STRATEGIES AND PROGRAMS FOR A VITAL TOWN CENTER

Presented to

The City of Brentwood

By

Gruen Gruen + Associates
Urban Economists and Market Strategists

April 22, 2003

C1085

TABLE OF CONTENTS

LIST OF TABLES

CHAPTER I
THE CHALLENGE

Gruen Gruen + Associates (GG+A) was asked to forecast the likely future of the Downtown and to make strategic recommendations that build upon and enhance the Downtown's current strengths. The time horizon for our analysis is 10 years. We recommend a reassessment at the five year mark (2008) to ascertain the status of this report's recommendations, which concentrate on strategies for strengthening and enhancing the 4-block core area while rezoning and retenanting the blocks north of Maple Street.

When significant progress has been made in the blocks north of Chestnut Street, then attention should be directed to those blocks south of Chestnut Street and along Brentwood Boulevard. The Oak Street and Walnut Boulevard property across from Brentwood Boulevard and the railroad tracks could act as in important entryway into the Downtown district. The Agency owns a portion of this now underutilized site and, together with an adjoining property owner, could create an exciting 40,000 square feet retail/restaurant entryway. The soon to be conducted Specific Plan should consider how to tie this entryway property into the Downtown. For example, could this site be connected to the Downtown by extending Chestnut or Birch Streets or by a pedestrian over-crossing over Brentwood Boulevard? The Downtown sidewalk and landscaping treatments should be continued along Walnut Boulevard to physically integrate this site with the Downtown.

The emphasis of this study is to provide the Specific Plan with an understanding of the Downtown's economic potential with respect to the type and scale of activities, with an emphasis on retail and restaurant tenancies. This analysis also considers the likely impacts current City zoning and parking regulations are likely to have on achieving a more competitive and vital Downtown over the next 10 years.

Previous planning studies have demonstrated that the citizens of Brentwood highly value the goal of a more dynamic Downtown agglomeration – a Downtown that will grow on the scale of a Pleasanton, California. We believe the recommendations summarized in this report will work towards achieving this goal. It is important to point out that Downtown is currently growing in a healthy way. But there is a short, five-year window of opportunity in which the Downtown can position itself to withstand the greater competition sure to come at Highway 4 bypass access points, as well as other Brentwood shopping locations that can be expected to come on stream within the next ten years.

Chapter II describes the changes in economic activities that have occurred in Downtown Brentwood since 1990. This chapter zeroes in on six broad types of economic activities that, together, account for 93 percent of all Downtown Brentwood's 2001 tax base: Apparel & Other Retail Stores, Eating & Drinking Establishments, Home Furnishings &

Appliances, Personal & Business Services, Auto Related, and an All Other category which includes repair and trade shops, morticians and undertakers, light industrial equipment, and contractors and wholesale lumber.

Chapter II utilizes data drawn from this retail sales tax analysis to confirm GG+A's 2001 estimate of future (2010) retail demand in Downtown Brentwood. The final section in Chapter II presents recommendations for encouraging the desired tenant mix that will work to strengthen the demand for goods and services in the Downtown.

The third and final chapter examines the ways in which current parking and zoning regulations are likely to impact future Downtown redevelopment and growth opportunities. The impact of in-lieu parking fees and building heights are analyzed. The recommendations in this chapter suggest changes in policy to facilitate desirable growth in the Downtown.

CHAPTER II
DOWNTOWN BRENTWOOD: PAST, PRESENT AND FUTURE

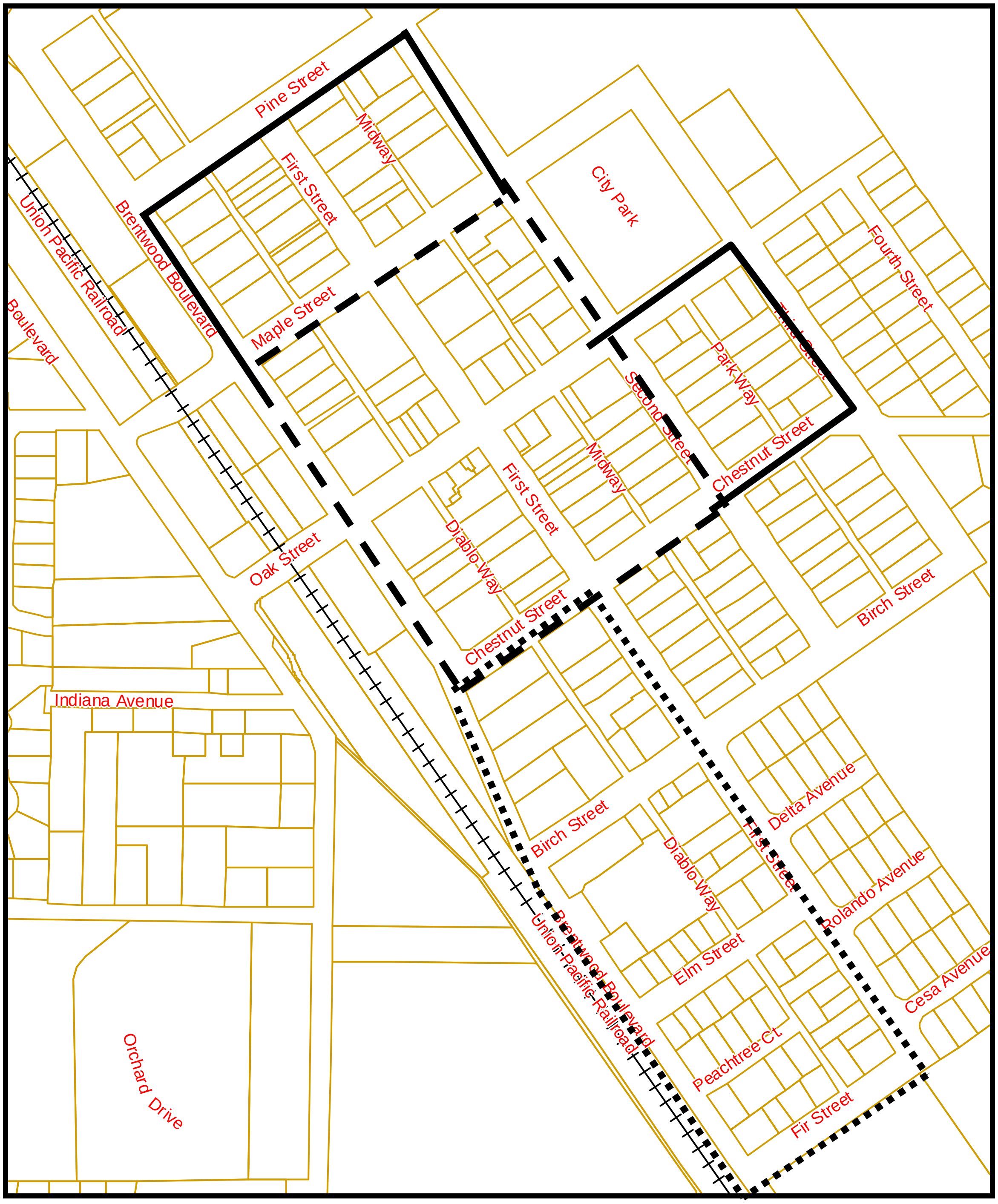
The first section in this chapter will describe the annualized increase in the Downtown's retail taxable sales, by selected business categories, between 1990 and 2001. HdL provided the source of these sales data. In order to conform to the regulations against disclosure, we agglomerated the 7-block and three south of Downtown blocks into one Downtown category and all business outlets into six categories: Apparel & Other Retail Stores, Eating & Drinking Places, Home Furnishings & Appliances, Auto-Related Sales & Service, Personal & Business Services, and All Other. All Other includes the following uses: light industrial, equipment, contractors and wholesale lumber, morticians and undertakers, and repair and hand-trade shops.

Four of the six categories were selected because they incorporate the type of uses that typically locate in successful downtowns. The first category is Apparel & Other Retail Stores. Other Retail includes a wide variety of specialty stores such as gifts, art goods and novelties, florists, and sporting goods. The second category is Eating & Drinking Establishments, and the third Home Furnishings & Appliances. The fourth combines both Personal and Business Services. Personal Services such as beauty parlors, dry cleaners, and shoe repair are typically located on the ground floor. Business Services include both office using and sales oriented. The former should be encouraged to be located in upper stories, while the latter, such as mail box outlets or copy centers typically require ground floor space.

The other two categories are Auto Related and All Other, which includes repair and trade shops and morticians and undertakers. These two have been included since they have accounted for significant Downtown retail sales.

Our initial analysis evaluated the retail sales for three Downtown Brentwood areas: (1) A 7-block area is bounded by Pine Street, Brentwood Boulevard, Chestnut Street and Second Street up to Oak Street plus the block south of the city block bounded by Oak Street, Second Street, Third Street and Chestnut. (2) A 4-block core downtown which is incorporated into this 7-block area. The 4-block core is bounded by Maple, Second, Chestnut and Brentwood Boulevard. (3) The third area includes the 3 blocks located south of Chestnut along Brentwood Boulevard. Map 1, Retail Sales Analysis of the Downtown District, shows the boundaries of these three areas.

MAP 1
RETAIL SALES ANALYSES OF DOWNTOWN DISTRICT AREAS



7-Block Downtown Area

3-Block South of Chestnut Area

- - - 4-Block Downtown Core Area

The 4-block core accounted for 81% of the total sales within the definition of Downtown, which incorporates the 7-block and 3-block areas. This, in consort with the disclosure rules, is the primary factor for evaluating the tax base for the larger Downtown area rather than the three component areas.

The above six categories are not an inclusive list of all possible business outlets located either in the Downtown or City. For example, food stores, general merchandise, and drug stores are not included in either the Downtown or city-wide data. This is because there are too few outlets (less than four) in the Downtown, which precludes our publishing retail sales tax data. Other categories are excluded because they are not Downtown uses; for example, building materials and farm implements businesses. These omissions are not deleterious to the retail sales analysis because together the omissions only account for 7 percent of the 2001 total Downtown sales. The six categories account for $13.5 million out of a total of $14.4 million for the 7-block area and the three Brentwood Blvd. blocks defined as constituting the Downtown. The fact that the above six categories account for 93 percent of the Downtown total sales and only 64 percent of the City-wide sales (including Downtown) illustrates the unique retail character of the Downtown.

Section one also compares Downtown's past (1990, 2000 and 2001) annualized increases in retail sales, by category, with city-wide sales for these same six categories to highlight shifts in the type of Downtown business categories that have increased (or decreased) their share of City-wide sales.

The second section utilizes data drawn from the first two sections to confirm GG+A's 2001 analysis of future (2010) retail demand in Downtown Brentwood. In our comprehensive Economic Development Strategic Action Plan report, we projected a demand for about 40,000 square feet of additional retail and restaurant space between 2001 and 2010.

The third and final section of this chapter presents recommendations for encouraging the type of tenant mix that will work to strengthen the demand for goods and services in the downtown. The proposed developments of a new city hall, library and community facilities will work to bolster this demand. The need to coordinate the location of the proposed parking garage with ground floor retail to serve the needs of the new public facilities is put forward in the form of a recommendation.

Downtown Brentwood and City Retail Sales Tax Trends (1990 – 2001)

Table II-1 presents the 1990 – 2001 annualized growth in taxable sales for the six categories described in the introduction and footnoted at the bottom of the table.

The three left hand columns show the taxable sales increases in the Downtown. The three right hand columns show the city-wide 1990 – 2001 taxable sales increases, including the Downtown. All sales are shown in constant 2002 dollars and assume a 1 percent sales tax rate for the City of Brentwood.

The City as a whole experienced an almost 10 percent increase in its annualized growth in taxable sales, while the Downtown's annualized growth in taxable sales increased by 6.6 percent. The City and Downtown experienced similar annualized growth rates in taxable sales for the following categories: Eating & Drinking Places and Business & Personal Services. The Downtown experienced more robust growth in the Auto-Related category (16.16%) than did the City (10.04%) – though a 10 percent annualized growth rate is still quite substantial.

The City had far higher annualized growth rates in the following categories: Apparel & Other Retail Stores (City 11.56%/Downtown 1.55%); Home Furnishings & Appliances (City 11.87%/Downtown 3.46%); and Other (City 10.84%/Downtown –7.80%). The latter is a positive finding since the type of businesses contained in Other are not desirable downtown uses. The negative growth rate suggests such uses are already moving out or are experiencing sales decreases, which may prompt their moving out.

Table II-2 identifies the absolute and percentage growth in taxable sales for Downtown Brentwood and the City of Brentwood between 1990 and 2001.

Both the Downtown and the City, including Downtown, have experienced a healthy percentage growth in taxable sales between 1990 and 2001. Downtown's sales increased by over 101 percent, while the City's increased by approximately 184 percent. Within the Downtown, Auto-Related Services grew by over $3 million, or by 419 percent. Eating & Drinking Places taxable sales also grew by over $3 million, for a 145 percent gain. Apparel and Other Retail Stores and Home Furnishings grew by approximately $333,000 and $393,000 respectively. Professional & Personal Services had a modest growth of about $142,000, but this modest rate can be attributed to the fact that Services are not taxed for the bulk of the services they provide. For example, professional offices have inconsequential retail sales tax, if any at all, while personal services like beauty parlors produce the preponderance of their sales through personal labor rather than through sale of products.

Other, which includes light industrial equipment, contractors and wholesale lumber, morticians and undertakers, and repair and hand trade shops, experienced a decline of close to a half million dollars. As previously stated, this is a good sign, because these uses should not be located in a healthy downtown but instead be encouraged to locate at less pedestrian-oriented and lower land value locations.

Table II-1
Annualized Growth in Taxable Sales
for Downtown Brentwood and the City of Brentwood between 1990 and 2001*

	Downtown Brentwood (1)			All of Brentwood		
Business Category (2)	**Taxable Sales 1990**	**Taxable Sales 2001**	**1990 - 2001 Annualized Growth in Taxable Sales**	**Taxable Sales 1990**	**Taxable Sales 2001**	**1990 - 2001 Annualized Growth in Taxable Sales**
Apparel & Other Retail Stores (a)	$1,812,443	$2,145,838	1.55%	$4,105,763	$13,670,873	11.56%
Eating and Drinking (b)	$2,115,273	$5,184,645	8.49%	$9,060,034	$22,532,365	8.64%
Home Furnishings & Appliances (c)	$866,740	$1,260,116	3.46%	$984,250	$3,380,348	11.87%
Auto Related (d)	$793,532	$4,122,782	16.16%	$31,688,586	$90,901,174	10.05%
Business and Personal Services (e)	$304,330	$446,282	3.54%	$760,409	$1,117,238	3.56%
Other (f)	$809,857	$331,394	-7.80%	$3,136,925	$9,728,075	10.84%
Total	$6,702,175	$13,491,057	6.57%	$49,735,968	$141,330,072	9.96%

*In constant 2002 dollars and assuming a 1% sales tax rate for the City of Brentwood.

(1) Includes Area 1 (7-Block Downtown Area) and Area 3 (3 blocks facing Brentwood Blvd. south of Downtown)

(2) This table **excludes** the following major business categories: General Merchandise Stores (general merchandise and drug stores); Food Stores (food stores selling all types of liquor and all other food stores); Building Materials and Farm Implements (lumber & building materials; hardware stores; plumbing & electrical supplies; farm implement dealers; and paint, glass & wallpaper); and All Other Outlets (with the exception of business services; personal service-no liquor; light industrial equipment; contractors & wholesale lumber; morticians & undertakers; and repair & hand-trade shops).

(a) Includes women's apparel, men's apparel, family apparel & shoe stores; gifts, art goods & novelties; sporting goods; florists; photographic equipment and supplies; musical instruments; stationery stores; jewelry; office, store & school supplies; other specialties; packaged liquor stores; second-hand merchandise; farm and garden supply stores; fuel & ice dealers; mobile homes, trailers & campers; and boat, motorcycle & plane dealers.

(b) Includes eating places: no alcoholic beverages; eating places: beer and wine; and eating and drinking: all types of liquor

(c) Includes household & home furnishings and household appliance dealers

(d) Includes new motor vehicle dealers; automotive supplies & parts; service stations; used motor vehicle dealers; and auto repair shops & garages

(e) Includes business services and personal service - no liquor

(f) Includes light industrial equipment; contractors & wholesale lumber; morticians & undertakers; and repair & hand-trade shops.

Sources: HdL, Gruen Gruen + Associates

Table II-2
Absolute and Percent Growth in Taxable Sales
for Downtown Brentwood and the City of Brentwood between 1990 and 2001*

	Downtown Brentwood (1)				All of Brentwood			
Business Category (2)	**Taxable Sales 1990**	**Taxable Sales 2001**	**1990 - 2001 Growth in Taxable Sales**	**1990 - 2001 Percent Growth in Taxable Sales**	**Taxable Sales 1990**	**Taxable Sales 2001**	**1990 - 2001 Growth in Taxable Sales**	**1990 - 2001 Percent Growth in Taxable Sales**
Apparel & Other Retail Stores (a)	$1,812,443	$2,145,838	$333,395	18.39%	$4,105,763	$13,670,873	$9,565,110	232.97%
Eating and Drinking (b)	$2,115,273	$5,184,645	$3,069,372	145.11%	$9,060,034	$22,532,365	$13,472,331	148.70%
Home Furnishings & Appliances (c)	$866,740	$1,260,116	$393,376	45.39%	$984,250	$3,380,348	$2,396,098	243.44%
Auto Related (d)	$793,532	$4,122,782	$3,329,249	419.55%	$31,688,586	$90,901,174	$59,212,588	186.86%
Business and Personal Services (e)	$304,330	$446,282	$141,951	46.64%	$760,409	$1,117,238	$356,828	46.93%
Other (f)	$809,857	$331,394	-$478,462	-59.08%	$3,136,925	$9,728,075	$6,591,150	210.11%
Total	$6,702,175	$13,491,057	$6,788,881	101.29%	$49,735,968	$141,330,072	$91,594,104	184.16%

*In constant 2002 dollars and assuming a 1% sales tax rate for the City of Brentwood.

(1) Includes Area 1 (7-Block Downtown Area) and Area 3 (3 blocks facing Brentwood Blvd. south of Downtown)

(2) This table **excludes** the following major business categories: General Merchandise Stores (general merchandise and drug stores); Food Stores (food stores selling all types of liquor and all other food stores); Building Materials and Farm Implements (lumber & building materials; hardware stores; plumbing & electrical supplies; farm implement dealers; and paint, glass & wallpaper); and All Other Outlets (with the exception of business services; personal service-no liquor; light industrial equipment; contractors & wholesale lumber; morticians & undertakers; and repair & hand-trade shops).

(a) Includes women's apparel, men's apparel, family apparel & shoe stores; gifts, art goods & novelties; sporting goods; florists; photographic equipment and supplies; musical instruments; stationery stores; jewelry; office, store & school supplies; other specialties; packaged liquor stores; second-hand merchandise; farm and garden supply stores; fuel & ice dealers; mobile homes, trailers & campers; and boat, motorcycle & plane dealers.

(b) Includes eating places: no alcoholic beverages; eating places: beer and wine; and eating and drinking: all types of liquor

(c) Includes household & home furnishings and household appliance dealers

(d) Includes new motor vehicle dealers; automotive supplies & parts; service stations; used motor vehicle dealers; and auto repair shops & garages

(e) Includes business services and personal service - no liquor

(f) Includes light industrial equipment; contractors & wholesale lumber; morticians & undertakers; and repair & hand-trade shops.

Sources: HdL, Gruen Gruen + Associates

Table II-3 indicates the relative importance of the six categories within the Downtown and the City, including the Downtown sales as of 2001. These data, once again, confirm the uniqueness of the Downtown with respect to the four primary business categories: Apparel & Other Retail, Eating & Drinking Places, Home Furnishing & Appliances, and Business & Personal Services. These four categories account for approximately two-thirds (66.9%) of the downtown, but only 28.8 percent of the City's taxable sales in 2001. While Auto-Related is still a significant 30 percent of Downtown sales, it accounts for 64 percent of the City-wide sales in 2001.

Table II-3
Percent of Taxable Sales by Business Category
In Downtown and City of Brentwood in 2001

	Downtown Brentwood (1) 2001 Taxable Sales*		All of Brentwood 2001 Taxable Sales	
Business Category (2)	**$**	**%**	**$**	**%**
Apparel & Other Retail (a)	2,145,838	15.9	13,670,873	9.7
Eating/Drinking Places (b)	5,184,645	38.4	22,532,365	15.9
Home Furnishings and Appliances (c)	1,260,116	9.3	3,380,348	2.4
Auto Related (d)	4,122,782	30.5	90,901,174	64.3
Business & Personal Services (e)	446,282	3.3	1,117,238	.8
Other (f)	331,394	2.4	9,728,075	6.9
Total	13,491,057	99.9	141,330,072	100.0

* In constant 2002 dollars and assuming a 1% sales tax rate for the City of Brentwood.

(1) Includes Area 1 (7-Block Downtown Area) and Area 3 (3 blocks facing Brentwood Blvd. south of Downtown)

(2) This table **excludes** the following major business categories: General Merchandise Stores (general merchandise and drug stores); Food Stores (food stores selling all types of liquor and all other food stores); Building Materials and Farm Implements (lumber & building materials; hardware stores; plumbing & electrical supplies; farm implement dealers; and paint, glass & wallpaper); and All Other Outlets (with the exception of business services; personal service-no liquor; light industrial equipment; contractors & wholesale lumber; morticians & undertakers; and repair & hand-trade shops).

(a) Includes women's apparel, men's apparel, family apparel & shoe stores; gifts, art goods & novelties; sporting goods; florists; photographic equipment and supplies; musical instruments; stationery stores; jewelry; office, store & school supplies; other specialties; packaged liquor stores; second-hand merchandise; farm and garden supply stores; fuel & ice dealers; mobile homes, trailers & campers; and boat, motorcycle & plane dealers.

(b) Includes eating places: no alcoholic beverages; eating places: beer and wine; and eating and drinking: all types of liquor

(c) Includes household & home furnishings and household appliance dealers

(d) Includes new motor vehicle dealers; automotive supplies & parts; service stations; used motor vehicle dealers; and auto repair shops & garages

(e) Includes business services and personal service - no liquor

(f) Includes light industrial equipment; contractors & wholesale lumber; morticians & undertakers; and repair & hand-trade shops.

Sources: HdL, Gruen Gruen + Associates

Table II-4 identifies the number of active businesses by type in the Downtown and the City of Brentwood. These data are current as of 2003. Downtown outlets, within the six categories, account for a little over 10 percent of the City's total outlets within the same six categories. The Downtown's highest shares are in the number of Eating & Drinking establishments (30.8%), Business & Personal Services (20.7%), and Home Furnishings & Appliances (10.3%).

Table II-4
Active Businesses by Type in the Downtown and the City of Brentwood, 2003

	Number of Stores		
Business Category (2)	**Downtown Brentwood (1)**	**City of Brentwood**	**Downtown as a % of City**
Apparel & Other Retail Stores (a)	16	228	7.02%
Eating and Drinking (b)	16	52	30.77%
Home Furnishings & Appliances (c)	4	39	10.26%
Auto Related (d)	4	98	4.08%
Business and Personal Services (e)	11	53	20.75%
Other (f)	5	79	6.33%
Total	**56**	**549**	**10.20%**

(1) Includes Area 1 (7-Block Downtown Area) and Area 3 (3 blocks facing Brentwood Blvd. south of Downtown)
(2) This table **excludes** the following major business categories: General Merchandise Stores (general merchandise and drug stores); Food Stores (food stores selling all types of liquor and all other food stores); Building Materials and Farm Implements (lumber & building materials; hardware stores; plumbing & electrical supplies; farm implement dealers; and paint, glass & wallpaper); and All Other Outlets (with the exception of business services; personal service-no liquor; light industrial equipment; contractors & wholesale lumber; morticians & undertakers; and repair & hand-trade shops).
(a) Includes women's apparel, men's apparel, family apparel & shoe stores; gifts, art goods & novelties; sporting goods; florists; photographic equipment and supplies; musical instruments; stationery stores; jewelry; office, store & school supplies; other specialties; packaged liquor stores; second-hand merchandise; farm and garden supply stores; fuel & ice dealers; mobile homes, trailers & campers; and boat, motorcycle & plane dealers.
(b) Includes eating places: no alcoholic beverages; eating places: beer and wine; and eating and drinking: all types of liquor
(c) Includes household & home furnishings and household appliance dealers
(d) Includes new motor vehicle dealers; automotive supplies & parts; service stations; used motor vehicle dealers; and auto repair shops & garages
(e) Includes business services and personal service - no liquor
(f) Includes light industrial equipment; contractors & wholesale lumber; morticians & undertakers; and repair & hand-trade shops.

Sources: HdL, Gruen Gruen + Associates

Table II-5 presents the taxable sales generated in Downtown Brentwood as a percentage of City sales for the six selected business categories in 1990, 2000 and 2001. All dollars are in constant 2002 dollars and assume a 1 percent sales tax rate for the City of Brentwood. The last three columns of Table II-5 show Downtown sales as a percent of City sales, including the Downtown, by the same six business categories. These data suggest important Downtown shifts.

The first category, Apparel & Other Retail Stores, which accounted for 44 percent of City-wide sales in 1990, dropped to 14.5 percent in 2000 and increased somewhat to almost 16 percent in 2001. An economic development goal would be to work to increase the percentage share, or at the very least, maintain the 15.7 percent obtained in 2001. This will not be easy to do, as large big box sales generators like T.J. Maxx and Ross Dress for Less continue to locate in the outlying areas.

Eating & Drinking Establishments already appear to be in a maintenance mode, with Downtown sales accounting for about 23 percent of the City-wide sales.

There has been a big drop in the Downtown share of Home Furnishing & Appliances sales. In 1990, the Downtown accounted for 88 percent of the City-wide total, and in 2001 accounted for 37 percent. Once again, as stores like Home Depot, Target and Wal-Mart enter the community the Downtown will find it increasingly difficult to maintain its past City-wide market share. Therefore, specialty accessory and home furnishing stores should be encouraged to help bolster this already important Downtown business category.

Business & Personal Services, while experiencing a percentage drop in 2000, accounted for almost 40 percent of the City-wide total in this combined business category in 2001. The new public facilities, including the city hall, community facility and library, should encourage the Downtown's dominance in Business & Personal Services.

The Downtown has been losing ground vis a vis their percentage share of Other Retail, which, as discussed before, is a desirable outcome.

Table II-5
Taxable Sales Generated in Downtown Brentwood
as a Percentage of City Sales for Six Selected Categories in 1990, 2000, and 2001*

	Downtown Brentwood (1)			All of Brentwood			Downtown Sales as a % of City Sales		
Business Category (2)	**Taxable Sales 1990**	**Taxable Sales 2000**	**Taxable Sales 2001**	**Taxable Sales 1990**	**Taxable Sales 2000**	**Taxable Sales 2001**	**1990**	**2000**	**2001**
Apparel & Other Retail Stores (a)	$1,812,443	$1,793,838	$2,145,838	$4,105,763	$12,377,631	$13,670,873	44.14%	14.49%	15.70%
Eating and Drinking (b)	$2,115,273	$4,303,961	$5,184,645	$9,060,034	$21,088,221	$22,532,365	23.35%	20.41%	23.01%
Home Furnishings & Appliances (c)	$866,740	$1,149,639	$1,260,116	$984,250	$3,211,187	$3,380,348	88.06%	35.80%	37.28%
Auto Related (d)	$793,532	$846,425	$4,122,782	$31,688,586	$96,030,847	$90,901,174	2.50%	0.88%	4.54%
Business and Personal Services (e)	$304,330	$335,678	$446,282	$760,409	$1,319,925	$1,117,238	40.02%	25.43%	39.95%
Other (f)	$809,857	$351,128	$331,394	$3,136,925	$8,307,746	$9,728,075	25.82%	4.23%	3.41%
Total	$6,702,175	$8,780,670	$13,491,057	$49,735,968	$142,335,557	$141,330,072	13.48%	6.17%	9.55%

*In constant 2002 dollars and assuming a 1% sales tax rate for the City of Brentwood.

(1) Includes Area 1 (7-Block Downtown Area) and Area 3 (3 blocks facing Brentwood Blvd. south of Downtown)

(2) This table **excludes** the following major business categories: General Merchandise Stores (general merchandise and drug stores); Food Stores (food stores selling all types of liquor and all other food stores); Building Materials and Farm Implements (lumber & building materials; hardware stores; plumbing & electrical supplies; farm implement dealers; and paint, glass & wallpaper); and All Other Outlets (with the exception of business services; personal service-no liquor; light industrial equipment; contractors & wholesale lumber; morticians & undertakers; and repair & hand-trade shops).

(a) Includes women's apparel, men's apparel, family apparel & shoe stores; gifts, art goods & novelties; sporting goods; florists; photographic equipment and supplies; musical instruments; stationery stores; jewelry; office, store & school supplies; other specialties; packaged liquor stores; second-hand merchandise; farm and garden supply stores; fuel & ice dealers; mobile homes, trailers & campers; and boat, motorcycle & plane dealers.

(b) Includes eating places: no alcoholic beverages; eating places: beer and wine; and eating and drinking: all types of liquor

(c) Includes household & home furnishings and household appliance dealers

(d) Includes new motor vehicle dealers; automotive supplies & parts; service stations; used motor vehicle dealers; and auto repair shops & garages

(e) Includes business services and personal service - no liquor

(f) Includes light industrial equipment; contractors & wholesale lumber; morticians & undertakers; and repair & hand-trade shops.

Sources: HdL, Gruen Gruen + Associates

Estimate of the Amount of Additional Retail Space 2010 in Downtown and City of Brentwood

In July, 2001 Gruen Gruen + Associates (GG+A) completed an analysis of future demand in Downtown Brentwood. The report, Comprehensive Economic Development Strategic Action Plan, projected a demand for 40,000 square feet of additional retail and restaurant space in the Downtown between 2001 and 2010.

To ascertain whether this 40,000 square feet demand estimate was still achievable, we did not conduct a new market study. Instead, we utilized a methodology that provided a reasonable check of the unmet demand. The primary assumptions in this methodology are shown below:

1. We utilized the 1990 – 2001 percentage annualized growth in retail sales to project forward the net addition of sales between 2001 and 2010.

2. We then divided these estimated sales by $250.00 per square foot. This $250.00 bogey was used as a conservative estimate of the average per square foot sales that new tenants typically require to go forward with a retail rental or purchase decision.

The reader needs to be cognizant that these estimates are a simplification and do not consider many important variables. For example, the increase of annualized sales in 2002 and 2003 are not as robust as they were in the mid to late 1990's due to recessionary downward pressures on the retailing sector. These estimates of future retail sales also do not consider the amount of existing space that will absorb some of the added demand, or the space likely to be added by retail renovations or subtracted by conversion to non-retail uses.

The estimates suggest that it would not be unreasonable to stick to our original forecast and plan for an additional 40,000 square feet in the 7-block Downtown. We utilized a similar methodology that suggests over a million square feet of additional retail could be supported elsewhere in the City. The City-wide estimate (including the Downtown), as shown in Table II-6, is that 1,073,000 square feet of retail space could be supported in Brentwood. Assuming the Downtown captures 40,000 square feet, we have rounded the remainder to one million square feet. We also know that since 2001, two chain retailers (T.J. Maxx and Ross Dress for Less) have located at Sand Creek Road and the Hwy. 4 bypass, absorbing some of this estimated demand.

Table II-6
Additional Space in 2010 in Downtown and City of Brentwood

	Additional Retail Sales[1] 1990-2001 $	Annualized Growth Rate %	Estimate of Additional Retail Sales[2] 2001-2010 $	Estimate of Additional Retail Square Footage[3]
Downtown	6,789,800	6.98	10,870,000	43,475
City of Brentwood (Including Downtown)	127,854,069	9.94	268,180,000	1,073,000

[1] In constant 2002 dollars and assuming a 1 percent sales rate.
[2] The Downtown's annualized growth rate has been rounded to 7 percent and the City's to 10 percent.
[3] $250 per square foot has been used to convert additional retail sales to square foot of space.

Source: California State Board of Equalization; Gruen Gruen + Associates

Table II-7 further illuminates our 2001-2010 increase in City-wide and Downtown Brentwood retail sales estimate. The City's population experienced an explosive annualized growth of almost 12 percent between 1990 and 2000. Per capita income increased moderately at almost 2.5 percent per annum. But total income (which is the sum of population and income growth) grew at a fast-paced 14.7 percent per annum.

Table II-7
Population and Income in the City of Brentwood

	1990	**2000**	**Annual Growth Rate**
Population	7,563	23,302	11.91%
Per Capita Income*	20,848	26,669	2.49%
Total Income*	157,673,070	621,444,880	14.70%

*In constant 2002 dollars

Sources: Census 2000; Census 1990; Gruen Gruen + Associates

Comparing the data in Table II-7 with the annualized growth rates in retail sales shown in Table II-6 suggests that while the 1990-2000 increases in retail sales have likely reduced leakage (retail sales dollars not spent within the City), there is still unmet demand. In other words, while the increase in City-wide annualized retail sales grew by almost 10 percent, total income over this same time period grew by almost 15 percent per annum. While the preponderance of this unmet demand will be satisfied outside the Downtown, the Downtown, if properly tenanted, should be able to capture and support the estimated 40,000 square feet of additional space.

Downtown Retail Tenanting Strategy

Attracting unique retail tenancies, in a mixed-use environment, is the primary strategic objective for creating a robust downtown retail market. From a consumer's perspective, successful downtowns serve as the anti-mall agglomeration.

Eating and drinking places are always a major building block of successful downtowns. Brentwood starts with a strong eating establishment base housing over 30 percent of the city-wide eating and drinking places and 23 percent of city-wide retail sales tax.

The Downtown is strong in the home furnishing and appliance category. In 2001, the Downtown accounted for 37 percent of the city-wide home furnishing retail sales. Additional home furnishing tenants should be encouraged to create an even stronger home furnishing agglomeration.

Apparel and specialty tenancies should also be strongly encouraged. It is likely that other "big box" retailers will join TJ Maxx and Ross Dress for Less in locations elsewhere in the City. These "big box" retailers will be competing for the residents' retail dollars. Therefore, the Downtown should not attempt to compete with this type of retailing, but instead work to attract the unique apparel and specialty store merchant.

The Downtown is more than a shopping center. The mixed-use aspect is what helps to create a dynamic environment. In addition to the above retail outlets, Downtown should continue to encourage personal and business services, which now account for approximately 40 percent of the City's sales. Accountants, attorneys, architects and business consulting should be encouraged to locate in second floor space when possible, while personal services, like beauty parlors and spas, are desirable street level uses.

Parking is an integral Downtown use. The Friday and Saturday, December 20-21, 2002 Downtown parking vacancy count, described in Chapter III, shows a current parking constraint. The greatest constraints are along both sides of Oak Street and along both sides of First Street. Friday's overall Downtown parking shortage is far greater than Saturday's, suggesting that the preponderance of this constraint is created by Downtown employees. A parking garage facing Second Street and across from the City Park not only has the opportunity to alleviate the parking shortages along Oak Street, but equally importantly provide parking and new retail tenancies at a convenient location for those working in or visiting the proposed new city hall, library and community center, as well as activities and events occurring in the City Park. Furthermore, a parking garage with ground floor retail tenancies will help draw and expand the core Downtown business district to the north.

The new city hall is anticipating building structured parking sufficient to meet the needs of employees and those visiting city hall. This should significantly reduce the

Downtown's parking shortage in the short run.

Demand for eating and drinking establishments, home furnishings, apparel and specialty stores and business and personal services in the Downtown can expect to be bolstered by the number of people traveling to and working in the new city hall, community facilities and the library.

The City should take advantage of all retenanting opportunities, particularly in the northern Downtown blocks. The potential for reusing the core area fire station and renovating and/or expanding the adjoining veterans' hall represents one such opportunity. While a renovated veterans' hall could well serve as an events-oriented community facility, much of the street frontage of what is now the fire station could be redeveloped into attractive retail and restaurant space. Such a face lift of the veterans' building and the reuse of the fire station would help bring needed attractive retail and food service expansion into an important Downtown Brentwood block. Over the next five years, the Downtown will need to establish a critical mass of retail activities. Once the highway bypass is built, there will be pressure for multiple retail outlets at major access points.

In order to enable the Downtown to effectively compete with the competition it will face in the next decade, development in the Downtown must be augmented to create a magnetic critical mass of stores, restaurants, offices and other attractions. To encourage the building of the needed new stores, shops, restaurants, office and other attractions so that the Downtown can serve its demands by adding space, additional areas should be zoned for retail and restaurant development. Additional sites are needed not only to provide the land needed for development, but also to do so within an economic environment of expectations that keeps land prices from climbing unrealistically to heights that make further development and redevelopment infeasible. Toward that end, we recommend the following zone changes:

- Designate as Central Business ("CB") the sites currently zoned Commercial/Office/ Residential ("COR") in the area bounded by Pine Street, Second Street, Maple Street and Diablo Way (Alley).

- Designate as CB the sites currently zoned Thoroughfare Commercial ("C-3") in the area bounded by Maple Street, Diablo Way (Alley), and Brentwood Blvd.

Map 2 shows the recommended zoning changes.

The residentially zoned area bounded by Chestnut Street, Third Street, Oak and Second Street should also be evaluated for a land use change designation that would allow transition into administrative and professional office use. The Zoning designation of this area should be decided as part of the upcoming Specific Plan.

Entryways should be created at least at two Downtown locations: at Second Street and Brentwood Blvd., and at Oak Street just off Brentwood Blvd. We believe appropriately designed gateways should be part of a downtown wayfaring system considered in the Specific Plan. The current banners and tree lighting are positive design features that should be reinforced.

The City should stimulate more pedestrian activities in the Downtown by sponsoring and/or encouraging sponsorship of events in the Downtown and City Park throughout the year, but particularly in the spring and summer months when the weather is nicer and it is light until early evening.

Map 2
Recommended Zoning Changes

CHAPTER III
THE EFFECT OF PARKING ON SALES AND DEVELOPMENT

Parking and Customer Satisfaction

From the perspective of a merchant, businessman or professional in Downtown Brentwood, the availability of parking is an externality over which he or she has no control. They are, however, well aware that the availability of parking affects their business, as it makes their premises more easily accessible to their customers. Many know that one of the principal reasons shopping center stores rent for more than what is currently being charged for rent Downtown is that the centers have readily available parking, even at peak business periods. Table III-1 presents an estimate of the current Downtown parking deficit derived by subtracting currently available parking from how much parking would be required if the standards set under current zoning and parking regulations were met by all business in the 9-block Downtown area.

A parking survey, summarized in Figure 1, was conducted on Friday, December 20, 2002 at 11:00 a.m. and Saturday, December 21, 2002 at 12:15 p.m. by Gina Rozenski, Redevelopment Analyst, indicated that there were no spaces available on either Friday or Saturday on both sides of Oak Street between Brentwood Blvd. and Second Street. While there were also no vacant spaces on Friday between Second and Third along Oak, there were 14 spaces available on Saturday in that area. This parking study, conducted during the pre-Christmas season, suggests that a significant portion of the Downtown parking slots are being utilized by employees working in various Downtown locations, rather than customers. When it is completed, the new city hall complex will include a parking structure that will alleviate the contribution to parking congestion by City employees. By then, however, retail activity in the Downtown will have grown so that parking in an expanded Downtown area would, in the absence of additional parking, continue to be insufficient. Currently, particularly in the core 4-block area and along Oak Street, customer satisfaction is being impacted by a lack of parking.

As the Downtown continues to develop through the addition of specialty retail and professional offices, the current parking inconvenience will become a constraint that works to divert some shopping trips elsewhere and reduce the convenience associated with doing business at the professional offices. The relationship between this constraint and added inconvenience and sales for stores and professional service vendors is not linear. That is, as the Downtown town center agglomeration strengthens so as to attract more customers for retail goods and services of all types without a commensurate increase in parking, the perceptions of inconvenience and inaccessibility tend to grow exponentially relative to more linear growth of sales. Just as adding just a few cars when traffic conditions are at level F will reduce speed much more than if a few cars are added at much lower levels of congestion, the perception of parking shortage in the absence of additions to parking availability will reach a point where they strongly impact trips to the

Downtown and hence sales. It is somewhat hard to predict exactly when this critical point will be reached, but it most certainly will occur in the next several years, and the concern about that possibility is likely to discourage some growth in the very near future.

Figure 1
City of Brentwood
Downtown Parking Vacancy Count

Table III-1
Downtown Parking Deficit Study (Nine Square Block Area)

	Block 1 s.f. total:	Block 2 s.f. total:	Block 3 s.f. total:	Block 4 s.f. total:	Block 5 s.f. total:	Block 6 s.f. total:	Block 7 s.f. total:	Block 8 s.f. total:	Block 9 s.f. total:	Sq. Footage TOTALS:	Requirements
Retail:	0	1,272		5,899	10,562	0	15,493	2,952	0	**36,178**	**181**
Office:	5,566	4,843		3,363	18,953	2,300	19,574	20,356	2,182	**77,137**	**309**
Auto Garage	0	0		9,626	1,160	0	0	1,117	0	**11,903**	**0**
Residential:	10,588	7,139		0	0	0	3,504	5,391	17,406	**44,028**	**0**
Halls:	0	0		8,224	0	6,939	0	0	0	**15,163**	**303**
Churches	2,800	8,000		0	0	0		1,220		**12,020**	**241**
Restaurant:	4,625	0		7,113	3,392	0	7,500	14,400	4,675	**41,705**	**167**
County Owned	0	0		2,504	0	0	0	0	0	**2,504**	**0**
City Owned						20,891			13,600	**34,491**	**138**
Commercial							2,500			**2,500**	**3**
Theatre							11,803			**11,803**	**60**
Pacific Telephone Transfer Station								12,300		**12,300**	**0**
School Students (J & S)											**415**
School employees											**175**
Funeral Home (1)	2,127									**2127**	**58**
Library (2)						2,300				**2,300**	**29**
										306,159	
Total:	**25,706**	**21,254**	**0**	**36,729**	**34,067**	**32,430**	**60,374**	**57,736**	**37,863**	**306,159**	
% of Retail:	**0**	**6%**	**0**	**16%**	**31%**	**0**	**26%**	**5%**	**0**	**12%**	
										Requirement	**2079**
										Existing Stalls	**-694**
										Liberty Parking	**-656**
										DEFICIT	**729**
										Future Liberty	-42

(1) Funeral Home based on max. occupants of 230 divided by 4 X 1 stall = 58 stalls required

(2) Library based on 2,300 of assembly area, 1 stall per 80 sq. ft. = 29 stalls required

DEFICIT	**687**
Halls	-303

Churches	-241
DEFICIT	**143**

Source: City of Brentwood

Current Parking Requirement

The Central Business ("CB") zone, which as currently defined is bounded by Maple Street, Second Street, Chestnut Street and Brentwood Blvd., along with about a half dozen lots along the south side of Chestnut Street, is in what is referred to as the "parking impact area." In the CB zone, pre-existing uses can continue to operate without adding any off-street parking. However, when an existing use changes so as to "be significantly different from the previous use," then the Brentwood zoning overlay requires one space per 900 square feet of ground floor and one space per 800 square feet of upper floor or basement. If occupancy of a building is increased through subdivision or addition by more than 1,200 square feet, then one space is added for the first 900 square feet of floor area. If less than 1,200 square feet is added, then one parking space is required for every 300 square feet of new commercial area. Table III-2 lists the parking conditions that apply in the parking impact area when applied to two prototype buildings: a single story and a two story, both with the same building square footage footprint. One effect of these conditions is to discourage subdivision, because more parking is required for the subdivision of space than would be required for the addition of space. Since the specialty character of the Downtown is likely to be enhanced with some subdivision, we would recommend that additions and subdivision be put on an equal footing.

In accordance with the City's standard parking regulations, office use requires one space for every 250 square feet, and general retail requires one space for every 200 square feet.

Table III-2
Number of Parking Spaces Required Under Various Conditions
In the Parking Impact Area

Prototype		Floors	Height (feet)	Bldg. Footprint	Initial Floor Area	Initial Configuration	Existing Building (a)	Existing, Remodeled per Parking Requirements (b)	Subdivided Into	Existing, Subdivided Commercial Spaces (c)	Space Added (sq. ft.)	Existing, New Commercial Space Added to Building (c)	Land Use	New Building (d)
A		1	18	2000	2000	Single Unit	2	2	2 equal-sized stores	8	750	4	Retail	10
											1500	3	Office	8
B		2	30	2000	4000	Single Unit	3	3	bottom floor + top floor	7	750	5	Retail	20
									Two 2-floor units	7	1500	4	Office	16
									2 ground-floor +1 second-floor	11				
									2 ground-floor +2 second-floor	15				

a 1 space per 900 s.f. ground floor; 1 space per 1800 s.f. upper floor or basement (17.620.018A)

b If remodeled for preservation or restoration don't have to add parking if 1) no floor area added unless provided onsite in area that can't be utilized for offstreet parking, 2) offstreet parking maintained, and 3) potential offstreet parking spaces developed (17.620.018B)

c If increasing occupancy through subdivision or addition, in addition to existing spaces add 1 space per 900 s.f. of floor area for each new commercial space created with an area over 1,200 s.f., and add 1 space per 300 s.f. of floor area for each new commercial space under 1,200 s.f. (17.620.018C)

d 1 space per 200 s.f. GFA or open space devoted to a use (17.620.008). Office - 1 space/250 s.f (17.620.012).

Source: Gruen Gruen + Associates

Another effect of the parking requirement is that it places property owners who wish to rebuild or expand through remodeling at a disadvantage relative to those property owners who "stand pat" when it comes to expansion but do compete in the same retail market for space. This disparity tends to reduce the incentive for expansion and new construction and slow the timing of those who do elect to build or renovate.

In order to gauge the effect of this parking overlay impact area zoning on development, we have estimated the supportable land value for two retail building prototypes under three rent scenarios. This analysis is shown in Table III-3.

Building Prototype A refers to a one-story structure on a 2,000-square-foot lot that is assumed to have a rentable floor area of 2,000 square feet. Building Prototype B is assumed to be on the same size lot but, because it is a two-story structure, it is assumed to have 4,000 square feet that can be rented for retail or office use. For each of these prototypes, using the simple model whose results are shown in Table III-3, we have estimated under three rental rate scenarios the residual value of the property to an investor who either rents out the existing structure with no improvements, chooses to remodel it without adding any space, remodels it and adds space, or builds a new structure on a vacant parcel of the same lot size. Under each of the alternatives, the investor is assumed to pay any costs associated with the remodeling or new construction, along with an in-lieu parking fee of $18,000 per parking slot required under the parking impact zone overlay.

The first step in estimating the property value under the hypothetical scenarios is to approximate the total capital value of the property in the absence of any capital or parking costs. This total value is determined as a function of the assumed net operating rent of $1.00, $1.50 or $2.00 per square foot per month. This rent stream, which is assumed to be the same as the net operating income of the prototype property, is capitalized at 8 percent to calculate the total value, from which the costs associated with each of the hypothetical options are deducted, to estimate the residual value of the property to an owner who rents out the property as an investment.

Thus, for example, assuming a $1 per square foot per month rent for an existing unit that is grandfathered so as to require no parking, the $12 per square foot per month rent translates to a capital value of about $150 per square foot. Since the cost of providing additional parking is zero, the residual per square foot value is $150. For the prototypical building A with only one floor and 2,000 square feet, that translates into a value of $300,000. If the building were prototype B, which has a floor area of 4,000 square feet, that would translate into an assumed value of $600,000. As shown in the next column, if that same space were remodeled but no space added, then the costs of remodeling would be all that would be deducted from the value for the resulting land value of $120,000 for the prototype. As shown in the next two columns, if the building is remodeled, subdivided or built anew with an average cost per parking stall of $18,000 (as suggested by Option C-s from the Brentwood Redevelopment Agency's Downtown parking Study Phase I Report dated November 26, 2002) is charged to the owner as an in-lieu payment, the supportable land value goes negative to the tune of $6,000. To build new space under this scenario, which is shown in the fourth column of the first scenario at a $1 per square foot monthly rental rate, the builder would have to subsidize the project to the tune of $560,000.

One conclusion that can be drawn from the calculation shown in Table III-3 is that rents per square foot have to reach $2 per month, or $24 per year for remodeling based on the payment of in-lieu parking fees to be close to feasible. If the in-lieu parking fees to pay all the costs of a second parking structure were imposed on Downtown property owners and developers who request permission to subdivide or expand an existing building or build a new building, then would-be builders would have to expect significantly increased rents in order to do as well as a property owner who sticks with his existing building. Assuming, as we have in our example as shown on Table III-3, that the in-lieu fee is equal to the estimated parking costs of $18,000 per stall, then net rents for the new space would have to equal or exceed $2.35 per month for the would-be builder to be as well off as an existing owner whose space rents for only $1.00 per net square foot per month. If the property owner who pays an in-lieu fee is to be as well off as a property owner who is collecting $2.00 per square foot per month and does nothing to expand his or her space, then the rents for the builder would have to exceed $3.33 per month.

The permutations and combinations of economic circumstances that apply to differing properties at alternate times are numerous. The simple model GG+A used to produce Table III-3 represents just one set of combinations. However, we believe it does demonstrate that while parking is certainly of benefit to all Downtown commercial property owners, as well as retail and service customers, the requirement to pay a relatively high in-lieu parking fee in order to expand existing space or build new space would tend to significantly discourage expansions and new development, while rewarding the owners of existing property who take no action.

Table III-3
Supportable Values for Two Retail Building Prototypes in Downtown Brentwood Under Three Rent Scenarios

PROTOTYPE	A	B
Floors	1	2
Bldg. Height (feet)	18	30
Bldg. Footprint (sq. ft.)	2000	2000
Floor Area (sq. ft.)	2000	4000
# Units	1	1

	$1.00/Month Rent				$1.50/Month Rent				$2.00/Month Rent			
	Do Nothing	Remodel/ No Added Space (a)	Remodel/ Subdivide (b)	Build (c)	Do Nothing	Remodel/ No Added Space (a)	Remodel/ Subdivide (b)	Build (c)	Do Nothing	Remodel/ No Added Space (a)	Remodel/ Subdivide (b)	Build (c)
Net Annual Operating Income	$12	$12	$12	$12	$18	$18	$18	$18	$24	$24	$24	$24
Capital Value @ 8% Cap Rate	$150	$150	$150	$150	$225	$225	$225	$225	$300	$300	$300	$300
Total Cost per Square Foot	$0	$120	$120	$200	$0	$120	$120	$200	$0	$120	$120	$200
Residual per Square Foot	$150	$30	$30	-$50	$225	$105	$105	$25	$300	$180	$180	$100
Prototype A												
Residual Without Parking	$300,000	$60,000	$60,000	-$100,000	$450,000	$210,000	$210,000	$50,000	$600,000	$360,000	$360,000	$200,000
New Parking Spaces Required	0	0	8	10	0	0	8	10	0	0	8	10
Cost per New Parking Space	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000
Total Parking Costs	$0	$0	$144,000	$180,000	$0	$0	$144,000	$180,000	$0	$0	$144,000	$180,000
Residual Value	$300,000	$60,000	-$84,000	-$280,000	$450,000	$210,000	$66,000	-$130,000	$600,000	$360,000	$216,000	$20,000
Prototype B												
Land Value Without Parking	$600,000	$120,000	$120,000	-$200,000	$900,000	$420,000	$420,000	$100,000	$1,200,000	$720,000	$720,000	$400,000
New Parking Spaces Required	0	0	7	20	0	0	7	20	0	0	7	20
Cost per New Parking Space	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000
Total Parking Costs	$0	$0	$126,000	$360,000	$0	$0	$126,000	$360,000	$0	$0	$126,000	$360,000

Residual Value	$600,000	$120,000	-$6,000	-$560,000	$900,000	$420,000	$294,000	-$260,000	$1,200,000	$720,000	$594,000	$40,000

Footnotes on following page

a If remodeled for preservation or restoration don't have to add parking if 1) no floor area added unless provided onsite in area that can't be utilized for offstreet parking, 2) offstreet parking maintained, and 3) potential offstreet parking spaces developed (17.620.018B)
b Subdivided into two equal-sized two-story units. If increasing occupancy through subdivision or addition, in addition to existing spaces add 1 space per 900 s.f. of floor area for each new commercial space created with an area over 1,200 s.f., and add 1 space per 300 s.f. of floor area for each new commercial space under 1,200 s.f. (17.620.018C)
c 1 space per 200 s.f. GFA or open space devoted to a use (17.620.008). Office - 1 space/250 s.f (17.620.012).

Sources: City of Brentwood; Gruen Gruen + Associates

Policy Implications

Currently, core Downtown retail and commercial net rents rarely exceed $1.50 per square foot per month, or about $18 per year. While the sales of eating and drinking places in the Downtown are likely to vary between establishments, the average sales of $220 per square foot per year are in line with a rent of $18.00 per square foot per year, or $1.50 per square foot per month. The average sales in retail establishments other than eating and drinking places currently range between $130 and $180 per square foot per year. Such sales are too low to support rents in the $18.00 per square foot per month range, and we suspect that where stores are paying that rent, they either are showing sales above those averages or the retailers believe they will be able to generate higher per square foot sales in the future.

The relationship between the existing sales of many retailers in the Downtown today and the rents that are charged by landlords who have recently rented space, when considered in the light of the parking requirements and the possibility of an in-lieu parking fee of close to the $18,000 per slot it costs to build a garage, suggests a potentially dangerous Catch 22 situation. Except in those cases where the property owner is in a position to dedicate currently unused vacant land to parking, the imposition of a parking in-lieu fee to offset the current parking requirement would work to make remodeling and new development infeasible in Downtown Brentwood unless the property owner anticipates receiving above average rents. The imposition of an $18,000 parking in-lieu fee would work to “raise the bar” of rents that have to be anticipated to make the expansion feasible. If the in-lieu fee is lowered or even eliminated, the rents required for feasible expansion are lowered in the short run. In the longer run, expansion itself will help the Downtown become a town center with the competitive attraction to customers that will tend to raise the rent-generating ability of all downtown retail and office space.

Even if the City were to grant a conditional use permit to allow the development of buildings more than two stories, imposing the cost of the parking requirement through an in-lieu fee would still make development feasible only to those investors who are sufficiently optimistic to believe that they can obtain rents that will require an increase in per square foot rents over what they are now.

Thus, today there is a situation where more parking will be required to enable sales to increase and the amount of desirable retail and office space in the Downtown to expand. The other end of the Catch 22 situation is that if more parking is not added to the Downtown, then sales and increased development are likely to be retarded, even if the parking impact policy is not enforced through in-lieu payments or other means.

If the Downtown expands its space and activity fast enough to establish the stronger critical mass to make it a dynamic and customer-attracting town center, office as well as retail rents will rise. This will create the potential for office expansion in structures more than two stories in height. Due to the costs of building to the life safety standards of mid-level or higher structures, it is likely that such office expansion would be proposed in three and four story buildings. We believe that the upcoming Specific Plan should make provisions for allowing such four-story structures and suggesting how they can best be integrated into the evolving town center environment so as to enhance its attraction and livability.

Parking Policy Recommendations and Findings

1. To break the parking logjam without waiting for a build up of funds from in-lieu or other new fees, the Brentwood Redevelopment Agency has committed to building a proposed core area parking structure. In order to assure that the structure fits into the build environment of a customer-attracting town center, the Agency's plans call for a parking structure with approximately 30,000 square feet of retail space on the main floor. Such a design will prevent the type of "dead space" that an all-parking building would create on the adjoining sidewalk. Studies have shown that when pedestrians walk along interesting store windows, they perceive the distance of the walk to be shorter than when the walk is alongside blank or uninteresting ground floor space. However, while the rents from such space can be expected to help defray the operating costs of the garage, they cannot be counted on to fund the capital costs of the structure. As the Agency has already recognized, this means that a portion of the capital costs of the first structure will have to be paid from the proceeds of revenue bonds.

2. It would be wise and appropriate for Brentwood to establish a fund or pool or money to be used for the acquisition, development and maintenance of additional off-street parking. The proceeds from this fund should be used after the Agency pays for the parking structure discussed above. Since the property owners in the Downtown will be the beneficiaries of both the structure to be built by the Agency and the additional parking that will be needed in the future to accommodate customers, for customers and clients of Downtown renters a nexus exists that permits the imposition of an in-lieu fee. However, for the reasons discussed above, it would discourage expansions in the near future if the full costs of the off-street parking structure were to be imposed as such a fee. Further, since the near future will present the Downtown with more

competition, making it desirable to encourage near-term expansions, whatever in-lieu fee is imposed should be established so as to provide incentive for property owners considering expansion to act relatively quickly.

The Watry Design survey of in-lieu parking regulations in cities near Brentwood indicated that Danville charges an in-lieu fee of $7,000 per required space not provided, but reduces that figure to $3,500 if retail space is built. Emeryville charges $7,300 per off-street parking deficiency. Concord charges $1,200, or 30 percent of the cost to construct a new parking space, whichever is greater. Lafayette has a parking development payment of $8,500 per space. Some other cities have no provision for in-lieu payments, while some, like Pleasanton, allow individual owners who cannot provide the required parking to apply to the city council for an in-lieu parking agreement. In shopping centers that provide surface parking, the costs are approximately $7,000 if one assumes $10.00 per square foot in land value.

The model prepared for this GG+A study, summarized in Table III-3, suggests that rents of $1.50 per square foot could support an in-lieu parking fee per slot of about $5,000. Considering this finding, the information summarized in the above paragraph and in light of the importance of encouraging near-term expansions, we recommend that an initial fee of $2,500 per unprovided slot be imposed with the understanding that this fee will be increased in the future. If the City sees fit, it could consider an indication to increase the fee to $5,000 per slot in three years, and a review of the financial aspects of the off-street parking fee in five years. The long run purpose is to assure that Downtown property owners pay their fair share of the parking costs that bestow benefits upon them and the community. The short run goal is to keep the in-lieu fee lower than it will be in the long run, so as to encourage the establishment of a critical mass of attractions in the town center while the competitive window of development opportunity is open.

3. Since the Agency is agreeing to pay the very significant costs of the first parking impact, the City should also take steps to encourage a development pattern that will maximize multi-purpose trips while simultaneously encouraging the demand for second floor office space. This can be accomplished by not allowing uses other than retail goods, restaurants and services to be located on the ground floor in the future. All new office uses should be encouraged to locate on the second floor of at least the core area.

4. Even when it is imposed, the in-lieu fee should not be the sole source of funding for future parking. A comprehensive parking management plan could identify various cost recovery systems. Recovering costs for the parking should include a procedure to discourage employee use of on-street and easily accessible parking in the structure.

Gruen Gruen + Associates (GG+A) is a firm of economists and market analysts founded in 1970 to assist public and private entrepreneurs with research, consulting, and pre-development services. The firm's economist and sociologist have worked with many cities and towns across the United States in the identification of feasible, proactive economic development and land use policies.

www.ggassoc.com