

## Victoria Gardens

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Rancho Cucamonga,  
California

Project Type:  
Mixed-Use/Multi-Use

Case No:  
C036017

Year:  
2006



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### SUMMARY

Designed to mimic a downtown that has evolved iteratively over time, Victoria Gardens is a new, pedestrian-oriented town center located 50 miles (80.5 kilometers) east of downtown Los Angeles in Rancho Cucamonga, a town at the heart of California's Inland Empire. This project—the result of a public/private partnership among Forest City, the Lewis Group of Companies, and the Rancho Cucamonga Redevelopment Agency—comprises department stores, shops, restaurants, a movie theater, a performing arts center, a library, and 55,000 square feet (5,100 square meters) of office space. Intended to serve as a new downtown for Rancho Cucamonga, the completed town center will also include a mix of 500 residential units.

### FEATURES

- Main Street Design
  - Open-Air Center
  - Pedestrian-Friendly Design
  - Public/Private Partnership
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### LOCATION

Suburban Fringe/Exurban

### SITE SIZE

175 acres/70.8 hectares

### LAND USES

Library, Performing Arts Facility, Town Center, Office Buildings, Town Square, Townhouses, Cinema, Main Street Retail, Shared/Structured Parking

### KEYWORDS/SPECIAL FEATURES

- Main Street Design
- Open-Air Center
- Pedestrian-Friendly Design
- Public/Private Partnership

### PROJECT WEB SITE

[www.victoriagardensie.com](http://www.victoriagardensie.com)

### PROJECT ADDRESS

12505 North Mainstreet  
Rancho Cucamonga, California 91739

### DEVELOPERS

Forest City Commercial Development  
Los Angeles, California  
213-488-0010  
[www.forestcity.net](http://www.forestcity.net)

Lewis Group of Companies  
Upland, California  
909-985-0971  
[www.lewisop.com](http://www.lewisop.com)

Rancho Cucamonga Redevelopment Agency  
Rancho Cucamonga, California  
1-877-5-RANCHO  
[www.ci.rancho-cucamonga.ca.us/govt/rda\\_director.htm](http://www.ci.rancho-cucamonga.ca.us/govt/rda_director.htm)

### ARCHITECTS

Altoon + Porter Architects

Los Angeles, California  
213-225-1900  
[www.altoonporter.com](http://www.altoonporter.com)

Elkus Manfredi Architects  
Boston, Massachusetts  
617-426-1300  
[www.elkus-manfredi.com](http://www.elkus-manfredi.com)

Field Paoli  
San Francisco, California  
415-788-6606  
[www.fieldpaoli.com](http://www.fieldpaoli.com)

KA Architecture  
Cleveland, Ohio  
216-781-9144  
[www.kainc.com](http://www.kainc.com)

## GENERAL DESCRIPTION

Situated at the foothills of the San Bernardino Mountains in southern California's burgeoning Inland Empire, Victoria Gardens is a pedestrian-oriented town center that integrates department stores, shops, restaurants, a movie theater, a children's library and cultural center, housing, and offices around a town square. The project's detailed, historically inspired design is based on a postmodern storyboard for how a southern California downtown might have organically evolved from a modest grouping of agricultural structures along a farm road to Main Street buildings designed in art deco, moderne, and contemporary styles.

Forest City, a national development company, and the Lewis Group of Companies, a local developer, formed a public/private partnership with the Rancho Cucamonga Redevelopment Agency to create Victoria Gardens, which, when completed, will comprise over 2.4 million square feet (222,960 square meters) of space.

Designed to transform Rancho Cucamonga's civic identity and create a new focal point in the heart of an existing community, Victoria Gardens has met the developers' required financial return while also creating jobs and generating tax revenue, and has fostered new catalytic development for the city. In addition, the project serves as a new model for higher-density, mixed-use development in a region of southern California characterized by low-density, land-consumptive sprawl.

## THE SITE

Located 50 miles (80.5 kilometers) east of downtown Los Angeles, Victoria Gardens occupies a 175-acre (71-hectare) parcel of land at the intersection of Interstate 15 and Foothill Boulevard in the increasingly affluent suburb of Rancho Cucamonga, in the heart of the Inland Empire.

The Inland Empire consists of San Bernardino and Riverside counties and is located east of Los Angeles and Orange counties. Historically a center for citrus production, much of the area's farmlands were bought up by homebuilders in the 1970s. During the late 1980s, the area transformed into a lower-cost "spillover" area for Los Angeles, anchored by manufacturing and transportation, as southern California's urban envelope grew. At present, the Inland Empire is a dynamic and expanding demographic market and is the 11th-largest and fourth-fastest-growing region of the country.

With the San Bernardino Mountains as its backdrop, the project site is bounded on the north by single-family houses, on the west by both single-family homes and multifamily housing, on the south by Foothill Boulevard (one of the primary east-west arterials in the area), and on the east by I-15. The site is also roughly three miles (4.8 kilometers) north of Interstate 10 and three miles (4.8 kilometers) south of the new Interstate 210, both major east-west freeways in southern California.

## BACKGROUND AND DEVELOPMENT PROCESS

At the time of its incorporation in 1977, the city of Rancho Cucamonga recognized the need for a focal point to create an identity for the community. The agricultural fields at the intersection of I-15 and Foothill Boulevard were identified by the Rancho Cucamonga Redevelopment Agency as ripe for such development, which was then envisioned as an enclosed shopping mall. In 1983, the city signed an agreement with the Hahn Company to develop an enclosed mall on the site, which before its transference to the city had been owned and operated by a local farmer as a vineyard. However, due to significant regional-serving infrastructure costs, mergers in the retail industry, and the recession of the early 1990s, the Hahn Company backed away from the project. In 1997, the land was returned to the city of Rancho Cucamonga.

In early 1999, the city reissued a request for qualifications to develop a two-story enclosed regional shopping mall on the site. The city interviewed seven developers—six national developers, including Forest City, Westfield, and the Jacobs Group, as well as one local development company, the aforementioned Lewis Group of Companies. As the selection process evolved, Forest City folded its proposal into that of the Lewis Group, forming a partnership. In September 1999, the partnership was chosen to develop the mall and exclusive negotiations began.

As plans for the mall evolved, Forest City recognized a need to differentiate it from nearby retail competition. Montclair Plaza, a well-established enclosed regional shopping center, is located 12 miles (19.3 kilometers) from the site in the town of Montclair. In addition, Ontario Mills, a large, enclosed outlet mall, lies only three miles (4.8 kilometers) south of the site in the adjacent town of Ontario.

Accordingly, plans for the mall evolved into a pedestrian-friendly, open-air mixed-use design. The open-air configuration differentiated Victoria Gardens from nearby competitors. The city also incorporated civic uses into the project, forming a mixed-use town center.

## FINANCING AND PUBLIC PARTNERSHIPS

The total development cost of the project was approximately \$234 million, including \$188 million in direct private costs, \$27 million in land costs funded by the Rancho Cucamonga Redevelopment Agency, and approximately \$19

million allocated to the project for special infrastructure costs. KeyBank, US Bank, LaSalle Bank, and Charter One Bank provided a \$130 million construction loan.

Major infrastructure requirements for Victoria Gardens included regional drainage and street improvements at a total cost of nearly \$50 million. Public assistance was necessary for the project to be economically viable. However, since the land had never been developed for an urban use, California law (legislation that was a response to subsidies for automalls and the like being built on agricultural fields throughout the state) barred the Rancho Cucamonga Redevelopment Agency from offering any form of assistance other than a land writedown. As a result, creative approaches to financing, such as the use of a community facilities district (CFD), which allows for financing of public improvements and services, were employed to make the necessary infrastructure improvements.

The city of Rancho Cucamonga transferred the project site to Forest City for \$1, which was effectively \$13 million less than it had anticipated receiving for the sale. To enable the deal, land costs had to be absorbed by the municipality. As is the case with similar deals, there was a difference of opinion as to how much assistance the developer really needed. But given the novelty at the time of the open-air configuration and the high project costs, Forest City was unwilling to bear the land acquisition costs. The resolution of this issue was twofold. First, a look-back calculation is to be made four years after the center opens; if audited cost and income data show that the developer is achieving a return on cost higher than the target, there will be a partial repayment of the land subsidy. Second, the Rancho Cucamonga Redevelopment Agency is entitled to a share of excess proceeds from the sale or refinancing of the project if proceeds are in excess of audited total development costs for the first sale or refinancing and the increased basis from sale or refinancing for each such event successively until the city recovers the extra \$13 million spent on land.

In its pro forma, Forest City initially sought a return on cost of 11 percent; this target was the basis for its negotiation of public assistance. Current income, before expenses, exceeds \$26 million. While the project's net operating income is confidential, Forest City has disclosed that sales are at record levels for the company in this type of center.

## PLANNING AND DESIGN

Victoria Gardens' sense of place is attributable in part to a postmodern notion of an imagined urban history. The master plan, which was created by San Francisco-based Field Paoli, is based on an elaborate storyboard for how a downtown might have organically developed in Rancho Cucamonga, from a modest grouping of agricultural buildings along a farm road to civic and commercial structures erected in a range of architectural styles. Accordingly, Victoria Gardens is configured according to a traditional street grid built to a pedestrian scale.

The result of the imagined history concept is an eclectic mix of buildings with differentiated and often dissonant styles designed by four architecture firms—Field Paoli, Elkus Manfredi, Altoon + Porter, and KA Architecture. Each street has a different feel, further contributing to the notion of a place that might have evolved over time. Street widths are varied and sidewalks are paved with 12 different surfaces. Plantings and other landscaping details are similarly varied. In addition, preexisting slopes throughout the site were not leveled during construction. Victoria Gardens' signature edifice is its food hall, which was designed to be reminiscent of a turn-of-the-century citrus packing house. Buildings evoking craftsman, mission, and Spanish colonial styles are located along the adjacent North Mainstreet, while the town square is surrounded by civic-looking structures that mimic the neoclassical style. The buildings of South Mainstreet—where the department stores are located—evoke streamlined modernist styles, ranging from moderne to art deco. Individual buildings were named after early settlers of the area; examples include Kilbourn Hall, the L.M. Hold Building, and two structures named after the Chaffey brothers, two of the area's first Anglo settlers.

It is important to mention that Victoria Gardens clearly reads as a new project; it is not an attempt to fake a historic setting. The storyboarding and interpretation of a downtown that may have evolved over time are intended only to add texture, color, and interest to the project.

The leasing strategy was based on zones that overlay Victoria Gardens' stylistic zones. The northwest quadrant of the project caters to a "generation X/Y" user, with junior retailers such as Anthropologie. The northeast quadrant is dedicated to "nightlife"; a number of restaurants are located there in addition to the 12-screen AMC Theater. Family-oriented uses are clustered around the town square, and South Mainstreet has both a "high street fashion" zone and a "home lifestyle" zone.

The site also includes numerous fountains and other water features, intended to link its design with nearby mountain waters. Numerous paseos, pocket parks, and courtyards connect the main streets and the parking areas. Salvaged neon signs, tiled pavements, murals, and building plaques telling the history of Rancho Cucamonga contribute to the imagined layers of Victoria Gardens.

One challenge was parking. Obviously, the vast surface parking lots necessary to support this project were incongruous with the pedestrian-oriented streetscape of a true downtown, so three parking garages were built instead. As of June 2006, the center had over 5,600 parking spaces split between surface lots and structured facilities and is almost entirely surrounded by parking lots, but the project is entitled for almost 1 million more square feet (93,023 square meters) of development. It is anticipated that buildings will occupy many of those parking fields in the near term and additional new parking structures will be constructed as development proceeds.

## MARKETING, TENANTS, AND MANAGEMENT

Victoria Gardens is the first major upscale open-air retail center in the Inland Empire. As previously mentioned, this area has historically been known as a lower-cost spillover area for southern California urban growth.

Early in the development process, Forest City recognized that changing demographics were creating an opportunity at the eastern end of the Inland Empire. However, persuading retailers proved to be a challenge. As is commonly an issue with open-air retail centers, potential merchants were concerned about the lack of prominent street signs or streetfront visibility from a major arterial. They were also discouraged by the Inland Empire's reputation as secondarily desirable region within southern California. For retailers, one upside to the location was the draw of the civic uses—the library and the performing arts center—which are projected to be used by 500,000 people annually when completed. However, it was Forest City's strong relationships with national retailers that secured tenants that were "on the fence." After a few key national tenants were secured, including Talbots, Williams-Sonoma, and Pottery Barn, other retailers followed.

Today, Victoria Gardens comprises more than 120 stores. Several retailers, including Coach, Williams-Sonoma, the Apple Store, and Pottery Barn, are new to the Inland Empire market. As of September 2006, the department stores are Macy's and JCPenney, with one additional anchor planned. Middle-market chain retailers are very well represented; absent are high-end tenants such as Tiffany and Company and Armani. Victoria Gardens also has a wide variety of restaurants, ranging from smaller fast-food options to more family-oriented choices such as California Pizza Kitchen, P.F. Chang's China Bistro, Lucille's Smokehouse Barbeque, and TGI Friday's to more upscale restaurants including King's Fish House and Flemings Steakhouse and Wine Bar.

Marketing activities have included an antique car show, a road race, local school-sponsored events, holiday celebrations, and jazz concerts, and are generally targeted to residents of the Inland Empire. Forest City considered the project especially successful after a Rancho Cucamonga couple held their wedding ceremony on the town square.

#### EXPERIENCE GAINED

From the city's perspective, the project has been very successful, generating in excess of \$5 million in sales and property taxes annually. The estimated internal rate of return on the Rancho Cucamonga Redevelopment Agency's investment exceeds 16.5 percent, or more than \$167 million in revenues over a 30-year period. In addition, 3,000 new full- and part-time jobs were created by the businesses located in Victoria Gardens and spinoffs with a payroll exceeding \$50 million each year. Furthermore, the project has spurred the development of 500,000 square feet (46,511 square meters) of other retail space on adjacent parcels.

The town center approach as well as the tenant mix required for Victoria Gardens' success were risks, given the retail forms that persist in the Inland Empire, but in the end, the novelty of the project's configuration translated into a competitive advantage. Leasing was initially challenging, but after a critical mass of tenants was obtained, leasing additional tenants became much easier.

The vast majority of Victoria Gardens' retail space is single story; in retrospect, Forest City might have considered incorporating residential units over the retail uses.

Only time will tell how the project's seemingly incremental design ages. One major benefit is that the site consists of many individual buildings, which means that they may be replaced one by one, allowing the project to look more like a historic downtown that has evolved over time.

**PROJECT DATA****LAND USE INFORMATION**

Site area (acres/hectares): 175/70.8  
 Number of residential units: over 500 in the planning stage  
 Number of parking spaces: 5,600 total (1,180 decked)

**GROSS BUILDING AREA**

Use	Area (Gross Square Feet/Square Meters)
Office	55,000/5,100
Retail	1,400,000/130,000
Civic	90,000/8,350
Cinema	56,000/5,200
Total GBA	2,450,000/227,000

**LEASABLE AREA OR UNITS/ROOMS**

Use	Area (Square Feet/Square Meters)
Office net rentable area	49,000/4,550
Retail gross leasable area	1,200,000/112,000

**LAND USE PLAN**

Use	Area (Acres/Hectares)	Percentage of Site
Buildings	2,286,000/925,099	30
Streets/surface parking	3,429,000/1,387,648	45
Landscaping/open space	762,000/308,366	10
Streetscapes	1,143,000/462,549	15
Total	7,620,000/3,083,662	100.0

**OFFICE INFORMATION**

Percentage of NRA occupied: 55  
 Number of tenants: 7  
 Average tenant size (square feet/square meters): 4,870/450  
 Annual rents (per square foot/square meter): approximately \$23/\$247  
 Average length of lease: 5 years  
 Typical terms of lease: Landlord responsible for common-area maintenance. Tenant has separate meter and is responsible for utilities and insurance expenses.

Office Tenant Size	Number of Tenants
Under 5,000 square feet/46 square meters	4
Between 5,000 and 10,000 square feet/465 and 930 square meters	2
More than 10,000 square feet/930 square meters	1
Total	7

**RETAIL INFORMATION**

Tenant Classification	Number of Stores	Total Gross Leasable Area (GLA) (Square Feet/Square Meters)
General merchandise	9	18,495/1,718
Food service	29	78,150/7,260
Clothing and accessories	44	189,465/17,601
Shoes	10	21,855/2,030
Home furnishings	7	39,827/3,700
Hobby/special interest	3	5,233/486
Gift/specialty	7	15,643/1,453
Jewelry	3	4,761/442
Personal services	14	29,492/2,740
Recreation/cinema	1	51,832/4,815
Department stores	3	68,582/6,371
Other	6	52,288/4,858
Vacant		56,421/5,242
Total	136	632,044/58,716

Percentage of GLA occupied: 94  
Annual rents (per square foot/square meter): approximately \$35–\$120/\$376.25–\$1,290  
Average annual sales (per square foot/square meter): approximately \$570/\$6,127.50  
Average length of lease: 5 to 10 years

Anchor Tenants (Square Feet/Square Meters)

Macy's: 174,429/16,204  
Macy's (formerly Robinsons-May): 181,694/16,879  
JCPenney: 132,837/12,341  
AMC Theater: 56,000/5,202

Major Tenants (Square Feet/Square Meters)

Crate & Barrel: 18,468/1,716  
Pottery Barn: 12,874/1,196  
Anthropologie: 11,030/1,025  
Cheesecake Factory: 10,244/952  
Victoria's Secret: 10,123/940  
Abercrombie & Fitch: 8,339/775  
Urban Outfitters: 10,000/929  
Bombay: 8,497/789  
Ulta Salon: 9,954/925  
Williams-Sonoma: 6,137/570  
Banana Republic: 7,611/707  
Express: 8,981/834

#### DEVELOPMENT COST INFORMATION

Total Site Acquisition Cost: \$232,000  
Land acquisition: \$1  
Closing and legal costs: \$232,000

Total Construction Costs: \$107,000,000  
Site improvement costs: \$36,400,000  
Building/retail and second-level office: \$64,000,000  
Other/additional: \$6,600,000

Total Soft Costs: \$21,300,000  
Architecture/engineering: \$11,000,000  
Marketing: \$1,400,000  
Legal/accounting/lease fees: \$6,400,000  
Financial, including title fees, construction interest, and fees: \$2,500,000

Total Development Cost: \$128,532,000

#### DEVELOPMENT SCHEDULE

Planning started: August 2000  
Leasing started: October 2000  
Site purchased: September 2002  
Construction started: October 2003  
Phase I completed: October 2004  
Phase II expected completion: fall 2006

#### DRIVING DIRECTIONS

*From Los Angeles International Airport:* Take I-105 east toward Norwalk. Merge onto I-605 north to I-10. Take I-10 east to I-15 toward Barstow. Take the second exit at the Foothill exit. Exiting the interstate, turn left and the project is located 500 yards (457 meters) on the righthand side.

*Driving time:* 60 minutes in nonpeak traffic.

*From Ontario International Airport:* Take I-10 east to I-15 toward Barstow. Then take the second exit at the Foothill exit. Exiting the interstate, turn left and the project is located 500 yards (457 meters) on the righthand side.

*Driving time:* ten minutes in nonpeak traffic.

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This Development Case Study is intended as a resource for subscribers in improving the quality of future projects. Data contained herein were made available by the project's development team and constitute a report on, not an endorsement of, the project by ULI—the Urban Land Institute.

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Photo by Erhard Pfeiffer

A public/private partnership among the city of Rancho Cucamonga, Forest City, and the Lewis Group of Companies, Victoria Gardens is designed to transform the city's civic identity and create a new focal point in the heart of an existing southern Californian suburban community.



Photo by Brent Moore, RMA Photography

The 175-acre (70.8-hectare) Victoria Gardens project comprises shops, restaurants, a movie theater, office space, and a variety of civic uses on a neotraditional street grid.



One of the development team's goals for the site was to make it appear as if the project had evolved over time from a small grouping of agricultural buildings to a lively, small-town main street. This imagined urban history was not intended to fake a historic setting, but rather to add texture, color, and interest to the project.

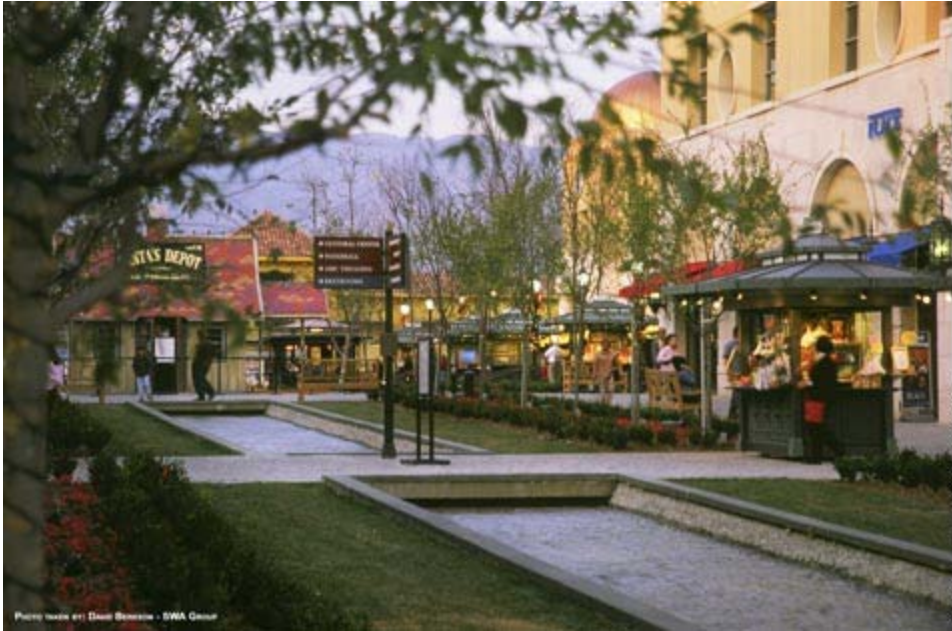


A master plan created by Field paoli used the concept of Victoria Gardens? imagined history to guide the development of a mix of buildings with a range of differentiated and often dissonant architectural styles.



Photo by James C. Audi, AIA, Altos + Porter Architects, LLC

The project's leasing strategy involved overlaying shopping zones onto the distinct stylistic architectural zones?the northwest quadrant caters to younger shoppers; the northeast quadrant is home to nightlife and restaurants; family-oriented uses are clustered around the town square; and a high fashion and housewares zone is found along South Mainstreet.

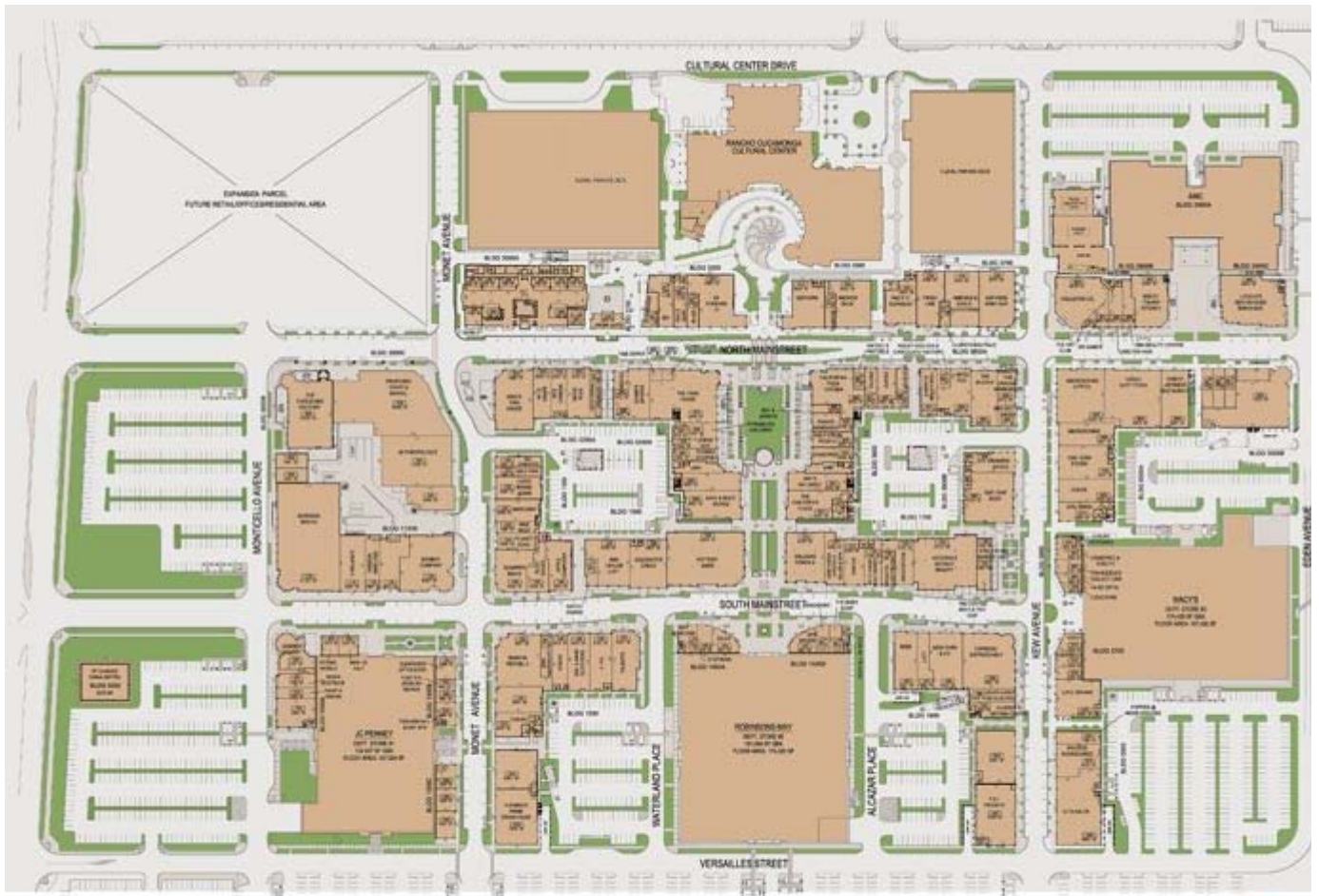


Numerous paseos, pocket parks, and courtyards connect the main streets and the parking areas.



Photo by Paul Frederick

Immediately surrounding Victoria Gardens are parking lots, but further out the area is characterized by low-density residential development.



**FORESTCITY**  
COMMERCIAL DEVELOPMENT

Project Site Plan



Victoria Gardens site plan.