



R Street Area **IMPLEMENTATION PLAN**



Capitol Area Development Authority

R Street Area Implementation Plan

2007

Prepared by
Capitol Area Development Authority Staff
in conjunction with
the State of California, City of Sacramento

Table of contents

Acknowledgements	2
Introduction	4
R Street Corridor History	6
Previous Planning Activities	6
R Street Existing Conditions	9
Land Uses	9
Public Infrastructure	9
Buildings & Properties	9
Plan Area Context	10
Expected Buildout	10
Constraints & Challenges	10
Implementation Plan Goals	11
Development Strategies	12
Implementation Approach	13
Funding Development Activities	14
Development Program	15
Affordable Housing	19
Housing Mandates	19
Replacement Housing	19
Housing Need	20
Housing Set-Aside Funds	21
Affordable Housing Constraints	23
Affordable Housing Strategy	24
Affordable Housing Program	25

Introduction

The Capitol Area Development Authority (CADA) is a joint powers authority directly mandated by the California Legislature. CADA was created by a joint powers agreement between the State of California and the City of Sacramento in 1978 to implement the plans and objectives of the State's Capitol Area Plan. In 2002, CADA's project area was expanded (SB1460, Ortiz 2002) to include the central section of City of Sacramento's R Street Corridor located immediately south and east of the Capitol Area.

The primary purpose of the CADA R Street Area Implementation Plan (Implementation Plan) is to complete the requirements of the California State Code Section 8182.5 for development of CADA's R Street Area. The Code states:

The authority shall, in cooperation with the City of Sacramento, prepare an appropriate plan for the development and redevelopment of that portion of the project area set forth in paragraph (2) of subdivision (a) of Section 8180 (the R Street Area), that furthers the purposes and objectives set forth in the Capitol Area Plan.

In addition to the requirement to produce this plan document, CADA must follow the following time limits related to development and redevelopment activities to remove blight.

December 31, 2014	Commencement of Eminent Domain Proceedings
December 31, 2022	Establishment of debt to be paid from proceeds of R Street Area property taxes
December 31, 2032	Completion of Authority Activities in R Street Area
December 31, 2047	Receipt of R Street Area property taxes (25 years after last bond sale)

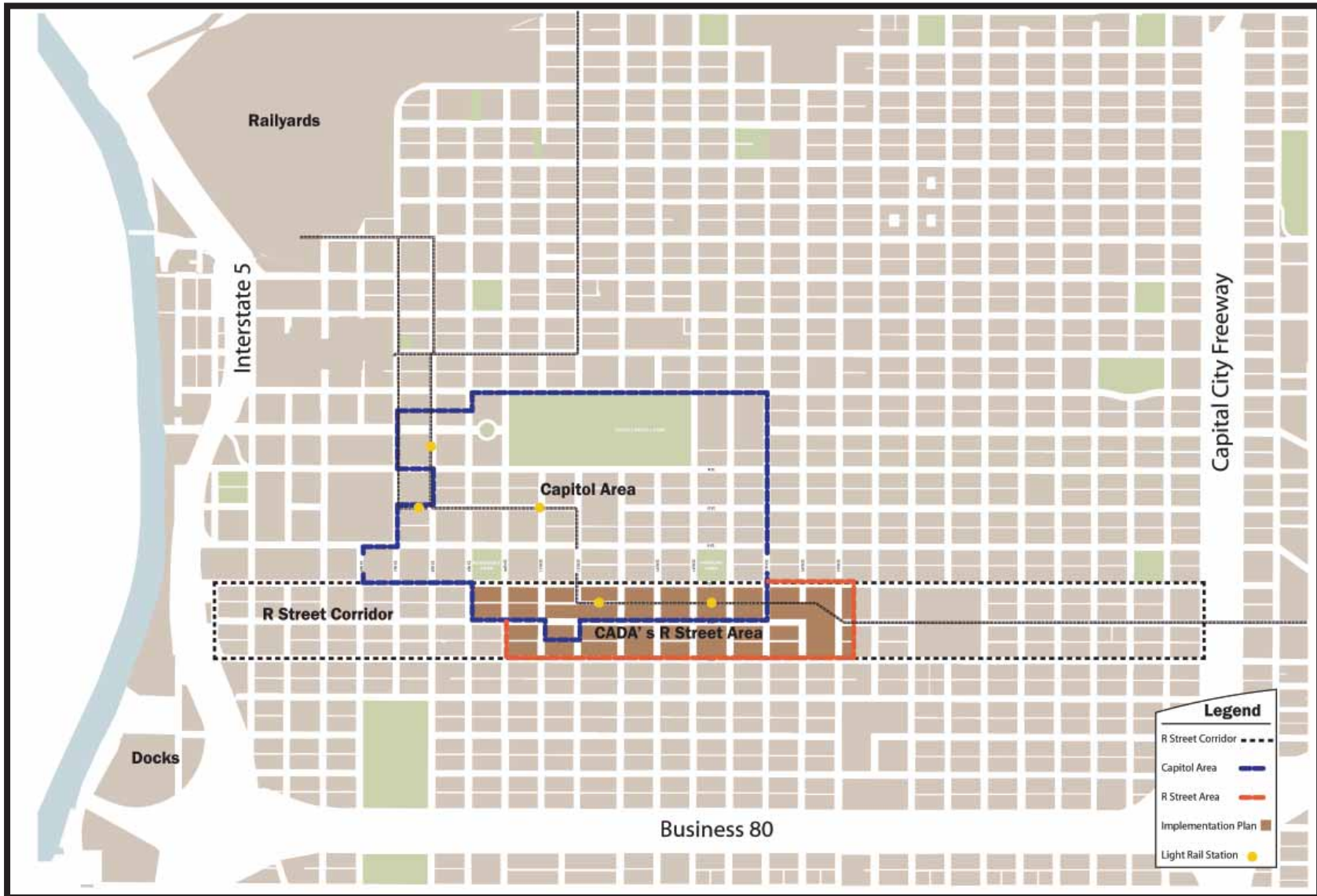
This document provides an approach to implementation of the corridor that includes the goals and strategies for the development and redevelopment for the expanded CADA Project Area. However, the Implementation Plan considers and evaluates those portions of the Capitol Area Plan whose purposes and objectives would be enhanced by the objectives of the City's R Street Corridor Master Plan. The Implementation Plan also considers what actions would further the overall redevelopment of the two areas. To do so, this plan addresses the geographical area (Map Page 5) bounded by Q Street on the north and S Street on the south, and Ninth Street on the west and the Railroad right-of-way between Nineteenth and Twentieth Streets on the east; thereby encompassing the R Street Area and its continuation into the Capitol Area Plan boundaries.

This document does not intend to regulate land uses nor provide standards for development for the CADA portion of the R Street Corridor. Instead, this document utilizes past planning efforts to provide comprehensive goals and approaches to help CADA and the City implement development and redevelopment strategies in the R Street Corridor generally between 9th and 19th Streets.

Introduction

continued...

In 2002, CADA expanded its boundaries to the south and east to include areas of the R Street Corridor which were not within its original Capitol Area boundaries. CADA's R Street boundaries stretch from 9th/10th Street to 19th/20th Streets.



The R Street Corridor r street history

R Street's history begins in 1848 when R Street was included as part of the City of Sacramento's original grid system laid out by Captain William H. Warner. The street, however, did not gain historical significance until 1854 when the City of Sacramento constructed a flood levee down R Street that extended to the area where Sacramento State University exists today.

Shortly after the levee was completed, the Sacramento Valley Railroad Company (SVRC) began construction on the State of California's first railroad on top of the R Street levee. The railroad would eventually expand to the gold country of Folsom. The SVRC became an important supply line for mining operations especially when the Comstock Lode was discovered in nearby Nevada.

The levee was eventually taken down, along with the original rail line, as the City's residential development expanded further south. Another rail line replaced the original track in the 1890's. Over the next seventy-five years R Street would remain an important railroad-based industrial/warehouse district in the City.

R Street's use as an industrial corridor began to decline shortly after World War II. The loss of rail traffic from the river, building of new highways, aging industrial buildings, the flight to the suburbs and the lack of space for businesses to expand — all led to a general decline in commercial occupancy along R Street. Rail service finally ended in the corridor during the late 1970's.

In 1986, Sacramento Regional Transit (RT) opened a light rail transit system which included a line within the R Street Corridor from 12th to 29th Street and continued east. The RT Light Rail system opened new possibilities for development centered around the four stations within the R Street Corridor. The community however was divided on the type new land uses that would develop around the R Street light rail stations. During the late 1970's and early 1980's a number of speculative developers began to purchase property along R Street with hopes of expanding the City's downtown office market to R Street. Development plans included a number of mid-rise and hi-rise office buildings near the west and central areas of the R Street Corridor or between 2nd and 19th streets. A number of Central City neighborhood advocates expressed concerns that the proposed developments would be out of context with area homes and could pressure existing residential properties to be redeveloped for commercial uses. Due to the intense debate between the local developers and the community, the

City began a process to master plan for the corridor.

After nearly eight years of community input, the Sacramento City Council approved the R Street Corridor Master Plan in 1996. The plan envisions a mixed-use, transit-oriented residential corridor that would bridge the Central Business District (CBD) with the residential neighborhoods to the south and east. The plan includes a number land use designations for commercial offices but primarily focuses on residential development with neighborhood-serving retail uses.

Since 1996, the vision of the R Street Corridor Master Plan has developed slowly as market forces and implementation efforts have focused development to other areas of the City. The corridor was in need of additional public implementation efforts to attain the vision of the Master Plan. Because of CADA's unique structure and proven success in revitalizing and developing the Capitol Area Neighborhood into a vibrant mixed use community, the boundaries of CADA were expanded in 2002 by state legislation to include the key central sec-



The R Street Corridor

r street history contiued...

tion of R Street. CADA was tasked to address the blight and facilitate development of the many underutilized properties along R Street between 10th and 19th Streets.

Previous Planning Activities

A number of plans, studies, and community workshops already exist to help guide development of the R Street Corridor. These documents provide a clear, precise vision for the physical development, urban design, and mix of land uses for R Street. Consequently, the Implementation Plan does not deviate from the previous work completed for the corridor. This plan simply re-enforces the vision for CADA's portion of the corridor and provides the necessary action steps for achieving the neighborhood's long term goals and the requirements set forth in the R Street Area legislation. The following is a summary of the previous planning documents or implementation efforts completed for the R Street Corridor and how they relate to the Implementation Plan.

R Street Corridor Master Plan – The most significant R Street document is the City of Sacramento's 1996 R Street Corridor Master Plan (Master Plan), which is an adopted section of the Central City Community Plan. Created over a decade of community input and analysis, the City's R Street Master Plan sets a long term vision and land use plan to turn the once thriving warehouse district (Q to S Streets and 2nd to 29th Streets) into a new mixed-use, transit oriented neighborhood. While the Master Plan establishes the over-arching policies that guide the land use decisions for the Corridor, the Implementation Plan provides goals and strategies that address the timing and focus of public and private investment. The Implementation Plan re-enforces the overall corridor vision while concentrating on steps to strategically realize the Master Plan's goals and policies.

R Street Corridor Special Planning District – Development within the R Street Corridor Master Plan is regulated by the standards set forth in R Street Special Planning District (SPD), which is part of the City's zoning code. The SPD provides guidelines and standards to ensure the appropriate scale, intensity, and uses that futher the goals of the R Street Corridor Master Plan.



Capitol Area Plan – The Capitol Area Plan, adopted in 1977 and subsequently updated in 1997, presents a comprehensive, long term plan for the physical development and conservation of the Capitol Area within downtown Sacramento. The plan presents objectives and urban design guidelines for the development of state-own land for state offices, housing, transportation, parking, and related elements to create vibrant mixed-use neighborhood. The Capitol Area Plan southern boundaries include the northern blocks of the R Street Corridor from 5th to 17th Streets. The old CADA Warehouse/Capitol Lofts development, located on the south side of R Street between 11th and 12th Streets, is the lone exception to the plan boundaries.

In order to address strategic investment and development strategies within the CADA boundaries along R Street Corridor, the CADA Implementation Plan includes those blocks within both the Capitol Area and R Street Area boundaries. Consequently, the Implementation Plan goals and strategies consider those principles embraced by both the R Street Corridor Master Plan and the Capitol Area Plan.

Existing conditions

CADA R Street Urban Design Plan/Central City Neighborhood Design Guidelines – The R Street Urban Design Guidelines (Design Guidelines) is third set of City policies that guide development within the R Street Corridor. The guidelines are used by City staff and various City decision making bodies in the review of development proposals. The CADA R Street Urban Design specifically addresses the CADA portion of the R Street Corridor, which is approximately between 9th and 19th Streets. The design plan establishes guidelines for both the public realm and private properties including streetscape and building standards. Additionally, development strategies were developed within the R Street Urban Design Plan to maximize the implementation of the design guidelines. These strategies were strongly considered in the development of the CADA R Street Implementation Plan and in some cases incorporated in their entirety into the document.

R Street Infrastructure Needs Assessment – In 2003, the City of Sacramento completed a planning study that examined the future backbone infrastructure needed to allow build-out of the R Street Corridor Master Plan. The R Street Infrastructure Needs Assessment (INA) included information on the existing infrastructure in the area, needed upgrades and estimated costs for the improvements. The INA provides essential information for private and public entities in making decisions about future development the R Street Corridor. The Implementation Plan utilizes the INA to determine the cost, need, and priorities of infrastructure improvements within the plan's boundaries.

Light Rail Station Workshops – In 2003 and 2004 three workshops were conducted to identify redevelopment strategies and improvements to the areas around the 13th and 16th Street Light Rail Stations. These station areas encompass most of CADA portion of R Street. Consequently, the workshops not only helped identify public priorities, specific improvement projects, and catalytic strategies to improve the neighborhoods around the stations, but established many of the goals and strategies for the Implementation Plan.

NOTABLE DOCUMENTS AND DATES

- 1997 Capitol Area Plan
- 1996 R St. Corridor Plan Adoption
- 1997 R Street SPD Adoption
- 1999 Central City Neighborhood Design Guidelines Adoption
- 2003 16th Street Station Workshop
- 2004 16th Street Station Stakeholder Workshop
- 2004 13th Street Station Workshop
- 2004 R Street Market Opens
- 2004 Randy Paragary's 15th and R Development Opens
- 2006 CADA R St. Urban Design and Development Plan Adopted
- 2007 R Street SPD Amendments Adopted

Existing conditions

Land Uses within R Street Expanded Area

The R Street Area today contains varied land uses and a mix of building types including light manufacturing factories, warehouse retail outlets, low density offices, restaurants, cafés, theaters, art galleries, and residential townhomes/ apartments/condominiums. Most land uses on R Street reflect the commercial and light industrial past of the corridor. In fact only two housing units currently exist on R Street of which only one has an R Street Address. Most housing units within the corridor are located on Q and S Streets.

Public Infrastructure

Existing infrastructure within the R Street Corridor remains consistent with the area's current low intensity office and industrial land uses. Major improvements to the Corridor's backbone infrastructure will be needed to support the housing densities and commercial/retail intensities envisioned in the R Street Master Plan. The poor condition of R Street's water service and streetscape pose particular barriers to new development in the area. A recent City of Sacramento Department of Utilities improvement project improved water main

and combined sewer service and capacity to R Street between 10th and 13th Streets.

Buildings and Properties

Many of the buildings and open spaces along Corridor have been neglected or seen little re-investment made to them. These underutilized properties include mostly older vacant industrial buildings that contribute to the negative perception of the R Street vicinity. Low density office and warehouse buildings, developed during the last half of the 20th century, make up the remainder of the building stock on R Street. The south side of Q Street encompasses a mixture of rehabbed older housing units, apartments, and mid to low density office buildings. On north side of S Street the buildings are mostly low rise office uses with some low density housing.



conditions continued...

Plan Context

The R Street Corridor is a two-block wide, twenty-seven block long area in the southern portion of the central city. CADA's jurisdiction covers roughly a third of the corridor, and within CADA's jurisdiction the 2002 expansion into the R Street Area covers an even smaller area within which CADA collects tax increment for development activities. Below is detailed breakdown of the various boundary sizes.

Table 1: R Street Boundary Sizes

Boundary Name	City Blocks	Net Acres
R Street Corridor Master Plan Area (2nd to 29th)	54	128.00
CADA R Street Implementation Plan Area (9th to 19th)	20	44.26
Expanded CADA R Street Area (portion added in 2002)	11.5	24.81

Expected Area Buildout

The Master Plan EIR anticipated 2800 housing units within the corridor at plan buildout. Below is estimated breakdown of the anticipated buildout within the CADA area of R Street with the expected new housing units in parenthesis.

Table 2: Anticipated Buildout of R Street Area

Boundary Name	Housing Units	Office/Commercial Square Footage
R Street Corridor Master Plan	2,800	4,800,000
R Street Implementation Plan Area	1314 Units (1,076 New Housing Units)	1,300,000
CADA R Street Area	831 Units (797 New Housing Units)	777,135

Constraints and Challenges

R Street's revitalization will depend on the ability to address development obstacles that include: inadequate public infrastructure, toxic properties, preservation of historic buildings, confusing regulatory standards and insufficient vehicular parking. These challenges reflect the difficulties of transforming a 150 year old industrial, warehouse district into the vibrant, mixed-use community.

Part of CADA's success developing the Capitol Area has been its ability to utilize various grant programs, innovative financing, and most importantly land acquired from the State of California. However, only one property within the R Street Corridor, the Capitol Lofts/CADA Warehouse, is currently owned by the State or CADA. Although the Capitol Lofts project will be an important R Street catalyst, the project alone does not expect to ignite development within the entire Implementation Plan area nor solve many of the other challenges to development. CADA will instead depend on its vast experience and ability to utilize innovative development methods to revitalize the corridor.

R Street Area Implementation plan goals

The R Street Master Plan was adopted by the City of Sacramento in 1996 and set forth a number of goals for the corridor. Since the adoption the master plan, additional workshops and strategy sessions occurred to help focus and initiate development within the area. The R Street Master Plan and subsequent public workshops were used to set forth the following goals for the CADA R Street Implementation Plan.

N⁰¹ Create a Mixed Use, Mixed Income Neighborhood

Develop the R Street Area with the appropriate mix of housing, commercial, and neighborhood serving to create a distinct and stable neighborhood that will create opportunities for all income levels.

N⁰² Orient Development to Transit Stations

Encourage new development to build at the appropriate densities, intensities, design, and land uses to support the 13th and 16th Street Light Rail Stations.

N⁰³ Preserve Historic Structures and Character

Maintain the interesting history and rich physical characteristics that provides R Street with its unique place within the City.

N⁰⁴ Enhance Neighborhood Livability Through Sufficient Open Space

Encourage new development to build at the appropriate densities, intensities, design, and land uses to support the 13th and 16th Street Light Rail Stations.

N⁰⁵ Develop R Street Streetscape at a Pedestrian Scale

Improve the pedestrian experience on R Street by creating streetscape that is pleasant, safe, walkable, and aesthetically pleasing. An attractive streetscape lined with well designed buildings will make the area more appealing to residents and will raise the bar for investment.

N⁰⁶ Provide Public Infrastructure Necessary for Development

Prepare R Street for private investment by making the public commitment to upgrading public systems needed to support new higher density development.

N⁰⁷ Create R Street as a Neighborhood Destination

Market and develop R Street as Sacramento's premier example of urban living in a mixed use neighborhood.

N⁰⁸ Encourage Participation of Property and Business Owners in Revitalization Efforts

Create a network of stakeholders and leadership within the private sector. Future success of R Street will ultimately need strong private investment. Leadership needs to arise from the private sector to champion the R Street Corridor Investment.

Development STRATEGIES

CADA's development strategy for the R Street Corridor seeks to provide the proper development foundation to attract private investment into the area. The blighted conditions of the corridors former industrial warehouse land uses make development on R Street difficult but not impossible. Through strategic investments and the promotion of quality projects, the R Street Corridor stands at the cusp of a historic revitalization. The development strategies listed below were developed to address the current R Street development challenges in order to achieve the goals of the R Street Area Implementation Plan.

N⁰¹ Show Others the Way

Promote development that meets the goals and principles of the R Street Corridor Master Plan. New development should include mixed-use, transit-oriented development that will integrate with the surrounding neighborhoods. Redevelopment efforts should provide an atmosphere and opportunity to make future projects succeed.

N⁰² Provide the Foundation

Prioritize and target public funds and outside funding sources to upgrade the backbone infrastructure of R Street. Improving the public infrastructure allows development to occur without the burden of placing a major impact on public systems.

N⁰³ Remove the Barriers

Preparing R Street for private investment is a key strategy for developing the Corridor. Removing barriers by cleaning up confusing development standards, setting quality design guidelines, helping to remediate toxic sites, and making strategic investments into public infrastructure provides a development atmosphere investors will respond to.

N⁰⁴ Create a Place

Enhance and strengthen the public realm to create a unique and interesting neighborhood that is safe, pleasant, walkable, aesthetically pleasing to the pedestrian experience. Placing a priority on a well designed streetscape, interesting building facades, and public opens spaces will provide amenities for area residents and produces a sense of identify for the corridor.

N⁰⁵ See the Future Through the Past

Maintain the interesting history and rich physical industrial/warehouse fabric that exists through preservation and reuse of historical structures and the high quality design of future development projects along the R Street Corridor. Placing importance on integrating new development that respects the utilitarian aesthetic of R Street will help maintain the historic and unique essence of the corridor.

N⁰⁶ Build Partnerships, Ignite Leadership

Create partnerships among public agencies, private investors, area residents, and community leaders. The R Street Corridor vision will not be realized through the responsibility of any one entity but through active cooperation and shared goals of all stakeholders. Champions need to arise to ignite the public and private sectors to join forces and realize the potential of R Street.

N⁰⁷ Follow the Leaders

Utilize existing areas of activity and catalyst projects to focus development. R Street will not develop all at once, so redevelopment efforts should be directed to areas and activities that already have momentum. Concentrating on these pulse points will help projects succeed and give the rest of the corridor an energy and identity to build upon.

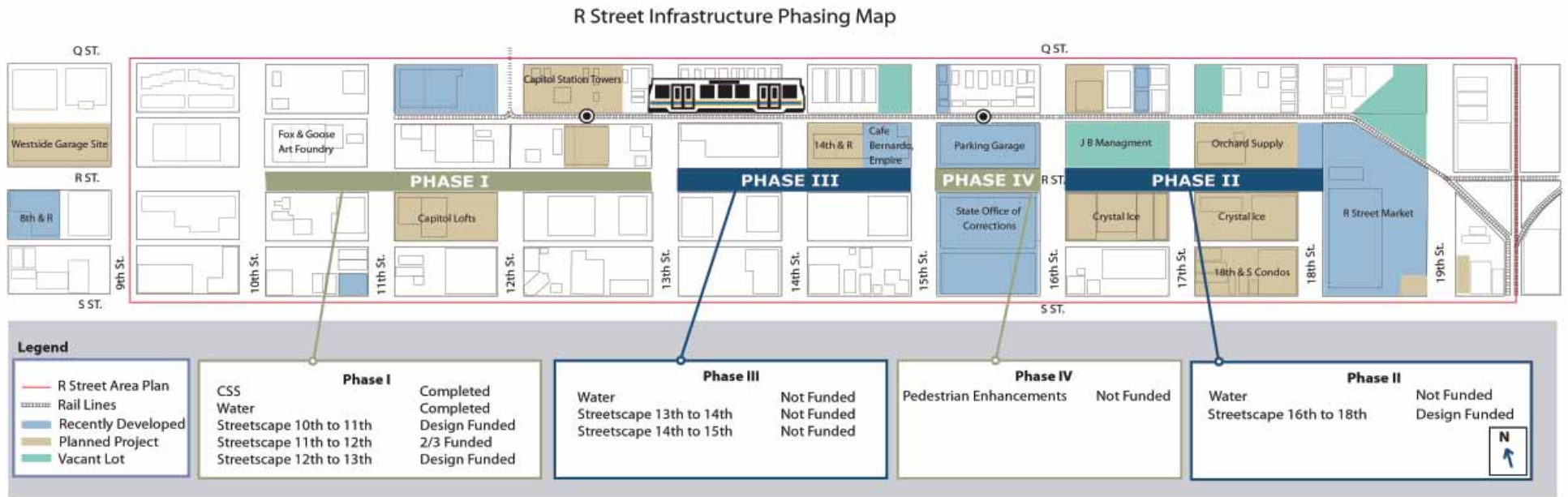
N⁰⁸ Keep it Distinct, Keep it Mixed

Maintain and build on the vibrant mix of uses on R Street. The key to creating interesting urban places lies in the multitude of activities, uses, and destinations within a neighborhood. Diversifying housing types, providing a mix of land uses, and contrasting new developments with old structures on R Street will produce the type of interesting and captivating district that will differentiate itself from other areas in the city and region.

Development strategies continued...

Implementation Approach

CADA's R Street Implementation approach focuses on phasing streetscape and water line improvements and facilitating a maintenance program once these improvements have been completed. Based on the R Street urban design plan concept for the Capitol Neighborhood and the location of planned developments, the strategy divides the improvements into four sections or phases. Figure C outlines the proposed phasing strategy of needed infrastructure improvements between 9th and 19th Streets.



Phase I – Improvements mostly funded. First streetscape CIP project will build one block. Funding is needed for another two blocks of streetscape improvements. All three blocks will need a maintenance program.

Phase II – Design funding is already in place for Streetscape Improvements. Park fees from surrounding development can be used for streetscape development (Market Plaza), which reduces need. Funding still needed for street improvements, new water capacity, and maintenance.

Phase III – Area already has curb and gutter, however design plans recommend changes to improve pedestrian experience and link phase II and III areas. Funding needed for streetscape improvements and maintenance.

Phase IV – Adequate streetscape improvements currently exist; however the Urban Design Plan recommends pedestrian improvements and reduced on-street parking.

Development strategies continued...

Funding Development Activities

Unlike most new development areas that have one master developer, the R Street Area is in the heart of the Central City of Sacramento and includes multiple property owners. The number of different private property owners combined with the high cost of urban infill infrastructure dictates the need for sophisticated and innovative financing for public improvements. The implementation of the R Street Urban Design Plan and Infrastructure Analysis will need the combined commitment of public agencies and private land owners.

CADA funding of R Street development activities derives from tax increment financing. Tax increment is collected by CADA in two different areas; the Capitol Area and the R Street Area(see map on page 13). The Capitol Area tax increment collected within R Street Corridor cannot be used to fund development activities within the R Street Area portion of the corridor. The tax increment collected within the R Street Area, which is a little more than half of the CADA R Street Implementation Plan Area, can be used in either the Capitol or R Street area. Since only half of the CADA R Street Plan Area tax increment can be reinvested freely back into the corridor and the tax increment that is collected remains small, CADA funding is limited until new R Street development begins to occur.

Since 2002, the City and CADA have successfully obtained grant funds to design and build key infrastructure projects within the R Street Corridor. Although these grants have provided funds for a few initial public infrastructure projects, a more dependable and larger source of financing is still needed as development interest increases. In the summer of 2006 the City and CADA began investigating a formal financing plan that will address cost, timing, and maintenance of improvements. A number of different financing structures including a Property Business Improvement District (PBID), Development Fees, and Community Facilities Districts (CFD's) are being investigated. The preferred financing plan is anticipated to be proposed to Sacramento City Council and CADA Board by the end of 2007.

Development program

In order to reach the goals and implement the strategies of the CADA R Street Area Implementation Plan, CADA proposes the following development projects and activities:

Project / Description	Potential Funding Sources	Goals Achieved	Anticipated Completion
Development Assistance and Facilitation Encourage mixed-use, transit oriented development to support the goals and policies of the R Street Corridor Master Plan. Provide design, feasibility, and other technical assistance to land owners and developers.	CADA, SHRA, City	All	Ongoing
Brownfield/Toxic Remediation Continue to facilitate the remediation of toxic properties along the corridor to improve development conditions. Coordinate and with the Environmental Protection Agency, Business Environmental Resource Center, City of Sacramento, County of Sacramento, and other agencies to eliminate toxic factors that hinder development.	Federal Funds State Loans and Grants CADA City Property Owners	Goals 1 and 8	Ongoing
R Street Marketing and Website Continue to market the R Street Corridor by utilizing pamphlets, brochures, the R Street website, and presentations to raise the development interest and profile of R Street.	Currently funded by CADA but as R Street Development occurs and matures, the marketing will fall to business and property owners.	Goals 7 and 8	Ongoing
R Street Parking Partner with City to analyze current parking regulations on R Street and develop a parking plan for anticipated need for more parking when new developments occur.	CADA, City of Sacramento	Goal 6	2008
Capitol Lofts The Capitol Lofts, located on the South Side of R Street between 11th and 12th Streets, is an important catalyst project for the R Street Corridor that will add 122 units and 3,000 square feet of commercial/retail to the plan area. Successful completion of this project will stimulate similar investment on the corridor.	CADA, SHRA, City	Goals 1, 2, 3, and 7	2008 (Phase I)
R Street Streetscape – Phase I This project includes roadway reconstruction and streetscape enhancements (benches, shade trellises, lighting, public art) to R Street between 10th and 13th Streets.	Federal Transportation Funds, City	Goals 5 and 6	2007-2008

Development

Program continued...

Project / Description	Potential Funding Sources	Goals Achieved	Anticipated Completion
<p>13th and 16th Street Light Rail Station Improvements This project was funded through the Sacramento Area Council of Governments (SACOG) Community Design Grant Program. Regional Transit, the City of Sacramento, and CADA submitted the grant project to improve pedestrian access and the appearance of each station.</p>	Sacramento Area Council of Governments Community Design Grant Funding CADA and RT Match	Goals 2,5, and 6	2007-2008
<p>R Street District Management and Financing Plan Analyze and facilitate the development of a management and/or financing district to fund the cost of maintaining the unique streetscape and possible future event planning for R Street. Parking management may also need a management strategy within and around the R Street Corridor.</p>	City of Sacramento CADA Business and Property Owners	Goals 5, 6, and 8	2007-2008
<p>R Street Streetscape – Phase II – Market Plaza Develop a pedestrian connection/urban plaza within the City of Sacramento R Street right-of-way between 16th and 18th Streets. This project would be developed in conjunction with development of the Crystal Ice properties.</p>	Federal Transportation Funds, CADA City Business and Property Owners	Goals 2, 4, 5 ,6, and 7	Design in 2007-2008 Construction in 2009-2010
<p>Water Main Replacement – Phase II Upgrade R Street water system between 16th and 18th Streets. Additional water capacity and pressure will help ensure adequate fire protection and water service to the new developments on this portion of the corridor.</p>	CADA City Business and Property Owners	Goals 5 ,6, and 7	2012
<p>R Street Streetscape – Phase III Develop roadway and streetscape improvements between 13th and 15th Streets according to the R Street Urban Design Guidelines. This project would be developed in conjunction with development of the Crystal Ice properties.</p>	Federal Transportation Funds, CADA City Business and Property Owners	Goals 5 ,6, and 7	2012

Development

Program continued...

Project / Description	Potential Funding Sources	Goals Achieved	Anticipated Completion
Water Main Replacement – Phase III Upgrade R Street water system between 13th and 15th Streets. Additional water capacity and pressure will help ensure adequate fire protection and water service to the new developments on this portion of the corridor.	CADA City Business and Property Owners	Goal 6	2012
R Street Streetscape – Phase IV Design and construct streetscape improvements on R Street between 15th and 16th Streets in order to connect the East and West portions of the CADA R Street Area.	Federal Transportation Funds, CADA City Business and Property Owners	Goals 5 ,6, and 7	2013 or beyond
Property Acquisition CADA should explore the acquisition then development of properties on R Street as the Corridor develops and tax increment begins to increase, A CADA development project will help facilitate mixed use develop, eliminate factors of blight, and provide an opportunity to address affordable housing in the corridor.	CADA	Goal 1	2010 and beyond
16th Street Light Rail Station Relocation Study Investigate and analyze the cost benefits of moving the 16th Street Light Rail Station east between 16th and 17th Streets.	CADA Regional Transit City of Sacramento	Goal 2	2009
Parks and Open Space Partner with the City of Sacramento to acquire and develop properties for parks and open space uses. The anticipated increase in housing units within the R Street Corridor will necessitate additional open space amenities. Since available land is both scarce and expensive, CADA and the City of Sacramento will need to work closely to identify sites, programs, and strategies to meet the future open space needs of residents.	CADA City of Sacramento,	Goal 1,4,5,6 and 7	Ongoing

Affordable housing

This section of the R Street Area Implementation Plan addresses the housing and affordability requirements for the CADA R Street Area. Although the development strategies in this document cover the properties within the original Capitol Area and the expanded R Street Area boundaries, the required affordable housing production goals and program funding must be kept separate according to state legislation. Taxes and/or other funding receipts from Capitol Area may not be used to fund development activities, including affordable housing within the R Street Area without approval from the State’s Director for General Services. The Capitol Area affordable housing requirements and implementation strategies are outlined in the 1997 Capitol Area Plan. Again, this section only concentrates on the analysis, goals, and implementation strategies for the CADA R Street Area adopted in 2002.

Housing Mandates

Below is a summary of affordable housing activities and the anticipated housing program.

Typical redevelopment agencies use implementation plans to establish 5 or 10-year objectives to achieve compliance with state law in affordable housing programs. These housing goals generally fall into three categories:

- Replacement Housing – CADA must ensure that any housing units destroyed or removed as a result of a CADA redevelopment project are replaced within four years.
- Housing Production – Based on the number of housing units constructed or substantially rehabilitated over the 30-year life of the project area, CADA must ensure that a percentage of these units are affordable to very low, low- and moderate- income households.
- Housing Set Aside Funding Requirements – R Street Area legislation requires CADA to set aside 20% of tax increment funds and subsequent bond proceeds of the 30-year duration of the project area on housing affordable to very low-income households and low-income households.

Replacement Housing

During the Implementation Plan period, CADA does not anticipate that any CADA-assisted projects will result in the displacement or removal of housing units. However, if housing replacement is needed, CADA will provide replace-

ment dwelling units in compliance with the requirements under CADA’s R Street Area Legislation.

Housing Production

Government Code 8193.1 states the affordable housing production requirements for the R Street Area over a 30-year duration of the project area. CADA’s primary production obligation is 15 percent affordability for the R Street Area. This obligation is for affordable housing projects that are privately developed and owned. Six percent of the units must be affordable to and occupied by very low-income households. Additionally, another 9 percent of the units must be affordable to and occupied to low and moderate income households.

If CADA develops and owns a residential project within the R Street Area then a secondary production obligation of 30 percent affordability is required for that project. If CADA constructs and owns a residential project then 30 percent of the new or rehabilitated units are required to be affordable. Half of the CADA developed units or 15 percent must be affordable to and occupied by very low income households and the other half must be affordable to and occupied by low and moderate income households.

To estimate the number of housing units that need to be affordable to low- and moderate- income households, CADA estimated the total number of units to be constructed or substantial rehabilitated in the Project Area and applied formulas established in State law. The estimated housing capacity was based on allowed maximum densities within the R Street Corridor Special Planning District Zoning regulations. The City of Sacramento Planning Commission can approve special permits to allow greater densities on a project by project basis. If the Planning Commission grants such permits, the housing capacity with the R Street Area will increase and therefore increase CADA’s affordable housing targets.

Table 3 summarizes the production goals over the 30 year duration of the project area as required in Government Code 8180-81-94. The number of affordable units required is based on statutory thresholds, and CADA is responsible for ensuring that the appropriate number of affordable units is created during the R Street Area’s lifetime.

As shown in the Table 3, CADA anticipates a need for 119 affordable units (including 48 very low-income units) to fulfill the production goals for the R Street Area. Fulfillment of these productions goals over the next 10 years is shown in

Affordable housing continued...

Table 4 at the right.

The CADA R Street Area boundaries encompass roughly 11 City blocks or 24.81 acres. Due to the relatively small project area, CADA anticipates development of one or two affordable housing projects in the project area that may result in sufficient units to meet the housing production goal. In order to develop a strategic affordable project, it would be advantageous for CADA to obtain a housing site now rather than wait for land costs rise and the number available properties to diminish. However, limited funding makes this strategy difficult to achieve within the 10 year forecast. If additional affordable units are needed or land is not available, CADA may meet affordability requirements by constructing projects outside the project area. However, CADA affordable housing projects built outside the R Street Area may only count 50% of built units towards the required affordable housing production goals.

Housing Set Aside Funds

State statute directs CADA to spend no less than 20 percent of its tax increment revenue generated from development in the R Street Area to increase and improve the supply of housing for low- and moderate-income people. These funds should be spent, over the 30-year life of the CADA R Street Area, in the following manner:

Be consistent with the proportionate need for housing for very low-income, low-income, and moderate-income households, as determined

Table 3 : Actual and Projected Housing Production Needs by Time Period

Time Period	Actual/Assumed New Housing Units Constructed and Substantially Rehabilitated in Project Area ¹	Required Total	Affordable Units ² Very Low
R Street Area Plan Build-out	797	119	48
10 year Housing Production ³ Estimate 2002-2011	318	48	19

Notes:

1. Estimated by staff and based on the R Street Corridor Master Plan, R Street Special District Zoning, Infrastructure Needs Assessment and current development patterns.
2. Based on 15 percent of actual/assumed units developed by entities other than CADA. (No units developed by CADA.) All figures rounded up.
3. 10 Year Housing Production is based on 40 percent of the new housing units built in the time period.

Table 4: Fulfillment of Affordable Housing Production Requirements by Time Period

Time Period	Units Required (see previous table)		Units Produced		Additional Units Required (Housing Goal)		Net Surplus Units Produced	
	Total	VL	Total	VL	Total	VL	Total	VL
10 year Forecast (2002-2011)	0	0	0	0	0	0	0	0
<i>Inside Project Area</i>			0	0				
<i>Outside Project Area¹</i>			0	0				
<i>Plan Area Duration (2002 to 2032)</i>	119	48	0	0	119	48	0	0

Notes:

- ¹Units produced outside the Project Area credited on a 2-for-1 basis.

Affordable housing continued...

by the City of Sacramento's Housing Element, and spend tax increment funds in the following amounts: no less than 33 percent to house very low-income households and no less than 33 percent for low-income households.

The City of Sacramento's Housing Unit Needs Objectives for the period of 1/02 to 6/07 were as follows:

Table 5: City of Sacramento New Housing Unit Construction Needs

Income Category	# of Units	Percentage of Total
Very Low (0-50%)	697	4.8
Low (51-80%)	698	4.9
Moderate Income (81-120%)	6,347	44.2
Above moderate Income (120+%)	6,623	46.1
Total	14,365	100.00

Although the first housing set aside mandate instructs CADA to adhere to the proportionate affordable housing needs set forth in the City of Sacramento's Housing Element, the second housing set aside mandate holds precedent in guiding how tax increments funds should be spent. CADA tax increment funding for affordable housing in the R Street Area Plan is shown in the table below.

Term of Affordability - The statute requires that tax increment expenditures for new construction rental housing must remain affordable to and occupied by very low-income, low-income, and moderate-income households for no less than 55 years.

Table 6: Expenditure of Housing Funds by Household Type

Household Type	Minimum Percentage of Housing Set-Aside Expenditures over the Implementation Plan
Very Low Income Households	No less than 33%
Low Income Households	No less than 33%
Moderate Income Households	No less than 33%

Affordable Housing Constraints

A number of challenges make the development of affordable housing within the R Street Area difficult:

Limited Land Area - The small boundary of the R Street Area limits the number of properties available to develop affordable units. Neither the City of Sacramento nor the State of California own property within the 11 block new R Street Area. CADA owns only one property, the CADA Warehouse, within the Capitol Area portion of the R Street Corridor.

Land Prices - R Street's location near the Central Business District (CBD) combined with corridor's potential as a special district produce land prices which make development difficult. Speculative land costs limit the ability for private developers, non-profits, or public agencies to acquire land at a cost that makes developing affordable units feasible. The price for land will continue to increase as the corridor develops and matures according to the vision of the R Street Master Plan.

Funding: A lack of funding also limits development of affordable housing units within the R Street Area. The primary funding source for the R Street Area is the collection of tax increment and CADA's ability to obtain bond financing. In 2004 CADA issued a bond utilizing the funds generated by R Street's tax increment. Twenty (20) percent of the bond proceeds were set aside for affordable housing, which yielded \$121,000. Since the CADA R Street Area remains small and a largely underdeveloped area, additional bonding opportunities in the near future will be difficult. Additional tax increment will be available as R Street develops, however the success of R Street and increased tax increment will lead, paradoxically, to less land available for development and higher land prices.

Housing Development

STRATEGY

CADA is committed to reaching the housing goals set forth in the R Street Area Plan. However, to achieve these goals CADA, the City, and private developers will need to work together to overcome the various market and land use challenges of urban infill development on the corridor. The housing development strategies for R Street corridor are listed below.

N^o1 Come One, Come All

Provide housing for all persons of all income levels. Housing on R Street was envisioned to include a variety of housing types that would attract people from a diverse background and income levels.

N^o2 Think Big

Invest in one strategic housing project to meet and exceed the R Street Area's affordable housing goals. With limited land available within the project area, it will be preferable to front-end the satisfaction of the project area affordable housing obligation rather than meeting the requirement in the future when land acquisition will be more costly.

N^o3 Stick to the Plan

Work with developers to maintain the housing goals of the R Street Master Plan, which is a chapter of the City's Central City Community Plan.

N^o4 Look Beyond the Borders

Consider developing affordable housing units outside the R Street Area. Since available land is limited and expensive, it may prove easier to build affordable units outside the R Street Corridor than within it. However, only 50% of the affordable units built by CADA outside the corridor may count towards the area's required production.

Housing Program

In order to reach the affordable housing requirements and goals for CADA's R Street Corridor Area, CADA proposes the following development projects and activities:

Project / Description	Funding Source	Goals Achieved	Anticipated Completion
Affordable Housing Units/Project within the R Street Area In order to address affordable housing on R Street, pursue the development of an affordable housing, mixed-use development project. Contingent on available funding and the ability to acquire property on R Street.	CADA SHRA	Goal 1	2010 and beyond
Housing Development Assistance Contingent on available funds, provide gap financing for projects that will revitalize the area and provide affordable housing opportunities.	CADA Tax Increment SHRA	Goal 1	Ongoing
Affordable Housing Units/Projects outside of the R Street Area Investigate opportunities to assist meeting the R Street Area affordable housing production requirements in the Capitol Area and other areas of the Central City.	CADA Tax Increment	Goal 1	2010 and beyond