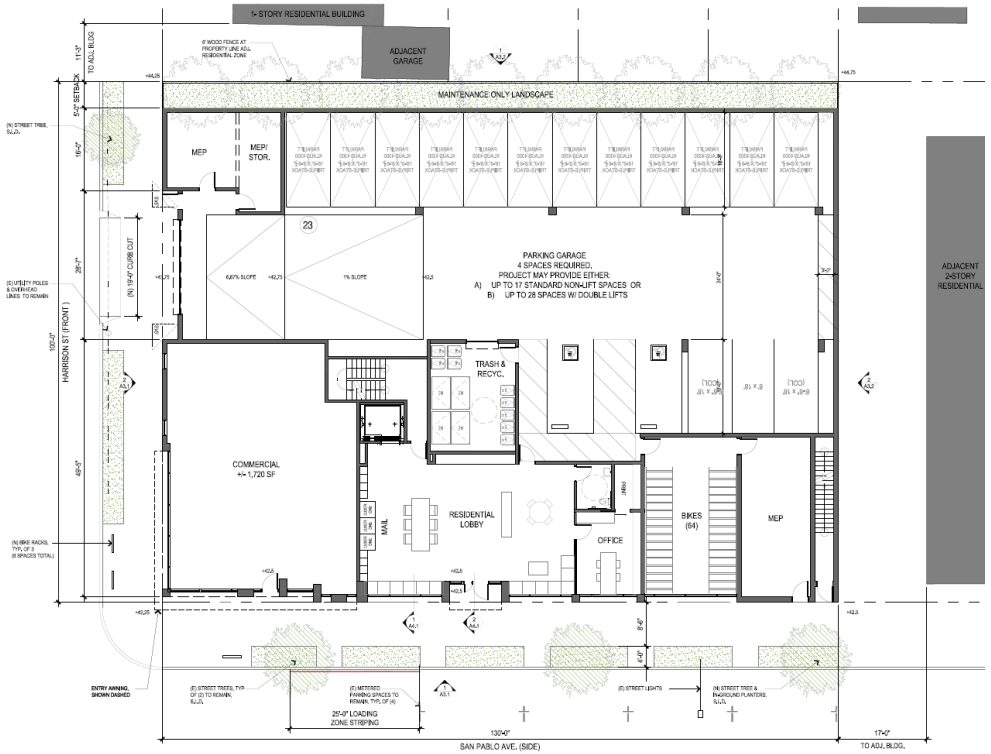
Project Data

Ground Floor Height	**12'**
Retail Facade Rhythm	**~14'**

1201 San Pablo Ave

Project Data

Lot Type	**Corner Lot**
Lot Area	**13,000 SF**
Commercial Area	**1,720 SF**
Commercial FAR	**0.13**
Commercial Depth	**49'-5"**
Commercial Frontage	**~38'**
Lobby Frontage	**~41'**
Parking Frontage	**28'-7"**
Services Frontage	**16'**



1201 San Pablo Ave

Project Data

Ground Floor Height	**14'**
Retail Façade Rhythm	**~12'**

STRATEGICECONOMICS

MEMORANDUM

To: Uttara Ramakrishnan, Associate Planner, City of Berkeley
Jordan Klein, Director of Planning and Development, City of Berkeley

From: Dena Belzer, President; Malia Wing, Associate

Date: January 26, 2026

Project: Berkeley Corridors Rezoning

Subject: Small Business Anti-Displacement Strategies

INTRODUCTION

The City of Berkeley is considering rezoning three key commercial corridors, College, North Shattuck, and Solano Avenues, allowing for increased building heights and density. These corridors are important economic hubs for residents and visitors and include a significant concentration of small, locally owned businesses. While the rezoning would enable new building types and could facilitate additional new housing development in these desirable neighborhoods, there is also considerable concern that new development could potentially result in displacing many small businesses.

This memo was prepared to provide background context for understanding the redevelopment potential in the three corridors, evaluate the potential impact this redevelopment might have on small businesses, and to identify small business anti-displacement strategies the City could consider adopting in conjunction with the rezoning to offset any adverse impacts on small businesses.

SUMMARY OF KEY FINDINGS

Key findings based on the information presented in this memo are as follows:

- Due to changing trends in the retail industry, there are fewer small businesses operating in Berkeley today than there were ten years ago. This has resulted in slightly elevated vacancy rates in the three corridors being considered for rezoning but also creates a moderating effect on rents. Landlords are concerned that if they raise rents too far, they could lose their tenants and not be able to replace them.
- Rezoning is unlikely to drive a spike in rents along the three corridors. There have been no such rent increases in recently upzoned corridors including Telegraph Avenue in Berkeley and College Avenue in Oakland.
- Any redevelopment on any of the corridors will be gradual and limited. The majority of existing property owners along the three corridors are individuals who are not experienced developers and likely would not want to take on the risk of development. In addition, most of the parcels along the corridors are too small to support a viable development project.

- National trends in the retail industry, including e-commerce, the costs to owner and operate small businesses, and changing consumer preferences are all creating significant challenges for small businesses and are likely to pose bigger threats to these businesses than the corridor rezoning.
- Small businesses in all three corridors will likely benefit from having more people living in the immediate area around their businesses. These new residents would bring increased foot traffic, which generates more sales as well as creating a sense of safety that attracts other people to the area.
- The neighborhoods around all three corridors being considered for rezoning already have increasing shares of higher income households which can also be a positive change for small businesses. These households have greater discretionary buying power and tend to support the types of specialty retail and personal services already located in each corridor.
- The City has options to address multiple challenges that small businesses could face as a result of the corridor rezoning.

METHODOLOGY

This memo draws on multiple information sources and resources to shape a clear understanding of the issues and concerns small businesses have regarding the potential rezoning, local trends and conditions that address these concerns, and identifying appropriate tools for mitigating any potential displacement based on the available resources and circumstances in Berkeley.

Literature Review

Background information regarding approaches other communities have taken to addressing small business displacement was gathered through a focused literature review with a specific emphasis on California cities with recently approved small business anti-displacement strategies including San Francisco, Emeryville, and Long Beach. These local policies were also cross-referenced to the small business anti-displacement toolkit prepared by the Small Business Anti-Displacement Network, a project of the National Center for Smart Growth Research and Education at the University of Maryland.[1]

Regional and State Policy Review

Possible frameworks from implementing a small business anti-displacement strategy in Berkeley include AB 2011 and the Transit Oriented Communities (TOC) Policy adopted by the Metropolitan Planning Commission. Both are discussed further below.

Data Analysis

The findings in this report are based on quantitative data analysis, interviews with local real estate experts, and one stakeholder meeting. A demographic analysis was prepared using data from the U.S. Census Bureau's American Community Surveys (ACS) from 2013 and 2023 to track changing consumer characteristics in the residential areas immediately adjacent to each corridor. Trends in taxable sales by business category and changes in the overall retail business mix were developed using data from the California Department of Tax and Fee Administration. An analysis of parcel

[1] https://antidisplacement.org/toolkit/

ownership, size and building age were taken from CoStar, a private real estate data service. Finally, an analysis was prepared to illustrate the incomes required to afford new housing in the corridors based on current market conditions in each corridor. Data sources include the ACS, the City of Berkeley, Freddie Mac, Zillow; as well as a pro forma analysis prepared by Strategic Economics during an earlier phase of the overall rezoning study process.

Interviews and Stakeholder Meeting

Five interviews were conducted with local real estate brokers, developers, and investors to solicit their input regarding long term market trends impacting demand for retail space along all three corridors, property ownership patterns and the implications this might have for redevelopment in each corridor, and the potential efficacy of the various anti-displacement tools. Additionally, Strategic Economics spoke with staff from the City of Berkeley Office of Economic Development who serve as liaisons to the business improvement districts and merchant associations for the three corridors. This input provided greater insight into the concerns small businesses have regarding the rezoning, provided information as to what services and tools the City already has in place to support small businesses, and enabled staff to offer input on what future small business anti-displacement tools could be most effective for Berkeley.

Finally, Strategic Economics met with the 'Save Berkeley Shops' community organization to present draft findings and receive input directly from business owners and advocates. The meeting held on January 15, 2026, included five attendees associated with Save Berkeley Shops.

Methodology Limitations

Given the limited scope and timeframe of this study, there were necessary constraints to the analysis. While the input received through these interviews and meetings provided valuable qualitative insights, the study did not include direct outreach to all business owners in the corridors, nor to property owners in addition to those interviewed as local real estate experts. Such extensive outreach was not feasible under the project's schedule and available resources. As a result, the findings may not fully capture the perspectives or experiences of all affected businesses, property owners, or other stakeholders.

Additionally, some types of data analyses requested by stakeholders were outside the scope of this study and/or are not feasible given the lack of any available data source. Also, such analyses could be too speculative to perform as the results could vary by property owner based on such factors as the property owner's financial goals, presence or absence of leases with current tenants, point in time when a decision to develop might be under consideration, and other factors that could impact a property owner's decision to either redevelop their property or to raise rents significantly beyond their current rents. Similarly, an analysis of the rezoning's potential impact on retail vacancies was not included as isolating the effects of zoning from broader economic conditions would require additional data that may not be available and resources beyond those available for this study.

REAL ESTATE TRENDS AND PROPOSED REZONING IMPLICATIONS FOR SMALL BUSINESSES

This section presents existing real estate trends in Berkeley and what these suggest about how the proposed rezoning might impact small businesses. The discussion also considers how other factors, such as property ownership, rent rates, and vacancy rates impact development feasibility. These

factors will be very significant when considering the type and magnitude of redevelopment that could occur following rezoning.

Rezoning would make it possible to build a wider variety of development types in the rezoned corridors but would not require any redevelopment. Decision-making power regarding redevelopment would remain with the property owners in the commercial corridors. It is impossible to predict the decisions that individual property owners would make in response to future rezoning. However, by evaluating current real estate trends and development feasibility, it is possible to draw some conclusions as to how likely redevelopment could occur and how future redevelopment might impact small businesses operating in the area.

Parcel Ownership Patterns

The magnitude of redevelopment following rezoning would be solely driven by individual property owners. While the City is responsible for zoning, the City would have no further role in determining when or what future development could occur in response to the zoning. Ownership records show that most parcels in all three corridors are held by individuals or families, rather than institutional or large corporate owners. As Figure 1 shows, Individual or family ownership accounts for 115 of the 148 parcels included in this analysis (approximately 78 percent). The local real estate experts interviewed for this study indicated that these small individual or family owners are much less likely to redevelop their property than corporate property owners.

FIGURE 1: PARCEL OWNERSHIP CHARACTERISTICS

	Parcels with individual/family owner	Parcels with corporate owner			**Total Parcels**
		Single parcel	2 contiguous parcels	3+ contiguous parcels	
College Avenue*	18	2	4	0	**24**
North Shattuck Avenue	49	10	2	1	**62**
Solano Avenue	48	10	3	1	**62**
Total	**115**	**22**	**9**	**2**	**148**

Source: CoStar, 2025; Strategic Economics, 2026
*College Avenue parcel counts include only parcels between Webster and Russell

Given that parcels in these corridors are generally small, financially feasible redevelopment would typically require assembling multiple contiguous parcels to create a viable development opportunity site. Of the 33 parcels under corporate ownership across the three corridors, there are only eleven instances in which two or more contiguous parcels are held under common, corporate ownership. These locations may present the most straightforward opportunities for redevelopment following rezoning; however, they represent a limited share of corridor parcels. Overall, these ownership and parcel size characteristics suggest that large-scale redevelopment is unlikely to occur broadly across the corridors, and redevelopments that would occur would take time. Although developers may seek to assemble parcels held by multiple owners, such efforts would require voluntary participation from property owners, giving those owners substantial influence over whether redevelopment can proceed.

Current parcel ownership patterns indicate that redevelopment in the commercial corridors would be limited and gradual. Because development feasibility would only be possible with property assemblages, which require significant resources and time, individual property owners would have a significant influence over redevelopment efforts across all three corridors.

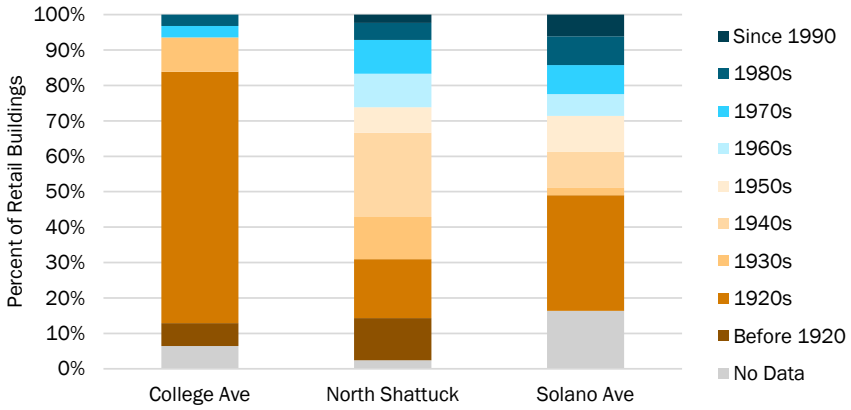
Corridor Retail Market Rents

Retail market indicators suggest generally strong conditions, but with some vacancies across all three corridors. As local real estate brokers point out, historically, the three corridors almost never have any vacancies, but in more recent years, it has been harder to find tenants for these spaces. This condition reflects larger trends in the retail industry, including many small retail business owners retiring who are unable to find someone to purchase their business. As a result, property owners who want to keep their retail space leased have an incentive to keep rents at rates that are affordable to their current tenants.

Current retail rents appear to be driven primarily by space quality and layout, rather than the age of the building. Older retail spaces that have had limited reinvestment or modernization generally have lower rents than newer space or space that has been updated. These lower rents can reflect property owners' preferences for tenant retention over rent maximization. Because many of the retail buildings in these corridors are old, the cost to renovate them may be too high to justify, even with rent increases. Also, maintaining stable, long-term tenants is a lower-risk strategy for landlords than pursuing rent increases that could result in prolonged vacancies.

The distribution of buildings by year built varies by corridor. College Avenue has a notably higher concentration of buildings constructed in the 1920s or earlier, as seen in Figure 2. North Shattuck Avenue and Solano Avenue have a wider distribution of building ages; however, both corridors have relatively few buildings constructed since the 1980s, underscoring the limited presence of newer, purpose-built retail space across all three corridors.

FIGURE 2: DECADE BUILT OF RETAIL BUILDINGS, BY CORRIDOR



Source: CoStar, 2025; Strategic Economics, 2026

Generally, retail market conditions seem to indicate moderate rents and slightly elevated vacancy rates. Local real estate experts confirm that while rents remain relatively stable in all three corridors, vacancies are slightly higher than they have been in past years. These vacancies were attributed to the shrinking number of independent retailers looking for space in these areas and that this trend motivates current landlords to do what it takes to hold on to their current tenants.

Increasing Rents Following Rezoning

Despite local business community concern, there is no evidence to suggest that landlords would increase rents if rezoning were adopted. Strategic Economics analyzed retail rents on recently rezoned corridors and compared these to rents in the corridors proposed for rezoning.to determine whether rezoning appeared related to rent increases. The Rockridge district and Telegraph Avenue were both upzoned in 2023. These two retail districts/corridors were analyzed and compared to the existing conditions in The Elmwood (part of the College Avenue corridor and the only corridor for which comparable rental data is available).

Retail rent in Rockridge currently ranges from $3.25 to $4.00 per square foot, per month. Along Telegraph Avenue, retail rents range from $2.50 to $4.25 per square foot, per month. Current retail rents in The Elmwood, appear to average about $3.25 per square foot, per month. Given the rent similarities across these three locations, there does not appear to be evidence of a rent premium for retail space on a corridor that has been upzoned to allow for higher density development.

Development Pacing and Feasibility in the Commercial Corridors

The speed and magnitude of redevelopment in these three commercial corridors would depend on the financial feasibility of different building types. Buildings above eight stories are generally unlikely to be financially feasible due to construction costs and revenue yields related to small parcel sizes. Parcel size is a limiting factor for development, as discussed above, and multiple parcels would need to be assembled to support large redevelopments. Additionally, there are fixed “predevelopment costs” (i.e.

hiring an architect, applying for permitting, and more) that are relatively constant, regardless of the project's size. When developing a small project, these costs are distributed across fewer total square footage than larger development projects. As a result, larger projects have lower per square foot costs and higher total revenue yields, making these projects much more attractive to developers.

Buildings over eight stories require a shift in construction type, leading to a significant increase in construction costs, making it less likely that developers will pursue these taller buildings. Using the state's density bonus, developers could pursue buildings above eight stores. However, these buildings require more extensive steel framing and concrete construction, as opposed to smaller projects that can be built with either full wood framing or a combination of wood and concrete construction. These costs, relative to market rents, make these taller projects infeasible; and although rents could increase, the level of increase required to make the projects viable is probably beyond what the Berkeley market would bear.

POTENTIAL SMALL BUSINESS ANTI-DISPLACEMENT TOOLS

This section summarizes several small business anti-displacement tools identified through literature review, case study research, and discussions with local developers. The section will first introduce policies that were considered as part of this evaluation but deemed infeasible for a variety of reasons. This discussion is followed by a description of anti-displacement tools that could be implemented by the City of Berkeley to mitigate challenges that small business owners and operators might face if redevelopment occurs because of the rezoning. The tools discussed are grouped into three categories, to address different types of potential displacement challenges. These challenges were identified based on input from the City's Office of Economic Development staff who work directly with small businesses in all three corridors; from small business owners and other community members gathered during earlier phases of this project, including the August 2025 workshops and fall 2025 meetings of the Planning Commission and City Council; and from business owners and members of merchant associations. These categories include construction-phase business disruption to area businesses, direct business displacement from building demolition, and changes to the local customer base related to who might live in the new buildings. Some tools may address more than one challenge, and others are more targeted.

Policy Interventions Considered, But Determined Infeasible

Three possible policy interventions were considered but found to be infeasible for various reasons, as summarized in Figure 3.

FIGURE 3: SUMMARY OF INFEASIBLE POLICY INTERVENTIONS

Policy Intervention	Description	Feasibility Constraint
Commercial Rent Control	Imposes limits on commercial rent increases.	Prohibited by state law.
Commercial Deed Restrictions	Commercial rent rates are restricted in the property's deed for a set duration.	Prohibited by state law.
Density Bonus	An increase to the allowable height or density of a building, in exchange for commitments to affordability or reduced commercial rents.	Added density does not provide sufficient financial incentives to developers.

Construction-Phase Mitigation Tools

Many small businesses are concerned that the construction of new buildings, which could last for 18 to 24 months, would impact businesses in adjacent or nearby buildings. Construction related activity could impact traffic patterns, lessen pedestrian activity, partially block business entrances, or produce additional noise in the area, potentially negatively impacting businesses' revenue. To mitigate the potential impacts during the construction phase, the following tools could be implemented by the City.

1. **"Open for Business" campaign:** Build on the City's existing small business marketing to promote business in and near construction zones.
2. **Forgiveness of gross receipts taxes:** Partial or full forgiveness of businesses' gross receipts taxes accrued during the construction phase.
3. **Rebate on local share of sales taxes:** A partial or full rebate on the City's portion of sales taxes accrued during the construction phase.
4. **Business interruption fund:** A fund administered by the City to make up for lost revenues during the construction phase.

Direct Displacement Mitigation Tools

When a building is ready to be demolished and redeveloped, businesses located in the building would need to either relocate or close. Although it is also important to note that even when a new development project is approved, direct displacement may not occur for multiple years, allowing the business to continue to operate as well as plan for the future. In many cases, developers would work directly with impacted businesses and allocate resources to assist in their relocation or facilitate their return to the space following redevelopment. In addition to developer-led assistance, the City could explore the following mitigation tools related to direct business displacement.

5. **Early notification:** Policy could outline a timeline for notifications related to property sale, redevelopment, and lease non-renewal. Additional time to plan can allow business owners to explore avenues for continuing operations and engage with the property owner/developer.
6. **Lease renewal mediation:** Provision of mediation services during negotiations between business owners and property owners, particularly as interim leases are negotiated.
7. **Legal assistance:** Formal legal services to assist business owners in reviewing leases and negotiating with landlords.
8. **Empty storefront penalties:** A penalty assessed to property owners who allow retail space to sit vacant longer for an extended period, without proper justification. This would disincentivize property owners and landlords from keeping space vacant for speculative purposes
9. **Waive relocation permitting fees:** The City could opt to waive the permitting fees generated when a business is forced to relocate due to redevelopment, making the relocation more financially feasible for business owners.
10. **Funding for relocation assistance:** Direct funding to business owners who are forced to relocate due to redevelopment. These funds could be general or more targeted. An example of targeted funding would be grants to cover the broker fees associated with relocation.

Changing Neighborhood Character Mitigation Tools

There is also the potential for redevelopment to affect the physical character of these commercial corridors in ways that do not benefit small businesses. This could occur if new retail space is poorly located without good visibility or easy access, if new retail space is poorly configured to optimize retail operations or if key infrastructure is lacking (i.e. the infrastructure needed for restaurants to operate). Existing businesses may be concerned with changes to the design of the commercial districts that make the area less interesting or desirable for potential customers. To mitigate undesirable changes to neighborhood character, the City could explore the following tools and policies.

11. **Ground floor design standards:** The City is working with Raimi & Associates to develop design standards to promote pedestrian activity and the construction of functional storefront spaces.
12. **Improved infrastructure and pedestrian access:** The City can continue investing in improved connections between transportation networks, specifically to promote walkability in the areas around the commercial corridors.
13. **Façade improvement program:** The City could dedicate funding to help business and property owners improve the physical appearance of their storefronts, attracting potential customers and improving the overall neighborhood character.

OVERVIEW OF STATE AND REGIONAL POLICY REGARDING SMALL BUSINESS ANTI-DISPLACEMENT

This section summarizes the applicability of one regional and one state policy that have the potential to further support small business anti-displacement efforts and small businesses generally. These policies are state law AB 2011, and the MTC Transit Oriented Communities, a regional policy.

AB 2011

AB 2011 was signed into law in 2022 and became effective in July 2023.[2] The law creates a streamlined approval process for residential development on property zoned for commercial use. To qualify for the CEQA-exempt, streamlined approval process, developers must meet affordability requirements, heightened labor standards, and provide relocation assistance to qualifying displaced small businesses. Small businesses are eligible for relocation assistance under AB 2011 if they are locally owned and employ fewer than twenty people. The relocation assistance could be anywhere from three to eighteen months' rent, depending on the length of the business' tenure on site. Although the business relocation aspect of AB 2011 seems relevant to Berkeley, it is unlikely that, in its current form, AB 2011 will be useful to many developers as the requirements developers must meet could be financially onerous relative to the streamlining benefits.

[2] California Legislature. (2022). *Assembly Bill No. 2011 (2021–2022 Regular Session)*. California Legislative Information. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2011

MTC Transit Oriented Communities

The Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the Bay Area. MTC administers a variety of federal, state, and regional transportation funding programs. As part of the agency's efforts to coordinate land use and transportation planning, MTC adopted its current Transit-Oriented Communities (TOC) policy in 2022.[3] The TOC policy outlines four goals focused on increasing housing supply, particularly around transit hubs, and creating neighborhoods with equitable access to transportation and housing. The policy designates TOC Areas based on levels of transit access. The policy includes requirements for minimum residential and commercial densities in new developments, affordable housing production and preservation, small business stabilization, parking management, and transit station access. Cities must be in compliance with TOC policies in the designated TOC areas to receive certain types of grant funding from MTC.

Only the southern portion of the North Shattuck Avenue corridor is designated as a TOC Area by MTC. However, the City also has several other designated TOC Areas. In the context of the potential corridor rezoning, Section 2D (Commercial Protection and Stabilization) is of specific interest. The section requires one of the following policies to be enacted:

1. Small business and non-profit overlay zone
2. Small business and non-profit preference policy
3. Small business and non-profit financial assistance program
4. Small business advocate office

The City of Berkeley is already in compliance with the TOC Policy based on existing Office of Economic Development (OED) programs.[4] OED administers small business financial assistance through the Revolving Loan Fund (3, above) and serves as the small business advocate office (4, above) by centralizing small business support and resource sharing.

BACKGROUND TRENDS AND CONDITIONS IMPACTING EXISTING BERKELEY SMALL BUSINESSES

This section provides a brief overview of existing trends and conditions that are impacting small businesses in Berkeley today, prior to the rezoning going into effect. Additionally, the section includes an analysis of changing demographic conditions in the neighborhoods surrounding each corridor as well as in Berkeley, which informs both current and future retail demand. As consumer characteristics change, purchasing preferences may also change which could lead to demand for different goods and services in the corridors. Because specific changes are already underway, it is possible to draw some conclusions about how potential new residents might impact the corridors' consumer demand and

[3] Metropolitan Transportation Commission. (2025, November 24). *Transit-Oriented Communities (TOC) Policy*. https://mtc.ca.gov/planning/land-use/transit-oriented-communities-toc-policy

[4] City of Berkeley. (n.d.). *Business financing*. City of Berkeley. Retrieved January 20, 2026, from https://berkeleyca.gov/doing-business/operating-berkeley/business-assistance/business-financing

small business support. These industry and demographic trends provide insights into the challenges that business owners are currently facing, independent of any future rezoning.

General Retail Trends

Several general trends in the retail sector are discussed in this section. These trends and conditions are not specific to Berkeley, but reflect broader patterns influenced by national economic conditions and market forces.

National retail sales have shown growth over the past decade, with several notable changes to spending patterns. Slow income growth has led consumers to be more price-conscious about a wider range of goods. This trend favors large chain stores, which are capturing an increased share of national retail spending. Large chains can offer lower prices due to the scale on which they operate. The preferences of Gen Z and Gen Alpha are also beginning to influence the retail sector. Younger consumers are showing a growing preference for experiential retail such as eating and drinking establishments or health and beauty related businesses but are buying fewer goods including clothing or accessories. Younger consumers also expect tech-integrated retailers that provide interactive and personalized experiences in-store.

The continued growth of e-commerce has fundamentally changed the retail business model. The share of total retail expenditure occurring online has increased steadily over time. In the third quarter of 2025, e-commerce accounted for 16.4 percent of total retail sales, representing a 5.1 percent increase over the previous year.[5] This growth underscores the increasing importance of online sales platforms and the need for retailers to adapt to a more digitally integrated retail model.

Retail is evolving toward an omnichannel model that blends online and in-person experiences. Consumers increasingly use online platforms to browse, compare prices, and read reviews, even when purchases are ultimately completed in the physical store or through in-person pickup options. Successful retail is increasing requiring digital capacity, including modern websites, published inventory and reviews, a social media presence, and online ordering platforms. Larger companies can leverage data analytic capabilities to better understand, and respond to, changing consumer preferences. This contributes to the competitive advantage that larger firms have over less technologically equipped smaller firms.

Social media plays an increasingly critical role in driving retail sales and consumer preferences. Platforms such as Instagram, TikTok, and Facebook influence what consumers buy and where they choose to shop, particularly among younger generations. Retail shops with no social media presence are likely to miss out on exposure and potential sales. As social media continues to shape purchasing behavior, an online presence is becoming necessary to support retail success and growth.

The growth of e-commerce has created new challenges for small businesses, as online retail favors larger companies with greater economies of scale. Large retailers can offer a wider variety of goods at lower prices, along with more delivery options, reinforcing their competitive advantages. As consumers increasingly prioritize convenience, affordability, and choice, small retailers struggle to compete on these terms.

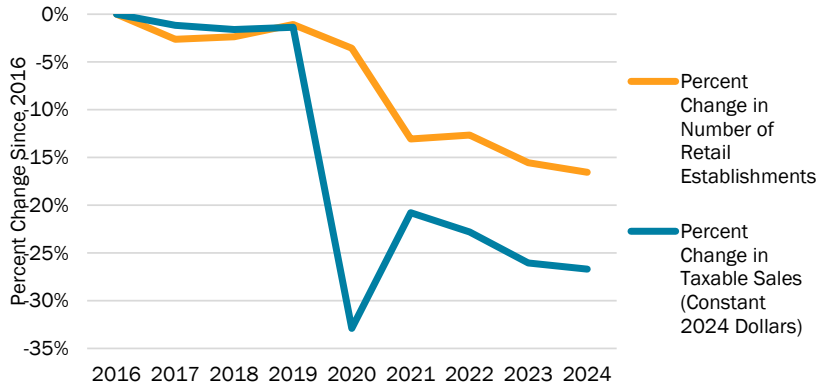
[5] U.S. Census Bureau. (2025, December 18). *Quarterly retail e-commerce sales (3rd quarter 2025)* (Publication No. CB25-171) [PDF]. U.S. Department of Commerce. https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf

Berkeley Retail Trends

This section summarizes trends in the retail sector that are specific to Berkeley and the three commercial corridors. These local dynamics reflect Berkeley's unique market characteristics and reveal how the national trends, discussed above, manifest at the local level.

While nationally, retail sales have been steadily increasing, retail sales in Berkeley have fallen since 2016. Between 2016 and 2024, there was a cumulative decrease of 27 percent in taxable sales associated with retail. The pandemic was clearly impactful; however, taxable sales were decreasing before the pandemic and have failed to recover to pre-pandemic levels in the years since. The number of retail establishments has also been declining over the past decade. In 2024, Berkeley had about 400 fewer retail establishments than in 2016, a 17 percent cumulative decrease.

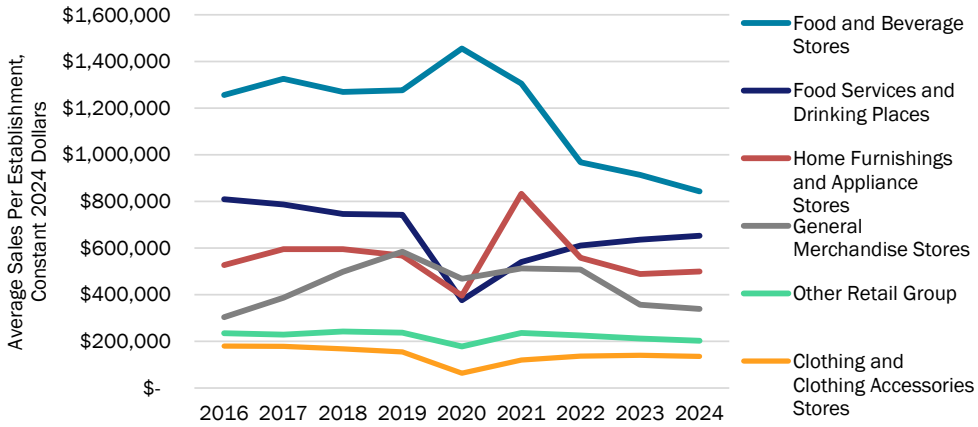
FIGURE 4: CUMULATIVE PERCENT CHANGE IN RETAIL ESTABLISHMENTS AND TAXABLE SALES SINCE 2016



Source: California Department of Tax and Fee Administration, 2025; Strategic Economics, 2025

Berkeley has seen an overall decline in the average sales per retail establishment. Retail establishments can be categorized into six categories, as seen in Figure 5. The only one of these categories to see growth in average sales per establishment from 2016 to 2024 is the General Merchandise stores. All other categories experienced a decrease in average sales per establishment. Food and Beverage stores have continued to see the highest per establishment sales but have seen significant decrease in average sales since the pandemic. Stores with the lower per establishment sales include those in the Other Retail category and Clothing/Clothing Accessory stores. These lower store sales are making small businesses less profitable, especially when inflation and recent tariffs are factors in overall performance.

FIGURE 5: AVERAGE SALES PER ESTABLISHMENT BY BUSINESS TYPE, IN CONSTANT 2024 DOLLARS



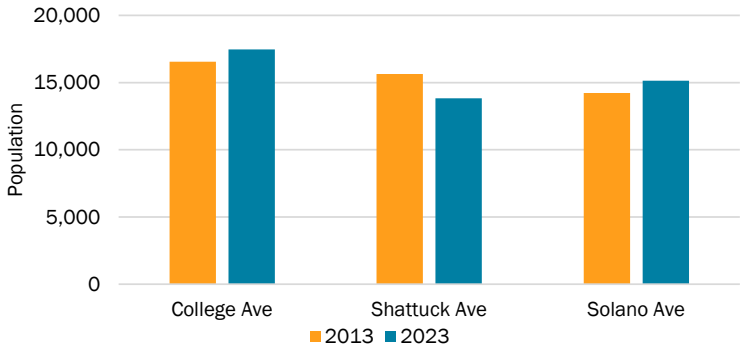
Source: California Department of Tax and Fee Administration, 2025; Strategic Economics, 2025

Changing Corridor Demographics

This section introduces key demographic trends and changes in the three key commercial corridors, as well as Berkeley as a whole. When evaluating the commercial corridors, the analysis uses a half-mile buffer surrounding the street segment. Shifts in population size, household income, and age influence consumer demand and spending patterns. Understanding these changes provides important context for assessing current retail conditions and the impacts of potential redevelopment.

From 2013 to 2023, Solano and College Avenues experienced population growth mirrored by that of the entire city, while North Shattuck Avenue saw a decline in population. Solano Avenue and College Avenue saw five to six percent growth. Shattuck Avenue saw a population decline of about twelve percent. If these trends continue, corridors with increasing population could see proportional increases in purchasing power, supporting local retail and potentially a broader variety of retail demand. Areas with decreasing population could see retail locations struggle financially; however, this could be mitigated by efforts to bring in consumers from other areas or better cater to the residents that remain.

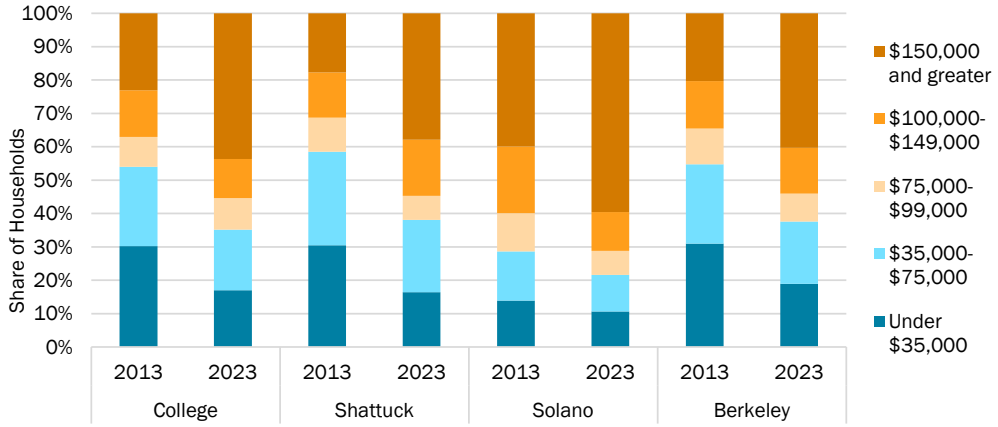
FIGURE 6: CORRIDOR POPULATION, 2013 TO 2023



Sources: U.S. Census Bureau, ACS 5-Year Survey, 2023; Strategic Economics, 2026

All three corridors, as well as the City of Berkeley, saw shifts in income distribution skewing towards a higher share of high-income households. College Avenue and Shattuck Avenue saw changes in household income distributions similar to the City. But Solano Avenue had an even greater increase in the share of higher income households compared to the other two corridors. Already the highest-income corridor in 2013, Solano Avenue has further solidified this position over time. Higher household incomes can be a positive change for the retail industry, as higher income households have considerable disposable income to spend on the specialty goods and services that are located on all three corridors.

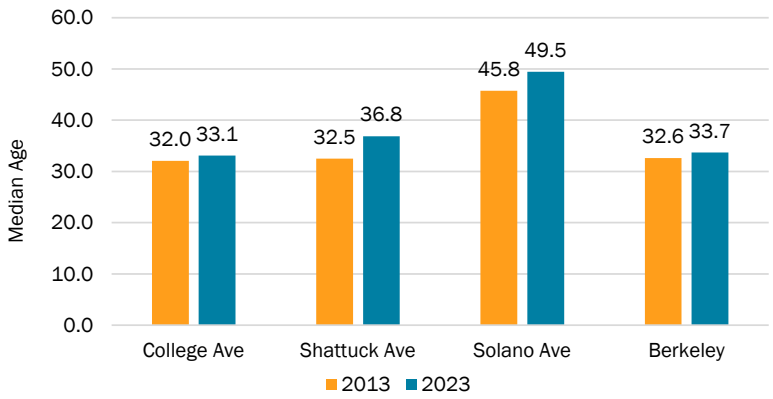
FIGURE 7: HOUSEHOLDS BY INCOME, 2013 TO 2023, IN CONSTANT 2023 DOLLARS



Sources: U.S. Census Bureau, ACS 5-Year Survey, 2023 & 2013; Strategic Economics, 2026

The commercial corridors also saw a rising median age from 2013 to 2023, mirrored by an increase in median age for the City as a whole. All three corridors experienced aging, with the rate of increase in median age being greater for Shattuck Avenue and Solano Avenue. Age distribution can impactlocal retail conditions, with older households tending to have more disposable income. However, older consumers may also be less active and less inclined so support local shops and businesses

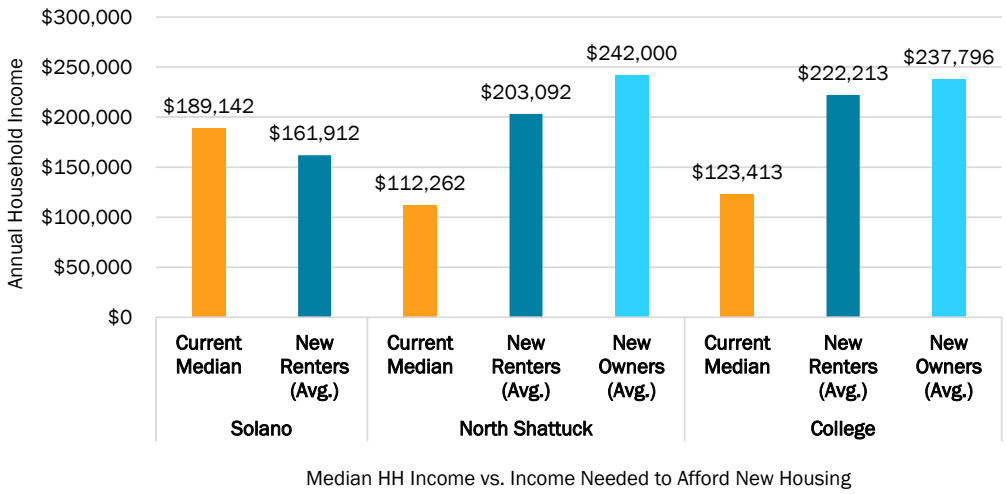
FIGURE 8: MEDIAN AGE BY CORRIDOR, 2013 TO 2023



Sources: U.S. Census Bureau, ACS 5-Year Survey, 2023; Strategic Economics, 2026

Residential development following rezoning could bring new residents to the commercial corridors, with mixed impacts to neighborhood median household incomes and purchasing power. Figure 9 shows a comparison of the current median household incomes in the neighborhoods around each corridor to the household income needed to afford new housing in each corridor, including both sales prices and rents. The analysis shows that in North Shattuck and College Avenues, new residents are expected to require households with income that are higher than the current neighborhood median incomes, continuing the trends toward increasing numbers of higher income households. Along Solano Avenue, new renter households could bring incomes slightly less than the current median household income. Over time, this trend may contribute to Solano Avenue's median household income aligning more closely with that of Shattuck and College Avenues. Residential sales prices and rent assumptions are based on a survey of current market rents in each area.

FIGURE 9: MEDIAN HOUSEHOLD INCOME BY CORRIDOR VS. INCOME NEEDED TO AFFORD NEW HOUSING



Sources: U.S. Census Bureau, ACS 5-Year Survey, 2023; Strategic Economics, 2025; CoStar, 2025; City of Berkeley, 2023; Freddie Mac, 2023; Zillow, 2023.
Note: New renter and owner incomes calculated based on typical costs associated with market rate rents and an affordable share of monthly income.
Market rate rents and sales prices come from feasibility analysis. Condos on Solano were not evaluated in the feasibility analysis.