

# DOWNTOWN SPECIFIC PLAN

CITY OF SACRAMENTO



# AGENDA OVERVIEW

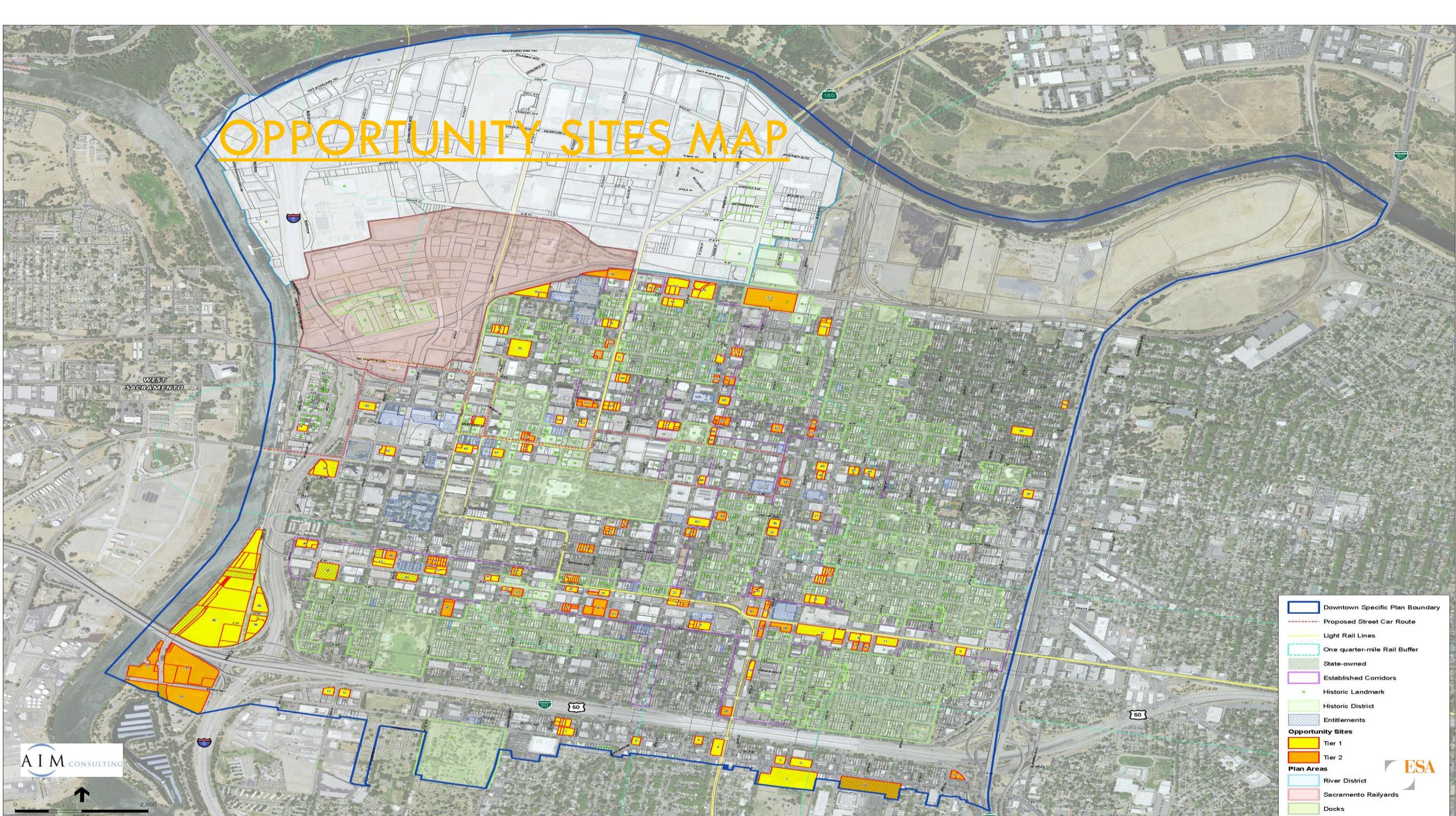
- Goals & Objectives
- Opportunity Sites
- Market Analysis
- Next Steps



# GOALS & OBJECTIVES

- Create a Specific Plan that paves the way for at least 10,000 places to live in the next 10 years
- Develop a varied housing stock that reflects the diversity of Sacramento
- Incentivize Transit-Oriented Development throughout downtown Sacramento including along the streetcar corridor
- Remove barriers to housing development by streamlining the development and environmental review process
- Maintain the quality of life central city residents experience and further neighborhood livability by including supporting amenities along with housing

# OPPORTUNITY SITES MAP



- Downtown Specific Plan Boundary
- Proposed Street Car Route
- Light Rail Lines
- One quarter-mile Rail Buffer
- State-owned
- Established Corridors
- Historic Landmark
- Historic District
- Entitlements
- Opportunity Sites**
  - Tier 1
  - Tier 2
- Plan Areas**
  - River District
  - Sacramento Railyards
  - Docks

# OPPORTUNITY SITE CRITERIA

- Vacant and under utilized sites
- Location in established corridors and CBD as identified in the 2035 GP for growth
- 1/4 acre in size
- Considered community context
- Considered State ownership of land



# MARKET ANALYSIS REVIEW



# DEMOGRAPHIC TRENDS

- Very little growth since 2000
- Different household characteristics
  - Mostly smaller (1.6 persons avg.)
  - Non-family and single person
  - 25-34 and 55-75 age groups
- Lower income, with less equity
  - Younger than average
  - More single-earner households



# DEMOGRAPHIC TRENDS

- Positioned for Long-term income growth
  - High educational attainment
  - Inflation adjusted income growth
  - Age driven household formation
- Difficult to gauge depth of demand
  - Low historic population growth
  - Lack of new housing supply



# DEMOGRAPHIC TRENDS

- Demand for low-cost rentals
  - Smaller household sizes
  - Lower incomes with less equity
- Up-market and for-sale units
  - Demand from 55-75 age group
  - Move-ups for 25-34 age group
  - Household formation and relocation?



# ECONOMIC TRENDS

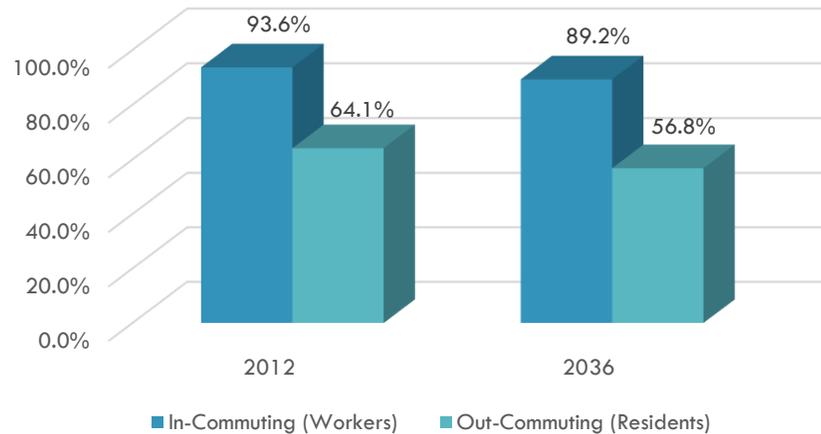
- Region's most important job center
- 2 out of 3 jobs in Government
- Employment starting to diversify
  - Business Management; Education and Healthcare; Entertainment & Recreation
  - Mostly “white collar” occupations
  - Management, Financial, Education, Legal, Community Service, Arts, and Media



# ECONOMIC TRENDS

## ■ Imbalanced commute shed

- 94% of workers commute in
- 64% of residents commute out



Source: Sacramento Area Council of Governments, 2016, BAE, 2016.



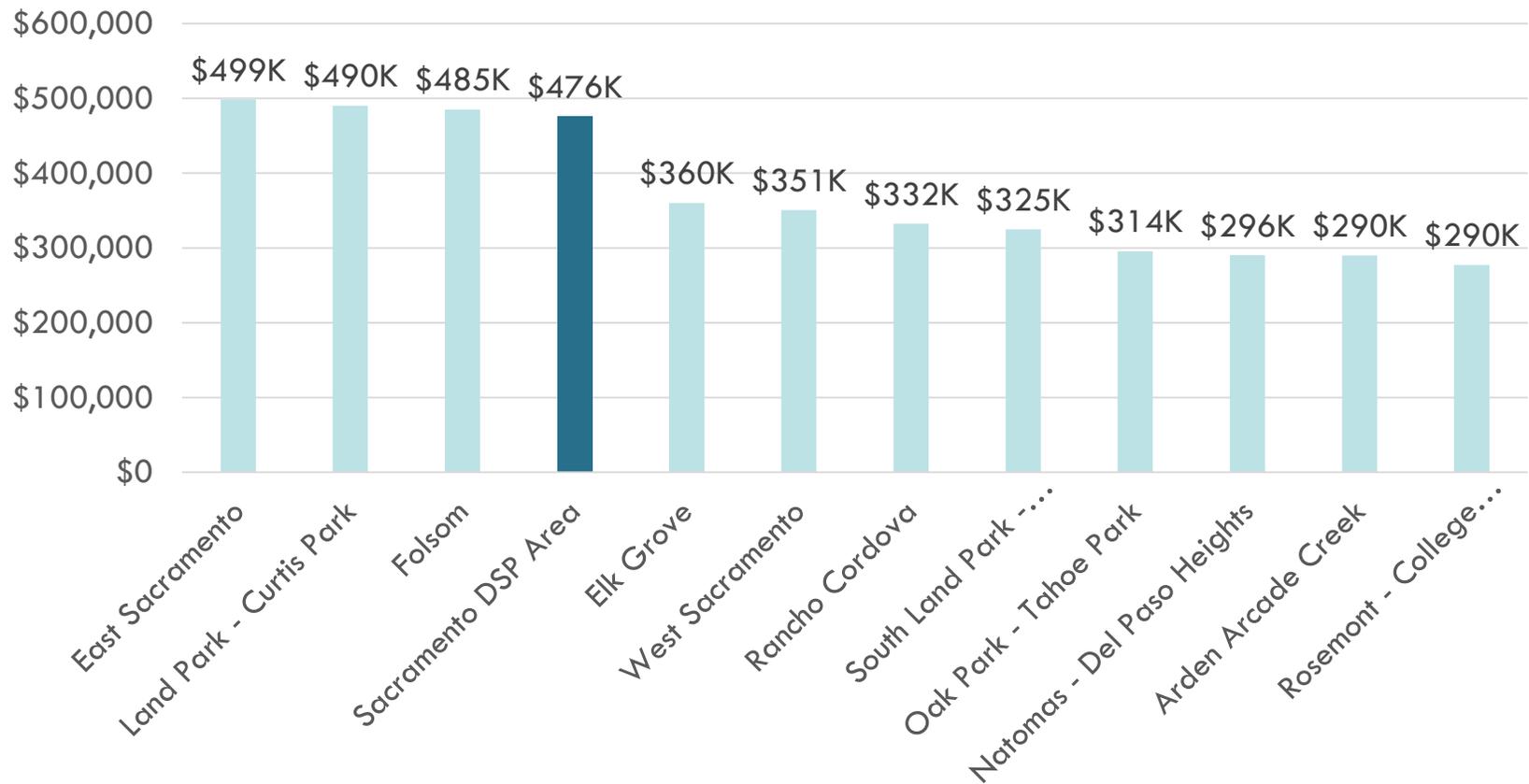
# HOUSING SUPPLY AND AFFORDABILITY

- Mostly older multifamily buildings
  - Duplex, triplex, and small apartments
  - Shift to higher densities since 2010
  - Less than 10% built since 2000
- Highest prices in the city/region
  - Rapid appreciation since 2008
  - Good design commands a premium
  - Rents up to 2x market average



# HOUSING MARKET TRENDS/CHALLENGES

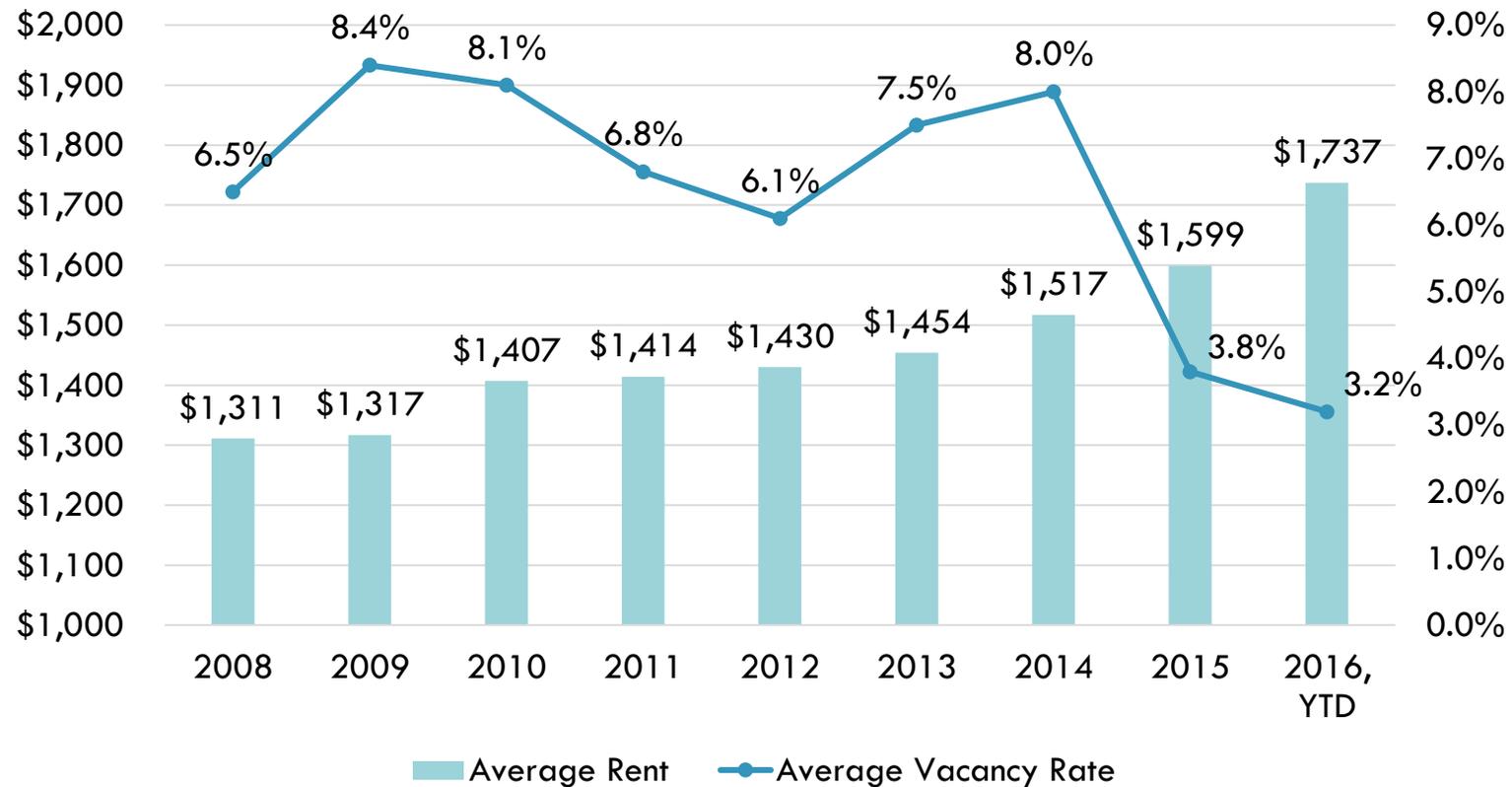
Median Sale Price by Neighborhood, February 2016 to July 2016



Source: Sacramento Association of Realtors, 2016, BAE, 2016.

# HOUSING MARKET TRENDS/CHALLENGES

Historic Rent and Vacancy Rate, DSP area, 2008 to 2016 YTD



Source: RealAnswers, 2016, BAE, 2016.

# HOUSING SUPPLY AND AFFORDABILITY

- Market rates affordable only at the higher income levels
- Market is targeting young professionals and empty nesters
  - “Urban experience”
  - “Lock and leave convenience”
  - Absence of families with children



# HOUSING SUPPLY AND AFFORDABILITY

- High risk of displacement
  - 53% low income
  - Excessive cost burdens
- Need to provide a variety of housing options/types
  - Affordable at all income levels
  - Construction cost constraints



# FUTURE DEVELOPMENT

- Pipeline exceeds 2026 projections
  - Almost 13,500 new units
  - Mostly market rate/mixed-use
- Units in adjacent neighborhoods
  - Offering greater affordability
  - Limits to market rate affordability
- Mixed-income strategies for Township 9 and the Railyards



# CHALLENGES TO INFILL DEVELOPMENT

- More complex, time consuming, and expensive than greenfield
  - Higher prices needed to offset costs
- Prices dictated by local market; costs have regional influences
  - Competition with Bay Area for labor
  - Infrastructure can be a constraint
- Home prices don't justify for-sale



# PEER CITY RESEARCH

- Denver; Long Beach; Minneapolis; Nashville; and Portland
- Demand driven by job growth
  - Small studios and one-bedrooms
  - High-end rentals with amenities
- Gentrification and displacement
  - Loss of market rate affordable
  - High transportation costs



# PEER CITY RESEARCH

- Coordinate with regional planning
- Focus demand with growth controls
- Innovative regulatory frameworks
  - Height and density bonuses
  - Design oriented regulations
  - Inclusionary housing requirements
- Amenities and cultural assets
- Invest in local and regional transit



# STRATEGIC NEEDS

- Diverse housing types affordable to all incomes
  - Draw demand from a broad base
- Develop amenities, including recreation and cultural venues
  - Add value for residents and businesses
- Mitigate infrastructure constraints
- Ensure permitting capacity
  - Provide certainty and efficiency



# NEXT STEPS



- Technical Analysis
- Second Stakeholder Meetings/Online Engagement
- Spring 2017 – Commission/Council Workshops
- Plan Adoption (early 2018)

For more information ...

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