20

Berkeley City Councilmember
Igor Tregub, District 4
2180 Milvia Street, 5th Floor
Berkeley, CA 94704
510-981-7140
itregub@berkeleyca.gov

ACTION CALENDAR

September 15, 2026

To: Honorable Mayor and Members of the City Council

From: Councilmember Igor Tregub (Author), Councilmember Shoshana O'Keefe (Co-sponsor), Councilmember Brent Blackaby (Co-sponsor)

Subject: Referral to the City Manager: RENAISSANCE (Revitalizing Enterprise and Neighborhoods through Activation, Investment, Safety, Streamlining, Accessibility, Networking, Collaboration, and Equity) – Part 2: Commercial Vacancy Blight Prevention and Mitigation

RECOMMENDATION

Commercial Vacancy Blight Prevention and Mitigation

Refer to the City Manager and City Attorney the development of an integrated strategy to prevent and reduce unmitigated ground-floor retail vacancies and blight, increase activation, and support the vitality and resilience of local businesses and other community-serving uses in Berkeley's Commercial Districts.

Recommendations include but are not limited to developing regulations around the following solutions:

1. **Subdivision of Larger Storefronts.**
   Develop policies that encourage the conversion or subdivision of larger storefront commercial spaces to allow for more diverse business and community uses.
2. **Flexible Mixed-Use Occupancy.**
   a. Review Berkeley's existing zoning regulations for live/work, maker, creative, and related uses to identify regulatory barriers to the flexible use of underutilized commercial storefronts and modify the Zoning Ordinance and establish or update performance standards where necessary to address such barriers.

   b. Explore performance standards to ensure that live/work, maker, and other creative uses help activate and enhance the vibrancy of the adjacent neighborhood.

3. **Financial Assurances Tied to Property Maintenance and Site Conditions.** To the extent permissible under state law, develop regulations requiring, as a condition of applicable development permits, performance bonds or other financial assurances sufficient to ensure appropriate property maintenance and site conditions if an approved development project is substantially delayed, suspended, or abandoned.
4. **Cold Shell Prevention.**
   a. Explore a regulatory framework to prevent premature deactivation of tenant-ready commercial spaces (commonly referred to as "cold shelling") in buildings planned for demolition by considering indicators of project readiness, which could include demonstrated financial capacity, evidence that a portion of project funding is secured, and other relevant factors are considered.
   b. Require a permit for the removal or decommissioning of utility hook-ups as part of building safety and habitability standards, to prevent practices that create and perpetuate prolonged vacancy and disinvestment.
5. **Warm Shell Development.**
   Establish requirements and/or incentives to ensure that ground floor retail spaces in new developments are delivered with basic utility connections (commonly referred to as "warm shells"), including utility and electricity hookups, when those services are available and have been connected to the rest of the building.
6. **Shared Commercial Facilities.**
   Explore and, where feasible, facilitate the creation of customer-accessible shared restroom facilities serving multiple ground-floor commercial spaces or buildings, including through zoning allowances, coordinated development standards, and incentives. These should emphasize cost-neutral or revenue-supporting implementation approaches, such as integration into private development projects, public-private partnerships, or maintenance models funded by participating property owners, while ensuring compliance with applicable building, accessibility, and public health requirements.
7. **Demonstration of Utility-Related Delays.**
   Where delays in utility approvals or service connections are cited, require developers to provide reasonable documentation from utility providers demonstrating that such delays are outside of the developer's direct control. Explore opportunities for improved coordination with utility providers and City

processes to help mitigate such delays and support the timely delivery of usable ground floor commercial space.

8. **Utility Equipment Undergrounding.**
   Develop regulations requiring large new residential and commercial mixed-use developments to locate transformers and other large utility equipment below grade, to the extent feasible and consistent with applicable utility requirements.

FINANCIAL IMPLICATIONS

The recommendations primarily direct staff to evaluate and develop potential regulatory and incentive-based approaches. Implementation may require staff time for policy development, legal review, coordination with utility providers, and potential amendments to the Zoning Ordinance and other City regulations. Specific fiscal impacts will depend on the measures ultimately developed and brought forward for Council consideration. Where feasible, recommendations should prioritize cost-neutral and/or revenue-supporting approaches and avoid creating significant ongoing General Fund obligations.

Long-term fiscal benefits of these recommendations could include stronger commercial activity, higher and more predictable business tax revenues, stabilized property values, and increased attractiveness of our commercial spaces for tourism purposes.

CURRENT SITUATION AND ITS EFFECTS

Despite several successful programs,[1] encouraging trends,[2] and improved safety outcomes,[3] the prevalence of long-term commercial storefront vacancies continues to create a sense of an unwelcoming environment, which can discourage residents and visitors from spending time in our most active commercial districts.

Example Business District Profiles[4]

---

[1] Berkeley Relief Fund, https://berkeleyrelieffund.org/; City Loan Fund for Small Businesses, https://www.dailycal.org/archives/city-of-berkeley-announces-loan-fund-to-support-small-businesses/article_d3dc322c-9aa7-5f74-b030-cd56920ef263.html#:~:text=To%20prevent%20Berkeley's%20entrepreneurial%20landscape,default%20rate%20of%20about%2020%25.

[2] Office of Economic Development, *"Berkeley Economic Dashboards Update,"* February 2025, https://berkeleyca.gov/sites/default/files/documents/2025-02-25%20Special%20Item%2001%20Berkeley%20Economic%20Dashboards.pdf

[3] City of Berkeley. *Reimagining Public Safety Status Report*. October 29, 2024, https://berkeleyca.gov/sites/default/files/documents/2024-10-29%20Special%20Item%2001%20Reimagining%20Public%20Safety%20Status.pdf

[4] Commercial District Dashboards 2024, https://berkeleyca.gov/sites/default/files/documents/Attachment2_Commercial%20District%20Dashboard

Downtown Berkeley Commercial District
The Downtown serves as the civic, cultural, and transit center of the city. It benefits from high foot traffic potential and strong arts anchors, including live performance venues and the Berkeley Public Library. Persistent vacancies, safety concerns, and construction disruption have weakened continuity along key pedestrian corridors. Strategic activation and a consistent safety presence are particularly impactful and important here.

Telegraph Avenue Commercial District
The Telegraph Avenue Commercial District is shaped by its proximity to UC Berkeley, student life, and a historic independent cultural identity. Vacancies, turnover, and ongoing public safety concerns create instability for local businesses. Activation strategies that align with student schedules, youth creative culture, and evening activity can significantly support corridor vibrancy.

Adeline Corridor Commercial District
The Adeline Corridor has significant cultural, historic, and community importance. Long-term disinvestment and vacancy patterns have created challenges but also provided opportunities for community-driven activation, local entrepreneurship, cultural programming, and Black-centered economic development strategies.

San Pablo Avenue Corridor Commercial District
The San Pablo Avenue Corridor spans several neighborhoods and serves both regional and local retail. Vacancies vary block by block, but multiple cold-shelled and fenced-off properties create interruptions in walkability and visibility for active businesses. Activation strategies here should support continuity and encourage small business incubation.

Solano Avenue Commercial District
Solano Avenue features a strong neighborhood commercial character with steady pedestrian activity, especially around dining and community-serving retail. While this district faces fewer prolonged vacancies than other corridors, simplified permitting, small business support, and cultural activation will help maintain its vibrancy and resilience.

Over the last four years, the City of Berkeley has taken a series of legislative and administrative steps to stabilize Commercial Districts, streamline permitting, improve safety, and support activation. This referral aims to address the underlying factors contributing to long-term vacancies and perceived decline, while advancing strategies

---

s_2024_Q4.pdf . These are illustrative examples provided not to the exclusion of other commercial districts that would be scoped-in to this referral.

that promote business stability, cultural activation, and neighborhood vitality across the city's commercial districts, as specified below.

The recommendations contained in this report comprise a continuation of Part 1 of the RENAISSANCE package. Future elements of the package contemplate proposals to enhance public safety in Berkeley's commercial districts, streamline event permitting, and further strengthen small business assistance.

Subdivision of Larger Storefronts.

Larger commercial spaces can accommodate a narrower range of potential tenants than smaller spaces because of their size and associated occupancy costs. In Downtown Berkeley, larger vacant commercial spaces can also result in substantial stretches of inactive ground floor frontage when they remain unoccupied.

Other jurisdictions have begun using zoning incentives to encourage smaller commercial spaces. For instance, San Francisco Planning Code § 206.10(e)(1)[5], effective January 12, 2026, establishes an incentive for "Micro-Retail" spaces between 100 and 1,000 gross square feet in qualifying Housing Choice San Francisco projects. For every 1.5 square feet of qualifying Micro-Retail space, a project may receive up to two additional square feet for other project uses, subject to the limitations of the program. The qualifying Micro-Retail space generally must be maintained for at least 30 years or the life of the project, whichever is shorter.

Flexible Mixed-Use Occupancy.

Berkeley already regulates live/work as a distinct use under BMC Chapter 23.312[6], with permit requirements and standards governing the amount and use of workspace. The City's zoning regulations also provide for Art/Craft Studios and other creative and commercial uses, with requirements varying by use and zoning district.

Berkeley's recent planning work has identified opportunities for greater flexibility for maker spaces and other creative uses. For example, the San Pablo Avenue Specific Plan[7] process has considered allowing maker spaces, art studios, galleries, live/work, and other community oriented commercial and light industrial activities with streamlined zoning approval. Proposed design standards also address how live/work and maker uses interact with ground floor commercial areas and the public realm. These proposals

[5] San Francisco Planning Code § 206.10(e)(1) https://codelibrary.amlegal.com/codes/san_francisco/latest/sf_planning/0-0-0-72137
[6] Chapter 23.312 LIVE/WORK, https://berkeley.municipal.codes/BMC/23.312
[7] San Pablo Avenue Specific Plan Update, https://berkeleyca.gov/sites/default/files/legislative-body-meeting-agendas/2024-12-04_PC_Agenda%20-%20Packet.pdf

are specific to the San Pablo Avenue planning process and do not constitute citywide standards.

These efforts provide a basis for examining whether similar regulatory barriers exist in other commercial areas and whether existing or updated performance standards could provide greater flexibility for live/work, maker, and other creative uses while supporting active storefronts and the vitality of surrounding commercial areas.

Financial Assurances Tied to Property Maintenance and Site Conditions

Several development projects in Downtown Berkeley have remained stalled for years, creating blocks of "dead space" and unwelcoming conditions for nearby businesses, residents, and visitors. Whether it is the demolished development site at Harold Way, the cold-shelled and deactivated property on Center Street, or vacant storefronts near the Downtown Berkeley BART Plaza, prolonged inactivity at prominent properties can create unsightly and uninviting conditions in the heart of Downtown.

Organizations such as the Downtown Berkeley Association are frequently left working with property owners to address maintenance and appearance at stalled development sites. These conditions affect not only the individual property but also neighboring businesses and the surrounding public realm. The broader community should not bear the impacts or costs associated with projects that remain stalled for extended periods. Requiring appropriate financial assurances can help ensure that property owners retain responsibility and sufficient resources to maintain their properties and address site conditions when development is substantially delayed, suspended, or abandoned.

California cities have used financial assurances to address similar concerns. Colton[8], Azusa[9], and Santa Ana[10] require bonds or similar financial security for certain properties that remain vacant for 90 days, with the amount tied to estimated blight prevention, maintenance, or security costs. Oakdale[11] also authorizes a bond before issuance of certain demolition permits to ensure required work is completed. These and other approaches provide relevant precedents for Berkeley to evaluate financial safeguards

---

[8] Chapter 8.16 - REGISTRATION AND MAINTENANCE OF VACANT AND ABANDONED COMMERCIAL AND INDUSTRIAL PROPERTY, https://library.municode.com/ca/colton/codes/code_of_ordinances?nodeId=TIT8PRMAENPR_CH8.16REMAVAABCOINPR

[9] ARTICLE XVII. - REGISTRATION AND MAINTENANCE OF VACANT AND ABANDONED COMMERCIAL, INDUSTRIAL AND RESIDENTIAL PROPERTIES, DIVISION 3. - REGISTRATION AND MAINTENANCE OF ABANDONED, VACANT AND/OR DEFAULTED MORTGAGE PROPERTIES, https://library.municode.com/ca/Azusa/codes/code_of_ordinances?nodeId=MUCO_CH14BUBURE_ARTXVIIREMAVAABCOINREPR

[10] https://library.municode.com/ca/santa_ana/codes/code_of_ordinances?nodeId=PTIITHCO_CH8BUST_ARTXPRMA_DIV3REMAABVADEMOPR

[11] https://ecode360.com/OA4108/laws/LF2604259.pdf

both for prolonged vacancies and, where legally permissible, as a condition of applicable development permits.

Cold Shell Prevention

Berkeley's existing regulations do not appear to specifically address the practice sometimes referred to as "cold shelling," in which otherwise usable commercial space is intentionally made untenantable or significantly less tenant-ready in anticipation of future redevelopment, including through removal or decommissioning of utilities or other building systems. This can contribute to prolonged vacancies when tenants are displaced, or spaces are deactivated substantially before a redevelopment project is ready to proceed.

The Center Street redevelopment site provides a visible example of the broader problem. Numerous restaurants and other active businesses closed or relocated in anticipation of redevelopment, while the buildings subsequently remained vacant for an extended period before construction. The Downtown Berkeley Association worked with the property owner and project architect to secure murals for the boarded storefronts to reduce the visual impact of the vacancy.[12] While such efforts benefit the public realm, responsibility for maintaining vacant properties and mitigating blight should rest primarily with property owners rather than community or business organizations.

The experience highlights a potential regulatory gap between commercial occupancy and actual construction readiness. Berkeley could evaluate whether additional safeguards are warranted to discourage premature cold shelling and prolonged deactivation of otherwise usable commercial space when redevelopment is not yet positioned to proceed.

Warm Shell Development

Ground floor commercial spaces in new mixed-use developments are sometimes delivered without basic infrastructure, leaving prospective tenants responsible for substantial upfront investments before they can open for business. This can create a particular barrier for small and locally owned businesses and contribute to prolonged storefront vacancies. San Francisco has addressed this issue through its Family Zoning Plan[13] and related Planning Code[14] provisions, which establish standards for warm retail spaces that include basic improvements such as finished floors and walls, Americans with Disabilities Act (ADA)-accessible restrooms, essential utilities, and additional infrastructure for food service uses. Berkeley could explore similar baseline

---

[12] https://www.berkeleyside.org/2025/08/15/new-downtown-berkeley-mural-tackles-blight
[13] Family Zoning Plan, https://sfplanning.org/sf-family-zoning-plan
[14] San Francisco Planning Code provisions, https://codelibrary.amlegal.com/codes/san_francisco/latest/sf_planning/0-0-0-19952

standards to reduce the cost and time required for tenant improvements, make new commercial spaces more accessible to independent and neighborhood serving businesses, and support more timely activation of ground floor storefronts.

Shared Commercial Facilities

Requiring each individual storefront to accommodate all necessary customer facilities can increase tenant improvement costs and reduce usable commercial space, particularly for smaller businesses. Berkeley could explore promoting shared, customer-accessible restroom facilities serving multiple commercial spaces where consistent with building, accessibility, employment, and public health requirements. California law already provides a framework for shared and multiuser restroom configurations, including all-gender facilities, and the 2025 California Building Code[15] expressly addresses clusters of single user restrooms and multiuser all gender facilities. This could provide a foundation for Berkeley to explore shared facilities within new mixed-use developments or groups of commercial spaces, with costs incorporated into private development or shared among participating property owners rather than creating an ongoing City obligation.

Demonstration of Utility Related Delays

Utility connection delays can significantly affect the completion and occupancy of new commercial spaces, but distinguishing delays outside a developer's control from other project delays is important when exemptions or extensions are being considered. Berkeley could require reasonable documentation from the relevant utility when utility delays are cited as the reason a commercial space cannot be completed or occupied.

Utility Equipment Undergrounding

Large above-ground utility equipment, particularly pad-mounted electrical transformers, can occupy substantial space along the frontage of new development and affect sidewalks, reduce the clear path of travel for pedestrians and people using mobility devices, landscaping, and the overall streetscape. Berkeley already regulates transformer placement through BMC Section 23.304.100, including a requirement that transformers serving certain residential and mixed-use developments be installed below grade. City regulations also address the placement and screening of above-ground transformers where they are permitted.

However, Berkeley's existing undergrounding requirement is not based on the size of the development. It applies to residential and mixed-use developments containing five or more dwelling units on lots of 6,000 square feet or smaller. As a result, larger

---

15 https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?article=1.&chapter=2.&division=104.&lawCode=HSC&part=15.&title&utm.com

development sites are not covered by this undergrounding requirement solely because the projects themselves are large.

The City could evaluate expanding its existing standards to require transformers and other large above ground utility equipment associated with large new residential and mixed-use developments to be located below grade or otherwise incorporated into the building, where technically feasible and consistent with utility provider requirements.

RATIONALE FOR RECOMMENDATION

Berkeley's commercial corridors are central to the City's economic vitality, neighborhood character, and public life, yet prolonged storefront vacancies can weaken otherwise active commercial areas and create significant gaps in pedestrian activity. The recommendations above address several practical factors that can contribute to prolonged vacancy, including large or inflexible commercial spaces, substantial tenant improvement costs, premature deactivation or demolition of usable storefronts, property maintenance challenges, and delays in delivering utility-ready commercial space.

The proposed measures are intended to help commercial spaces remain usable, adaptable, and easier to occupy while avoiding unnecessary barriers to viable development. They build on existing Berkeley regulations while drawing from approaches used in other California jurisdictions, including stronger project readiness standards, warm shell requirements and incentives, financial assurances for vacant properties, and utility undergrounding. Together, these measures would provide the City with additional tools to encourage timely commercial occupancy, support small and locally serving businesses, and maintain active and welcoming commercial corridors.

BACKGROUND

Regular economic dashboards and reports from the Office of Economic Development continue to track corridor performance and guide interventions to reduce vacancies and support business stability.[16] Berkeley has taken steps to simplify business approvals, support merchants after damage, maintain basic activation standards at the frontage, clarify demolition rules, recognize sidewalk vending, and modernize event permitting.

ALTERNATIVE ACTIONS CONSIDERED

As a referral, this item provides a menu of options for further evaluation by the City Manager and City Attorney. Consequently, no alternatives were considered, but elements of this referral can be amended, added to, or combined as this item moves forward through the evaluation process.

---

[16] https://berkeleyca.gov/doing-business/economic-development/economic-dashboards

COMMUNITY IMPACT

These recommendations are intended to strengthen Berkeley's commercial corridors by reducing prolonged storefront vacancies and supporting the timely activation of commercial spaces. Vibrant and well-maintained storefronts can contribute to pedestrian activity, neighborhood vitality, and a stronger environment for existing businesses. Reducing the upfront costs and regulatory barriers associated with occupying commercial spaces may also expand opportunities for small, local, and emerging businesses, artist and maker spaces, and other community-serving uses. At the same time, appropriate performance standards and feasibility considerations can help ensure that increased flexibility is compatible with surrounding residents, businesses, accessibility needs, and the character of Berkeley's commercial districts.

CONSULTATION CONDUCTED

All RENAISSANCE reports are prepared with input from the City Manager's Office, the Office of Economic Development, the Department of Planning and Zoning, and the City Attorney's Office. The Berkeley Chamber, Downtown Berkeley Association, small business owners, cultural space operators, Downtown Berkeley constituents, and other stakeholders were also consulted, and their feedback has been incorporated to the extent possible.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

Vibrant local commercial districts reduce driving distances, encourage walking and transit use, and support localized economic systems which reduce emissions associated with regional retail travel.

CONTACT PERSON

Councilmember Igor Tregub, Council District 4
(510) 981-7140
itregub@berkeleyca.gov

Olga Bolotina, Chief of Staff, Council District 4
OBolotina@berkeleyca.gov