



Agency Rpt
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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

May 16, 1983

Sacramento City Council
Redevelopment Agency of the
City of Sacramento
Sacramento, California

CITY MANAGER'S OFFICE
RECEIVED
MAY 25 1983

Honorable Members in Session:

SUBJECT: Commercial Revitalization Strategies in Selected Target Areas

SUMMARY

This staff report outlines recommended commercial revitalization strategies for the four target areas, (Del Paso Boulevard, Franklin Boulevard, 12th Street and Stockton Boulevard) which were selected by the Council in November 1982 for prioritization under the Community Development Block Grant (CDBG) program. The background section provides a status report on the first two commercial areas and identifies the recommended activities for implementation in the latter two areas. Due to the limited amount of financing available, the finance section of this report outlines a five year implementation strategy and financing plan which reflects the funding prioritization of commercial revitalization activities within the context of the City Community Development Block Grant (CDBG) Program.

BACKGROUND INFORMATION

In November 1982 four commercial strips in the City of Sacramento were targeted for commercial revitalization. Those were Del Paso Boulevard, Franklin Boulevard, 12th Street and Stockton Boulevard. CDBG funds in the amount of \$200,000 were allocated for implementation of revitalization activities in these areas. As the 12th Street and Stockton Boulevard commercial areas are located (at least in part) in redevelopment project areas, the Agency was responsible for the development of revitalization plans for these areas. The City Planning Department has taken the lead role in the preliminary analysis of the remaining two areas, (Del Paso Boulevard and Franklin Boulevard). A status report on each area follows:

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5-31-83

All Districts

MAY 31 1983

(1)

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I. Del Paso Boulevard

- A. Status Report: On March 29, 1983, funds were allocated in the amount of \$25,000 (out of the original \$200,000) to hire an in-house, part-time (50%) staff person to function as a business development coordinator for the commercial strip. A tentative work program has been prepared, under which the final work product is to include the development of a recommended revitalization strategy for the strip (See Attachment 1). The Agency Personnel Unit is scheduled to start recruiting for this position in mid April, and it is anticipated the individual will be on board by the beginning of June.
- B. Future Plans: While the total amount needed for rehabilitation/revitalization of this strip is unknown at this time, it is clear that some public funds will be required. Since Del Paso Boulevard is not in a redevelopment area, the primary burden for funding will, more than likely, fall on the City CDBG program. It is therefore clear that funding prioritization decisions will have to be made, for example, between Stockton Boulevard and Del Paso Boulevard.

II. Franklin Boulevard

Status Report: The City Planning Department has completed the preliminary land use analysis of this strip. Their initial conclusions are that heavy commercial use (more wholesale distribution oriented versus manufacturing) should be accommodated in the long term planning for this area. The next appropriate step for Franklin Boulevard is the performance of a market study to either confirm this use or to identify alternative solutions for the revitalization of this strip. This market study phase is consistent with the commercial revitalization work programs followed on the other City commercial strips. An allocation of 1983 CDBG funds in the amount of \$10,000 is recommended for this purpose.

III. 12th Street

Status Report: During the last few months, Agency staff, in conjunction with the affected business operators and property owners of the Alkali Flat/12th Street Commercial Area, has developed a commercial revitalization plan for this area (See Attachment 2). An important planning tool utilized in the plan development was the 12th Street market study performed by Economic Research Associates, Inc. in August of 1982 (See Appendix A of Commercial Revitalization Plan). Based upon this market analysis and the input from business operators and property owners, a target area of three blocks was established between C and F Streets. The main emphasis of the plan was to develop strategies to preserve a neighborhood commercial area on the west side of the street, however, financing should be made available in the entire target area for facade improvements and rehabilitation to complement the improvements planned for the west side.

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A list of the recommended activities and their estimated costs is displayed below. (A detailed description of each item is provided in Attachment 2). A number of the activities (e.g., the 12th Street Corridor Improvement Items) were previously approved for Community Development Block Grant (CDBG) funding. The remaining activities have projected cost estimates for their implementation. The cost estimates and programs reflected here represent the estimated costs for the 12th Street Commercial area. Additional funds may need to be appropriated in future years for the remaining commercial areas in the Alkali Flat Redevelopment Project Area.

<u>ACTIVITY/PROGRAM</u>	<u>ESTIMATED COST</u>	<u>SOURCE</u>
A. 12th Street Corridor Capital Improvement Program		
1. Physical Improvement Program	\$ 248,000	Prior CDBG
2. Improvement Design [Sacramento Transit Development Agency (STDA) Contract]	20,000	Prior CDBG
3. Sign Removal Program	7,000	Prior CDBG
B. Economic Development Financing Programs		
1. Commercial/Industrial Development Loan Program	\$ 187,500	
2. Commercial Rehabilitation	75,000	
3. Facade Rebate Program	<u>65,000</u>	Prior CDBG & 1983 CDBG
C. Architectural Design Services	25,000	Prior & 1983 CDBG
D. Entrance and Exit Signs	7,000	1983 CDBG
E. Disposition of Agency Owned Building at 515 - 12th Street	Unknown ^{1/}	Unknown ^{1/}
F. Acquisition of Properties	1,000,000 _±	Section 108 ^{2/}
G. Ongoing Operation of Merchants and Property Owners Association	N/A	
H. Anti-Crime Program	<u>N/A</u>	
	<u>\$1,634,500</u>	

1/ Actual costs to be determined upon disposition of property.
2/ Repayment with tax increment funds or disposition proceeds.

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(These programs will be incorporated in the Alkali Flat Redevelopment Project Area Implementation Strategy to be presented to the Redevelopment Agency in 60 days. However, authorization is requested in this report to initiate the Section 108 loan application process for the site acquisition and solicit proposals and execute a contract for the design services. Section 108 is a program under which we can borrow against future CDBG funds. In actuality, we propose to pay the bulk of the loan back through property disposition proceeds.)

IV. Stockton Boulevard:

Status Report: Stockton Boulevard was previously allocated \$80,000 of City CDBG funds for preliminary work which was divided as follows:

- \$ 40,000 -- Development loans (already expended on two loan projects)
- \$ 20,000 -- Special loan pool for architectural/urban design expenses (remains unspent)
- \$ 9,000 -- Fruitridge Development Corporation - organizational activities (expended)
- \$ 6,000 -- Economic Development Foundation - loan packaging (partially expended)
- \$ 5,000 -- (+ \$5,000 from County) Consultant's Market Analysis (expended)

To date, in addition to the performance of the above activities, a physical analysis of the Stockton Boulevard Commercial Strip has been completed with respect to structural conditions, infrastructure, vacancy factors and land use. Based on this analysis, the area from Broadway to 14th Avenue (located within the Oak Park Redevelopment Project Area) was identified as the section in greatest need of revitalization, although the area south to Fruitridge Road should be included in the overall improvement area. The required activities and associated costs necessary to fully revitalize the target area are indicated below. (The complete results of the Stockton Boulevard analysis are provided in Attachment 3.)

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<u>ACTIVITY/PROGRAM</u>	<u>ESTIMATED COST</u>	<u>SOURCE OF FUNDS</u>
A. Economic Development Programs - Rehabilitation, signage and facade improvement, business development and technical assistance for vacant and deteriorated structures.	\$ 1,084,667	Unknown
B. Acquisition and disposition of selected structures and parcels.	621,700	Unknown
C. Rehabilitation of Donner School for Youth Athletic Program.	200,000	Unknown
D. Abatement of abandoned drive-ins.	N/A	
E. Disposition of the Stockton Blvd./21st Ave Parcel	N/A	
F. Partial rezoning to high density residential use.	N/A	
G. Capital improvements.	167,950	Unknown
H. Architectural design work	20,000	1981-82 CDBG
I. Business Development Coordination	25,000	1983 CDBG
TOTAL	\$ 2,119,317	

It is important to note that concurrent with staff analysis of the Stockton Boulevard Commercial strip, the consulting firm of Wurster, Bernardi and Emmons, Inc. is completing an analysis of this area as part of their Oak Park Redevelopment Plan Update Study. One of the major issues in their work program has been the location of a neighborhood shopping center in the Oak Park Redevelopment Project Area. Currently two sites, Broadway/Sacramento Boulevard and Broadway/Stockton Boulevard, are under consideration. It is estimated their conclusions will be presented in mid May. As these conclusions affect the development of the entire northern area of the strip, their findings will have an impact on the staff recommendations presented in this report. It should also be noted that the portion of Stockton Boulevard most in need is within the Oak Park Redevelopment Area.

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It is also worthy to mention that a portion of the Stockton Strip is in the County. The Board of Supervisors has earmarked \$200,000 in County CDBG funds for commercial loans in this portion. The Fruitridge Development Corporation, the proposed recipient of our business development coordination contract, will be coordinating this effort, along with disposition of the 21st Street site and preparation for our expended efforts in 1984 and beyond.

FUTURE PRIORITIES FOR CITY COMMERCIAL STRIPS

As evidenced by the magnitude of the commercial revitalization costs for the 12th Street and Stockton Boulevard Commercial Areas and the limited amount of funds available, a prioritization of funding is necessary. Due to the following reasons, the 12th Street Commercial Area is recommended as the priority area for immediate financing: 1) the short term market potential for the 12th Street commercial revitalization activities is much stronger than for Stockton Boulevard; 2) the advent of light rail will act as a stimulus to the revitalization efforts and the opportunity currently exists to interface the needs of the Alkali Flat neighborhood with the development of this transportation carrier; 3) a large number of the 12th Street business operators and property owners in the target area are committed to the immediate implementation of these activities; 4) the findings of the Oak Park Plan Update Consultants regarding the location of the neighborhood shopping center should be reached prior to the development of the final recommendations for Stockton Boulevard; 5) until the final conclusions are prepared regarding the future development and focus of the entire Oak Park Redevelopment Project Area, the Redevelopment staff is not in a position to recommend the commitment of tax increment funds to Stockton Boulevard; and 6) more direct contact with the affected business operators and property owners in the Stockton target area is needed to assess the actual level of demand for the rehabilitation activities. Therefore, as shown in the financing plan and implementation schedule in Attachment 4, CDBG funds will be committed to commercial revitalization for 12th Street through 1983.

Once the 12th Street CDBG funding obligations have been met in 1983, it will be necessary to prioritize the phasing of funding for the remaining strips (Del Paso Boulevard, Franklin Boulevard and Stockton Boulevard). A number of factors will be utilized to evaluate the priorities for the selection of the next area, among which will be the following: 1) economic feasibility of the revitalization efforts; 2) ability to leverage CDBG funds with other public financing sources (tax increment, tax exempt bonds, etc.); 3) active local leadership; and 4) level of private commitment.

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This last element, the presence of private support, is perhaps the most crucial factor necessary to realize a successful revitalization effort. Therefore, it is important to develop objective criteria to assess the degree of private support in the targeted areas. Since CDBG funding is limited, and primarily geared toward residential neighborhood revitalization, leverage of other public resources (e.g., tax increments, Small Business Administration (SBA), Economic Development Administration (EDA), and tax exempt bonding proceeds) is also critical.

Consequently, it is recommended that one of the responsibilities of both the Del Paso Coordinator and Stockton Boulevard coordination services should include the procurement of written commitments from affected property owners and business operators for participation in revitalization efforts. Although the specific type of renovation necessary for each building will vary, it is recommended that the written commitments be specific in terms of the cost and work to be performed. (This planning approach, where private commitments are obtained in advance prior to the allocation of public monies for commercial revitalization efforts, has been utilized in a number of cities which operate successful revitalization programs. For example, the City of New Haven, Connecticut requires that at least 50% of the property owners or merchants agree in writing to renovate their buildings before public funds are made available.)

Staff believes this information will prove valuable in gauging the level of support and determining the necessary timing of financing to be made available in the remaining commercial areas. The area which obtains the highest level of support will be given priority for the available funds.

FINANCIAL DATA

The immediate financial plan and recommendations are outlined on the financial data summary which is appended immediately behind the narrative portion of this report. Other than the funding for the Del Paso Boulevard coordinator, the recommendations pertain primarily to 12th Street.

In the meantime, however, a recommendation is made to utilize the services of the Fruitridge Development Corporation through the end of this year to fulfill similar responsibilities to those of the business development coordinator position for Del Paso Boulevard and also to act as the disposition and development agent for the City owned parcel on the northeast corner of 21st Avenue and Stockton Boulevard. (See Attachment 5 for Exhibit "A" of proposed contract which outlines scope of services). In addition, a recommendation has been made to set aside \$200,000 of County CDBG funds through December of this year for commercial loans in the unincorporated area of the strip on the west side of Stockton Boulevard.

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POLICY IMPLICATIONS

The proposed commercial revitalization strategies require significant future budgetary commitments from CDBG and tax increment funds. Given the limited funding available from both these sources, the implementation of these activities will involve trade-offs with other activities. For CDBG funds these trade-offs may include the postponement of revitalization activities in some of the commercial areas or reductions in future appropriations to the five CDBG target areas. For tax increment funds, the implementation of these activities may require the reshifting of priorities from housing programs, capital improvements or commercial revitalization strategies in other sections of the project areas. Because CDBG funds are primarily intended for neighborhood revitalization it is recommended that the role CDBG plays in financing future commercial revitalization be limited to less than 10 percent of each annual entitlement. This will allow for adequate concentration of funding in the five neighborhood target areas, while still promoting commercial revitalization in balance with other CDBG priorities.

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of May 16, 1983, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

- AYES: Hall, Luevano, Miller, Pettit, Vargas, Walton
- NOES: None
- ABSTAIN: Ose, Teramoto
- ABSENT: Angelides

RECOMMENDATIONS

The staff recommends adoption of the attached resolution which provides for the following:

1. Approval of the revitalization plans for the 12th Street and Stockton Boulevard Commercial Areas.
2. Conceptual approval of the five year implementation schedule and financing plans for commercial revitalization activities in the City of Sacramento.
3. Commitment of the CDBG funds outlined in the attached financial data summary sheet for the 12th Street Commercial Revitalization work items through December 1984.
4. Reallocation of \$100,000 of unexpended Business Rehabilitation Loan Funds from 1981-82 and 1982 CDBG funds for \$75,000 towards the 12th Street Business Rehabilitation Loan Program and \$25,000 towards the 12th Street Facade Rebate Program.

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5. Reallocation of \$200,000 of unexpended Commercial Rehabilitation/Development Funds from 1983 CDBG funds for \$40,000 towards the 12th Street Facade Rebate Program and \$110,000 towards the 12th Street Commercial Development Loan Program.
6. Reallocation of \$200,000 of unexpended Alkali Flat CDBG Funds for the 12th Street Capital Improvement Items.
7. Allocation of \$94,500 in 1983 CDBG contingency funds for implementation of Economic Development Loan Programs (\$ 77,500) and Entrance/Exit Signs - 12th Street (\$7,000), market analysis - Franklin Boulevard (\$10,000).
8. Authorization of the use of \$25,000 in previously allocated 1983 CDBG funds for, and authorization to execute a contract with the Fruitridge Development Corporation for business development coordination services and disposition and development services for the 21st Avenue/Stockton Boulevard Site.
9. Development of Commercial/Industrial Loan Guidelines, Rehabilitation Loan Guidelines and Facade Rebate Program Guidelines for the City Commercial Loan Programs.
10. Authorization to proceed with Requests for Proposals and to execute a contract for the architectural design services outlined in the 12th Street Commercial Revitalization Plan and the Franklin Boulevard market analysis.
11. Authorization to proceed with a Section 108 loan application for the acquisition of two selected parcels in the 12th Street Commercial Revitalization Plan area.
12. Adopt a policy guideline that, in order to maximize leverage of other public funds, and maintain a balanced CDBG program, the annual portion of CDBG funds committed to commercial revitalization shall be limited to 10% or less.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COUNCIL:

Walter J. Slipe

WALTER J. SLIPE
City Manager

RESOLUTION NO. 83-046

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

May 31, 1983

APPROVAL OF CITY COMMERCIAL REVITALIZATION STRATEGIES

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1. The Commercial Revitalization Plans for 12th Street and Stockton Boulevard, attached hereto as Attachment 2 and 3, respectively, are hereby approved.

Section 2. The Five Year Implementation Schedule and Financing Plan for Commercial Revitalization, attached hereto as Attachment 4, is conceptually approved.

Section 3. The Executive Director is hereby authorized to execute a contract with Fruitridge Development Corporation for business development coordination services and disposition and development services for the 21st Avenue/Stockton Boulevard site, as outlined in Attachment 5, for an amount not to exceed Twenty-Five Thousand Dollars (\$25,000.00).

Section 4. The Executive Director is hereby authorized to develop Commercial/Industrial Loan Guidelines, Rehabilitation Loan Guidelines and Facade Rebate Program Guidelines for the City Commercial Loan Program.

Section 5. The Executive Director is hereby authorized to proceed with Request for Proposals and to execute a contract for the architectural design services outlined in the 12th Street Commercial Revitalization Plan for an amount not to exceed Twenty-Five Thousand Dollars (\$25,000.00).

Section 6. The Executive Director is hereby authorized to proceed with Requests for Proposals and to execute a contract for the market study services for Franklin Boulevard for an amount not to exceed Ten Thousand Dollars (\$10,000.00).

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MAY 31 1983

Section 7. The Executive Director is hereby authorized to proceed with a Section 108 loan application for the acquisition of the selected parcels identified in the 12th Street Commercial Revitalization Plan.

Section 8. The Executive Director is further authorized to implement the City Council's guideline limiting the annual portion of Community Development Block Grant funds committed to commercial revitalization to ten percent (10%) or less.

CHAIRMAN

ATTEST:

SECRETARY

RESOLUTION NO. 83-430

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

May 31, 1983

APPROVED
BY THE CITY COUNCIL

AMENDING THE COMMUNITY DEVELOPMENT BLOCK GRANT
PROGRAM FOR CITY COMMERCIAL REVITALIZATION
ACTIVITIES

MAY 31 1983

OFFICE OF THE
CITY CLERK

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1. The Executive Director of the Redevelopment Agency of the City of Sacramento is hereby authorized to file amendments to the 1979/80, 1981/82, 1982 and 1983 Community Development Block Grant (CDBG) Programs with the United States Department of Housing and Urban Development as follows:

A total amount of \$601,134.47 is hereby transferred FROM:

- (a) 1979/80 CDBG funds (4022/C-12B) Alkali Flat Land Acquisition - E Street (\$199,634.47);
- (b) 1979/80 CDBG funds (4027/C-12F) Alkali Flat - 12th Street Improvement District (\$32,000);
- (c) 1981/82 CDBG funds (4204/C-4) Business Rehabilitation Program (\$50,000);
- (d) 1982 CDBG funds (4257/C-9) Business Rehabilitation Loans (\$50,000);
- (e) 1983 CDBG funds (4284) Commercial Rehabilitation/Development (\$175,000); and
- (f) 1983 CDBG funds (4286) Contingency Fund (\$94,500)

TO:

- (a) Alkali Flat/12th Street Commercial Revitalization Program (\$566,134.47);
- (b) Stockton Boulevard/Fruitridge Development Corporation Services (\$25,000); and
- (c) Franklin Boulevard Market Study (\$10,000).

SECTION 2. Of the above appropriations to the Alkali Flat/12th Street Commercial Revitalization Program, funds shall be

committed through December, 1984 as follows:

- (a) Commercial/Industrial Loan Program (\$187,500);
- (b) Commercial Rehabilitation Loan Program (\$75,000);
- (c) Facade Rebate Program (\$65,000);
- (d) Entrance and Exit Signs (\$7,000);
- (e) Sign Removal Program (\$7,000);
- (f) Architectural Design Services (\$25,000); and
- (g) 12th Street Capital Improvements (\$199,634.47).

SECTION 3. The City Council hereby approves and adopts the following guideline: In order to maximize leverage of other public funds and maintain a balanced Community Development Block Grant Program, the annual portion of CDBG funds committed to commercial revitalization shall be limited to ten percent (10%) or less.

MAYOR

ATTEST:

CITY CLERK

A financial data summary for those financial recommendations proposed is outlined below:

<u>AMOUNT ALLOCATED TO DATE</u>	<u>SOURCE</u>	<u>ORIGINAL PURPOSE</u>	<u>CURRENT STATUS OF FUNDS</u>	<u>PROPOSED PURPOSE</u>	<u>ADDITIONAL AMOUNT NEEDED</u>	<u>RECOMMENDED SOURCE OF ADDITIONAL FUNDS</u>
\$ 80,000	81/82 CDBG	Stockton Blvd. Improvement	\$ 40,000 - Business Loans-Expended \$ 20,000 - Arch/Design - Available \$ 9,000 - FDC Contract - Expended \$ 6,000 - EDF Contract - Part Exp. \$ 5,000 - Market Study - Expended	No Change	-0-	N/A
\$100,000	\$50,000 - 81/82 CDBG \$50,000 - 82 CDBG	Business Rehab. Loans	Unexpended	Business Rehab- 12th Street \$75,000 Facade Rebates - 12th St. \$25,000	\$ 40,000	N/A 1983 CDBG
\$200,000	1983 CDBG	Commercial Rehab./ Development	\$ 25,000 - Committed to Del Paso Boulevard \$175,000 - Uncommitted	Del Paso Blvd - \$25,000 Facade Rebates - 12th St. - \$40,000 Stockton Blvd. Co-ord- FDC - \$25,000 Commercial Development Loans - 12th St. - \$110,000	-0- -0- -0-	N/A N/A N/A
\$ -0-	N/A	N/A	N/A	Commercial Development Loans - 12th Street	\$ 77,500	1983 CDBG Contingencies
\$ -0-	N/A	N/A	N/A	Entrance and Exit Signs - 12th Street	\$ 7,000	1983 CDBG Contingencies
\$200,000	1979/80 CDBG	Land Acq. - "E" Street Alkali Flat	Unexpended	Physical Improvements - 12th St. - \$200,000 ^{1/}	\$ 48,000	1979/80 CDBG

^{1/} Preliminary Estimate Only - Final cost estimates to be completed by STDA.

45.

<u>AMOUNT ALLOCATED TO DATE</u>	<u>SOURCE</u>	<u>ORIGINAL PURPOSE</u>	<u>CURRENT STATUS OF FUNDS</u>	<u>PROPOSED PURPOSE</u>	<u>ADDITIONAL AMOUNT NEEDED</u>	<u>RECOMMENDED SOURCE OF ADDITIONAL FUNDS</u>
\$100,000	1979/80 CDBG	12th St. Improvements	\$ 20,000 STDA Contract \$ 80,000 Unexpended	No Change Physical Improvements - 12th Street - \$48,000 Sign Removal - 7,000 Arch/Design Services 12th St. \$25,000	\$ -0- -0- -0- -0-	N/A N/A N/A N/A
\$ -0-	N/A	N/A	N/A	Acquisition of Selected Properties - 12th Street	\$1,000,000 ±	Section 108 Loan
\$ -0-	N/A	N/A	N/A	Market Study - Franklin Boulevard	\$ 10,000	1983 CDBG Contingency Funds

43-11B

ATTACHMENT 1

DEL PASO BUSINESS DEVELOPMENT COORDINATOR
TENTATIVE WORK ACTIVITIES

Calendar

Actions

Accomplishment

First Quarter

Job specification written, advertised, interviews conducted, specialist hired

Office set up

Letters of agreement for merchant contributions written, contributions coordinated such as logo and signs

Administration procedures and bookkeeping system set up

Orientation conducted with North Sacramento Chamber of Commerce, Metropolitan Chamber of Commerce, City Departments, SHRA, commercial revitalization organizations, Service Corps of Retired Executives.

Plan Clean-Up Campaign

Call on every business owner in program area, explain program, discuss Spring clean-up

Specialist hired

Office established

Merchant contributions

Records and books set up

Key parties introduced, functions and roles explained

Tentative plan made

Introduction to every business
Roster developed that has:
Business Name
Type of Business
Owner/Manager Name
Address/Mailing
Address
Phone
Own or rent space

Second Quarter

Clean-Up Campaign, coordinate City Departments, business people, civic organizations and clubs.

Arrange for regular meetings with City Councilpersons and representative's of City Departments.

Plan dedication for new logo and signs

Look into trash receptacle problem
Look into crosswalk striping and parking place markings

Business district clean-up.

Open channels for problem/solutions

Kick-off project

Trash receptacle placed in adequate numbers and crosswalks and parking places marked or determination made on actions to be taken.



**12th STREET
COMMERCIAL
REVITALIZATION
PLAN**

THE ALKALI FLAT/12TH STREET
COMMERCIAL REVITALIZATION
PLAN WAS PREPARED BY THE
SACRAMENTO HOUSING AND
REDEVELOPMENT AGENCY

APRIL 1983

COMMERCIAL REVITALIZATION PRIORITIES

- Undertake actions to improve the physical appearance, abate nuisances and improve the image of 12th Street.
- Support the retention of small businesses which have historically served the market area.
- Implement public improvement activities.
- Provide maximum opportunity for business operators and property owners to contribute to the planning and development of the area.
- Encourage facade improvements, building rehabilitation and expansion for viable businesses on 12th Street.
- Promote the on-going operation of a Merchants and Property Owners Association.
- Develop financing programs necessary to accomplish these objectives. the market area.
- Create new jobs, increase sales for existing businesses and attract new businesses to the 12th Street Commercial Area.

INTRODUCTION

This commercial revitalization plan for the Alkali Flat/12th Street Commercial Area has been developed to provide a comprehensive strategy for the revitalization of this area. As part of an overall approach towards comprehensive neighborhood preservation, a number of housing rehabilitation activities have also been completed or are currently being planned for the surrounding area.

The primary purpose of the commercial revitalization plan was to define and focus on the problems found in the 12th Street Commercial Area and to prepare a strategy for solving those problems. The plan was designed to arrest disinvestment and stimulate reinvestment in this area. This planning tool has been developed to identify the complete requirements of the commercial area from the "bricks and mortar" needs, i.e., rehabilitation of buildings and capital improvements, to the technical needs, i.e., design work and the ongoing operation of a strong, united Merchants and Property Owners Association.

The plan was undertaken as a coordinated effort between the public and private sector. This comprehensive improvement program represents a partnership effort between the Redevelopment Agency of the City of Sacramento, the City of Sacramento, the Alkali Flat Project Area Committee and perhaps most importantly, the 12th Street business operators and property owners themselves. A large number of the affected business operators and property owners have been involved and contributed to the development of this plan and are committed to its implementation.

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I. OVERVIEW OF THE 12TH STREET COMMERCIAL AREA

A. General Description

The 12th Street Commercial Area is located in the northwest portion of the Central City in the Alkali Flat Neighborhood (See Map on following page). The portion of the 12th Street Corridor under study extends from the railroad on the north to between G and H Street on the south. 12th Street is also designated as State Highway 160, which functions as a major entrance into the City and leads directly to the State Capitol Building. The commercial area stretches about 4 1/2 blocks and contains between 30 and 40 businesses.

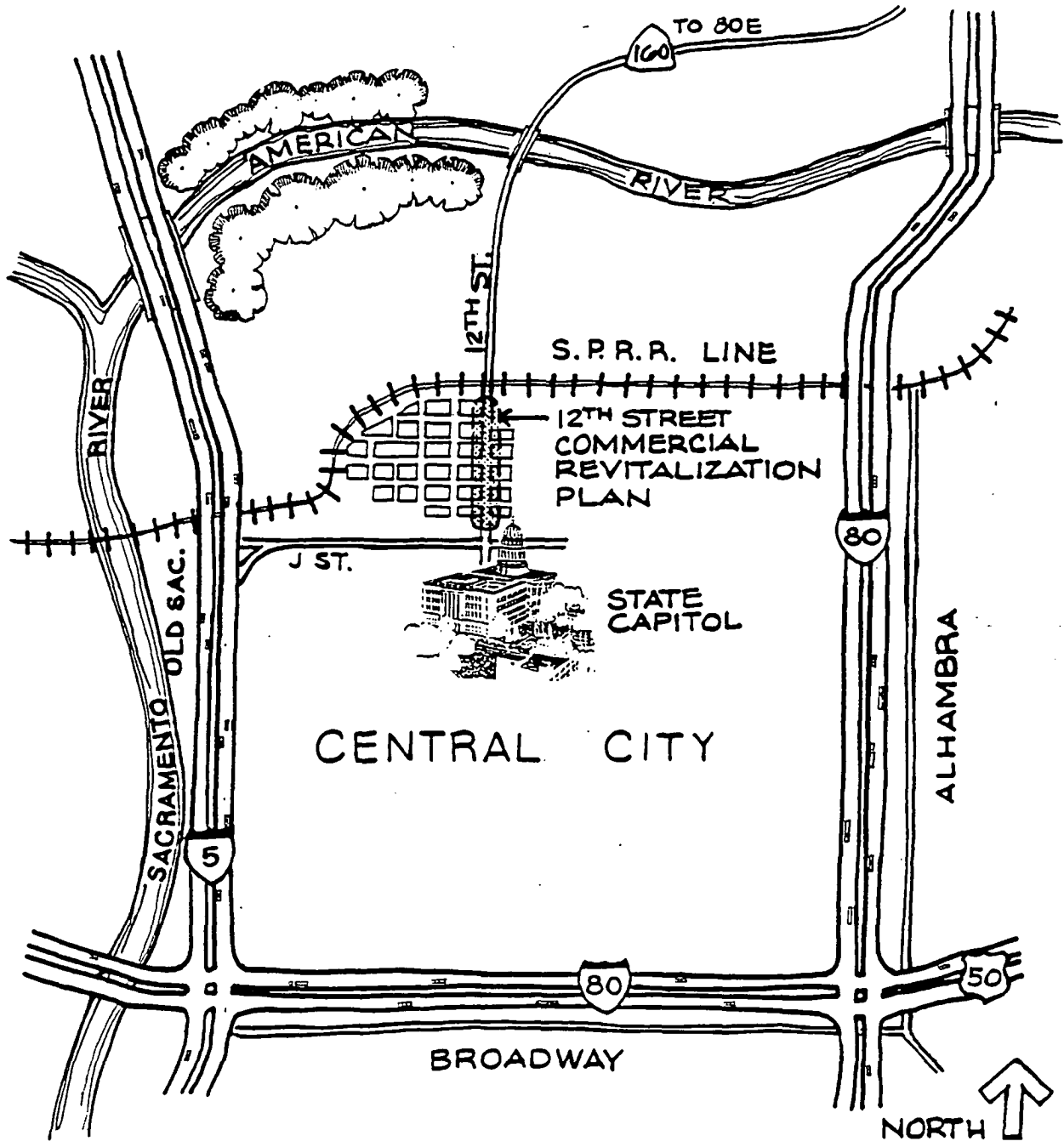
As mentioned later in Section III of this plan, a target area between C and F has been established to concentrate the revitalization efforts. This target area consist of 24 businesses in a three block area.

B. History

Dating to the 1850's, the Alkali Flat Neighborhood is one of the oldest remaining residential areas in the City of Sacramento. Once a wealthy residential area, the area gradually lost its affluent character when City growth prompted an exodus of residents to the suburbs. The area was instead inhabited by the seasonal labor workers serving the nearby canning industry and residential units soon become owned by absentee landlords.

Typical of this change in economic character was the development of the 12th Street Commercial Area. Because of a constantly changing development pattern, varied building styles and vacant lots have always characterized 12th Street's visual appearance.

The early development of 12th Street was limited to a small number of residential structures which dotted the street. Then starting in the 1890's, 12th Street slowly evolved into a commercial traffic corridor with mixed use structures, accommodating commercial use on the first floor and residential flats on the second. At this point, 12th Street started to become spotted with business establishments which served either the auto related needs of the traffic corridor or the neighborhood shopping needs. Later as the population and automobile usage continued to increase, the street was turned into a four lane, one-way traffic corridor. This one-way traffic pattern still exists today despite the changes in the traffic counts as a result of the construction of I-80 and 880.



C. Redevelopment Project Area

The 12th Street Commercial Area is situated within the Alkali Flat Redevelopment Project Area. The project area was formed in 1972 under California Redevelopment Law and consists of 25 square blocks of residential, commercial and industrial property (See Map B on following page). The redevelopment plan for this area was prepared by the Redevelopment Agency of the City of Sacramento with the assistance of the Alkali Flat Project Area Committee (PAC). The PAC is comprised of local business operators, neighborhood organizations, property owners and residents of the area and operates as the citizen participation forum for input into plan development and implementation. Since the plan's formation, a number of housing and capital improvement projects have been implemented. The commercial revitalization of 12th Street is both consistent and complementary to the redevelopment activities planned for this area.

D. Business Ownership Characteristics

Of the 24 businesses in the target area, 6 or 25% of them are owner occupied and 18 or 75% are tenant occupied. Although this percentage of tenant occupied structures is not atypical of neighborhood commercial areas, this ownership pattern creates an additional planning consideration for involvement in the revitalization process. The range and level of owner participation in the revitalization plan for tenant occupied structures will vary with each property. For example, tenant property improvements can either involve the direct financial support of the landlords or their approval for tenant-financed improvements. In addition, generally the tenant financed improvements will require long term leases as a pre-requisite for financing.

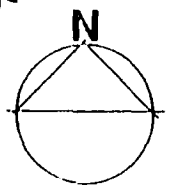
E. Zoning and Land Use

The 12th Street Commercial Area can be characterized as a commercial strip which historically catered to highway oriented uses, i.e., automobile service and repair businesses and motels. This strip pattern is no longer economically viable and has created a number of planning deficiencies, i.e., lack of off-street parking and sprawled free standing commercial businesses.

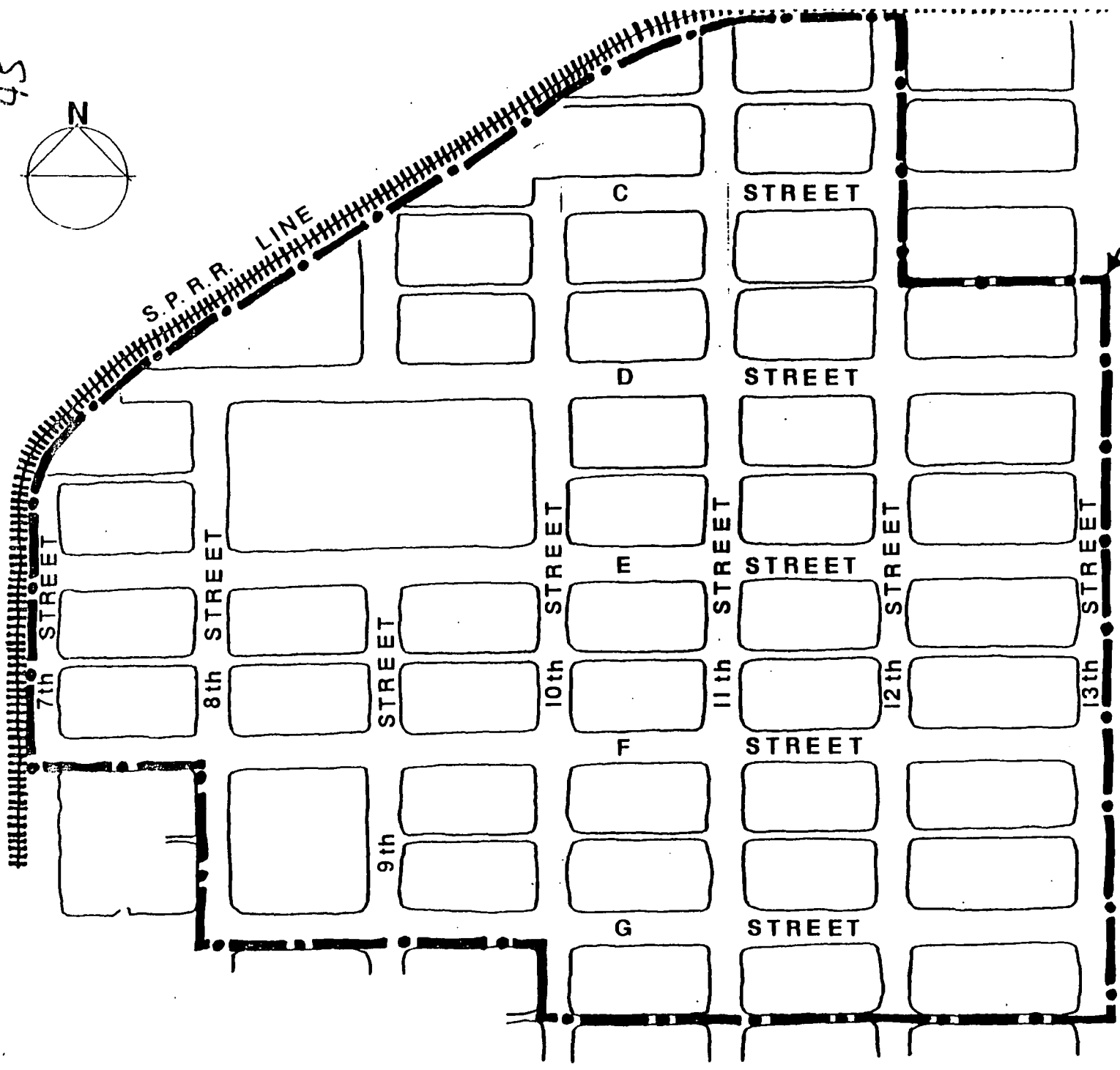
The dominant land use and zoning category for the 12th Street Commercial Area is general commercial (C-2). This zone classification provides for the sale of commodities or the performance of services, including repair facilities, small wholesale stores or distributors and a limited amount of processing and packaging. In addition, a number of the structures on the street are mixed use with commercial facilities on the lower floor and residential use on the upper floor.

The area north of this commercial area is zoned light industrial (M-1), the area to the east and west of the commercial zoned frontage properties is zoned medium density multiple family (R-4A) and the area to the south falls within the Central Business District Zone (C-3) (See Map on following page).

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S. P. R. R. LINE

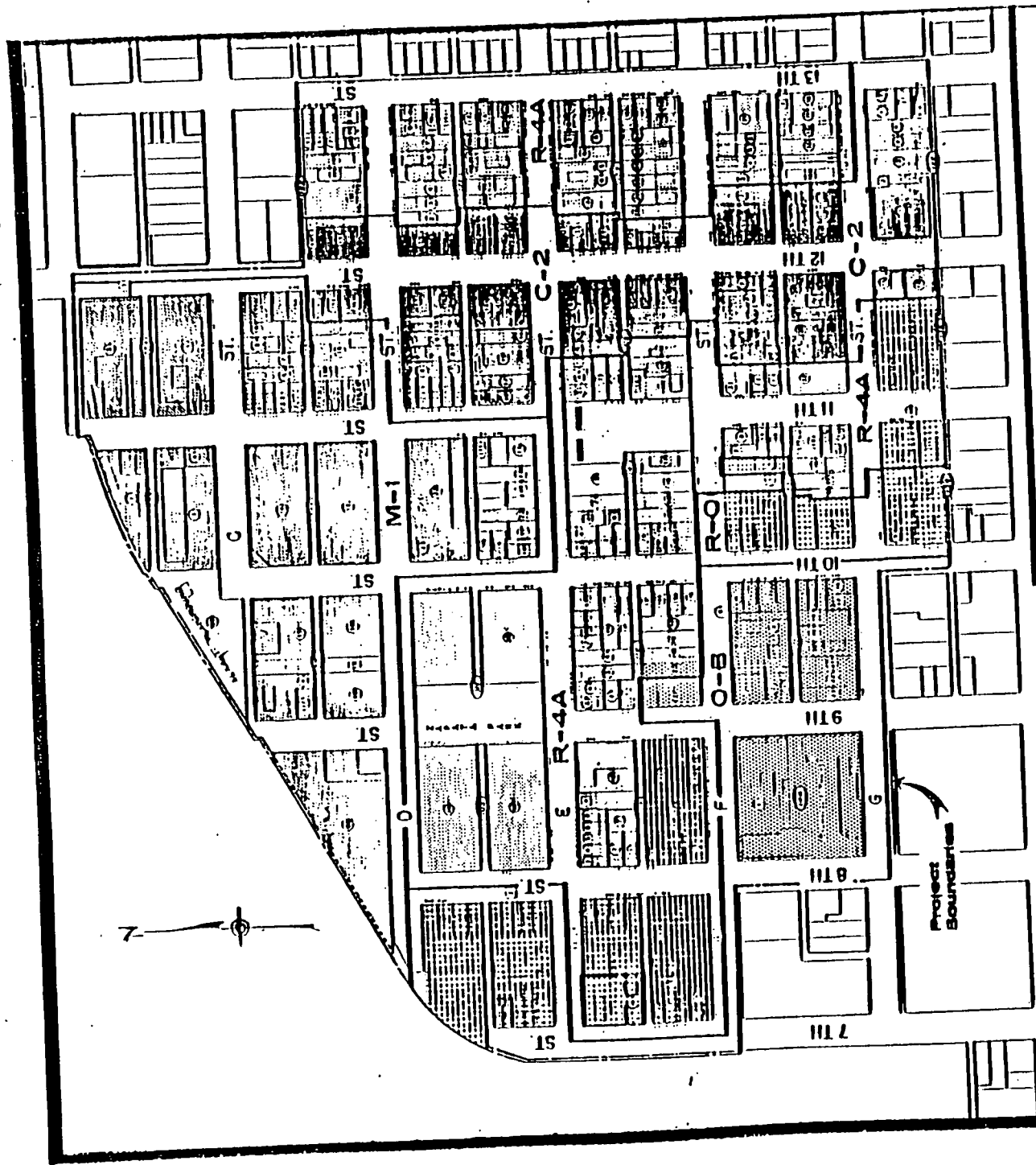


AREA BOUNDARY

ALKALI
FLAT

MAP 'B'

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Legend:

- ⊙ Street
- ⊙ Alley
- ▭ Lot
- ▭ Project Boundary
- ▭ Other

- ▨ Office
- ▨ Residential
- ▨ Industrial
- ▨ Other

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY
 ALKALI FLAT REDEVELOPMENT
 Project No. 6

**BLOCK, PARCEL, ZONING
 & LAND USE**

JUNE 1971

F. Traffic

The 12th Street Corridor (the termination point of California State Route 160 into the City of Sacramento) has always functioned as a major traffic thoroughfare for entering and leaving Sacramento. At one time the street accommodated two way traffic, however, due to increases in both the City's population and the amount of automobile use, in 1950 the four lanes of 12th Street were converted to one-way traffic travelling south. In addition, in order to provide parking spaces or traffic turn lanes to accommodate the heavy traffic, the width of the street between C and E Streets is wider than the typical 48' width of most Central City Streets.

Changes in the traffic patterns have been evident since the advent of I-80 and 880. During the ten years between 1963 and 1973 the average daily traffic count decreased from 32,000 vehicles per day to 22,000. Since that time it has remained relatively stable with a slight increase.

The traffic flow situation creates both negative and positive contributions to the area. A positive contribution is the high visibility of the area. Individuals who utilize 12th Street as an avenue from their homes in the suburbs to their offices downtown represent potential sources of regional clientele necessary to increase the market base of the area. (This is discussed in more detail in the market study). On the negative side, however, the high volume of one-way traffic has created an image of a thoroughfare character versus an image conducive to a neighborhood shopping center. (Recommended actions to create a more identifiable business district are discussed in Section III).

G. Light Rail System

The route for the light rail system is proposed to traverse I-80, cross over the American River and to run down 12th Street into the Central City. Two stations are planned for the east side of 12th Street, one between D & E and the other between G & H Streets. The impact of the light rail system on land values, parking requirements and the demand of the 12th Street Commercial Area is discussed in the Market Study portion of this report.

H. Parking

As a result of the light rail development, all on-street parking on both sides of 12th Street will be eliminated, and the Sacramento Transit Development Agency (STDA) will replace these spaces on a one-to-one basis with off-street parking. (STDA has already acquired a lot north of the 524 Restaurant to meet part of their parking obligation).

Currently there exists no immediate need for additional parking for 12th Street businesses, however, if the commercial revitalization efforts are successful, an additional parking lot for short term utilization by shoppers and clientele will be necessary.

I. Visual Considerations

Currently the overall image of 12th Street is generally unattractive. Lack of landscaping, the abundance of abandoned signs, neglected building and lack of a cohesive, harmonious image all contribute to this dilemma. The activities identified for implementation in Section III address solutions to these problems.

II. MARKET ANALYSIS

This section of the report analyzes the existing market conditions in the 12th Street/Alkali Flat Commercial Area and estimates the market potential which could be realized if various changes were implemented. The study area is effectively 12th Street between the railroad overpass on the north and G Street on the south. The market study was prepared by Economics Research Associates, a private consulting firm specializing in urban area revitalization.

The market analysis examines the conditions of existing businesses, the retail potential of the area, the pressure for office development and the impact of the light rail system on the area. In addition, the study contains recommendations for public action in the revitalization process. The findings and conclusions of this section form the basis of the recommendation outlined in Section III.

The complete market study is found in Appendix "A". A summary of the findings and recommendation follows:

A. Findings

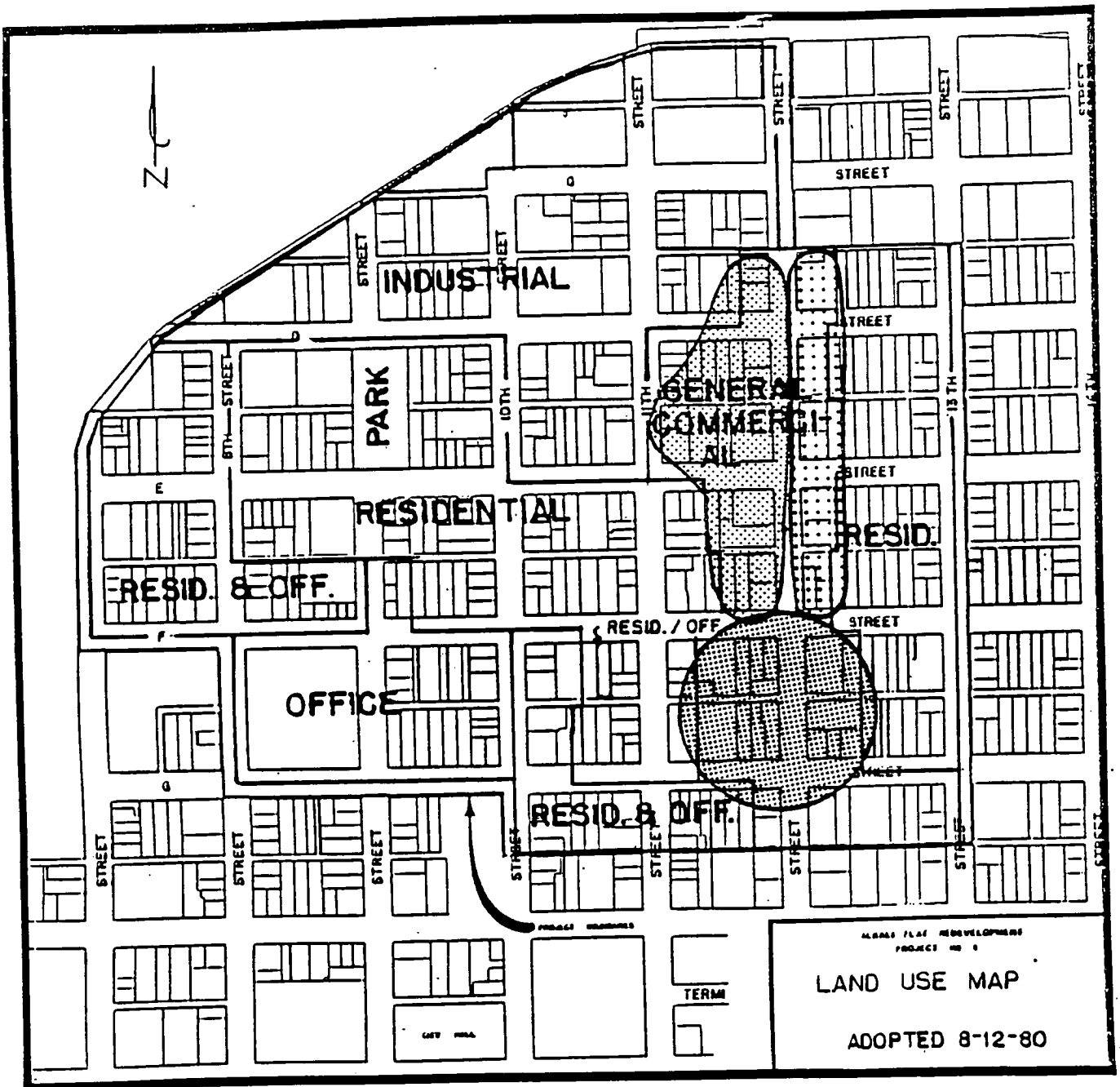
A summary of the findings indicates:




- Increased economic development cannot rely solely on the local resident market area but must expand its market to serve downtown employees and the regional population
- The commercial uses which have potential are the restaurants and the Jalisco Market
- The local market cannot support any significant new retail development
- The commercial strip "is perhaps best described as a marginal commercial area"

B. Implementation Recommendations

The implementation recommendations as proposed by the consultant include three different strategies for three sections of 12th Street: 1) Both sides of 12th Street south of F Street; 2) East side of 12th Street between F and C Streets; and 3) West side of 12th Street between F and C Streets (see map on following page.) Excerpts from the report on each section follow:

IMPLEMENTATION RECOMMENDATIONS ALKALI FLAT COMMUNITY AREA



-  PROMOTE AND ENCOURAGE PRIVATE SECTOR OFFICE DEVELOPMENT
-  PROTECT FOR NEIGHBORHOOD COMMERCIAL USE AND TARGET REHAB FUNDS
-  LITTLE OR NO RETAIL POTENTIAL AGGRESSIVE AGENCY ACTION NEEDED FOR OFFICE REDEVELOPMENT

1. Both Sides of 12th Street South of F Street

- Area has locational strength to convert to office use in near future
- Immediacy of conversion dependent upon office space supply and demand balance
- Required public sector actions include development of supportive land use policies and promotion of one or more well conceived development concepts
- Office development would enhance local commercial establishments, particularly the restaurants further north

2. East Side Between F and C Streets

- Area has limited viability for retail use
- Due to lack of 12th Street depth, conversion to office use is not likely without additional public sector intervention
- Public sector actions would require one of two difficult approaches: 1) no action or 2) initiation of major redevelopment actions, i.e., land assembly, demolition, planning and disposition to accommodate office use (this action is not recommended until after oversupply of office space is absorbed - approximately 1985)

3. West Side Between F and C Streets

- Area has most strength as a community commercial node
- Jalisco Market and several restaurants should be able to increase sales and expand clientele by upgrading facilities
- Office intrusion should not be permitted
- Rehabilitation loan funds should be targeted for this area
- Short term parking lots for the commercial establishments will be required if revitalization efforts prove successful

III. REVITALIZATION STRATEGY

This section outlines the recommended activities of the Commercial Revitalization Plan. These activities, have been developed to arrest deterioration, create a new image and provide a strong framework for future development of the area. In order to best direct the revitalization efforts, and in keeping with the market findings and business operator and property owner input, a target area of three blocks has been established between C and F Streets. The main thrust of the plan has been to develop strategies to preserve a neighborhood commercial area on the west side of the street, however, financing will be available in the entire target area for facade improvements and rehabilitation to complement the improvements planned for the west side. These activities have been identified on the basis of needs analysis, business operator and property owner input, and the market study findings.

A number of the activities, (e.g., the 12th Street Corridor Improvement Items,) have been previously approved for Community Development Block Grant (CDBG) funding. The remaining activities have projected cost estimates for their implementation.

A. 12th Street Corridor Improvement Program

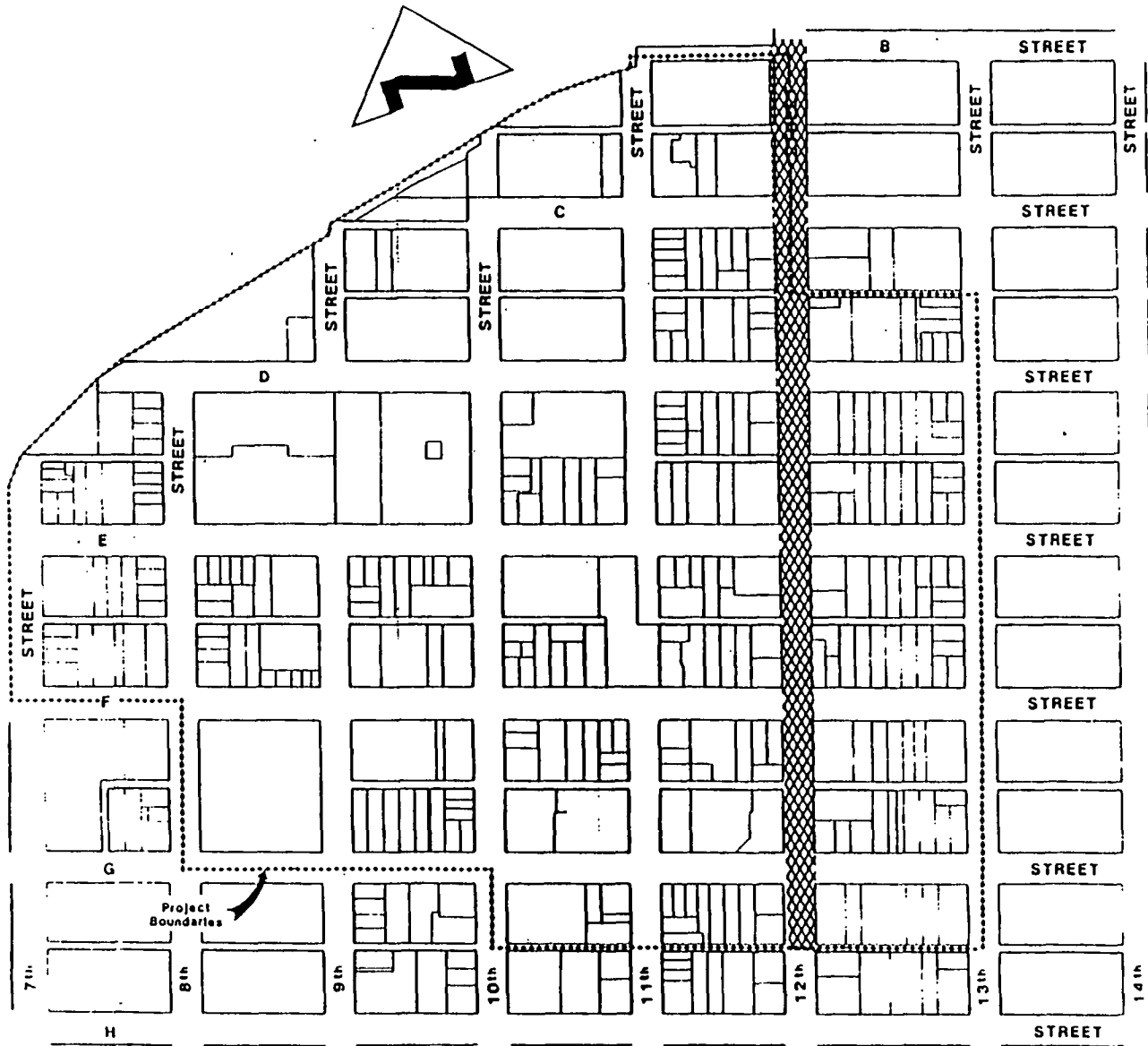
The Alkali Flat Urban Design Guideline (Guideline) recommended the implementation of three actions under the 12th Street Corridor Improvement Program. Those are the 12th Street Sidewalk and Landscape Program, the Scenic Entrance Program and the 12th Street Commercial Sign Removal Program. A total of \$100,000 has been previously approved for these programs (Resolution RA 81-051) from 1982-83 CDBG funds. A description of the programs follows:

1. Physical Improvements Program

The Physical Improvement Program represents a consolidation of the two previously approved improvement programs, the 12th Street Sidewalk and Landscape Program and the Scenic Entrance Program. This program consists of the installation of new sidewalks, curbs, gutters, trees, trash receptacles and street furnishings along the 12th Street Corridor (See Map on following page).

In October, 1982 the Agency entered into a contract with the Sacramento Transit Development Agency (STDA) to design the improvements in order to insure coordination between the needs of the light rail system, designated to run along 12th Street, and improvements previously proposed in the Guideline. Twenty thousand dollars (\$20,000) out of the total \$100,000 has been allocated to STDA for the design work. It is estimated that STDA will complete the design of the improvements in December of 1983, work on the improvements will commence in the first quarter of 1984 and the work will be completed in the first quarter of 1985. Light rail operation is scheduled to commence in mid 1985.

ESTIMATED BUDGET \$268,000
(Including \$20,000 Design Costs)



**12TH STREET CORRIDOR
IMPROVEMENT PROGRAM**

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

ALKALI FLAT

45

2. 12th Street Commercial Sign Removal Program

This program involves a one-time, CDBG funded allocation to remove both non-conforming and abandoned signs in the 12th Street/ Alkali Flat Commercial Area. The Redevelopment Agency will act as the lead agency in the implementation of this program. Owners of the non-conforming signs will be notified about the program and will be able to participate by informing the Agency of their desire to have a sign removed. Removal of the estimated 15 signs which are affected will be accomplished by a private contractor and will cost approximately \$7,000. This program will be implemented in the plan's first year of operation.

APPROVED BUDGET \$7,000

B. ECONOMIC DEVELOPMENT FINANCING PROGRAMS

Three financing tools have been recommended to meet the varying levels and types of assistance required: 1) A Commercial/Industrial Development Loan Program, 2) A Commercial Rehabilitation Loan Program and 3) A Facade Rebate Program. The first two programs have been in operation in the County of Sacramento for the last four years. (While specific guidelines for the program have not been adopted by the City Council, it is assumed that the City guidelines will closely resemble those in the County. The County guidelines are quoted below.) The third program, the Facade Rebate Program, is recommended to induce property owners and business operators to undertake exterior improvements which will complement and enhance the large scale revitalization efforts in the area. This program will allow the individual to participate in the commercial revitalization program without becoming financially encumbered or requiring a long term obligation between the participant and the Redevelopment Agency. A description of each program and the estimated amount required for each program follows:

1. Commercial/Industrial Development Loan Program

This program involves the direct financing of CDBG funds on a minimum 3 to 1 ratio of private to public funds in selected Economic Development Target Areas (EDTA's). EDTA's are areas specially designated by the City Council for investment in commercial revitalization. Each EDTA must have an adopted comprehensive improvement plan which may include zoning, public improvements, design or other elements. (Upon approval of this plan, the Alkali Flat/12th Street Commercial Target Area will qualify as an EDTA). Funds from the loan program can be used for loan guarantees; lease guarantees; interim construction financing; and permanent financing for physical improvements such as new construction, structural rehabilitation, and leasehold improvements. Specific interest rates are determined on a case-by-case analysis commensurate with the developer's repayment ability and other factors, (e.g., maximum return on equity.) In addition, performance guidelines require that new, permanent jobs must be created at a rate of one job per \$7,000 in CDBG expenditures.

\$750,000 Total Development Cost Estimate @ 3 to 1 leverage ratio = \$562,500 (Private) to \$187,500 (Public)

ESTIMATED BUDGET \$187,500

2. Commercial Rehabilitation Program

The Commercial Rehabilitation Program is an interest subsidy program which makes available below market interest rate financing for small businesses. The program is administered through a private lending institution and currently provides an interest subsidy of approximately six points below market. Under this program loans can be made to business operators and property owners up to maximum loan amount of \$100,000. Examples of eligible activities include: repairs to meet zoning, health, safety and building code requirements; repair or replacement of advertising signs; installation or replacement of landscaping and fencing; expansion of building space; increase of parking areas; and installation of energy-saving materials or equipment.

\$300,000 Total Rehabilitation Cost (4-5 Structures) Estimate @ 3 to 1 leverage ratio = \$225,000 (Private) to \$75,000 (Public)

ESTIMATED BUDGET \$ 75,000

3. Facade Rebate Program

The Facade Rebate Program is recommended to stimulate more comprehensive involvement in the revitalization of the target area. This program will provide financing for facade improvements consistent with the design standards developed for this area. Structured after a successful facade program developed by the City of Chicago, the program will allow participating business operators or property owners to receive rebates for completed improvements of their properties. The specific amount of rebates will be based upon the level and type of improvements. In no case will the amount of the rebate exceed \$5,000.

Eligible items will include facade renovation, signs, exterior lighting, improvement to the interior portion of the storefront display area; certain types of security systems; and certain types of passive energy conservation improvements. All improvements will conform with the City of Sacramento Building Codes and the Alkali Flat Urban Design Guideline.

Cost estimates are based upon the maximum \$5,000 public contribution for an estimated 13 structures.

ESTIMATED BUDGET \$65,000

C. ARCHITECTURAL DESIGN SERVICES

In order to develop a coordinated approach for the facade improvements of the structures, the development of architectural standards for the renovations are recommended. Although the Alkali Flat Urban Design Guideline (Guideline) provides an overall design approach for the Alkali Flat Project Area, the recommendations provided for the 12th Street corridor were intended to establish general criteria which would be used for plan review. As the Guideline indicates, the five criteria used to govern all development (i.e., scale, proportion, form, material, and rhythm) were designed as "broad categories meant to guide the developer in achieving compatible new construction". The Guideline recommended and the Redevelopment Agency approved the allocation of \$5,000 to develop measured drawings depicting existing streetscape to assist developers in this area.

The recommendation for architectural services in this section attempts to build on this initial approach by providing a comprehensive revitalization standard for both new construction and the rehabilitation of existing structures. In order to accomplish this, in addition to the development of the existing streetscape drawings for proposed new construction, standards will be identified to tie the existing buildings together into an identifiable business district (painting, signs, awnings, etc.). The design standards will be developed by an architectural consultant with input from the business operators and property owners. For example, a number of business and property owners have expressed interest in developing and promoting an Hispanic cultural theme for the area. A design standard which enhances this theme could be developed.

It is intended that the standards will emphasize compatibility rather than conformity and will respect the underlying architectural features of the buildings. An attempt will be made to develop standards which require relatively inexpensive improvements for most buildings and which do not involve any unnecessary financial burdens to the business operators and property owners.

ESTIMATED COST \$ 25,000

D. Install Architecturally Designed Entrance and Exit Signs at Both Ends of 12th Street Target Area

In order to contribute to the area's identity as a united and distinct business district, permanent stationary signs are recommended for installation at both ends of the commercial district, i.e., 12th and C and 12th and F. The signs would be designed to complement and tie together the balance of the improvements planned for the area.

ESTIMATED COST \$ 7,000

E. Disposition of Agency Owned Building at 515 - 12th Street

A number of groups have indicated interest in developing a multi-purpose social service facility at this location. Proposals have been received from a number of non-profits which identify different development approaches, e.g., long term loans for acquisition and rehabilitation financing; joint-venture developments between the non-profits and private developers; and long term below market leases for the property.

Staff recommends the open solicitation of proposals for the disposition and development of this site for its highest and best use.

The 1980 cost estimates for the rehabilitation of the exterior shell were \$121,900. Based upon an inflation factor of 12%, 1983 exterior rehabilitation costs would be approximately \$171,260. However, this figure does not take into consideration the necessary leasehold improvements to the structure. (For the previously identified tenants, the 1980 costs were \$65,411 using a 12% inflation factor, 1983 rehabilitation costs would be \$90,633). Actual updated costs would need to be developed for both the interior and exterior rehabilitation once the construction schedule and specific tenant(s) are determined.

ESTIMATED COSTS Unknown

F. Acquisition, Disposition and Development of Selected Parcels

Two properties in the target area have been identified for potential acquisition. Due to their blighting influence on the rest of the area, without the implementation of well conceived development plans for these properties, their current uses will adversely impact the revitalization efforts planned for the area. Acquisition, demolition and relocation costs for these two properties are estimated at approximately \$1,000,000+

ESTIMATED COSTS \$ 1,000,000

G. Merchants and Property Owners Association

A critical component of any successful commercial revitalization plan is the support of the affected business operators and property owners. Therefore the formation of a cohesive, identifiable group of local merchants and property owners for plan development and implementation is essential. Towards this objective, during the past few months, a group of property owners and business operators started meeting on a regular basis to provide input into the plan's formation. The meetings centered around the common problems and issues faced by the business operators and property owners and suggestions for their solutions. During this period a great amount of interest surfaced regarding the organization of a Merchants and Property Owners Association to deal with these issues on an ongoing basis, e.g., plan implementation, security, maintenance, crime, financing and technical assistance, design standards, advertising, promotions, etc. Staff recommends that current in-house personnel be utilized to provide technical assistance to the merchants and property owners to formulate a strong, cohesive and permanent Association.

H. Anti-Crime Program

As part of the comprehensive planning strategy for the proposed commercial revitalization plan, social issues must be addressed in conjunction with the physical requirements of the 12th Street Commercial Area. Only through dealing with the issues on this comprehensive basis can a successful project be accomplished. One major issue for many of these businesses is the perception of crime in the area. During discussion with property owners and business operators a number of individuals expressed concern about the existing crime problem, (i.e., prostitution, narcotics, loitering and vagrancy) and expressed interest in working together to combat these problems. The formation of the Merchants and Property Owners Association to work with the Police Department to help alleviate these problems is the first step proposed towards their resolution. The Association is interested in holding a series of meetings with the Police Department to improve the communication and cooperation between these two entities.

BUDGET SUMMARY

<u>ACTIVITY/PROGRAM</u>	<u>ESTIMATED COST</u>	<u>FUNDING SOURCE</u>
1. 12th Street Corridor Improvement Program		
A. Physical Improvement Program	\$ 268,000	Prior CDBG
B. Sign Removal Program	7,000	Prior CDBG
2. Economic Development Financing Programs		
A. Commercial/Industrial Development Loan Program	\$ 187,500	
B. Commercial Rehabilitation Program	75,000	
C. Facade Rebate Program	65,000	327,500
		Prior and 1983 CDBG
3. Architectural Design Services	25,000	Prior and 1983 CDBG
4. Entrance and Exit Signs	7,000	1983 CDBG
5. Disposition of Agency Owned Building at 515 - 12th Street	Unknown ^{1/}	Unknown ^{1/}
6. Acquisition of Properties	1,000,000 ₊	Section 108 ^{2/}
7. Merchants and Property Owner Association	N/A	
8. Anti-Crime Program	<u>N/A</u>	
	\$1,634,500	

1/ Actual costs to be determined upon disposition of property.

2/ Repayment with tax increment funds or disposition proceeds.

IV. IMPLEMENTATION STRATEGY

Upon approval of this plan by the City Council (acting as the Redevelopment Agency of the City of Sacramento), funds will be appropriated for its implementation. The actual implementation of this plan will be the responsibility of the Redevelopment Division of the Sacramento Housing and Redevelopment Agency. The specific implementation schedule for each identified activity will be outlined in the Alkali Flat Redevelopment Plan Implementation Strategy (Strategy). The Strategy, currently being prepared by the Redevelopment Division of the Redevelopment Agency, will outline all redevelopment activities required in the Alkali Flat Redevelopment Project Area, i.e., housing, capital improvements, commercial development and rehabilitation, their associated costs and a time schedule for their implementation. It is estimated the Strategy will be presented to the City Council in two months.

Economics Research Associates



Los Angeles, California
San Francisco, California
Chicago, Illinois
Boston, Massachusetts
Washington, D.C.
Ft. Lauderdale, Florida

**MARKET ANALYSIS AND
REVITALIZATION STRATEGY FOR
THE 12TH STREET/ALKALI FLAT
COMMERCIAL AREA**

AUGUST 1982

**PREPARED BY
ECONOMICS RESEARCH ASSOCIATES
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APPENDIX A

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INTRODUCTION

The Sacramento Housing and Redevelopment Agency (SHRA), in June of 1982, selected Economics Research Associates (ERA) to analyze commercial market conditions in the Twelfth Street/Alkali Flat commercial area. The study area is effectively 12th Street between G Street on the south and the railroad overpass on the north. These commercial establishments, located on the northern edge of downtown Sacramento, face a number of conflicting economic influences.

This study examines these influences including the condition of existing businesses, the retail potential of the area, the pressure for office development and the impact of the planned light rail system. Recommendations for public action are then put forward.

The study was prepared by William W. Lee, Vice President of ERA, specializing in urban area revitalization. Ms. Evelyn Hausske and Mr. Steve Spickard of ERA provided staff assistance.

Section I

EXISTING CONDITIONS OF BUSINESS IN THE
12TH STREET ALKALI FLAT AREA

The 12th Street commercial strip in the Alkali Flat Redevelopment Area contains 30 to 40 businesses which serve different markets and which have varying degrees of viability. For the purposes of this analysis, the retail outlets have been divided into four groups: restaurant/clubs, local serving stores, automobile related outlets and regional serving stores (see Table I-1). The vitality of these groups is explored below.

RESTAURANTS/CLUBS

This commercial strip contains eight restaurants, cafes or clubs; and these establishments occupy over 17,000 square feet of building space and generate over one million dollars in gross receipts. The Artistico Reno Club and the Five O Five Club, which serve as gathering places for the neighborhood, actually generate the highest volume. The Torpedo Place and the Five Two Four Club, both small establishments serving a broad market, appear to be doing well. Ortega's, El Tapatio and the Blue Ribbon Cafe are generating reasonable sales, but Ortega's and El Tapatio perhaps have larger facilities than are needed for their estimated volume. Chava's Inn does not appear to be doing well.

LOCAL SERVING STORES

Of the establishments which largely serve the local residents, Jalisco's Market is doing exceptionally well. The rapid growth of the Mexican/American population in the Sacramento region and in this neighborhood have contributed to the success of this store. None of the other miscellaneous or second-hand stores appear to have significant economic viability.

Table I-1
 BUSINESS ESTABLISHMENTS ALONG
 12TH STREET IN THE ALKALI FLAT PROJECT AREA

<u>Restaurant/Clubs</u>	<u>12th Street Numbers</u>	<u>Size (Sq. Ft.)</u>
Ortega's Mexican Inn	231	3,489
Torpedo Place	300	475
Artistico Reno Club	415	3,375
El Tapatio	424	4,500
Chava's Inn	501	2,419
Five O Five Club	505	1,330
Blue Ribbon Cafe	523	675
Five Two Four Club	524	900
Total/Average		17,163
<u>Local Serving Stores</u>		
Jalisco (Market)	318	1,400
AA Enterprise (2nd Hand Store)	406	n.a.
Good as Wood (Used Furniture)	410	n.a.
Byron's (2nd Hand Store)	507	780
Barber Shop	509	n.a.
Dolina-Franks (2nd Hand Store)	521	675
Rummage Rental	602	720
Wright's Bargain Center	604	720
Benson Place	606	720
Mana G. Buellan (2nd Hand Store)	608	1,620
<u>Other Outlets</u>		
Jalisco (Tortilla Factory)	314	5,130
Mabel's Rattan Shop	400	n.a.
Crystal Clear Printers	402	n.a.
Hauling Services	507	780
Hefner Electric Motor (Repairs)	516	2,820
Classic Trophy Co.	517	2,160
<u>Auto Related Outlets</u>		
The Flying Dutchman (Foreign Car Repairs)	414	n.a.
American Auto Upholstery	500	1,000
Carlos Body Shop	520	1,940
Tony's Garage	n.a.	n.a.

Source: Economics Research Associates

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REGIONAL SERVING OR AUTO RELATED OUTLETS

A few other outlets which serve the regional market from this commercial strip are doing well. These include Jalisco's Tortilla Factory, Classic Trophy Co., Mabel's Rattan Shop and Tony's Garage. However, location in this neighborhood is convenient but not essential to the performance of these establishments.

SURVEY RESULTS

A brief survey of local business conditions was circulated to each of the establishments and 17 were returned in time for inclusion in this report. The survey results are summarized in Table I-2, but a few of the significant findings are highlighted below:

- o The average size of business is small, 2,600 square feet, when auto related uses are not counted.
- o A large majority (71 percent) of the respondents rent their place of business.
- o A majority (53 percent) of the businesses are roughly keeping pace with inflation, but a significant minority (29 percent) are not keeping pace.
- o The most important market segments are: local residents (45 percent), downtown employees (27 percent) and Mexican/American residents of the region (22 percent).
- o The most serious problems indicated are: concerns with crime (71 percent), poor physical environment (59 percent), and insufficient parking (47 percent).
- o The most significant assets are: steady clientele (71 percent), reasonable prices (65 percent), convenient location (59 percent), and friendly service (47 percent).

Table I-2

SUMMARY RESULTS OF ALKALI FLAT
COMMERCIAL AREA BUSINESS SURVEY

1. Years business has been in the Twelfth Street/Alkali Flat area.			
a.	Less than 2 years	1	6%
b.	2 to 5 years	4	24
c.	5 to 10 years	5	29
d.	10 to 20 years	4	24
e.	Over 20 years	3	18
2. Total employment of respondents.			
a.	Full time	97	78%
b.	Part time	27	22
3. Average size of facility (non auto uses) = 2,600 square feet			
4. Own or rent space?			
a.	Own	5	29%
b.	Rent	12	7
5. Is your business volume keeping pace with inflation?			
a.	Volume growth well in excess of inflation	3	18%
b.	Roughly keeping up with inflation	9	53
c.	Not keeping up with inflation	5	29
6. Clientele by location.			
a.	Downtown employees		27%
b.	Local residents		45
c.	Mexican-Americans outside local neighborhood		22
7. Most serious problems.			
a.	Concern with crime	12	71%
b.	Poor physical environment	10	59
c.	Not enough parking	8	47
d.	Too much through traffic	5	29
e.	Insufficient variety of stores and restaurants	5	29
f.	Other	8	47

8. Most often cited strengths.

a. Steady clientele	12	71%
b. Reasonable prices	11	65
c. Convenient location	10	59
d. Friendly service	8	47
e. Cohesive community spirit	6	35
f. Good selection of stores and restaurants	6	35
g. Easy parking and circulation	5	29
h. Good selection of merchandise	5	29
i. Others	5	29

9. Plans for the next two years.

a. Remodel existing facility	7	44%
b. No action	6	35
c. Remodel and expand	2	12
d. Expand and relocate nearby	2	12
e. Terminate operation	1	6

10. Addition of employees over the next two years.

a. Yes	12	71%
b. No	5	29

Total expected additional employees = 28

11. Business outlook over the next two or three years.

a. Should be very good	6	32%
b. Steady but unspectacular	9	47
c. Not so good	4	21

12. Interest in below market interest rates rehabilitation loans.

a. Yes	11	65%
b. No	6	35

Source: Economics Research Associates

- o Over half of the respondents (53 percent) plan to remodel during the next two years.
- o The business people are cautiously optimistic about their business outlook over the next two or three years.
- o Eleven of the 17 respondents indicated interest in a below market interest rate loan program for rehabilitation of their facilities.

SUMMARY

The 12th Street commercial strip in Alkali Flat is perhaps best described as a marginal commercial area. A few of the businesses are profitable and could support a modest rehabilitation program, but a number of the other establishments appear to be extremely marginal and could not financially support any significant rehabilitation or new development.

Section II

MARKET POTENTIAL FOR REHABILITATION OR REDEVELOPMENT

The market analysis, presented in this section, moves beyond a review of existing conditions to an exploration of current and future potential.

THE LOCAL RESIDENT MARKET

As indicated by the survey, the most important market segment to the businesses in Alkali Flat is the local resident market. This market basically consists of residents living north of downtown Sacramento but south of the American River (see Figure 1).

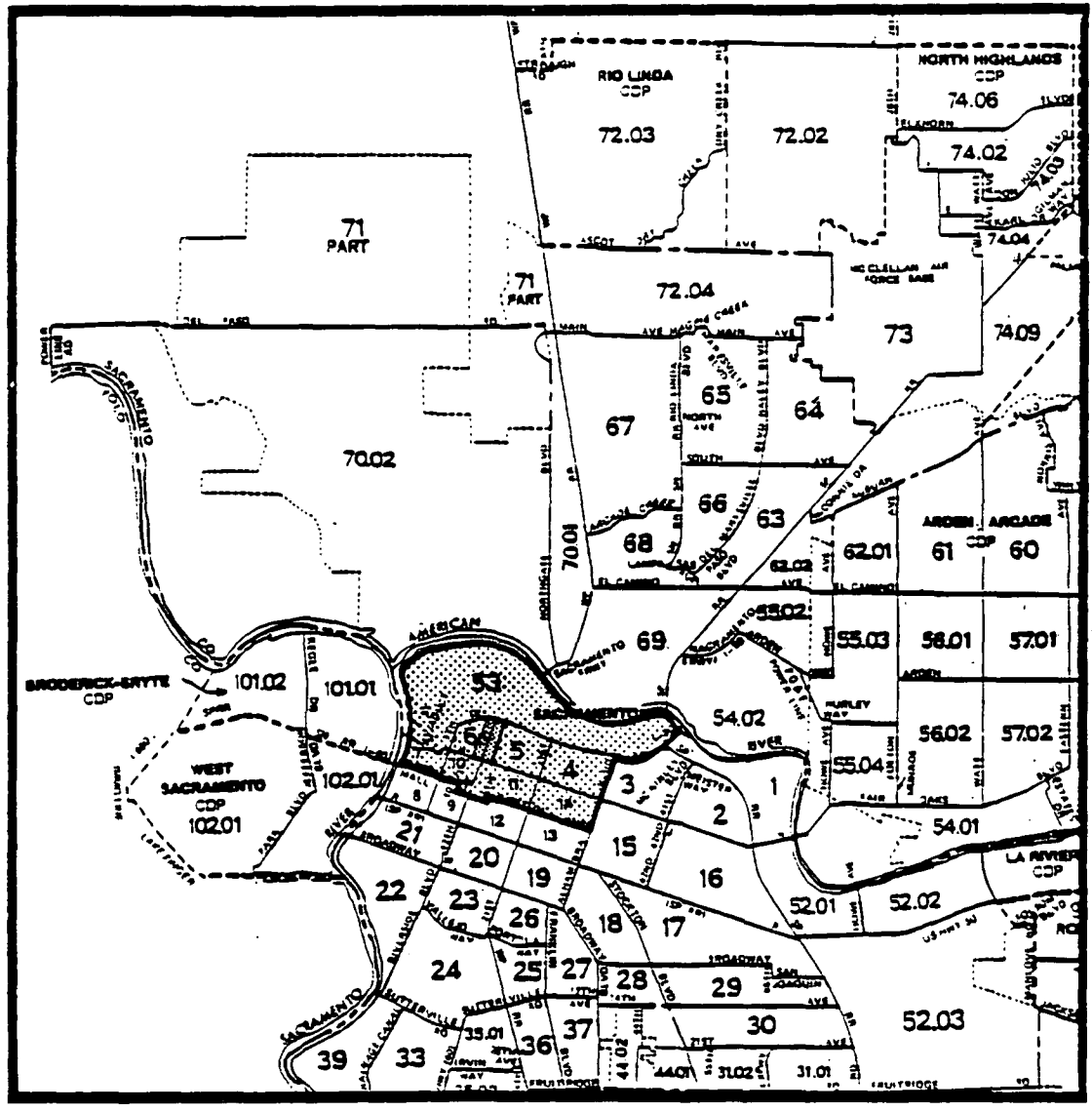
Ethnic Population

The Census Tracts¹ which constitute this Market Area contain 14,799 people according to the 1980 Census (see Table II-1). Over one-third of this population belongs to minority groups. The dominant group, which constitutes 22.1 percent of the total, is of Mexican origin. Other significant minority population included Black (7.2 percent), Asian/Pacific Islander (4.9 percent), other Spanish origin (2.3 percent) and American Indian (1.9 percent).

Several of the business establishments in the commercial area, such as Jalisco Market and three or four of the restaurants, clearly reflect the concentration of the Mexican population in the neighborhood. The market served by these establishments has been expanding rapidly. While total population in the Market Area has grown only slightly from 1970 to 1980, the Mexican origin population has increased 68 percent from 1,932 to 3,253

¹Tracts 4, 5, 6, 7, 10, 11, 14 and 53.

FIGURE 1
THE ALKALI FLAT COMMERCIAL AREA ON 12TH STREET
AND ITS MARKET AREA



-  ALKALI FLAT COMMERCIAL AREA
-  MARKET AREA

Table II-1

CONCENTRATION OF MINORITY POPULATION
IN ALKALI FLAT'S MARKET AREA¹

	<u>Number</u>	<u>Percentage</u>
Total Population	14,799	100.0%
White	10,293	69.6
Black	1,069	7.2
American Indian	289	1.9
Asian/Pacific Island	726	4.9
Other/Unspecified	2,422	16.4
 Total Population	 14,799	 100.0%
Non Spanish Origin	11,194	75.6
Mexican	3,272	22.1
Other Spanish Origin	333	2.3

¹Includes Census Tracts 4, 5, 6, 7, 10, 11, 14 and 53.

Source: 1980 Census

(see Table II-2). Over this decade, the Mexican origin population in the City of Sacramento has tripled from 10,830 to 32,272; and in the Sacramento SMSA; the increase was even greater, from 24,227 to 78,600.

Estimated Income

The families served by the commercial establishments along 12th Street are of relatively low income. The median income of all families in the Sacramento SMSA during 1979 was \$20,887 according to the 1980 Census. ERA estimates that the median 1979 family income for all Mexican origin families in the SMSA was \$16,700. In the Market Area, the median income is estimated to be \$14,200 for all families and \$12,100 for Mexican origin families (see Table II-3). This lower income translates into lower effective purchasing power for goods and services.

Demand from Market Area Residents

Demand for commercial space along 12th Street can be estimated by using the following steps:

- o The average per capita sales for each type of goods and service for the entire Sacramento SMSA is used as the norm in estimating demand.
- o For the Market Area the SMSA per capita sales average is adjusted to reflect the lower family income.
- o The resulting Market Area per capita sales demand for each type of store is then multiplied by the Market Area population to determine aggregate demand.
- o Based on professional judgment, the 12th Street commercial area is allocated a share of this aggregate demand. This share is the estimated market penetration or capture rate.

Table II-2

GROWTH OF MEXICAN ORIGIN POPULATION IN THE SACRAMENTO SMSA
AND THE ALKALI FLAT MARKET AREA

	1970			1980		
	Total Population	Mexican Origin	Percentage Mexican	Total Population	Mexican Origin	Percentage Mexican
Sacramento SMSA	800,592	24,227	3.0%	1,014,002	78,600	7.8%
Sacramento County	631,498	15,495	2.5	783,381	56,688	7.2
Yolo County	91,788	6,217	6.8	113,374	16,116	14.2
Placer County	77,306	2,515	3.3	117,247	5,793	4.9
City of Sacramento	254,417	10,830	4.3	275,741	32,272	11.7
Market Area Census Tracts	13,795	1,932	14.0%	14,799	3,253	22.0%
4	3,668	389	10.6	3,929	658	16.7
5	3,106	876	28.2	3,157	1,272	40.3
6	1,933	450	23.3	974	455	46.7
7	569	--	--	1,320	166	12.6
10	78	--	--	890	97	10.9
11	1,251	7	0.6	1,113	107	9.6
14	2,140	45	2.1	2,511	165	6.6
53	1,050	165	15.7	905	333	36.8

Source: Bureau of Census 1970 and 1980.

Table II-3

ESTIMATED MEDIAN FAMILY INCOME IN THE SMSA
AND THE ALKALI FLAT MARKET AREA

	1969		1979	
	<u>Income</u>	<u>Ratio to SMSA Median</u>	<u>Income</u>	<u>Ratio to SMSA Median</u>
<u>Sacramento SMSA</u>				
All Families	\$10,362	1.00	\$20,887	1.00
Mexican Origin Families	\$8,413	0.81	\$16,700	0.80
<u>Market Area¹</u>				
All Families	\$6,475	0.63	\$14,200	0.68
Mexican Origin Families	\$5,077	0.49	\$12,100	0.58

¹Census Tracts 4, 5, 6, 7, 10, 11, 14 and 53.

Source: Bureau of Census and Economics Research Associates.

- o The resulting sales for each type of establishment along 12th Street is then divided by the expected sales per square foot to arrive at the supportable retail square footage.
- o For uses where supportable space is below 2,000 or 2,500 square feet, the effective demand is insufficient to justify a store.

The actual computations (presented in Table II-4) indicates that the local Market Area is able to support a Mexican grocery store of approximately 3,000 square feet and two or three restaurants or cafes which total 5,000 square feet. Clearly, the local resident market is not able to support any significant new retail development.

Over the next decade, this residential market is not expected to expand. In fact, as downtown office development continues to intrude into this area, the resident population is likely to decline. The retail sales generated by this market segment would likewise decline.

TOTAL DEMAND FOR RESTAURANTS

The analysis of the local resident market, the most important market segment, indicated that the commercial uses which had any significant potential and warranted more detailed study were restaurants and a Mexican grocery store. Although anchored by support from local residents, these establishments receive support from other market segments as well.

Downtown Employment Growth

Several of the local restaurants already derive up to one half of their total sales from downtown employees. ERA estimates that with the continued aggressive development of office space in downtown Sacramento, enhanced by the construction of a light rail transit system, downtown office employment will increase from 100,000 currently to 112,000 by 1990 and perhaps 125,000 by the year 2000. This employment growth and the

Table 11-4

ESTIMATED DEMAND FOR COMMERCIAL SPACE FROM MARKET AREA RESIDENTS

	<u>Sec. SHSA Per Capita Demand</u>	<u>Adj. Factor For Income</u>	<u>Market Area Per Capita Demand</u>	<u>Total Market Area Demand (\$1,000)</u>	<u>12th St. Capture Rate</u>	<u>Sales of 12th St. Outlets (\$1,000)</u>	<u>Expected Sales Per Sq. Foot</u>	<u>Supportable Sq. Footage</u>
Apparel	\$ 150	.5	\$ 75	\$1,110	--	--	--	--
General Merchandise	540	.6	324	4,795	--	--	--	--
Specialty Stores	335	.3	100	1,480	--	--	--	--
Food	1,280	.7	896	13,260	5.0%	\$663	220	3,014
Liquor	60	.6	36	533	5.0	27	100	270
Drug	90	.6	54	799	5.0	40	120	333
Eating & Drinking Places	480	.6	288	4,262	15.0	639	125	5,112
Furniture & Appliances	<u>225</u>	<u>.5</u>	<u>113</u>	<u>1,672</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total	\$3,160	.6	\$1,886	\$27,911	4.9%	\$1,369	142	8,729

Source: Economic Research Associates

expected light rail link between Alkali Flat and downtown will substantially increase the potential for restaurant sales in the Alkali Flat commercial area.

Total Potential

The analysis in Section I indicated that the 17,000 square feet of restaurant/cafe space along 12th Street currently generated gross sales of just over one million dollars per year. ERA is of the opinion that if these restaurants were renovated and upgraded to effectively appeal to downtown employees, they could probably double their total sales to over two million dollars per year. This doubling of sales assumes that the restaurants collectively would derive 40 percent of their business from downtown employees and 30 percent of their business from residents outside the local Market Area, largely in the evenings. As employment in the downtown increases and as the area is improved, total Alkali Flat restaurant sales could increase to over \$2.5 million by 1990 and \$3.2 million by 2000. This increase in sales performance would be achieved at the expense of serving the local resident market (see analysis in Table II-5).

Conclusions Regarding Restaurants

With the proper investment in physical facilities, operations, and a general upgrading of the area, ERA believes that existing restaurants along 12th Street could substantially increase sales volume. This volume increase will require a deliberate strategy of moving away from dependence on the local populations to serving downtown employees during the daytime and the regional population in the evenings. In fact, if the local establishments do not move in this direction, but continue to depend upon the local resident market which is not expected to expand, they will very likely be replaced by new and more astute establishments.

Table II-5

ESTIMATED DEMAND FOR RESTAURANT/BAR
SPACE FROM ALL MARKET SEGMENTS

	<u>1980</u>	<u>1990</u>	<u>2000</u>
Estimated Downtown Sacramento Employment	100,000	112,000	125,000
Annual Per Employee Expenditure in Eating & Drinking Establishments	\$350	\$380	\$425
Total Demand from Downtown Employees (In Millions of Dollars)	\$35	\$42.6	\$53.1
Possible Alkali Flat Market Capture	2.5%	2.8%	3.2%
Demand in Alkali Flat From Downtown Employees (In Thousands of Dollars)	\$875	\$1,193	\$1,699
Add Demand from Local Residents (In Thousands of Dollars)	\$639	\$600	\$550
Add Demand from Other Sources (In Thousands of Dollars)	\$649	\$768	\$964
Total Estimated Demand	\$2,163	\$2,561	\$3,213
Expected Sales Per Sq. Ft.	125	130	135
Total Supportable Square Footage	17,300	19,700	23,800

Source: Economics Research Associates

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DEMAND FOR EXPANSION OF THE MEXICAN MARKET

With sustained expansion of the regional economy, the Mexican origin populations in the Sacramento SMSA will continue to grow rapidly. ERA forecasts that this population will reach 130,000 by 1990 and 195,000 by 2000 from the current level of just under 80,000.

ERA does not believe that the local Mexican grocery store, Jalisco, has fully tapped the market represented by this rapidly growing regional population. Given its location, central to the region and on an important arterial leading into the downtown, ERA is of the opinion that, if the Jalisco Market were expanded into a new facility of 7,500 or 8,000 square feet with ample parking, it could increase its annual sales to \$1.6 or \$1.7 million, without considering the tortilla factory. This opinion is based upon the following market penetration assumptions:

- o It would capture 5.0 percent of the local resident Market Area grocery store dollar.
- o It would capture a modest 0.75 percent of the grocery store dollar of the Mexican origin population in the region but outside the local Market Area.
- o Twenty-five percent of its sales would be generated from sources other than Mexican American families or local residents.

As the store becomes better known and as the region's Mexican origin population continues to increase, the sales of the Jalisco Market could reach over \$2.1 million by 1990 and \$2.4 million by 2000. To accommodate this volume of business, the store would have to be expanded to approximately 10,000 square feet (see analysis Table II-6). Sufficient parking to reasonably accommodate periods of peak demand will be extremely important.

Table II-6

ESTIMATED DEMAND FOR MEXICAN GROCERY STORES
IN ALKALI FLAT FROM ALL MARKET SEGMENTS

	<u>1980</u>	<u>1990</u>	<u>2000</u>
Population of Mexican Origin in the SMSA	78,600	130,000	195,000
Less Local Market Area Mexican Population	3,253	3,270	3,300
Mexican Origin Population in SMSA Outside Local Market Area	75,347	126,730	191,700
Per Capita Food Store Demand	\$1,024	\$1,120	\$1,225
Percentage Spent in Mexican Food Stores	10%	10%	10%
Per Capita Demand in Mexican Food Stores	\$102	\$112	\$123
Total Demand from Mexican Population Outside Local Market Area (Millions of Dollars)	\$7.7	\$14.2	\$23.6
Capture by Alkali Flat Establishments	7.5%	6.5%	4.8%
<u>Alkali Flat Est. Sales</u>			
To SMSA Mexican Population	\$578	\$923	\$1,133
To Market Area Residents	\$663	\$663	663
To All Others	<u>\$414</u>	<u>\$529</u>	<u>599</u>
Total Sales	\$1,655	\$2,115	\$2,395
Expected Sales per Square Foot	220	230	240
Supportable Square Footage	7,500	9,200	10,000

Source: Economics Research Associates

DEMAND FROM TOURIST

The existing buildings on the 12th Street commercial strip do not have sufficient historical or architectural interest to form a significant tourist destination. If a major speciality retail and tourist complex with a Mexican flavor were to be created in Sacramento, the Alkali Flat commercial area would not be the most logical location for two reasons:

- o It does not have sufficient vacant land for new development, and
- o Even if a five to seven vacant site were created through redevelopment the office developers would be able to offer a higher price for the land.

As the local restaurants are rehabilitated and achieve a consistent and outstanding reputation, they will be able to attract some tourist business. A significant tourist business will not be achieved, however, unless the entire 12th Street corridor is upgraded.

Section III

OFFICE DEVELOPMENT PRESSURE

Two issues of critical concern to commercial establishments along 12th Street are the pressure for office development and the impact of the planned light rail system. This section explores the first of these two interrelated issues.

PRESSURE FROM OFFICE DEVELOPMENT

The Sacramento regional economy expanded at a moderate pace during the early 1970s (see Table III-1 on employment growth). Constrained by a limited amount of construction, office space demand growth averaged perhaps 200,000 to 300,000 square feet per year during that period. Economic growth, however, accelerated rapidly during 1977, 1978 and 1979. This acceleration combined with little previous construction resulted in the build-up of tremendous office space demand pressure. During the four years from 1978 through 1981, the SMSA office space demand jumped to an average of approximately 1.0 million square feet per year, bringing the average demand for the 1970s to about 600,000 or 700,000 per year.

New Construction in Downtown Sacramento

The rapid absorption of office space and escalating rents during the late 1970s spurred a tremendous amount of office development. In downtown Sacramento alone, 650,000 square feet were completed in 1981 and 1.5 million square feet were either completed or under construction during 1982. In addition, 1.4 million square feet has been approved for construction, and some 700,000 square feet are seeking approval. The major projects either approved or under construction are highlighted below:

- o A 153,000 square foot building bounded by 5th, 6th, I and J Streets is under construction.

Table 111-1

HISTORICAL NON AGRICULTURAL EMPLOYMENT GROWTH IN SACRAMENTO SMSA
1970-1981
(In Thousands)

Industry	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	Absolute Increase 1976-1981	Average Annual Increase (Percent)
Mining	0.1	0.1	0.2	0.3	0.4	0.3	0.3	0.4	0.4	0.4	0.6	0.7	0.6	19.4%
Construction	11.6	13.2	14.0	14.0	14.2	13.5	14.5	17.9	21.4	23.6	19.8	17.7	6.0	3.6%
Manufacturing	22.2	21.5	22.5	23.4	22.7	22.0	23.1	24.6	26.5	27.8	27.3	27.7	5.5	2.0%
Non Durable Goods	11.4	11.6	12.2	12.6	12.6	11.9	12.0	12.3	13.0	13.4	13.1	13.1	1.7	1.3%
Durable Goods	10.8	9.9	10.4	10.9	10.1	10.1	11.1	12.3	13.5	14.4	14.2	14.6	3.8	2.8%
Transportation and Public Utilities	17.3	17.4	17.5	17.7	17.8	16.7	17.4	18.2	20.0	21.6	21.8	22.4	5.1	2.4%
Wholesale Trade	10.6	10.7	12.9	13.1	13.7	14.3	14.9	14.8	16.2	16.9	17.6	18.4	7.8	5.1%
Retail Trade	43.8	45.4	49.1	52.2	53.6	56.0	59.8	63.8	70.2	74.7	75.4	76.4	32.6	5.2%
Finance Insurance and Real Estate	10.4	11.1	12.0	12.6	13.3	13.8	15.0	16.6	18.5	20.8	22.0	22.5	12.1	7.3%
Services	38.5	40.3	43.6	46.6	49.5	53.1	56.4	59.4	67.3	70.0	73.4	77.9	39.4	6.6%
Government	108.9	109.6	112.7	116.1	122.7	128.4	130.3	136.4	137.5	137.6	140.7	142.7	33.8	2.5%
Federal	29.5	28.4	27.3	26.3	26.6	25.8	24.7	24.5	25.0	25.2	25.6	25.6	(3.9)	(1.3%)
State and Local	79.4	81.2	85.4	89.8	96.1	102.5	105.6	111.9	112.4	112.4	115.1	117.1	37.7	3.6%
Total	263.4	269.3	284.5	296.0	307.8	318.0	331.7	352.2	375.8	393.4	398.6	406.2	142.5	4.0%
Increase From Previous Year	----	5.9	15.2	11.5	11.8	10.2	13.7	20.5	23.6	17.6	5.2	7.6		

Source: Employment Development Department

- o An 88,800 square foot building at 13th and J Streets is under construction.
- o 81,400 square feet of attorney's offices at 10th and H Streets has just been completed.
- o The 135,000 square foot Forum Building is under renovation at 9th and K Streets.
- o An 11 story building of 164,000 square feet has been approved at 1300 I Street.
- o Construction of 460,000 square feet located between 3rd, 5th, P and Q Streets is scheduled to start in 1982.
- o The Senator Hotel at 12th and L is under renovation into 210,000 square feet of office space.
- o The old Weinstock's store at 12th and K is being rehabilitated into 150,000 square feet of office space.
- o The 306,000 square feet new Capitol Bank of Commerce has been approved for Capitol Mall between 3rd and 4th Streets.
- o RJB has a 148,000 square foot building under construction at 1515 K Street.
- o The Traveler's Hotel rehabilitation and addition will offer 113,000 square feet of office space at 5th and J.
- o A 177,000 square foot 13-story office building has been approved at 8th and L.

In addition to this high level of activity in downtown Sacramento, increased office construction is also expected in suburban locations. Some 2.0 to 3.4 million square feet of office space is being proposed at the South Natomas area approximately ten minutes north of downtown. Another 2.5 to 3.0 million square feet is proposed in 18 other suburban locations such as Point West, Howe and Watt Avenue.

Market Outlook

With the early 1970s pent up demand largely satisfied and with a sharp reduction in employment growth resulting from the current recession, ERA expects near term (1982 to 1985) office space demand to fall below the 1.0 million square feet per year level achieved during the recent peak absorption period (1978 to 1981). As the major buildings currently under construction approach completion, the Sacramento office market will become highly competitive. The high prestige and well located buildings will be offering concessions to lure tenants from older buildings. Space in smaller buildings at peripheral locations will have little success in attracting tenants, and financing for new office construction will be ever more difficult to secure.

Since the Sacramento region will continue to experience rapid population growth, office space demand will continue to be substantial as the regional economy pulls out of this recession and absorbs the current inventory. Another period of intense office space demand can be expected in the late 1980s (1986 to 1989). Absorption during that period will very likely top the high level achieved in the 1978 to 1981 period.

Office Development Pressure in Alkali Flat

Given the expected highly competitive office market over the next three or four years, limited pressure exists for office development to continue its march along 12th Street north of G Street. Developers have indicated that the Alkali Flat area is not particularly conducive to office development for several reasons:

- o The physical and social environment is not particularly attractive.
- o Political opposition from community groups concerned with displacement of commercial establishments, residential units and

historic buildings will encourage developers to seek areas of lower resistance.

- o The major new downtown buildings will attract tenants from existing older buildings. Many of these older buildings with secondary vacancies will have a locational and price advantage over new space in Alkali Flat.
- o The parcels on the east side of 12th Street north of F Street typically do not have sufficient lot depth to facilitate office development. Land assembly to gain the necessary depth will require intrusion into residential properties.
- o While the light rail system, if funded, will benefit this area, its benefits will be distributed over a wide area of downtown Sacramento.

Developers interviewed indicated preferences either for vacant property in suburban locations or for the area east of 16th Street between Capitol Avenue and G Street for additional lower priced office development. Alkali Flat simply presents too many problems unless the Redevelopment Agency were to intervene with a clearance and land assembly program.

It is ERA's conclusion that in the next two to five years only the block between G and F Streets is faced with any significant office development pressure. The accountants, lawyers and other professionals who serve the Alkali Flat neighborhood will have a greater preference for office projects in the G and F Street area. However, all of the professional services in downtown Sacramento are within easy reach of the Alkali Flat residents. Office intrusion into the area north of G Street, in a major fashion, is not expected for some time.

Section IV

LAND VALUES AND THE IMPACT OF THE LIGHT RAIL SYSTEM

LAND VALUES ALONG 12TH STREET

The properties which are expected to remain in manufacturing or neighborhood commercial use, typically located at the northern end of 12th Street, have relatively low values (\$2.00 to \$5.00 per square foot). The properties which could have some office development potential, depending upon expectations, have values in the \$10.00 to \$25.00 range. These are probably located between F and D Streets. The parcels which have near term office potential, typically south of F or G Streets, have values of \$25.00 to \$50.00 per square foot. The smaller parcels, which had to be assembled to facilitate major office projects, brought values of several hundred dollars per square foot (see Table IV-1 and Figure 2).

Neighborhood commercial areas along 12th Street support very little land value. The values are directly related to the immediacy and density of office development possible. The locational aspects of the office market determines land values along 12th Street.

IMPACT OF THE LIGHT RAIL SYSTEM

The proposed light rail system is expected to traverse the I-80 corridor, cross the American River and then enter downtown along 12th Street. Two stations have been proposed in Alkali Flat, one at E or F Street and the second at G or H Street. The system is primarily designed to transport commuters from the suburban communities in the northwest into downtown Sacramento and back out again. Although planned for completion in 1985 or 1986, the system has received funds for engineering but not for construction.

Table IV-1
LAND VALUES IN THE 12TH STREET CORRIDOR

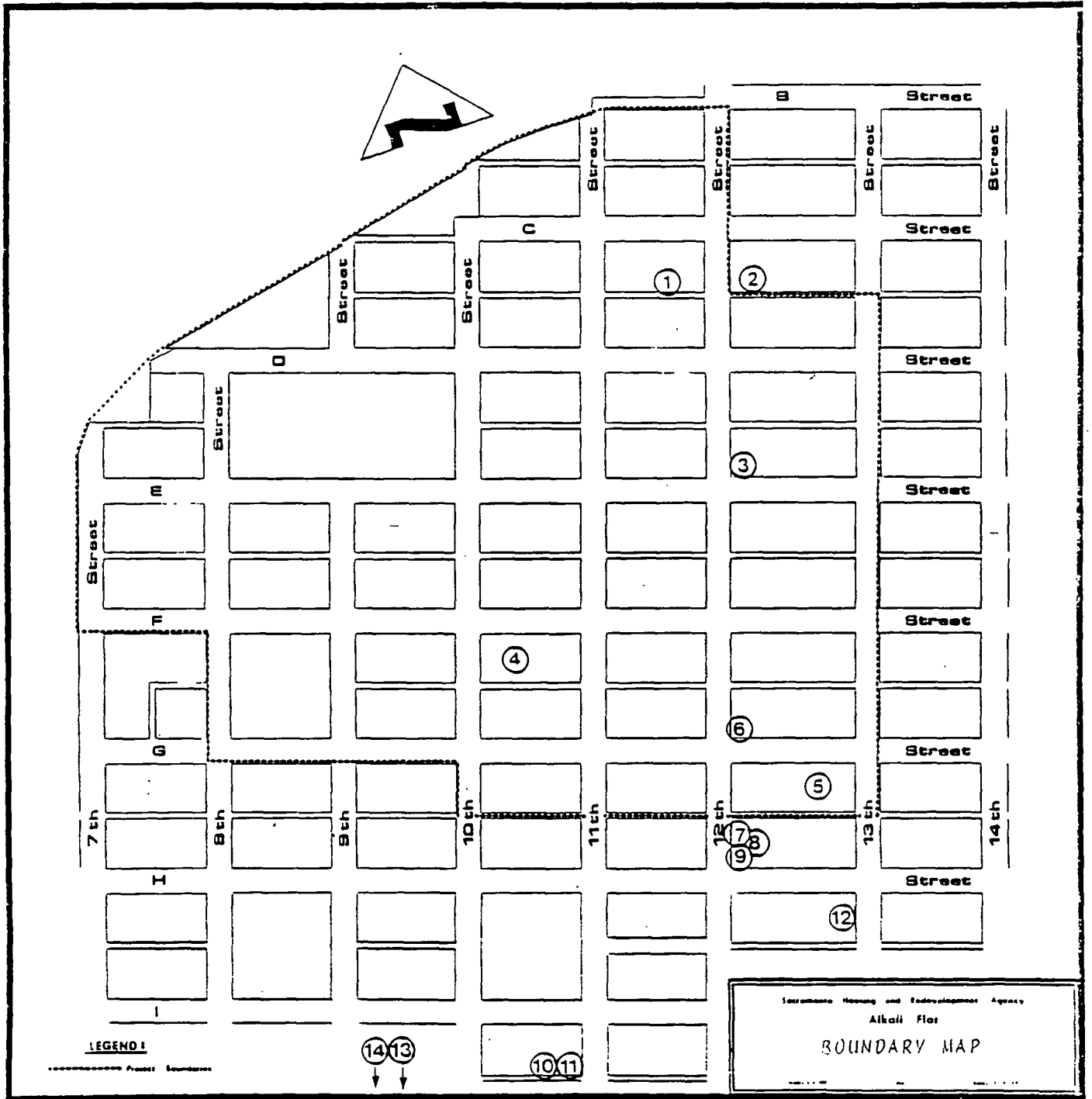
Map Key	Address	Zoning	Sales Price	Size (Sq. Ft.)	Month/Year	Price Per Sq. Ft. ¹	Adjusted Price Per Sq. Ft. ²
1	1116 C Street	M-1	\$10,000	4,000	1/81	\$2.50	\$3.02
2	315 12th Street	M-1	25,000	12,800	12/78	1.95	3.02
3	429 12th Street	C-2	133,200	9,600	1/81	13.88	16.77
4	1010 F Street	C-4	47,000	11,680	8/79	4.02	5.75
5	1224 G Street	C-2	23,500	6,420	2/82	3.66	3.89
6	627 12th Street	C-2	1,654,000	4,835	9/81	342.09	381.67
7	719 12th Street	C-2	270,000	9,680	3/81	27.89	33.03
8	727 12th Street	C-2	200,000	9,680	5/81	20.66	23.99
9	719-727 12th Street	C-2	856,000	19,360	11/81	44.21	48.35
10	912 11th Street	C-3	70,000	3,200	12/81	21.88	23.69
11	912 11th Street	C-3	73,500	3,200	3/82	22.97	24.14
12	1236 H Street	C-3	70,000	6,400	3/81	10.94	12.96
13	910 I Street	n.a.	850,000	18,700	10/79	45.45	63.75
14	906 I Street	n.a.	850,000	2,000	11/79	425.00	590.20

¹The extraordinary per square foot land costs reflect assembly of small parcels for office projects.

²Inflated at a compounded rate of 1 percent per month until August 1982.

Source: County of Sacramento and Economics Research Associates

FIGURE 2
LAND TRANSACTIONS



(See Table IV-1)

Changes to 12th Street

The current thinking by the Sacramento Transit Development Agency (STDA), which is not final, is that the following changes will be made to 12th Street:

- o A single track will initially be constructed along 12th Street in the eastern most lane. This track will either handle southbound traffic or phased traffic in both directions.
- o The auto lanes and the light rail lane will be separated by a curb to discourage left turns across the rail tracks. Left turns into streets will be allowed, but left turns into alleys or driveways will be heavily discouraged.
- o Three auto travel lanes will be maintained along 12th Street.
- o Parking along both sides of 12th Street will be removed. A total of 145 street parking spaces will be removed.
- o STDA will acquire and provide a 45-space parking lot on the west side of 12th Street just north of the Five Two Four Club. That lot is currently used as a parking lot, but STDA acquisition would insure its future use as a parking lot.

Land Value and Land Development Impacts

These changes will have fairly complex land value impacts on the 12th Street commercial area which need to be addressed both by use and by land location. ERA, based upon its extensive nationwide experience with the impacts of light and heavy rail systems, believes that this Sacramento system will have the following impacts on downtown and the 12th Street corridor:

- o The light rail system will, over time, strengthen downtown Sacramento as an office location relative to suburban

alternatives primarily by reducing the parking burden of office development.

- o For the block between G and F Streets, which has near term office potential, the light rail system will enhance land value and development opportunity by reducing parking need and improving linkage with other parts of the downtown. For inbound commuters, this stop will be the first downtown Sacramento stop. The extent of land value enhancement depends upon the density of office development permitted.
- o By removing all street parking and discouraging or preventing left turns, the light rail system will diminish if not completely eliminate the viability of retail uses on the east side of 12th Street between F and C Streets. In all fairness, the east side currently has very marginal viability as a retail area. However, the light rail system enhances the land values on this east side for office development. For reasons discussed previously, this area has limited opportunity for office development without active intervention by the Sacramento Housing and Redevelopment Agency in the form of demolition and land assembly. Therefore, the positive land value impacts are not likely to be realized without additional public sector intervention.
- o The west side of 12th Street currently has considerably more viability as a commercial area than the east side. The provision of a public parking lot on this side, if maintained for the use of the local commercial establishments, protects the retail viability of this area. The light rail system will enhance the sales performance of local restaurants, particularly if these establishments upgrade to improve penetration of the downtown employee market. If the rehabilitation program is highly successful, a second public parking lot may be required.

In summary, while the light rail system will have some redistributive impacts on land values along the 12th Street commercial strip, its overall long term impact is positive. However, some of the positive impacts cannot be realized without additional complementary public sector land use policies and financing programs.

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Section V

IMPLEMENTATION RECOMMENDATIONS

The analysis of the viability of existing commercial establishments, the retail market potential of the area, the office development pressures and the impact of the light rail system leads us to recommend three different implementation approaches for three portions of the 12th Street commercial corridor (see Figure 3).

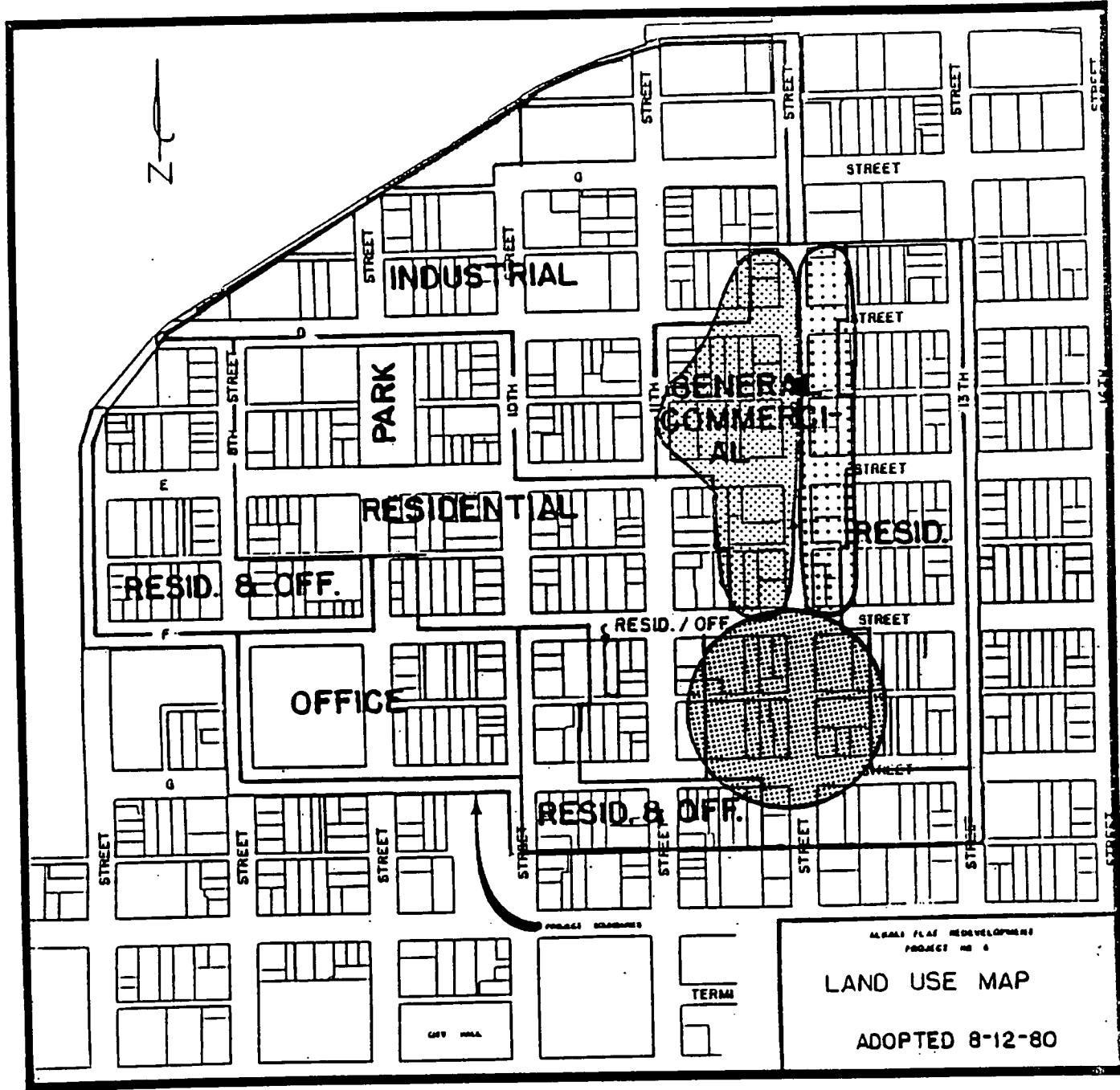
BOTH SIDES OF 12th STREET SOUTH OF F STREET




This area has the locational strength to convert to office use in the near future. The immediacy of conversion depends upon the downtown office space supply versus demand balance. The public sector actions needed include implementation of supportive land use policies for office development and promotion of one or more well conceived development concept. Office development in this block would enhance local commercial establishments, particularly the restaurants further north of G Street.

EAST SIDE BETWEEN F AND C STREETS

This area currently has limited viability for retail use. The light rail system, by removing street parking and discouraging or preventing left turns from 12th Street, will further diminish the retail viability of this area. Conversion to office use, while supported by the light rail system, is not likely without additional public sector intervention because the commercial parcels along 12th Street lack depth. This lack of lot depth is particularly true for properties near F Street. Developers would have to acquire and demolish several residential lots behind the commercial properties to achieve parcels large enough for office development. Given the numerous other opportunities in and around downtown Sacramento and in the suburbs, developers are unlikely to tackle this undoubtedly

FIGURE 3
IMPLEMENTATION RECOMMENDATIONS
ALKALI FLAT COMMUNITY AREA



-  PROMOTE AND ENCOURAGE PRIVATE SECTOR OFFICE DEVELOPMENT
-  PROTECT FOR NEIGHBORHOOD COMMERCIAL USE AND TARGET REHAB FUNDS
-  LITTLE OR NO RETAIL POTENTIAL AGGRESSIVE AGENCY ACTION NEEDED FOR OFFICE REDEVELOPMENT

controversial problem. If the properties near F Street do not convert to office use but remain in its current deteriorated state, properties further north on 12th Street are not likely to develop into office use.

Since rehabilitation for retail uses in this area has little or no viability, the Redevelopment Agency faces a choice between two difficult courses of action.

- o The first would be to do nothing. Even with the arrival of the light rail system, little upgrading can be expected. This side of 12th Street will probably continue to deteriorate, adversely affecting renovation efforts on the west side.
- o The second would be redevelopment: land assembly, demolition, planning and disposition. This course of action would require the relocation of a number of residents and would not be appropriate until the oversupply of office space currently being produced is largely absorbed most probably after 1985.

WEST SIDE BETWEEN F AND C STREETS

This area has the most strength as a community commercial node. The market analysis indicated that Jalisco Market and several of the restaurants should be able to increase sales and expand clientele by upgrading facilities. Since this area faces fairly limited office development pressure over the next five or ten years, ERA recommends that this area be protected as a neighborhood commercial area. Office intrusion should not be permitted, and the available rehabilitation loan funds should be targeted for this area.

If the revitalization program is successful, a second offstreet parking lot may be needed once street parking is eliminated by construction of the light rail system. These lots should be short term lots to serve the commercial establishments and should not be park-and-ride lots for transit patrons. Parking will be most important to the restaurants and Jalisco Market because their patronage tends to be concentrated in peak periods.

STOCKTON BOULEVARD COMMERCIAL REVITALIZATION

INTRODUCTION

This report regards the study and proposed program for the commercial revitalization of Stockton Boulevard and the recommended activities and estimated costs for their implementation.

BACKGROUND

The commercial revitalization strategy for Stockton Boulevard has been developed from a review of the following: 1) physical conditions survey of the properties; 2) building vacancy rates; 3) number of vacant parcels; 4) merchants survey; 5) developer/property owner input; 6) market study findings; 7) present and future population trends and projections of market area; 8) preliminary findings of Oak Park Redevelopment Plan Update Consultants; 9) comparative data with other city commercial strips under investigation; and 10) input from City and County Planning Staff.

For the purpose of this analysis, the survey area from Broadway to 47th Avenue has been divided into three sections: 1) Broadway to 14th Avenue (the area located in the Oak Park Redevelopment Project Area); 2) 14th Avenue to Perry; and 3) Perry to 47th Avenue (See Map 1). A brief overview of their physical characteristics follows to provide an understanding of the degree of deterioration in these three areas.

The first section from Broadway to 14th Avenue is the most blighted area due to the physical condition and number of vacancies and/or vacant structures (See Exhibit "A"). Of the 54 commercial structures in this area, 24% of them are vacant and 24% are in poor condition. The second section from 14th Avenue to Perry, comprised of approximately 39 commercial structures, is the second most distressed area. Twenty six percent (26%) of these structures are in poor condition and 13% of the structures are vacant. The third section from Perry to 47th, consisting of 182 structures, is the most healthy section of the Stockton Boulevard Study Area. Only 3% of these structures are in poor condition and a 10% vacancy rate exists. (See Exhibit "B" for graph depicting the range of development along the strip.)

It is apparent from a review of these existing conditions that the former two sections are in greatest need of commercial revitalization. Therefore, in order to alleviate the deterioration of the strip, the strategies outlined below have been targeted to serve these sections. It is important to note, however, that concurrently with staff research on the commercial revitalization of the Stockton Boulevard Area, the private consulting firm of Wurster, Bernardi and Emmons, Inc., is reviewing the section from Broadway south to 14th Avenue (due to its location in the Oak Park Redevelopment Project Area) as part of the Oak Park Redevelopment Plan Update. Specifically, they are analyzing the feasibility of the development of a neighborhood shopping center at the intersection of Stockton Boulevard and Broadway. It is estimated that their conclusions will be presented in mid May 1983. As these conclusions effect the development of the entire northern area of the strip, their findings will have an impact on the staff recommendations presented in this report. Staff believes, however, it is possible to identify a number of actions which can be implemented regardless of their decision. Therefore, staff has attempted to identify alternatives on the development of the northern section depending on the consultants findings.

Although the northern section has been targeted for revitalization efforts, the improvement area has been extended further south to include some of the area with improved market potential in the unincorporated area. Therefore, different emphases have been placed on different subsections of the strip.

The required activities include:

1. Rehabilitation, signage and facade improvement and business development and technical assistance for vacant and deteriorated structures.
2. Acquisition and disposition of selected structures and parcels.
3. Rehabilitation of Donner School for the Police Youth Athletic Program.
4. Abatement of abandoned drive-ins.
5. Partial rezoning to high density residential use.
6. Capital improvements.
7. Architectural design work.

A description of each action follows:

1. - Vacant and Deteriorated Structures

Based on a physical conditions survey of the structures in the survey area, (Broadway to Perry) five blocks on the west side of Stockton and one structure on the east side have been targeted to concentrate revitalization efforts (See Map 2). Required activities include rehabilitation, new construction/expansion, and facade and sign improvement. It is believed public subsidy will be required in the form of facade and sign improvement grants and direct and subsidized below market interest rate rehabilitation and development loan programs.

The estimated budget for rehabilitation of these structures is \$4,058,670. (This figure is based on replacement construction costs of present square footage (\$5,411,560 times a 75% factor in consideration of rehabilitation.) If the current commercial rehabilitation loan program was utilized to subsidize these loans, this would require an estimated \$1,014,667 of public funds. (This estimate reflects a conservative 3 to 1 leverage ratio of private to public funds.) In addition, \$70,000 would be required for direct loan funds for new construction/expansion in the commercial/industrial loan program (Estimate reflects the 3 to 1 (private to public) leverage ratio requirements currently in effect for similar programs elsewhere.)

2. - Acquisition and Disposition or Development of Selected Parcels

Staff has identified three properties in the target area for potential acquisition. Two structures on the east side of the boulevard are targeted for acquisition for the development of market rate multi-unit housing. Additionally, the property on the south west side of Stockton and Broadway may be targeted for acquisition, disposition and development consistent with the Oak Park Redevelopment Plan Update. The estimated cost for these sites is \$621,700. This figure includes acquisition, (\$500,000) demolition (\$85,700) and relocation costs (\$36,000).

3. - Rehabilitation of Donner School Site

The Sacramento Police Athletic League (SPAL) executed a long term lease with the City of Sacramento to utilize Donner School (located between 8th and 9th Avenue on the West side of Stockton Boulevard) as the site of a Youth Athletic Program. Prior to the utilization of this structure for its intended purpose, three activities must occur: 1) demolition of a portion of the existing structure; 2) grading, leveling and developing of playing fields for football, soccer and softball; and 3) renovation of the existing structures to accommodate the indoor athletic activities, i.e., karate, boxing, wrestling and weightlifting and the SPAL offices. To date, the first two activities have taken place, however, funds are not available for the remaining activity.

Due to the negative image this structure creates in its deteriorated state, staff recommends the funding of the remaining renovation activities with City CDBG funds as part of the comprehensive revitalization strategy of the boulevard. As activities and programs have already been identified for the full 1983 CDBG entitlement figure, and commitments made for commercial revitalization in other areas in 1984, staff recommends that this project be considered during the 1985 CDBG funding cycle. The primary purpose in financing this project is to complement the revitalization efforts recommended along the rest of the target strip, therefore, the priority for funds should first be placed in the rehabilitation of the exterior of the building. The secondary purpose would be the rehabilitation of the building's interior. It is suggested that CDBG funds only be used as a leveraging tool to generate private support of the project. The total estimated budget is \$200,000.

4. - Abatement of Abandoned Drive-Ins

Staff recommends that the authority provided for in Article XI, Special Procedure for Abatement of Abandoned Drive-In Enterprises, of the Sacramento City Code be utilized to resolve the nuisance created as a result of two abandoned drive-ins located at the southeast corner of Stockton Boulevard and 14th Avenue and the northeast corner of Stockton Boulevard and 15th Avenue (See Map 2). This process requires notification of the abatement required to the property owner by the Director of Building Inspection. Abatement of the nuisance will be accomplished by one of the following methods: 1) Re-occupation by a drive-in enterprise; 2) Demolition and removal of the building; or 3) Conversion of the premises and commencement of on-going occupancy and maintenance for another permitted use.

5. - Partial Rezoning and High Density Residential Use

Stockton Boulevard historically served as the main north-south thoroughfare linking the City of Sacramento and the cities to the south, i.e., Stockton, Fresno and the other communities of the San Joaquin Valley. Once a highly trafficked boulevard, the function of Stockton Boulevard has altered significantly due to the re-routing of traffic caused by the development of Highways I-5 and 99. As a result, many of the retail uses that occupy the buildings along the boulevard have become to a great extent underutilized and obsolescent. In addition, a great deal of the retail opportunities that the boulevard might have attracted over the years have been preempted by the regional retail facilities provided in Florin Center and the development of Southgate and 65th Street shopping areas. In conjunction with these restrictions for commercial opportunities, the market area supported by these businesses has experienced a marked decrease in population (a 9.5% decrease since 1970 compared to the City average of a 8.4% increase) and population trends are projected to further decrease. All these factors contribute to the conviction that there exists an oversupply of commercially zoned property along the strip. Consequently, staff recommends an overall reduction in commercial zoning along the strip. Agency and City Planning staff have discussed this situation and City Planning staff has indicated that this issue will be considered during the update of the East Sacramento Community Plan which commences in 1983. In addition, within the context of the Oak Park Redevelopment Plan Update Studies the area located within the Oak Park Redevelopment Project Area is also being analyzed for possible rezoning.

6. - Capital Improvements

The 1982 estimated costs for the construction or repair of capital improvements for the target area are, as follows:

1. Patch, Repair, Seal Cracks, and Slurry seal Street		
(1950 ft) (60ft) (\$0.20/ft ²)		\$ 23,400.00
2. Remove Curb and Gutter		
(1,000 ft) (\$6.00/ft)		6,000.00
3. Replace Curb and Gutter		
(1,000 ft) (\$8.00/ft)		8,000.00
4. Remove and Replace Sidewalk		
(4,000 ft) (\$1.40/ft ²)		16,000.00
5. New Sidewalk		
(2,000 ft) (\$1.40/ft ²)		2,800.00
6. Handicap Ramps		
(20 @) (400.00)		8,000.00
7. Street Light System		
(20 @) (\$1,500.00)		30,000.00
8. Repair Storm Drain Catch Basins - Manhole		
(40 @) (\$1,000.00)		40,000.00
9. Street Trees		
(150 @) (\$25.00)		3,750.00
	TOTAL CONSTRUCTION	\$ 137,950.00
	Engineering & Inspection	30,000.00
		<u>\$ 167,950.00</u>

7. - Architectural Design Work

Once business and property owner commitments have been received for the commercial revitalization plan, loans will be made to these individuals to retain the services of an architectural firm to develop architectural and overall design criteria for the targeted area. A Special Loan Pool of \$20,000 has previously been established and set aside for this architectural services contract.

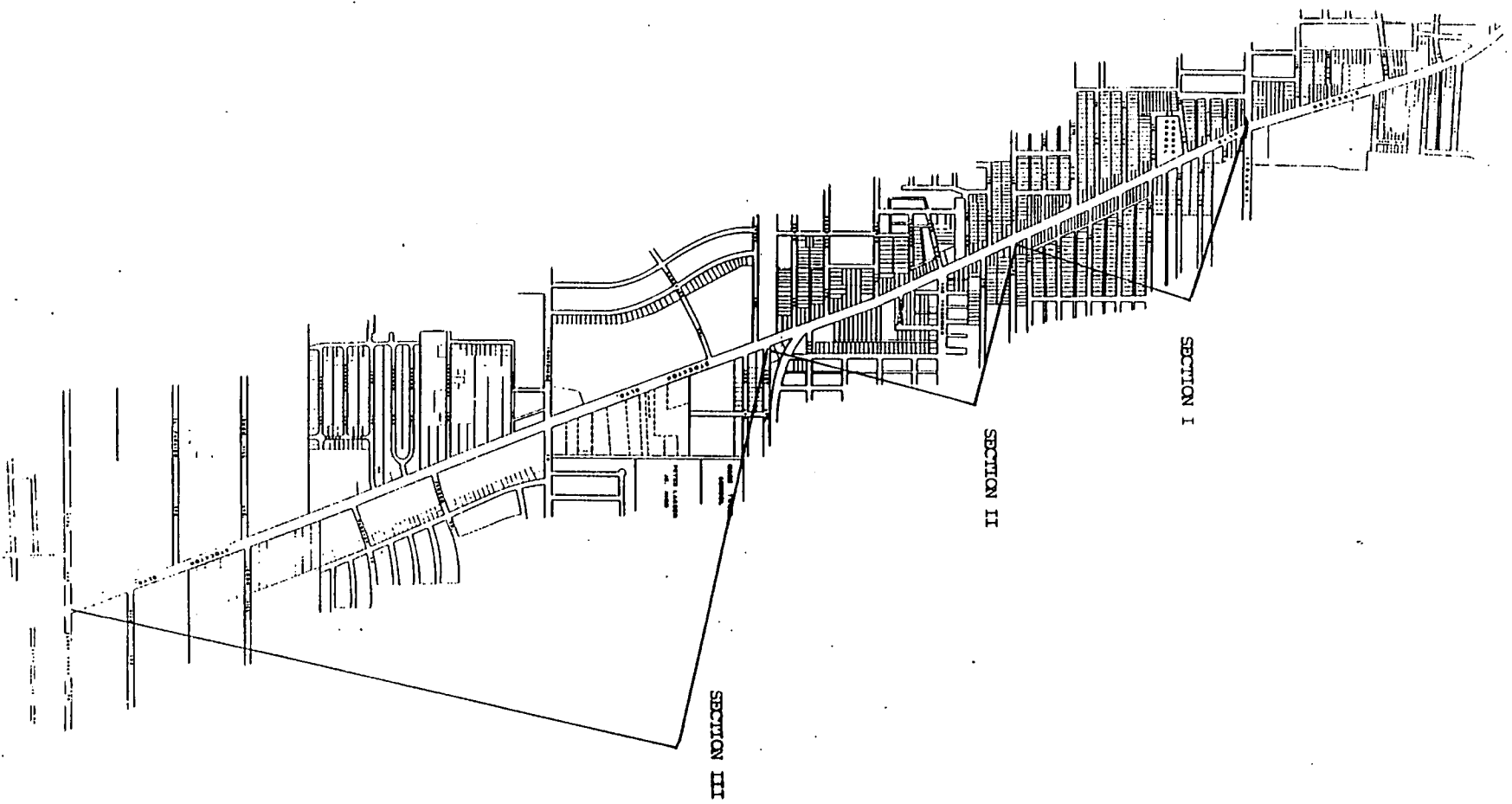
8. - Business Development Coordination

A recommendation is made to elicit input, feedback and support of the Stockton Boulevard commercial revitalization strategy from the affected property owners and business operators. The formation, commitment and financial involvement of a strong support group is crucial to the commercial revitalization efforts. Without this local support, the commercial revitalization objectives cannot be accomplished. In addition, the performance of these services will also assist the Oak Park PAC better assess the priorities on their recommendations of the use of the tax increment funds for this area. The estimated cost for these services is \$25,000.

BUDGET SUMMARY

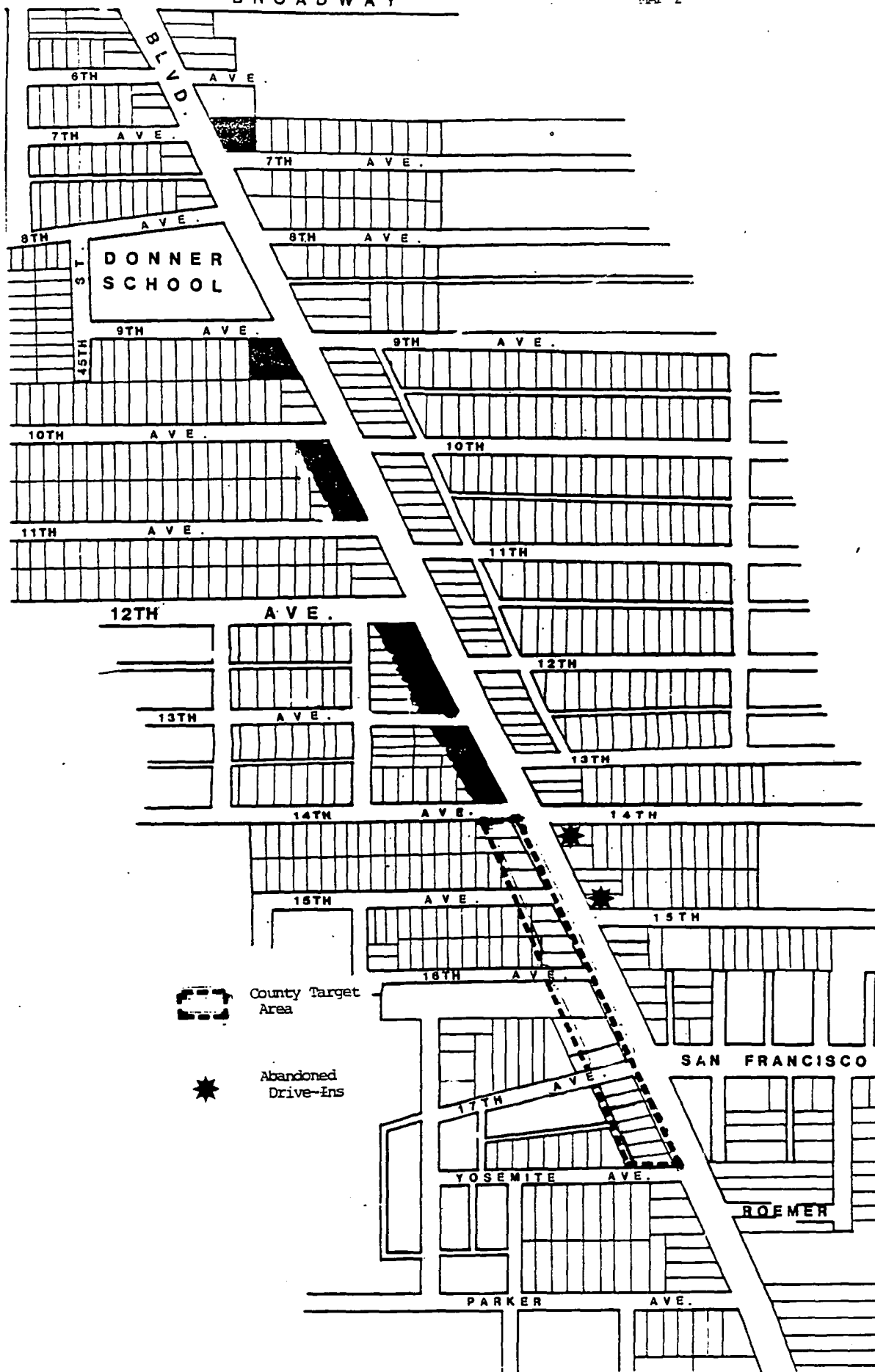
The total cost of these activities is as follows:

1. Rehabilitation, signage and facade improvement, business development and technical assistance for vacant and deteriorated structures.	\$ 1,084,667
2. Acquisition and disposition of selected structures and parcels.	621,700
3. Rehabilitation of Donner School for Youth Athletic Program.	200,000
4. Abatement of abandoned drive-ins.	N/A
5. Disposition of property at Stockton Boulevard and 21st Avenue	N/A
6. Partial rezoning to high density residential use.	N/A
7. Capital improvements.	167,950
8. Architectural design work	20,000
9. Business Development Coordination	25,000
TOTAL	\$ 2,119,317



BROADWAY

MAP 2



County Target Area

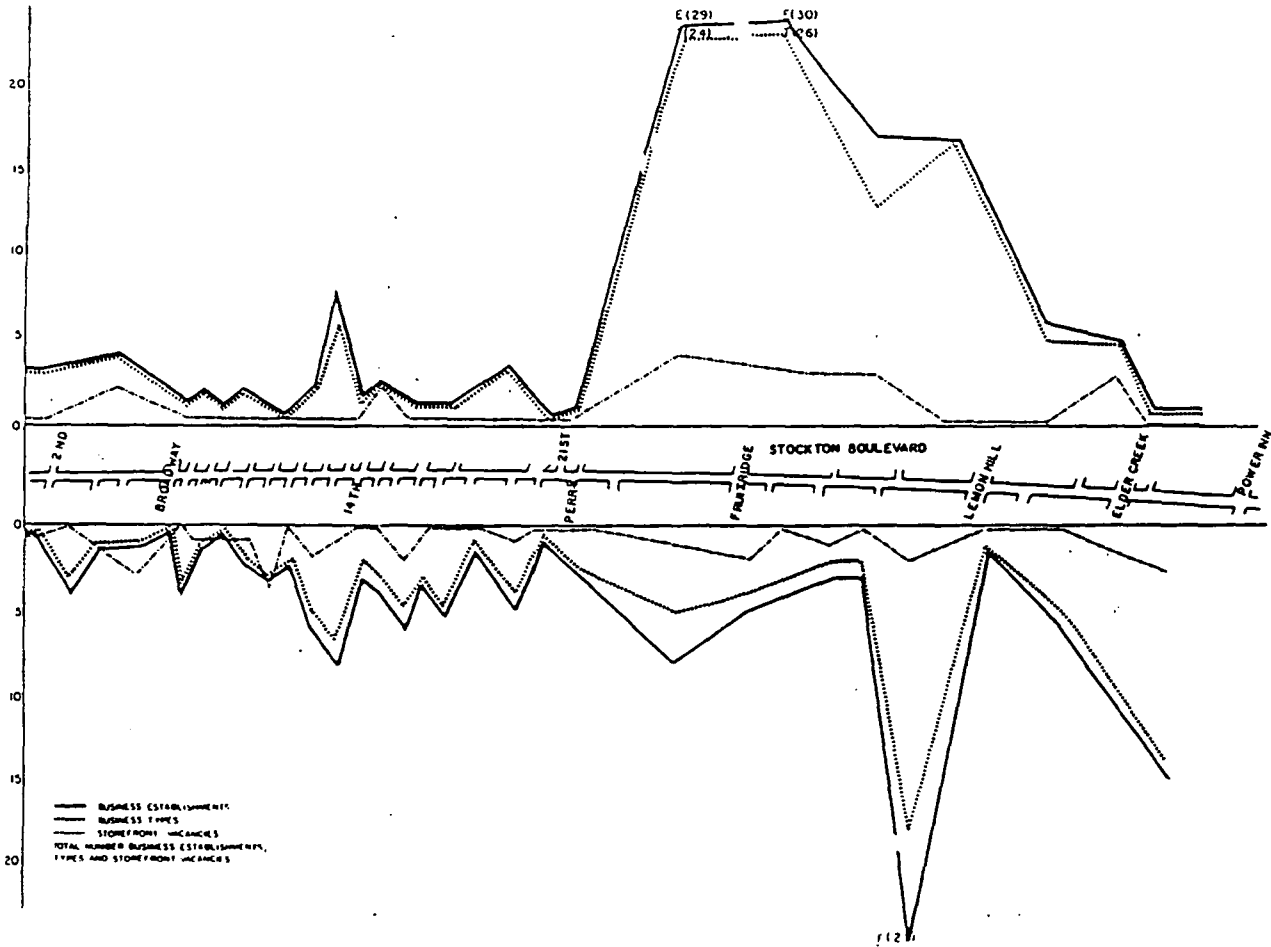


Abandoned Drive-Ins

39-7B

PHYSICAL CONDITIONS SURVEY

	<u>BROADWAY TO 14th</u>				<u>14th TO PERRY</u>				<u>PERRY TO 47th</u>			
	P	F	G	T	P	F	G	T	P	F	G	T
COMMERCIAL BUILDINGS												
OCCUPIED	10	21	10	41	7	21	6	34	5	68	90	163(10%)
VACANT	<u>3</u>	<u>9</u>	<u>1</u>	<u>13(24%)</u>	<u>3</u>	<u>2</u>	<u>0</u>	<u>5(13%)</u>	<u>0</u>	<u>11</u>	<u>8</u>	<u>19(10%)</u>
	13	30	11	54	10	23	6	39	5	79	98	182
	24%	56%	20%		26%	59%	15%		3%	43%	54%	
RESIDENTIAL STRUCTURES												
M-F		2		2	1		1	2	0	0	0	0
S-F		11	2	13	2	5	10	17	1	1	1	1
V-SF							1		1			
VACANT PARCELS				7				10				6
MISC. CHURCHES				4				1				



COMMERCIAL REVITALIZATION FINANCING PLAN

	1983	1984	1985	1986	1987
<u>DEL PASO</u>		----- Expenses Unknown at This Time -----			
Business Coordinator	\$ 25,000				
<u>FRANKLIN BOULEVARD</u>		----- Expenses Unknown at This Time -----			
Market Study	10,000				
<u>STOCKTON BOULEVARD</u> ¹					
Business Coordinator Services	25,000				
Economic Development Programs	200,000 (County)	----- \$ 884,667 ² -----			
Acquisition of Sites			621,700		
Rehabilitation of Donner School Site			200,000		
Capital Improvements			167,950		
Architectural Design Work		\$ 20,000 ¹			
<u>12TH STREET</u>					
Capital Improvements ⁴					
Sign Removal Program	275,000				
Economic Development Programs	327,500				
Architectural Design	25,000 ⁴				
Entrance/Exit Signs	7,000				
Acquisition of Sites ³	1,000,000				

ATTACHMENT 2

¹ Previous year allocation of \$80,000 of City CDBG funds for development loans (\$40,000), loan pool for architectural services \$20,000, FDC organizational activities (\$8,000), EDF loan packaging (\$6,000), market study (\$5,000) plus \$5,000 from County CDBG funds.

² Cost estimate (Total of \$1,084,667 minus \$200,000 County CDBG) based on 100% participation and substantial rehabilitation - more firm figures will be generated at a later date. Funding to be distributed over 4 - 5 years.

³ Purchase with Section 108 Funds - Reimbursement with Tax Increment, CDBG or Property Disposition Proceeds.

⁴ Previous year allocation of \$100,000 of City CDBG Funds for physical improvements (\$88,000), sign removal (\$7,000) and streetscape drawings (\$5,000).

EXHIBIT "A"

FRUITRIDGE DEVELOPMENT CORPORATION CONTRACT
STOCKTON BOULEVARD
COMMERCIAL REVITALIZATION COORDINATION WORK PROGRAMI. PURPOSE

The Stockton Boulevard Commercial Revitalization Program has been initiated to improve the commercial strip along Stockton Boulevard from Fruitridge to Broadway. A high storefront vacancy rate, property deterioration, property owner disinvestment, unkept appearance and other problems currently characterize this commercial area. A physical needs analysis completed by the Sacramento Housing and Redevelopment Agency (hereinafter referred to as AGENCY) has indicated a number of activities required to revitalize the area, however, property owner and business operator interest is necessary to implement a successful commercial revitalization program. The Fruitridge Development Corporation (hereinafter referred to as SUBGRANTEE) shall be responsible for providing this necessary citizen input and, if possible, support of the improvement projects proposed by the AGENCY.

II. SCOPE OF SERVICES

- A. To obtain feedback and, if possible, support of the commercial revitalization strategy planned for Stockton Boulevard.
- B. To maintain a close working relationship with the Oak Park PAC and Oak Park business operators and property owners regarding the marketing of the revitalization activities proposed for Stockton Boulevard within the Oak Park Project Area. In addition, if requested by the Oak Park Project Area Committee, to provide assistance to the Oak Park business operators and property owners in commercial revitalization efforts being developed for Broadway.
- C. To promote and market the Commercial Industrial Loan Program and Commercial Rehabilitation Program in the County of Sacramento target area on the west side of Stockton Boulevard from 14th Avenue on the north to Yosemite Avenue on the south.
- D. To organize a group (and/or individuals) of businesses that will develop an Architectural Review Design Study utilizing the funds (\$20,000) appropriated by AGENCY in 1982. This will be in the form of a low-interest loan.
- E. To continue Thursday Morning Breakfast Meetings which feature guest speakers, government officials and strategy sessions.
- F. To market the 21st Street Avenue commercial property presently owned by the City of Sacramento.

- G. To continue loan packaging in the Small Business Administration 502 program and 7A Working Capital loans.
- H. To continue to honor the Memorandum of Understanding with Economic Development Foundation for 503 Loans.
- I. To reinstate the publication of SUBGRANTEE'S monthly newsletter, The Economic Times.
- J. To continue economic development activities which will create employment opportunities in the Fruitridge/South Sacramento community.
- K. To participate in any economic development strategy discussion related to the City portion of the Stockton commercial revitalization program.
- L. To continue present efforts of generating viable economic development programs in the Fruitridge/South Sacramento community.

III. ADMINISTRATION

This will be an AGENCY Community Development Block Grant Program conducted in the City and County of Sacramento through this Agreement between the AGENCY and SUBGRANTEE.

SUBGRANTEE shall provide written monthly reports to AGENCY which outline the program's progress. In addition, upon request by AGENCY, SUBGRANTEE shall submit copies of all surveys, information, data and materials developed in connection with the execution of the Agreement.

IV. CALENDAR, ACTIONS, ACCOMPLISHMENTS

SUBGRANTEE services shall consist of those activities tentatively outlined in the above Scope of Services. However, AGENCY shall further require SUBGRANTEE to complete and submit a detailed work program within 30 days of the execution of this contract which identifies the specific items to be accomplished and associated time schedule for completion. Said work program shall be reviewed and approved by AGENCY and shall be utilized as the basis for monitoring and evaluating performance under this Agreement.

V. COMPENSATION

AGENCY shall pay SUBGRANTEE as consideration for the services to be performed an amount not to exceed \$25,000. This contract fee has been based on the budget provided in Attachment 1. However, as mentioned above, funds will be disbursed based upon actual services performed. In addition, SUBGRANTEE shall agree to the performance of an independent audit of their financial records by an accounting firm to be hired and paid for by AGENCY. Said review may include the development of an indirect cost allocation plan to be utilized as a means to determine appropriate cost compensation.

SUBGRANTEE shall file with AGENCY monthly statements of actual expenditures, proposed expenditures and actual work performed. In addition, AGENCY has the right to analyze all invoices for payment submitted and to request clarification and additional justification for identified costs prior to payment.