

# **Specific Plan Economic Analysis**

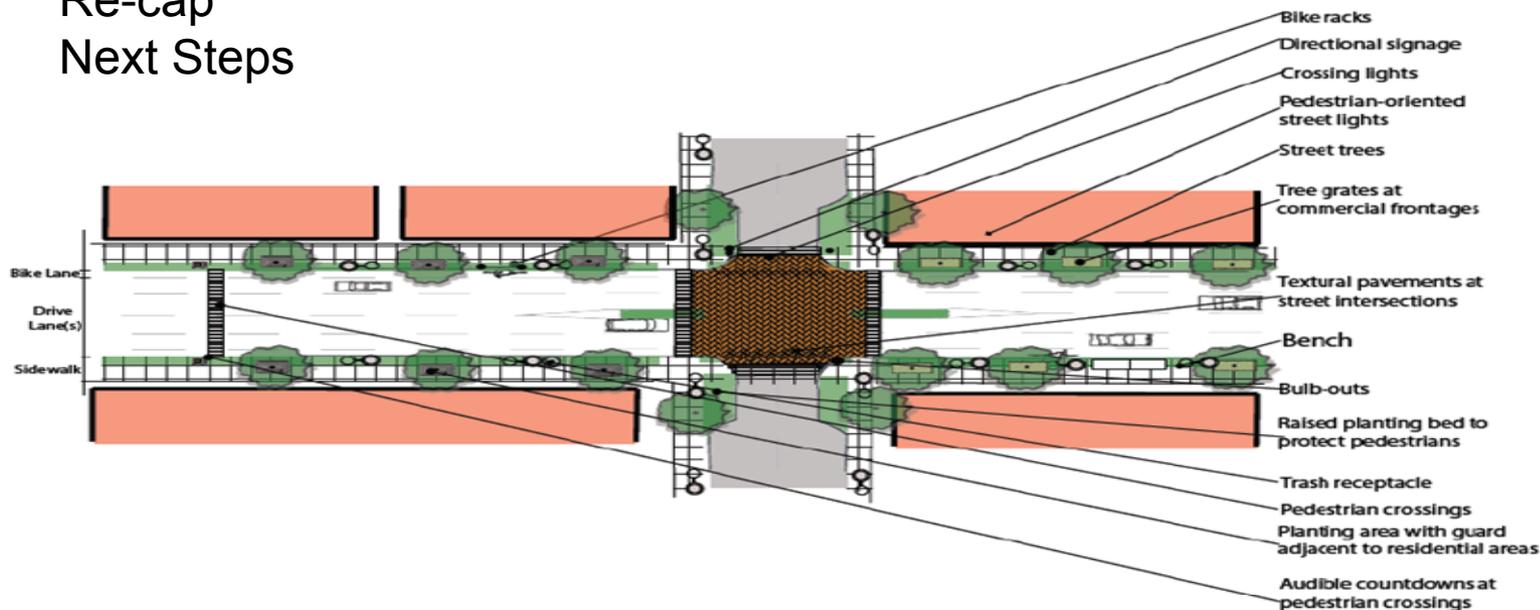


## **City of Pinole**

**Steering Committee Update  
December 11, 2008**

# Introduction

- Background
- Review Economic Analysis
- Discuss Issue Areas
  - Development Densities
  - Parking Supply and Availability
  - San Pablo Avenue Circulation
- Review Opportunity Sites
- Re-cap
- Next Steps





# Status Update

- **Discuss the Specific Plan as an Economic Development Tool:**
  - Provide Development Certainty
  - Streamline Environmental Review
  - Promote Higher Value Land Utilization
- **Review Economic Analysis**
- **Discuss Recent Land Use Issues**
- **Circulate the Specific Plan in January, 2009**
- **General Plan Update is Gearing Up**



# Meeting Objectives

- **Review Economic Analysis & Opportunity Sites**
- **Get Direction on Development Density**
- **Get Direction on San Pablo Avenue Circulation – Road Narrowing**

# Economic Analysis



# Demographics & Employment

- **Household Trends**

- Modest growth in recent years (avg. approx. 25 housing units / year since 2000)
- Long-term expectations are for more robust growth (avg. approx. 45 housing units / year per ABAG)

- **Employment Trends**

- Employment concentrated in service sectors including health, education, and retail (75% of jobs)
- Small but important cluster in bldg materials and light industrial including key sales tax generators
- Projections for robust growth over long-term (avg. approx. 75 new jobs per year per ABAG) concentrated in service sectors.

# Residential Market

- **Short & Medium Term Conditions: Very Poor**
  - Prices down 30% compared to a year ago – on par with 2001.
  - Sales volumes increasing, but foreclosures account for 60% of sales countywide.
  - Potential opportunities for affordable housing development.
- **Long Term Conditions: Recovery & Measured Growth**
  - Current prices up 73 percent over past decade ('98-'08).
  - Strong future demand driven by regional demographic and employment trends .
  - Long term demand for range of for-sale product types and potentially residential care units.
  - Little demand for market rate rental residential units.





# Office Market

- **Short and Medium Term Conditions: Built-to-Suit Market**
  - Rents too low and vacancies too high to justify new speculative construction.
  - Planned and proposed development accounts for most expected demand.
    - ◆ Need for 75k to 100k of additional space thru 2015
    - ◆ 60k + currently under development by Kaiser
- **Long Term Conditions: Limited Opportunities for Expansion**
  - Major office development will favor freeway accessibility/visibility.
  - Limited opportunities for provide additional space for professional services firms in Old Town.
  - Possible opportunities to build on medical office cluster.



# Retail Market

- **Short and Medium Term Conditions: Focus on Retention**
  - Market conditions are expected to worsen before they improve.
  - Difficult holiday season ahead for retailers (Toys R Us, Kmart).
  - Few new store openings expected.
- **Long-Term**
  - Opportunities to re-tenant at Pinole Vista rather than add additional square footage (Kohl's, Lowe's).
  - Need to focus on retention of existing retailers and reinvestment in retail centers.
  - City large enough to support current mix of grocery stores, but long-term possibility of losing Safeway if it does not modernize Pinole location.

# Opportunity Site Analysis

- **Identify Key Opportunity Sites**
  - Represent range of possible development opportunities: residential, retail, office, lodging.
  - Important to City's economic vitality.
  - Possibly need public sector involvement in redevelopment.
- **Formulate Prototype Projects**
  - Based on input from City staff.
  - Typical of developments built elsewhere in market area.
  - Generally modeled based on existing zoning standards.
- **Model Financial Feasibility**
  - Identify development costs and revenues.
  - Ascertain land sale prices and developer return.
  - Determine feasibility gap, where applicable.

# Residential Infill Sites



# Residential Development Feasibility

- **Townhouse Development: Feasible**
  - With improvement in market conditions, townhouse development pencils out.
  - Can support land prices of approximately \$25/sq. ft.
  - May require small subsidy in Old Town.
- **Condominium Development: Large Feasibility Gap**
  - Feasibility gap of at least \$25k to \$50k per unit
  - Higher development costs and lower sale price than for townhouse units.
  - More feasible with densities of 50 units/acre and heights up to five stories.
  - Development economics affected by parking standards – City standard of 2+ space per 2BR unit is high.
  - Flexibility to allow mixed use office/residential development in Old Town improves development economics.

# Large and Small Scale Retail Sites



# Retail Development Feasibility

- **Small Scale Retail Space: Feasible**
  - Development of small scale retail spaces feasible on selected sites (e.g., drive thru coffee shop, café, deli, convenience store).
  - Development likely to proceed slowly where project requires the relocation of existing uses.
- **Large-Scale Retail Redevelopment: Large Feasibility Gap**
  - Redevelopment of Appian 80 as a contemporary, retail center would require a substantial subsidy (approx. \$7 million).
  - Allowing for mixed use development may improve development economics.
  - Safeway has been willing to participate in mixed use development, but reluctant to push for such development without clear consensus from community.
  - Possibility of center going dark if Safeway closes or relocates.

# Major Gateway Sites



# Office Development Feasibility

- **Large Scale Office Development: Built to Suit Market**
  - Development economics do not favor speculative office development.
  - Rents would need to increase by approximately 25 percent.
  - City may wish to consider role in site preparation / assembly as an economic development tool to attract office development on selected sites.

## Hotel / Restaurant Development Feasibility

- **Hotel: Feasible in Intermediate / Long Term**
  - Based on current market conditions gap of \$12k per room.
  - With improved market conditions may be feasible in coming years (e.g., 10 percent higher room rates).
  - Pinole well-positioned for a high-quality mid-tier including Holiday Inn Express, Marriott Fairfield Inn, etc.
  - Possible role for public sector to assist with site preparation / assembly.
  - Hotel uses can generate substantial Transit Occupancy Tax (TOT) revenues (e.g., \$2000-\$3000 per room per year).
- **Stand-Alone Restaurant: Mixed Outlook**
  - Infeasible where replacing a viable, existing use (e.g., gap of \$750k where replacing existing office use).
  - Potentially feasible on cleared site – can support land price of \$15 to \$20 per sq. ft.

# Recap of Key Issues

- **Focus on retention of key industries and retail tenants**
  - Health & Retail Services
  - Bldg. Materials, Light Industrial
- **Evaluate residential densities and parking standards to support new development**
- **Consider public sector involvement to spur development on key sites:**
  - Old Town
  - Appian 80
  - Doctors Hospital

# Density Examples



# Large Lot Infill

## 2.45 Acres

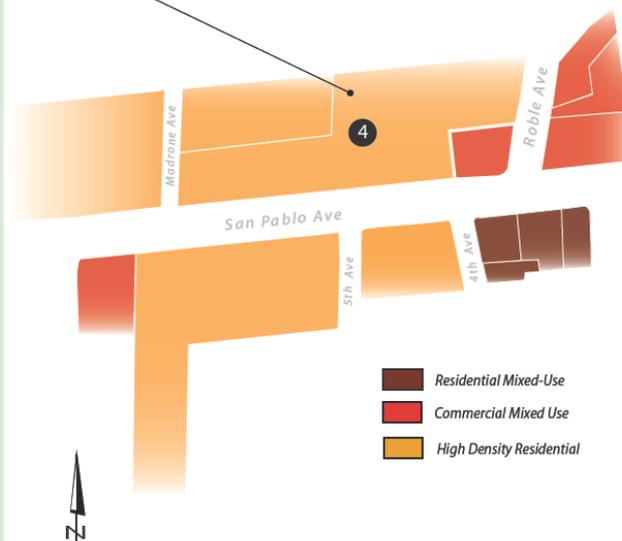
Opportunity Sites: Potential Development Diagram

San Pablo Avenue - Mixed Use District:

**Opportunity Site 4**

Opportunity Site 4

Development / Building Form

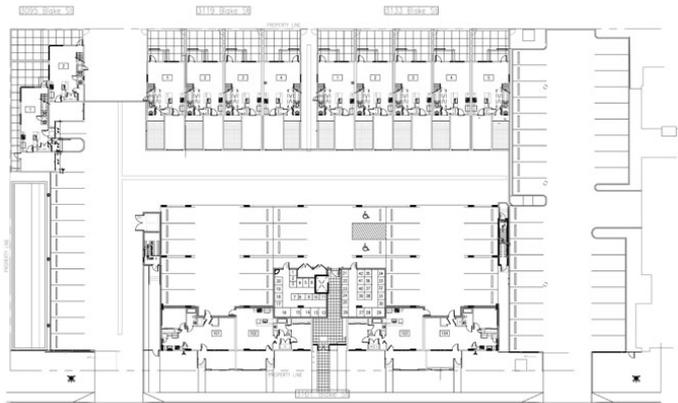


Existing Conditions

**Site Information**

Size:	2.45Acres
Zoning:	HDR
Height Limit:	50'
Minimum Frontage:	60%
<b>Development Prototype</b>	
Residential:	92 Units
FAR	NA
<b>Desired Uses:</b> Residential Use	

# Fire Clay Lofts – 41 Units/Acre (166 Units on 4.06 Acres)



# Small Lot Infill

## 0.96 Acres

Opportunity Sites: Potential Development Diagram

San Pablo Avenue - Mixed Use District:  
**Opportunity Site 3**

**Opportunity Site 3**

Development / Building Form




Commercial Mixed Use  
High Density Residential  
Public/Quasi-Public/Institutional

**Site Information**

Size:	0.96 Acres
Zoning:	MDR
Height Limit:	50'
Minimum Frontage:	60%
<b>Development Prototype</b>	
Residential:	36 Units
FAR	NA
<b>Desired Uses:</b> Residential Use	

**Existing Conditions**



# Salttilo Lofts – 38 Units/Acre (29 Units on 0.76 Acres)



# Small Lot Infill

## 0.52 Acres

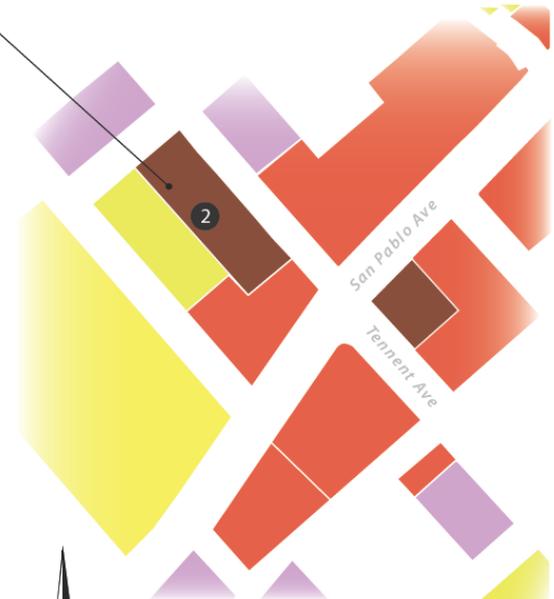
Opportunity Sites: Potential Development Diagram

San Pablo Avenue - Old Town District:

*Opportunity Site 2*

Opportunity Site 2

Development / Building Form



- Residential Mixed-Use
- Medium Density Residential
- Commercial Mixed Use
- Public/ Quasi-Public/ Institutional

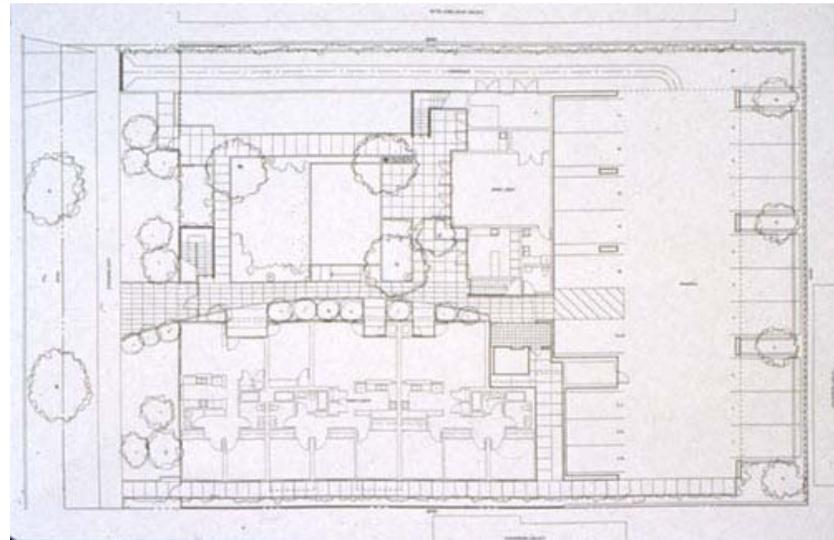


Existing Conditions

**Site Information**

Size:	0.52 Acres
Zoning:	RMU
Height Limit:	35'
Minimum Frontage:	80%
<b>Development Prototype</b>	
Residential:	10 Units
FAR	NA
<b>Desired Uses:</b> Residential Use	

# Normandine Village – 31 Units/Acre (16 Units on 0.52 Acres)



**Pearl Lofts**  
**54 Units/Acre**  
**(27 Units/0.5 Acres)**



*Encased in the traditional red-brick box, Pearl Lofts blends in with the early 20th-century warehouses and other industrial structures in the Pearl District.*

# San Pablo Avenue Circulation

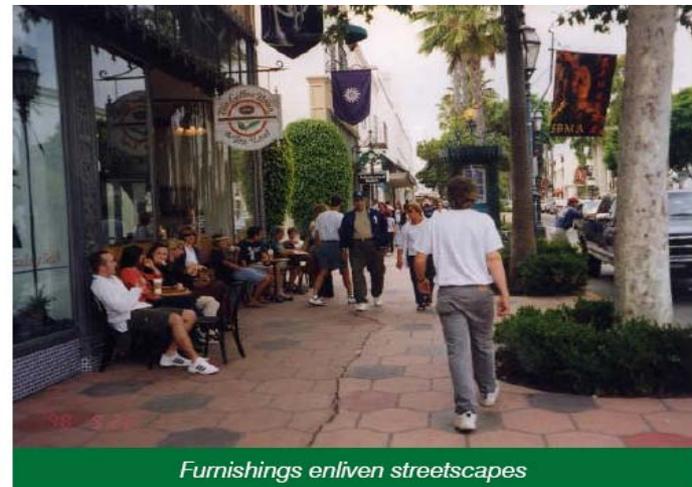
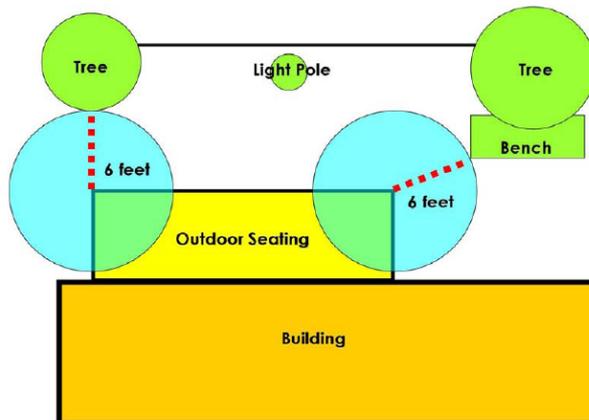


# Right-of-Way Zones

- Utility Zone
- Pedestrian Zone
- Vehicular Zone
  - Medians
  - Bicycle Lanes
  - Parking

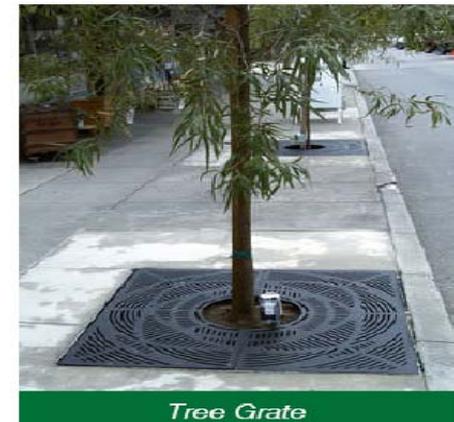
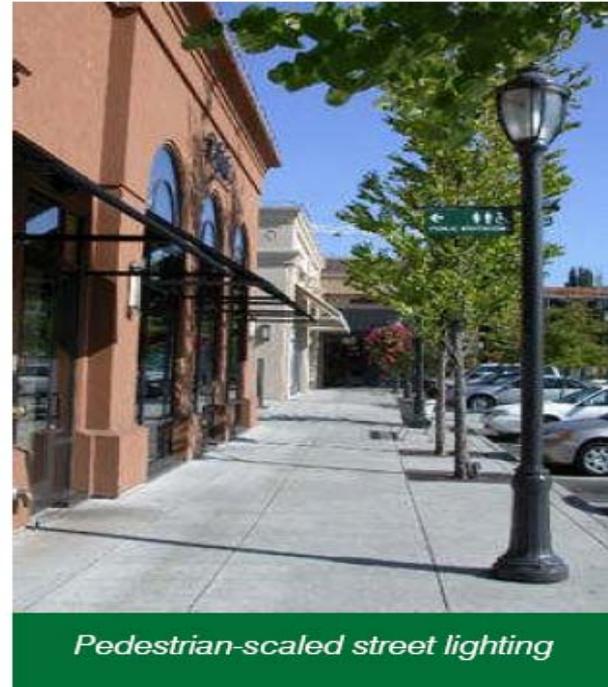


Figure 6.1  
Minimum Dimensions for outdoor cafes

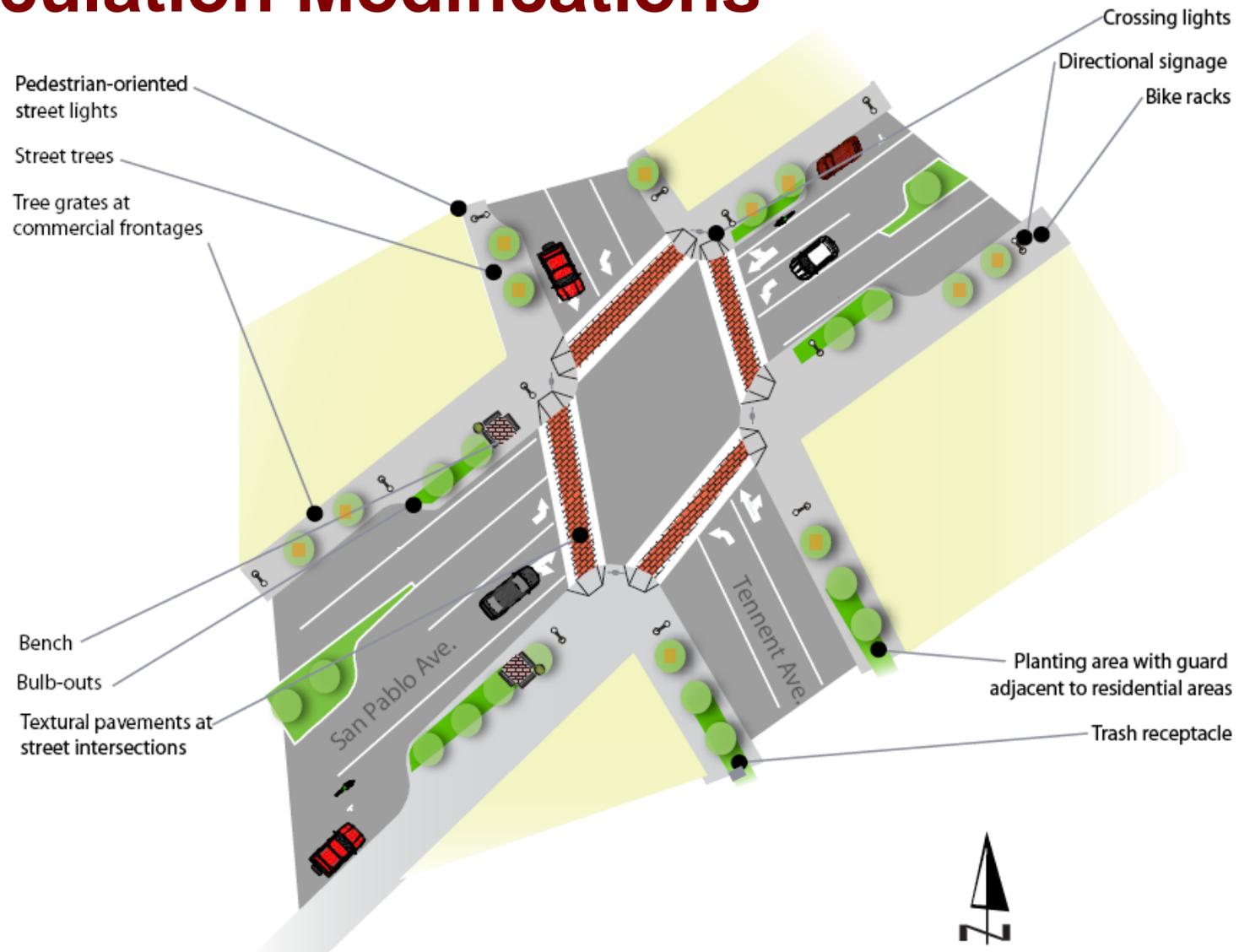


## Streetscape

- Landscaping
- Sidewalks and Crosswalks
- Street Furniture
- Decorative Lighting
- Benches
- Trash Receptacles
- Bike Racks
- Signs
- Awnings/Projections



# Circulation Modifications





# Old Town



# Next Steps





## Next Steps

- Public Review of Preliminary Draft:
  - (January, 2009)
- Specific Plan Workshop
  - (January or February)
- Incorporate the Specific Plan into the General Plan

## Participation Opportunities

- Attend workshops
- Check cable station for meetings
- Check website for documents, information on the process and upcoming workshops.
  - [www.pinolegeneralplan.com](http://www.pinolegeneralplan.com)
- Contact the Pinole Planning Manager
  - Winston Rhodes, AICP 510-724-9832
    - ◆ [WRhodes@ci.pinole.ca.us](mailto:WRhodes@ci.pinole.ca.us)
  - Or send a letter:
    - ◆ 2131 Pear Street Pinole, CA 94564