

## 4.10 ECONOMIC IMPACTS – URBAN DECAY

### 4.10.1 Introduction

The California Environmental Quality Act (CEQA) requires consideration of potential economic impacts of certain retail development projects, where such impacts have the potential to indirectly result in adverse physical changes to the environment. Adverse physical changes to the environment from economic effects generally manifest themselves in the form of urban decay. Although the term “urban decay” has not been defined by either State statute or judicial decision, it is generally defined as, among other characteristics, visible symptoms of physical deterioration that invites vandalism, loitering, and graffiti that is caused by a downward spiral of business closures and long-term vacancies. The outward manifestation of urban decay includes, but is not limited to, boarded doors and windows, dumping of refuse, deferred maintenance of structures, unauthorized use of buildings and parking lots, littering, and dead or overgrown vegetation.

Thresholds of significance for urban decay are not included in the CEQA Guidelines Appendix G, and therefore the issue was not evaluated in the Initial Study prepared for the Proposed Project. However, at the Applicant's request, a Retail Impact Study was prepared by Stanley R. Hoffman & Associates, Inc. for the Home Depot component of the Proposed Project, included as Appendix J to this Draft EIR, and incorporated herein by reference.

The Retail Impact Study examines whether or not adverse physical impacts are likely to result from economic impacts of the proposed Home Depot Center on existing and future competitive stores, pursuant to CEQA Guidelines §15131(a). It is intended to comply with the mandates of the Fifth District Court of Appeal decision in *Bakersfield Citizens for Local Control vs. City of Bakersfield*.

While the measurement of urban decay is not strictly defined under CEQA, this analysis assumes that it includes significant deterioration of existing structures and/or their surroundings. This analysis is based upon the premise that such deterioration occurs when property owners reduce property maintenance activities below that required to keep such properties in good condition. It assumes that property-owners make rational economic decisions about maintaining their property and are likely to make reductions in maintenance activities only under conditions where they see little likelihood of future positive returns from such expenditures.

Where vacancy rates are low or growth rates are high, property owners are likely to see the prospect of keeping properties leased-up at favorable rents. But vacancy rates can and often do range far higher for extended periods of time, especially during extraordinary times, such as during the recent ‘Great Economic Recession’ and its resulting aftermath. Where vacancy rates are high and persistent, and growth rates are low, property owners are more likely to have a pessimistic view of the future and be prone to reducing property maintenance as a way to reduce costs. Certainly, most knowledgeable observers would agree that very high vacancy rates (say over 25 percent) that persist for long periods of time, for example, for several years are more likely to lead to reduced maintenance expenditures and in turn to physical deterioration.

Whether or not conditions in between those discussed above (i.e. moderate vacancy levels that persist for a few years) are likely to lead to “urban decay” depends on many factors including the growth prospects of the market area, the future state of the national and local economy, financial strength of existing tenants and landlords, the profitability of existing stores, and the potential for conversion to office, residential or other land uses.

#### **4.10.2 Environmental Setting**

##### **Retail Trade Area**

The Retail Impact Study, included as Appendix J to this Draft EIR and summarized herein, analyzes the impact of the proposed Home Depot store on existing Building Materials stores with which it would compete. The Retail Trade Area (RTA) is defined as the area from which the proposed store is expected to draw most of its retail demand from residential and non-residential sources. In the study for Building Materials merchandise, the RTA for the proposed store was defined as primarily including demand zones based on the Southern California Association of Governments (SCAG) Traffic Analysis Zones (TAZs) that were wholly or partially within five miles of the proposed site. The communities within the RTA include the cities of San Bernardino, Big Bear Lake, Colton, Highland, Loma Linda, Redlands, and Rialto. Secondly, TAZs representing the mountain communities of Lake Arrowhead, Crestline, Running Springs, Big Bear City and the City of Big Bear Lake, where there is a substantial year-around as well as seasonal population, were also included in the RTA.

Households residing within this RTA comprise the majority of the customer base for the proposed Home Depot store. Besides residential demand, including demand from seasonal homes in the mountain communities, the study also calculated a portion of the Building Materials demand that originates from non-residential sources.

Population. As shown in Table 4.10-1, the population of the City of San Bernardino was the largest among the RTA Communities from 2000 to 2010. The City experienced a significant increase from 185,401 in 2000 to 208,770 in 2006, followed by a slight increase to 209,924 in 2010, based on the U.S. Census. Overall, the City experienced a 13.2 percent increase between 2000 and 2010. In comparison, the sum of all RTA communities together experienced the same population increase as the City of San Bernardino with a total increase of 13.2 percent from 487,307 people in 2000 to 551,740 people in 2010. The County population experienced the greatest percent change of 19.1 percent, increasing from 1.7 million people in 2000 to 2.0 million people in 2010.

**Table 4.10-1  
Population Growth  
RTA Communities  
2000-2010**

Jurisdiction	2000	2006 <sup>1</sup>	2010	Change from 2000 to 2010	Percent Change from 2000 to 2010
San Bernardino	185,401	208,770	209,924	24,523	13.2%
Big Bear Lake	5,438	n/a	5,019	-419	-7.7%
Colton	47,662	52,421	52,154	4,492	9.4%
Highland	44,605	54,645	53,104	8,499	19.1%
Loma Linda	18,681	22,843	23,261	4,580	24.5%
Redlands	63,591	70,127	68,747	5,156	8.1%
Rialto	91,873	102,468	99,171	7,298	7.9%
Big Bear City CDP	5,779	n/a	12,304	6,525	112.9%
Crestline CDP	10,218	n/a	10,770	552	5.4%
Lake Arrowhead CDP	8,934	n/a	12,424	3,490	39.1%
Running Springs CDP	5,125	n/a	4,862	-263	-5.1%
RTA Communities	487,307	n/a	551,740	64,433	13.2%
County of San Bernardino	1,709,434	1,982,845	2,035,210	325,776	19.1%

1. 2006 represents ACS 2005-07 data, which is only available for geographic areas with populations of 20,000 or more.

Source: Stanley R. Hoffman Associates, Inc.

Census 2010.

U.S. Census American Community Survey, 2005-2007.

**Households.** As shown in Table 4.10-2, the City of San Bernardino had the greatest increase in households of the RTA Communities from 2000 to 2010. The City had a total of 56,330 households in 2000, which increased to 61,617 in 2006. The City subsequently experienced a decrease to 59,283 households in 2010. The City of San Bernardino experienced a 5.2 percent increase in households over the ten-year period of 2000 to 2010. In comparison, the total number of households in the sum of all RTA communities together increased 9.0 percent from 152,829 households in 2000 to 166,629 households in 2010. Households in the County experienced more growth than the City and the sum of all RTA communities, increasing 15.7 percent from 2000 to 2010. The total number of households in the County was 528,594 in 2000, increased to 591,141 in 2006, and increased further to 611,618 in 2010.

**Average Household Income.** As shown in Table 4.10-3, the City of San Bernardino had an average household income of \$55,690 in 2000, in constant 2010 dollars, and decreased slightly to \$50,939 in 2010. From 2000 to 2010, the average household income in the City of San Bernardino decreased by 9.3 percent. In comparison, the total for all RTA communities had a higher average household income of \$66,338 in 2000, which decreased to \$63,152 in 2010, as shown in Table 4.10-3. With the exception of Highland, Loma Linda, and Running Springs, the RTA communities experienced a decline in average household income from 2000 to 2010. The County experienced a smaller decrease of 2.0 percent from \$72,166 in 2000 to \$70,780 in 2010.

**Table 4.10-2  
Households Growth  
RTA Communities  
2000-2010**

Jurisdiction	2000	2006 <sup>1</sup>	2010	Change from 2000 to 2010	Percent Change from 2000 to 2010
San Bernardino	56,330	61,617	59,283	2,953	5.2%
Big Bear Lake	2,343	n/a	2,187	-156	-6.7%
Colton	14,520	15,842	14,971	451	3.1%
Highland	13,478	15,631	15,471	1,993	14.8%
Loma Linda	7,536	8,703	8,764	1,228	16.3%
Redlands	23,593	25,468	24,764	1,171	5.0%
Rialto	23,593	25,781	25,202	1,609	6.8%
Big Bear City CDP	2,290	n/a	5,011	2,721	118.8%
Crestline CDP	4,000	n/a	4,360	360	9.0%
Lake Arrowhead CDP	3,243	n/a	4,672	1,429	44.1%
Running Springs CDP	<u>1,903</u>	<u>n/a</u>	<u>1,944</u>	41	<u>2.2%</u>
RTA Communities	152,829	n/a	166,629	13,800	9.0%
County of San Bernardino	528,594	591,141	611,618	83,024	15.7%

1. 2006 represents ACS 2005-07 data, which is only available for geographic areas with populations of 20,000 or more. Data was unavailable for City of Big Bear Lake, Big Bear City CDP, Crestline CDP, Lake Arrowhead CDP, and Running Springs CDP.

Source: Stanley R. Hoffman Associates, Inc.  
Census 2010.  
U.S. Census American Community Survey, 2005-2007.

### Competitive Retail Supply Area (CRSA)

The Building Materials and Home Improvement stores within the Competitive Retail Supply Area (CRSA) are listed in Table 4.10-4. The proposed Home Depot is planned at the southwest corner of East Highland Avenue and Arden Avenue. An existing Home Depot store, scheduled to close in early 2014 when its lease expires, is located about 3.9 miles to the west of the proposed store at 1055 West 21st Street.

**Table 4.10-3**  
**Average Household Income Trends**  
**RTA Communities**  
**2000-2010**  
(In Constant 2010 Dollars)

Jurisdiction	2000	2010 <sup>1</sup>	Percent Change from 2000 to 2010
San Bernardino	\$55,690	\$50,939	-9.3%
Big Bear Lake	\$67,556	\$64,789	-4.3%
Colton	\$59,192	\$54,605	-8.4%
Highland	\$72,867	\$74,444	2.1%
Loma Linda	\$66,816	\$72,564	7.9%
Redlands	\$87,710	\$87,030	-0.8%
Rialto	\$67,100	\$61,594	-8.9%
Big Bear City CDP	\$65,556	\$49,531	-32.4%
Crestline CDP	\$72,672	\$67,575	-7.5%
Lake Arrowhead CDP	\$104,446	\$74,478	-40.2%
Running Springs CDP	<u>\$76,883</u>	<u>\$81,297</u>	<u>5.4%</u>
RTA Communities <sup>2</sup>	\$66,338	\$63,152	-5.0%
County of San Bernardino	\$72,166	\$70,780	-2.0%

1. Data from the ACS for small geographies, including communities smaller than 20,000 population, is only available in the ACS 2005-2009 5-year estimates. The Average Household Income from this data series is in 2009 constant dollars, which have been adjusted to 2010 dollars.

2. Weighted Averages for the RTA Communities were calculated using the aggregate incomes and number of households for each jurisdiction and CDP. Aggregate incomes were calculated using average incomes and number of households for each jurisdiction and CDP.

Source: Stanley R. Hoffman Associates, Inc.  
Census 2000, 2010.  
American Community Survey 2005-09.  
U.S. Bureau of Labor Statistics, Consumer Price Index 2000-10.

**Table 4.10-4  
Stores Located within the Competitive Retail Supply Area (CRSA)  
San Bernardino County and Riverside County**

Map Label	Name	Address	City	Zip Code	Distance (mi.)
HI 1	Proposed Home Depot	E. Highland Ave. & Arden Ave.	San Bernardino	92346	0.00
HI 2	Home Depot #683	1055 W. 21st St.	San Bernardino	92405	3.86
HI 3	Home Depot #610	695 E. Hospitality Ln.	San Bernardino	92408	4.98
HI 4	Home Depot #1013	1151 W. Lugonia Ave.	Redlands	92374	4.99
HI 5	Home Depot #6683	1451 W. Foothill Blvd.	Rialto	92376	9.36
HI 6	Home Depot #6960	16005 Sierra Lakes Pkwy	Fontana	92336	12.47
HI 7	Home Depot #1857	16783 Santa Ana Ave.	Fontana	92337	12.56
HI 8	Home Depot #616	12255 Pigeon Pass Rd.	Moreno Valley	92557	13.12
HI 9	Home Depot #6619	3323 Madison St.	Riverside	92504	16.44
HI 10	Home Depot #1087	15975 Perris Blvd.	Moreno Valley	92551	16.73
HI 11	Lowe's (Closed 2010)	4060 N. Hallmark Pkwy	San Bernardino	92407	6.04
HI 12	Lowe's #2856	27847 Greenspot Rd.	Highland	92346	3.01
HI 13	Lowe's #0759	1725 W. Redlands Blvd.	Redlands	92373	5.10
HI 14	Lowe's #1700	16851 Sierra Lakes Pkwy.	Fontana	92336	11.39
HI 15	Lowe's #1574	12400 Day St.	Moreno Valley	92553	13.38
HI 16	Lowe's #1048	9851 Magnolia Ave.	Riverside	92503	19.16
PT 17	U-Sav Mor Stores Inc.	908 W. Highland Ave.	San Bernardino	92405	3.67
PT 18	Sherwin-Williams	1375 Camino Real	San Bernardino	92408	5.06
PT 19	Spectra-Tone Paint Store	1595 E. San Bernardino Ave.	San Bernardino	92408	3.87
PT 20	SB Paint & Supply	160 E. Highland Ave.	San Bernardino	92404	2.53
PT 21	Vista Paint	414 E. Redlands Blvd.	San Bernardino	92408	5.19
PT 22	Dunn Edwards Paints	1211 E. Washington St.	Colton	92324	6.97
HW 23	Highland Ave Lumber & Hardware Co.	1680 W. Highland Ave.	San Bernardino	92411	4.88
HW 24	Cooley Hardware	633 N. D St.	San Bernardino	92401	3.33
HW 25	Ace Hardware	4111 N. Sierra Way	San Bernardino	92407	3.51
HW 26	K&L Hardware	26091 Base Line St.	San Bernardino	92410	0.79
HW 27	Lake Drive Hardware	23895 Lake Dr.	Crestline	92325	8.06
LM 28	Canam Wood Products	1410 Richardson St.	San Bernardino	92408	3.96
LM 29	Barr Lumber Company Inc	111 E. Mill St.	San Bernardino	92408	3.79
LM 30	House of Plywood and Paneling	1321 E. Base Line St.	San Bernardino	92410	1.33
LM 31	Squires Lumber Co Inc.	370 N. 9th St.	Colton	92324	6.45
EL 32	Prudential Lighting Inc.	1832 Commercenter Cir.	San Bernardino	92408	5.10
EL 33	Safeway Electric Co.	1474 Miller Dr	Colton	92324	5.70
EL 34	Lamps Plus	9425 California St.	Redlands	92374	3.53
TL 35	Empire Tile & Marble Supply	190 E. Mill St.	San Bernardino	92408	3.66
TL 36	New Impressions Tile	1156 W. Highland Ave.	San Bernardino	92405	4.01
CL 37	Redlands Cluster 1	606 N. Eureka St.	Redlands	92374	5.78
CL 38	Redlands Cluster 2	320 E. Stuart Ave.	Redlands	92374	6.10
HW 39	DIY Home Center	42146 Big Bear Blvd.	Big Bear Lake	92315	21.84

Source: Stanley R. Hoffman Associates, Inc.  
Google Maps, 2011.

As identified in Table 4.10-4, other than the proposed store, there are 38 stores within the CRSA falling within the NAICS 444 Building Materials stores category including Home Improvement, Hardware, Paint, Lumber and Electrical Supplies stores; 17 of these stores are within 5 miles of the proposed Home Depot. Another 12 stores are identified as within 5 to 10 miles, and the 9 remaining stores are more than 10 miles away from the proposed store. The distances are measured on a point-to-point basis.

The closest Home Depot within the City of San Bernardino is located at 695 East Hospitality Lane about 5 miles south of the proposed store. There is also a Home Depot store located about 5 miles to the southeast at 1151 West Lugonia Avenue in Redlands.

There are no Lowe's Home Improvement stores that are currently open in the City of San Bernardino. The closest Lowe's store is about 3 miles southeast of the Project Site and located at 27847 Greenspot Road in the City of Highland. Also, in the City of Highland, about 0.8 miles

south of the proposed store at 26091 Base Line Street is K&L Hardware, a relatively small neighborhood-serving hardware store.

The DIY Home Center is identified as the farthest store from the proposed store within the CRSA and is located almost 22 miles away in the City of Big Bear Lake at 42146 Big Bear Boulevard. DIY opened in 2011 and largely serves the mountain communities, particularly Big Bear City and the City of Big Bear Lake.

Major Building Materials Store Inventory. A total of 16 major home improvement stores in the Competitive Retail Supply Area were included in the study and are listed in Table 4.10-5. In addition to the proposed Home Depot store, these include nine existing Home Depot stores, five existing Lowe's stores, and one closed Lowe's store. The City of San Bernardino currently has two Home Depots, one located at the northwestern portion of the City and the other located in the southern portion. The Home Depot store located on West 21<sup>st</sup> Street is planned to close upon the expiration of their lease in early 2014. Other Home Depot stores are located in the cities of Redlands, Rialto, Fontana, Moreno Valley, and Riverside. The Lowe's stores are located in the cities of Highland, Redlands, Fontana, Moreno Valley, and Riverside.

As shown in Table 4-1, the estimated square footage of a major home improvement store within the RTA, including the garden centers, ranges from approximately 109,580 to 156,500 square feet. The average size of a Home Depot store in the RTA is approximately 124,714 square feet, while the average size of a Lowe's store in the RTA is approximately 149,824 square feet. The proposed Home Depot retail store and garden center would be a combined 136,090 square feet, about 6 percent larger than the average Home Depot store in the RTA.

Smaller Building Materials Store Inventory. The Retail Impact Study also included nearby smaller Building Materials stores serving the RTA, which compared to the larger Home Improvement Stores such as Home Depot and Lowe's, are selected because they draw customers from a shorter distance assumed to be, in general, about 6 miles from the proposed store. The 6-mile radius covers portions of the surrounding cities of Colton, Highland, Loma Linda, Redlands, and Rialto. Additionally, two stores from the mountain communities, located more than 6 miles from the proposed store were also included in the Retail Impact Study to reflect the unique geography of the CRSA. The types of Building Materials stores inventoried were paint, wallpaper and wall covering stores; hardware stores; lumber stores and lighting stores. The stores were inventoried using various businesses listing websites and the building sizes were estimated using Google Earth, 2011.

As shown in Table 4.10-6, there are five existing paint, wallpaper and wall covering stores in the City of San Bernardino ranging from an estimated 1,890 to 51,000 square feet in size. In Colton and Redlands, there are three existing paint type stores, ranging from an estimated 4,380 square feet to 9,000 square feet.

**Table 4.10-5  
Major Home Improvement Stores within the CRSA  
San Bernardino County and Riverside County**

Number	Type of Store	Address	City	Zip Code	Latitude	Longitude	Square Footage of Retail Store	Square Footage of Garden Center	Square Footage of Retail Store & Garden Center
1.	Proposed Home Depot	E. Highland Ave. & Arden Ave.	San Bernardino	92346	34.135616	-117.236349	107,979	28,111	136,090
2.	Home Depot #683	1055 West 21st St.	San Bernardino	92405	34.133543	-117.30674	78,400	48,000	126,400
3.	Home Depot #610	695 E. Hospitality Ln.	San Bernardino	92408	34.06473	-117.270987	117,600	6,500	124,100
4.	Home Depot #1013	1151 W. Lugonia Ave.	Redlands	92374	34.068327	-117.197836	106,800	10,800	117,600
5.	Home Depot #6683	1451 W Foothill Blvd.	Rialto	92376	34.105995	-117.399839	103,600	24,000	127,600
6.	Home Depot #6960	16005 Sierra Lakes Pkwy.	Fontana	92336	34.138598	-117.457219	109,200	28,500	137,700
7.	Home Depot #1857	16783 Santa Ana Ave.	Fontana	92337	34.054821	-117.438129	106,860	2,720	109,580
8.	Home Depot #616	12255 Pigeon Pass Rd.	Moreno Valley	92557	33.942957	-117.262622	97,500	15,300	112,800
9.	Home Depot #6619	3323 Madison St.	Riverside	92504	33.935582	-117.401713	105,000	22,100	127,100
10.	Home Depot #1087	15975 Perris Blvd.	Moreno Valley	92551	33.889907	-117.226462	105,350	34,200	139,550
<b>Average Square Footage of Existing Home Depot Stores</b>							<b>103,368</b>	<b>21,347</b>	<b>124,714</b>
11.	Lowe's (Closed 2010)	4060 N. Hallmark Pkwy.	San Bernardino	92407					
12.	Lowe's #2856	27847 Greenspot Rd.	Highland	92346	34.106673	-117.196361	132,000	20,000	152,000
13.	Lowe's #0759	1725 West Redlands Blvd.	Redlands	92373	34.061076	-117.214135	145,700	10,800	156,500
14.	Lowe's #1700	16851 Sierra Lakes Pkwy.	Fontana	92336	34.137527	-117.438282	125,720	21,600	147,320
15.	Lowe's #1574	12400 Day St.	Moreno Valley	92553	33.940617	-117.275918	122,200	28,600	150,800
16.	Lowe's #1048	9851 Magnolia Ave.	Riverside	92503	33.919672	-117.454791	<u>120,000</u>	<u>22,500</u>	<u>142,500</u>
<b>Average Square Footage of Existing Lowe's Stores</b>							<b>129,124</b>	<b>20,700</b>	<b>149,824</b>

Source: Stanley R. Hoffman Associates, Inc.  
Google Earth, 2011.  
www.homedepot.com  
www.lowes.com

**Table 4.10-6  
Paint, Wallpaper & Wall Covering Stores within Proximity to Project Site  
City of San Bernardino and RTA Cities**

Number	Type of Store	Address	City	Zip Code	Latitude	Longitude	Square Footage
<b>San Bernardino</b>							
1.	U-Sav Mor Stores Inc.	908 W. Highland Ave.	San Bernardino	92405	34.13628	-117.30326	1,890
2.	Sherwin-Williams	1375 Camino Real	San Bernardino	92408	34.076122	-117.296737	35,000
3.	Spectra-Tone Paint Store	1595 E. San Bernardino Ave.	San Bernardino	92408	34.077078	-117.253276	51,000
4.	San Bernardino Paint & Supply, Inc.	160 E. Highland Ave.	San Bernardino	92404	34.136543	-117.283201	3,000
5.	Vista Paint	414 E. Redlands Blvd.	San Bernardino	92408	34.063332	-117.276316	6,000
<b>Other Jurisdictions</b>							
6.	Dunn Edwards Paints	1211 E. Washington St.	Colton	92324	34.047731	-117.306456	9,000
7.	Redlands Paint	555 W. Redlands Blvd.	Redlands	92373	34.057303	-117.189047	6,256
8.	Dave's Paint N' Paper	606 N. Eureka St.	Redlands	92374	34.060703	-117.186211	4,380

Source: Stanley R. Hoffman Associates, Inc.  
Google Earth, 2011.

As shown in Table 4.10-7, there are a total of eight hardware stores in the 6-mile radius area, four of which are located in San Bernardino; these stores range in size from an estimated 2,400 square feet to 12,000 square feet. Two stores are located in Redlands and one is in the Crestline CDP; they range in size from an estimated 2,430 square feet to 5,392 square feet.

**Table 4.10-7**  
**Hardware Stores within Proximity to Project Site**  
**City of San Bernardino and RTA Cities**

Number	Type of Store	Address	City	Zip Code	Latitude	Longitude	Square Footage
<b><u>San Bernardino</u></b>							
1.	Highland Ave. Lumber & Hardware Co.	1680 W. Highland Ave.	San Bernardino	92411	34.136428	-117.32449	12,000
2.	Cooley Hardware	633 N. D St.	San Bernardino	92401	34.110728	-117.291611	2,400
3.	Ace Hardware	4111 N. Sierra Way	San Bernardino	92407	34.165895	-117.284748	3,380
4.	K&L Hardware (Ace affiliate)	26091 Base Line St.	San Bernardino	92410	34.120849	-117.235269	9,500
<b><u>Other Jurisdictions</u></b>							
5.	W.I.T. Windows & Doors	402 W. Colton Ave.	Redlands	92374	34.063072	-117.187066	2,430
6.	Carlson Hardware	330 Orange St.	Redlands	92374	34.058205	-117.182227	3,600
7.	Lake Drive Hardware	23895 Lake Dr.	Crestline	92325	34.243014	-117.281964	5,392
8.	DIY Home Center	42146 Big Bear Blvd.	Big Bear Lake	92315	34.251166	-116.885362	21,280

Source: Stanley R. Hoffman Associates, Inc.  
 Google Earth, 2011.

There are seven lumber stores in the 6-mile radius area, three of which are located in San Bernardino. These stores, as listed in Table 4.10-8 range in size from an estimated 7,480 square feet to 68,400 square feet. The four stores in the surrounding cities are located in Redlands (3) and Colton (1), and range in size from an estimated 2,800 to 19,800 square feet.

**Table 4.10-8**  
**Lumber Stores within Proximity to Project Site**  
**City of San Bernardino and RTA Cities**

Number	Type of Store	Address	City	Zip Code	Latitude	Longitude	Square Footage
<b><u>San Bernardino</u></b>							
1.	Canam Wood Products	1410 Richardson St.	San Bernardino	92408	34.075702	-117.252927	21,000
2.	Barr Lumber Company Inc.	111 E. Mill St.	San Bernardino	92408	34.091361	-117.283965	68,400
3.	House of Plywood and Paneling	1321 E. Base Line St.	San Bernardino	92410	34.12097	-117.258552	7,480
<b><u>Other Jurisdictions</u></b>							
4.	Redlands Floorhouse	36 W. Stuart Ave.	Redlands	92374	34.059821	-117.183875	2,800
5.	Classic Building Supply	320 E. Stuart Ave.	Redlands	92374	34.059307	-117.178529	5,208
6.	Ray's Cabinet Shop	508 Texas St.	Redlands	92374	34.059901	-117.190987	3,600
7.	Squires Lumber Co Inc.	370 N. 9th St.	Colton	92324	34.06842	-117.322004	19,800

Source: Stanley R. Hoffman Associates, Inc.  
 Google Earth, 2011.

There are three lighting stores in the 6-mile radius area, one of which is in the City of San Bernardino and totals an estimated 6,500 square feet. The two stores in the surrounding cities are located in Redlands and Colton, and range in size from an estimated 4,800 to 81,750 square feet. These store locations are shown in Table 4.10-9.

**Table 4.10-9  
Lighting Stores within Proximity to Project Site  
City of San Bernardino and RTA Cities**

Number	Type of Store	Address	City	Zip Code	Latitude	Longitude	Square Footage
<b>San Bernardino</b>							
1.	Prudential Lighting Inc.	1832 Commercenter Cir.	San Bernardino	92408	34.068401	-117.284874	6,500
<b>Other Jurisdictions</b>							
2.	Safeway Electric Co.	1474 Miller Dr.	Colton	92324	34.084231	-117.32058	4,800
3.	Lamps Plus	9425 California St.	Redlands	92374	34.082572	-117.223275	81,750

Source: Stanley R. Hoffman Associates, Inc.  
Google Earth, 2011.

As shown in Table 4.10-10, there are two tile stores in the City of San Bernardino. One is an estimated 4,000 square feet, and the other is an estimated 35,650 square feet.

**Table 4.10-10  
Tile Stores within Proximity to Project Site  
City of San Bernardino and RTA Cities**

Serial Number	Type of Store	Address	City	Zip Code	Latitude	Longitude	Square Footage
1.	Empire Tile & Marble Supply	190 E. Mill St.	San Bernardino	92408	34.09266	-117.282538	35,650
2.	New Impressions Tile	1156 W. Highland Ave.	San Bernardino	92405	34.136276	-117.309214	4,000

Source: Stanley R. Hoffman Associates, Inc.  
Google Earth, 2011.

Current Conditions around Proposed Site. Within a ¼-mile area of the Project Site there approximately 600,000 square feet of commercial space, as shown in Table 4.10-11; this includes two large shopping centers that each feature large anchor retailers. These centers are Target, Rio Ranch Market, Rite Aid, and Big Five Sporting Goods. A third large shopping center previously contained a Staples and indoor mall, however the space is currently vacant. The remaining stores in these three centers are a combination of general merchandise, restaurants, and services. Two smaller centers lie closer to the Project Site, one immediately west and one across the street, but neither contains a major retailer. The center to the west is about half vacant; its only occupants are an independent living program center and barber shop.

Retail space identified within the project site vicinity constitutes an estimated 47 percent of total commercial square footage, as shown in Table 4.10-7. Service businesses are the largest block of non-retail business, accounting for 23 percent of the total square footage in the area. A sixth center, composed primarily of office space, is located just west and across Highland Avenue from the proposed site. Two schools lie just south of the proposed site. Overall commercial vacancy is estimated at 25 percent.

**Table 4.10-11  
Business Profile around Proposed Home Depot  
City of San Bernardino**

<b>Business Category</b>	<b># Businesses</b>	<b>Percent</b>	<b>Sq. Ft.</b>	<b>Percent</b>	<b>Avg. Sq. Ft. per Business</b>
<b>RETAIL</b>					
Home Improvement	2	2%	13,600	2%	6,800
General Merchandise <sup>1</sup>	11	9%	186,586	31%	16,962
Restaurant	8	7%	20,147	3%	2,518
Grocery	3	2%	37,900	6%	12,633
Auto	1	1%	8,000	1%	8,000
Misc. Retail	8	7%	18,017	3%	2,252
<b>Retail Total</b>	<b>33</b>	<b>27%</b>	<b>284,249</b>	<b>47%</b>	<b>8,614</b>
<b>NON-RETAIL</b>					
Service	39	32%	141,848	23%	3,637
Office	11	9%	27,796	5%	2,527
<b>Non-Retail Total</b>	<b>50</b>	<b>41%</b>	<b>169,644</b>	<b>28%</b>	<b>3,393</b>
Vacant Total	38	31%	154,983	25%	4,078
<b>STUDY AREA TOTAL</b>	<b>121</b>	<b>100%</b>	<b>608,876</b>	<b>100%</b>	<b>5,032</b>

1. This includes 113,000 sq. ft. Target.

Data used in this section was collected through commercial real estate listings, business listings on Google, distance measurements on Google Earth, and confirmation as much as possible by contacting selected proprietors and site visits.

Source: Stanley R. Hoffman Associates, Inc.  
Google Earth, 2011.

It is also important to note that within the RTA, the City of San Bernardino Planning Department confirmed that a Lowe's store, located in the northwestern region of the city closed in November 2010. The City of Colton Planning Department also reported that White Cap Construction Supply closed in June 2009. The opening date for the DIY Home Center in the City of Big Bear Lake was in August 2011 and no communities within the study area reported proposed retail developments within the RTA.

### 4.10.3 Applicable Policies, Plans and Regulations

#### California State Health and Safety Code

California State Health and Safety Code Sections 33031(a) and 33031(b) define economic and physical conditions that constitute blight.

Economic Conditions that constitute blight include:

- Depreciated or stagnant property values or impaired investments, including as a result of hazardous wastes.
- Abnormally high business vacancies, abnormally low lease rates, high turnover rates, abandoned buildings, or excessive vacant lots within an area developed for urban uses and served by utilities.
- A lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, banks, and other lending institutions.

- Residential overcrowding or an excess of bars, liquor stores, or other businesses that cater exclusively to adults, which has led to problems of public safety and welfare.
- A high crime rate that constitutes a serious threat to the public safety and welfare.

Physical conditions that constitute blight include:

- Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions can be caused by serious building code violations, dilapidation and deterioration, defective design or physical construction, faulty or inadequate utilities, or other similar factors.
- Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots. This condition can be caused by a substandard design, inadequate size given present standards and market conditions, lack of parking, or other similar factors.
- Adjacent or nearby uses that are incompatible with each other and which prevent the economic development of those parcels or other portions of the project area.
- The existence of subdivided lots of irregular form and shape and inadequate size of proper usefulness and development that are in multiple ownership.

### **California Environmental Quality Act**

The California Environmental Quality Act (CEQA) requires that significant effects on the environment be analyzed, disclosed, and mitigated, if feasible, prior to the approval of discretionary land use approvals. The CEQA Guidelines require that both direct and reasonably foreseeable indirect physical changes be evaluate during the environmental review process. A direct physical change is caused by – and is immediately related to – the project. Examples of direct physical changes are construction-related dust, noise, and traffic. An indirect physical change is no immediately related to the project but is caused indirectly by the project. An example of an indirect physical change would be the construction of a new sewage treatment plant that provides additional wastewater treatment capacity that may facilitate population growth and may lead to an increase in air pollution.

In this context of CEQA, urban decay is considered an indirect physical impact. The development of new commercial retail space in a retail market has the potential to result in the closure of competing business, which may, in turn, result in vacant storefronts that meet the definition of urban decay.

### **City of San Bernardino General Plan**

The Economic Development Element is related to the Land Use, Circulation, Public Facilities, and Housing Elements. A healthy economy not only provides the tax base for local services and infrastructure, but also affects the demand for a variety of land uses. A proper balance of land uses helps the local economy by providing business community with a diverse workforce;

housing, recreational, cultural, and retail opportunities for employers and employees; and supporting infrastructure facilities and services that foster economic growth.

### **Citywide Goals and Policies of the Economic Development Element**

#### **Goal 4.1 Encourage economic activity that capitalizes upon the transportation and locational strengths of San Bernardino**

Policies:

4.1.1 Proactively seek out and retain businesses that create jobs and generate sales tax revenue.

#### **Goal 4.4 Attract businesses through an efficient improvement program.**

Policies:

4.4.1 Provide the necessary public infrastructure to enable businesses to operate successfully and direct new businesses to areas that can adequately serve new uses. Prioritize and market improvements to allow development to anticipate the location and timing of infrastructure improvements.

#### **Goal 4.5 Identify and attract new employment types/land uses that complement the existing employment clusters and foster long-term economic growth.**

Policies:

4.5.2 Maintain and enhance commercial regional cores and economically sound community-serving commercial concentrations by attracting new regional outlets, maintaining the existing regional retail base, stabilizing the future regional retail base.

#### **Goal 4.9 Prevent retail sales leakage and recapture regional retail expenditure through key sectors.**

Policies:

4.9.1 Monitor and strive to capture an increasing percentage of the day-today regional shopping needs of the resident population. (E-3)

4.9.2 Proactively attract and provide incentives to developers and tenants that draw retail sales from the broader region.

#### **4.10.4 Project Impact Analysis and Mitigation Measures**

##### **4.10.4.1 Thresholds of Significance**

Thresholds of significance for urban decay are not included in the CEQA Guidelines Appendix G, and therefore the issue was not evaluated in the Initial Study prepared for the Proposed Project. However, the City of San Bernardino has developed significance thresholds for major retail and/or big box stores to evaluate a project's potential impacts.

Under the City's significance thresholds, the Proposed Project's Home Depot store would result in significant urban decay impacts if it would:

- Create long-term store vacancies or result in the abandonment of buildings within the retail market area served by the proposed project; or
- Result in the physical deterioration of properties or structures that impairs the proper utilization of the properties or structures, or health, safety, and welfare of the surrounding community.

##### **4.10.4.2 Methodology**

The Retail Impact Study included as Appendix H to this Draft EIR addressed stores classified as "Building Materials" and/or "Home Improvement" in the Proposed Project's vicinity and as defined in Chapter 2 of the study. Building Materials and Garden Equipment and Supplies is defined by the North American Industrial Classification System (NAICS) as NAICS 444. This category is referred to interchangeably as Building Materials and Home Improvement stores or simply as Building Materials stores.

The study used two geographies – a demand area over which the proposed Home Depot store attracts retail expenditures from residential and non-residential sources, and a supply area of present and future retail stores that compete with the proposed store for the above expenditures. The demand area is called the 'Retail Trade Area' (RTA), and the supply area is the 'Competitive Retail Supply Area' (CRSA).

The RTA consists primarily of areas in the Valley region of San Bernardino County, and secondarily communities in the Mountain areas to the north of the Project Site. The demand areas in the Valley region are defined by Traffic Analysis Zones (TAZs) that wholly or partially fall within 5.0 miles of the proposed home improvement store. The selected TAZs fall within the cities of San Bernardino, Colton, Highland, Loma Linda, Redlands and Rialto, as well as other adjacent unincorporated areas. The demand areas in the mountain region of the County include TAZs that include the census-defined places of Lake Arrowhead, Running Springs, Crestline, Big Bear City, and the City of Big Bear Lake. Further, the CRSA has most of the stores within 15 miles of the proposed Home Depot, and some stores up to 22 miles, such as the DIY Home Center that was opened in Big Bear Lake in 2011.

The analysis for the Building Materials store retail category involves three steps: 1) estimation of existing and future Building Materials demand from permanent and seasonal households and

non-residential development within the RTA; 2) estimation of existing and future Building Materials space supply within the CRSA; and 3) predicting the likely future sales at the CRSA Building Materials stores that serve RTA demand. The retail impact analysis is conducted over three time periods: 1) base year conditions (2010); 2) estimated Home Depot store opening date (2014); and 3) a longer-term projection period (2020).

The Retail Impact Study for the proposed Home Depot store in San Bernardino estimates the sales impact of the proposed Home Depot site and outward for three distance bands: 1) 0 to 5.0 miles; 2) 5.0 to 10.0 miles; and 3) greater than 10.0 miles. The analysis estimates and projects retail sales per square foot (the key performance indicator) for the proposed Home Depot store and for competitive Building Materials and Home Improvement stores within the three bands over the following time periods: 1) 2010 as existing conditions; 2) 2014 when the proposed Home Depot is projected to open; and 3) for a forecast year of 2020. The analysis compares the projected trends in Building Materials sales per square foot with the existing conditions estimates and determines if they are increasing or decreasing among the competitive stores. The next step is to evaluate whether any projected decreases are steep enough to cause vacancies among competitive stores and determine whether these vacancies are likely to persist over the long-term. The projected sales per square foot performance measures are also compared with benchmark averages. All dollar figures are stated in constant 2010 dollars in order to remove the effects of inflation.

It should be noted that as the sales are shown for bands further from the proposed Home Depot location, the sales per square foot measures are relatively lower than the comparisons with either the Home Depot or Lowe's average sales levels. That is because there are other households and non-residential sales generators outside of the study RTA that make Building Materials or Home Improvement purchases that are not accounted for in this analysis. The key question is whether the sales per square foot capture from demand sources originating from within the RTA is shown to be decreasing significantly over the long-term that might result in Urban Decay.

#### **4.10.4.3 Issues Determined to Have a Less Than Significant Impact**

**Create long-term store vacancies or result in the abandonment of buildings within the retail market served by the proposed project; or**

**Result in the physical deterioration of properties or structures that impairs the proper utilization of the properties or structures, or health, safety, and welfare of the surrounding community.**

Projected residential (permanent and seasonal households) and non-residential Building Materials sales are presented by relative distance from the proposed Home Depot, as shown in Tables 4.10-12 and 4.10-13. Projections of residential and non-residential sales are expressed in 2010 dollars.

As shown, stores in Band 1 (from 0 to 5.0 miles away from the proposed Home Depot) and Band 2 (from 5.0 to 10.0 miles away), are projected to experience decreases in Building Materials sales in the short-term period, from 2010 to 2014. Stores in Band 3 are projected to experience an increase of about 56.5 percent in sales from 2010 to 2014. However, from 2014 to

2020, all three Bands are projected to experience small increases in sales for Building Materials and Home Improvements.

**Table 4.10-12**  
**Projected Residential Building Materials Sales at CRSA<sup>1</sup> Stores**  
**2010-2020**  
(In Constant 2010  
Dollars)

				CHANGE		PERCENT CHANGE	
	2010	2014	2020	2010-2014	2014-2020	2010-2014	2014-2020
<b>A. PERMANENT HOUSEHOLDS</b>							
Proposed Home Depot	\$0	\$18,180,285	\$19,347,752	\$18,180,285	\$1,167,467	n/a	6.4%
Band 1-- From 0 to 5.0 Miles	\$66,064,569	\$57,104,809	\$61,078,170	-\$8,959,761	\$3,973,361	-13.6%	7.0%
Band 2-- From 5.0 to 10.0 Miles	\$33,255,338	\$22,164,909	\$23,638,630	-\$11,090,429	\$1,473,721	-33.3%	6.6%
Band 3-- Over 10.0 miles	<u>\$13,393,202</u>	<u>\$20,966,880</u>	<u>\$22,266,019</u>	<u>\$7,573,678</u>	<u>\$1,299,138</u>	<u>56.5%</u>	<u>6.2%</u>
<b>TOTAL</b>	\$112,713,109	\$118,416,883	\$126,330,571	\$5,703,774	\$7,913,687	5.1%	6.7%
<b>B. SEASONAL HOUSEHOLDS</b>							
Proposed Home Depot	\$0	\$1,555,022	\$1,554,983	\$1,555,022	-\$39	n/a	0.0%
Band 1-- From 0 to 5.0 Miles	\$6,741,641	\$4,285,172	\$4,285,065	-\$2,456,469	-\$107	-36.4%	0.0%
Band 2-- From 5.0 to 10.0 Miles	\$1,445,126	\$904,502	\$904,479	-\$540,625	-\$23	-37.4%	0.0%
Band 3-- Over 10.0 miles	<u>\$426,549</u>	<u>\$1,868,597</u>	<u>\$1,868,551</u>	<u>\$1,442,048</u>	<u>-\$47</u>	<u>338.1%</u>	<u>0.0%</u>
<b>TOTAL</b>	\$8,613,317	\$8,613,293	\$8,613,078	-\$24	-\$215	0.0%	0.0%
<b>C. TOTAL RESIDENTIAL</b>							
Proposed Home Depot	\$0	\$19,735,307	\$20,902,735	\$19,735,307	\$1,167,428	n/a	5.9%
Band 1-- From 0 to 5.0 Miles	\$72,806,210	\$61,389,981	\$65,363,235	-\$11,416,229	\$3,973,254	-15.7%	6.5%
Band 2-- From 5.0 to 10.0 Miles	\$34,700,464	\$23,069,411	\$24,543,109	-\$11,631,054	\$1,473,699	-33.5%	6.4%
Band 3-- Over 10.0 miles	<u>\$13,819,751</u>	<u>\$22,835,478</u>	<u>\$24,134,569</u>	<u>\$9,015,726</u>	<u>\$1,299,092</u>	<u>65.2%</u>	<u>5.7%</u>
<b>TOTAL</b>	\$121,326,426	\$127,030,176	\$134,943,649	\$5,703,750	\$7,913,472	4.7%	6.2%

1. CRSA stands for Competitive Retail Supply Area.

Source: Stanley R. Hoffman Associates, Inc.  
Robert E. Goldman, Economist

**Table 4.10-13**  
**Projected Residential and Non-Residential Building Materials Sales at CRSA<sup>1</sup> Stores**  
**2010-2020**  
(In Constant 2010 Dollars)

				CHANGE		PERCENT CHANGE	
	2010	2014	2020	2010-2014	2014-2020	2010-2014	2014-2020
<b>A. TOTAL RESIDENTIAL DEMAND</b>							
Proposed Home Depot	\$0	\$19,735,307	\$20,902,735	\$19,735,307	\$1,167,428	n/a	5.9%
Band 1-- From 0 to 5.0 Miles	\$72,806,210	\$61,389,981	\$65,363,235	-\$11,416,229	\$3,973,254	-15.7%	6.5%
Band 2-- From 5.0 to 10.0 Miles	\$34,700,464	\$23,069,411	\$24,543,109	-\$11,631,054	\$1,473,699	-33.5%	6.4%
Band 3-- Over 10.0 miles	<u>\$13,819,751</u>	<u>\$22,835,478</u>	<u>\$24,134,569</u>	<u>\$9,015,726</u>	<u>\$1,299,092</u>	<u>65.2%</u>	<u>5.7%</u>
<b>TOTAL</b>	\$121,326,426	\$127,030,176	\$134,943,649	\$5,703,750	\$7,913,472	4.7%	6.2%
<b>RESIDENTIAL TO NONRESIDENTIAL MULTIPLIER <sup>2</sup> = 0.9078</b>							
<b>B. TOTAL NONRESIDENTIAL DEMAND</b>							
Proposed Home Depot	\$0	\$17,915,712	\$18,975,503	\$17,915,712	\$1,059,791	n/a	5.9%
Band 1-- From 0 to 5.0 Miles	\$66,093,478	\$55,729,825	\$59,336,745	-\$10,363,653	\$3,606,920	-15.7%	6.5%
Band 2-- From 5.0 to 10.0 Miles	\$31,501,081	\$20,942,411	\$22,280,235	-\$10,558,671	\$1,337,824	-33.5%	6.4%
Band 3-- Over 10.0 miles	<u>\$12,545,570</u>	<u>\$20,730,047</u>	<u>\$21,909,362</u>	<u>\$8,184,476</u>	<u>\$1,179,315</u>	<u>65.2%</u>	<u>5.7%</u>
<b>TOTAL</b>	\$110,140,129	\$115,317,994	\$122,501,844	\$5,177,865	\$7,183,850	4.7%	6.2%
<b>C. TOTAL BUILDING MATERIAL DEMAND</b>							
Proposed Home Depot	\$0	\$37,651,018	\$39,878,238	\$37,651,018	\$2,227,220	n/a	5.9%
Band 1-- From 0 to 5.0 Miles	\$138,899,688	\$117,119,806	\$124,699,980	-\$21,779,882	\$7,580,174	-15.7%	6.5%
Band 2-- From 5.0 to 10.0 Miles	\$66,201,546	\$44,011,822	\$46,823,344	-\$22,189,724	\$2,811,522	-33.5%	6.4%
Band 3-- Over 10.0 miles	<u>\$26,365,321</u>	<u>\$43,565,524</u>	<u>\$46,043,931</u>	<u>\$17,200,203</u>	<u>\$2,478,407</u>	<u>65.2%</u>	<u>5.7%</u>
<b>TOTAL</b>	\$231,466,555	\$242,348,170	\$257,445,493	\$10,881,615	\$15,097,323	4.7%	6.2%

1. CRSA stands for Competitive Retail Supply Area.

2. As shown in Appendix Table B-1.

Source: Stanley R. Hoffman Associates, Inc.  
Robert E. Goldman, Economist

Sales to seasonal households by stores in Bands 1 and 2 are projected to experience decreases from 2010 to 2014. However, Band 3 is projected to experience more than a threefold increase in sales during this same time period. This is largely due to the opening of DIY Home Center in the City of Big Bear Lake. Total sales from households, both permanent and seasonal, are projected to reach approximately \$135 million by 2020.

A non-residential-to-residential multiplier of 0.9078 was applied to project the Building Materials sales of the non-residential component. This multiplier is further described in Appendix B, Table B-1 of this Draft EIR Appendix H. The total non-residential sales from the RTA are projected to reach approximately \$123 million by 2020.

As shown in Table 4.10-13, the total Building Materials and Home Improvement sales from the RTA is projected to be about \$231 million in 2010 and increasing to about \$257 million by 2020. Combined, the area surrounding the proposed Home Depot inside Band 1 (0 to 5 miles) is projected to capture approximately 64 percent of the projected 2020 Building Materials sales. This is a projected increase from 60 percent capture in 2010.

Projected Building Materials Sales Trends. As shown in Table 4.10-13, the overall projected Building Materials sales generated by demand from within the RTA increases from 2010 to 2020. However, in Band 1 - (0 to 5.0 miles) and Band 2 - (5.0 to 10.0 miles), projected Building Materials sales decline from 2010 to 2014 when the proposed Home Depot is estimated to open. Then, sales are projected to increase slightly by 2020. In the third band – (over 10.0 miles), the projected Building Materials sales are shown to increase significantly, largely due to the opening of the DIY Home Center in the City of Big Bear Lake. The DIY store will capture much of the permanent and seasonal household sales potential for Building Materials in the Mountain region, primarily from Big Bear Lake and the unincorporated communities of Running Springs, Arrowbear, and Big Bear City. The new Home Depot is projected to capture about \$37.7 million of sales in 2014 and about \$39.9 million in 2020.

Evaluation of Projected Sales per Square Foot Performance. For evaluation purposes, the key measure of performance is the sales per square foot as shown in Table 4.10-14, Panel C. This is the result of dividing the projected sales in Table 4.10-14 Panel A by the competitive store square footages in Panel B of the table by the various distance bands from the proposed Home Depot.

The sales per square foot trends are projected to increase by 2014 and 2020 for Bands 1 and 3 and decrease only slightly by 2014 for Band 2 and then return to a growth trend by 2020, only about 2 percent below its level in 2010 (see Figure 4.10-1). The reason that the performance measures do not fluctuate downward as much as the projected Building Materials sales is because over the 2010 to 2014 time period, both an existing Lowe's and an existing Home Depot Store are identified as leaving the competitive market supply. Conversely, the DIY Home Center in Big Bear Lake has entered the competitive supply and is primarily attracting household expenditures from the Mountain area.

The proposed Home Depot store is projected to yield about \$277 per square foot upon opening in 2014, and increasing to \$293 per square foot by 2020. This is comparable with the sales per square foot estimates for Home Depot stores at the national level that ranged from about \$234 per square foot in 2010 to \$311 per square foot in 2006, in constant 2010 dollars. Similarly, the projected sales per square foot of \$167 in 2010, generated from within the study RTA, for competitive stores within the 0 to 5 mile band is shown to increase to about \$169 per square foot by 2014, and to about \$180 per square foot by 2020.

**Table 4.10-14**  
**Calculation of Building Materials Retail Impacts by Distance within the CRSA<sup>1</sup>**  
**2010-2020**  
(In Constant 2010 Dollars)

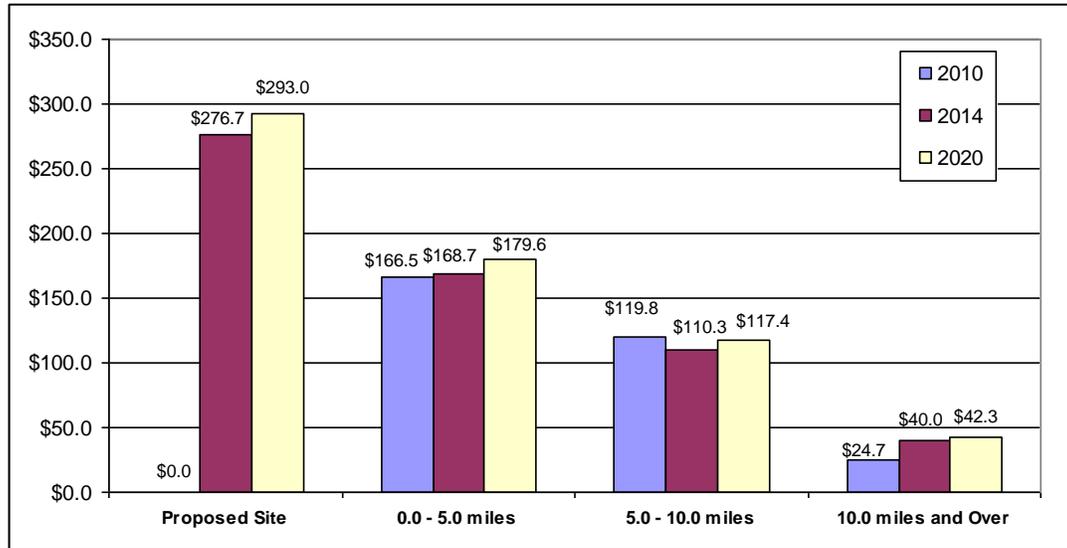
				CHANGE		PERCENT CHANGE	
	2010	2014	2020	2010-2014	2014-2020	2010-2014	2014-2020
<b>A. TOTAL RETAIL DEMAND</b>							
Proposed Home Depot	\$0	\$37,651,018	\$39,878,238	\$37,651,018	\$2,227,220	n/a	5.9%
Band 1-- From 0 to 5.0 Miles	\$138,899,688	\$117,119,806	\$124,699,980	-\$21,779,882	\$7,580,174	-15.7%	6.5%
Band 2-- From 5.0 to 10.0 Miles	\$66,201,546	\$44,011,822	\$46,823,344	-\$22,189,724	\$2,811,522	-33.5%	6.4%
Band 3-- Over 10.0 miles	<u>\$26,365,321</u>	<u>\$43,565,524</u>	<u>\$46,043,931</u>	<u>\$17,200,203</u>	<u>\$2,478,407</u>	<u>65.2%</u>	<u>5.7%</u>
<b>TOTAL</b>	\$231,466,555	\$242,348,170	\$257,445,493	\$10,881,615	\$15,097,323	4.7%	6.2%
<b>B. RETAIL SUPPLY SQUARE FEET</b>							
Proposed Home Depot	0	136,090	136,090	136,090	0	n/a	0.0%
Band 1-- From 0 to 5.0 Miles	834,300	694,300	694,300	-140,000	0	-16.8%	0.0%
Band 2-- From 5.0 to 10.0 Miles	552,741	398,866	398,866	-153,875	0	-27.8%	0.0%
Band 3-- Over 10.0 miles	<u>1,067,350</u>	<u>1,088,630</u>	<u>1,088,630</u>	<u>21,280</u>	<u>0</u>	<u>2.0%</u>	<u>0.0%</u>
<b>TOTAL</b>	2,454,391	2,317,886	2,317,886	-136,505	0	-5.6%	0.0%
<b>C. RETAIL SALES PER SQUARE FOOT</b>							
Proposed Home Depot	n/a	\$276.7	\$293.0	n/a	\$16.4	n/a	5.9%
Band 1-- From 0 to 5.0 Miles	\$166.5	\$168.7	\$179.6	\$2.2	\$10.9	1.3%	6.5%
Band 2-- From 5.0 to 10.0 Miles	\$119.8	\$110.3	\$117.4	-\$9.4	\$7.0	-7.9%	6.4%
Band 3-- Over 10.0 miles	<u>\$24.7</u>	<u>\$40.0</u>	<u>\$42.3</u>	<u>\$15.3</u>	<u>\$2.3</u>	<u>62.0%</u>	<u>5.7%</u>
<b>TOTAL</b>	\$94.3	\$104.6	\$111.1	\$10.2	\$6.5	10.9%	6.2%

1. CRSA stands for Competitive Retail Supply Area.

Source: Stanley R. Hoffman Associates, Inc.  
Robert E. Goldman, Economist

For the band over 10.0 miles, the sales per square foot performance, also generated from within the study RTA, is shown to increase rather significantly from about \$25 per square foot in 2010 to about \$40 per square foot in 2014, growing further to about \$42 per square foot in 2020. This is largely due to the DIY Home Center in the City of Big Bear Lake that opened in 2011. Only the middle band from 5.0 to 10.0 miles showed a decrease in sales per square foot of about 8 percent (\$120 to \$110) from 2010 to 2014, but then increased from 2014 to 2020 (\$110 to \$117).

**Figure 4.10-1**  
**Projected Change in Sales per Square Foot by Distance within the CRSA**  
**2010-2020**



Source: Stanley R. Hoffman Associates, Inc.  
 Robert E. Goldman, Economist

From this analysis, the following findings and conclusions are drawn:

- Based on the performance measure of sales per square foot for Building Materials and Home Improvement stores serving the study RTA, it is concluded that the supply of competitive stores will not experience significant vacancies that will persist over the long-term.
- In the present analysis, as shown in Figure 6-1, sales per square foot trends after the introduction of the proposed Home Depot store, show: 1) either increases in performance at various distances from the proposed site (0-5 miles and greater than 10 miles); or 2) relatively small decreases (5 to 10 miles) in the short-term (2014), and then increases back close to their former level by 2020.
- While there have been declines in Building Materials and Home Improvement sales in recent years in the overall market area studied, there have also been decreases in the supply with the closing of the Lowe's Home Improvement store in northwest San Bernardino in late 2010, and, a Home Depot store located near the intersection of Interstate 215 and Highway 159 in San Bernardino is expected to close when its lease expires in early 2014.

- The DIY Home Center that opened in 2011 in the City of Big Bear Lake is shown to largely capture its sales from the Mountain area and does not directly compete for households that reside near the competitive stores in the City of San Bernardino and its neighboring jurisdictions.

While it is possible that individual stores may experience greater or lesser sales per square foot impacts than averages shown for various distance bands from the proposed Home Depot store (due to their unique locations or business conditions), it is projected that the sales per square foot trends, in conjunction with increases and decreases in the competitive retail supply, would not likely result in substantial and persistent increases in commercial vacancies that would result in urban decay. Therefore, any potential impacts are determined to be less than significant.