Game Time! Opportunities and Challenges in Policy Planning for Downtown Revitalization and Development

Sacramento... A City Always in Transition

Outline

- 1850-1900
  City Origins

- 1900-1950
  Growing Regional Center

- 1950-1980
  Urban Renewals and Redevelopment

- 1980-2000
  A New Vision

- 2000-2009
  Sacramento Downtown Revitalization and Development

- 2009-Present
  Vacant Spaces to Happening Places
1850-1900
City Origins
1900-1950
Growing Regional Center
1950-1980
Urban Renewal and Redevelopment
1980-2000
A New Vision
2000-2009 | Laying the Groundwork
Sacramento Downtown Revitalization and Development
We said we wanted higher density, mixed-use infill development in our downtown, but . . .

…this is what greeted infill developers

- Rezones
- Several special permits
- Multiple variances
- EIRs
- Many hearings and appeals
A case in point: La Valentina

- Higher density, mixed-use TOD development
- Adjacent to a light rail station
- 82 affordable units
- Energy efficient
- In close proximity to services
- Near a job center and entertainment district
City Requirements for Approval
La Valentina Project

- **Rezone** - RMX to R-5
- **Plan Review** - Apartment complex
- **4 Special Permits:**
  - Reduced parking
  - Commercial on the ground floor
  - Exceeding allowable height
  - Gates at private vehicular entrance
- **7 Variances:**
  - Reduced setbacks
  - Higher roof structure
  - Additional compact parking stalls
  - Reduced interior side yard
  - Vehicular gate setback
  - Vehicle maneuvering width reduction
  - Distance exceeding 250 feet from residential to trash disposal area

City Requirements for Approval
La Valentina Project

- **Site Plan and Design Review**
  - Staff-level review. No rezoning; no use permits; no variances.
General Plan Master EIR

• Used to streamline environmental review
• Updated every 5 years
• Allowed projects to tier off of it
• Reduced level of environmental review for infill
• Reduced uncertainty for infill developers
R Street Corridor

- R Street Corridor planning efforts
  - Capitol Park Neighborhood Development Plan
  - Established special planning district
- Partnership with State through CADA
- Focused infrastructure investments
- Pilot projects paved the way
- General Plan, MEIR and new Zoning Code support more development
Sacramento Railyards

- Largest infill site in western U.S.
- Adjacent to 7th busiest train station in U.S.
- Will double the size of Downtown
- City partners with developers
River District

- Located between Railyards and American River
- City prepared River District Specific Plan
- Grant funding for infrastructure secured
- RT extends light rail to Downtown
- City partners with developers
Other Remaining Challenges

- The demise of redevelopment
- CEQA litigation
- Complexities of public private partnerships
- Remaining uncertainty for infill developers

Legislation Support and Solutions

- SB 375
  - Greater support for infill
  - Sustainable Community Strategies
- SB 226
  - Streamlining of environmental review for infill
- SB 743
  - The shift from LOS to VMT
  - More CEQA but swifter legal action
2009-Present | Golden 1 Center and Downtown Reinvestment

Vacant Spaces to Happening Places

Governor Jerry Brown ends redevelopment in 2012
CITIES IN TRANSITION: Game Time! Opportunities and Challenges in Policy Planning for Downtown Revitalization and Development – Sacramento…A City Always in Transition
To Create a Downtown Transformation

From this...

December 2013

...to this!

March 2017
...and this!

A Public-Private Partnership
A Public-Private Partnership

Sources for Development

City Contribution:
- City Public Financing (Bonds) $212,500,000
- City Parking Fund $5,630,010
- City Downtown Investment Proceeds $6,000,000
- City Land Transfer and Sales (to Kings) $32,049,480

City Total: $255,179,490

Kings’ Contribution:* $263,667,520

Project Total $518,847,010

* Kings responsible for all cost overruns.

An Investment that Pays Dividends

Debt Service = $18M

Revenue above D/S to City GF

D/S Reserve

Parking Revenue

Kings Lease Payments


Lease  Parking  D/S Reserve  Column 1
### Interest in Downtown

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Before</th>
<th>After Arena</th>
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<tbody>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-34</td>
<td></td>
<td></td>
</tr>
<tr>
<td>35-54</td>
<td></td>
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<tr>
<td>55+</td>
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### Downtown Property Sales

<table>
<thead>
<tr>
<th>Property</th>
<th>Year</th>
<th>Owner</th>
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<tbody>
<tr>
<td>Retro Lodge</td>
<td>2014</td>
<td>Sutter Capitol Group</td>
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<tr>
<td>1110 K Street</td>
<td>2014</td>
<td>New Car Dealers Association</td>
</tr>
<tr>
<td>1517 L Street</td>
<td>2014</td>
<td>California Faculty Association</td>
</tr>
<tr>
<td>555 Capitol Mall</td>
<td>2014</td>
<td>Buzz Oates Group &amp; New Legacy 555 LLC</td>
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<tr>
<td>730 I Street</td>
<td>2014</td>
<td>Sports Basement</td>
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<tr>
<td>416 J Street</td>
<td>2014</td>
<td>Silver Lining Properties</td>
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<tr>
<td>Ranschoff Building</td>
<td>2014</td>
<td>Sutter Capital Group</td>
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<tr>
<td>501 J Street</td>
<td>2014</td>
<td>Kaiser Permanente</td>
</tr>
<tr>
<td>RailYards Hospital Site</td>
<td>2015</td>
<td>Kaiser Permanente</td>
</tr>
<tr>
<td>1001 K Street, Unit 100</td>
<td>2014</td>
<td>Capitol Morning Report</td>
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<tr>
<td>800 J Street Lofts</td>
<td>2015</td>
<td>The Wolff Company</td>
</tr>
<tr>
<td>1325 J Street</td>
<td>2015</td>
<td>Princeton Holdings/Bluestone Group</td>
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<tr>
<td>630 K Street</td>
<td>2015</td>
<td>Swift Real Estate Investors</td>
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<tr>
<td>1001 K Street, Unit 400</td>
<td>2015</td>
<td>California Republican Party</td>
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<td>920 K Street</td>
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<td>10kay</td>
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<td>10kay</td>
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<tr>
<td>930 K Street</td>
<td>2015</td>
<td>10kay</td>
</tr>
<tr>
<td>Senator Hotel</td>
<td>2015</td>
<td>Swift Real Estate Investors</td>
</tr>
</tbody>
</table>

Source: Downtown Sacramento Partnership
The Return on Investment so far

$80+ Million
2014-2015 Downtown property sales

150%
Increase in property value

Source: Downtown Sacramento Partnership

Downtown Leasing Activity

YTD leasing volume downtown is up 32.1% over 2014 at this point in the year, totaling over 331,000 square feet. Tenants are focusing on space located within two blocks of the Golden 1 Center and the epicenter of revitalization activity.

New tenants to downtown constitute a broad range of industry types including law firms, real estate companies and PR groups. A number of design firms, in particular, have cited the desire to be “closer to the action” in their relocation decision.

As competition for downtown space heats up, so to have rents, the average asking rate is up 4.1 percent over last year and continues to grow. Downtown tenants with upcoming expiring leases would be wise to sign sooner than later.

Source: JLL Research; lease data includes YTD new deals.
Vanir Office Tower
California Fruit Building

Railyards – A Key Downtown Opportunity Area
Railyards – A Key Downtown Opportunity Area

10,000 New Housing Units by 2025
The continuing transition of downtown . . .

Convention Center Expansion
Sacramento Riverfront
Performing Arts Center
Urban Housing
Downtown Railyards
Major League Soccer

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