Downtown Retail Task Force: Findings & Recommendations

January 28, 2019
At the August 28, 2017 City Council study session on Downtown retail and hotel opportunities, the City Council endorsed the creation of a Downtown Retail Task Force.

The task force was directed to:

- Create a retail vision for the Downtown
- Determine any barriers to strengthening and increasing retail opportunities in the Downtown; and
- Develop policy recommendations for addressing those barriers

The task force’s findings and recommendations will assist the City with proactive efforts to attract and support new retail to the Downtown.
# Downtown Retail Task Force Members

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Task Force Work Plan

1. Review current retail environment at the national, regional and local level

2. Review existing conditions in the Downtown in terms of rents, vacancy, current mix of businesses; physical infrastructure and character

3. Assess Downtown’s retail location strengths and weaknesses

4. Compare demographic and market information for five similar downtowns in the region (Burlingame, Menlo Park, Mountain View, Palo Alto and San Carlos)
Task Force Work Plan Continued

5. Determine the type of retail (national, regional and local) that is appropriate for the Downtown based on market demand and demographics

6. Identify best practices used by other cities with similar challenges that can be implemented by Redwood City

7. Assess how current policies (Downtown Precise Plan, zoning, etc.) affect current rental rates

8. Develop a retail vision for Redwood City’s Downtown

9. Identify the type of City policies that would help retain and attract traditional retail
A Thriving Downtown

- For any city, a thriving Downtown is an indicator of that city’s economic strengths.

- Redwood City’s Downtown has a very low vacancy rate (2%) for ground floor retail space, which is an indicator of market strength, but is also a challenge to diversifying the Downtown’s retail base.
Retail Trends

- E-commerce sales continue to outpace brick-and-mortar but are about 10% of all retail sales (U.S. Census)
- 54% of purchases made by millennials are online (UPS survey)
- Shopper preferences or lifestyle factors, along with demographics, are key drivers of retail purchases/experience
- Savvy boutique stores who know their customer base and are creative in their approach can be successful
- Retail store formats will constantly evolve
Downtown Redwood City: Retail Location Strengths

- Already thriving with diverse selection of restaurants and entertainment
- Strong market with low vacancy
- Safe, clean, attractive and pedestrian-friendly
- Easy access to Caltrain and other public transportation
- Sufficient parking in the Downtown to support retail and restaurants
- Already built mixed-use developments with residential and office more projects planned for construction will increase the number of workers and residents in the Downtown
- Desirable mid-Peninsula location for retailers
Downtown Redwood City: Retail Location Challenges

- Vacant spaces are quickly leased by coffee shops and restaurants that can pay higher rent than small retail stores.
- Vacant spaces in many older buildings do not have the ideal size, space or layout for retail businesses.
- Many Downtown property owners are unwilling to provide tenant improvement allowances needed by higher-profile retailers (typically regional and national chains).
- Downtown lacks a “catalyst” retailers or anchor stores that would help draw customers on a regular basis and help support smaller retail businesses.
Retail Location Challenges - Continued

- There are still spaces currently occupied by office uses which interrupts the continuity that retail stores provide pedestrians.
- The Downtown does not have continuous blocks with contiguous retail store fronts.
- There is still an over-abundance of “single-level” retail space in the Downtown core.
What Drives Location Decision for Retailers?

- Demographics
- Shopper preferences
- Specific store location requirements
- Strong synergy with other stores
- Competition

*Retail doesn’t create demand; it responds to it*
“Redwood City’s Downtown District will be the “heart of the Peninsula” – an active, vibrant and charming retail destination where a variety of retailers provide a unique, friendly and convenient shopping experience for residents, visitors and workers in a clean, safe, green and walkable environment.”
Downtown Retail Task Force Recommendations

1. Guiding Principle: Attract, recruit and support a variety of retail in the Downtown District (e.g. boutique retail, entertainment, restaurants, bars, hotel).

Recommendations:
A. Develop a list of boutique retail, entertainment, restaurants, bars, and hotels that are located in other downtowns and are looking to expand locations.
B. Identify and implement best practices used by comparable downtowns for attracting, retaining, and strengthening retail.
C. Identify vacant parcels in the Downtown District that are appropriate for hotels and actively promote them to developers/brokers representing hotels.
D. Develop and provide a list of real estate brokers and relevant links to databases that provide information about available spaces and vacancies in the Downtown District.
Downtown Retail Task Force Recommendations

2. Guiding Principle: Attract, recruit and support targeted anchor businesses in the Downtown District (i.e. business with customers who return on a regular basis).

Recommendation:
E. Identify a list of anchor businesses that may be a fit for new retail space in mixed use developments or larger spaces in the Downtown District that become available. These anchor businesses draw patrons on a regular basis and support in-line boutique stores.
Downtown Retail Task Force Recommendations

3. Guiding Principle: Recognizing the City’s limited resources, position the City to facilitate the Task Force recommendations by coordinating and leveraging efforts with groups involved in Downtown programs.

Recommendations:
F. Schedule semi-annual meetings of these groups to implement the Downtown Retail Plan and act as the point of contact for responding to any retail opportunities.
G. Update marketing information on a timely basis.
Downtown Retail Task Force Recommendations

4. Guiding Principle: Develop policy solutions to address the lack of available space and vacancies in the Downtown District

Recommendations:
H. Study potentially expanding the area in the Downtown District that requires active ground floor uses beyond those designated in the Precise Plan.
I. Consider limiting new banks on key corner spaces.
J. Consider encouraging Downtown property owners to notify the City when retail spaces become vacant.
K. If feasible, consider expanding the depth for ground floor retail space.
Downtown Retail Task Force Recommendations

5. Guiding Principle: Continue to restrict ground floor building spaces to “active uses” in the designated area, as defined in the Downtown Precise Plan.

Recommendations:
L. Consider developing standards to create displays in store windows and allow temporary uses (pop up-retail/art) in vacant spaces.
M. Retail uses on ground floor spaces of historic buildings present design challenges. Consider dealing with these challenges on a case-by-case basis.
6. Develop opportunities for residents, employees and visitors to live (housing), work (businesses) and stay (hotels) in the Downtown District (with housing and business spaces located above the first floor)

Recommendation:
N. Consider using development incentives for new market rate and affordable housing developments in the Downtown to support retail uses such as reducing rent for retail space, or providing tenant improvement allowances.
Downtown Retail Task Force Recommendations


Recommendations:
O. Engage design experts to develop guidelines for consistent, complementary design and look.
P. Expand real-time parking availability and wayfinding signage.
Downtown Retail Task Force Recommendations


Recommendations:

Q. Ensure that other guidelines that govern sidewalk dining, use of outdoor promotional signs, personal transportation vehicles, (scooters, roller boards, etc.) are in place. (Should be coordinated with Redwood City Improvement Association.)

R. Ensure that retail space in new mixed projects is appropriately designed to meet the needs of retail tenants.

S. Continue to maintain 2-hour parking on Broadway; consider expanding 2-hour parking to Main Street.

T. Add electric vehicle parking charging stations in the Downtown to enable drivers of electric vehicles who are working or visiting to enjoy Downtown.
Downtown Retail Task Force Recommendations

9. Guiding Principle: Continue to enhance and coordinate beautification efforts and green spaces in the Downtown District (streetscape, parklets, rooftop gardens, public art, etc.).

Recommendation:
U. Ensure that plans to improve Downtown streetscapes and other infrastructure align and support a retail feel and look for core streets in the Downtown. (Should be coordinated with the Redwood City Improvement Association.)
Council Direction

- Provide feedback on the Retail Task Force’s proposed downtown retail vision statement, guiding principles and corresponding recommendations

- Direct staff to develop a retail action plan and analyze the Downtown Retail Task Force’s policy recommendations (including legal review) for presentation to the City Council by May 2019
Downtown Demographic and Economic Indicators – One Mile Radius (825 Middlefield Road)

- Total population: 31,146
- Renter occupied: 70.3%
- Median age: 34
- B.A. degree: 19.7%
- Graduate degree: 11.9%
- Median household income: $57,701
- 58% of workers employed in services – health care and government dominate