

**MARKET ANALYSIS
AND
IMPLEMENTATION STRATEGY
2004-2009**

**FOR THE
NORTH SACRAMENTO
REDEVELOPMENT PROJECT
AREA
INCLUDING
DEL PASO BOULEVARD**

**PREPARED FOR THE
SACRAMENTO HOUSING AND REDEVELOPMENT
AGENCY**

**BY
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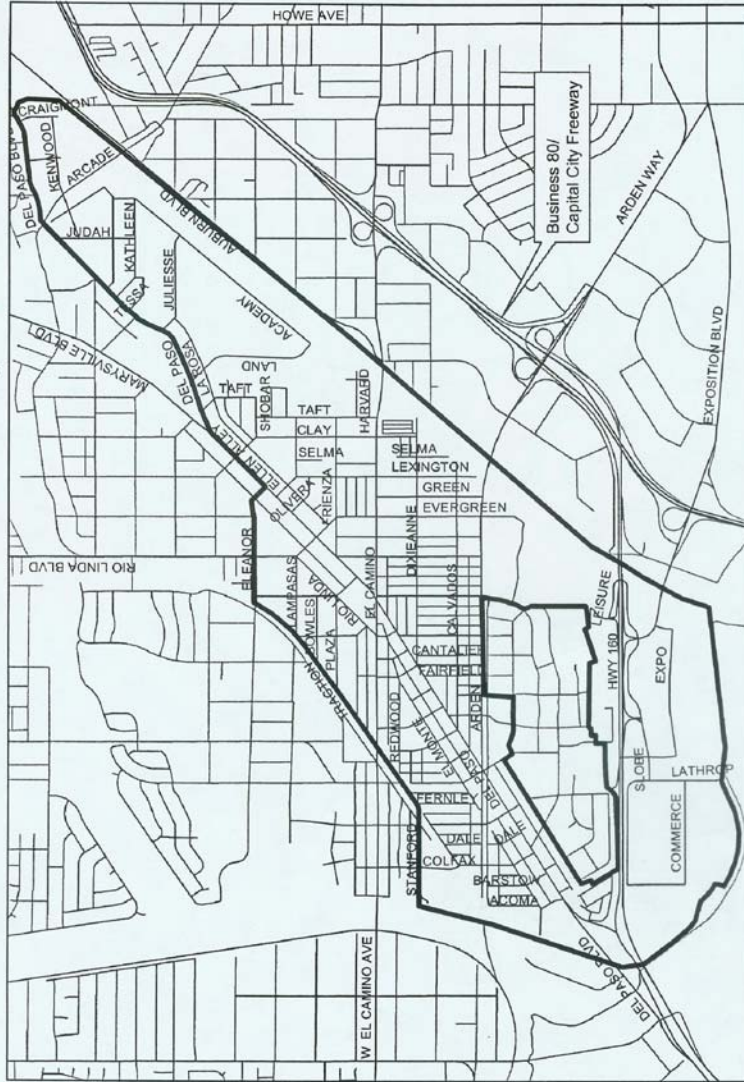
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North Sacramento Redevelopment Area



Legend

□ North Sacramento RDA

Section I

INTRODUCTION AND PURPOSE OF THE REPORT

The Sacramento Housing and Redevelopment Agency (SHRA) has commissioned a real estate market demand analysis of the North Sacramento Redevelopment Project Area, to be accompanied by recommendations regarding implementation strategies and identification of funding sources for partnerships in the future. The SHRA retained Economics Research Associates to prepare this analysis.

There are four additional project areas also under research and analysis simultaneously. All the work has supported the program planning which has been completed for the five-year implementation plans for each of the SHRA Redevelopment Project Areas.

The research activities, site visits, collection of most recent available data and trend indicators, and other tasks commenced in late January 2004. Meetings with individual project managers for SHRA occurred thereafter, followed by meetings with stakeholders for the area. Elected officials have also been visited as regards ideas and initiatives as well as priorities communicated by the stakeholders in the communities.

Data sources, including indicators available through mid-2004, have been utilized wherever possible. Such information is always footnoted and sourced so that the reader will understand the time dating of the indicator data sets.

In the assessment of opportunities and demand in the North Sacramento Redevelopment Project Area, the consultant was directed to focus on the commercial corridors including Del Paso Boulevard and El Camino Avenue. Substantial streetscape improvements along Del Paso Boulevard have already had a highly positive community corridor image effect. Real estate market demand for existing space as well as new build opportunities identification are the core issues at present.

This report is prepared in sections, including this Introduction. An Executive Summary follows immediately hereafter. The core of the work is organized as follows:

- Section III — Contemporary Market Conditions and Trends
- Section IV — Forecast of Market Demand
- Section V — Implementation Strategies
- Section VI — Funding Sources for Initiatives

ERA has had a high level of cooperation with SHRA staff and with community stakeholders in the performance of this work. All aspects of this report are solely the responsibility of ERA. We could not have generated this level of understanding and perception without the data sources and community knowledge provided by the stakeholders, SHRA planners, and staff.

Section II

EXECUTIVE SUMMARY

There are four components of this Executive Summary, drawn from the separate sections of the report by topic. The topics are as follows:

1. Contemporary market conditions and trends.
2. Forecast of market demand.
3. Implementation strategies.
4. Funding sources and initiatives.

This report is to be used by the Sacramento Housing and Redevelopment Agency and its supporters and other consultant team members in the preparation of a five-year implementation plan for the North Sacramento Redevelopment Project Area. The research and data collected have come from SHRA, commercial brokers in the Sacramento area, community stakeholder representatives, meetings with elected officials or their staffs, and a variety of governmental and commercial data banks which ERA has been able to access.

The area considered as the market space within which real estate demand will arise is slightly larger than the 1,186-acre North Sacramento Redevelopment Project Area. It coincides with four census tracts: 55.02, 68, 69, and 70.01. Information has been included from other sources such as zip codes and data for somewhat larger subregions examined by the Sacramento Area Council of Governments (SACOG).

In the preparation of these analyses and forecasts, the consultant has taken note of the growth and the trendlines developing in the north region area of Sacramento. Please note that this region also includes another SHRA project area (Del Paso Heights). The consultant is also aware of developments and infill proposals in negotiation and predevelopment stages in the Northgate area west of North Sacramento.

Generally, the quality of community sociodemographics, increased household incomes, and continuing increases in residential property values will likely help reposition the perception of North Sacramento and the Del Paso Boulevard corridor over the next two to five years and beyond.

1. CONTEMPORARY MARKET CONDITIONS AND TRENDS

The Redevelopment Project Area has experienced modest population growth and several commercial property revitalization efforts along the Del Paso Boulevard corridor. The project area is much larger, however, encompassing substantial industrial space and several east-west arterials which have commercial uses, mixed use "flexi" industrial/office parks, and the regional cluster of recreation vehicle dealers. Median household incomes have grown from \$18,144 to \$25,085 during the past decade and continue to grow to \$28,857 in 2004 as estimated by ERA. The community has a need for repositioning of retail, restaurant, and commercial services enterprises in the project area. A newer supermarket development will soon be developed at El Camino and Evergreen, and a new high end furniture store (Casa Bella) will be added to the existing specialty cluster.

Residential ownership housing prices have significantly grown during the past five years, as recorded by DataQuik, by zip code area. Home prices are up by more than \$100,000 per unit during the past five years. Because of virtually no available large, vacant, developable property sites in the project area, it would not be possible to reasonably forecast substantial infill housing in the next five to ten years unless SHRA were to pursue partnerships with existing property holders or initiate land assemblies for such purposes in partnership with the landowners and experienced developers.

The market area which may be served by the North Sacramento project area is comprised of 7,438 households and roughly 23,132 residents. This does include areas lying outside of the project area on its periphery. Similarly, there is an in-place estimated "formal" economy jobs group of more than 8,000 positions in the area. Thus, the periphery of the North Sacramento project area is as important as the specific project area itself, and should expect to experience modest increases in retail, some office space, and the growth of potential for infill housing.

The Del Paso Boulevard corridor portion of the project area might be considered as requiring a smaller market area, but the opposite is true. Del Paso Boulevard requires an ongoing visitor/regional resident/customer base that draws from the North Sacramento and North Natomas areas of the City if the mix of arts, design, furnishings, and restaurants is to recapture regional market share.

Section III of the overall report details the highlights of the recent past (last five to seven years), and the known contemporary trends. ERA believes that the forecasts of growth previously generated by SACOG may be too low.

Accordingly, it is quite likely that the North Sacramento Redevelopment Project Area could experience more residential population growth if new infill housing developments become viable. The ongoing revitalization of the Del Paso Boulevard corridor is essential and requires a further repositioning strategy to attract a mix of uses for revitalizing older buildings.

The stakeholders the consultant met with were quite clear in their estimate that pedestrian-oriented types of retail and commercial services uses as well as affordable office space marketing were critical for the Del Paso Boulevard corridor.

2. FORECAST OF MARKET DEMAND

The consultant estimates that population growth will actually be greater than that forecast in 2001 by SACOG. Specifically, the broad array of single-family homes in the project area will likely experience some turnover in population, resulting in larger families with higher numbers of persons per household. This evolving factor will also attract household spendable incomes of increasingly higher values and may, thus, support greater demand for more convenient local retail and for commercial services.

In Section IV of the report, ERA makes an estimate (conservatively) that the North Sacramento community could support 140,000 square feet of retail and commercial services space within the project area which is similar to the present estimate of some 142,000 square feet of existing space already in use. Note, however, that the unique cluster of restaurants, arts retailers, and other retail activities on the boulevard draw from a much larger market area. For office space, ERA projects an additional demand of 20,000 square feet over the next five years. This does take into account the existing smaller spaces which are presently available throughout the project area, and further acknowledges the likelihood of tenancy changeout in some 30,000 square feet of existing space during the next five years within the project area corridors. In other words, the office market is presently seen as modest and in need of energetic marketing.

Additional industrial floor space demand is projected for the North Sacramento project area in an existing district market already estimated to have 1.6 to 2.0 million square feet of floor space. Older properties which once had manufacturing industrial activities have been transformed toward warehouse/distribution and/or are likely to be further transformed into other nonindustrial type floor space uses.

New residential product demand is acknowledged to be a modest market opportunity, but is challenged by the lack of available vacant property development opportunities. New infill housing "pioneer" product types are likely to be viable near the commercial corridor arterials, although no existing condominium units have been seen in the resale market in the project area. Despite this factor, it is possible to identify a range of 150 to 180 units of resales likelihood in the project area annually. Some portion of this demand could be transformed into new-build, infill housing. Such a product would not be viable without community approval, should be focused towards ownership, and probably should be at a scale of 18 to 30 units per development in order to achieve the modestly increased density which would make it economically viable.

The scale of potential new development needs to be defined with the inclusion of three types of demand allocations:

- True new build
- Substantial reuse through rehabilitation of existing structures
- Existing space rental for new businesses and/or expansion of existing businesses

ERA has been able to project space allocations accordingly and then redefine the probable allocations for several floor space types over the next five years. This perspective needs to recognize the ongoing commercial retail and commercial services repositioning challenge to fill available vacancies along Del Paso Boulevard as the most essential current priority.

Accordingly, and with a conservative perspective, ERA believes the following text table provides a "doable" market agenda for the redevelopment project area. A reasonable scale of absorption over the next five years might be as follows:

Use Type	Tenant Turnover (Re-Lease)	Rehab	Expansion in Place	New Build	Total
Retail (square feet)	40,000		20,000	40,000	120,000
Office (square feet)	30,000	20,000	15,000	20,000	80,000
Industrial (square feet)	200,000	15,000	100,000	100,000	500,000
		100,000			
		0			
	Resales	Rehab	Expansion	New Build	Total
Housing (dwelling units)	1,500	400	200	120	2,220

Note that these estimates do not include developments already committed, such as Casa Bella, the Petrovich supermarket, etc. Nor are any additional governmental space demands (somewhat uncertain) included.

The "new build" market demand over the next five years is stated conservatively, in recognition of the need to re-lease, rehab, and expand already existing floor areas in the present inventory.

3. IMPLEMENTATION STRATEGIES

The consultant recommends nine very short term initiatives, some of which are already under way or are being carefully considered at this time. The recommendations are highly focused towards marketing and towards negotiating results with existing stakeholders. Basically, the market will come, not so much because SHRA is causing all of the energy but rather because additional and evolving partnerships are formed and real estate marketing energies are increased.

1. **Select and Concentrate on Del Paso Boulevard.** This is the imperative. There is no more urgent action in the near term, with roughly 20 percent of shop space now vacant amongst at least 38 addresses.
2. **Define a Specific Theme which Will Help Reposition the North Sacramento Redevelopment Project Area and Del Paso Boulevard Corridor in the Next Five Years.** ERA suggests a concept similar to the term "the place," which would feature the unique blend of retail, restaurants, arts, furnishings and design services as a next evolution from the former focus on an arts district.
3. **Provision of Real Estate Market Data and Business Volumes Information.** A submarket like the North Sacramento Redevelopment Project Area needs to be defined more clearly and data needs to be available via website and supported by regional real estate data experts in order to more aggressively present the opportunities.
4. **Infill Housing Opportunities.** This initiative, already under consideration by SHRA, may be a "pioneer" effort but should be followed through via the use of moderate and explicit resources and incentives which would generate landholder commitments to equity partnerships in developments of medium density at appropriate locations near commercial corridors.

5. **Maintenance of the "Tree City" Hallmark Identity.** The remarkable success of the tree canopies and streetscape along Del Paso Boulevard signals a quality of pedestrian and arterial corridor not easily found elsewhere in the Sacramento metropolitan region. This will be extended and it is imperative that a sustainable quality of maintenance be applied so that its success can continue to support the accelerated energies necessary for effective marketing of the vacancies and infill opportunities.
6. **Attention to Improving the Appearance of the East-West Arterials.** The consultant suggests that SHRA, all stakeholders, landholders, and major tenants identify affordable means to improve the appearance of El Camino, Arden Way, and State Route 160. Such initiatives, shared in terms of cost and maintenance, can improve the business climate and business volumes.
7. **Evolving Industrial Space.** The project area has at least 1.6 million square feet of already existing industrial space in three cluster areas. Attention to the continuing repositioning of this space and the flexibility of its use will be part of the major essentials for ongoing and evolving economic development in the project area and the larger North Sacramento region.
8. **Traffic Calming on the Arterial Corridors.** The most important need is to reduce the speed of traffic flow at the south end of Del Paso Boulevard. The boulevard is joined by the RT light rail line as well. It is necessary to calm the traffic speed flows in the noncommute hours in order to better present market potentials for the existing and vacant shop and office space in this portion of the project area.
9. **Consistent Delivery of Accessibility and Affordability.** These are the reputational strengths of the North Sacramento Redevelopment Project Area and specifically the Del Paso Boulevard corridor. Strategic commitment by all stakeholders to this double strength can assist in remarketing and repositioning the corridor and project area.

4. FUNDING SOURCES AND INITIATIVES

Since the formation of the project in 1992, the North Sacramento Redevelopment Project Area has experienced an increase in assessed valuation of \$104.8 million (2002-2003). The tax increment earned by the project in the same year was \$952,878. It is expected that the project area will experience an increase

toward \$1.05 to \$1.20 million per year over the next five years. Indeed, this could grow to \$1.5 to \$1.8 million per year by the end of this decade. This will significantly improve the opportunities for SHRA to take additional initiatives in a variety of priorities which may include some of those previously defined in the implementation strategies.

Other funding sources explicitly focused towards those of low- and moderate-income may come from CDBG and HOME sources. Also, the City has, from time to time, committed capital improvement program funds for public infrastructure improvements.

Most important to SHRA and the North Sacramento Redevelopment Project Area will be the arrival of developers and tenants who will not need substantial incentives or funding partnerships with SHRA. The need for community serving retail (supermarket) and for region serving retail (furniture stores cluster) has been recognized by the market, and is being met with relatively small scales of incentive funding.

Essential for the long term is the need for sustained leadership in marketing by the North Sacramento Chamber of Commerce and the closely related business improvement district. This constituency has remained effective in capture and investment of additional public funding and community resources as well.

Section III

CONTEMPORARY MARKET CONDITIONS AND TRENDS

This section reports on data gathered and inputs made by stakeholders from the community concerning needs and circumstances which will play a part in a market demand assessment.

1. SOCIODEMOGRAPHICS

There are several scales of market support for different real estate product types in the Redevelopment Project Area. The project was initially adopted in 1992, has been amended three times, and will continue to 2037. The project area itself, some 1,186 acres, has a resident population of nearly 23,000 persons in 2004. Additional peripheral areas (including Census Tracts 55.02, 68, 69 and 70.01, which include the project area and peripheries) had roughly 21,461 persons in 8,032 housing units in the year 2000.

The number of households in the immediate market area in 2004 is roughly 7,500. This is the most explicit local market for consideration. It does overlap somewhat with the Del Paso Heights redevelopment project area. ERA will be using 7,438 households at 2.7 persons per household and roughly 20,132 residents for contemporary 2004 market area purposes in the market demand projections.

Growth in population during the 1990s was roughly 9.6 percent (about 1,900 new residents) in the project area and its periphery, but only 60 housing units were added during the 1990s. By 2000 there were 2.67 persons per household.

In the larger North Sacramento "Region" of 31 census tracts used by SACOG (which includes both the North Sacramento and the Del Paso Heights redevelopment project areas), the growth estimate during 2000-2005 has been projected to be roughly 2,600 residents and 989 net additional housing units. This is a relatively modest growth rate, and does not include the North Natomas areas.

Median household incomes improved in the immediate project area and its nearby adjacent periphery from an average of \$18,144 in 1990 to about

\$25,095 by the year 2000. ERA estimates that median household income has now grown to \$28,857 in 2004.

2. EMPLOYMENT IN THE AREA

The latest data assembled by ERA from Claritas (2002) showed an employment level in the "formal" economy of 8,140 jobs. This was for Census Tracts 68 and 69, an area larger than the redevelopment project area, which does include warehousing/distribution activities.

The largest job group was public administration/government with 1,379 jobs, followed by wholesale trade (durable and nondurable goods) with 1,352 jobs, and education services with 578 jobs. Retail trade employment in 144 stores and locations cumulatively came to 1,336 employees, with food stores at only 95 jobs, and miscellaneous retail having 420 jobs, while eating and drinking/restaurants had 343 jobs. This data can be viewed on Tables III-1 and III-2. ERA estimates that there are approximately 5,000+ jobs in the redevelopment project area itself.

For decades the project area residents held jobs in a number of federal military bases and military contractor service providers at the bases. Loss of jobs at McLellan Air Force Base, Mather Air Force Base, Sacramento Army Depot, etc., did have an impact on the employment distribution of North Sacramento region residents. This change has occurred during the past 12 years, from 1992 to the present time. Many, still in the employable age groups, have found other work, particularly in the growing Sacramento area employment sectors of health services, public administration, education, warehousing, and distribution.

3. MODEST INCREASE OF RETAIL

The community stakeholders noted the expected opening of a new supermarket in the area (El Camino and Evergreen). It is also realized, however, that project area residents shop elsewhere because of relative adjacency, particularly to the east, in the City (Arden Way) and in the County (Town and Country Village). The continuing repositioning and revitalization of Del Paso Boulevard itself is a primary priority and goal for the stakeholders and property owners — who have previously formed a merchant based business improvement district.

At the same time, community spokespersons indicated the need for the attraction of retail and convenience uses which are important to residents and employees in the area. A recent SHRA survey found 38 shop and commercial services floor space vacancies along Del Paso Boulevard. The inputs concerning

needs and concerns are shown in the Appendix in a recording of the North Sacramento stakeholder meeting in April 2004.

4. ADDITIONAL STAKEHOLDER COMMENTS

The North Sacramento stakeholder meeting was successful because the attendees clearly pointed out a series of needs which should be particularly addressed for community betterment. The group noted the following priorities:

- More effective marketing of available office space
- Sustaining the price competition with downtown (North Sacramento office space is 30 percent lower in costs.)
- Keeping the energy going regarding the furniture stores cluster (Limn, Tabor, Casa Bella)
- Defining a way to attract more design firms
- Keeping the edge with popular restaurants which can attract from all of the North Sacramento and North Natomas regions

5. RECENT RETAIL SALES IN THE AREA

The Sacramento Economic Development Department, supporting SHRA, assisted ERA in identifying recent trends concerning taxable sales of retail goods and services along Del Paso Boulevard in the address ranges from Acoma Street to Lampasas Avenue. These are shown on Table III-3. The five most active "economic segments" are restaurants, gasoline service stations, auto parts/repair, hardware/building materials, and furniture/appliances. The numbers reflect sales tax receipts. Multiplication by 100 will yield the gross taxable sales amounts. Drug stores in the project area did roughly \$2.34 million worth of taxable sales during the period from April 2002 through March 2003. (When nontaxable drug store sales are added, the total sales rise to \$6.33 million.) While the food store sales amount is modest, the community is aware of the new supermarket/ neighborhood shopping center which will soon be built at El Camino and Evergreen.

An observer of Del Paso Boulevard will note the multiple auto parts and repairs locations, in rather small shops on yards and lots scattered along the corridor. The restaurants have grown in revenues by 17 percent since 1999 and recently (by March 2003) achieved \$7.8 million in revenues.

An overview of recent retail trends on Del Paso Boulevard is shown on Table III-4.

The retail markets are substantially developed to both the east and west of the North Sacramento project area. A list of multi-tenant centers including the superregional Arden Fair Mall is shown on Table III-5. Retail properties to the west are shown on Table III-6.

Additionally, in April 2004, a new Wal-Mart was opened at the Country Club Centre at Watt and El Camino, some 3.5 miles east of Del Paso Boulevard. That center already has a Sam's Club.

Basically, the Del Paso Boulevard corridor and adjacent retail streets including El Camino and Arden Way must have and retain a blend of unique retail types (e.g., higher end home furniture/furnishings), popular restaurants, sustainable arts, and neighborhood retail (e.g., Cook's Hardware).

A surprise to many is the cluster of recreational vehicles sales firms on El Camino east of Del Paso Boulevard. There are roughly 11 dealers/locations which recently sold more than \$44 million in annual sales, as compared to Del Paso Boulevard which had retail sales of about \$31.4 million in roughly the same period.

6. LARGER MARKET AREA OVERVIEW

The consultant also looked into contemporary supply and demand for office, retail, and industrial space in the subregion of the City which includes the North Sacramento project area. Periodic publication of market data by CB Richard Ellis is a consistent indicator of the larger and surrounding market area. Third Quarter 2004 data is shown on Table III-7.

It is quite apparent upon review of these numbers that the core challenge for the project area is to market the much smaller floor spaces and/or conjoin existing street frontage floor space into larger tenancies in a unique corridor. Repositioning of vacant spaces along Del Paso Boulevard is a key for the project area, but is not necessarily on the "big screen" of the real estate market data managers.

7. RESIDENTIAL SALES AND VALUES

The North Sacramento project area lies within a larger zip code area of 95815. Note that the zip code area includes a significant part of the low-density residential developments of the 1920s to 1970s, within the City.

As shown on Table III-8, the runup in home resale prices and also in newly constructed home prices has been dramatic during the past five years.

Resales median values have gone up by \$100,000, moving from about 300 resales per year to 400 per year. ERA estimates that roughly 50 percent of the single-family detached home resales recorded on the table have occurred in the North Sacramento Redevelopment Project Area, and that about 40 percent of the new construction sales units have also occurred in the redevelopment area. The market appears to be healthy and the demand appears substantial even though it is expected to moderate somewhat.

8. OFFICE MARKET TRENDS

The more recent primary demand on Del Paso Boulevard has been for local governmental administrative and social services floor space (e.g., SETA, SMAC, SHRA, etc.). Other substantial office space is located (and intermixed) in areas south of State Route 160 and in the properties east of Royal Oaks Drive on the south side of Arden Way.

Competitive newer office space (in very large amounts) is located in South Natomas, about 3 miles west of the project area.

9. INDUSTRIAL DEVELOPMENT DEMAND

The North Sacramento Redevelopment Project Area has three clusters of "invisible" industrial floor space which have multiple tenants and operations:

- The largest cluster is framed by Academy, Land, and Juliesse Streets and lies adjacent to the substantial railroad sidings which have long served this industrial park. The market for these older properties is healthy.
- "Commerce Circle," south of State Route 160, has a mix of uses in about 35 buildings — which appear to have numerous tenants utilizing the "flexi" space for office purposes.
- The "Railroad Drive" space (on the redevelopment project area boundary) is fully leased and lies closest to the bridge crossings to downtown.

Brokers indicate that there are smaller new-build opportunity sites, and that any tenant turnovers would likely be successfully refilled with new firms.

10. UNIQUE CHARACTERISTICS OF THE NORTH SACRAMENTO REDEVELOPMENT PROJECT AREA

When viewed from an aerial photograph, the North Sacramento Redevelopment Project Area is an "inverted pyramid" with all of the arterials focused upon the bridge crossings of the American River. Thus, Del Paso Boulevard, State Route 160, and other northbound arterials all come together in adjacent and parallel corridors and finally become two primary bridge crossings. Hence, the project area is a commercial corridor as well as a speedway for those moving to cross the American River to other destinations.

Acknowledged and reputational success of multiple City initiatives from the early 1980s has in fact substantially improved the recognizable character of Del Paso Boulevard and adjacent properties. The street treescape initiative has been remarkably effective. It appears to the visitor that an all new community center has in fact been created. This is largely true.

Also of note is the affordable and convenient RT (light rail transit), which has five stations within the redevelopment project area. Thus, North Sacramento is easily reachable by public transit seven days a week. Further energy to better market and utilize this opportunity is needed.

From the mid-1980s to the present there has been a long-running initiative to create and sustain an arts district along Del Paso Boulevard in the project area. This has been well supported by the North Sacramento Chamber of Commerce and by the partnering of the business improvement district. The website is good; people can find out what's there, what's going on, and what's upcoming.

Unfortunately, the arts district initiative has now been somewhat diluted by initiatives to do the same thing in other districts of Sacramento. Thus, the much recognized "second Saturdays," which were premier times for gallery showings and other events, have declined somewhat in the attraction of visitors. This challenge requires a stimulative repositioning by all parties, including the Chamber, the BID, the arts and arts related tenants and property holders, SHRA, the City/SMAC, and other key stakeholders. Both the high-end furniture stores cluster and the popular restaurants must be engaged in such repositioning.

Quite rapid vehicle movement along the southerly end of Del Paso Boulevard frustrates effective address usage by retail and office space owners and tenants. Some kind of traffic calming will be needed in order to reinvigorate the rental market for existing vacant available space as well as for attraction of new build and/or substantial rehab investors.

Table III-1
Industry Characteristics by SIC (2002)
North Sacramento Redevelopment Project Area
Census Tracts 68, 69

Classification	SIC	Number of Establishments	Number of Employees	Activity Revenue (\$ MM)
Agricultural Production	1	0	0	\$0
Agricultural Production - Livestock	2	0	0	\$0
Agricultural Services	7	6	48	\$2
Forestry	8	0	0	\$0
Fishing, Hunting, & Trapping	9	0	0	\$0
Metal Mining	10	0	0	\$0
Coal Mining	12	0	0	\$0
Oil & Gas Extraction	13	0	0	\$0
Nonmetallic Minerals, Except Fuels	14	1	6	\$0
General Building Contractors	15	6	88	\$27
Heavy Construction Contractors	16	2	12	\$1
Special Trade Contractors	17	28	297	\$40
Food & Kindred Products	20	2	139	\$11
Tobacco Manufactures	21	0	0	\$0
Textile Mill Products	22	0	0	\$0
Apparel & Other Textile Products	23	0	0	\$0
Lumber & Wood Products	24	1	100	\$7
Furniture & Fixtures	25	3	48	\$6
Paper & Allied Products	26	0	0	\$0
Printing & Publishing	27	2	6	\$0
Chemicals & Allied Products	28	1	75	\$13
Petroleum & Coal Products	29	0	0	\$0
Rubber & Misc. Plastics Products	30	1	40	\$7
Leather & Leather Products	31	0	0	\$0
Stone, Clay, & Glass Products	32	4	68	\$10
Primary Metal Industries	33	1	65	\$15
Fabricated Metal Products	34	4	42	\$4
Industrial Machinery & Equipment	35	5	130	\$23
Electric & Electronic Equipment	36	3	22	\$1
Transportation Equipment	37	0	0	\$0
Instruments & Related Products	38	0	0	\$0
Miscellaneous Manufacturing Industries	39	8	35	\$3
Railroad Transportation	40	0	0	\$0
Local & Interurban Passenger Transit	41	2	4	\$0
Trucking & Warehousing	42	12	418	\$45
US Postal Service	43	1	35	\$0
Water Transportation	44	2	2	\$0
Transportation By Air	45	1	12	\$1
Pipe Lines, Except Natural Gas	46	0	0	\$0
Transportation Services	47	2	2	\$0

Communication	48	3	35	\$4
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**Table III-1
(Continued)**

Classification	SIC	Number of Establishments	Number of Employees	Activity Revenue (\$ MM)
Food Stores	54	21	189	\$24
Automotive Dealers & Service Stations	55	25	156	\$34
Apparel & Accessory Stores	56	3	11	\$0
Furniture & Home Furnishings Stores	57	9	22	\$4
Eating & Drinking Places	58	13	66	\$4
Miscellaneous Retail	59	8	25	\$3
Depository Institutions	60	1	11	\$2
Nondepository Institutions	61	0	0	\$0
Security and Commodity Brokers	62	1	1	\$0
Insurance Carriers	63	0	0	\$0
Insurance Agents, Brokers & Service	64	1	1	\$0
Real Estate	65	11	24	\$3
Holding & Other Investment Offices	67	0	0	\$0
Hotels & Other Lodging Places	70	0	0	\$0
Personal Services	72	17	150	\$5
Business Services	73	28	166	\$21
Auto Repair, Services & Parking	75	28	132	\$9
Miscellaneous Repair Services	76	9	36	\$4
Motion Pictures	78	2	11	\$0
Amusement & Recreation Services	79	10	32	\$3
Health Services	80	12	178	\$17
Legal Services	81	1	2	\$0
Educational Services	82	20	685	\$66
Social Services	83	11	116	\$8
Museums, Botanical, Zoological Gardens	84	0	0	\$0
Membership Organizations	86	68	275	\$21
Engineering & Management Services	87	15	54	\$9
Private Households	88	0	0	\$0
Miscellaneous Services	89	1	1	\$0
Public Administration	90	2	312	\$0
Nonclassifiable Establishments	99	12	104	\$0
Total		472	5,259	\$587

Source: Claritas 2002

Table III-2

**NORTH SACRAMENTO
REDEVELOPMENT PROJECT AREA
TOP TEN EMPLOYMENT GROUPS
(Census Tracts 68, 69)
2002**

	Establishments	Employees	Activity Revenue
Public Administration	13	1,379	0
Wholesale Trade—Nondurable Goods	8	983	\$173,000,000
Educational Services	15	578	57,000,000
Miscellaneous Retail	35	420	45,000,000
Business Services	35	369	65,000,000
Wholesale Trade—Durable Goods	26	369	58,000,000
Hotels/Lodging Places	4	361	15,000,000
Eating and Drinking Places	35	343	19,000,000
Communications	6	336	28,000,000
Engineering and Management Services	11	243	35,000,000
Total	188	5,381	\$495,000,000
Total in Area	550	8,140	\$839,000,000
Percent in Top Ten Employment Groups	34%	66%	59%

Source: Claritas (2002) and Economics Research Associates.

Table III-3

**SALES TAX REVENUES
CITY OF SACRAMENTO
HISTORICAL AMOUNTS BY BENCHMARK YEAR
DEL PASO BOULEVARD**

ECONOMIC CATEGORY	%	2003/3	2002/3	2001/3	2000/3	1999/3
TRANSPORTATION	33.1	104,188	77,726	80,163	74,990	65,063
FOOD PRODUCTS	29.2	91,775	85,530	85,251	86,911	76,157
GENERAL RETAIL	24.3	76,253	86,784	76,967	75,680	79,159
CONSTRUCTION	8.7	27,474	29,886	24,970	27,493	26,330
BUSINESS TO BUSINESS	4.0	12,474	16,644	17,415	20,918	21,441
MISCELLANEOUS	0.7	2,239	2,027	2,083	2,069	1,634
TOTALS	100.0	314,403	298,597	286,849	288,061	269,784
ECONOMIC SEGMENT						
RESTAURANTS	24.8	78,074	70,449	70,716	73,988	64,635
SERVICE STATIONS	23.3	73,251	32,605	37,670	34,268	26,039
AUTO PARTS/REPAIR	9.6	30,218	31,353	30,655	30,534	29,289
BLDG.MATLS-RETAIL	8.6	26,981	28,644	24,630	27,047	26,289
FURNITURE/APPLIANCE	7.8	24,482	26,447	24,168	25,234	28,571
DRUG STORES	7.4	23,406	25,935	25,398	24,066	26,290
MISCELLANEOUS RETAIL	6.4	19,969	21,921	19,740	19,676	19,302
LIQUOR STORES	3.6	11,327	10,859	9,826	8,234	7,334
LIGHT INDUSTRY	2.6	8,144	9,188	9,516	11,745	11,031
APPAREL STORES	1.0	3,170	5,008	4,202	3,407	1,542
FLORIST/NURSERY	0.9	2,781	2,803	2,835	2,879	2,892
FOOD MARKETS	0.8	2,374	4,222	4,709	4,689	4,188
RECREATION PRODUCTS	0.7	2,176	2,897	624	418	562
OFFICE EQUIPMENT	0.6	1,880	2,305	2,786	2,613	2,331
ELECTRONIC EQUIPMENT	0.5	1,541	4,150	4,762	5,619	5,780
HEALTH & GOVERNMENT	0.4	1,111	928	804	1,038	911
MISCELLANEOUS OTHER	0.4	1,128	1,099	1,279	1,031	723
BUSINESS SERVICES	0.3	851	906	-294	848	2,226
AUTO SALES - USED	0.2	719	13,768	11,838	10,188	9,735
BLDG.MATLS-WHSL	0.2	493	1,242	340	446	41
DEPARTMENT STORES	0.1	269	1,773	0	0	0
HEAVY INDUSTRY	0.0	58	95	645	93	73
TOTALS	100.0	314,403	298,597	286,849	288,061	269,784

L - LOWEST PERIOD H - HIGHEST PERIOD < - CURRENT PERIOD LESS THAN PREVIOUS PERIOD

Table III-4

**DEL PASO BOULEVARD CORRIDOR
FIVE YEARS OF TAXABLE SALES ALONG THE CORRIDOR
ADDRESS RANGE 795 to 2700
FIVE-YEAR BENCH MARKS 1999-2003**

- Total annual taxable sales have increased from \$26.98 million to \$31.44 million (+16.5%) over 5 years.
- Total annual sales tax receipts to the City have increased from \$269,784 to \$314,403.
- Service Stations and Restaurants business volumes were at 23% and 25% of total business volumes on Del Paso Boulevard in 2003, with service station business more than doubling since 2002.
- Restaurant business volume growth since 1999 has been 20.8%.
- Building Materials/Retail activity (Hardware store sales, etc.) has remained somewhat constant at about \$2.7 million annually, accounting for roughly 9% to 10% of corridor business volumes.
- Furniture/Appliance business volumes have been 10.6% to 7.8% since 1999.
- Sales of used autos plummeted in 2003, as compared to prior years.
- The economic category “Business to Business” (business service and industrial products/ processes) fell from 8% of taxable sales activity to 4.7% over the analysis period.
- It appears that the recession impacted retail sales negatively on Del Paso Boulevard, with only modest stabilization by 2003 – at lower levels.
- Food markets business volume loss, while noted, may be increased in the next 2 years when a new supermarket is built adjacent to Del Paso Boulevard.

Source: MBIA MuniServices and Economics Research Associates.

Table III-5

**RETAIL CENTERS CLUSTERED
NEAR NORTH SACRAMENTO
REDEVELOPMENT PROJECT AREA**

EAST OF DEL PASO BOULEVARD

Location	Year Built/ Expanded/ Updated	Floor Area (sq.ft.)	Stores	Anchors
Arden Fair Mall 1689 Arden Way	1957/1990/2001	1,113,718	169	JC Penney Macy's Nordstrom Sears
Market Square at Arden Fair 1735 Arden Way	1957/1990/1994/2003	123,093	23	Barnes & Noble United Artist Theatre
Howe Bout Arden 2100 Arden Way	1987	164,000	27	Nordstrom Rack
Point West Plaza 1896 Arden Way	1974/1984	159,984	7	Mervyn's Petco

NORTHWEST OF DEL PASO BOULEVARD

Location	Year Built/ Expanded/ Updated	Floor Area (sq.ft.)	Stores	Anchors
Natomas Marketplace Northwest of Truxel & I-80	1998	491,593	38	Wal-Mart Home Depot Regal Cinemas
Promenade at Natomas (proposed/entitled) Northeast of Truxel & I-80	2005-2006	650,000±	25+	5 to 7 anchors & 20+ "promenade" shops

Source: National Research Bureau: Shopping Center Directory – 2004, and Economics Research Associates.

Table III-6

**RETAIL CENTERS WEST OF
NORTH SACRAMENTO/DEL PASO BOULEVARD
AND
DEL PASO HEIGHTS/MARYSVILLE BOULEVARD**

Location	Year Built/ Expanded/ Updated	Floor Area (sq.ft.)	Stores	Anchors
Crown Market Center 2835 Norwood Avenue	N.A.	39,000	N.A.	N.A.
Garden Plaza 2201 Northgate Boulevard	N.A.	15,000	9	FoodCo
Former K-Mart Sacramento Center (Now being retenanted) 3315 Northgate Boulevard	N.A.	105,053	11	Big Lots DD's Discount
Northgate Shopping Center Northgate and El Camino	N.A.	62,000	N.A.	99¢ Only

Source: National Research Bureau: Shopping Center Directory – 2004, and Economics Research Associates.

**Table III-7
 CB Richard Ellis
 MARKET VIEWS
 Third Quarter, 2004
 In Areas Within and Adjacent to the
 North Sacramento Redevelopment Project Area**

OFFICE

Area 84 ("Point West")

Leasable (sq.ft.)	Vacant (sq.ft.)	Vacancy Rate	Third Quarter Absorption (sq.ft.)	Third Quarter Lease Rates
2,175,559 (124,551 sf under construction)	165,128	7.59%	42,421	\$1.75/sf/mo

Note: The area could also be Area 78 (Northgate/North Natomas) because the boundaries of Areas 84 and 78 cut through the North Sacramento Redevelopment Project Area.

RETAIL

Area 11 ("Arden/Watt/Howe")

Leasable (sq.ft.)	Vacant (sq.ft.)	Vacancy Rate	Year to Date Absorption (sq.ft.)	Community Center Lease Rates
3,103,597 (No new space under construction)	122,594	4.0%	135,424	\$1.93/sf/mo

INDUSTRIAL

Area 77 ("Northeast Sacramento")

Leasable (sq.ft.)	Vacant (sq.ft.)	Vacancy Rate	Year to Date Absorption (sq.ft.)	Third Quarter Lease Rates
7,355,094	367,471	5.0%	(7,724)	\$.62/sf/mo R&D \$.32/sf/mo Warehouse

(No new space under construction)

APARTMENTS—Area 2D (Rio Linda/Del Paso Heights)

Second	Second	Second
--------	--------	--------

Quarter Vacancy Rate	Quarter Average Monthly Rent	Quarter Average Rental Rate
6.0%	\$855	\$1.06/sf/mo

Source: CB Richard Ellis (Sacramento) Third Quarter, 2004.

Table III-8
North Sacramento Corridor Market Study
Residential (Homes and Condominiums)
Value Increases by 95815 Area
1999 - March 15 2004

Year	New Construction		Single Family Detached			Single Family Attached		
	Units	Median Sales Prices	Units	Median Sales Prices	Price Per Square Feet	Units	Median Sales Prices	Price Per Square Feet
1999	3	\$ 58,000	293	\$ 68,000	\$ 66.67			
2000	6	\$139,500	291	\$ 70,000	\$ 70.51			
2001	5	\$ 95,000	328	\$ 87,250	\$ 85.60			
2002	6	\$160,000	441	\$107,500	\$108.82			
2003	8	\$171,500	403	\$147,500	\$140.74			
2004 YTD	4	\$201,000	68	\$169,500	\$152.88			
Change in Price	\$	%	\$	%				
1999 - 2004 YTD	\$143,000	246.6%	\$101,500	149.3%				

Source: DataQuick and Economics Research Associates

Section IV

FORECAST OF MARKET DEMAND

This section presents estimates of potential market demand based on sociodemographic change and growth, spendable median household incomes in the project area, the likely business volumes by different retail types, and the scale, age, and potential demand for real estate development products. Each is defined below.

POPULATION GROWTH

The consultant has evaluated the most recent record of growth during the past decade and data projections into the future. SACOG, in defining the "North Sacramento Region" of the Sacramento urbanized area, forecasts population growth during 2005-2010 for an area roughly three times the size of the redevelopment project area at roughly 650 residents per year, with occupied housing unit growth of roughly 268 units per year and numbers of jobs in the area increasing by roughly 356 positions per year. (The employment change is largely presumed to occur in the area north of the I-80.) The population and housing growth figures are low compared to the overall City of Sacramento and the entire County of Sacramento. The population growth is roughly 50 percent of the rate of growth for the entire City of Sacramento and about 40 percent of the anticipated rate of growth for the entire County of Sacramento. ERA believes, however, that the population and housing units growth in the immediate market area will be moderately greater if new infill housing becomes more viable in the North Sacramento region. This can already be confirmed in the Del Paso Nuevo initiative by SHRA (in the adjacent Del Paso Heights Redevelopment Project Area), and the surge in developer interest west of Norwood.

Retail/Office/Industrial Overview

Utilizing a generic population based demand ratio multiplier which ERA has updated over many years, a distribution of floor space types is shown in Table IV-1. The likely portion which might be demanded by population/household growth in an existing community within a larger city and metropolitan area is defined in the "Net Potential In Community" column of the table.

Next, the consultant calculated both the current potential demand (2004) and the possible increment in demand as shown on Table IV-2. These numbers are indicators of contemporary in-community floor space demand based on near-term population growth, but are not (as yet) factored on spendable household incomes — which is presented later in this section.

Contemporary Estimated Retail Floor Space Demand

ERA then used the taxable sales data research provided by MBIA MuniServices to estimate the probable ranges of retail floor space actually in use on Del Paso Boulevard (in the period March 2002 to March 2003). This is shown on Table IV-3. The range of 97,396 to 142,534 square feet is a very small portion of the amount projected previously in Table IV-2. This estimated current lower retail floor space usage does reflect the reality of competition located nearby on Arden Way, some of the retail on El Camino, and retail northerly of Lampasas (on Del Paso Boulevard) as shopping competition and also the lower median household expenditures which are defined next in this section.

RETAIL DEMAND

Based upon more focused research concerning in-community household expenditure patterns, ERA defined retail sales demand potential in the market area itself. It is possible that the calculations and methodology used are somewhat conservative, given the focus on community convenience types of retail which does not recognize the arts/design/furnishings specialties which have developed in the Del Paso Boulevard corridor.

Initially, ERA defined the derived annual sales per household based on countywide sales in all of Sacramento County, as shown on Table IV-4. Next, ERA estimated the growth forward to 2004 for the County as well as for the redevelopment project market area and shows the difference in sales per household between Sacramento County numbers and the redevelopment project market area (including the immediate periphery area). ERA is using a 2004 number of households estimate of 7,438 units. A median household income estimate for this area in 2004 is \$28,857. It is estimated that the households will spend roughly 43 percent of their incomes (\$12,545 per household per year) on a variety of retail goods, as is shown on Table IV-5. The spending level is approximately 54 percent for all households cumulatively on a countywide basis. This is a realistic estimate of demand which leads to believable projections of purchasing power and potential sales. Autos, auto repair, and fuel purchases are not included in the table, nor are any housing costs, utilities, etc.

Next, the consultant evaluated the likely demand for retail property uses on a square footage basis, as shown on Table IV-6, using the Table IV-5 household expenditure potentials derived for North Sacramento. The estimate of floor space does reflect a market area larger than the North Sacramento project area. Then the firm used a probable 60 percent capture rate for retail goods within or immediately adjacent to the redevelopment project area, as shown on Table IV-7. This, we believe, is too high. Accordingly, we are adjusting the rate in the table to a 30 percent position based upon the intensity of both existing and oncoming retail competition and dilution adjacent to and within 5 miles of the project area. The 60 percent position is as shown on Table IV-7. The more realistic 30 percent position is as shown on accompanying Table IV-8.

The reader will note that the demand for retail sales is divided in equal thirds between new build, rehab of existing space, and expanding in place by renting adjacent or adjoining floor space. This is relevant to the realistic circumstance in the project area and its nearby peripheral market space.

For the new build, ERA would expect an annual sales per square foot of \$225. For rehab of existing space, we would anticipate \$200 per square foot of annual sales, and for expansion in place and renting of adjacent floor area we would expect a performance requirement for retail at \$175 per square foot per year. Taking these three components together, the total demand which might be supportable is approximately 141,465 square feet. That is consistent with the higher-end estimate of floor space already in retail use on the Del Paso Boulevard corridor (refer to Table IV-3). This number, however, is based upon a relatively small market area. The Del Paso Boulevard corridor draws from the much larger region because of the prior and existing unique mix of restaurants, arts, furniture, hardware and other retail.

Generally, any estimated additional demand for retail space must come from a fundamental business plan for further differentiating the corridor. ERA estimates that the boulevard corridor has probably drawn at least 60 percent of its retail activity volumes from beyond a 2-mile radius.

OFFICE DEMAND

The principal use for offices at this time in the Del Paso Boulevard corridor portion of the North Sacramento Redevelopment project appears to be governmental use, professional offices, and social services agencies. Depending on institutional growth, reputational improvement, and the continuation of affordable rents, there may be a market for small to median-scale floor space-type tenants (500 to 4,000 square feet). ERA believes a projection of additional demand of 25,000 to 35,000 square feet is reasonable over the next five years. But the consultant believes the great majority of the space demand will find

vacant available existing floor space and/or rehab existing space for adaptive use as offices.

It is also appropriate to make an assumption that as much as 20,000 to 25,000 square feet of existing occupied space will experience change of tenants within the boulevard corridor portion of the project area so long as upcoming available leasehold space in recently modernized buildings can also be aggressively marketed as affordable in the marketplace and contend for tenants.

We know that existing affordable rents are about 35 percent lower than rents in other structures in downtown Sacramento. The corridor also has immediate access to RT and can be attractive in terms of getting to client meetings in downtown.

INDUSTRIAL SPACE DEMAND

A careful windshield survey and scaling of properties on the recent aerial photo provided by SHRA defines a large amount of industrial floor space. There are also additional industrial structures immediately east of the railroad tracks (and the project area boundary) south of Arden Way which appear to be active as warehousing/distribution uses.

ERA believes the industrial floor space market is well served by the inventory already available, and the occasional turnover which occurs in the several cluster locations previously mentioned in the preceding section of the report. It appears that there is between 1.6 and 2.0 million square feet of industrial/"flex"/warehouse floor area, and a potential for infill of as much as 250,000 additional square feet.

With the shift toward more "logistics" (warehousing/distribution), there are likely to be some tenant/user change outs that will occur in the several areas. The principal strengths of the existing inventory of industrial floor space in and immediately adjacent to the project area is a combination of the locational advantage and the relative affordability of the floor space size mix.

RESIDENTIAL PRODUCT DEMAND

Despite a somewhat moderating home price market, it is still clear that ownership housing has a very high demand level and properties which can be provided for ownership in the affordable purchase range (\$185,000 to \$250,000) will be absorbed quickly.

When looking at the data shown concerning sales of existing and new construction housing over the past four years, it became apparent that the demand level for resales cumulatively was roughly 350 homes per year in the 95815 zip code area, which is two to three times the size of the redevelopment project area. While this may moderate, it could be easily and conservatively converted to a demand in the redevelopment project area of roughly 150 to 180 resales of units per year.

By comparison, the DataQuik information shows only about 5 to 8 new homes being built each year in the ZIP Code area. It also appears that there has not been a relevant market for new single-family attached/condominiums in the market area. This was surprising to the consultant inasmuch as the arts and design flavor of the corridor might have launched live-work studios.

Additionally, ERA perceives a “pioneer” market for medium density townhomes and condos located adjacent to the several corridors and nearby the RT stations. Density equivalent to 24 units per acre would be appropriate at 1,200 square feet of living space per unit. Projects already built in the eastern part of downtown provide a model of type and quality. Bringing in-fill housing to the North Sacramento Redevelopment Project area (and adjacent neighborhoods) seems long overdue. If price point challenges (risk viability) are the main concern for in-fill development, the Agency may be able to provide modest incentives.

CUMULATIVE DEMAND: NEXT FIVE YEARS

A more energetic repositioning concept and multi-party marketing effort is needed to stimulate the project area futures. Once the desirable evolving mix of retail, commercial services, and office space users is more clearly identified (and prospects are targeted), existing properties can be more aggressively marketed. Tertiary uses of vacant stores and structures should not be accepted.

Acceptance of the need to continue to attract more than 60 percent of the retail and restaurant market customers from beyond two miles remains the essential mission. In effect, about two thirds of contemporary vacancies in the Del Paso Boulevard corridor need to be filled with tenants/users who draw from the larger region because of unique clusters of goods, commercial services, entertainment, and professional and design services.

A reasonable scale for absorption over the next five years might be as follows:

Use Type	Tenant Turnover (Re-Lease)	Rehab	Expansion In Place	New Build	Total
Retail (square feet)	40,000	20,000	20,000	40,000	120,000
Office (square feet)	30,000	15,000	15,000	20,000	80,000
Industrial (square feet)	200,000	100,000	100,000	100,000	500,000
	Resales	Rehab	Expansion	New Build	Total
Housing (dwelling units)	1,500	400	200	120	2,220

Note that these estimates do not include developments already committed such as Casa Belle, Petrovich supermarket, etc. Nor are any additional governmental space demands (somewhat uncertain) included.

Table IV-1
ESTIMATED PER CAPITA DEMAND FOR
COMMERCIAL BUILDING FLOOR AREAS

	Total (Citywide) Square Feet Per Capita	Net Potential In-Community¹
Retail		
Restaurants and Take-Out Food	3.0	1.3
Supermarket/Food Stores	4.2	4.0
Convenience Shops	1.8	1.8
Community Centers (addition to neighborhood center for junior department store, some shopper goods)	1.4	0.5
Regional Centers (department stores, apparel and specialty)	4.5	0.0
Discount Stores	1.9	0.0
Strip Retail and Miscellaneous	1.7	0.8
Furniture, Building Materials, Decorator	3.8	0.5
Automotive, Boats, Vehicular Sales and Parts	4.8	0.4
Gas Stations	2.0	0.8
Tourist/Specialty Centers	<u>0.9</u>	<u>0.1</u>
All Retail	30.0	10.2
Office		
Financial Institution Branches	1.5	1.3
Other Local-Serving Office	4.4	3.8
Regional-Serving Office	7.0	0.0
National Office	<u>6.0</u>	<u>0.0</u>
Total Office	18.9	5.1
Other		
Hotel and Motel	2.5	0.0
Cinema	0.7	0.0
Commercial Recreation	<u>2.0</u>	<u>0.0</u>
Total Other	5.2	0.0
Industrial		
Manufacturing	10.0	2.0
R&D	10.0	2.0
Warehousing/Distribution	20.0	3.0
“Flexi”/Other	<u>10.0</u>	<u>3.0</u>
Total Industrial	50.0	10.0
Total Building Area	104.1	25.3

¹The portion of citywide floor areas that a peripheral urban area or an older neighborhood corridor might gain with incremental population growth.

Source: Economics Research Associates.

Table IV-2

NORTH SACRAMENTO REDEVELOPMENT PROJECT AREA AND IMMEDIATE PERIPHERY NET POTENTIAL IN-COMMUNITY COMMERCIAL FLOOR SPACE DEMAND BASED ON CONTEMPORARY AND NEAR-TERM FUTURE POPULATION GROWTH

OVERVIEW <i>7,438 Households</i> <i>23,132 Residents</i>	Net Potential In-Community¹	Current Floor Space Demand (sq.ft.)	Future 2010 Demand Based on 7,884 Households with 24,519 Residents	Growth/Change 2004-2010 (floor space sq.ft.)
Retail				
Restaurants and Take-Out Food	1.3	30,072	31,875	+ 1,803
Supermarket/Food Stores	4.0	92,528	98,076	+ 5,540
Convenience Shops	1.8	41,638	44,134	+ 2,497
Community Centers (addition to neighborhood center for junior department store, some shopper goods)	0.5	11,566	12,260	+ 694
Regional Centers (department stores, apparel and specialty)	0.0	0	0	+ 0
Discount Stores	0.0	0	0	+ 0
Strip Retail and Miscellaneous	0.8	18,506	19,615	+ 1,110
Furniture, Building Materials, Decorator	0.5	11,566	12,260	+ 694
Automotive, Boats, Vehicular Sales and Parts	0.4	9,253	9,808	+ 555
Gas Stations	0.8	18,506	19,615	+ 1,110
Tourist/Specialty Centers	<u>0.1</u>	<u>2,313</u>	<u>2,452</u>	<u>+ 139</u>
All Retail	10.2	235,946	250,094	+14,147
Office				
Financial Institution Branches	1.3	30,072	31,875	+ 1,803
Other Local-Serving Office	3.8	87,902	93,172	+ 5,271
Regional-Serving Office	0.0	0	0	+ 0
National Office	<u>0.0</u>	<u>0</u>	<u>0</u>	<u>+ 0</u>
Total Office	5.1	118,484	125,047	+ 7,074
Other				
Hotel and Motel	0.0	0	0	+ 0
Cinema	0.0	0	0	+ 0
Commercial Recreation	<u>0.0</u>	<u>0</u>	<u>0</u>	<u>+ 0</u>
Total Other	0.0	0	0	+ 0
Industrial				
Manufacturing	2.0	46,264	49,038	+ 2,774
R&D	2.0	46,264	49,038	+ 2,774
Warehousing/Distribution	3.0	69,396	73,557	+ 4,161
“Flexi”/Other	<u>3.0</u>	<u>69,396</u>	<u>73,557</u>	<u>+ 4,161</u>
Total Industrial	10.0	231,320	245,190	+13,870
Total Building Area	25.3	585,240	620,331	+35,091

¹The portion of citywide floor areas that a peripheral urban area or an older neighborhood corridor might gain with incremental population growth.

Source: Economics Research Associates.

Table IV-3

**APPROXIMATE RETAIL STORES PERFORMANCE
NORTH SACRAMENTO REDEVELOPMENT PROJECT AREA/
DEL PASO BOULEVARD CORRIDOR
(Estimates of Existing Floor Space)
March 2002 - March 2003**

	Taxable Sales (\$ millions)	Adjusted to Include Nontaxed Goods (\$ millions)	Range of Annual Sales/ Sq. Ft.	Probable Range of Existing Active Floor Space (sq. ft.)
Restaurants	\$7.807	—	\$200- \$265+	39,035- 29,460
Building Materials*	2.698	—	125- 150+	21,584- 17,987
Furniture/Appliances	2.448	—	100- 250+	24,480- 9,792
Drug Stores	2.341	\$6.327	250- 350	25,308- 18,077
Miscellaneous Retail	1.997	—	125- 175	15,976- 11,411
Liquor Stores	1.133	—	225- 330	5,036- 3,433
Apparel Stores	0.317	—	185- 285	1,714- 1,112
Florist/Nursery*	0.278	—	125- 175	2,224- 1,589
Food Markets ¹	0.237	0.948	225- 350	4,213- 2,706
Recreation Products	0.218	—	140- 225+	1,557- 969
Office Equipment	0.188	—	150- 250+	1,253- 752
Department Stores	0.027	—	175- 250+	154- 109
				<hr/> 142,534- 97,396

*May include yard areas as well as interior floor space.

¹There is an existing Food King Market to the west on El Camino, not counted herein.

Note: • Transportation related retail makes up 33 percent of taxable sales, but relies on lots and yards, as well as buildings.

• Restaurants are the top business activity along the Del Paso Boulevard corridor, followed by gasoline service stations.

• Not shown herein is the cluster of RV dealerships on El Camino Avenue (nine businesses in 2002-2003, generating \$446,152± in sales taxes to the City, or \$44.6 million in gross sales!

Sources: MBIA MuniServices Company and Economics Research Associates.

**Table IV-4: Derived Annual Sales per Household Based on Countywide Sales
(Sacramento County)**
(\$ in Thousands)

Categories ⁽¹⁾	Taxable Sales	Retail Sales	Taxable Sales	Gross Sales
	2002	Distribution	2004	Adjustment
Women's Apparel	\$140,612	1.9%	\$150,305	100%
Men's Apparel	\$40,800	0.6%	\$43,612	100%
Family Apparel	\$216,257	2.9%	\$231,164	100%
Shoes	\$85,535	1.2%	\$91,431	100%
Apparel Stores Group	\$483,204	6.6%	\$516,512	
General Merchandise Stores	\$1,832,074	24.9%	\$1,958,361	100%
Drug Stores	\$192,417	2.6%	\$205,680	250%
General Merchandise Group	\$2,024,491	27.5%	\$2,164,041	
Gifts, Art Goods, and Novelties	\$62,807	0.9%	\$67,136	100%
Sporting Goods	\$143,472	2.0%	\$153,362	100%
Florists	\$42,372	0.6%	\$45,293	100%
Photographic Equipment and Supplies	\$10,938	0.1%	\$11,692	100%
Musical Instruments	\$70,390	1.0%	\$75,242	100%
Stationary and Books	\$153,908	2.1%	\$164,517	100%
Jewelry	\$80,232	1.1%	\$85,762	100%
Office, Store and School Supplies	\$709,117	9.6%	\$757,997	100%
Other Specialties	\$568,718	7.7%	\$607,920	100%
Specialty Stores Group	\$1,841,954	25.1%	\$1,968,922	
Food Stores Selling All Types of Liquor	\$532,684	7.2%	\$569,402	333%
All Food Stores	\$252,326	3.4%	\$269,719	500%
Food Stores Group	\$785,010	10.7%	\$839,122	
Eating Places: No Alcoholic Beverages	\$606,096	8.2%	\$647,875	100%
Eating Places: Beer and Wine	\$330,298	4.5%	\$353,066	100%
Eating and Drinking: All Types of Liquor	\$373,815	5.1%	\$399,582	100%
Eating and Drinking Group	\$1,310,209	17.8%	\$1,400,523	
Household and Home Furnishings	\$453,024	6.2%	\$484,251	100%
Household Appliance Dealers	\$187,634	2.6%	\$200,568	100%
Household Group	\$640,658	8.7%	\$684,819	
Hardware Stores	\$91,811	1.2%	\$98,140	100%
Building Material Group	\$91,811	1.2%	\$98,140	
Packaged Liquor Stores	\$79,846	1.1%	\$85,350	100%
Second Hand Merchandise	\$26,545	0.4%	\$28,375	100%
Farm and Garden Supply Stores	\$66,538	0.9%	\$71,125	100%
All Other Retail Stores Group	\$172,929	2.4%	\$184,849	
Retail Stores Totals	\$7,350,266	100.0%	\$7,856,927	

Note: Inflation rate based on US Department of Labor Consumer Expenditures in 2002 Survey.

(1) Excludes non-retail categories.

Projection to 2004 by Economics Research Associates.

Table IV-5: Potential Retail Sales/Household 2004: Del Paso Blvd. Resident Market

Households (2004 Estimate)	7,438
Median Household Income (2004 Estimate)	\$28,857
Countywide Median Household Income (2004 Estimate)	\$48,289
Average Annual Expenditures/Area	\$12,545
Average Countywide Expenditures	\$23,305
Market Area Expenditure/Household as % of Countywide Average	53.8%

Categories ⁽¹⁾	Sales per Household	
	Sacramento County 2004	Market Potential Income Adjusted
Women's Apparel	\$331	\$178
Men's Apparel	\$96	\$52
Family Apparel	\$510	\$274
Shoes	\$202	\$109
Apparel Stores Group	\$1,139	\$613
General Merchandise Stores	\$4,317	\$2,324
Drug Stores	\$1,134	\$610
General Merchandise Group	\$5,451	\$2,934
Gifts, art goods, and novelties	\$148	\$80
Sporting Goods	\$338	\$182
Florists	\$100	\$54
Photographic Equipment and Supplies	\$26	\$14
Musical Instruments	\$166	\$89
Stationary and Books	\$363	\$195
Jewelry	\$189	\$102
Office, Store and School Supplies	\$1,671	\$900
Other Specialties	\$1,340	\$721
Specialty Stores Group	\$4,341	\$2,337
Food Stores Selling All Types of Liquor	\$4,180	\$2,250
All Food Stores	\$2,973	\$1,600
Food Stores Group	\$7,153	\$3,851
Eating Places: No Alcoholic Beverages	\$1,428	\$769
Eating Places: Beer and Wine	\$778	\$419
Eating and Drinking: All Types of Liquor	\$881	\$474
Eating and Drinking Group	\$3,088	\$1,662
Household and Home Furnishings	\$1,068	\$575
Household Appliance Dealers	\$442	\$238
Household Group	\$1,510	\$813
Hardware Stores	\$216	\$116
Building Material Group	\$216	\$116
Packaged Liquor Stores	\$188	\$101
Second Hand Merchandise	\$63	\$34
Farm and Garden Supply Stores	\$157	\$84
All Other Retail Stores Group	\$408	\$219
Retail Stores Totals	\$23,305	\$12,545

(1) Excludes non-retail categories.

Source: US Census Bureau, Bureau of Labor Statistics, and Economics Research Associates.

Table IV-6

**MARKET AREA POTENTIAL DEMAND
(2004)
BASED ON AVAILABLE ANNUAL AVERAGE HOUSEHOLD
EXPENDITURES
NORTH SACRAMENTO REDEVELOPMENT AREA AND
PERIPHERY**

Retail Type	Cumulative Expenditure Potential	Range of Annual Sales per Square Foot	Range of Market Demand for Floor Space Types (square feet)
Apparel Stores	\$ 4,559,494	\$185-\$285	24,646- 15,998
General Merchandise Stores	17,285,912	175- 250+	98,777- 69,144
Drug Stores	4,537,180	250- 350	18,149- 12,963
Food Markets	28,643,738	225- 350	127,306- 81,839
Eating and Drinking/Restaurants	12,361,956	200- 265+	61,810- 46,649
Furnishings and Appliances	6,047,094	150- 250+	40,314- 24,188
Hardware/Building Materials	862,808	150- 250	5,752- 3,451
Miscellaneous/Specialty Stores	17,382,606	150- 250	115,884- 69,530
All Other	1,628,922	200- 225	8,145- 7,240
Total	\$93,309,710		500,783- 331,002

This model is based on estimated cumulative household expenditures in the project/market area, before defining competition, "dilution," and sales leakage.

The annual sales per square foot ranges are somewhat higher than the estimated current retail performance business volumes, in recognition of needed higher sales performance to support new build, rehab-in-place, and floor space expansion by retailers. The calculations are based on 7,438 households with \$12,545 in average annual expenditures (not including autos, fuel, etc.).

Source: Economics Research Associates.

**Table IV-7: Sacramento Potential Retail Sales 2004
Resident Market**

	<u>Oak Park</u>	<u>Stockton Blvd.</u>	<u>Franklin Blvd.</u>	<u>Del Paso Blvd.</u>	<u>Marysville Blvd.</u>
Potential Sales/Household	\$13,452	\$15,137	\$12,399	\$12,545	\$13,033
Capture Rate	60.0%	60.0%	60.0%	60.0%	60.0%
Captured Sales/Household	\$8,071	\$9,082	\$7,439	\$7,527	\$7,820
Households	12,971	14,917	7,928	7,438	11,205
Total Captures Sales	\$104,689,010	\$135,481,050	\$58,979,599	\$55,987,024	\$87,622,503
Sales per square feet					
New Build (33% of Total Captures Sales)	\$34,896,337	\$45,160,350	\$19,659,866	\$18,662,341	\$29,207,501
	Supportable GLA (sf)				
\$200	174,482	225,802	98,299	93,312	146,038
\$215	162,309	210,048	91,441	86,802	135,849
\$225	155,095	200,713	87,377	82,944	129,811
\$250	139,585	180,641	78,639	74,649	116,830
Rehab Existing (33% of Total Captures Sales)	\$34,896,337	\$45,160,350	\$19,659,866	\$18,662,341	\$29,207,501
	Supportable GLA (sf)				
\$175	199,408	258,059	112,342	106,642	166,900
\$185	188,629	244,110	106,270	100,878	157,878
\$200	174,482	225,802	98,299	93,312	146,038
Expand in Place - Rent Adjacent (33% of Total Captures Sales)	\$34,896,337	\$45,160,350	\$19,659,866	\$18,662,341	\$29,207,501
	Supportable GLA (sf)				
\$175	199,408	258,059	112,342	106,642	166,900
Total Supportable GLA (sf)	528,984	684,574	298,019	282,897	442,749

Source: Economics Research Associates.

Table IV-8**NORTH SACRAMENTO IN PROJECT AREA RETAIL DEMAND**

Potential Sales per Household (annual)	\$	12,545
Capture Rate		30.0%
Captured Sales per Household	\$	3,764
Households		7,438
Total Captures Sales		\$27,996,632±

Sales per Square Foot

New Build (33 percent of total captures sales)		\$9,332,211
\$200		46,662 square feet
\$215		43,406 square feet
\$225		*41,476 square feet
\$250		37,329 square feet
Rehab Existing (33 percent of total captures sales)		\$9,332,211
\$175		53,327 square feet
\$185		50,444 square feet
\$200		*46,662 square feet
Expand in Place—Rent Adjacent (33 percent of total captures sales)		\$9,332,211
\$175		* <u>53,327 square feet</u>
Total Supportable Gross Leasable Area (square feet)		141,465± square feet

*(Using \$225 per square foot for new build, \$200 per square foot for rehabed space, and \$175 per square foot for expanding in place.)

Source: Economics Research Associates.

Section V

IMPLEMENTATION STRATEGIES

Based upon all of the foregoing, the consultant suggests strategies for the near term which may result in additional energy of revitalization for the ongoing North Sacramento Redevelopment Project Area. These are defined sequentially below.

1. **Select and Concentrate on Del Paso Boulevard.** The 1.44-mile length along 16 blocks, from Acoma to Lampasas, now has 38 or more vacancies, constituting roughly a 20 percent vacancy rate visible to visitors and passersby. All stakeholders are acutely aware of this circumstance. Additional office space also is available and vacant along the boulevard corridor.

Recognition that during the prior decade when the arts district concept was successful, more than 60 percent of visitors/customers came from a market more than 2 miles in radius away from the community, is essential. Repositioning of the viable vacancies is critical to the continuing success and believability of the redevelopment project effort. Recapture and new capture of customers — local and regional residents — is essential.

This is not simply an SHRA initiative. The excellent work continuously conducted by the Chamber of Commerce and by the Business Improvement District puts this group in a leadership position for repositioning strategy and shows the need for more aggressive marketing partnerships with stakeholders, property owners, and the existing tenants groups. No tertiary type uses should be sought or allowed in the vacant spaces.

Despite the stellar success of the tree planting and streetscaping on the south end of the Del Paso Boulevard corridor, it is now apparent that tenant mix repositioning to regain the advantages of the comfortable streetscape is imperative. The consultant believes that a more intense focus on relationships between arts, design services, furniture and furnishings, restaurants, and entertainment are still core to the strategy but must be expanded to capture next tenants and expansions.

2. **Theme Making for the Next Five Years.** The North Sacramento Redevelopment Project Area, including the Del Paso Boulevard

corridor, is "the place." Any bubble diagram showing adjacencies of high levels of activity can just as effectively show the capacity to draw visitors, regional residents, and customers to the boulevard corridor and other locations. The project area is adjacent to downtown, to the Arden Way/Arden Fair retail clusters, to Cal Expo, and reasonably close to CSU/Sacramento. Additionally, and perhaps even more importantly, marketing "the place" needs to be clearly directed to the emerging huge population in the North Natomas residential development districts. These residents are and will be seeking differentiated places for dining, entertainment, home furnishings, and the pedestrian streetscape experience not available to the same degree elsewhere in the larger North Sacramento/North Natomas areas.

While noting the location of five RT light rail line stations in the project area, it should be also noted that additional marketing partnerships should be continuously crafted in order to more clearly identify the accessibility which exists between downtown and the project area.

An interesting, although at a somewhat different scale of density, experiment in crafting "the creative city" occurred in West Hollywood in 1986-1987 when a new marketing corporation in the newly incorporated city focused specifically upon design/furnishings/arts/restaurants. It has worked for more than 18 years and has been continuously transitioning to other two- to three-year length business plans in order to maintain connectivity with evolving markets.

3. **Real Estate Market Data and "Counting the House."** Unique districts which depend on the edgy character of retail and restaurant mixes along with the continuous need to attract design and evolving professional firms, need sustained and updated information about the business activities and opportunities in their own districts. Redevelopment project areas have generally been supportive of the establishment and maintenance of focused real estate market information concerning rental opportunities, business volumes, and deals done, and they have largely gone to websites which are updated every three months or even more often. This appears to be an excellent potential for the North Sacramento Redevelopment Project Area. The consultant anticipates that significant assistance will come to such an initiative from major real estate brokers and data sources in the Sacramento region. ERA notes the level of detail concerning property data available from CB Richard Ellis, which is reachable on line and is constantly updated.

4. **Initiating Infill Housing Opportunities.** ERA suggests that the SHRA, along with interested stakeholders and property owners, look

for potential property assemblies which can be made available through public-private partnerships for low-medium density infill housing developments. Specific suggestions have been made concerning scale, density, concentration on ownership, and the possible specialization toward live/work studios which could accommodate design, professional services, and even more generic office-at-home enterprises.

The consultant does not believe that SHRA should take the full responsibility for property assembly, relocation costs, site preparation, and marketing via reduced acquisition costs. A more limited partnership incentives strategy would be appropriate. The concept should be tested but not totally subsidized by SHRA all the way through to occupancy.

5. **Maintaining the "Tree City" Corridor Hallmark.** The North Sacramento Redevelopment Project Area is fortunate to have a successful relandscaping and tree canopy as a result of past City and SHRA initiatives. It defines an explicit and separate part of Sacramento which is going to be taken to next levels with oncoming additional streetscapes commencing in late 2004/early 2005.

Maintenance of the corridor, primarily marked as Del Paso Boulevard improvements, will be essential for the long-term future as well as for retenanting of the multiple vacant spaces acknowledged and constantly seen by commuters, customers, and visitors.

6. **Improving the Appearance of the East-West Arterials.** State Route 160, Arden Way, and El Camino Avenue are intensely traveled corridors with very different appearance circumstances. Each provides access to differing types of business mixes, including office, industrial, RV sales, etc. Improvement of the appearances of the multiple types of business use mixes will improve reputation, and probably increase business volumes. ERA recommends the following concepts:

- Continue working with RT regarding partnerships for appropriate scales of development and parking.
- Approach the RV sales cluster with concepts for improvement of streetscapes, sites access, signage, and security.
- Use the oncoming supermarket shopping center being built by the Petrovich firm as an initial example.

7. **Evolving Industrial Space.** The huge amount of industrial floor space in the Redevelopment Project Area will be transitioning over time but will remain desirable in the marketplace as large floor spaces capable of accommodating evolving types of firms, processes, and

activities. Although "invisible" because the three or more clusters in the project area are rapidly passed by or have been in the market for a very long time with high occupancy rates, the cumulative space is a remarkable strength in the North Sacramento area. The consultant recommends the initiation of a thoughtful strategy for sustaining this group of properties and the oncoming likely evolution of uses therein.

8. **Traffic Calming.** Frequent visits to Del Paso Boulevard by the consultant team led to a consistent experience of 40- to 50-mile-per-hour vehicle speeds in the non-commute hours. This is particularly true on the most southerly end prior to approach to the bridges. This conflicts with continuing efforts to effectively market vacant spaces and the rehab of existing occupied properties. Accordingly, the consultant recommends a traffic calming approach by the City which can improve the chances for revitalization of the most southerly portion of the boulevard.

9. **Accessibility and Affordability.** The real estate market characteristics of the project area seem to consistently support the positive reputation of relatively rapid accessibility to and from downtown, Arden Way, CalExpo, South Natomas, etc., as well as the market rents for boulevard corridor retail and office floor space. Continuation of these two vital characteristics is probably the most important strategy set for sustaining the redevelopment program and the business mix on the commercial corridors.

Section VI

FUNDING SOURCES FOR INITIATIVES

The North Sacramento Redevelopment Project was initially approved for implementation in 1992, and had a third amendment in 2004. It is expected that the project will proceed through the year 2037, its presently estimated completion time. Thus, the project has already been around for 12 years and will continue for a further 33 years.

Redevelopment property tax increment has begun to become a substantial revenue source annually. The State Controller's annual report concerning redevelopment agencies shows that the total assessed valuation increment in 2002-2003 was \$104,787,911. During 2003-2004, the total assessed valuation may have risen to over \$406 million. The tax increment earned by SHRA for the redevelopment project in 2002-03 was \$952,878. It appears that annual tax increment will move up to \$1.05 million and further toward \$1.2 million for the next few years. SHRA, in cooperation with the City of Sacramento, has made significant investments in the project area. Previously issued tax increment bonds provided more than \$5.0 million for project area improvements from a 1999 bond sale.

The State Controller's report shows that a total indebtedness, including tax allocation bonds, other loans, and other debt, now accumulates to \$11.3 million for the project area (as recorded in the 2002-2003 report).

The recent redevelopment plan amendment (June 2004) did not increase the tax increment capacities of the project area. The purpose was to extend by 12 years the opportunity to use eminent domain in project areas not including existing housing.

During the past decade, the North Sacramento Redevelopment Project has enjoyed redevelopment and repositioning activity, particularly as regards the Del Paso Boulevard streetscape appearance and tree canopy improvements. Additional phases of streetscape development are planned.

Given these circumstances, it is highly likely that the project area will continue to draw upon increasing tax increment funds, modest federal CDBG and HOME funds, limited partnerships with the Rapid Transit District (RT) and further investments by the City concerning capital improvements.

The most significant challenge for "turnaround" issues will be the need to revitalize, reposition, and effectively market the vacant retail, offices, and services properties on Del Paso Boulevard. A new supermarket/community shopping center is to be built on El Camino, east of the Boulevard. SHRA is already pursuing a series of initiatives for improving the project area. Some continuing rehab subsidies will be necessary to craft a significant revitalization and a return of lost retail services to this area. In the same time period a re-mix of tenancies is key. The "arts district" flavor of prior years has been diluted by other arts district initiatives elsewhere in the city. Focus upon community retail services needs to be sustained as well as the selective furniture/furnishing specialties. While not specific, ERA believes that an expenditure level in the range of \$7 to \$8 million for property rehabilitation assistance, temporary relocations, and public access and streetscape improvements will be necessary in order to move and improve the corridor revitalization concept forward.

Firms on Del Paso Boulevard frontages are eligible for participation in the tax credits which are based upon employment performance in the Northgate/Norwood (State) Enterprise Zone. This program will currently run until October 2006.

While there are no specific hard numbers regarding the sources and uses of such funds, it is relevant to define these levels of initiatives in order to pursue an effective five-year plan from this point forward.

The most compelling funding support will actually occur in the private home buyer markets in the North Sacramento Project Area where home price increases, even though now expected to moderate, will still produce more tax increment.

To help induce retention, new, and expanded good-quality retail and office tenancies in the redevelopment area, the Agency's most likely beneficial investment may well be the continuing provision of rehabilitation financing partnerships. ERA also anticipates a need for limited funding of customer/visitor parking space management techniques for the area – which might be able to achieve modest cost recovery.

With the oncoming increase in annually available redevelopment property tax increment (probably approaching over \$1.0 million annually in the next two years) it should be possible to identify a strategic mix of partnered improvements, as well as a focus on funds and uses which can stimulate the redefinition of retail and commercial services along Del Paso Boulevard.

While ERA has been conservative in its estimation of difficulties which redevelopment tax increment will face on a statewide basis with the continuing California budget imbalances, it is reasonable to presume that the North Sacramento Redevelopment Project Area will still enjoy moderate increases in available tax increment funds. The consultant presumes that this source will be the most dynamic of all of the funds mixes which may be available over the next five years.

Appendix A

SACRAMENTO — FIVE CORRIDORS NORTH SACRAMENTO REDEVELOPMENT PROJECT STAKEHOLDER MEETING DISCUSSION CHARTS

SACRAMENTO — FIVE CORRIDORS
NORTH SACRAMENTO REDEVELOPMENT PROJECT
Stakeholder Meeting Discussion Charts
Monday, April 26, 2004, Morning

NEEDS

Industrial

- 1) "Invisible" industrial space
- 2) Old
- 3) Southwest sites include
 El Monte/Continental (chemical cleanups)
- 4) Railroad Drive space is all full.
- 5) Northeast is 100% leased
- 6) Land Avenue/Academy (some vacancies)
 - RT bought one lot
 - Oates has buildings
- 7) Air Gas Products moving out to Florin/Perkins
- 8) Highway 160 (REI/CostCo)
- 9) Canterbury Road — Land available

Commercial/R&D

(City Council: Sandy Sheedy)

Competitive issue of Richards Boulevard and Railyards vs. North Sacramento

(But where are the cleanup dollars?)

Office!!!!

(Needs parking!)

- 1) "RT only" parking sign is not real. You can park!
- 2) Architecture and Engineering — "studios"
- 3) Arden Garden Motel (Dan Freidlander) owner
- 4) Nonprofits? (downtown & midtown)
- 5) Former SETA Building (33,000 s.f.)
 1215 Del Paso, south of Arden
- 6) Information technology firms growth in central city
- 7) Creative People
- 8) Parking diagonal

Retail

(Sacramento lease rates 30% less than Los Angeles)

How to grow? What else — alternative/additional products?

Furniture cluster

- Casa Bella coming in (Oates sold it to them)
- Tabor
- IMG Designer
- Limn

Warehouse Formats

- 1) At Richards Boulevard — more land
Many have left (specialties)
 - A) How much? (dollars/square foot)
 - B) Parking?
- 2) Arts/artists supplies (have tried)
- 3) Any Cook's future for growth?— The hardware store to go to in all of North Sacramento!
(Ace Hardware — There is a next generation.)
- 4) "Lumberjack" closed (R.T. bought the property.)

Supermarkets/Groceries

- 1) Not a likely upper end food market place.
- 2) Maybe a Latino market — Maybe not (La Superior?)
Examples (in Los Angeles)
 - Liborio
 - Gigante
 - Vallarta
- 3) Asian theme supermarket — may not work. (Maybe in Del Paso Heights) Parking!
- 4) "Goldies" — Adult entertainment (two on Del Paso Boulevard)
A problem? (Maybe)

Other

- 1) From Arden South — Vehicle speeds pick up
"Race track" auto volumes
Slow down!! (traffic calming?)
- 2) New landscape — from 160 to El Camino
(Most is between Arden and El Camino.)
- 3) Housing ("Some")
New build — Not much
Rehab: Yes!

- 4) How do you go after specialty retail/apparel?
Who should ERA talk with further?
 - A) Council Member
 - B) Chamber of Commerce/BID
- 5) \$10/s.f. "asking" for industrial land
Available/North Sacramento Land Property (single owner)
- 6) Office "asking" rent @ \$1.45/s.f. full service
(30% less than downtown or midtown)
 - Multi-tenant
 - Most is for sale/not lease.
- 7) Small retail @ \$.75/s.f. to \$1.00/s.f./month

OPPORTUNITIES

THEMES/BRANDING

WHO LEADS/PARTNERS?