CHAPTER *five*

Implementation

Collectively, a city's abundant small spaces have a major impact on the quality of life. If those spaces are unattractive, people will likely retreat from the city street, perhaps from the city itself - to the suburbs and country if they can manage it, to fortified shelters in cities if they cannot. But if we learn to advantage of our small urban spaces, if we design new ones well, and fix up the old ones, we will keep the streets alive. We may even encourage people to use them, and to smile about it.

William K. Reilly, President, The Conservative Foundation

William H. Whyte. The Social Life of Small Urban Spaces (The Conservation Foundation, 1979), 7

CHAPTER FIVE

implementation

in this chapter

PRIORITY IMPROVEMENTS

FUNDING RESOURCES

CATALYZING TRANSIT-ORIENTED DEVELOPMENT

The purpose of the implementation component of the Plan is to outline the "how to" steps for directing future investment in the project area. The implementation strategy will put forth an efficient and economical approach for creating a vital, thriving, transit-oriented development. The implementation strategy as well as the urban design improvements will enhance and highlight the unique characteristics of the areas around each of the light rail stations.

The City should review the existing zoning to allow for more transit supportive land uses, that include zones such as RMX-TO, C-2-TO, etc. However, the focus of this chapter is to create a refined set of priority improvements and an inventory of potential funding mechanisms, which form the basis of this chapter's two primary sections. First, the Priority Improvements section describes improvement actions defined as being of particular importance. Second, the Funding Resources section includes a list of funding mechanisms that City or Sacramento Housing and Redevelopment Agency staff could pursue to support revitalization efforts. A more detailed list of potential funding sources is included in the appendix.

FINANCIALLY FEASIBLE PROJECT TYPES

A mixed-use project in the Northeast Corridor is likely to require some form of public investment in order to be financially feasible. Residential projects are the closest to achieving profitability under current conditions, and a relatively high-density townhouse project could be profitable at market rates. Retail and office projects are less feasible, due to the relatively low rents in the area. Since retail and mixed-use retail/residential projects are desirable near Globe Station in the short term and near Arden/Del Paso in the longer term, the City and/or the Redevelopment Agency will need to consider how to best facilitate this kind of development.

Based on the information obtained from both the market analysis and the pro-forma analysis, the creation of transit-oriented development in North Sacramento can begin with a project with a large for-sale residential component at a site near the Globe Station or on Del Paso Boulevard near the Arden/Del Paso Station.

PRIORITY IMPROVEMENTS

Resource constraints make it impossible to implement all proposed improvement actions at once. Rather, early resource allocations must be directed towards actions that will make the most tangible difference. This section outlines a number of potential improvements that have been prioritized for early implementation due to their particular relevance in transforming the project area and their likelihood of bringing positive change in the area.

The consultant team, in coordination with the City staff, reviewed the full range of the Plan's suggested improvements to determine which improvement actions might have the greatest potential to transform the area's image and catalyze further activity in the area. Evaluation criteria included: project cost, funding availability, time frame, ease of implementation, catalytic effect, visibility, and community support. The project team also drew on their understanding of growth trends in the region and on their knowledge of constraints that have hindered development in the past.

Projects designated as top priority have the strongest potential to invite further investment in the area from both the private and public sectors. They also have the potential to remove real and perceived barriers to development.

The project team recommends directing energy toward the following priority projects:

I. Short Term

A. Focus new infill development along Del Paso Boulevard between Globe and Arden/Del Paso Stations and at Globe Station.

B. Create public realm improvements that enhance character and encourage walkability to Royal Oaks Station (including streetscape improvements along Arden Way between Royal Oaks Drive and Evergreen Avenue) and encourage mixed-use residential development opportunities around Royal Oaks Station.

C. Reuse the vacant site at Royal Oaks Station.

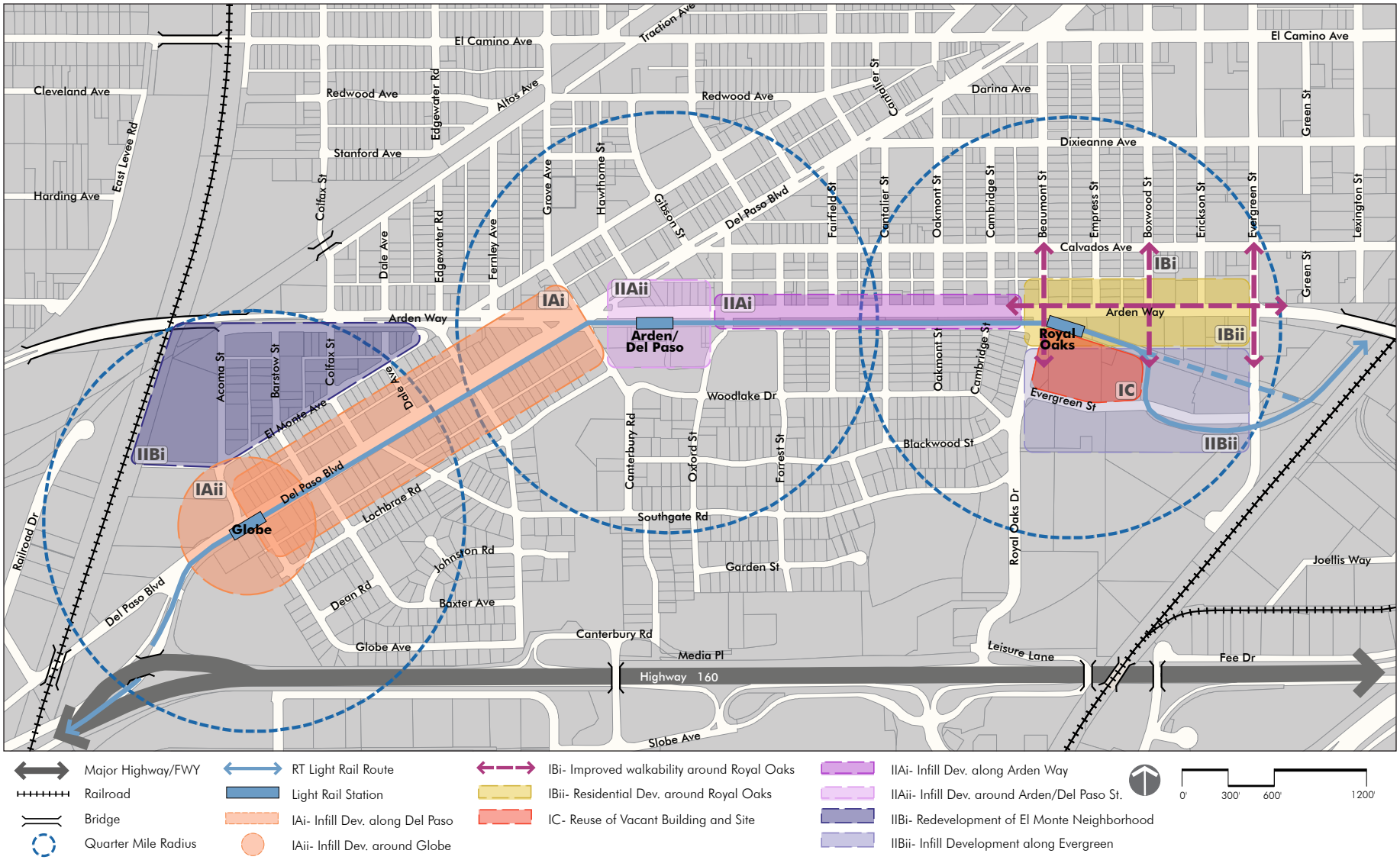
II. Long Term

A. Promote infill development around the Arden/Del Paso Station.

B. Explore public realm improvements that encourage walkability and overall character of Arden Way between Oxford Street and Royal Oaks Drive and encourage residential infill development opportunities along the north side of Arden Way between Oxford Street and Royal Oaks Drive.

C. Promote infill development along the east west section of Evergreen Street and redevelopment of the El Monte Neighborhood located south of Arden Way and north of Del Paso.

FIGURE 5.1 SHORT & LONG TERM IMPROVEMENTS



Example of infill mixed use development

FUNDING RESOURCES

Two key resources exist that should be utilized for synergizing transit-oriented developments:

CITY OF SACRAMENTO

The City of Sacramento's Economic Development Department has Capital Improvement Program funds amounting to $2 million per year for projects throughout the City. These funds are set by the transportation and utility departments for economic development projects developed in cooperation with the two departments. Funds can be used for off-site improvements, including streets, gutters, sidewalks, and streetlights, and for bringing utilities to the property line for new construction.

California Proposition 1C is a new $2.8 billion bond focused on affordable housing that includes $850 million for a range of capital improvements that promote infill housing and $300 million for a TOD Implementation Program. Transportation improvements related to infill development and traffic mitigation are also eligible for this funding. It is important to note that the measure leaves most details of this program up to the Legislature to determine in subsequent legislation.

With regard to the TOD Implementation Program, Proposition 1C provides:

- Grants for cities, counties or transit agencies for infrastructure to make TOD feasible.
- Loans for housing developments, including mixed-use and commercial. At least 15 percent of the housing development's units must be affordable for at least 55 years. The housing developments must also be on parcels at least a portion of which are within a quarter-mile of a transit station.

SACRAMENTO HOUSING & REDEVELOPMENT AGENCY (SHRA)

SHRA is a joint powers authority separate from the City with funding from tax increments in the redevelopment area and also Community Development Block Grant (CDBG) funds from the Department of Housing and Urban Development (HUD).

For new construction, SHRA programs include Developer's Assistance, under which custom deals can be structured for the Agency to provide gap financing for individual projects. This program does not trigger a requirement for affordable units if tax increment funding is used.

The Housing Development Assistance program provides funding for multi-family housing. This program does have an affordable housing requirement.

The Grow Sacramento fund is administered by SHRA for the City and County of Sacramento, and it provides Small Business Administration (SBA) guaranteed loans of $25,000 to $2 million for a wide range of uses, including land acquisition, construction, equipment leases, and long-term working capital.

The City of Sacramento, through its parkland dedication ordinance (Quimby) and Park Development Impact Fee (PIF), secures land and fee from Developers (based on number of new residential units, and square footage of proposed retail, commercial &/or industrial use) for the acquisition and development of parks. Although project-related park land acquisition and development may be at sites anywhere within the greater "Planning Area", park land acquisition and development is best kept within the project from which the park land and fees are collected.

SACRAMENTO AREA COUNCIL OF GOVERNMENTS (SACOG)

The SACOG Community Design Program provides grants to local government agencies and their partners to promote plans and physical development that supports SACOG's Blueprint Project. Grants are awarded every two years, and the next award will be made in January 2008. For the 2005-07 program, funds of $12 million were available, and in the 2003-05 program, grants ranged from $100,000 to $2 million. In most cases, a local funding match requirement of 11.47% of the total project cost applies. All projects awarded through the Community Design Funding Program must conform to federal transportation funding requirements.

Example of transit-oriented development

CATALYZING TRANSIT-ORIENTED DEVELOPMENT

The best opportunities for public funding to assist catalytic transit-oriented development projects are prior to construction, after construction, or by providing the off-site requirements related to the project. While it is not always feasible for public funding to be provided directly for the construction of a project, the City or SHRA can make a project much more attractive for development by reducing the risk and time associated with the project, or by improving efficiency by assembling small parcels into a larger site. The following list summarizes some of these opportunities:

- **Assemble parcels.** The per-square-foot cost of development is lower on a relatively large site, which allows for design and construction efficiencies. SHRA can improve the financial feasibility of a project by assembling parcels to provide a site of at least one acre.
- **Purchase and prepare site for sale to developer.** The cost and risk of a project can be reduced if the City or SHRA buys improved land and does all demolition. SHRA then sells the cleared land to the developer at the market rate, absorbing the cost of demolition and the lost value.
- **Provide ready-to-build site.** Cost and risk are also reduced if SHRA ensures that utilities and other infrastructure requirements are brought directly to the site and any underground issues - such as contamination - are evaluated and addressed.
- **Purchase and entitle site for sale to developer.** In this case, the risk is further reduced and the developer can take a lower return on investment, since the return will be generated faster. If a specific building design is entitled, SHRA will issue a request for proposals for developers, and sell the land after architecture, design, and engineering are complete.
- **Finance necessary public improvements.** In the case where the permit department determines that off-site public improvements are necessary for a project, the City could finance these as part of general improvements in the area. Public improvements might include lighting, landscaping, or changes to an intersection or median.

- **Small-business loans or grants for finishing retail space and making tenant improvements.** Loans or grants which provide funding of approximately $50 per square foot to finish the retail space can increase the chance that early retail tenants will be successful and reduce the negative effects of tenant turn-over or unleased space.
- **Support retail and office uses.** The pro-forma anlaysis shows that a retail/office project is likely to need considerable assistance in the early years, until lease rates increase. One way to do this would be for the City or agency to rent space at a higher rate than market, either for their own use, or to sub-lease at lower rates to non-profits, incubator companies, or other pioneers. This will require a significant political commitment to implement, since it is likely to require a lease of at least five years, and possibly longer, if the lender is concerned about the investment.
- **Designate a revolving low-interest loan to support new commercial projects in the area.** An alternative way that the City or SHRA could support a retail/office project would be to provide a low-interest loan that would cover the financing gap until market rents in the area increased sufficiently to provide an appropriate return.
- **Identify and remove barriers to infill development.** Infill development is notoriously challenging, partly due to City regulations. The City currently encourages infill development by offering a waiver for water development fees, but the waiver would not apply to our catalytic prototype projects because it is only for single-family detached units. A study to identify and remove regulatory and cost barriers to infill development could have lasting effects in revitalizing North Sacramento through transit-oriented development.