

Jesse Arreguín
Councilmember, District 4

CONSENT CALENDAR
October 15, 2013

To: Honorable Mayor and Members of the City Council

From: Councilmember Jesse Arreguín

Subject: Expedited Permit Processing for Targeted Retail Segments

RECOMMENDATION:

Refer to the City Manager and Planning Commission changes to the Zoning Ordinance to expedite the permitting process by lowering the level of discretion from a Use Permit/Public Hearing to an Administrative Use Permit in commercial districts throughout the city, for the following targeted retail segments:

- 442 Furniture and home furnishings
- 443 Electronics
- 448 Clothing and accessories
- 451 Sporting goods and bookstores
- 452 Department stores
- 4511 Grocery stores
- 8412 Museums and Art Galleries

In addition, explore changes to the Zoning Ordinance to allow an AUP for these target retail segments to be appealed directly to Council, rather than ZAB and then Council. In the event there is an appeal this will help insure rapid resolution.

Establish a square footage limit for an AUP for these target retail segments be capped at 15,000 square feet. That covers most of the existing retail spaces in the Downtown and other commercial districts, however would require an UP on large projects that may have significant community impact.

BACKGROUND:

Many commercial districts throughout Berkeley over the last few years have experienced high commercial vacancy rates. Vacant storefronts not only depress the character of commercial districts and discourage investment, but also represent lost tax revenue to the city. One factor in the high number of vacancies is the cost and time involved in getting permits for changes of use. While the City has over the last few years, in Downtown, Telegraph and citywide approved zoning changes to streamline the permitting process, certain key retail uses still face obstacles in getting permits to open up businesses. While we have seen an increase in food service uses in commercial districts, there is a need for a diversity of uses to meet the needs of local residents.

The cost and time involved with applying for a Use Permit is substantial as there are higher permit fees, as well the process of staff review and then a public hearing before ZAB adds further costs and delays new businesses from opening.

Advantages of AUP vs. UP process are as follows:

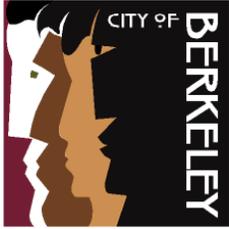
	<u>AUP</u>	<u>UP</u>
Cost of Permit*	\$2,000	\$5,000
Time*	3-4 months	5-6 months

*If there is no change of use from old to new tenant, only an Over-The-Counter Zoning Certificate is required with a cost of \$180 and days or hours.

While it is important that new uses undergo review to make sure that they are compatible, there also is a way to shorten the permitting process and also provide opportunity for neighbors to weigh in. This proposal recommends that the City explore changes to the permit regulations for certain retail sectors in our city's commercial districts to allow an Administrative Use Permit (AUP) rather than a Use Permit for certain retail uses. This would still require public notice and an opportunity for anyone to appeal the decision.

On May 21, 2013 during the City Council's discussion of our FY 2014 Work Plan, I had raised the idea of expediting permits for certain retail uses. The Council overall expressed support for the concept but wanted any pilot program to focus on all commercial districts, not just Downtown, given that issues of ground floor commercial vacancies and the need to attract diverse retail uses affect all of our commercial districts.

Since the May 21st City Council meeting, the Downtown Berkeley Association (DBA) and Berkeley Chamber of Commerce (Chamber) have met with Planning Department



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staff, and have proposed changing the Zoning Ordinance to require an Administrative Use Permit (AUP) instead of a Use Permit (UP) process (if change of use) for targeted retail segments in Downtown Berkeley and elsewhere in the City. The goal of the proposal is attract new retailers from these targeted market segments by reducing the time and cost of the permitting process.

The targeted retail segments with NAIC codes are as follows:

442 Furniture and home furnishings

443 Electronics

448 Clothing and accessories

451 Sporting goods and bookstores

452 Department stores

4511 Grocery stores

8412 Museums and Art Galleries

This proposal seeks to implement the DBA and the Chamber's suggestion of streamlining the permitting process to help in their retail attraction efforts.

Streamlining the permitting process for these retail uses, and limiting these regulations to commercial spaces of 15,000 sq. ft and less, would help get new and diverse businesses to fill our vacant storefronts. For example, the old Walgreens space one of the largest vacancies in the Downtown at NE corner of Shattuck and Allston is 11,335 sq ft. and would qualify for AUP with targeted retail segment applicant.

Moreover, AUP eligibility would not be limited to vacant properties. As leases roll over we certainly want to have these properties have benefit of AUP process with targeted segments also.

FINANCIAL IMPLICATIONS:

Unknown. Staff time involved in analyzing the proposal and bringing recommendations to the Planning Commission and City Council. If the proposal is implemented, it may result in reduced permit fees, given the cost of an AUP is less than a Use Permit, but may also attract more applicants which may result in an increase in permit fees, and also in business license taxes from new businesses. It would also promote revitalization of commercial districts, and could help attract more investment which would benefit the city's tax base.

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