Title: Marysville Boulevard Economic Development Investment Initiative

Location: Del Paso Heights, District 2

Recommendation: Adopt a Resolution: 1) approving the Marysville Boulevard Investment Initiative (MBI2); and 2) authorizing the City Manager or the City Manager’s designee to a) establish the Marysville Boulevard Investment Initiative Project (I02180700) and b) increase the expenditure budget in the Marysville Boulevard Investment Initiative Project (I02180700) by $1.1 million from the Del Paso Heights Funds (Fund 3805, 3806, 3807, 3808, and 3809) available fund balances.

Contact: Veronica Smith, Economic Development Senior Project Manager, (916) 808-1046, Office of Innovation and Economic Development

Presenter: None

Attachments:
1-Description/Analysis
2-Resolution
3-Exhibit A (Marysville Blvd Investment Initiative)
Description/Analysis

**Issue Detail:** Marysville Boulevard has long been identified as a struggling corridor with potential. Since the dissolution of redevelopment the corridor has suffered from increased disinvestment which has resulted in its present condition. After receiving input from local businesses and residents, and feedback received through a series of community outreach meetings, focus group meetings, surveys, plans, and strategies, the concept was developed for the Marysville Boulevard Investment Initiative (MBI²) (I02180700). This Initiative will build upon a number of existing plans and strategies that have been developed for Del Paso Heights over the years, including the Del Paso Heights Implementation Plan, the Del Paso Heights American Institute of Architects Sustainable Design Assessment Team Report, and the Project Prosper Initiative. Furthermore, MBI² has identified its priority area of focus as the area centered around the intersection of Marysville Boulevard and Grand Avenue. Focusing on the area at Marysville and Grand is the key to success of transforming Marysville Boulevard. This presents the opportunity to transform the vacant Redevelopment Area Successor Agency (RASA) owned sites in the area and capitalize on the investments made by Viva Supermarket, and future proposed developments of the Sacramento Economic and Employment Development Corporation and Greater Sacramento Urban League.

The MBI² presents an opportunity to facilitate, identify and implement catalytic economic and environmental transformation along the struggling commercial corridor. MBI² will take an approach that is mindful of new trends and modes of thinking in equitable and inclusive neighborhood commercial corridor development while also ensuring that it aligns with the long-term growth of Del Paso Heights and the residents that currently call it home. This will be achieved by reaching out to and working closely with the property owners along Marysville Boulevard to identify opportunities to activate their properties. Moreover, the community will be engaged as ideas for space activation are derived to ensure that any proposed uses respond to community priorities.

The strategic goals of the Initiative will be to:

1. Transform blighted vacant lots and properties.
2. Identify and leverage opportunities around mobility equity.
3. Invest in and promote equitable development.
4. Identify and invest in equitable, innovative mixed-use and affordable housing development projects.

This report presents the overall vision for the Boulevard with specific actions for implementation returning to Council for approval.
Policy Considerations: The Initiative is consistent with the 2013 Economic Development Strategy goal to invest in building Sacramento and the objective to “encourage strategic investments and initiatives that lead to the economic development, job growth and enhance the quality of life in Sacramento.”

Economic Impacts: This place-based Initiative is designed to encourage private sector investment along Marysville Boulevard. Due to the wide variety of components in the Initiative exact economic impacts cannot be forecasted at this time. For each strategic investment made, economic development metrics such as the number of employees, number of businesses, and tax generated will be documented.

Environmental Considerations: Creating the Initiative and establishing the Initiative budget is not considered a project as defined by Section 15378(b) of the California Environmental Quality Act (CEQA) guidelines (Cal. Code Regs., tit. 14, §15000 et seq.) because it involves government fiscal activities that do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; therefore, this action does not involve a project is exempt from CEQA review under CEQA Guidelines section 15060(c)(3).

Sustainability: This Initiative is consistent with the City’s Sustainability goals as it encourages the development of the infill area of Del Paso Heights and promotes the development of Marysville Boulevard into a walkable pedestrian corridor.

Commission/Committee Action: N/A

Rationale for Recommendation: By almost any measure, Del Paso Heights level of social and economic deprivation is among the highest in Sacramento. It has some of the highest rates of poverty, unemployment, high school dropout, and crime rates in Sacramento, and some of the lowest salaries and educational attainment. It lacks some basic retail and services that most other neighborhoods have, and it lacks a clear commercial center that can help reinforce the sense of place. Many businesses will not locate into the area because of perceived high crime and low profitability. However, there is still a growing need for housing, retail and commercial establishments to come into the neighborhood. Despite the economic challenges, Del Paso Heights is poised for resurgence from neglect. Over the years, Marysville Boulevard has experienced some public investment in community facilities, streetscape improvements, and private investment in small commercial projects. However, several opportunities have not been fully realized.

MBI² will provide strategic investments that support the built environment in the form of loans, grants, and technical support to foster increased investment into the commercial corridor. The
Initiative focuses on attracting transformative investment opportunities to the corridor that will complement the existing fabric of the surrounding community; residents, educational institutions, community service providers, and faith-based institutions.

**Financial Considerations:** There are sufficient resources in the Del Paso Heights Funds available fund balances to fund the MBI² (I02180700) by $1.1 million. The funding breakdown as follows:

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Fund Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999 CIRB Del Paso Heights DP TE</td>
<td>3805</td>
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<tr>
<td>1999 ML DP Heights TE</td>
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<td>$206,000</td>
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<tr>
<td>2006 TARB DP Heights CIP TE</td>
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</tr>
<tr>
<td>2006 TARB DP Heights TA</td>
<td>3809</td>
<td>$216,000</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td></td>
<td><strong>$1,100,000</strong></td>
</tr>
</tbody>
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**Local Business Enterprise (LBE):** This Initiative is designed to be inclusive of assisting and growing businesses along the Marysville Boulevard Corridor.
MARYSVILLE BOULEVARD INVESTMENT INITIATIVE

BACKGROUND:

A. Continued physical development and investment in the City remains essential to creating jobs, improving quality of life and providing the necessary infrastructure to attract development and businesses.

B. The City’s Economic Development Strategy identified a key priority to “Invest in Building Sacramento: Facilitate and Promote Projects and Program Initiatives that Support Economic Growth, Quality of Life and Job Creation in Key Areas of the City”.

C. Marysville Boulevard is the main commercial corridor in Del Paso Heights and as such is home to a number of small businesses and entrepreneurs who serve both the adjacent neighborhood and broader community, increasing the City’s economic base.

D. A Sustainable Design Assessment Team Report and Action Plan conducted in 2016 documented existing conditions and identified strategic actions to take to foster a vibrant commercial corridor.

E. Since that time, staff has been working to secure resources to set the table that will build momentum and stimulate economic growth and private investment.

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

Section 1. The Marysville Boulevard Investment Initiative attached as Exhibit A is hereby approved. Exhibit A is part of this resolution.

Section 2. The City Manager or the City Manager’s designee is authorized to establish the Marysville Boulevard Investment Initiative Project (I02180700).

Section 3. The City Manager or the City Manager’s designee is authorized to increase the expenditure budget in the Marysville Boulevard Investment Initiative.
Initiative Project (I02180700) by $1,100,000 from the Del Paso Heights Funds available fund balances:

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Total Cost $1,100,000

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Exhibit A – Marysville Boulevard Investment Initiative

Adopted by the City Council on December 11, 2018 by the following vote:

Yes:

Noes:

Abstain:

Absent:
Marysville Boulevard Investment Initiative

(MBI2)

Vision

The Marysville Boulevard Investment Initiative (MBI2) presents an opportunity to identify and implement economic and environmental transformation along the struggling commercial corridor. Working in alignment with the desires of the community, the mission of MBI2 is to enhance the Marysville Boulevard corridor and promote and stabilize commercial real estate development projects.

Map A
**Place**

Marysville Boulevard is a key arterial that links Interstate 80 to Highway 160 and their associated neighborhoods. The revitalization of the existing commercial core, which includes several vacant sites, is crucial to the economic viability of the Del Paso Heights community as whole. The first impression of Marysville Boulevard is usually that of blight and crime, and existing versus anticipated rent pricing prohibits most new development.

By almost any measure, Del Paso Heights level of social and economic deprivation is among the highest in Sacramento. It has some of the highest rates of poverty, unemployment, high school dropout, and crime rates in Sacramento, and some of the lowest salaries and educational attainment. It lacks some basic retail and services that most other neighborhoods have, and it lacks a clear commercial center that can help reinforce the sense of place. Many businesses will not locate into the area because of perceived high crime and low profitability. Another deterrent that keeps businesses from locating to the neighborhood is the low educational attainment level. However, there is still a growing need for housing, retail and commercial establishments to come into the neighborhood. Despite the economic challenges, Del Paso Heights is poised for resurgence from neglect.

Over the years, Marysville Boulevard has experienced some public investment in community facilities, streetscape improvements, and private investment in small commercial projects. However, several opportunities have not been fully realized. The area has potential for mixed use development on vacant and underutilized properties.

**Focus**

Building on existing plans, MBI\(^2\) has identified its priority area of focus as the area centered around the intersection of Marysville Boulevard and Grand Avenue (see Map B). Marysville Boulevard is adjacent to several neighborhoods with diverse demographics and economic characteristics. It is also a major transportation corridor that connects to adjacent neighborhoods, the central city, and other parts of the city.

Focusing on the area at Marysville and Grand is the key to success of transforming Marysville Boulevard. This presents the opportunity to transform the vacant Redevelopment Area Successor Agency (RASA) owned sites and capitalize on the investments made by Viva Supermarket, and future proposed developments of the Sacramento Employment and Economic Development Corporation and Greater Sacramento Urban League.
History

The thinking around the Initiative began in 2015 after the City applied to the American Institute of Architects (AIA) for a Sustainable Design Assessment Team (SDAT) to help work with the community to jointly inform strategic changes need to revitalize Del Paso Heights. Anyone who lived, worked, or owned property in the area was encouraged to participate in the process. Through a series of focus groups and town-hall public workshop that attracted over 100 people, the effort helped the SDAT better understand strengths, weaknesses, and opportunities for Del Paso Heights. These public meetings served as the “on-switch” for the reflective transformation that the community has been desiring. Furthermore, it helped to inform the design thinking and strategy around making strategic investments on the struggling commercial corridor.

In addition to leveraging the work and recommendations that were identified by the AIA SDAT, the Initiative will build upon the number of existing plans and strategies that have been developed for Del Paso Heights and the City of Sacramento over the years including the following:

- Project Prosper Report (2018)
- Feasibility Study for Entrepreneurship Center and Incubator in District 2: Report on Activities, Findings, & Recommendations (2017)
- City of Sacramento Economic Development Strategy (2013-18)
- Del Paso Heights Redevelopment Area Plan (2014)
- City of Sacramento General Plan

MBI² is also consistent with the 2013 Economic Development Strategy goal to invest in building Sacramento and the objective to “encourage strategic investments and initiatives that lead to the economic development, job growth and enhance the quality of life in Sacramento.”

Strategic Goals

Following Project Proposer, on July 31, 2018, Council unanimously adopted a policy and resolution (Resolution 2018-0312) to take comprehensive, intentional actions to increase and diversify our economic growth in an inclusive and equitable manner. Given the priorities of the Mayor and Council around equitable and inclusive economic development strategies, MBI² will be very intentional.
Strategic goals of MBI² are as follows:

1. **Transform blighted vacant lots and properties.** The quality of our lives is highly contingent on our environment—that is, where we live, work, and play. Hence, neighborhood conditions influence the well-being of residents. Recent studies have shown that vacant land was perceived to influence community well-being by decreasing residents’ control over neighborhood life, fracturing ties among neighbors, raising concerns about crime and safety, and exerting a negative financial strain on the community.

2. **Identify and invest in innovative mixed-use and affordable housing development projects.** As evidenced by the demand analyses conducted by the SDAT and the Sacramento Employment and Economic Development (SEED) Corporation, there is demand along Marysville Blvd for multifamily development. A strategy that takes advantage of infill residential on underutilized parcels would help drive further commercial demand in the area.

3. **Identify and leverage opportunities around mobility equity.** As Sacramento moves towards becoming the most livable city in America and invests in emerging transportation technologies and services to increase transportation efficiency, we must make it a priority to intentionally increases access to high quality mobility options, reduce air pollution, and enhances economic opportunity in lower-income and disadvantaged communities.

4. **Invest in and promote equitable development.** Equitable development is achieved through policies and practices that enable low income and low-wealth residents to participate in and benefit from local and regional economic activity. This includes making more intentional investments in the success of underrepresented business owners, contractors, and developers.

**Strategic Investments**

It is no secret that Del Paso Heights hasn’t performed as a strong market over previous years, however, Marysville Boulevard exhibits some potential for development. Therefore, MBI² has a strategic and targeted focus.

Investments made into MBI² will be limited to comprehensive public investments that can effectively catalyze private and public resources to achieve environmental and economic transformation. The Initiative will allocate strategic investments toward larger investments in order to attract catalytic private resources and have greater impact.

MBI² investments may come in the form of a) forgivable loans, b) grants, c) technical assistance, or a combination of a, b, and c.
Placemaking Grants

MBI\textsuperscript{2} will also support neighbourhood serving businesses in desperate need of assistance to improve their space and expand their business but lacking in the resources to see it through. The long-term goal is to help transform specific spaces along, and near the Marysville Blvd corridor to show the potential for a walkable, healthy, vibrant neighborhood.

Source of Funds

MBI\textsuperscript{2} will be funded with the following:

- Del Paso Heights Former Redevelopment Bond Proceeds ($1.0 Million)
- North Sacramento Economic Development Investment Initiative Multi-Year Operating Project (I02180600)
- Additional funds as specific projects are identified

Criteria for MBI\textsuperscript{2} Strategic Investments

All project investments must reflect at least two of the 4 Strategic Goals of MBI\textsuperscript{2}:

1. Transform blighted vacant lots and properties
2. Identify and invest in innovative affordable housing development projects
3. Identify and leverage opportunities around mobility equity
4. Invest in and promote equitable development

Furthermore, all proposals submitted should provide specific detail on how it will do all the following:

- Engage the community
- Impact the community in a positive manner
- Reflect the fabric of the community
- Leverage public and private investment
- Align with the recommendations in the AIA SDAT 2016 and the City of Sacramento Economic Development Strategy

Process

Staff regularly receives unsolicited inquiries regarding vacant lots and development project ideas. Because MBI\textsuperscript{2} will target high impact projects and opportunities – [investments of $100,000 and higher], all projects will go before City Council for approval. Proposals will be accepted on an ongoing basis.
Staff will take a cross-departmental approach to all MBi² projects to ensure that all appropriate departments are engaged in any development project proposed in the MBi² priority area. This will often include Community Development, Neighborhood Services, Public Works, and Real Estate.