# REPORT TO COUNCIL
# City of Sacramento

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**915 I Street, Sacramento, CA 95814-2671**
**www. CityofSacramento.org**

**STAFF REPORT**
**August 9, 2005**

Honorable Mayor and
Members of the City Council

**Subject:** Infill Development Program Status Report

**Location/Council District:** Citywide

**Recommendation:**

Receive information on status of infill programs and 1) adopt a Resolution approving the establishment of a Capital Improvement Project and Transfer of Funds for the Folsom Boulevard Left Turn at 64th Street Project (PN: TF91) and 2) adopt a Resolution authorizing the Planning Director to amend the Jobs-Housing Balance Incentive Grant contract with the State to transfer $278,000 in excess funds from the 65th Street Streetscape Project (PN: TU96) to the Del Paso Boulevard Streetlighting Project (PN: SI51).

**Contact:** Lucinda Willcox, Infill Coordinator, (916) 808-5052
Art Gee, Process Management Division Manager, (916) 808-5945
**Presenters:** Lucinda Willcox, Infill Coordinator
**Department:** Development Services Department
**Division:** Process Management Division
**Organization No:** 4813

**Summary:**

This report provides information on levels of infill development, the status of ongoing infill program efforts, and amends actions related to funding of two capital improvement projects to better address development objectives and ensure efficient use of grant funds.

**Committee/Commission Action:** None.

**Background Information:**

Infill Development Status

The City Council adopted the Infill Strategy in May 2002, which established infill goals, policies, designated infill target areas, and identified a number of programs to promote quality infill development.

Attachment A shows the designated infill areas within the city.

Roughly three-quarters of the city's geographic area developed more than 20 years ago, and includes areas that were skipped over for development, are underutilized, or with potential for reuse. Infill and redevelopment are often challenging to develop for a variety of reasons, including due to site constraints, aging or inadequate infrastructure, regulatory requirements, higher construction costs, and financing challenges.

The City has pursued a number of programs to support infill development. Many redevelopment efforts directly and indirectly support infill development. In addition, some of the notable City actions to support infill development include the following:

- Creation of Infill Coordinator position
- Led the effort to establish a two-tier fee system for regional sanitation impact fees, so that sewer impact fees in infill areas are one-third the rate of newly developing areas
- Implemented the Regional Sanitation sewer credit program to further reduce sewer fees for infill housing and commercial development
- Adopted an interim two-tier approach for park impact fees
- Amended the process for establishing park in-lieu fees (Quimby fees) for subdivisions to avoid disincentives for ownership housing in the Central City and to streamline the process citywide
- Various Zoning Ordinance amendments that improve the regulatory requirements or process for infill development
- Targeting of grant funds and other sources to promote infill development

Attachment B summarizes levels of development within the city over the past five years and trends in infill development. Some of the major findings are as follows:

- Residential development within designated infill areas has averaged about 12 percent of all residential development in the city. Beginning in 2004, multi-family development within designated infill areas represents over 40 percent of multi-family growth.

- New residential development citywide peaked in 2003, while infill development is continuing to increase through 2004 and 2005

- Multi-family housing is a greater percentage of infill development at about 39% over the past five years, compared with 28% citywide.

- Residential infill development is increasing in the Central City and target residential neighborhoods, largely driven by improved housing market, Non-residential development is less predictable.

- In 2004, there was a major shift in non-residential development trends moving to new growth areas, generally responding to new populations in those areas.

- Development in transit station areas and commercial corridors are still in the early stages. Most development has occurred or been approved in the 65th Street Transit Village and 65th Street South Area Plan were transit supportive plans are adopted.

Infill Development Economic and Fee Study

As various fee increases have been proposed in the City to address public facility and other needs, development interests expressed concern over the effect of fees on the viability of residential and non-residential infill and redevelopment. In response, the City Council established a two-tier approach to the Park Impact Fee and phased in proposed increases to the Housing Trust Fund fee to help address this need, and requested that staff examine a comprehensive approach to fees and approaches for infill development.

In response, the City has retained consulting services of Burr Consulting to provide expert economic and financial analysis to identify policy options related to regulatory costs, government fees, and other requirements for encouraging infill development, with background and analysis on the economics and municipal financial implications of infill development.

The content of the report shall include:

- An inventory of development-related taxes and fees imposed by local and regional government agencies, including any existing incentives or credits for infill development;
- Analysis of the costs imposed by such taxes and fees on developers for common types of residential and non-residential development projects, including:
    - Urban and suburban style residential developments, including single family, multi-family rental, and multi-family ownership
    - Urban and suburban small and moderate size retail
    - Urban and suburban office;
- Analysis of the municipal costs imposed by and municipal benefits received from infill development and from greenfield new suburban development, with an emphasis on the one-time and ongoing municipal costs of serving and extending infrastructure to each type of development;
- Discussion and analysis of City standards and requirements which may pose significant challenges for infill development;
- Identification of policy approaches and fee-based alternatives pursued by other California jurisdictions and by other comparable major cities in the U.S.;
- Financial and legal analysis of policy options for adjusting, expanding, or otherwise altering such development-related fees and taxes to promote infill development;
- Identification of policy options which could be pursued in the short-term (in the current or upcoming fiscal year) and of future research questions relating to policy options which could be pursued in the long-term.

Preparation of this report is underway, and findings and recommendations will be brought forward through a public process for City Council consideration in October or November 2005. Staff is coordinating these fee efforts with other fee and economic development studies currently underway.

Single Family Model Infill House Plans

The City Council approved a pilot program for the development of model infill house plans to improve the quality and ease the time and costs associated with development of single family

homes on vacant lots in redevelopment areas and other older neighborhoods outside the Central City.

The City solicited architects to prepare four house plans, each with three exterior options. The plans are consistent with the character of the older neighborhoods, are designed for the size of lots commonly found in these neighborhoods, and exceed the City's design guidelines. The plans are designed to meet the needs for likely purchasers. They range in size from 1400 to 1800 square feet with three and four bedrooms, and several are designed to be accessible/adaptable.

The house plans are intended to pre-approved through the City's design review process and reviewed as master plans (model homes) through the building permit process, allowing for the issuance of a building permit within a matter of days, saving weeks in the development review process. In addition, staff identified code amendments necessary to remove noticing requirements associated with use of these plans and other Zoning Ordinance amendments that allow for desired home design and site layout. The draft house plans can be viewed on the City's web site at: www.cityofsacramento.org/dsd/planning/projects/apphouseplans.

Staff has completed outreach to the City's area neighborhood leadership groups, redevelopment advisory committees, Development Oversight Commission, and other interested groups to get feedback on the house plans and proposed code amendments. Based on that feedback, some revisions to the plans are proposed. Staff is commencing with formal action from the Design Review and Preservation Board, Planning Commission, and will bring the house plans and code amendments forward for City Council action in October 2005.

As a pilot project, staff will be determining the effectiveness of this approach in facilitating higher levels of high quality residential infill development. Additional steps in the program include mailing notification of the program to owners of vacant single family lots, and a design competition for additional plans for identified development or lot types.

Grant Funding and Capital Improvement Projects

In coordination with economic development and redevelopment efforts, the infill program identifies grant funds and other capital improvement funds to invest in necessary infrastructure and public services to encourage infill development.

The City has received State grant funds to support infill and economic development efforts. In 2004, the City received $2.4 million in State Jobs-Housing Balance Incentive Grant funds that were allocated to a variety of projects, including:

- R Street combined sewer system improvements
- Matching funds for neighborhood streetlighting efforts in Midtown and Tahoe Park
- South Natomas Park development and citywide park water conservation efforts
- 65th Street Streetscape Enhancements

These projects are completed or completing design, and under the terms of the grant, all funds must be spent by June 30, 2006. After completing project scoping and initial design work, the 65th Street Streetscape project is estimated to cost less than originally programmed. To ensure

that the City does not lose potential grant funds, staff reviewed several projects to identify candidates for the surplus funds for the funds.

After review, staff identified the opportunity to complete the installation of pedestrian scale streetlighting on Del Paso Boulevard from Globe Avenue to Arden Way as part of a larger project to install sidewalks and landscaping on Del Paso Boulevard. This project will enhance pedestrian access in a transit corridor and meets the grant's goals and intent by promoting infill development and neighborhood revitalization. In addition, it does not currently have alternative funding to complete this component, and meets the intent and eligibility and time frame for use of the grant funds. Transferring the funds will require an amendment of the City's contract with the State. Staff recommends that the contract with the State be amended to move $278,000 in grant funds from the 65th Street Streetscape project to the Del Paso Boulevard Streetlighting project.

The City also recently received notice of award of approximately $960,000 for its application for the companion Workforce Housing Reward Grant. The City Council authorized the use of these funds to assist with off-site improvements associated with the Globe Mills project and to fund the development of an urban park in an infill area, as a pilot to install a park prior to development and collect funds from development fees as infill development occurs. Staff will report back on recommendations for the pilot urban park development.

In addition, the City has used Economic Development funds to assist in funding areawide improvements in the 65th Street Transit Village to facilitate transit-oriented development. The timing of anticipated development within the transit village has altered the timing for when various transportation improvements originally envisioned in the Transit Village Plan will be necessary. To better serve circulation in the transit village, staff recommends that funding be allocated for the development of a left-turn pocket on Folsom Boulevard, estimated at $250,000. In addition, planning staff will be bringing plan amendments to the 65th Street Transit Village Plan in the Fall for Council consideration to reflect updated information related to timing of development and phasing of necessary improvements.

Other issues

Other pending issues to support infill development that will be returning for City Council action include a Memorandum of Understanding between the City and Capitol Area Development Authority (CADA) to formalize the process by which development projects are reviewed by the City. This will be brought forward to the City Council and the CADA Board for consideration in the Fall.

Development Services and Transportation staff are examining the alley paving requirements to identify options for infill projects adjacent to alleys, and will also bring forward recommendations.

**Financial Considerations:**

As of July 27, the FY04-05 Economic Development Capital Improvement Program project (PN: TP05) has an unobligated Major Street Construction Tax (Fund 209) fund balance of $145,000. The 63rd St. & Folsom Boulevard Traffic Signal (PN: TU42) has an unobligated Measure A (Fund 201) fund balance of $188,196. These balances are sufficient to transfer a

total of $250,000 to the Folsom Boulevard Left Turn at 64th Street project (PN: TF91). In addition, the report directs staff to amend the contract with the State for the use of the State Jobs-Housing Balance Incentive Grant to apply $278,000 in grant funds (Fund 512) to the Del Paso Boulevard Streetlighting CIP (PN: SI51). Staff will return with a report to appropriate the funds to the CIP.

Informational Note:

Sacramento Transportation Authority (STA) Board approval is required for all Measure A reallocations. Staff will submit the reallocation request for action at the next scheduled STA Board Meeting. The reallocation of Measure A in the amount of $115,000 is contingent upon STA Board approval. There is minimal risk that the STA Board will not approve the reallocation request. If the STA Board does not approve the request, Staff will return to City Council for further budget approvals.

**Environmental Considerations:**

City Council's action in approving this resolution is solely for the purpose of funding a capital improvement program, and is itself therefore, not a project for the purposes of the California Environmental Quality Act.

**Policy Considerations:**

The infill program implements the City's Strategic Plan in promoting and supporting economic vitality and to achieve sustainability and livability.

**Emerging Small Business Development (ESBD):**

This action does not directly contract for goods or services. Use of the CIP funds would be subject to City policy for ESBD.

Respectfully Submitted by: _____
Art Gee
Manager, Process Management Division

Recommendation Approved:

_____
ROBERT P. THOMAS
City Manager

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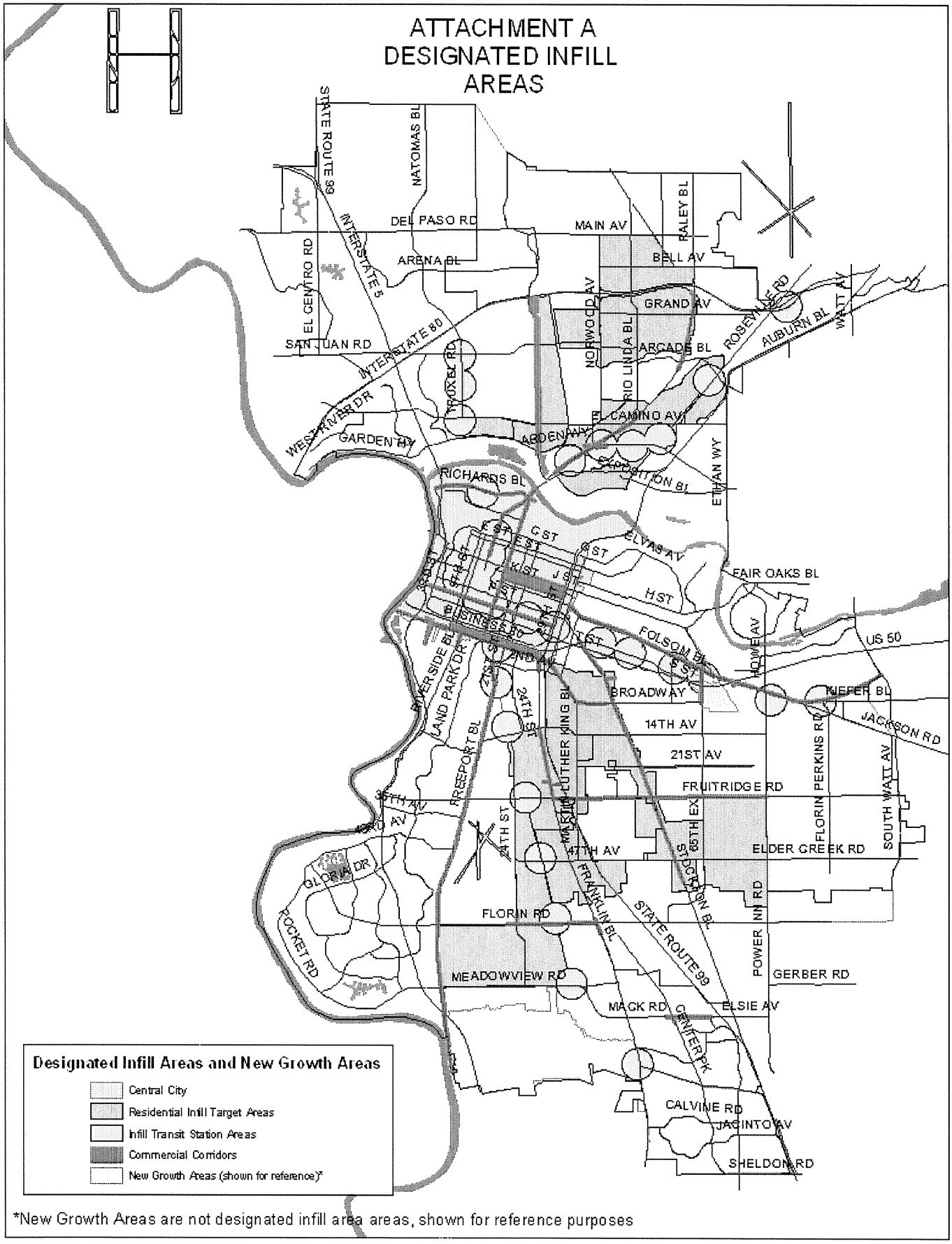
| Pg 9 | Attachment B – Summary of Development Status |
| Pg 10 | Resolution establishing Folsom Blvd Left Turn Lane |
| Pg 11 | Resolution authorizing grant fund transfer |
| Pg 12-35 | Attachment C – PowerPoint Presentation |




*New Growth Areas are not designated infill area areas, shown for reference purposes

# INFILL DEVELOPMENT BY INFILL TARGET AREA CATEGORY
## 2000-2004
## (Based on Issued Building Permits)

**New Development in Designated Infill Areas**

| Year | Central City | | | Target Residential Neighborhoods | | | Commercial Corridors | | Transit Station Areas | | Subtotal, Designated Infill Areas | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Housing Units | | Non Res | Housing Units | | Non Res | Housing | Non Res | Housing | Non Res | Housing Units | | Non Res |
| | SF | MF | (sq. ft)* | SF | MF | (sq. ft) | (Units) | (sq. ft) | (Units) | (sq. ft) | SF | MF | (sq. ft)* |
| 2000 | 11 | 15 | 474,922 | 84 | 99 | 187,555 | 0 | 101,328 | 0 | 16,575 | 95 | 114 | 662,477 |
| 2001 | 72 | 13 | 533,737 | 206 | 0 | 227,224 | 1 | 51,557 | 0 | 0 | 279 | 13 | 812,518 |
| 2002 | 26 | 3 | 289,425 | 206 | 62 | 191,266 | 0 | 332,354 | 1 | 5,280 | 232 | 65 | 480,691 |
| 2003 | 22 | 15 | 228,455 | 260 | 0 | 88,158 | 5 | 177,888 | 289 | 318,149 | 287 | 304 | 812,650 |
| 2004 | 31 | 197 | 13,909 | 379 | 137 | 110,961 | 0 | 103,812 | 6 | 91,950 | 410 | 334 | 124,870 |
| **Total** | **162** | **243** | **1,540,448** | **1,135** | **298** | **805,164** | **6** | **766,939** | **296** | **431,954** | **1,303** | **830** | **2,893,206** |

**New Development, Other Areas**

| Year | Subtotal, New Growth Areas | | | Subtotal, Other Areas | | | Total New Citywide Development | | |
|---|---|---|---|---|---|---|---|---|---|
| | Housing Units | | Non Res | Housing Units | | Non Res | Housing Units | | Non Res |
| | SF | MF | (sq. ft) | SF | MF | (sq. ft) | SF | MF | (sq. ft) |
| 2000 | 1,649 | 458 | 767,314 | 335 | 166 | 320,460 | 2,079 | 738 | 1,750,251 |
| 2001 | 2,026 | 824 | 734,206 | 539 | 0 | 486,773 | 2,844 | 837 | 2,033,497 |
| 2002 | 2,767 | 1,213 | 407,464 | 279 | 0 | 407,464 | 3,278 | 1,278 | 1,295,619 |
| 2003 | 3,082 | 1,826 | 603,146 | 286 | 126 | 389,973 | 3,655 | 2,256 | 1,805,769 |
| 2004 | 2,467 | 458 | 1,310,393 | 371 | 0 | 322,514 | 3,248 | 792 | 1,757,777 |
| **Total** | **11,991** | **4,779** | **3,822,523** | **1,810** | **292** | **1,927,184** | **15,104** | **5,901** | **8,642,913** |

**% of Citywide Growth in Infill Target Areas**

| Housing Units | | Non Res |
|---|---|---|
| SF | MF | |
| 5% | 15% | 38% |
| 10% | 2% | 40% |
| 7% | 5% | 37% |
| 8% | 13% | 45% |
| 13% | 42% | 7% |
| **9%** | **14%** | **33%** |

**Notes**

Includes building permits issues by the City for new construction. Does not include change of use or adaptive reuse

*Does not include State offices that did not go through City building permit process (i.e., East End Complex)

SF = Single Family Detached, Halfplexes, and Duplexes

MF - Multi-family, apartments and condominiums

New Growth Areas = Designated New Growth Areas (i.e., North Natomas, Robla, South Sacramento, Jacinto Creek Ara)

Other Areas = Includes all remaining areas outside designated infill areas and designated new growth areas

Source: City of Sacramento, Permits Plus, 2005

Attachment B
Summary of Development Activity

# RESOLUTION NO

Adopted by the Sacramento City Council

August 9, 2005

**APPROVING THE ESTABLISHMENT OF A CAPITAL IMPROVEMENT PROJECT AND TRANSFER OF FUNDS FOR THE FOLSOM BOULEVARD LEFT TURN AT 64TH STREET PROJECT (PN: TF91)**

## BACKGROUND

A. On April 21, 2004, the City Council approved using the Economic Development Capital Improvement Program (EDCIP) funds for various projects in the 65th Street Transit Village. The goal of these expenditures was to promote the investment of private capital within the area consistent the 65th Street Transit Village Plan.

B. As development projects have been proposed and approved within the Transit Village, the timing of some of the infrastructure needs have changed. This Resolution will more appropriately address the immediate transportation needs of the 65th Street Transit Village.

## BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The City Manager is authorized to establish a Capital Improvement Project for the Folsom Boulevard Left Turn at 64th Street project (PN: TF91).

Section 2. The FY05/06 Capital Improvement Program budget is amended by transferring $135,000 (Fund 209) from the FY04/05 Economic Development Capital Improvement Program (PN: TP05) to the Folsom Boulevard Left Turn at 64th Street project (PN: TF91).

Section 3. The FY05/06 Capital Improvement Program revenue and expenditure budgets are amended by transferring $115,000 Measure A (Fund 201) from the 63rd St. & Folsom Boulevard Traffic Signal project (PN: TU42) to the Folsom Boulevard Left Turn at 64th Street project (PN: TF91).

Section 4. Staff is directed to bring a Measure A (Fund 201) reallocation request in the amount of $115,000 to the Sacramento Transportation Authority (STA) Board for approval.

# RESOLUTION NO

Adopted by the Sacramento City Council

August 9, 2005

**AUTHORIZING THE PLANNING DIRECTOR TO AMEND THE JOBS-HOUSING BALANCE GRANT CONTRACT WITH THE STATE TO TRANSFER EXCESS FUNDS FROM THE 65TH STREET STREETSCAPE PROJECT (PN: TU96)TO DEL PASO BOULEVARD STREETLIGHTING PROJECT (PN: SI51)**

## BACKGROUND

A. On March 30, 2004, the City Council approved using the State Jobs-Housing Balance Incentive Grant funds for the 65th Street Streetscape Improvements to enhance pedestrian movement and enhance the 65th Street Transit Village. This project was included as part of the contract with state for expenditure of the grant funds. The project was budgeted at $678,000. After completing initial project scoping and initial design work, the project is estimated to cost less than originally programmed, at approximately $400,000.

B. The Del Paso Boulevard Streetlighting project requires additional funding to efficiently complete streetlighting while street enhancements are constructed. This project meets the goal and intent by promoting infill development and neighborhood revitalization, and meets the intent and eligibility of the State Jobs-Housing Balance Grant funds.

## BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The City Council authorizes the Planning Director to amend the Jobs-Housing Balance Incentive Grant contract with the State to authorize $278,000 in funds for Del Paso Boulevard Streetlighting.

Section 2. The City Council directs staff to return with actions to transfer grant funds from the 65th Street Streetscape Project (PN: TU96) to the Del Paso Boulevard Streetlighting Project (PN: SI51).

**Attachment C**

# Infill Development Program Status Report

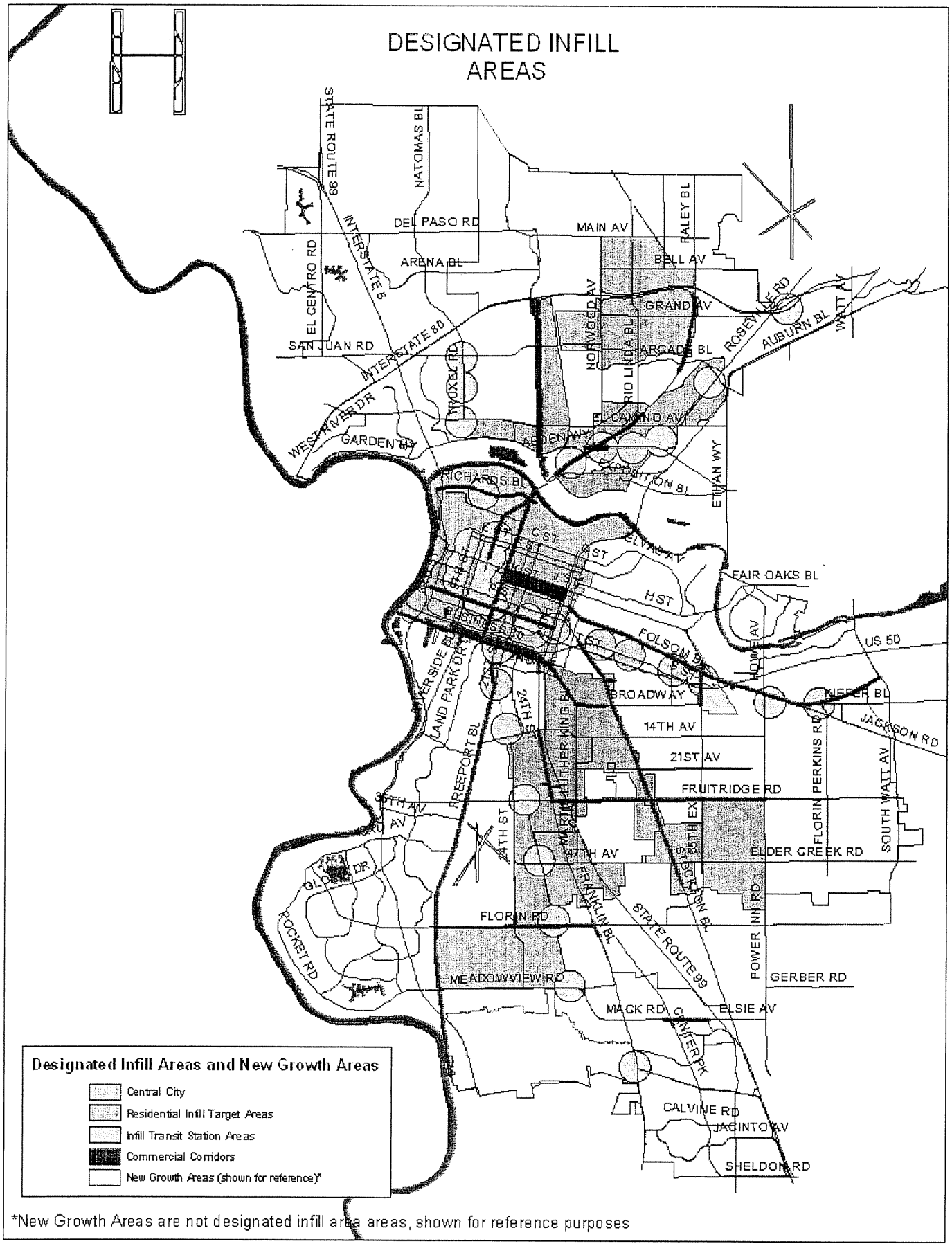
City Council

August 9, 2005

# Summary

- Infill Development
- Programs
  - Fee Study
  - Grant Funds
  - Infill House Plans
  - Other Actions

# DESIGNATED INFILL AREAS




*New Growth Areas are not designated infill area areas, shown for reference purposes

# DEVELOPMENT TRACKING

- BUILDING PERMITS FOR YEARS 2000- 2005

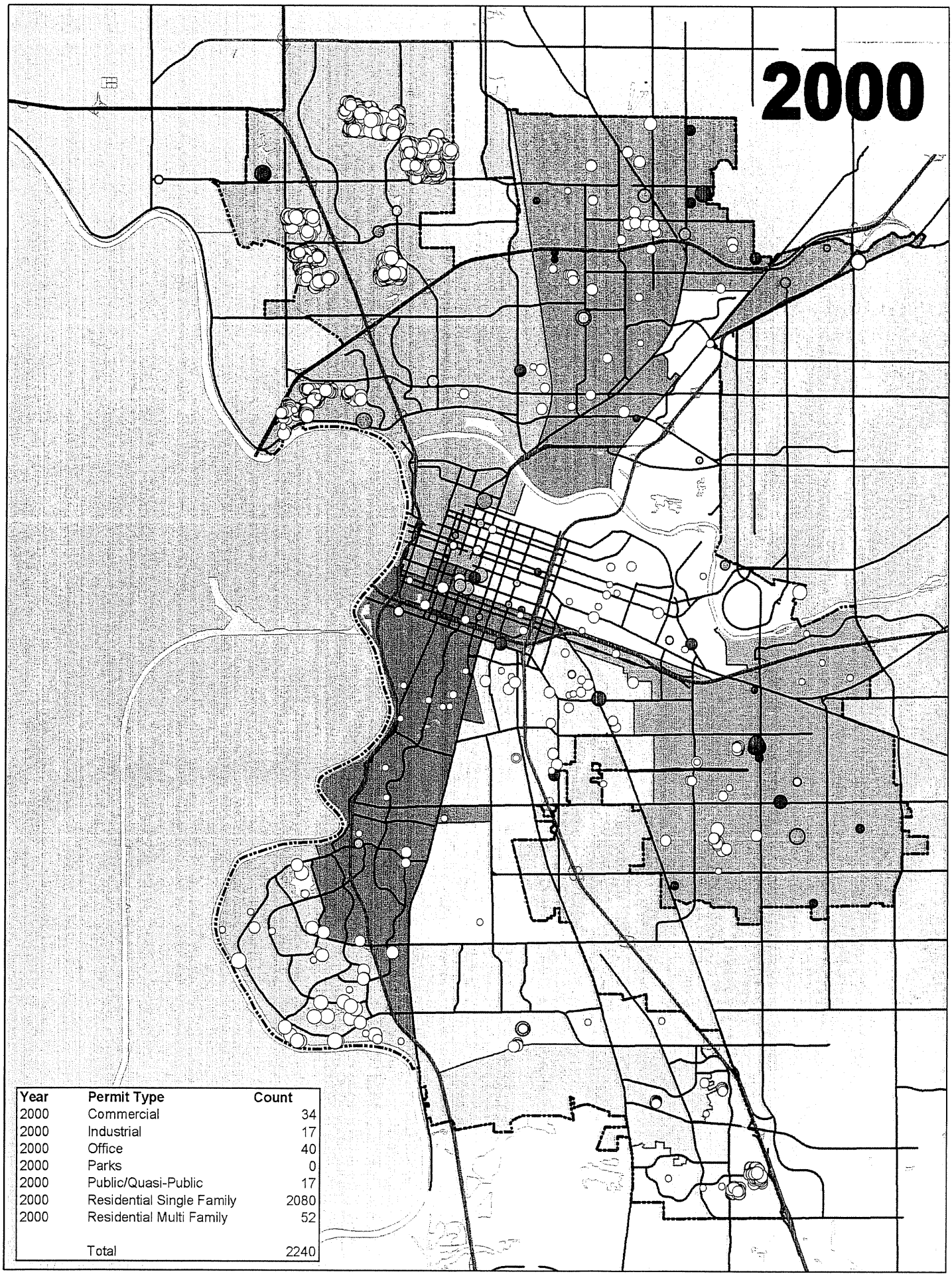
- PLANNING PERMITS FOR YEARS 2000- 2005

Development Services
*We Help Build A Great City*

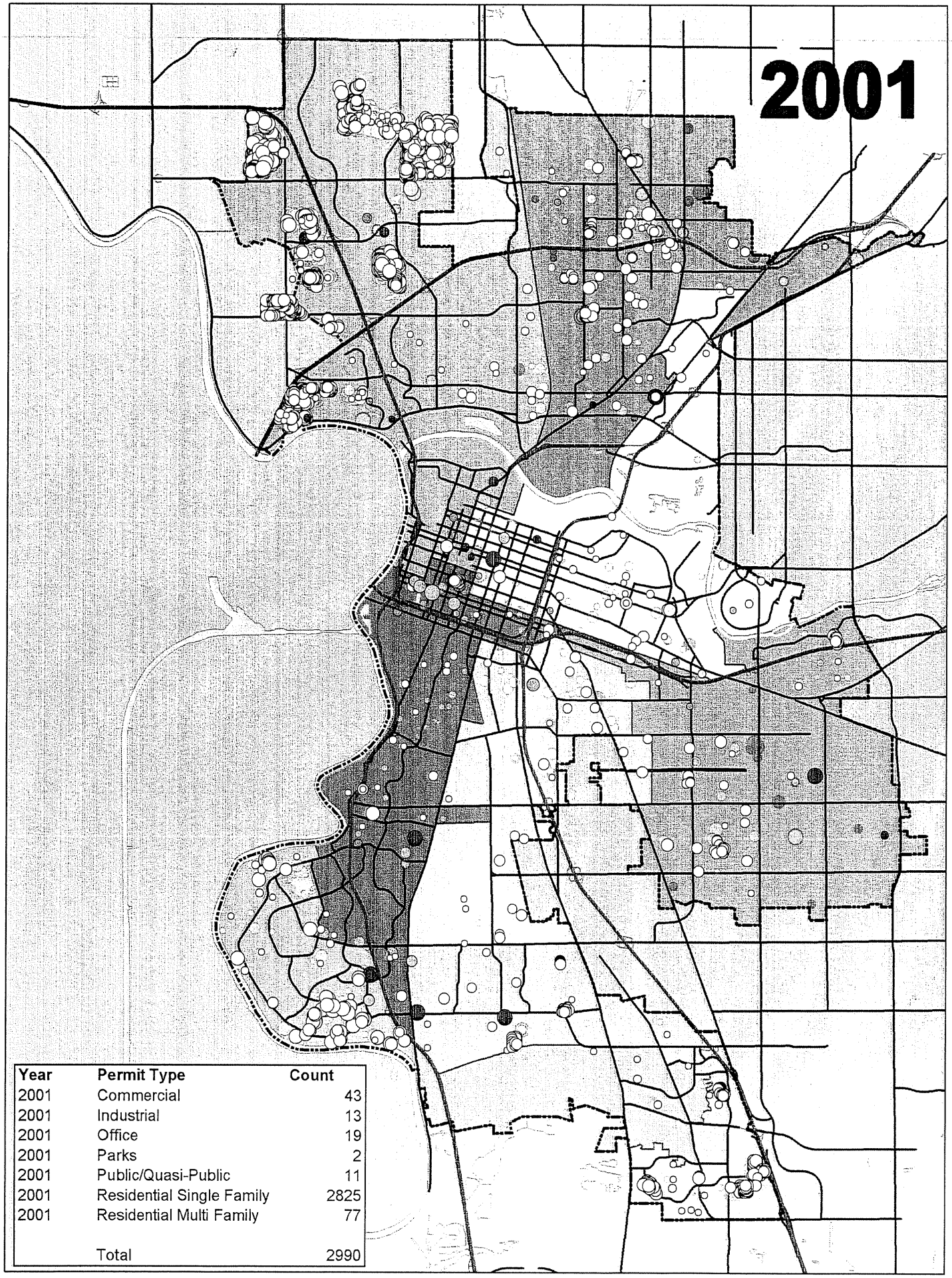
# CONSTRUCTION PERMITS MAPS

**Building Permit Types**

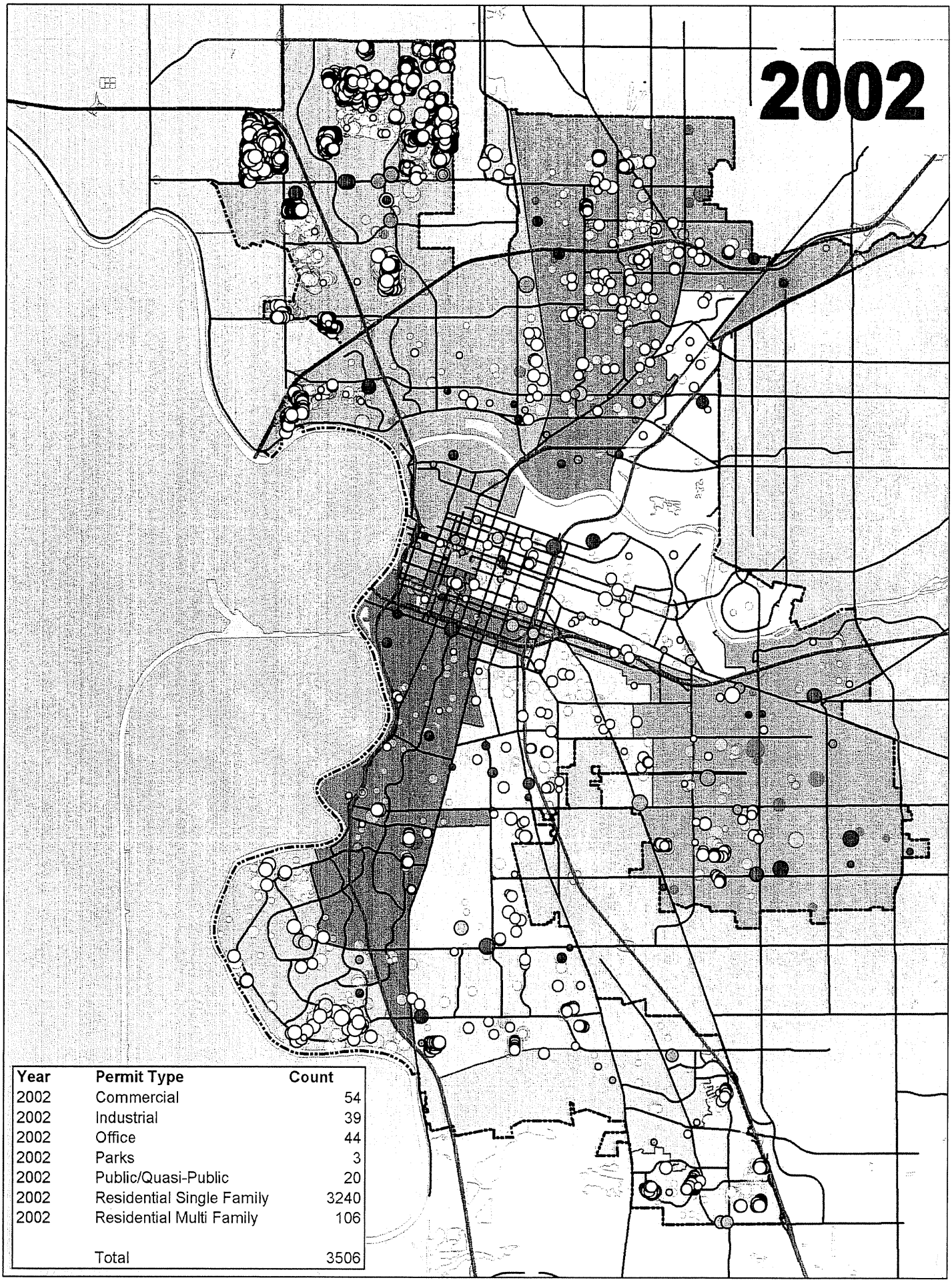
- Commercial
- Residential Single Family
- Residential Multiple Family
- Office
- Industrial
- Public/ Quasi-Public
- Parks



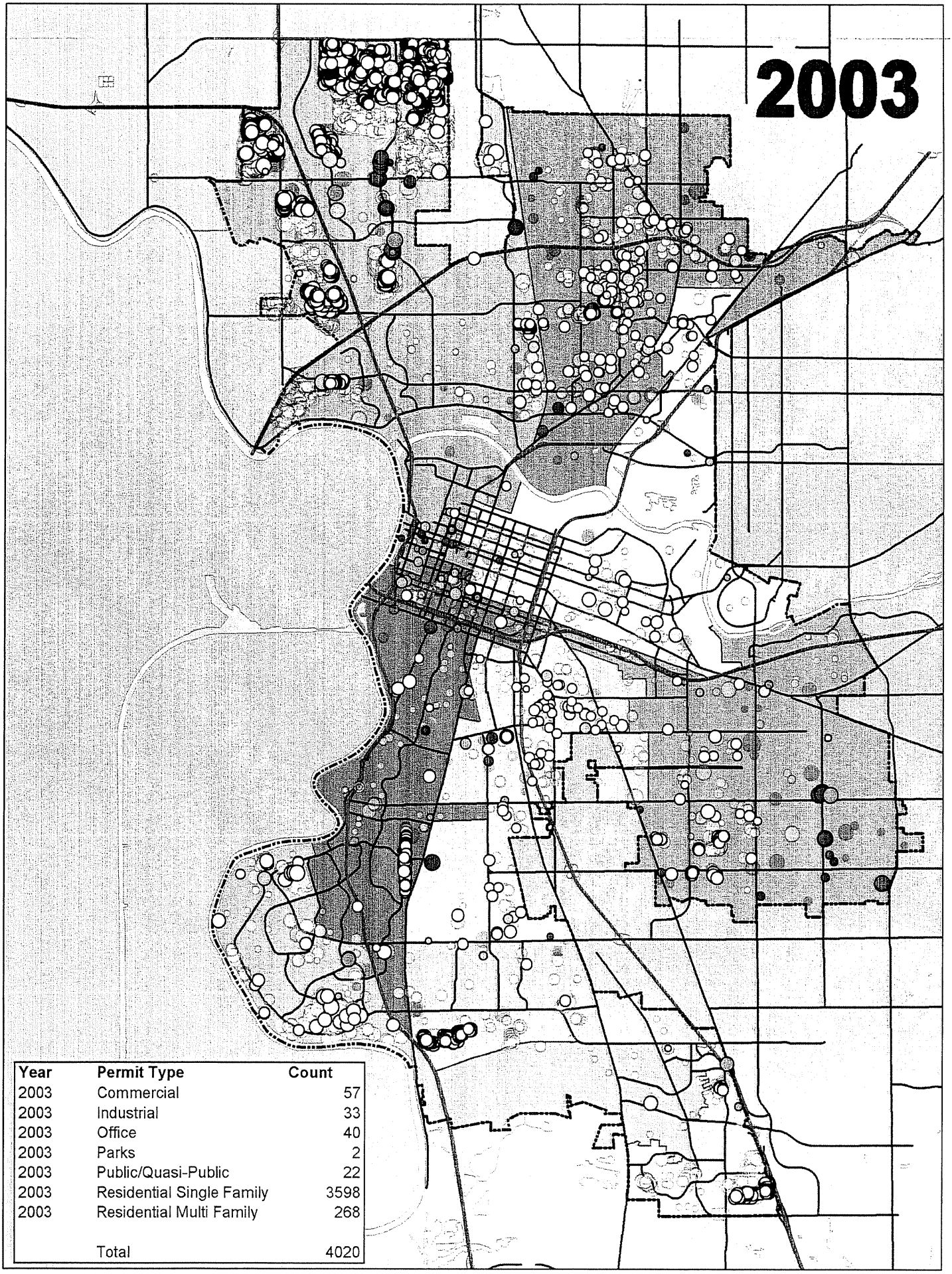

| Year | Permit Type | Count |
|---|---|---|
| 2000 | Commercial | 34 |
| 2000 | Industrial | 17 |
| 2000 | Office | 40 |
| 2000 | Parks | 0 |
| 2000 | Public/Quasi-Public | 17 |
| 2000 | Residential Single Family | 2080 |
| 2000 | Residential Multi Family | 52 |
| | Total | 2240 |



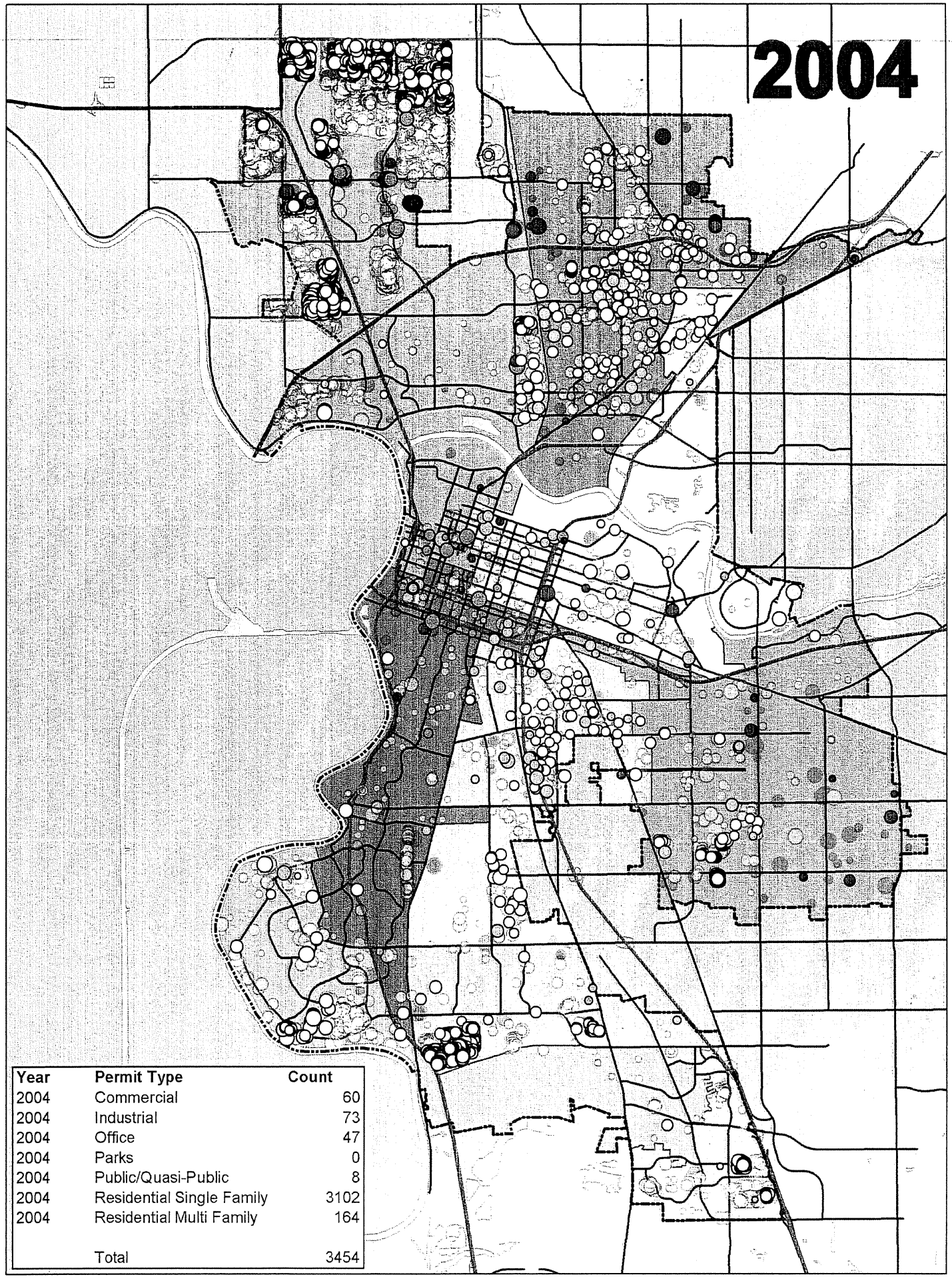

| Year | Permit Type | Count |
|---|---|---|
| 2001 | Commercial | 43 |
| 2001 | Industrial | 13 |
| 2001 | Office | 19 |
| 2001 | Parks | 2 |
| 2001 | Public/Quasi-Public | 11 |
| 2001 | Residential Single Family | 2825 |
| 2001 | Residential Multi Family | 77 |
| | Total | 2990 |



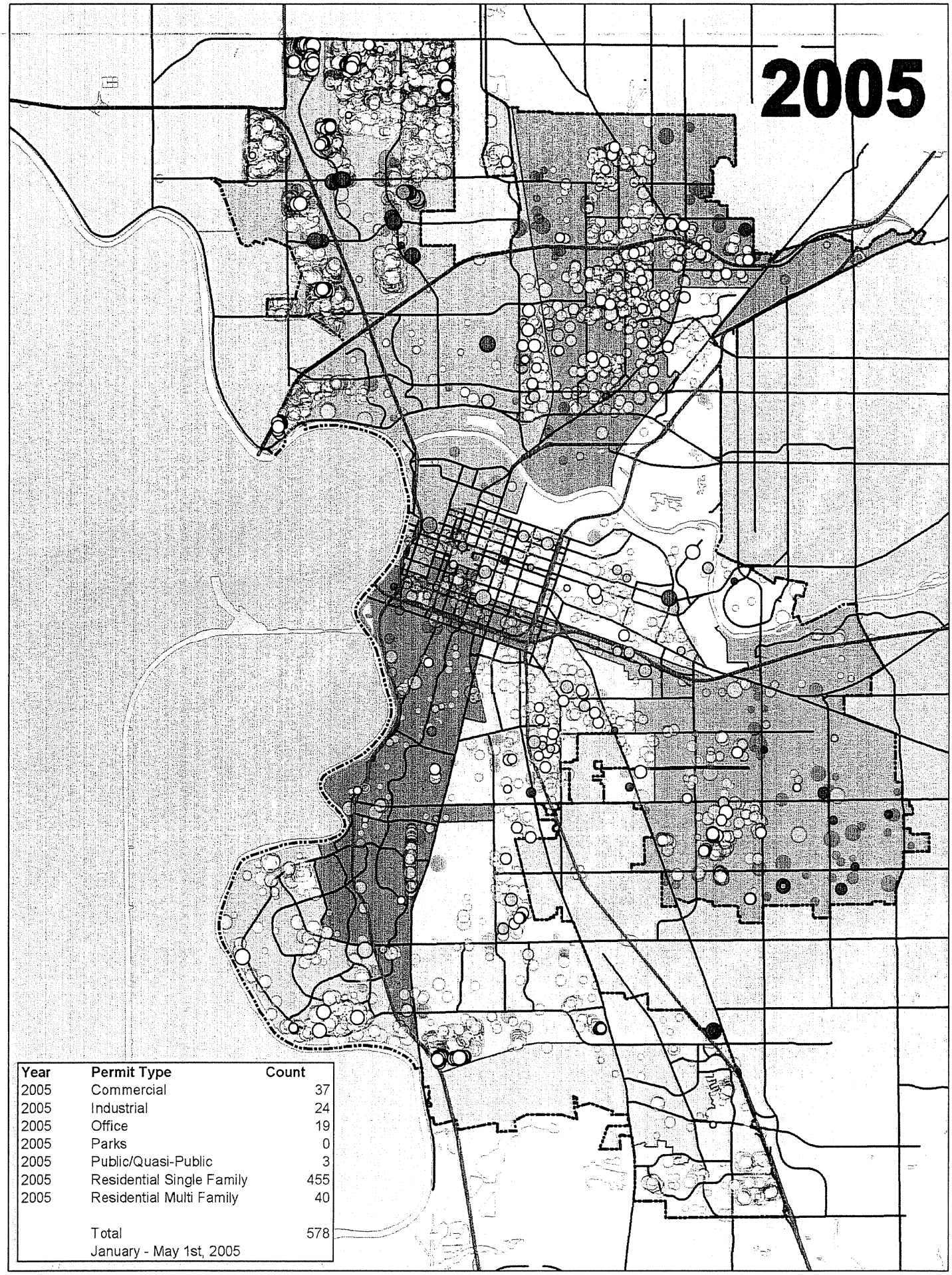

| Year | Permit Type | Count |
|---|---|---|
| 2002 | Commercial | 54 |
| 2002 | Industrial | 39 |
| 2002 | Office | 44 |
| 2002 | Parks | 3 |
| 2002 | Public/Quasi-Public | 20 |
| 2002 | Residential Single Family | 3240 |
| 2002 | Residential Multi Family | 106 |
| | Total | 3506 |



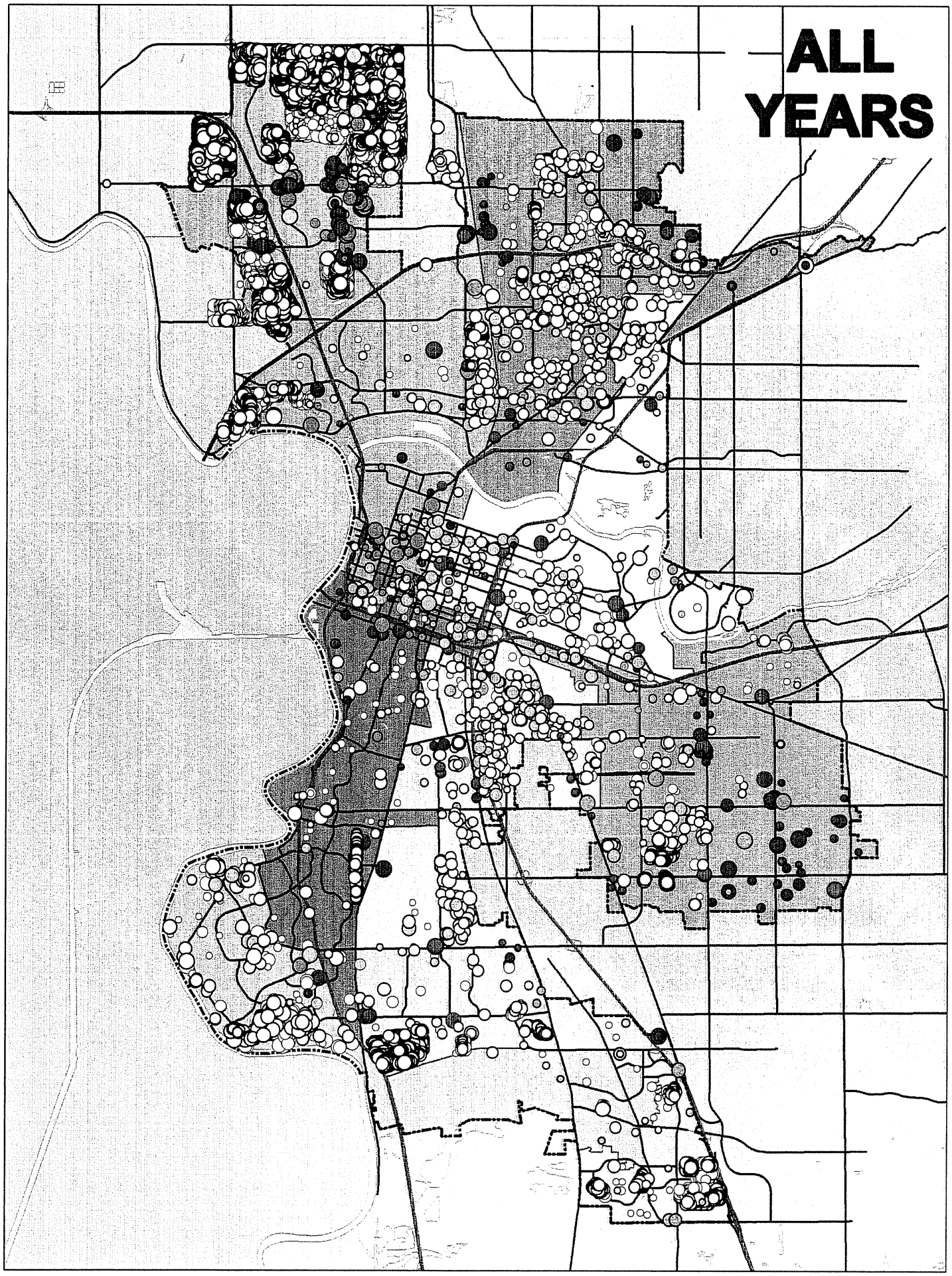

| Year | Permit Type | Count |
|---|---|---|
| 2003 | Commercial | 57 |
| 2003 | Industrial | 33 |
| 2003 | Office | 40 |
| 2003 | Parks | 2 |
| 2003 | Public/Quasi-Public | 22 |
| 2003 | Residential Single Family | 3598 |
| 2003 | Residential Multi Family | 268 |
| | Total | 4020 |




| Year | Permit Type | Count |
|---|---|---|
| 2004 | Commercial | 60 |
| 2004 | Industrial | 73 |
| 2004 | Office | 47 |
| 2004 | Parks | 0 |
| 2004 | Public/Quasi-Public | 8 |
| 2004 | Residential Single Family | 3102 |
| 2004 | Residential Multi Family | 164 |
| | Total | 3454 |

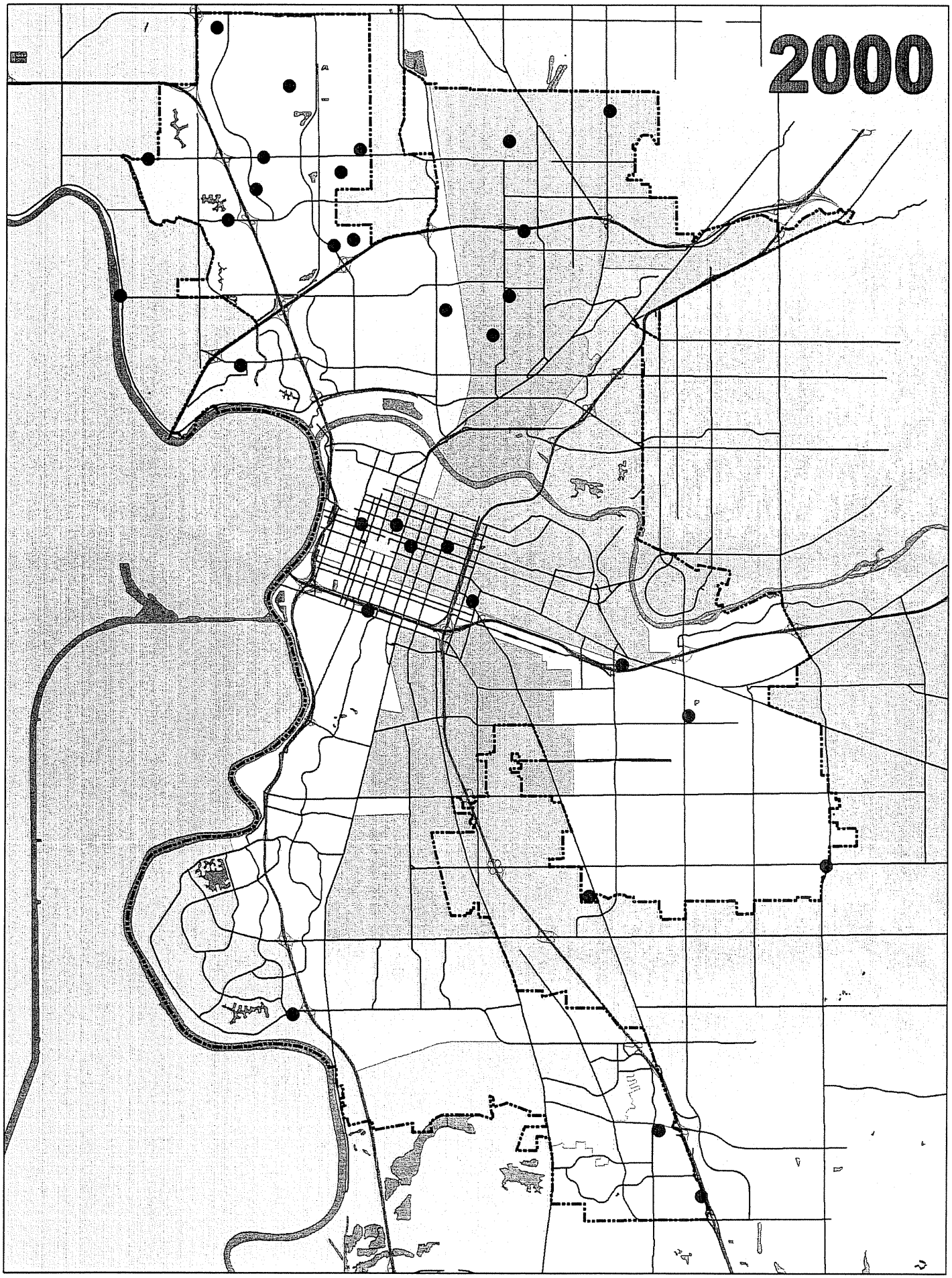


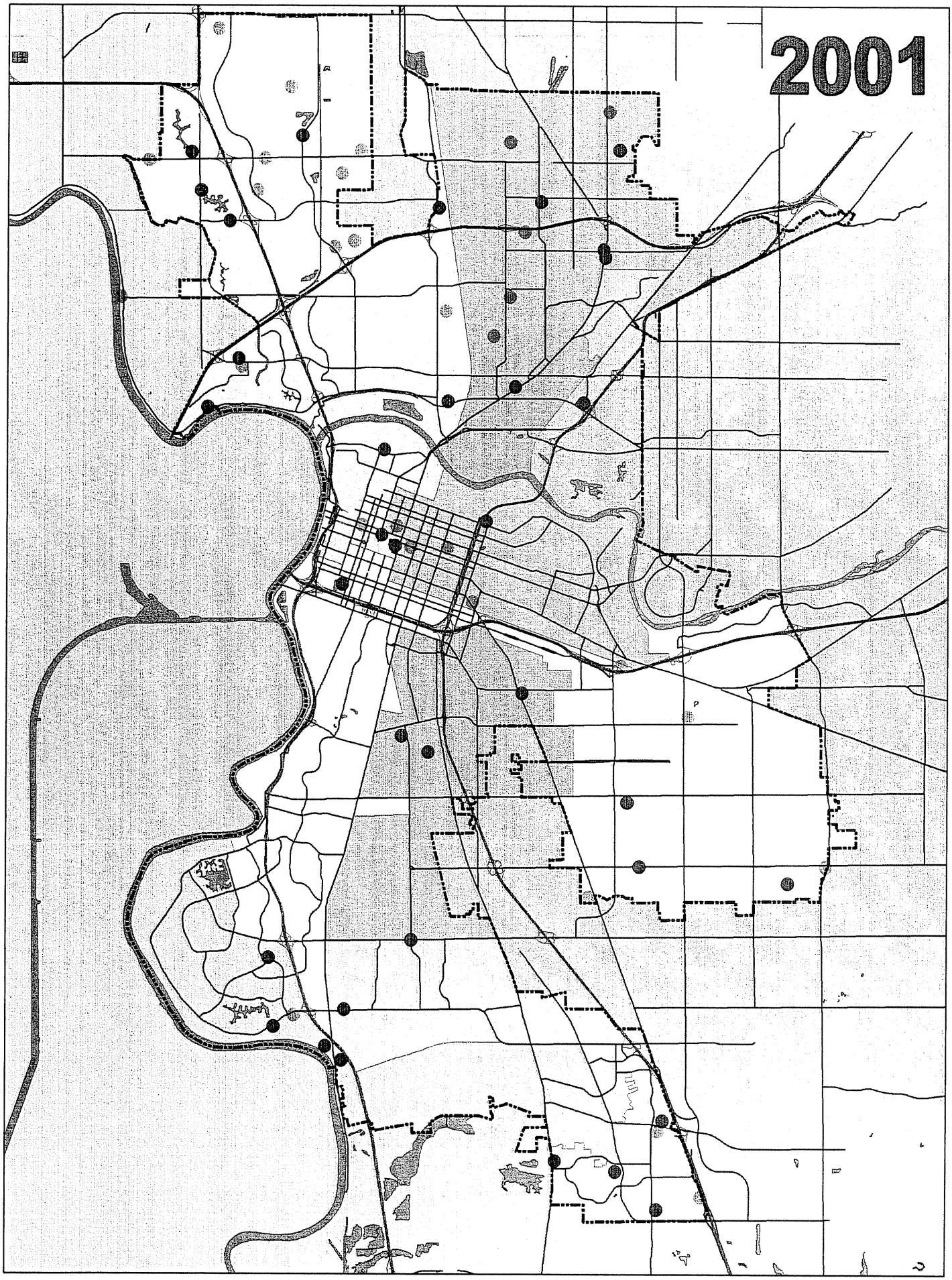

| Year | Permit Type | Count |
|---|---|---|
| 2005 | Commercial | 37 |
| 2005 | Industrial | 24 |
| 2005 | Office | 19 |
| 2005 | Parks | 0 |
| 2005 | Public/Quasi-Public | 3 |
| 2005 | Residential Single Family | 455 |
| 2005 | Residential Multi Family | 40 |
| | Total | 578 |
| | January - May 1st, 2005 | |


ALL
YEARS

# PLANNING PERMIT MAPS

- Planning Applications Received 2000
- Planning Applications Received 2001
- Planning Applications Received 2002
- Planning Applications Received 2003
- Planning Applications Received 2004
- Planning Applications Received 2005


2000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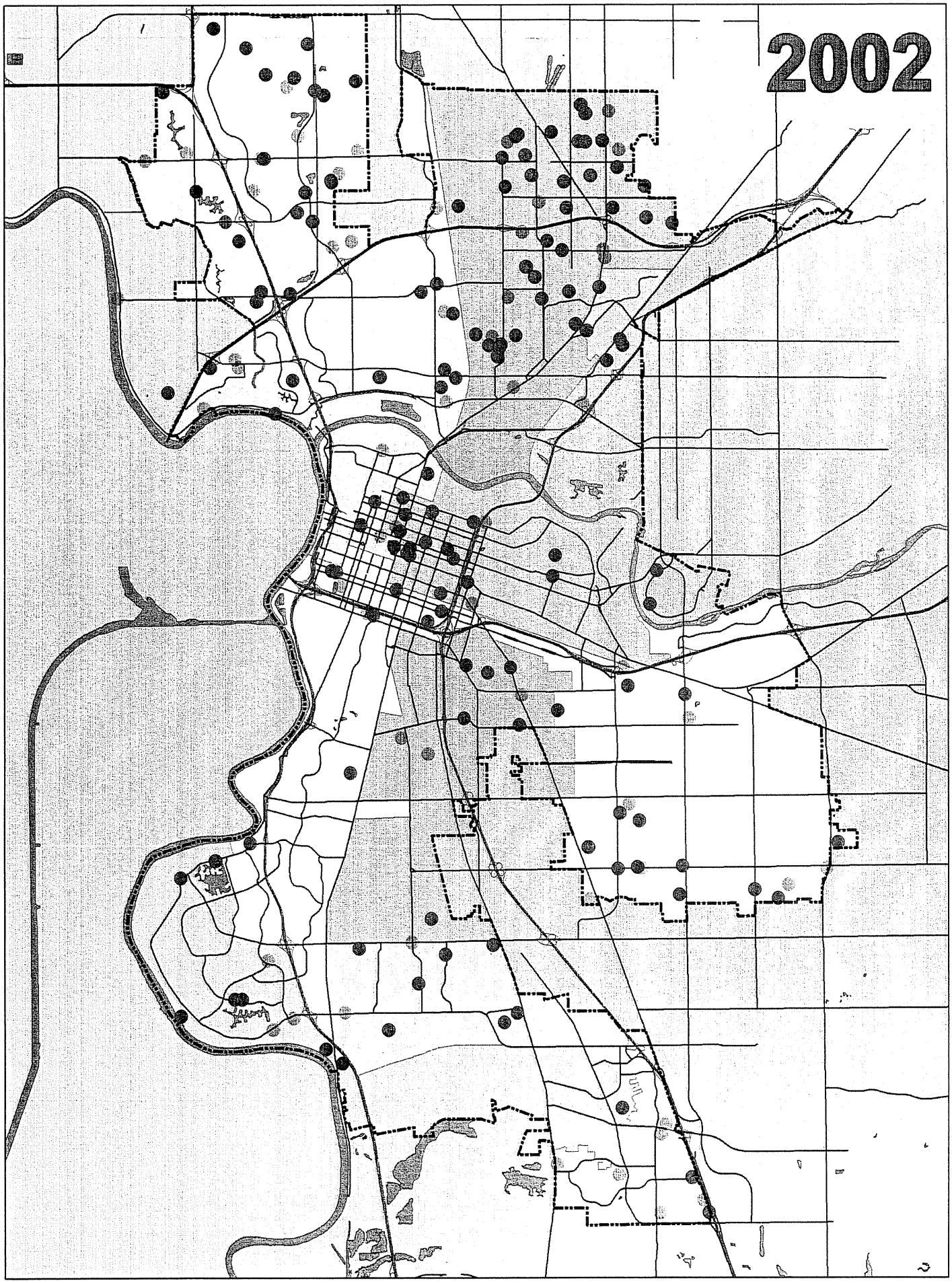
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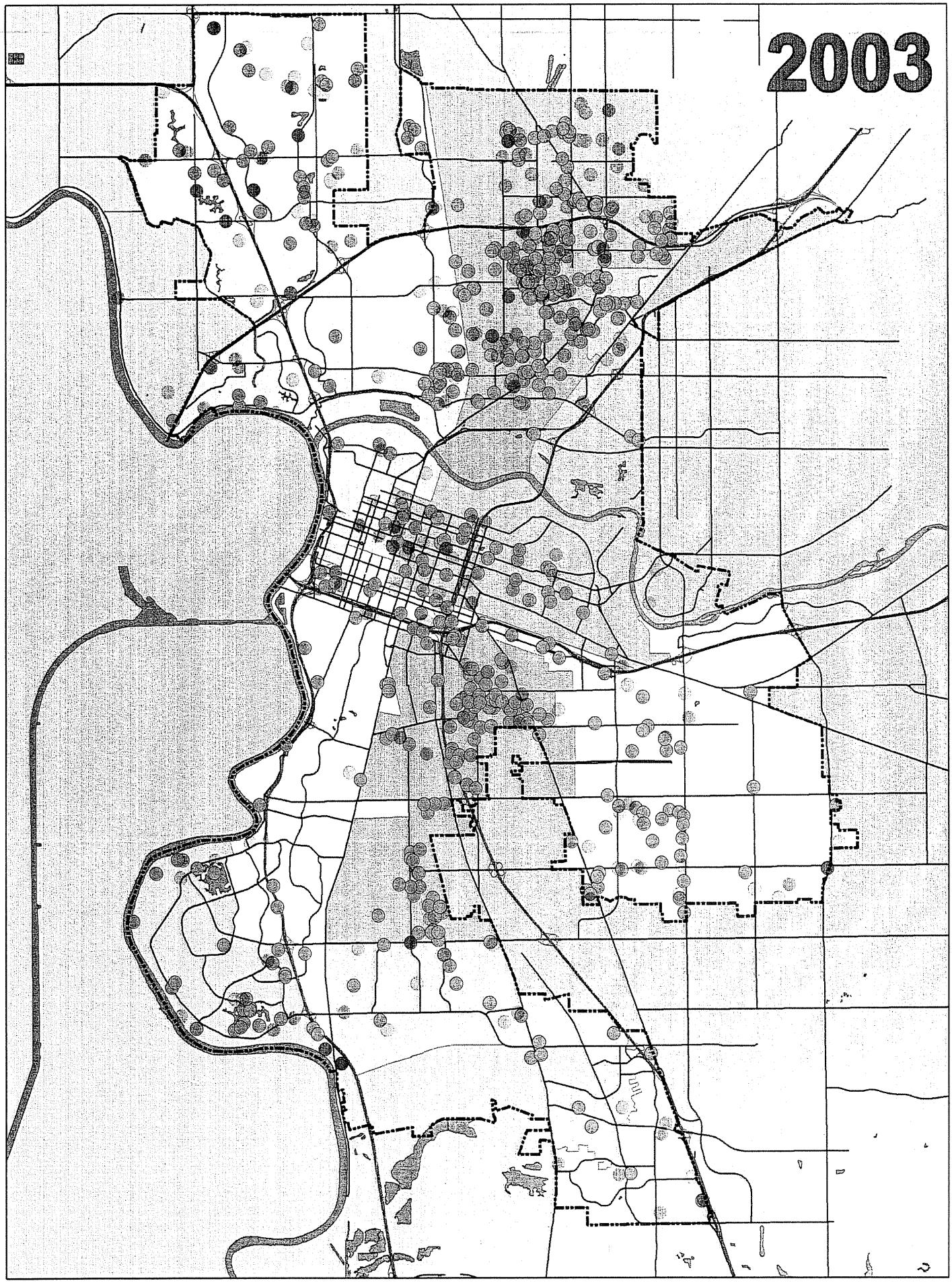
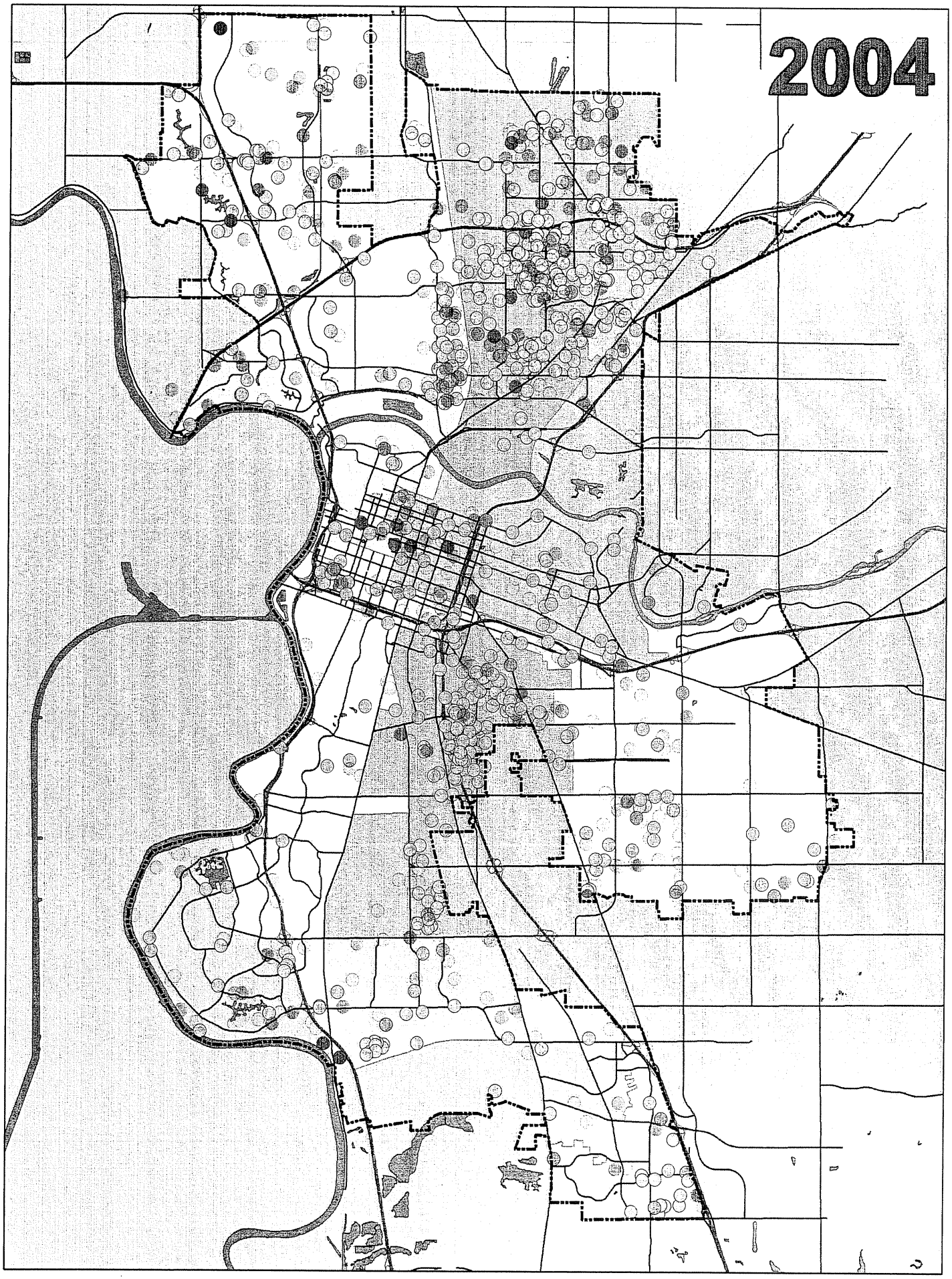
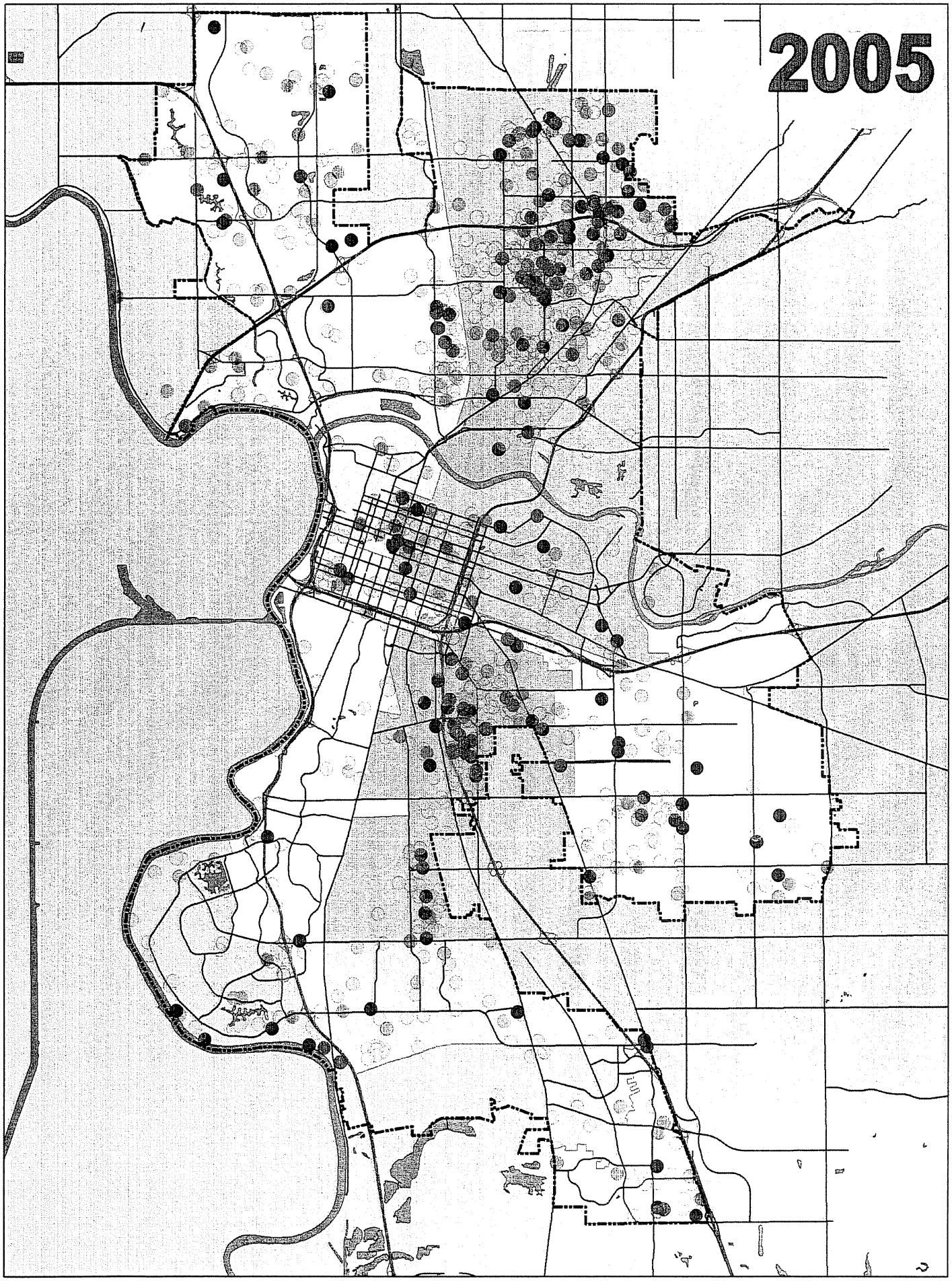
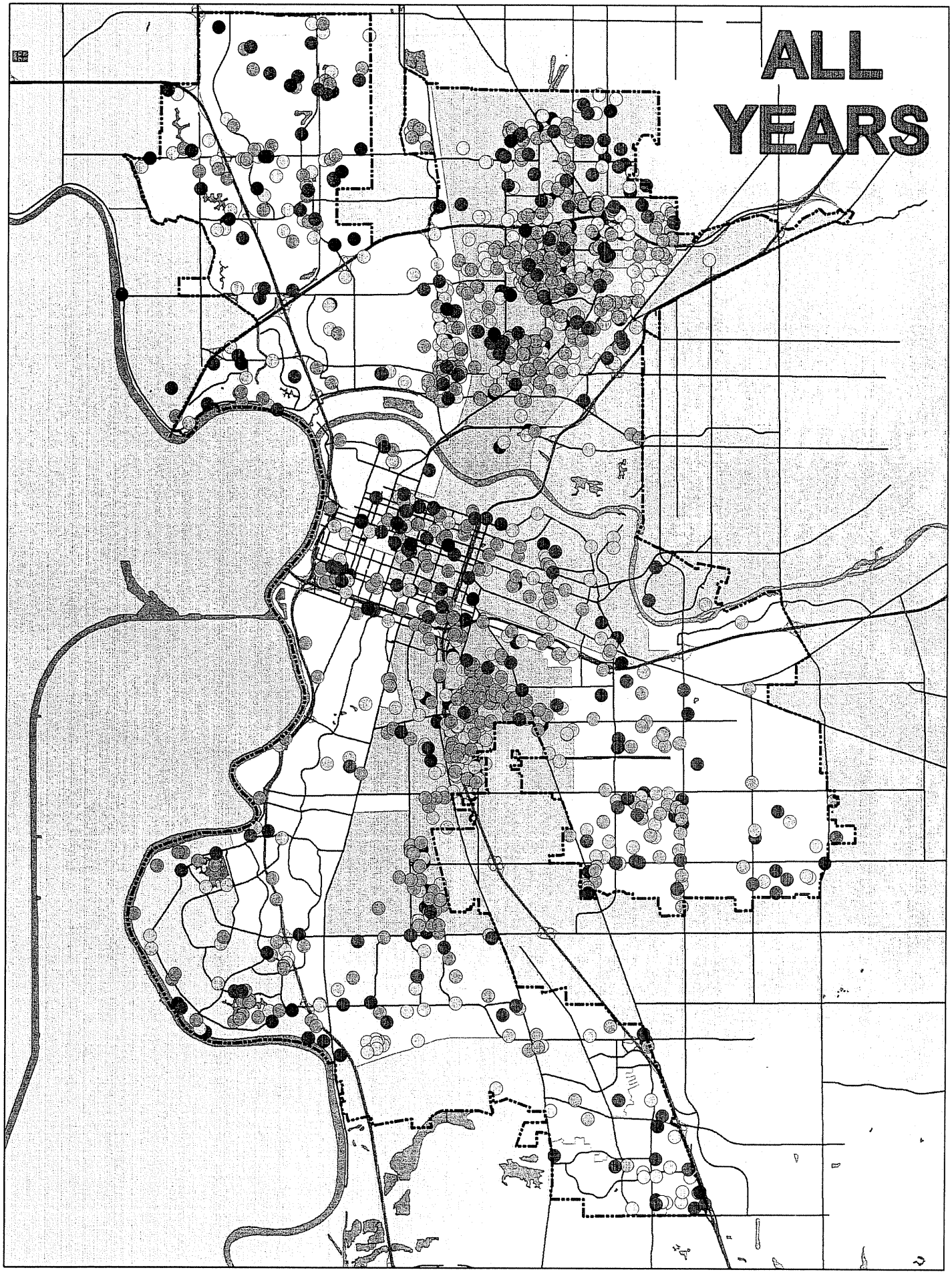

2003


2004


2005


ALL
YEARS

# Fee Study

- Contracted with consultant to analyze comprehensive fee approach to infill
- Study underway to identify alternative approaches and implications for infill development
- Return to City Council in October/November with recommendations

# Grant Funds

- Jobs-Housing Balance Grant
  - R Street Combined Sewer Improvements
  - Streetlighting Efforts
  - Park projects
  - 65th Street Transit Village Pedestrian Enhancements
    - Proposing to move funds to Del Paso Boulevard Street lights
- Workforce Housing Reward Grant
  - Globe Mills
  - Urban Park

# Infill House Plans

- Single family house plans to use in infill areas
- Completed community outreach
- Related code amendments
- Pendng hearing bodies
- City Council for action in October

FRONT ELEVATION OPTION 1

# Other Actions

- MOU with CADA to formalize process
- Alley development standards