



5.2

DEVELOPMENT SERVICES  
DEPARTMENT

**CITY OF SACRAMENTO**  
CALIFORNIA

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DOWNTOWN ECONOMIC  
DEVELOPMENT DIVISION

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September 9, 2004

City Council  
Sacramento, California

Honorable Members in Session:

**SUBJECT: CENTRAL CITY STATUS REPORT**

**LOCATION/COUNCIL DISTRICT:** Council Districts 1, 3 and 4

**RECOMMENDATION:** This item is for information only.

**CONTACT PERSON:** Wendy Saunders, Downtown Development Manager, 808-8196  
Traci Michel, Sr. Management Analyst, 808-8645

**FOR THE COUNCIL MEETING OF:** September 14, 2004

**SUMMARY:**

The attached presentation has been prepared on the status of developments taking place within the Central City. The presentation is a result of a cooperative effort between various City departments, SHRA, CADA, DSP and private development partners.

**BACKGROUND:**

The presentation has been prepared on the status of developments taking place within the Central City. It is a result of a cooperative effort between various City departments, SHRA, CADA, CSP and private development partners.

For presentation purposes, the Central City has been defined as the area between the Sacramento River to the west, American River to the north, Interstate 50 Freeway to the south, and Capital City Freeway to the east.

The presentation is intended to update Council with respect to development accomplishments in the Central City, upcoming opportunities, and future actions.

**FINANCIAL CONSIDERATIONS:** None

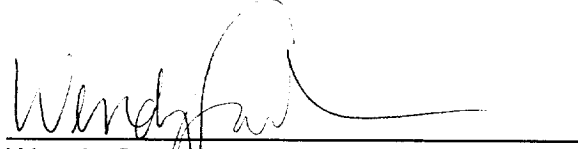
**ENVIRONMENTAL CONSIDERATIONS:** None

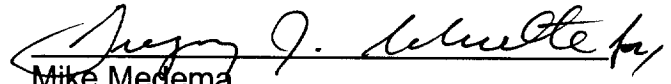
**POLICY CONSIDERATIONS:** None

**ESBD CONSIDERATIONS:** None

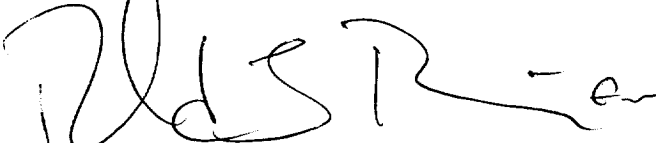
Respectfully submitted,

Approved:

  
\_\_\_\_\_  
Wendy Saunders  
Downtown Development Manager

  
\_\_\_\_\_  
Mike Medema  
Interim Director of Development Services

RECOMMENDATION APPROVED:

  
\_\_\_\_\_  
ROBERT P. THOMAS  
CITY MANAGER

The City of Sacramento and Sacramento Redevelopment Agency

*Bringing New Life to the Central City*

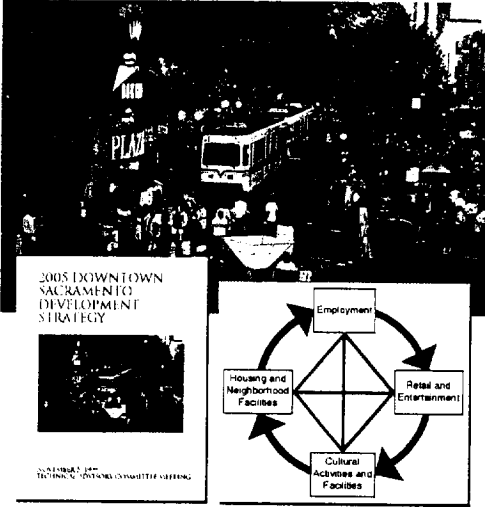
*next generation  
of investment*



*Accomplishments  
New Context for  
Investment  
Opportunities*

The City of Sacramento and Sacramento Redevelopment Agency  
*Bringing New Life to the Central City*

## Introduction



- 2001 Council Workshops
- Goals and Themes
  - Retail and Entertainment
  - Urban Waterfront
  - Living Downtown
  - Making Connections
- Project Implementation

### Background

On December 11, 2001 the City Council approved the following goals and objectives for considering future redevelopment projects:

- The project will contribute to achieving the vision of adopted 5-year Redevelopment Strategy;
- The project will remove blight;
- The project will leverage significant private or public investment;
- The project will spur additional private investment in the vicinity;
- The project will contribute to City revenues; and
- The project will create jobs.

In addition, proposed projects that meet some or all of the following criteria shall be given priority:

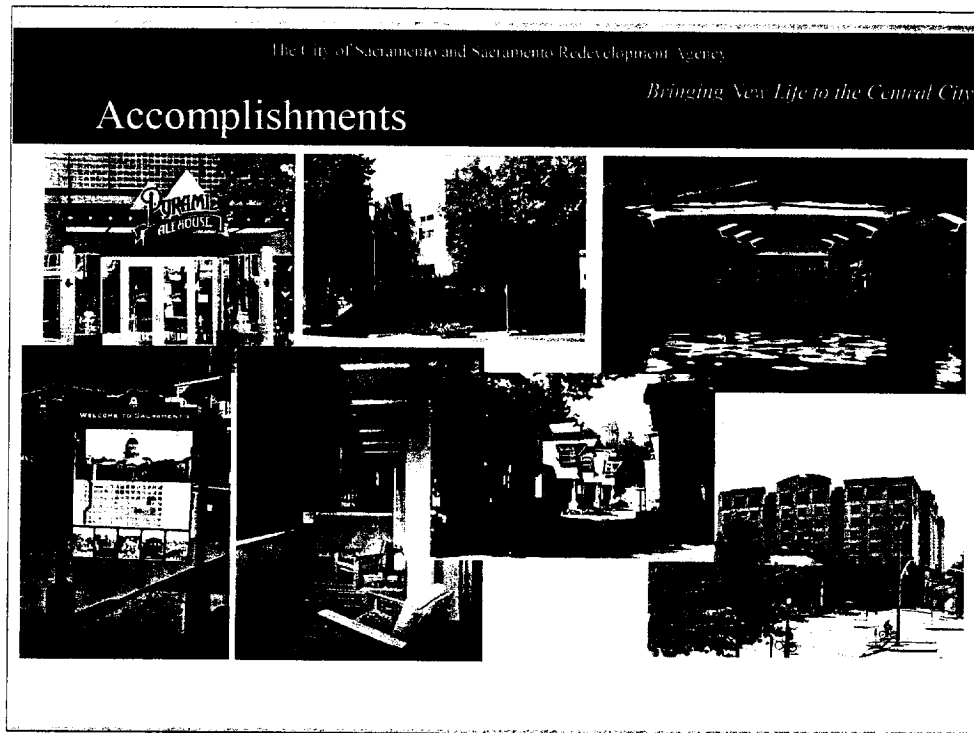
- The project will achieve multiple redevelopment goals;
- The project will take advantage of an existing asset or investment;
- The project will appeal to a large group of users;
- The project will contribute significantly to the aesthetic environment; and
- The project employs smart growth principles and infill development strategies.

## Introduction – Projects Underway



### Projects currently underway:

- 9<sup>th</sup> and J
- 18<sup>th</sup> and L
- 21<sup>st</sup> and L
- Ping Yuen
- CalPERS
- 18<sup>th</sup> and Capitol
- Fremont Mews
- R Street Market
- 19<sup>th</sup> and O
- 17<sup>th</sup> and Q



## **Project Implementation**

### Retail and Entertainment:

Music Circus/Wells Fargo Pavilion, PF Changs, Luccas, Pyramid Brewery, Chops, Hukilau, Nishiki, Zocalos, Joey B's, Sammy Chu's, Melting Pot, Brew it Up, Nine Doors, Skybar

### Urban Waterfront:

Embassy Suites, Joe's Crab Shack, Waterfront Master Plan, Water Intake Structure

### Living Downtown:

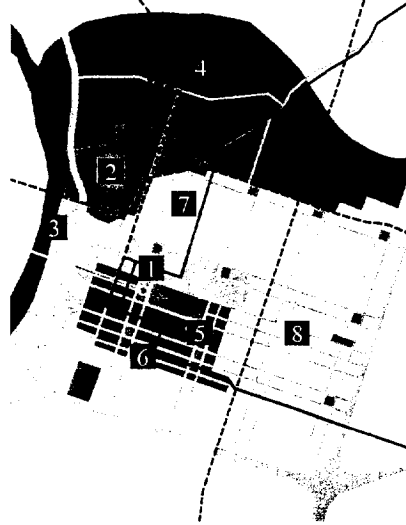
**200** units already constructed, **682** underway

16<sup>th</sup> and J, 25<sup>th</sup> and I, Capital Park Homes, 18<sup>th</sup> and Capital, 10<sup>th</sup> and T

### Making Connections:

7<sup>th</sup> Street Extension, Wayfinding

## Accomplishments



### *Investment Areas*

1. Downtown Redevelopment
  2. Railyards
  3. Waterfront
  4. Richards
  5. CADA Area
  6. R Street
  7. Alkali Flat
  8. Neighborhoods
- Linkages

## Accomplishments

- **Strong Permit Activity (since 2001)**
  - **260** Building Permits for new construction issued
  - **650** applications submitted to Design Review and Preservation Board
- **Development Results**
  - **200** new residential units constructed since 2000
  - **682** residential units currently under construction
  - **125** residential units approved (not under construction)
  - **707** residential units proposed (as submitted to Planning)
  - Significant new restaurant developments
  - Precedent-setting adaptive reuse projects
  - Over **500** sewer credits issued

### **Permit Activity:**

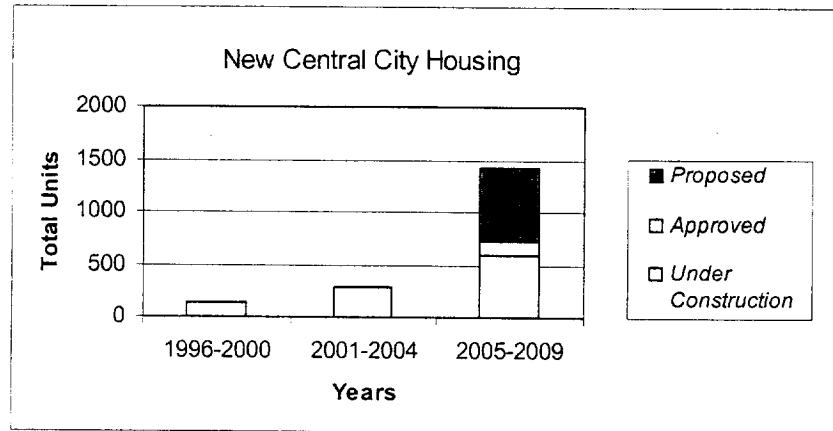
- Doesn't include permits for additions/major alterations
- Average Annual Citywide growth over past 3 years: **11%**
- Average Annual Central City growth over past 3 years: **20%**

### **Development Results:**

- New residential units include Fremont Building (69-units), East End Lofts (18-units), Capitol Park Homes (64-units), 10<sup>th</sup> and T (13-units), 15<sup>th</sup> and Q Street (7-units), various infill (29-units)
- Significant number of new restaurants
- Private office developments including: Meridian Plaza, East End, 19<sup>th</sup> and K, California Teachers Association, and Discovery Center
- Precedent-setting adaptive reuse projects:
  - Former Dunn Edwards building, 16<sup>th</sup> and J, 9<sup>th</sup>/J renovation (Ruhstaller Building)



## Accomplishments



Note: proposed housing units consist of projects with pending applications.

## Accomplishments

- Affordability
  - 123 new affordable units (2000-4)
  - 226 new affordable units (2005-9)
  - 20% of units under construction/proposed
- Projects completed without Agency assistance
  - Smaller infill
  - No affordability restrictions
  - Few in core of Downtown

### **Affordable Housing:**

- 2000-4 – 123 affordable (of 282); 24 VL, 86 L, 13 Moderate
- 2005-9 – 226 affordable (of 1432); 117 VL, 55 L, 54 Moderate
- Most unassisted infill less than 6 units
- Rents not quite keeping pace with cost of land, increased construction and labor costs, aging infrastructure costs
- Land speculation continuing to make infill economics challenging

## Accomplishments

- **Increase in Sales Tax**
  - Over 1,800 businesses with taxable sales in the Central City
    - 16% growth rate over past 5 years (vs. 12% Citywide)
    - 2003-2004 increase of over 10% (vs. 4% Citywide)
  
- **Significant Public-Private Leverage (since 2001)**
  - Over \$40 million in public funds spent
  - Over \$225 million in private funds leveraged
  - Project highlights:
    - Embassy Suites
    - Music Circus/Wells Fargo Pavilion
    - Capitol Park Homes
    - East End Lofts

### **Sales Tax:**

- Annual average Citywide growth rate over past 5 years: **12%**
- Annual average Central City growth rate over past 5 years: **16%**
- Strong Central City increase from 2003-2004 of over 10% vs. only 4% Citywide

### **Public-Private Leverage (since 2001)\***

- Over \$40 million in public funds spent/committed
- Over \$225 million in private funds leveraged
- Includes: East End Lofts at 16<sup>th</sup>/J, Lucca Restaurant at 16<sup>th</sup>/J, Pyramid Brewery at 11<sup>th</sup>/K, Esquire/IMAX at 13<sup>th</sup>/K, Chops at 11<sup>th</sup>/K, Fremont Building at 16<sup>th</sup>/P, Ping Yuen at 5<sup>th</sup>/L, Residential at 18<sup>th</sup>/L and 21<sup>st</sup>/L, Capitol Park Homes at 14<sup>th</sup>/P, CADA Capitol Lofts at 11<sup>th</sup>/R, Fremont Mews at 15<sup>th</sup>/Q, and Embassy Suites and Joe's Crab Shack on the waterfront

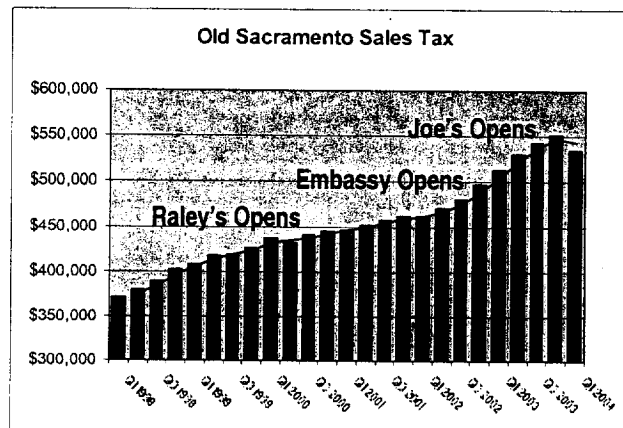
## Accomplishments

- Embassy Suites
  - Opened June 2002
  - Helped increase Old Sac Sales Tax revenues
  - Public investment: \$4.4m
  - Private funds leveraged: \$40.6 m



### Embassy Suites Project:

- Provided waterfront focus and served as a catalyst for Joe's Crab Shack restaurant development
- The development of Raley Field, Embassy Suites, and Joe's Crab Shack significantly contributed to a sales tax increase in Old Sacramento - within first year of Embassy's opening, Old Sac saw a 12% increase and another 4% once Joe's Crab Shack opened



- Parking meter pilot project has generated more customer turnover in Old Sacramento
- Hotel's monthly average occupancy rate: 80%

## Accomplishments

- Music Circus (15<sup>th</sup>/H)
  - Catalyst for bringing people downtown
  - Supports new Memorial Garage tenants
  - Public investment: **\$1.32 million**
  - Private funds leveraged: **\$15.3 million**



Memorial Garage tenants include:

- Brew It Up
- Melting Pot
- Starbucks

## Accomplishments



- **Capitol Park Homes (14<sup>th</sup>/P)**

- Mixed-Income Development
- 64 single-family homes
- Evidenced strong ownership market
- Partnership with CADA
- Public investment:
  - **\$2.8 million**
- Private funds leveraged:
  - **\$11.2 million**



### Capitol Park Homes (14<sup>th</sup>/P)

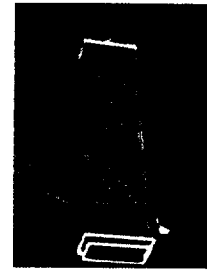
- Project provided successful integration of new neighborhood into existing one
- Demonstrated market acceptance of new product
- Resale values highlight continued interest for downtown living and ownership units

## Accomplishments



- **East End Lofts (16<sup>th</sup>/J)**

- Icon for downtown mixed-use projects
- Successful mixed-use with loft-style residential above premier restaurants and offices
- Catalyst for attracting other restaurants
- Precedent-setting adaptive reuse
- Public investment:
  - **\$3 million**
- Private funds leveraged:
  - **\$13 million**



### East End Lofts (16<sup>th</sup>/J)

- Helped to attract other restaurants:
  - Luccas
  - Mikunis
  - Skybar
- Set a precedent for adaptive reuse and demonstrated a successful balance between economic development/redevelopment and historic preservation
- Supports Cultural and Entertainment District Master Plan
- Ownership is currently pursuing additional downtown investments

## Context for New Investment

- Lifestyle Alternatives
- Housing for Everyone
- Retail and Entertainment
- Employment



## Context for New Investment

- Markets for the Urban Lifestyle
  - New and growing market interests in urban living
  - Corporate needs, frequent travelers, commuters



**Singles**



**Sophisticates**



**Empty  
Nesters**

### Markets for the Urban Lifestyle

- Singles:
  - 21-24 years old
  - Low-amenity and affordable rental housing
- Sophisticates:
  - 24-34 years old
  - High amenity and edgy rental and ownership housing
- Empty Nesters:
  - 49-59 years old
  - High amenity and comfortable rental and ownership housing

## Context for New Investment

- Housing for Everyone
  - Workforce housing
  - Range of housing types, styles, and affordability
  - Mixed-income developments



### Housing for Everyone

- Restaurant Example: housing is needed for the owners, chef, customers, and wait staff
- Existing City policies support the continued reinvestment of neighborhoods and introduction of a mix of uses that support the concept of a 24-hour Central City
  - Central City Plan:  
*“Provide adequate housing for all residents of the Central City at all socio-economic levels, and in particular provide the opportunity for low and moderate income level persons to reside within the Central City. And further, provide a choice of housing types by developing new housing and conserving existing housing.”*
  - R Street Corridor Plan:  
*“Create distinctive, stable and integrated residential neighborhoods serving a range of income levels and populations to provide a choice of housing opportunities near downtown jobs.”*  
*“Strive to incorporate a range of income types within neighborhoods and where possible within projects.”*

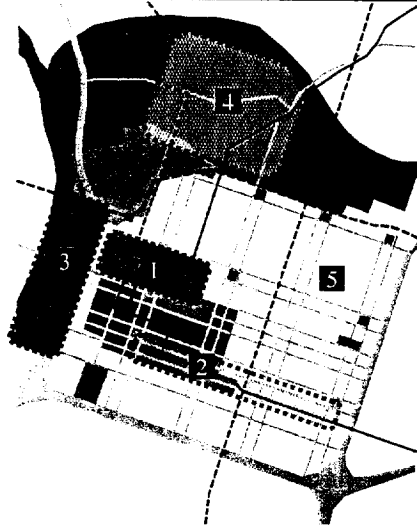
## Context for New Investment

- Retail and Entertainment
  - Shopping
  - Dining
  - Basic Needs (grocery stores, pharmacies, schools)
  - Entertainment (museums, open space, theaters, music)
- Employment
  - New office development
  - Adaptive reuse
  - Hospital expansions as catalysts
  - Hotel development/convention and tourism industry

### Employment

- Class A office – market has slowed, but need to continue to support development
- Class B/C office – look at adaptive reuse of Central City's smaller, historic and/or vacant buildings.
- Central City is losing smaller professional businesses, that want to own property due to escalating rents, but cannot afford to buy/renovate
  - Need to continue to find incentives for infill development
  - Need to implement an employment recruitment program
- Hospital expansions as neighborhood catalysts
- Hotel development/convention and tourism industry
- Supports Central City improvements (TOT, sales tax revenues from tourists, national recognition)

## Context for New Investment



### *Opportunity Areas*

1. K Street
2. R Street
3. Waterfront
4. Richards Boulevard/Railyards
5. Infill

## Context for New Investment

- **Funding Capacity**
  - Continued need for public investment in Central City development
  - Continued focus on infill incentives
  - New revenue sources needed for continued revitalization
  - Balance to Benefits

### **Funding Capacity**

- Continued need for public investment in Central City development:
  - Increased rents and lease rates are not keeping pace with escalating land prices and construction costs
- New revenue sources needed for continued revitalization:
  - Reduced Federal, State and other local sources of funding
  - Pursue redevelopment plan amendment needed to extend bonding capacity for downtown revitalization
  - Pursue non-profit establishment to maximize redevelopment resources and provide greater funding flexibility
- Balance to Benefits:
  - Work as a team to balance housing, employment, open space, infrastructure, historic preservation, retail and entertainment needs

## Opportunities



- Living Downtown
  - J, K, and L Streets
    - K Street opportunity sites
  - Waterfront/Old Sacramento
  - Railyards
  - R Street
    - CADA and CalPERS housing
  - Infill
    - Globe Mills
    - Encourage private infill through infill incentives

### Living Downtown Strategies:

- Develop housing on K Street to stimulate activity beyond just work hours
- Introduce housing on the waterfront

## Opportunities

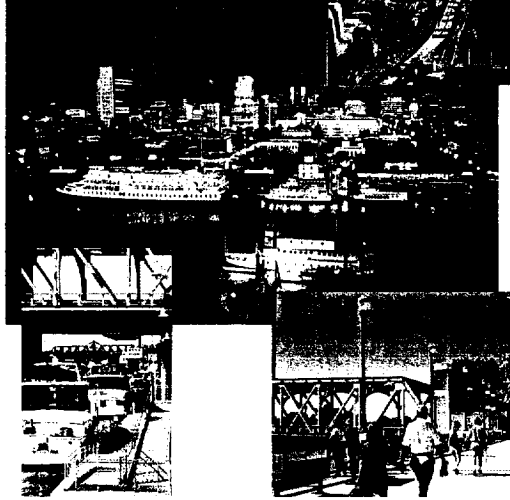


- Retail and Entertainment
  - K Street
  - Community Center Theater renovation
  - B Street Theatre relocation/expansion
  - Crocker Art Museum expansion
  - Arena development

### Retail and Entertainment

- K Street
  - Upcoming community workshop to receive input of future redevelopment direction
  - Need to establish new direction for project concept at 10<sup>th</sup>/K
  - Need to move forward with theater project at 7<sup>th</sup>/K
- Continue to pursue Arena development alternatives

## Opportunities



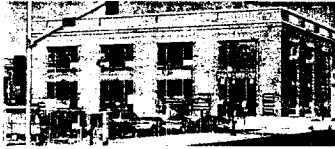
- Urban Waterfront
  - Old Sacramento Opportunity Sites
  - The Docks Area
  - Bridging I-5
  - Tower Bridge Widening
  - Celebration spaces and river access
  - PG&E building reuse

## Opportunities



- **Making Connections**
  - Public Investments
    - Wayfinding
    - Streetscape
  - North CBD Access
  - Sacramento Intermodal Transportation Facility
  - Bridging I-5
  - Parking study
  - LRT extension to Depot
  - TOD Opportunities

## Upcoming Process



### **This month:**

- Old Sacramento Development Sites
- REA Building
- Globe Mills Predevelopment Loan
- Bridging I-5
- Docks Development Constraints Assessment

## Upcoming Process



### Late 2004:

- Nonprofit Development Corporation discussion
- 7<sup>th</sup> and K theater project
- Community workshop
- Redevelopment Plan amendment
- 5-Year implementation plans
- Citywide Economic Development Strategy update and workshops
- SITF concept design and environmental

- Community Workshop – tentatively scheduled for Saturday, **October 23, 2004**
  - 10<sup>th</sup> and K direction
  - J, K, L streets opportunities
- SITF concept design and environmental tentatively scheduled for **October 12, 2004**

## Upcoming Process



### Early 2005:

- Globe Mills
- Waterfront bike and pedestrian trail improvements
- Millenia/Railyards development