

Capitola ponders how to revitalize once-busy shopping corridor



Consultants have proposed moving the 41st Avenue Transit Center away from the entrance to the Capitola Mall.

SHMUEL THALER/SENTINEL

Consultant suggests
mixed-use development
to encourage more walking

By JONDI GUMZ

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CAPITOLA — Consultants say 41st Avenue needs to become less auto-centric and more pedestrian-friendly to draw shoppers the way it used to.

Over the past decade, sales have sagged 24 percent, from \$487 million to \$368 million, prompting the city to ask: How can this commercial area, home to the county's only mall, be revitalized?

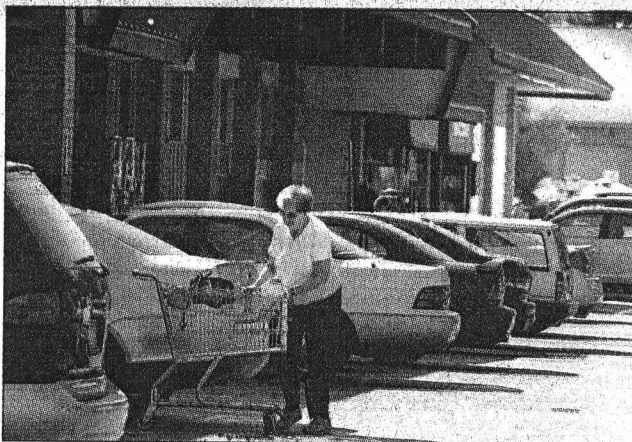
Applied Development Economics, a consulting firm in Walnut Creek and Sacramento, will offer answers to the City Council, which meets 7 p.m. tonight at City Hall, 420 Capitola Ave.

The firm's 55-page report, funded by \$35,000 from the state, is posted on the city Web site. It calls for mixed-use development of three or four stories, with ground-floor retail and housing above, to add "household purchasing power."

Think Santana Row in San Jose.

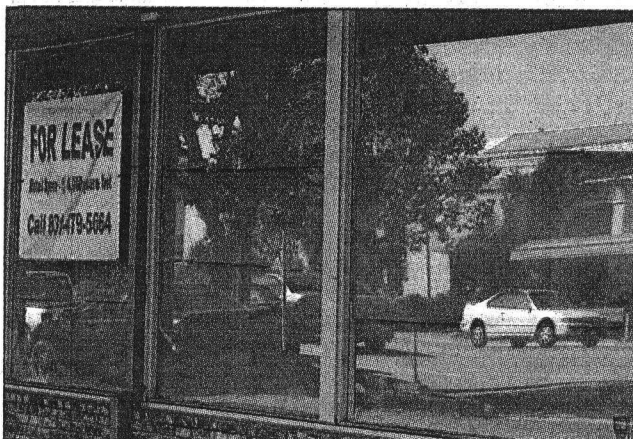
The report identifies Blockbuster/Capitola Diner and the O'Neill block where Cycle Works is vacant as sites that could be redeveloped in the short term.

Long-term possibilities are Kings Plaza shopping center, which had vacancies in 2007 and 2008 and is now 100 percent occu-



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Kings Plaza shopping center is one of the more successful spots in the area, with no vacancies.



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Traffic is reflected in the window of a vacant storefront on the 1100 block of 41st Avenue on Wednesday.

CAPITOLA

Continued from A1

pied, on 11.4 acres owned by the Ow family, and Capitola Mall, which is divided into 14 parcels with nine owners. The report suggests moving the bus stop at the mall so that area could be redeveloped with outdoor uses and a street presence.

Other recommendations include a 41st Avenue branding campaign, allowing shared parking and expanding uses "allowed by right" bypassing the planning process or allowing developments based on design or shape instead of use.

Analyzing 41st Avenue block by block, the consultant found the retail base relatively stable in areas anchored by Outdoor World, Armadillo Willy's and Men's Wearhouse but down at Capitola Mall, Brown Ranch Marketplace, Auto Mall, Kings Plaza and New Leaf Community Market.

The vitality of the shopping corridor is critical because about 82 percent of the city's sales tax revenue comes from 41st Avenue stores and auto dealers.

However, shoppers are increasingly finding alternatives. They are patronizing big-box stores such as Target in Watsonville and Home Depot, which has locations in Watsonville and Soquel. Some prefer



Traffic on 41st Avenue flows between Capitola Road and Clares Street on Wednesday. A consultant suggests Capitola make the 41st Avenue corridor more pedestrian-friendly.

SHMUEL THALER/SENTINEL

stores in walkable downtowns to strip malls.

The popularity of indoor malls has faded, too. No new indoor retail malls were built in 2007, the report noted.

The recession, evident in an 11 percent drop in the city's taxables between 2007 and 2008, exacerbated the situation and resulted in store closures. Kohl's Department Store will open Sunday in what was Mervyn's at the mall, but another anchor, Gottschalks, is still empty, and other vacancies have yet to be filled.

Organic chain grocer Whole Foods opened in July in the store closed by Ralph's, the BevMo chain took the spot vacated by Wherehouse Music, and new tenants have filled up vacancies at Kings Plaza

shopping center.

However, the consultant contends something must be done for 41st Avenue to regain its clout as a regional shopping magnet.

"With increased regional competition and an outdated retail model, it is unlikely to provide the same long-term sustainable economic engine as it has in the past," the report said.

Owners of Palace Art and Office Supply and Capitola Book Cafe said they were interested in the report but had not read it.

"The fewer limiting factors that are in place for new businesses, the better," said Benjamin Ow of Ow Commercial, noting that allowing property owners more uses or expediting the use permit process would make

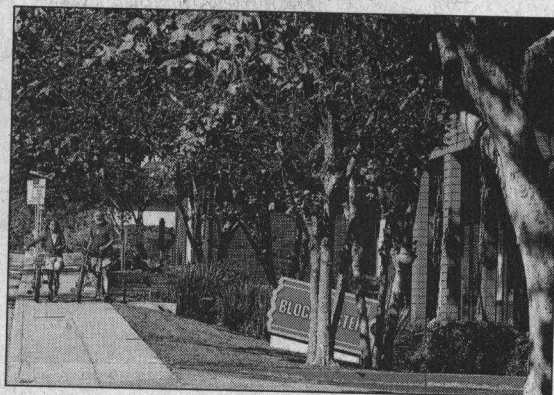
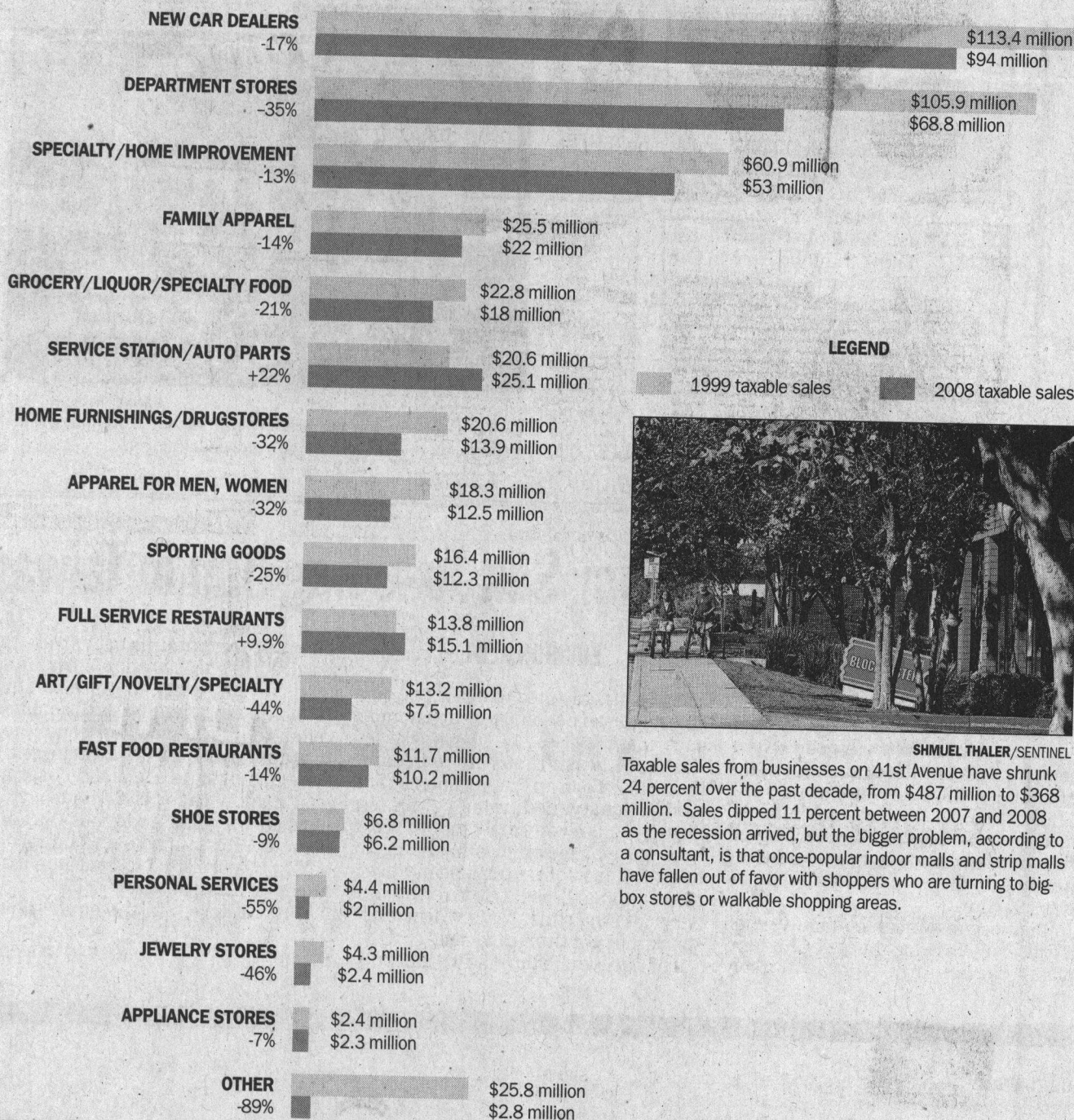
it less expensive for new businesses to open.

Ow favors more monument signs on 41st Avenue to make it easier for shoppers to find stores, rather than a branding campaign.

"Anything that makes Capitola more vital and more interesting is going to make it more appealing to come to the whole area," said Carin Hanna, owner of the Craft Gallery in Capitola Village for 40 years. "Branding is part of the job but branding without content doesn't work."

Mixed-use development could meet state demands to plan for new housing as well as boost shopping, she noted, adding, "When I retire, where I want to live is where I can walk to stuff."

TAXABLE SALES DECLINE



SHMUEL THALER/SENTINEL

Taxable sales from businesses on 41st Avenue have shrunk 24 percent over the past decade, from \$487 million to \$368 million. Sales dipped 11 percent between 2007 and 2008 as the recession arrived, but the bigger problem, according to a consultant, is that once-popular indoor malls and strip malls have fallen out of favor with shoppers who are turning to big-box stores or walkable shopping areas.