City of Santa Cruz

River/Front and Lower Pacific

Design Guidelines & Development Incentives

May 2010

WRT | SOLOMON E.T.C.

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TABLE OF CONTENTS

APPENDICES

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1

INTRODUCTION

This Report culminates an 18-month process to develop design guidelines and development incentives that will guide the City in making future decisions related to development and public improvements in the River/ Front & Lower Pacific study area. The report documents a series of recommendations that have been developed in response to community input, study area inventory and analysis, development feasibility analyses, and City staff, Planning Commission, and City Council input. Recommendations focus primarily on land use and recognize that further studies may be required.

Purpose of the Design Guidelines and Development Incentives Study

Although envisioned as an important complement to the Downtown, the study area, which includes the areas north, south, and east of the Downtown, continues to economically lag behind Santa Cruz's central business district.[1] The study area generally has higher vacancies, lower commercial rents, more underutilized parcels, less consistent development character and a lower quality pedestrian environment. The purpose of this study is to suggest ways the City can support positive change in the study area that will remedy these conditions—making the greater downtown area more economically and socially vibrant, by promoting compact, high-density, mixed use development and creating a more attractive and comfortable pedestrian-oriented environment. Specifically the intent is to provide a package of incentives and design guidelines that the City can use to support redevelopment along River Street, Front Street, and Lower Pacific Avenue corridor as a vehicle for such positive change. It is important to note that this study does not include the extensive traffic or parking analysis that would be required for individual projects or zoning changes that may result in increased densities.

[1] This statement is based on interviews conducted by Bay Area Economics (BAE) with local developers and brokers, as well as a review of asking rates for retail and office space, as summarized in BAE's Draft Market Overview for Riverfront/Lower Pacific Area, May 2008.

Planning Process

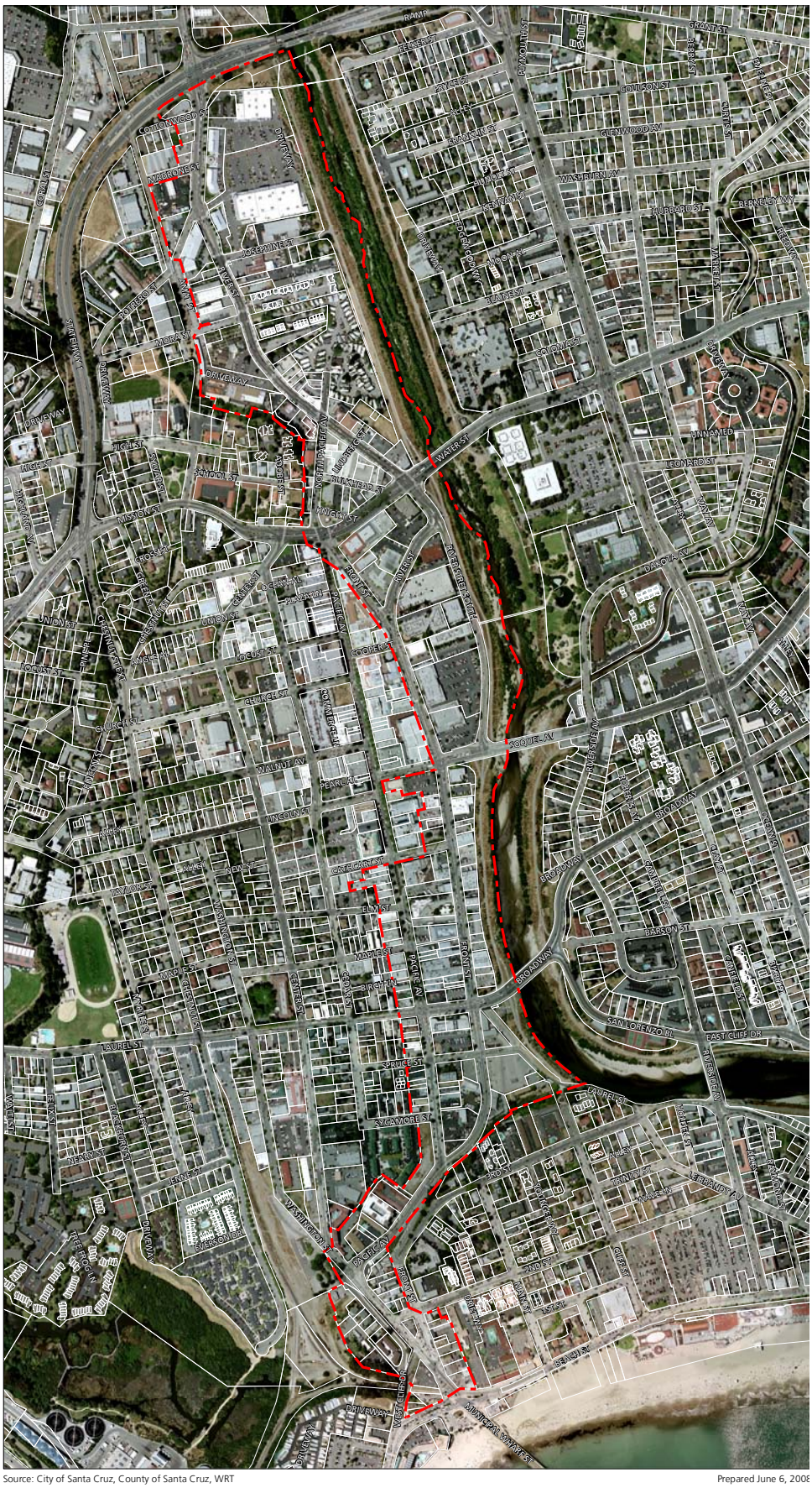
In February 2008, the City of Santa Cruz and its Redevelopment Agency contracted with a multi-disciplinary consultant team lead by WRT | Solomon E.T.C. for planning and urban design, and assisted by Bay Area Economics (BAE) (real estate economics) and Fehr & Peers (transportation) to conduct the River/Front & Lower Pacific Design Guidelines & Development Incentives Study.

Phase 1 of the study focused on understanding the issues and opportunities in the study area and the community's vision for the area. In addition to consultant inventory and analysis of the study area and relevant plans and codes, two community workshops and a series of stakeholder meetings were conducted. The findings of the first phase were documented in the *"Opportunities, Issues, and Strategies Report"* and a separate *"Market Overview Report,"* and were presented to the Planning Commission in July 2008.

The focus of Phase 2 was on exploring strategies for addressing identified issues and taking advantage of opportunities to enhance the character and prosperity of the study area. Based on Phase 1 input, the consultant team developed a series of recommendations and alternative strategies which are documented in the *"Preferred Concept and Preliminary Recommendations Report."* The report's findings were presented and discussed with the community at a workshop in December 2008, and then subsequently presented and discussed in a joint study session of the Planning Commission and Council in February 2009. This Design Guidelines and Development Incentives Report presents the final recommendations for the River/Front and Lower Pacific study area as refined in response to community and city staff feedback on the Phase 2 report.

The Study Area

The aerial photograph in Figure 1.1 shows the study area boundaries. The study area is bounded by Highway 1 on the north, the San Lorenzo Riverway on the east, Beach Hill and the Wharf on the south, and the Downtown and adjacent residential areas on the west. The long narrow study area includes approximately 136 acres and 297 parcels, most of which adjoin the street corridor. The corridor itself, which runs the length of the study area, is approximately 1.75 miles long and follows a winding alignment from Highway 1 to the Beach. The corridor is comprised of segments of three different streets: River Street, Front Street and lower Pacific Avenue.



Source: City of Santa Cruz, County of Santa Cruz, WRT

Prepared June 6, 2008

Figure 1.1:
Project Area - Aerial Map

The majority of the land uses in the study area are retail or commercial services, with uses at the north end of the area being more automobile-oriented and then transitioning to less automobile-oriented uses as one moves south. Scattered pockets of residential development are located primarily at the north and south ends of the study area. Figure 1.2 shows parcelization and building coverage in the area. A key feature of the area is the San Lorenzo River and the San Lorenzo Riverway Park that adjoin and parallel approximately 80% of the study area's length. The River represents an attractive open space amenity for the Downtown and potential development along the River.

The River/Front & Lower Pacific corridor plays a critical role in the City's circulation system, serving as a key north-south arterial. It connects Highway 1 (and regional routes Highways 9 and 17) to Downtown Santa Cruz, the Santa Cruz Wharf and the Santa Cruz Beach and Boardwalk, a major regional visitor destination. The corridor provides access for many services that support the commercial district, including delivery vehicles, waste collections, and several Santa Cruz Metro transit lines. It also connects to key east-west streets that link the study area to the Central Business District (CBD) to the west and to eastside neighborhoods via bridges over the river at Water Street, Soquel Avenue, and Laurel Street. In addition, the San Lorenzo Riverway provides an important bicycle and pedestrian link between the Beach and the Downtown areas, as well as to the employment and recreation centers north of Highway 1.

Report Organization

In order to provide a convenient tool for use by the public, City staff, and City decision-makers, the report's recommendations are organized in three categories:

- General Areawide Direction that addresses conditions that occur throughout the study area.
- Subdistrict Recommendations that address more site-specific conditions within the study area.
- Design Guidelines that provide direction on the physical and aesthetic character of future study area improvements and development.

The Areawide and Subdistrict recommendations are organized according to the following topics:

- Land Use
- The River

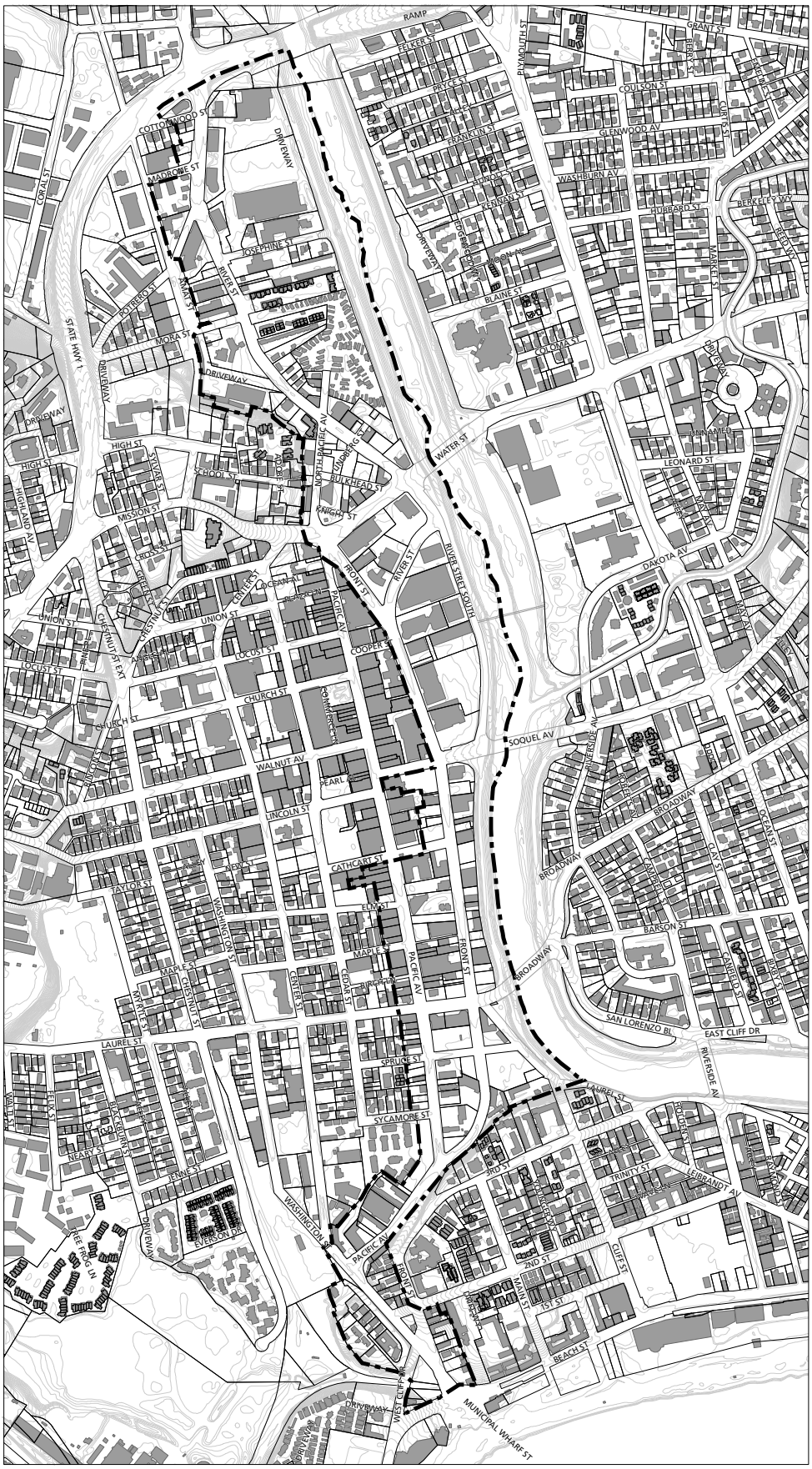


Figure 1.2:
Project Area - Parcel Map

Source: City of Santa Cruz, County of Santa Cruz, WRT

Prepared June 06, 2008

- Wayfinding and Gateways
- Transportation, Circulation and Parking
- Public Realm Design.

Each recommendation begins with a statement of the issue of concern and the desired objective to be achieved. These are followed by identification of specific recommendations that might be undertaken to achieve the objective. These recommendations fall into three categories:

- regulatory changes
- strategic actions
- design guidelines.

The recommended structure to implement the majority of recommended regulatory changes (and to some degree design guidelines) is a new River Front Overlay District ordinance. The recommended overlay would contain both general areawide direction (see Chapter 2) and detailed subdistrict direction (see Chapter 3). Each Subdistrict within the Overlay District will contain varying recommendations that are specific to that particular Subdistrict. Appendix A1 includes a summary table of the study recommendations, which identifies implementation actions, priorities, and responsible parties.

Future Considerations

This final Phase 3 report was presented to and accepted by the City Council on May 3, 2010. In their comments, the public and City Council agreed that the study will provide a positive guide for future development and public improvements, but recognized that the report's recommendations will take time to be realized. Suggestions were made by the public regarding the report's recommendations which the City Council requested be documented in this report. These suggestions included: (1) plans are needed for an activity generator to stimulate night life in the lower Pacific Avenue area; (2) location of a park-and-ride facility should be considered near Highway 1; (3) a demonstration project should be built at the Riverbend site that shows the potential for buildings designed to engage and activate the River; (4) terraces from development along the River should connect to the levee as much as possible; and (5) pedestrian and bicycle access should flow gracefully from the street to the levee.

2

GENERAL AREAWIDE DIRECTION

The input from the community identified a series of themes or objectives that should guide the direction of redevelopment in the study area. Most of these themes are not new, and have been previously articulated in City planning documents. The intent is to reaffirm and update these ideas, and geographically focus them within the study area. Figure 2.1: General Development Direction shows how these key themes would be distributed geographically within the study area. Appendix A1 includes a summary table of the study recommendations that identifies implementation actions, priorities, and responsible parties.

This study recommends that the majority of the proposed regulatory changes be implemented through the adoption of a River Front Overlay District, with minor amendments (as necessary for consistency) to the Municipal Zoning Code, Downtown Recovery Plan, the Beach and South of Laurel Area Plan, and in limited instances, the General Plan.

Overall, the intent of the overlay district is to provide modifications to the zoning regulations that will support new development opportunities and positive change. More specifically, the intent is twofold. First, the intent is to modify the land use direction to encourage mixed use development, particularly residential as a complementary upper floor use in most areas, and to provide a more consistent pattern of ground floor commercial uses. Second, the intent is to modify the development standards and guidelines to encourage more pedestrian-friendly development patterns. Generally, the focus of the recommended regulatory changes is to remove obstacles to achieving these objectives and/or to provide clearer design direction regarding desired development character. Only in limited instances is it recommended that there be a substantive change (e.g., different land use designation, increased density, etc.) in the current zoning regulation.

It is recommended that the River Front Overlay District should extend from Highway 1 to Beach Hill (at the intersection of Pacific Avenue and Front Street.). The proposed River Front Overlay District should

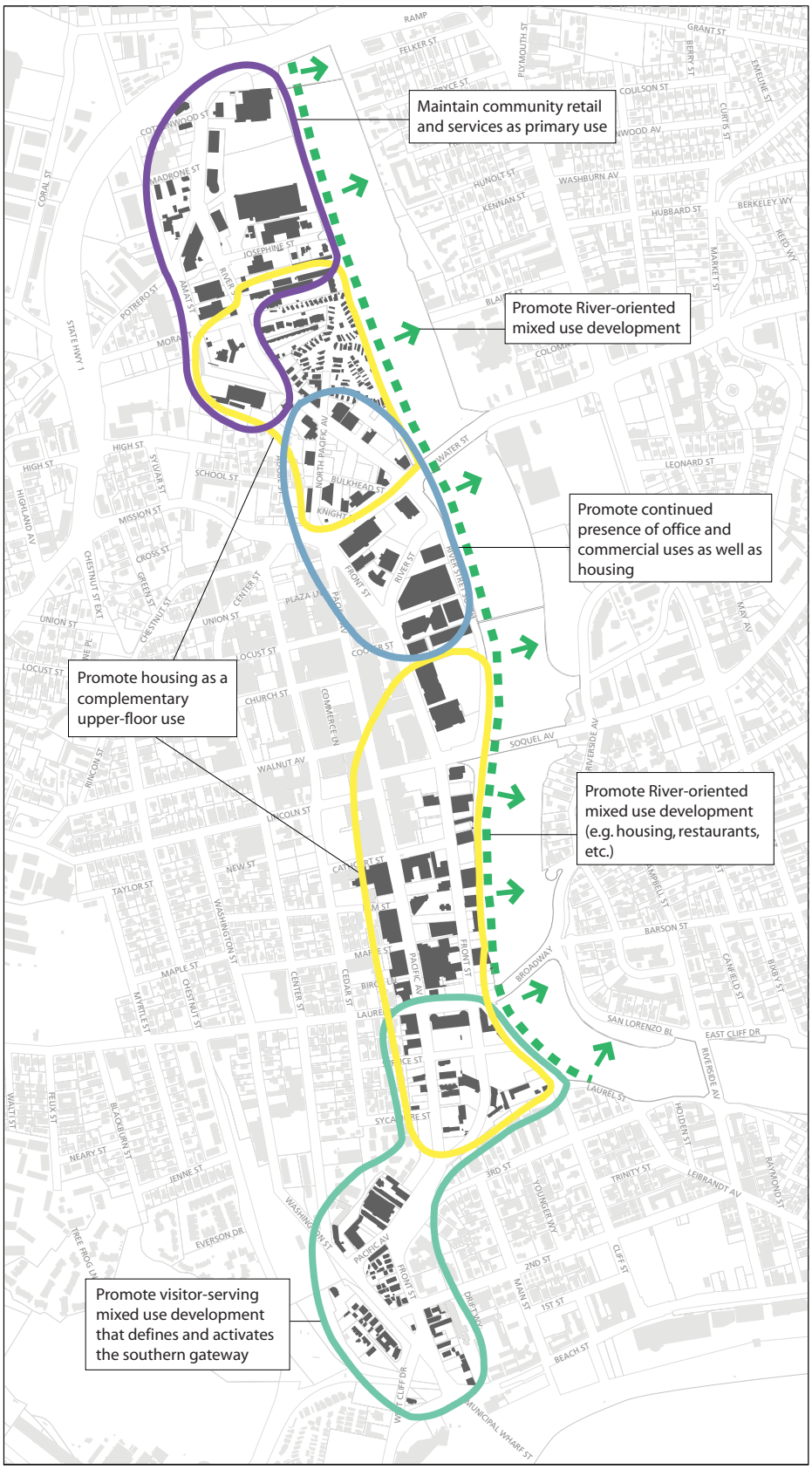


Figure 2.1: General Development Direction

include subdistrict designations within it, such as RF-O1, RF-O2, RF-O3, etc., that address the unique differences in the subareas that comprise the district.

The regulatory changes could have implications, both positive and negative, on circulation and parking. For instance, potential increases in density could increase traffic volumes and parking demand, while a more compact, walkable downtown could enhance pedestrian activity and transit use which would reduce vehicle trips and parking demand. Since the implications of the regulatory changes will depend on how they get implemented through individual projects, it is recommended that traffic and parking analyses be required as part of the River Front Overlay District development to evaluate implications for street and parking needs, including the provision of adequate access for service vehicles.

Land Use

Promote Compact Mixed Use Development

Encouraging mixed use development will not only contribute to the creation of more vibrant and diverse neighborhoods, it also can be an effective strategy for supporting desired redevelopment in areas where land values are quite high, but traditional densities are relatively low. Although mixed use development is appropriate throughout the study area, it is considered a slightly higher priority in the mid-portion of the study area (i.e., between Mora Street and the intersection of Pacific Avenue and Front Street) within walking distance of the downtown core. However, community retail and visitor-serving areas at the north and south ends of the study area would also benefit from a greater mix of uses.

The following are land use programs and actions in the draft 2030 General Plan Update that support recommendations in this study related to promoting higher density, mixed use development:

- LU4.1 Encourage a transition to higher densities along the city's transit and commercial corridors.
- LU4.1.1 Support cact mixed-use development Downtown, along primary transportation corridors, and in employment centers.
- ED5.3 Support neighborhood commercial and mixed-use development along the city's transportation corridors.
- ED5.3.1 Provide for attractive commercial development (including more intensive and higher quality ground floor retail)

along commercial corridors, provided the uses are compatible with or transition easily to adjacent residential areas.

Recommendations:

To more actively promote compact mixed use development, the City should consider undertaking the following:

- Amend the Zoning Ordinance to include a mixed use River Front Overlay District that extends from Highway 1 to Beach Hill, including all or most of the study area north of Beach Hill, with City planning staff determining the precise overlay boundaries. Recommended boundaries are shown in Figure 2.2: Recommended River Front Overlay District Boundaries.
- Amend the Downtown Recovery Plan and Beach and South of Laurel Area Plan as necessary to reflect land use and development guideline recommendations incorporated within the new River Front Overlay District.
- Incorporate the land use concepts regarding ground floor and upper floor uses for subdistricts as shown in Figure 2.1: General Development Direction, and as further defined for each subdistrict within Chapter 3 into the mixed-use River Front Overlay District.
- Allow for the use of the Planned Development (PD) Permit process for all parcels within the River Front Overlay District, irrespective of size, in order to not preclude possible redevelopment and provide for flexibility in meeting City objectives.
- Provide traffic and parking analyses as part of River Front Overlay District development to address future street and parking needs, including the provision of adequate access for service vehicles.

Promote Ground Floor Retail and Housing as a Complementary Upper Floor Use

Generally, incorporating housing as an upper floor use in new mixed use developments provides a number of potential benefits, including: contributing to a more active downtown environment; providing a built-in customer base for downtown businesses; enhancing community pride and ownership in the downtown area; minimizing the increase in vehicle trips associated with growth; and expanding and diversifying the City's housing inventory. Increasing the number of residents in the downtown area will also help address safety concerns by putting more eyes on the street. In addition, market projections currently suggest that demand for housing will continue to be stronger than for other sectors, and thus will make it an economically viable component that will support redevelopment.

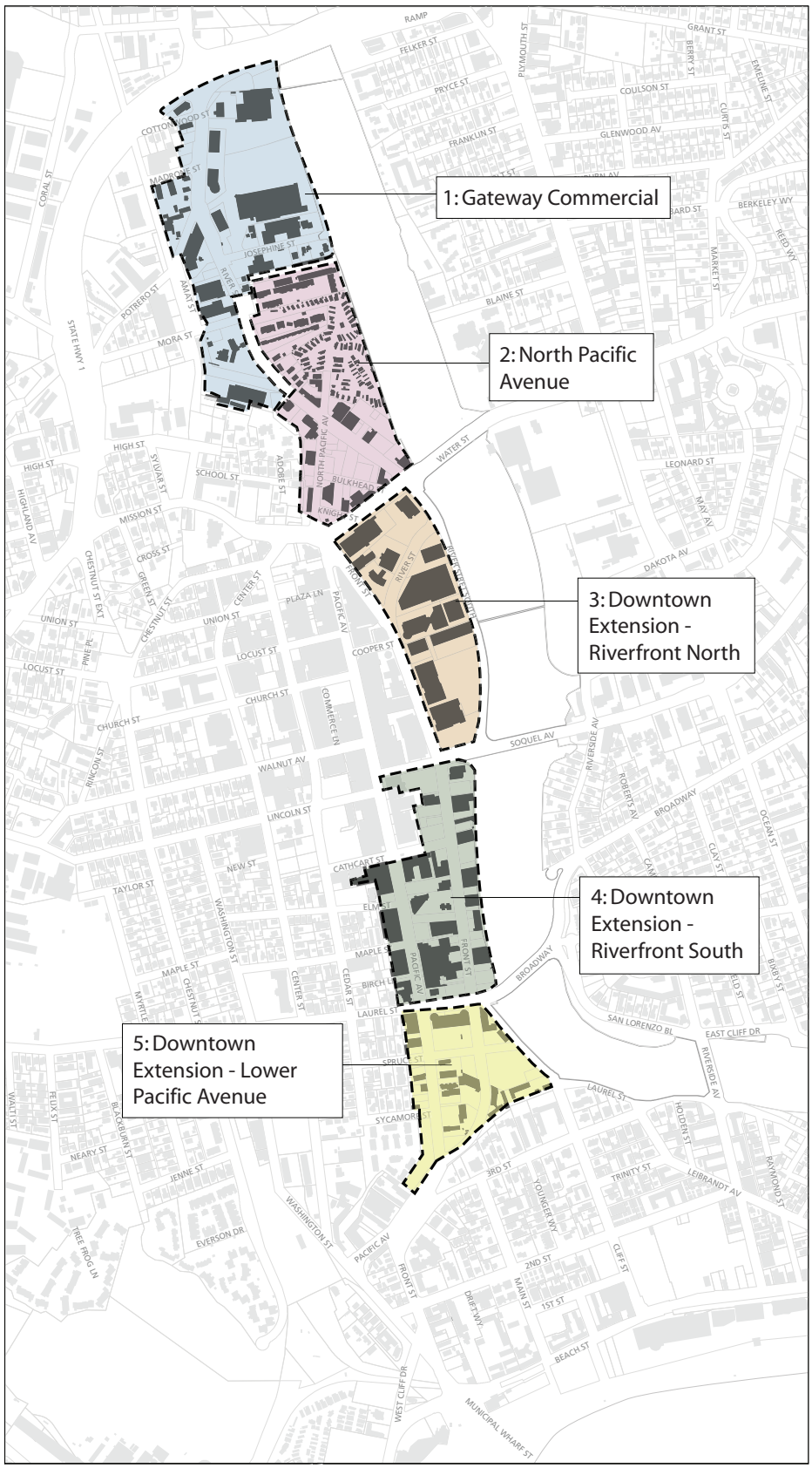


Figure 2.2: Subdistricts and Character Areas

While housing as an upper floor use should be promoted, ground-floor residential is not considered an appropriate direction for the study area. The focus should be on maintaining and expanding ground floor commercial uses throughout the study area, particularly along public street frontages. Ground floor residential that does not front onto a public street would be acceptable. For instance, in the lower Pacific Avenue area, the concept has been put forward to allow live/work units that would have a business (retail/service/office) on the ground floor street frontage and housing on upper floors or possibly on the ground floor in the rear of the building. This idea is consistent with the concept of promoting a mini gallery/artists district that could complement the Tannery Arts Center by providing ownership opportunities for artists as well as establishing retail outlets that could attract beach visitors into the downtown.

Recommendations:

The City should consider undertaking the following:

- Amend the Zoning Ordinance and adopt the proposed River Front Overlay District to support the creation of a more consistent ground floor commercial frontage, prohibit ground floor residential along public street frontages, and to encourage residential uses as a complementary upper floor use in new development within the River Front Overlay District. Upper-floor office use is also encouraged in areas of Subdistrict 2 and 3.
- When developing this mixed-use River Front Overlay District:
  - Require continuity of active ground-level uses (retail, restaurant, cultural, commercial, personal services, and office where appropriate) for all subdistricts.
  - Require a minimum of 25' feet retail depth, with a recommended minimum of 40', to ensure that viable commercial space is provided.
  - Residential density shall be determined by the combination of development standards of the overlay district and the underlying zone, and follow the Floor Area Ratio (FAR) recommendations of the General Plan land use designation.
  - Consider eliminating the High-Density Overlay (HD-O) District within the study area and replacing it with provisions for higher densities in the River Front Overlay (RF-O) District regulations.
- As an option, if the River Front Overlay District does not include provisions replacing the High-Density Overlay District:
  - Amend Chapter 24.10 of the zoning ordinance to expand the area covered by the High Density Overlay (HD-O) to include the area proposed for the River Front Overlay District.

- Amend the High-Density Overlay (HD-O) District (24.10.2820) to remove the maximum 2.0 FAR requirement for residential uses that may restrict the amount of residential development that is otherwise allowed by the underlying zoning, which potentially conflicts with the City's objective to provide housing.
- Amend the HD-O regulations to use physical limitations (i.e., building height, setbacks, and parking standards) as the mechanisms controlling intensity of residential development.

The River

Promote River-Oriented Development

The San Lorenzo River is a unique but under-utilized, and thus under-appreciated, amenity. Future redevelopment should re-orient development toward the San Lorenzo River (as well as to City streets). In addition to providing uses that overlook the River, it is also important to encourage second floor uses such as restaurants that provide direct access to the levee top and provide services and amenities to users of the Riverway trail. The resulting increase in activity along the Riverway trail and views from adjacent upper floor development will enhance safety along the Riverway trail. This direction is recommended for the entire area adjoining the River, from Highway 1 to Beach Hill, but it is most important, and likely in the near term, to occur in the stretch between Water Street and Beach Hill.

Any construction adjacent to the San Lorenzo River flood control levee which anticipates connecting to the levee in order to provide direct access to the levee will require U.S. Army Corps of Engineers approval for any plan connections. There are two options available for connecting projects to the levee. The first option is to use engineered back fill between the levee and the proposed building. This requires an underground storm drainage system adjacent to the levee with clean-outs installed to the surface of the fill area. A second option is to use a fabricated bridge connecting the levee to the building. Depending upon the weight of the bridge, this option may require additional levee reinforcements.

When applying for permits from the Army Corps of Engineers, it is important to note that the San Lorenzo River levee contains an overbuild section designed for vegetation. Any connection should be made to this overfill section rather than the actual functional levee.

Recommendations:

The City should consider the following in developing a River Front Overlay District, zoning amendments or other River related programs:

- Ensure that new development adjacent to the San Lorenzo River is designed to:
  - Take advantage of the River as a visual and recreational amenity.
  - Activate the Riverway trail by enhancing access and increasing trail use.
  - Provide "eyes on the river" that will enhance public safety.
- Provide changes to zoning (e.g., additional building height, additional density, reduced parking, etc.) to incentivize new development adjacent to the San Lorenzo River to promote:
  - Public access easements and enhanced trail connections to the Riverway.
  - Publicly accessible terraces overlooking the river.
  - Retail, entertainment and river-related service uses directly accessible from the Riverway.
  - Other design features that visually and physically connect the built environment to the river.
- Require new development adjacent to the San Lorenzo River to:
  - Provide a positive orientation to the River including active facades with windows and balconies that face the River.
  - Provide access to the Riverway for residents and/or tenants.
  - Preserve solar access to the Riverway.
  - Screen unsightly elements from Riverway views.

Further direction is provided in Subdistrict 4 of Chapter 3.

Strengthen the Riverway as a Recreational and Natural Resource of Regional Significance

In addition to strengthening the connectivity between the Downtown and the River, it will be important to enhance the profile of the River as a destination by providing facilities to improve access and accommodate users. At present, the Riverway is a trail with few amenities or places to linger. The design of mid-block access ramps is utilitarian at best, and their location in parking lots suggests less than full commitment to the River as a destination and amenity. In order to enhance the River as a destination and improve the connection between the River and the Downtown, access points should be created that provide improved River overlook areas that serve as comfortable rest areas for Riverway trail users and as attractive visual termini when viewed from the Downtown.

Recommendations:

The City should consider undertaking the following:

- Amend the San Lorenzo Urban River Plan and include the following in the proposed River Front Overlay District to strengthen the linkage between Downtown, the Beach Area, and San Lorenzo River:
  - The creation of regularly spaced public access points to the Riverway between the major bridge crossings (see Figure 2.3: Wayfinding), in addition to encouraging access from private developments. To enhance public safety, design of access points should include ample lighting and clear sight lines.
  - The introduction of wayfinding, landscaping, paving, or other design treatments along the east/west corridors that links River and Front streets to the Riverway public access points in order to extend the visual connection to the River into the adjoining neighborhoods.
  - The design of the public access points as attractive and distinctive visual elements at the termini of the east/west corridors leading to the River that invite public use.
  - The creation of river overlooks at the public access points that include seating and other amenities, including public art and interpretive features that will encourage people to come to the River and linger.

Wayfinding and Gateways

The study area conveys an uncertain relationship to the key districts and features that surround it—the Downtown, the River, and the Beach Area. Clear wayfinding and well-designed gateways can make the area's relationship to its surroundings more legible, and at the same time contribute to the area's sense of place—people know where they are and where they are going. The identity, character, and function of the study area can be enhanced through improvements to the public streetscape, the wayfinding system, and the treatment of key gateways. By providing clear directions, wayfinding also can make circulation more efficient and safer. Wayfinding improvements, which include signage, but also can include banners, public art, and other streetscape improvements, are actions that will support quality redevelopment. They also are actions that the City can undertake independent of private development.

The following policies and actions proposed in the draft 2030 General Plan Update support the Wayfinding and Gateway recommendations in this study:

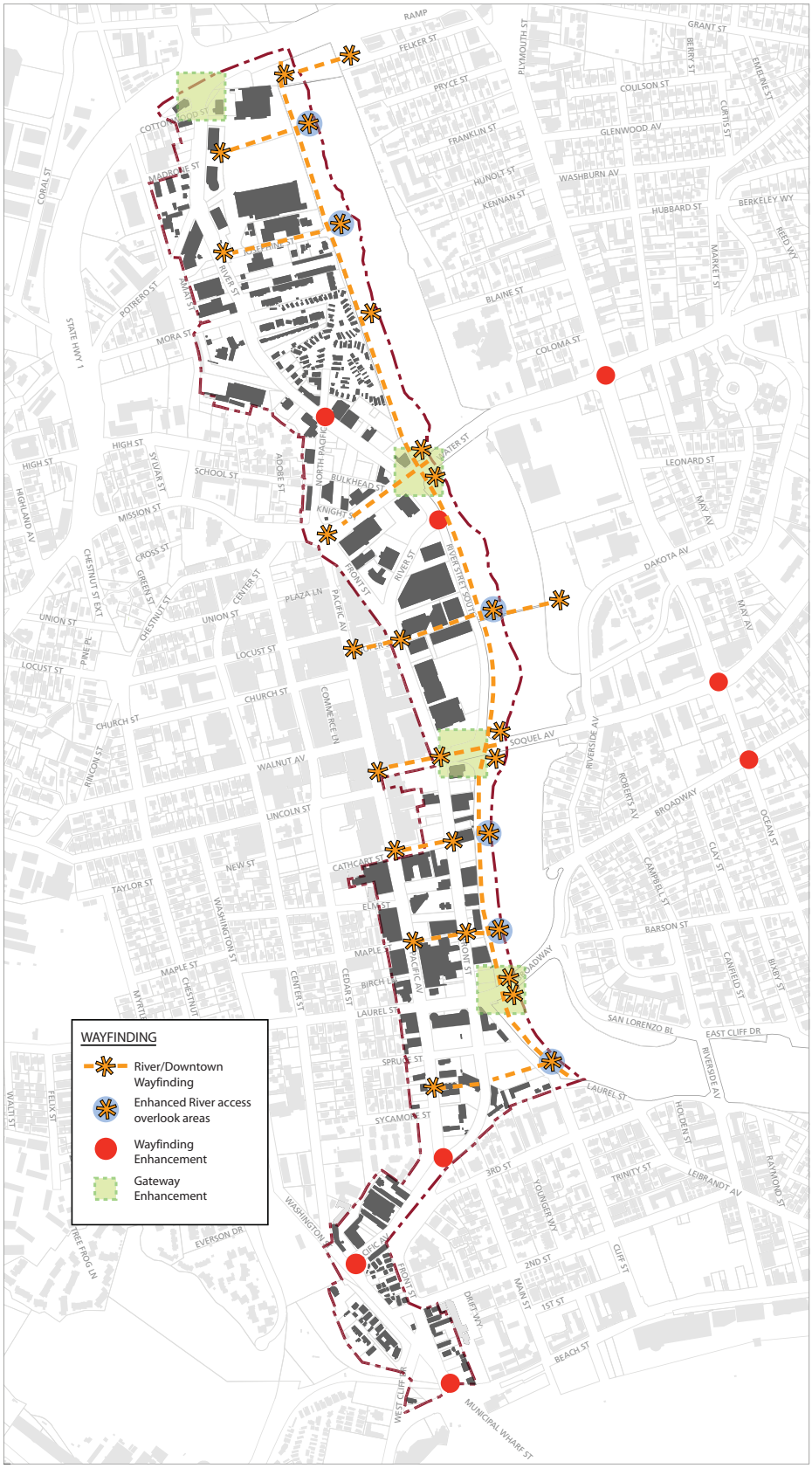


Figure 2.3: Wayfinding

- Policy CD4.1 Make the city's major gateways defining, attractive, and welcoming.
- Action CD4.1.1 Develop a citywide Gateway Plan that identifies and defines neighborhoods and relates to Area Plan requirements.
- Action CD4.1.2 Develop a citywide Directional Sign Program that specifically addresses the downtown, the beach, and Ocean Street.
- Action CD4.1.3 Identify and establish design concepts that make visitor-serving corridors attractive and interesting through landscaping, banners, flags, art, and displays.
- Action CD4.1.5 Maintain the visual prominence of important city landmarks and destinations as viewed from major circulation routes and public viewpoints when possible.

Downtown Gateway Enhancements—Architectural Definition

Currently the key vehicular gateways to the study area lack the physical definition or design necessary to create a positive "sense of arrival." Given the low intensity and profile of existing development at the four key gateway intersections (Laurel, Soquel, Water, and River streets), it is recommended that development standards be modified to require the development of buildings whose scale, massing, and setbacks are adequate to give definition to the rather large intersections at the Laurel, Soquel, Water, and River street entrances to the Downtown. Conditions at each of these primary Downtown gateways suggests that redevelopment opportunities exist that would make this more structural approach to defining the gateways a good possibility.

In addition to appropriately scaled architecture, Downtown gateways also should incorporate streetscape improvements such as landscaping, lighting, banners, and directional signage that will contribute to the creation of attractive, well-defined entries to the Downtown.

Recommendations:

The City should consider undertaking the following:

- The following gateway, signage and wayfinding recommendations related to the River Front Overlay District should be included when developing and implementing the Actions under draft General Plan "Program CD4.1: Make the city's major gateways defining, attractive, and welcoming."
  - Improve building design, streetscape character, and signage at key points along the River/Front and Lower Pacific Street corridor to convey its function as a key gateway to the

Downtown and the Wharf/Beach Area.

- Support redevelopment at key vehicle entries to the Downtown that will create buildings whose siting, scale, and design quality contribute positively to gateway definition and the entry experience. Key River Front District entries include the following intersections:
    - Highway 1 and River Street
    - Water Street and River Street
    - Soquel Avenue and River Street South
    - Broadway/Laurel Street and Front Street
    - Pacific Avenue and Front Street
    - Pacific Avenue and Beach Street.
- Consider the following recommendations regarding building treatment and design at gateways in zoning and ordinance amendment(s) related to the River Front Overlay District.
    - Buildings at key vehicular entries to the Downtown should:
        - Be built up to the street right-of-way to create positive definition of the gateway, while maintaining sight lines for traffic safety.
        - Be tall enough to be in scale with the width of the entry roadway.
        - Provide active, well-designed facades that are oriented to both the approach and entry streets.
        - Incorporate design strategies such as articulated corners (e.g., chamfered or rounded), projecting or receding balconies and entrances, or other architectural features (e.g., towers, cupolas, etc.) at the gateway intersection to accentuate the entry experience.
- Consider development incentives (e.g., additional building height, additional density, reduced parking, etc.) to encourage the development of distinctive, high-quality new buildings that frame key River District gateways.
- In order to encourage buildings that accentuate the importance of Soquel Avenue as gateway into the Downtown, amend Chapter 6 of the Downtown Recovery Plan (Chapter 6 - Streets and Open Space Plan: East-West Streets between Cedar and Front Streets: Soquel Avenue) to eliminate the required building setback of seven feet on the eastern half of the block.

Vehicular Wayfinding Enhancements

While the City has an attractive directional signage system, many visitors to Santa Cruz still have difficulty knowing how to drive around the Downtown area and get to key destinations such as the Wharf or the Beach. Some of this confusion is a function of not having enough signage. Some is a function of the size and placement of signs. Some of the confusion may be related to the sign's message.

Downtown Map, Sacramento, CA

Recommendations:

The City should consider undertaking the following:

- When developing and implementing the draft General Plan Programs under "Goal CD4: Attractive gateways, roadways, and landscaping." include the following gateway, signage, and wayfinding recommendations for areas within the proposed River Front Overlay District:
  - Develop a comprehensive wayfinding strategy for the River/ Front and Lower Pacific corridor that identifies the appropriate role and function of the following in contributing to an attractive and legible circulation system, including:
    - Gateway signs at key intersections that signify entry to the River District/Downtown.
    - Directional signage that facilitates circulation by providing clear guidance on appropriate routes to key destinations (e.g., Downtown, Wharf, Beach, River, Civic Center, etc.) and facilities (e.g., parking garages, remote parking, etc.), including signage for vehicles and bicycles—both typical City directional signs and newer electronic signs—and signage for pedestrians (e.g., walking route maps, information kiosks, etc.).
    - Landscape (e.g., street tree plantings) and hardscape (i.e., paving) that provide visual cues to guide circulation through consistent and purposeful selection of plant species and paving patterns and materials.
    - Street lighting that both enhances pedestrian safety and guides and facilitates circulation through appropriate illumination of routes and nodes, and through continuity of design character.
    - Banners that provide guidance to seasonal events and contribute to sub-district identity.
    - Public art as both stand-alone elements and as integral to the design of streetscape features such as paving, street furniture (e.g., bike racks, newspaper racks, etc.) and gateway signs.

- When developing the Citywide Directional Program as called for by the General Plan Program CD4.1.1, consider the following:
  - Reinforce the use of River Street as the primary northern access to the Downtown and the Wharf.
  - Reinforce the use of North Pacific Avenue as a direct connection from the north to the north end of the Downtown and to the Cedar Street / Front Street couplet that provides access to the length of Pacific Avenue.
  - De-emphasize the use of the circuitous River Street to Front Street route as the primary route to Downtown.
  - Reinforce the use of Ocean Street as the primary northern access route to the Beach Area.
  - Wayfinding improvements should be considered for key intersections both inside and outside of the River/Front and Lower Pacific corridor (see red dots in Figure 2.3: Wayfinding).
  - To facilitate circulation on busy access routes to the Beach, the Wharf, and Downtown, explore the potential use of electronic message boards and other GPS and internet based technologies to provide real-time information.
- In addition to the two traffic roundabouts proposed for the Pacific Avenue intersections with Beach Street and Center Street, the City should also consider introducing a roundabout where Front Street and Pacific Avenue merge. Decorative treatment (e.g., landscaping, public art) of the center of the roundabout would announce this intersection as an important southern gateway to the Downtown. Together, the three roundabouts should function as wayfinding elements that help direct visitors along the somewhat circuitous route between the Beach Area and the Downtown.

Pedestrian and Bicycle Wayfinding Enhancements

The San Lorenzo Riverway represents a significant circulation element as well as natural amenity. In order to support greater use of this trail and its integration with the Downtown circulation system, a wayfinding system specifically oriented to enhancing pedestrian and bicycle connections between the Downtown and the Riverway is recommended (see Figure 2.3: Wayfinding).

Recommendations:

When implementing the San Lorenzo Urban River Plan and "Ideas to Activate the San Lorenzo Riverway," the City should consider undertaking the following:

- Support the development of a comprehensive wayfinding system for the San Lorenzo Riverway that will enhance pedestrian and

bicycle use of the Riverway and improve east/west connectivity between the Downtown and the River. The wayfinding system should:

- Include traditional directional signage scaled to pedestrians and cyclists.
- Include less traditional elements that make the system more legible and visually interesting, such as directional elements incorporated into the paving, vertical elements that identify key access points, and public art.
- Be multi-directional, providing directions not just from the River to the Downtown, but also from the Downtown to the River.
- Important tourist destination for bicyclists and pedestrians from the Riverway trail.
- Include links to the Monterey Bay Trailway system and signs.
- Extend to the east of the River as well as the west, providing clear direction to the two pedestrian bridges over the river.

■ Prepare a phased implementation strategy for the Riverway wayfinding concepts identified by the San Lorenzo River Committee that utilizes a combination of public and private funding, and volunteer, developer, and City initiated improvements.

Pedestrian Wayfinding Signage

Transportation, Circulation and Parking

To some degree, the identity and character of the River/Front and Lower Pacific area is a product of its function as a transportation corridor. Currently, the linear and somewhat ill-defined character of the corridor suggests that its primary function is to move people through the area rather than to destinations within the area. This conveys a message that the neighborhoods adjoining the corridor are of secondary importance to the function of the circulation system, which in turn ends up being reflected in the types of uses along the corridor, the quality of the development, and the character of the streets.

One circulation strategy for reducing the use of the corridor as a through route from highway to beach is to more clearly define the transportation function of the corridor. Although historically the City has designated River Street as the primary route to the Downtown and the Wharf, and Ocean Street as the primary route to the Beach, community input has suggested that this intended function is not as clear as it might be for either residents or visitors.

A related issue generated by the designation of separate routes to serve the Beach and the Downtown is that much of the City's tourist traffic

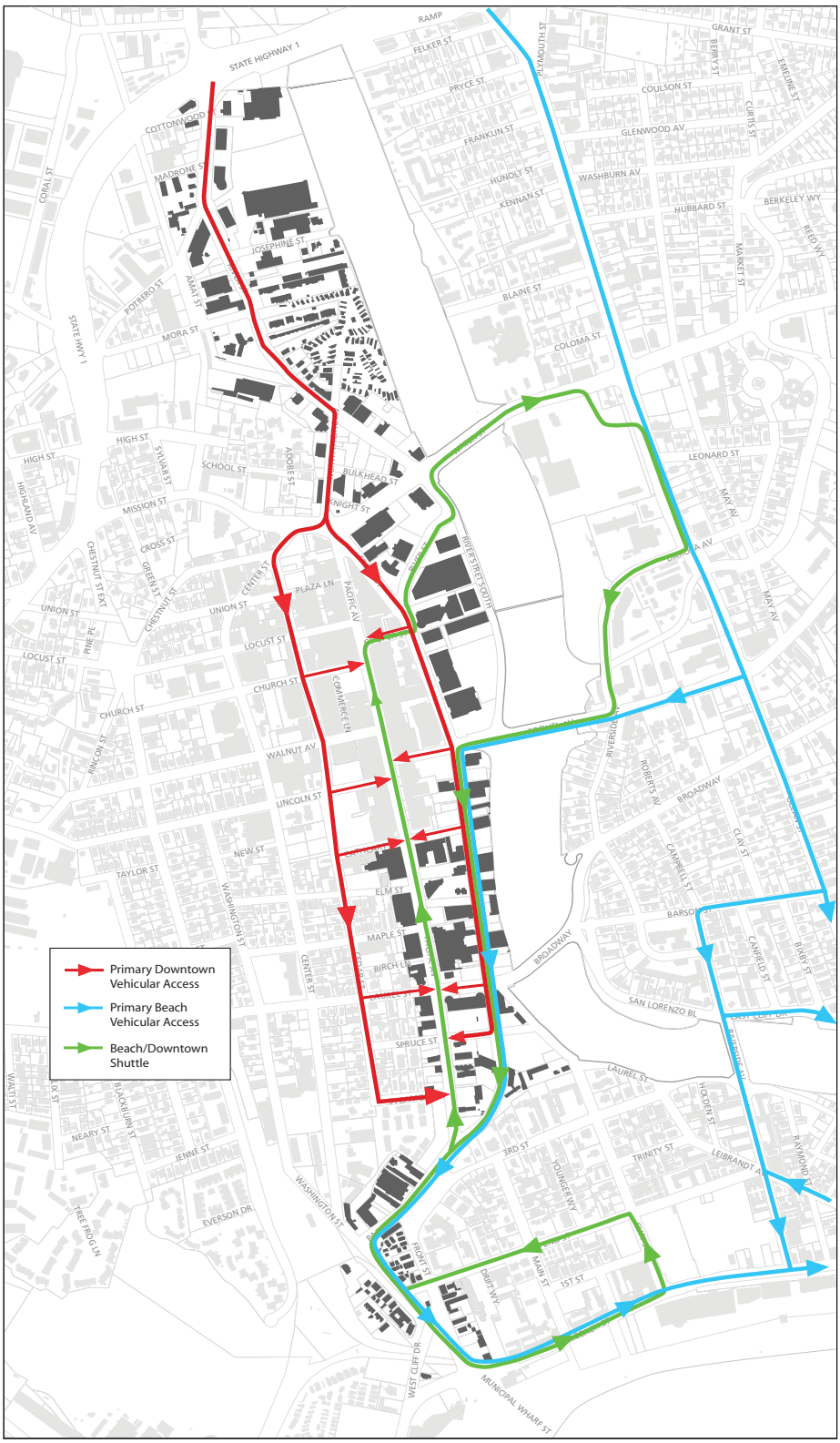


Figure 2.4: Circulation - Recommended Access and Shuttle Routes

ends up bypassing the Downtown. Anecdotally, it appears that many visitors to the Beach Area do not visit the Downtown, and, according to input from the community, some visitors have apparently expressed confusion about where the Downtown is and how to get to it. One benefit of this situation is that the Downtown is not clogged with tourist traffic. On the other hand, Downtown merchants may not be recognizing the full economic benefit of the large numbers of tourists who visit the Beach Area each year.

Shuttle Service Linking Beach Area and Downtown

In order to support better access between the Beach Area and the Downtown without significantly increasing automobile traffic Downtown, a shuttle service (as proposed in the Beach and South of Laurel Area Plan) is recommended that links the two areas. The shuttle route can be designed at the time it is implemented. A shuttle benefits from ongoing flexibility in its routing to respond to changes in development and use patterns. That said, this study recommends that a shuttle route going north along Pacific Avenue and south along Front Street be considered. This differs slightly from the route proposed in the Beach and South of Laurel Area Plan which recommended that southbound shuttles come down Center Street through predominantly residential neighborhoods. Using Front Street instead of Center Street would not only avoid increased traffic on Center Street, but would focus visitor attention on the Front Street corridor, the River, and the commercial uses that are being promoted in this area.

The shuttle service would help support a "park once" strategy for visitors to Santa Cruz, as well as residents and employees, by providing a convenient connection to the numerous public parking areas at the Beach, in the Downtown, and potentially at remote parking lots such as the County Center. It also would create a service that could shuttle visitors between key destinations, including the Boardwalk, Wharf, Monterey Bay National Marine Sanctuary Visitor Center, Depot Park, Downtown, a possible conference center (if built), and Tannery Arts Center.

Recommendations

- Amend the DRAFT General Plan Program M2.4.1 "Encourage a Downtown/Beach shuttle along the route of the trolley proposed in the Downtown Recovery Plan" to read: "Encourage the creation of a shuttle to link major destinations within the Downtown and Wharf/Beach Areas."

Communities such as Santa Barbara (top) and Walnut Creek (bottom) provide free shuttle service in their downtowns.

- When implementing General Plan Program M2.4.1 the City should consider the following:
  - Support the re-establishment of a looped shuttle service between the Downtown and the Beach Area that would support a "park once" strategy for visitors, residents and employees, by providing a convenient connection to Downtown businesses, key visitor destinations (e.g., the Boardwalk, Wharf, Monterey Bay National Marine Sanctuary Visitor Center, Depot Park, a possible conference center (if built), the Tannery Arts Center), the Government Center, and public parking structures and remote lots.
- Although a future shuttle service between the Downtown and Beach Area should be designed to address the needs and opportunities present when planning for the shuttle occurs, the following recommendations should be considered in the implementation of a shuttle system:
  - Use a fleet of coaches that are clean and energy-efficient (e.g., electric, hybrid, natural gas, etc.) and appropriately sized (e.g., 25-passenger, 30-foot coaches).
  - Employ distinctively designed vehicles that are marketed as a symbol of Santa Cruz's commitment to sustainability.
  - Have maximum headways of 10 to 20 minutes to maximize convenience and encourage ridership.
  - Be offered free of charge or for a minimal amount (e.g., $0.25) to encourage ridership and keep people out of their cars.
  - Phase in service to meet demand, but ultimately expand the season and hours of operation to accommodate year round service on weekdays and evenings as well as weekends.
  - Look for opportunities to increase ridership and serve a broader segment of the community beyond tourists (e.g., employees, residents, students, etc. in coordination with and support of existing Metro Bus services).
  - Maintain route flexibility to be responsive to demand, but focus service on the Downtown's and Beach Area's commercial corridors and avoid residential neighborhoods to the degree possible.
- Identify a funding strategy that supports General Plan Program M2.4.1 that appropriately reflects the benefit to Downtown circulation, businesses, Beach Area employers, the Downtown Parking District, and the general public.

Clarify Preferred Visitor Access Routes

River Street is intended as the primary northern access to the Downtown. As such, it is recommended that wayfinding be strengthened to make it clear that River Street is the gateway to the

Downtown and the Wharf. Steps should be taken to re-enforce the use of North Pacific Avenue as a direct connection to the north end of the Downtown and the Cedar Street / Front Street couplet that provides access to the length of Pacific Avenue and the Wharf. This may be accomplished by converting North Pacific Avenue to a one-way southbound street, and modifying the signing and striping at its intersection with River Street. At the same time, the circuitous River Street to Front Street route should be de-emphasized as the route to Downtown because it is confusing. If such changes were to be considered, further analysis would be required to understand its effectiveness and implications.

Ocean Street is intended to be the primary northern access route to the Beach Area. Rather than directing all Beach Area traffic across the Riverside Avenue Bridge, it is recommended that wayfinding be strengthened to encourage Wharf area traffic to use River and Front Streets. This will help to balance traffic and have the added benefit of helping to activate the Lower Pacific Avenue area by providing pass-by traffic that is important to supporting visitor-serving businesses in the area.

Recommendations:

The City should consider undertaking the following:

- Implement recommendations found in Wayfinding section above.
- Develop signage to help direct visitors to parking facilities.
  - In advance of the development of a comprehensive wayfinding system for the River Front District, consider locating interim parking signage at the intersection of Front Street, Water Street and Pacific Street.
- Study the feasibility and benefits of converting North Pacific Avenue to a one-way southbound street, and modifying the signing and striping at its intersection with River Street to have this serve as the primary northern access into the Downtown. The study should also evaluate changes and implications such a change would have for signing and circulation on the River/Front Street triangle south of Water Street.

Paley Park in New York City is a small, cobbled urban room of just 4,200 sf (1/10 acre).

Panoramic view of the mini-park at 24th street in the Potrero Hill neighborhood of San Francisco

Public Realm Design

Support the Development of Signature Parks and Plazas

The purpose of promoting redevelopment is to create more attractive and functional places that enhance the life of the community. While the study area is surrounded by large natural spaces (e.g., San Lorenzo River, the Beach), the identity and character of the study area can be enhanced through the addition of some strategically located public spaces within the developed area where people can linger and safely enjoy the urban setting.

Public safety is always a concern in urban public spaces. To address this issue, recommendations focus on creating a public/private partnership where a plaza space may be owned and controlled by the adjacent business, but is maintained by the City. Since providing consistent and sufficient maintenance and enforcement in such spaces is a problem faced by many communities, it is preferred that the City controls maintenance as its part of the public/private partnership.

Recommendations:

The City should consider undertaking the following:

- Support the creation of public spaces at strategic locations within the River Front Overlay District that provide public space amenities and function as signature, focal features that contribute to neighborhood identity. The following general locations are suggested for the creation of such spaces:
  - Along River Street between Madrone Street and North Pacific Avenue.
  - In the Trader Joe's/Galleria block in the vicinity of the pedestrian passage east of Cooper Street.
  - Along the east side of Front Street near the eastern terminus of Cathcart Street.
  - South of Laurel in the vicinity of Spruce Street.
- In the proposed River Front Overlay District, consider development incentives (e.g., additional building height, additional density, reduced parking, etc.) to encourage developers to include distinctive, high-quality plazas or urban spaces in their projects. Given the challenges the City has faced with the management and safety of its public spaces, the City is recommending that when semi-public spaces that engage and activate the pedestrian environment are created for public use, that they be maintained by the City to ensure consistent maintenance standards, even if privately owned.

- Consider establishing a landscape and lighting district (or districts) as a special assessment district(s) to fund River Front District public space maintenance activities.

Enhance the Quality and Character of the Public Streetscape

A vibrant urban environment is dependent not only upon active, street-oriented land uses, but also upon the quality of its streetscapes. As the primary public space in the study area, the area's streets should be designed to safely support and encourage public life and positive social interaction. As extensions to the Downtown, the study area streets should reflect the care and quality of Pacific Avenue, without necessarily replicating the scale and level of investment. With the exception of River Street north of Water Street, which has already undergone extensive streetscape improvements, the character and quality of the streetscape environment in the study area is unexceptional and does not encourage pedestrian activity. Enhancement of the public streetscape is considered a key strategy for enhancing the character of the study area and supporting redevelopment.

Recommendations:

The City should consider undertaking the following recommendations to support the creation of safer, more attractive and more walkable streets in the River District.

- Prepare and implement a comprehensive program of streetscape improvements for the proposed River District south of Water Street as a means of enhancing pedestrian activity and providing a catalyst for redevelopment.
- Develop streetscape enhancement plans for each River District subarea whose implementation can be phased over time as City funding permits or as private development occurs.
- While the specific streetscape improvement recommendations will differ for each street, the following general objectives should guide the development of the streetscape enhancement plans in the River District.
  - Design "complete streets" (per California Complete Streets Act of 2008) that safely accommodate all users, including bicyclists, pedestrians, transit riders, children, older people, and disabled people, as well as motorists.
  - Increase the width of sidewalks wherever feasible to support pedestrian activity.
  - Narrow curb to curb street cross-sections to the degree consistent with all circulation needs.

- Enhance pedestrian street crossings aesthetically and functionally.
- Enhance bicycle facilities (e.g., bike lanes, racks, clearer pavement markings, etc).
- Provide a consistent planting of street trees along each street.
- Underground all remaining overhead utilities and remove utility poles from sidewalks.
- Provide attractive pedestrian-scale street lighting, with an initial focus on areas that need increased lighting for safety purposes.
- Add street furnishings (e.g., benches, trash receptacles, etc.) and other pedestrian amenities, with consideration of maintenance and safety issues.
- Maintain on-street parking as buffer to moving traffic wherever feasible.

3
SUBDISTRICT DIRECTION

The following discussion provides more detailed subdistrict recommendations for actions that the City might take to support and incentivize redevelopment in the River/Front and Lower Pacific study area. The recommendations for each subdistrict are intended to be complementary to the Areawide Direction and assume that recommendations for the entire study area will be considered when implementing the 2030 General Plan Update, the Downtown Recovery Plan, the Beach and South of Laurel Area Plan, and any zoning updates and ordinances that affect the areas found in the River District.

This study recommends the adoption of a River Front Overlay District ordinance that contains both general areawide direction (Chapter 2) and detailed subdistrict direction (Chapter 3). Each Subdistrict within the Overlay District will contain varying recommendations that are specific to that particular Subdistrict. Appendix A1 includes a summary table of the study recommendations, which identifies implementation actions, priorities, and responsible parties.

Figure 3.1 illustrates recommended subdistrict boundaries. Figure 3.2 provides an overview of some of the proposed regulatory changes further detailed within the subsequent subdistrict sections.

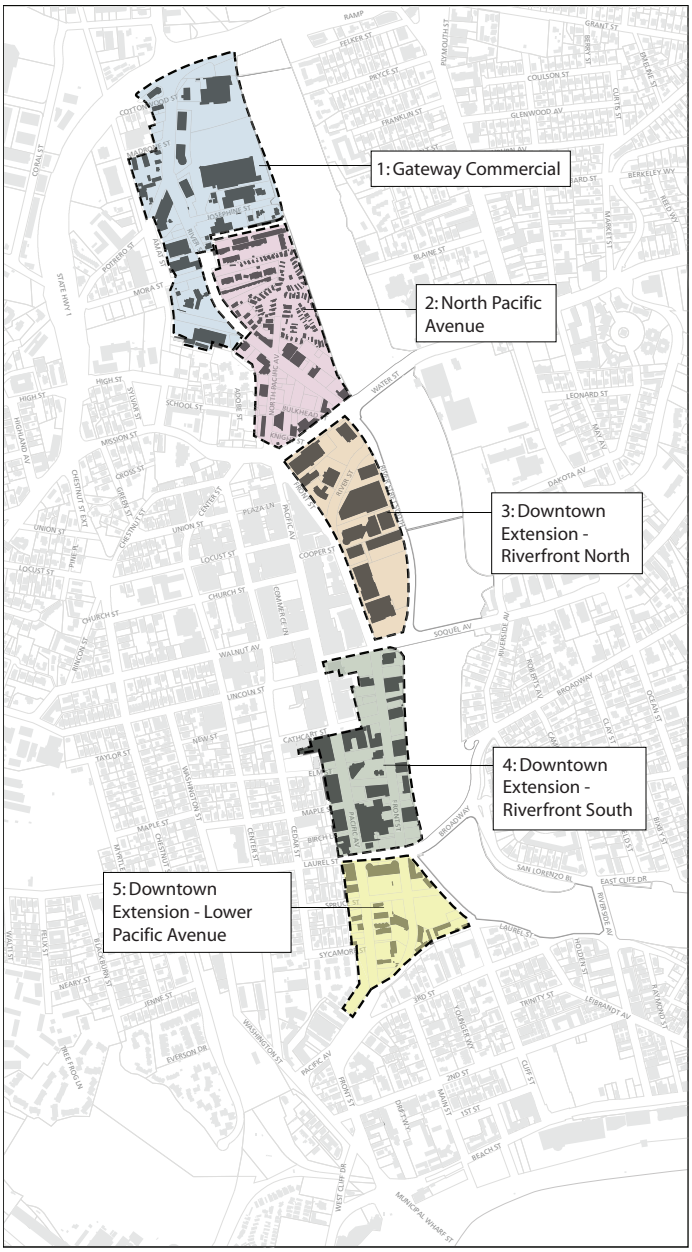


Figure 3.1: Subdistricts and Character Areas

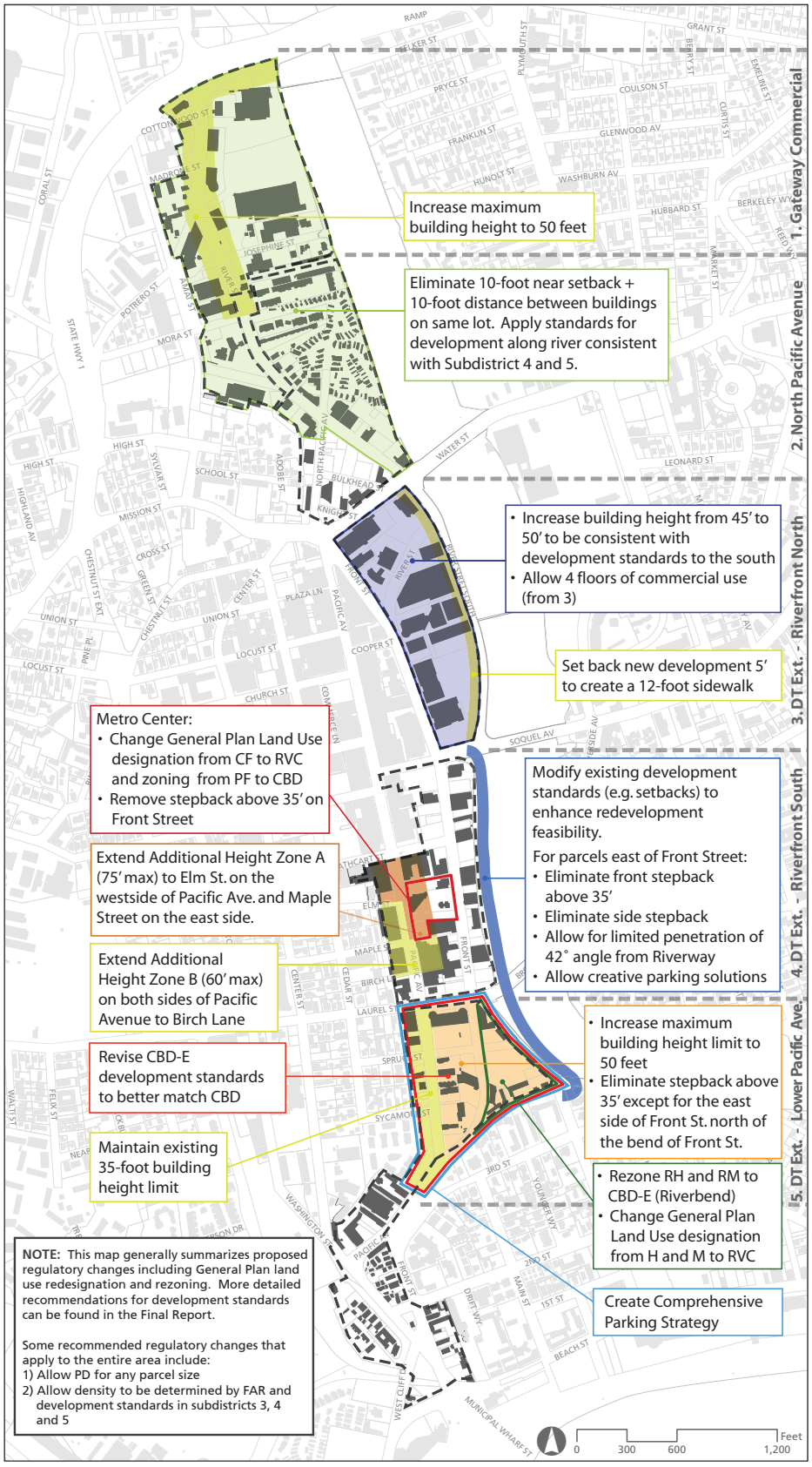


Figure 3.2: Overview of Recommended Regulatory Changes

Subdistrict 1: Gateway Commercial

Overall Direction

The intent is to build upon the existing concentration of retail and commercial services along River Street encouraging new development that would create a more welcoming gateway to the Downtown.

Direction for this subdistrict includes:

- Acknowledge and build upon the existing concentration of retail and commercial services that benefit from convenient highway access and address citywide need for goods and services.
- Maintain retail and commercial services as the primary use, while also introducing a complementary mix of office and residential uses.
- Promote compact mixed use development that enhances the area's pedestrian orientation.
- Improve orientation and connection to the San Lorenzo River and the new Felker Street pedestrian bridge over the river.
- Strengthen the identity of the Highway 1/River Street intersection as the primary northern gateway to the downtown.
- Enhance the identity and character of the area by supporting development of a signature park/plaza located between Highway One and Water Street.

Although it is located outside of the study area, consider applying recommendations for Subdistrict 1 to the Potrero Street and Old Sash Mill area (between Highway 1 and the west side of the study area).

Subdistrict 1: Gateway Commercial

Land Use & Development

Subdistrict Character: Mixed Use - Commercial Emphasis

The cluster of retail and commercial services located on the north end of River Street provide important services to the community and are conveniently accessed from Highway 1. This area should be preserved for community retail and services that benefit from the convenient highway access, while introducing a mix of uses that enhances the area's economic vitality, improves its development character, and creates a more pedestrian-friendly environment.

Regulatory Changes

- Adopt a new River Front Overlay District that includes Subdistrict 1.
- Include in the new River Front Overlay District the concepts

provided in the Overall Direction and Subdistrict Character descriptions found above in the introduction to Subdistrict 1.

- Include the following as the land use direction for Subdistrict 1 in the new River Front Overlay District:
  - The recommended land use direction for the area between Highway 1 and Mora Street can be characterized as "Mixed Use - Commercial Emphasis." The intent of this designation is to acknowledge and build upon the existing concentration of retail and commercial services that benefit from convenient highway access and address citywide need for goods and services, while enhancing the vitality and overall quality and character of the area. The concept is to maintain retail and services as the primary use, while also accommodating a complementary mix of office and limited residential uses.

The River Front Overlay District should include the following direction for Subdistrict 1:

- Encourage redevelopment in the area to:
  - Create a more compact pedestrian-oriented development pattern that emphasizes ground floor commercial uses and strengthens the orientation of ground floor uses to River Street.
  - As per current zoning, limit residential development on upper floors, with an emphasis on commercial or office use on upper floors as well as the ground floor.
  - Create a stronger orientation and linkage to the River.
  - Create stronger definition and orientation to the River Street/ Highway 1 intersection as the primary northern gateway to the Downtown.
- Require a two-story minimum building height or equivalent along River Street to support development that is more in scale with River Street and creates stronger definition of the public realm.
- Eliminate required 10-foot rear setback and 10-foot distance between buildings on same lot in exchange for public amenity, which could include:
  - Public space.
  - Public access through property, especially to provide direct connections to the San Lorenzo Riverway.
- Adopt Parking Language from Mixed Use Overlay District that allows shared parking and further parking reductions pursuant to the preparation of a parking plan.

Design Guidelines

- Use Private Area Design Guidelines found in Chapter 4 during design review process.

Support Creative Redevelopment of the Gateway Center

While the Gateway Center at the north end of River Street serves an important retail function, its built character and extensive areas of surface parking are at odds with its gateway and riverfront location. In addition to the Subdistrict recommendations, the City should support redevelopment initiatives for this area that:

- Make more efficient and lucrative use of land assets.
- Improve the character of the retail environment by introducing mixed use infill development and putting parking in structures.
- Create more pedestrian-oriented patterns of development both internally and externally.
- Introduce buildings that provide better orientation to River Street and define the River Street/Highway 1 intersection as a major gateway.

City Actions

- The City should work with appropriate landowners/developers during the development entitlement and design review process to support infill and other redevelopment activities at the Gateway Plaza that advance City objectives for the area. Such support may include consideration of development incentives such as increased density or height, flexibility in development standards, etc.

Strengthen the Identity of the River Street Gateway to Downtown

The River Street entrance to Santa Cruz from Highway 1 is the major northern gateway to the Downtown. Plans are currently in place (Spring 2010) to add through- and turn-lanes, both to improve traffic flow and accentuate the function of the intersection as an important gateway. At present, existing development patterns do not reflect the significance of this gateway. Existing buildings are not in scale with the River Street corridor; have inconsistent setbacks that poorly define the corridor; and generally do not face River Street. To remedy this, the City should support redevelopment that will contribute to a better defined and more welcoming gateway to the Downtown.

Regulatory Changes

In addition to the recommendations shown above:

- Include provisions in the proposed River Front Overlay District to support the height limit regulations to allow base building heights up to 50 feet for parcels fronting River Street and within 100 feet of the intersection with Highway 1, and allow flexibility in height for signature architectural elements such as corner towers and cupolas.

City Actions

- The City should work with appropriate landowners/developers during the development entitlement and design review process to support redevelopment activities along both sides of River Street that create a stronger and more attractive entry. Such support may include consideration of development incentives such as increased density or height, flexibility in development standards, etc.
- Conduct traffic/parking analysis as part of the permitting process for individual projects and/or zoning changes that result in increased densities.

Design Guidelines

- The intersection of River Street and Highway 1 is identified as a Gateway. As such, design guidelines for the public realm, private realm, and wayfinding will be applicable (See General Areawide Direction and Design Guidelines for Wayfinding and Gateways found in Chapter 2 and Chapter 4).

Improve Orientation and Connection to the San Lorenzo River

In spite of the new pedestrian bridge at Felker Street and the pedestrian plaza adjacent to Gateway Plaza, the subdistrict generally has a weak association with the River. In order to leverage the River's value as both visual and recreational amenity, the City should support redevelopment and public improvements that create a stronger orientation to the River from adjoining development and enhance the public's awareness of the River and the location of public access points.

Regulatory Changes

- When developing a mixed-use River Front Overlay District, require that new buildings on parcels adjacent to the River be designed consistent with the building stepbacks and design guidelines set forth for riverfront development in the Downtown Recovery Plan.
- Amend the San Lorenzo Urban River Plan as needed.

City Actions

- The City should incorporate into a city-wide wayfinding program that pedestrian and bicycle signage identifying Riverway access points be provided along River Street at the pedestrian plaza at Gateway Plaza and at the intersection of Josephine Street.
- Through the development design review process, the City should work with landowners to ensure that any redevelopment of the Gateway Center results in the creation of more attractive and legible pedestrian connections between River Street and the pedestrian bridges over the River.

Design Guidelines

- Use concepts set forth in the "San Lorenzo Urban River Plan" and in "Ideas to Activate the San Lorenzo Riverway" as guidance for public improvements.
- Follow Wayfinding Guidelines to improve bicycle and pedestrian access from River Street.

Public Realm Design

Develop a Signature Park/Plaza

As discussed under Areawide Direction, the Gateway Commercial subdistrict would benefit from the addition of a signature pocket park or plaza that can provide a focal point for community activities at the north end of the study area and contribute to the character of the area. The best location for a plaza or park space is probably along River Street between Madrone Street and North Pacific Avenue where it will be centrally located. Its actual location though will depend on future redevelopment, and what can be negotiated by the City.

City Action

- Through the development entitlement and design review process, the City should work with appropriate landowners/developers to create a private, but publicly-accessible, pocket park or plaza, ideally somewhere along the River Street corridor. The intent would be to create a private plaza that is used and activated by adjoining retail, restaurant, and entertainment type uses, but is also publicly accessible and includes amenities such as landscaping, seating, and water features that enhance public use.
- The City should consider development incentives (e.g., increased density or height, flexibility in development standards, etc. to support either landowner dedication of public space or the development of private space needed to meet City goals. The City should also explore potential funding sources that would allow the City to participate in the paying for some portion of the public space improvements.

Subdistrict 2: North Pacific Avenue

Subdistrict 2: North Pacific Avenue

Overall Direction

The intent is to encourage new mixed use development that strengthens the ground-level commercial presence while providing more upper floor residential that acknowledges and enhances the area's residential character and helps distinguish the area from the Gateway Commercial district to the north and the Downtown to the south.

Direction for this subdistrict includes:

- Promote mixed-use development with housing as a complementary upper-floor use.
- Enhance the pedestrian environment.

Land Use and Development

Subdistrict Character: Mixed Use – Residential Emphasis

A mix of old and new residential uses as well as commercial uses define the character of this area located north of the downtown. In order to enhance the identity and function of this particular subarea, additional land use and development direction is proposed.

Regulatory Changes

- Adopt a new River Front Overlay District that includes Subdistrict 2.
- Amend the Downtown Recovery Plan (DRP) as needed to reflect the inclusion of portions of the DRP area within the River Front Overlay District.
- Include in the new River Front Overlay District the concepts provided in the Overall Direction and Subdistrict Character descriptions found above in the introduction to Subdistrict 2.
- Include the following as the land use direction for Subdistrict 2 in the new River Front Overlay District:
  - The land use direction for the area between Mora Street and Water Street can be characterized as "Mixed Use - Residential Emphasis." The intent of this designation is to acknowledge the strong residential component that currently exists in the area, the difference in design and land use character from the commercial development to the north, and the character of recent developments (e.g., 2030 North Pacific) by encouraging new mixed use development that creates a stronger commercial presence on the ground level with upper floor residential, and promoting an environment that is more attractive to residential uses. Redevelopment in the area should be used to:

  - Create a more compact pedestrian-oriented development pattern that emphasizes ground floor commercial uses and strengthens the orientation of ground floor uses to River Street.
  - Create a stronger orientation and linkages to the River.
- To support development that is more in scale with River Street and creates stronger definition of the public realm, require a two-story minimum building height or equivalent along River Street, which is within the currently allowable development per underlying zoning.
- Eliminate the required 10-foot rear setback and 10-foot distance between buildings on same lot (now required in CT and CC zones) in exchange for public amenity, which could include:
  - Public space.
  - Public access through property, especially to provide direct connections to the San Lorenzo Riverway.

Transportation, Circulation and Parking

Convert North Pacific Avenue to One-way Street

The concept of converting North Pacific Avenue to a one-way street as a strategy for providing more direct and intuitive access to the Downtown, and improving circulation and pedestrian safety in the area is discussed under Areawide Direction.

City Action

- Refer to discussion and recommendations under "Clarify Preferred Visitor Access Routes" in "Areawide Direction."
- Evaluate corridor for further circulation enhancements.

Public Realm Design

Develop a Signature Park/Plaza

As discussed under Areawide Direction, the North Pacific and Gateway Commercial subdistricts would benefit from the addition of a signature pocket park or plaza that can provide a focal point for community activities at the north end of the study area and contribute to the character of the area. The best location for a plaza or park space is probably along River Street where it will be centrally located. Its actual location will depend on future redevelopment, and what can be negotiated by the City.

City Action

- Through the development entitlement and design review process, the City should work with appropriate landowners/developers to create a private, but publicly-accessible, pocket park or plaza,

ideally somewhere along the River Street corridor. The intent would be to create a private plaza that is used and activated by adjoining retail, restaurant, and entertainment type uses, but is also publicly accessible and includes amenities such as landscaping, seating, and water features that enhance public use.

- The City should consider development incentives (e.g., increased density or height, flexibility in development standards, etc.) to support either landowner dedication of public space or the development of private space needed to meet City goals. The City should also explore potential funding sources that would allow the City to participate in the paying for some portion of the public space improvements.

Subdistrict 3: Downtown Extension - Riverfront North

Overall Direction

The intent is to build on the strong office and retail component, but to focus future redevelopment on creating more pedestrian-oriented patterns of development and establishing stronger orientation and linkages to the River.

Subdistrict 3: Downtown Extension - Riverfront North

Direction for this subdistrict includes:

- Promote compact mixed use development throughout the subdistrict, with:
  - Retail and commercial services as the primary ground floor uses.
  - Office as a primary upper floor use in the northern portion of the subdistrict.
  - Housing as a complementary upper floor use, particularly in the southern portion of the district as required per the Housing Map in the Downtown Recovery Plan.
- Support Pedestrian-Oriented Infill Development, including redevelopment of the Trader Joe's/CVS Pharmacy site.
- Enhance Downtown/cross-river connections for bicycles and pedestrians.
- Implement streetscape improvements proposed for River Street South.
- Enhance the subdistrict's pedestrian environment.
- Support development of a Signature Park/Plaza within the Subdistrict.

Land Use and Development

Subdistrict Character: Downtown Extension

The area between Water Street and Soquel Avenue is part of the Front Street Riverfront Corridor area defined by the Downtown Recovery Plan. In order to enhance the identity and function of this particular subarea, additional land use direction is proposed.

Regulatory Changes

- Adopt a new River Front Overlay District that includes Subdistrict 3.
- Include the concepts provided in the Overall Direction and Subdistrict Character descriptions found above in the introduction to Subdistrict 3 in the new River Front Overlay District.
- Amend the Downtown Recovery Plan (DRP) as needed to reflect the inclusion of portions of the DRP area within the River Front Overlay District.
- Include the following land use concepts for Subdistrict 2 in the new River Front Overlay District:
  - The land use direction for the area between Water Street and Soquel Avenue can be characterized as "Downtown Riverfront Extension – Mixed Use with Commercial Emphasis." The intent is to acknowledge and build upon the strong office and retail component that currently exists in the area, and to create a stronger and more consistent pattern of development that links the Downtown and the River.
  - The area that extends from the Galleria (at Cooper St.) to just north of the intersection of River Street and North Pacific Avenue includes a cluster of office and commercial service uses (e.g., financial services) that distinguishes it from other parts of the study area. Future redevelopment should preserve this as a primary location for office uses near the Downtown core, but incorporate such uses in a mixed use development format that creates a more active and pedestrian-oriented street level environment and allows for residential as well as office as an upper floor use.
  - The focus of future redevelopment in the Downtown Riverfront Extension area should be on introducing more vertical mixed use into the area, including both upper floor residential and office uses; creating more pedestrian-oriented patterns of development; and creating stronger orientation and linkages to the River.
  - New mixed use development in the Downtown Riverfront Extension area should focus on providing:
    - Retail and commercial services as the primary ground floor uses.

- Office as a primary upper floor use, and a permitted ground floor use, in the northern portion of the sub-district.
- Housing as a complementary upper floor use, particularly in the southern portion of the sub-district.

Commercial Center Infill

While the retail center located east of Front St. between River St. and Soquel Avenue (where Trader Joe's/ CVS Pharmacy is currently located) serves an important and popular retail function, it continues to have an automobile-oriented character with extensive surface parking areas separating the commercial uses from the riverfront. This separation does not support the vision of creating strong pedestrian links between the downtown and the riverfront.

Although this parking lot serves an important function and its need is clearly demonstrated by its current heavy use, the City should remain open to future scenarios that would create a stronger link with the riverfront. Such a concept (of housing above parking) was presented to the Council on January 17, 2002 as part of an analysis and exploration of the potential for new housing opportunities along the Front Street Corridor. Other communities have been exploring similar options for retrofitting shopping centers that more efficiently and productively use land assets by introducing mixed use infill development and putting their parking in structures. The City may want to consider such redevelopment initiatives for the Trader Joe's/CVS site in the long term as land becomes scarcer. It is recommended that this strategy be pursued as part of a larger, phased planning effort that would not only include provisions for parking for these businesses, but also would address areawide transportation and parking needs.

Regulatory Changes

- Establish the proposed River Front Overlay District to include the following:
  - Support the redevelopment of commercial centers, such as the Trader Joe's/CVS site, that have large areas of surface parking, to provide compact, mixed-use centers that enrich the mix of uses in the Downtown, create more pedestrian-oriented patterns of development, utilize structured parking, and create stronger orientation and linkages to the San Lorenzo River through the proposed design guidelines and zoning regulations for the River Front Overlay District.
  - Consider incentives (e.g., height, setbacks, parking, use of Planned Development ordinance, tax deferrals, fee reductions,

etc.) in exchange for public benefits such as providing public space, enhancing pedestrian connectivity, etc.

- To establish a more direct relationship between commercial activities and the San Lorenzo Riverway, and ensure a more positive and active pedestrian edge adjacent to and connected to the river, redevelopment along River Street South should provide ground floor and when appropriate, second floor retail uses that take advantage of direct visual and physical connections to the Riverway and the pedestrian bridge to San Lorenzo Park and neighborhoods to the east.

■ Provide River Front Overlay District development standards as follows:

- In order to be consistent with development standards in Subdistrict 4: Downtown Extension—Riverfront South, increase maximum building heights to 50 feet (up from current 45 feet, DRP p. 27).
- In order to support the development of a more robust pedestrian environment, new development along River Street South shall be set back 5 feet from the property line to create a 12-foot sidewalk along the west side of the street.
- In order to support the continuation of office uses in the area and provide incentive for new development, allow for development of 4 floors of commercial uses, including ground floor retail, (up from current 3 floors, p. 71 DRP) in exchange for public benefits such as increased street level open space (e.g., plazas, wider sidewalks, paseos, etc.). The top floor will be required to be stepped back at least 10 feet from the street front façade.
- In order to promote creative redevelopment of the subdistrict, particularly given the area's unusual block/parcel dimensions, continue to allow for the use of the Planned Development (PD) Permit process, irrespective of lot size, to provide for flexibility in meeting City objectives for the subdistrict.
- In order to encourage buildings that accentuate the importance of Soquel Avenue as gateway into the Downtown, amend Chapter 6 of the Downtown Recovery Plan (Chapter 6 - Streets and Open Space Plan: East-West Streets between Cedar and Front Streets, Soquel Avenue) to eliminate the required building setback of seven feet on the eastern half of the block.

Design Guidelines

■ In addition to the guidelines in the Downtown Recovery Plan, future redevelopment of the Trader Joe's/CVS Pharmacy site also should be consistent with the following guidelines:

1. As required in the Downtown Recovery Plan, provide a strong building orientation to the River from east-facing facades on

both the ground level and upper stories, including river-facing terraces, balconies and windows on upper floors, and sidewalk cafes and storefront windows at the street level.

2. Provide at least one attractive and well-proportioned pedestrian passageway (paseo) that extends through the site from Front Street to River Street South—connecting the Downtown to the River.

3. Provide active, pedestrian-oriented facades along all public streets and internal pedestrian passageways that include regularly spaced building entrances and storefront windows that provide a high degree of transparency.

4. Site buildings up to the streetfront property line (or designated build-to line) to create strong, well-defined streetwalls along each of the public street frontages.

5. Provide distinctive architectural treatments of building corners (articulated or chamfered corners, cupolas, towers, etc.) at the intersection of Soquel Avenue with Front Street and River Street South to accentuate the importance of these locations as gateways to the Downtown.

6. Limit the number of curb cuts for driveways into the site.

Public Realm Design

Enhance Pedestrian Environment

Due in part to the types of uses that have settled there over the years, the study area between Soquel Avenue and North Pacific Avenue has developed in a manner that lacks the attractive pedestrian environment that characterizes Pacific Avenue and the neighborhoods to the west. The combination of surface parking lots, driveway curb cuts, and buildings set back from and/or not oriented to the street contribute to a more automobile-oriented development character that is less welcoming to pedestrians. The City should work with landowners interested in redevelopment to introduce development that creates a safer, more attractive, and more active pedestrian environment.

Regulatory Changes

Establish the proposed River Front Overlay District to include the following:

- The area bounded by Front Street, Water Street, River Street, and Soquel Avenue forms a critical transition between the Upper Pacific Avenue retail area and the River. In order to enhance this connection and the economic vitality of the area, new development and improvements in the area should focus on contributing to a more pedestrian-oriented development pattern and a safer, more attractive, and more active pedestrian environment. Key elements that will contribute to this change include:
  - Public streetscape enhancements.
  - Enhanced pedestrian streets/passageways between Front Street and River Street South.
  - Public and/or private open space amenities (e.g., plazas, pocket parks).
  - Infill development that provides active, pedestrian-oriented storefronts set up to the street to create a well-defined public realm.
- To establish a more direct relationship between commercial activities and the San Lorenzo Riverway, and ensure a more positive and active pedestrian edge adjacent to and connected to the river, new development along River Street South should provide ground floor retail uses that take advantage of direct visual and physical connections to the Riverway and the pedestrian bridge to San Lorenzo Park and neighborhoods to the east.

City Action

- The City should develop streetscape enhancement plans for Downtown Extension - Riverfront North (i.e., River Street, River Street South and Front Street) that define the long term vision and design for the public realm, and develop a strategy for phased implementation through public and private initiatives.
  - Refer to Streetscape Improvements section for recommendations for the River Street South corridor.
  - Enhancement strategies for Front Street and River Street between Front and River Street South should be coordinated with possible circulation changes related to recommended conversion of North Pacific Avenue to a one-way, southbound street.

Develop a Signature Park/Plaza

As discussed in the Areawide Direction, the Downtown Extension - Riverfront North subdistrict would benefit from the addition of a signature pocket park or plaza that would provide a focal point for community activities and contribute to the character of the area.

City Action

- Through the development design review process, the City should work with landowners to explore opportunities to create a pocket park or plaza in the vicinity of the pedestrian passageway between Front and River Street South.
- Although there may be a number of issues that would need to be resolved, the City may want to consider a scenario that would include the limited, temporary use of River Street South as open space for special events or functions. At specific times of day or week, the street could be used as public space by temporarily closing the street and diverting traffic. The remainder of the time the street would be open to traffic. If such a concept were to be considered, additional traffic studies would need to be done. As an alternative, it is recommended that limited trial closures be conducted to measure impacts.

Transportation, Circulation & Parking

Highlight and Enhance Cross-River Connections

The San Lorenzo Park pedestrian bridge provides an excellent opportunity to enhance pedestrian and bicycle circulation between the park and the neighborhoods east of the River and the Downtown. Unfortunately, this connection is impeded by the size of the block bounded by River, Front, Soquel, and River Street South and the absence of a public right-of-way. Given its importance to pedestrian circulation and connecting the River to the Downtown, the City should work with landowners to ensure that any redevelopment of the Galleria complex and/or Trader Joe's/CVS Pharmacy center results in the creation of more attractive and legible pedestrian and bicycle connections between Pacific Avenue, Front Street, River Street, and the San Lorenzo Park pedestrian bridge over the River. For safety purposes, adequate lighting and clear sightlines should be required in the design of any cross connection.

City Action

- Through the development design review process, the City should work with landowners to ensure that any redevelopment of the Galleria complex or Trader Joe's/CVS Pharmacy site results in the creation of more attractive and legible pedestrian connections between Front Street, River Street South, and the pedestrian bridges over the River. The City should provide incentives to secure a permanent public easement that would ensure public access between Front and River Street South.

Design Guidelines

Private Design Guidelines:

1. Refer to the Trader Joe's/CVS Pharmacy Commercial Center Infill Design Guidelines.

Public Design Guidelines

1. Implement and follow guidelines in the San Lorenzo Urban River Plan.
2. Implement "Ideas to Activate the San Lorenzo RiverWay."
3. Follow Wayfinding Guidelines to improve bicycle and pedestrian access from River Street.

Subdistrict 4: Downtown Extension - Riverfront South

Overall Direction

The intent of this designation is to focus any future redevelopment on enhancing the connection to the River from both the Downtown and adjoining development. The Front Street parcels that back onto the River provide a unique opportunity for future development to engage the Riverway.

Direction for this subdistrict includes:

- Promote mixed-use development with ground floor retail and housing as a complementary upper-floor use.
- Support river-oriented development along the east side of Front Street.
- Support redevelopment of the Metro Center to a mixed-use transit complex.
- Build additional public parking to accommodate proposed Front Street redevelopment.
- Support the development of a signature park/plaza, preferably at Cathcart Street.
- Plan and implement streetscape improvements to Front Street south of Soquel Avenue.

Subdistrict 4: Downtown Extension - Riverfront South

Land Use and Development

Subdistrict Character: Downtown Extension

The area between Soquel Avenue and Laurel Street is part of the Front Street Riverfront Corridor area defined by the Downtown Recovery Plan (DRP). In order to enhance the identity and function of this particular subarea, additional land use direction is proposed.

Regulatory Changes

- Adopt a new River Front Overlay District that includes Subdistrict 4.
- Amend the Downtown Recovery Plan (DRP) as needed to reflect the inclusion of portions of the DRP area within the River Front Overlay District.
- Include the concepts provided in the Overall Direction and Subdistrict Character descriptions found above in the introduction to Subdistrict 4 of the new River Front Overlay District.
- Include the following as land use concepts for Subdistrict 4 in the new River Front Overlay District
  - The land use direction for the area between Laurel Street and Soquel Avenue can be characterized as "Downtown Riverfront Extension – Mixed Use with Retail/Residential Emphasis." The intent of this designation is to focus future redevelopment on leveraging the amenity value of the River for both retail and residential uses, and on enhancing the connection to the River both from the Downtown and adjoining development.
  - The parcels that adjoin the River along the east side of Front Street provide a unique opportunity for future development. They can extend the Downtown connection to the River by providing retail at street level along Front Street as well as at promenade-level along the Riverway. They also provide a prime opportunity for new Downtown residential development that has both views and direct access to the adjoining Riverway.

Redevelopment of Riverfront Parcels

As identified in the Downtown Recovery Plan (DRP) and the San Lorenzo Urban River Plan (SLURP), the area on the east side of Front Street between Soquel Avenue and Laurel Street represents a unique but challenging redevelopment opportunity since the small size and shallow depth of the parcels along the River generally constrains development. The existing development pattern where buildings alternate with surface parking lots in a "gap-toothed" fashion creates an inconsistent and discontinuous street frontage that detracts from the area's character.

While the vision set forth in the Downtown Recovery Plan is clear, conceptual development pro formas prepared for this area suggest that the combination of regulations established to implement that vision, and the area's physical constraints, may be constraining any change in the area (Refer to Appendices A2 and A3 for catalyst site capacity studies and financial feasibility analysis, respectively). In order to support redevelopment that will support the City's vision for this

subdistrict there are a number of actions the City might take, including: modifying building setback and stepback requirements, supporting creative parking strategies, allowing flexibility in meeting design objectives, and encouraging lot consolidation.

Regulatory Changes

- Amend the Downtown Recovery Plan development standards for the parcels along the east side of Front Street as follows:
  - Eliminate the requirement for building stepbacks from Front Street above 35 feet in height (The top floor should step back 10 feet).
  - Eliminate the requirement for a 10-foot side yard stepback above the first floor.
  - Allow for limited penetrations of buildings into the 42 degree solar plane projected back from the first story parapet on the riverside when building design is otherwise consistent with City objectives for subdistrict development.
  - Allow for flexibility and creativity in meeting on-site residential parking requirements, including the use of parking lifts, tandem parking, shared parking, car sharing, etc.

Design Guidelines

- In addition to the guidelines in the Downtown Recovery Plan, future redevelopment of properties adjoining the River along the east side of Front Street also should be consistent with the following guidelines pertaining to penetration of the 42-degree solar plane:

  1. To provide flexibility in the River Front Overlay District, the following conditions may allow for an exception to the 42 degree angle from rear parapet:

     a. New public access to levee through site
     b. Additional Public Space (Park/plaza) adjacent to street
     c. Direct access to San Lorenzo Riverway (levee) from retail/ entertainment uses.

  2. If angle is penetrated:

     a. Development shall not exceed 75 continuous linear feet.
     b. There shall be at least 60 linear feet (the width of a typical local street right-of-way) distance between any development that penetrates the 42-degree angle.

  3. Preference is given for development design where angle is not penetrated below the third story.

City Actions

- **Parking Structure.** The City should study the existing and projected demand for parking in the Downtown Extension - Riverfront South subdistrict and build a new parking structure where it provides the greatest support for redevelopment. Convenient public parking is a critical incentive that the City can provide that will support the City's goals for new mixed-use riverfront development in this subdistrict. Without new public parking in the area, it is unlikely, given the constrained nature of the Front Street parcels, that redevelopment will occur. Since the area is already within the Downtown Parking District, the mechanism for funding and building new parking structures is already in place. A new structure in this area would also help address projected parking deficiencies in the surrounding Downtown. If sized to accommodate existing surface parking along the east side of Front Street as well as projected new commercial development, a new parking structure in this area would free up valuable land that could be used for development. In addition to meeting the parking requirement, freeing up land currently used for surface parking would also allow for consolidation of parcels that would also help facilitate redevelopment. It is recommended that the existing City-owned surface parking lot on the west side of Front Street at Cathcart Street be evaluated for as a potential site for a new parking garage. To this end, the City might want to consider purchasing the single parcel that is located adjacent to the City owned parking lots to the north and the New Leaf Market parking lot.
- **City-owned Lands.** The City owns two (2) surface parking lots in the Downtown Extension - Riverfront South subdistrict. These represent important strategic assets that the City can use to promote positive change in the area. The City should evaluate these properties singly and as a group to determine how to best leverage these assets to achieve City objectives. Specifically, the City should explore and weigh the potential benefits associated with the following strategies:
  - Using the Cathcart/Front Street parking lot to build a public structure.
  - Using the Cathcart/Front Street parking lot as the City's portion of a public/private partnership to build a new mixed use project.
  - Selling parcels to provide revenue to build new parking.
  - Selling parcels on east side of Front Street to landowners/ developers as part of a negotiated redevelopment project(s) that achieve specific public objectives and incorporate mutually agreed upon design and programmatic elements.

- Swapping or selling land in exchange for acquiring desired riverfront park/plaza site at eastern terminus of Cathcart Street.

Redevelopment of the Metro Center to a Mixed-Use Transit Complex

Notwithstanding the transportation benefit of having the Metro Center transit facility located in the Downtown, the Center's current configuration creates a significant break in the development pattern and streetscape character along Pacific Avenue and Front Street that, in turn, adversely affects the retail vitality and social character in the surrounding area. Redevelopment of this site as a mixed use transit facility could largely remedy the problems associated with it by creating a well-defined street frontage lined with active storefronts, and by building above the transit facility with residential, office, and/or parking uses to activate the area and match the scale of surrounding development.

Over the past 6-7 years, the Redevelopment Agency has explored redevelopment concepts for the Metro Center with Santa Cruz Metro. Early concepts focused on a mixed use program that included retail, office and residential in addition to the bus terminal and transit facilities, with the emphasis being on a mix of affordable and market rate residential units above the transit station (see Appendix A4). More recent capacity studies, developed as part of this study of guidelines and development incentives, explored the possibility of shifting the focus of the Metro Center site redevelopment to providing public parking as a major program element. This recent site capacity study indicates that, with some modification of Metro Center site development standards, the site could provide approximately 250 public parking spaces and 100+ residential units in addition to adding a new terminal and transit facilities with ground floor retail along Pacific Avenue (See Appendix A5. The incorporation of public parking into the development program could have a few benefits, including the possibility of making Parking District funding available to help finance the project and of locating convenient, centrally located public parking adjacent to or near potential redevelopment sites in the Downtown Extension - Riverfront South subdistrict.

Regulatory Changes

- To support redevelopment of the Metro Center site as a mixed use transit complex, the City should implement the following as part of the permitting process:
  - Revise the General Plan land use designation for the Metro

Center site from Community Facilities (CF) to Regional Visitor Commercial (RVC).

- Rezone the site from Public Facility (PF) to Central Business District (CBD).

- In order to support economically viable redevelopment of the Metro Center site, particularly given the unique program requirements of the bus terminal, provide for flexibility in meeting City objectives in the proposed River Front Overlay District.
- In order to support economically viable redevelopment of the Metro Center site, provide the following in either an amendment to the Downtown Recovery Plan (recommended) or the River Front Overlay District:
  - Allow additional building height of 75 feet south to Maple Street to include the Metro Center site and adjoining City-owned parking lot.
  - Allow building stepbacks above 50 feet (rather than the current requirement of above 35 feet) along Front Street on the Metro Center site only.
  - In order to provide for gradual and balanced transitions in height zones, it is recommended that:
    - Additional Height Zone A (75 feet max) be extended to Elm St. on the West side and Maple Street on the east side.
    - Additional Height Zone B (60 feet max) be extended along both sides of Pacific Avenue south to Birch Lane.

City Actions

- The City/Redevelopment Agency should continue to work with Santa Cruz Transit District to identify a mutually beneficial redevelopment program for the Metro Center/Pacific Station.
- The City/Redevelopment Agency should continue to explore various sources of funding (e.g., tax increment, grants, parking fees, etc.) as well as developer contributions that might be used to subsidize the Metro Center redevelopment.
- The City/Redevelopment Agency should explore the possibility that UC Santa Cruz might be interested in being a partner in the project.

Public Realm Design

Enhance Pedestrian Environment

Any vision for redevelopment of the Downtown Extension - Riverfront South subdistrict with compact, river-oriented retail and residential uses must also include a vision for an attractive and well-proportioned streetscape along Front Street that serves as the 'front door' to the

River and is designed to accommodate a robust and vibrant pedestrian environment. The limited sidewalk widths, inconsistent street tree planting, absence of pedestrian amenities, overhead utility lines, and prevalence of surface parking lots and driveway curb-cuts that currently characterize the Front Street corridor are all at odds with this vision. Enhancing the character and quality of the pedestrian realm is one of the key strategies the City can pursue to demonstrate its commitment to creating a dynamic Riverfront district along Front Street. Public investment in the streetscape will tend to enhance property values and provide a supportive context for the transition to higher quality private development.

In order to provide the space necessary for streetscape improvements and increased pedestrian use, more sidewalk width is desired. Unfortunately, Front Street offers only limited opportunity for expanding the right-of-way. The shallow depth of the parcels along the east side of Front Street is already a constraint to redevelopment in the area. Also, Front Street serves as an important Downtown arterial and needs to accommodate a number of multi-modal functions within its existing right-of-way. Thus, there are no options for reclaiming portions of the existing right-of-way for sidewalks.

Regulatory Changes

- Amend the Front Street Corridor portions of Chapter 3: Land Use and Chapter 6: Streets and Open Space of the Downtown Recovery Plan to include the following concepts as applicable:
  - The Front Street corridor between Soquel Avenue and Beach Hill serves as the front door or gateway to the River from the Downtown. In order to enhance the quality of this connection and the economic vitality of the area, public and private improvements in the area should focus on creating a more pedestrian-oriented development pattern and a safer, more attractive, and more active pedestrian environment. Key elements that will contribute to this change include:
    - Public streetscape enhancements.
    - Enhanced pedestrian streets/passageways between Front Street and the Riverway.
    - Public and/or private open space amenities (e.g., plazas, pocket parks).
    - Infill development that provides active, pedestrian-oriented storefronts that are set up to the street to create a well-defined public realm.

City Action

- The City should develop a streetscape enhancement plan for Front Street that defines the long term vision and design for the public realm that assumes the additional 2-foot building setbacks required in the Downtown Recovery Plan, and develop a strategy for phased implementation through public and private initiatives.
  - Refer to Streetscape Improvements section for recommendations for the Front Street corridor.

Develop a Signature Park/Plaza

As discussed in the Areawide Direction, the Downtown Extension - Riverfront South subdistrict would benefit from the addition of a signature pocket park or plaza that can provide a focal point for community activities and contribute to the character of the area. As identified in the San Lorenzo Urban River Plan (2003), there are two excellent locations for creating riverfront plazas along the east side of Front Street: opposite the eastern termini of Cathcart Street and Maple Street. Given the limited length of this subdistrict, the limited City resources to acquire open space land, and the physical constraints to development adjacent to the River, it is recommended that only one park/plaza site be pursued. Based on its relation to the Downtown and its more central location within the subdistrict, it is recommended that a signature park/plaza be located at or near the terminus of Cathcart Street. Of course any development of a park/plaza would need to be done with the cooperation and participation of the property owner.

Regulatory Changes

- In order to ensure public access to the Riverway from Front Street, and limited public access constraints placed on landowners along the east side of Front Street, the Downtown Recovery Plan "riverfront access" design guidelines should be modified as follows:
  - Riverfront Access. Between Soquel and Laurel Streets along Front Street, new development shall provide direct pedestrian access between the development and the levee promenade, and should provide public access between the promenade and the Front Street sidewalk whenever feasible. Such public access shall comply with accessibility standards described above, be designed with safety features such as appropriate lighting and sight lines and shall be open to the public during daylight hours.
- In order to ensure public access to the Riverway from Front Street, the Downtown Recovery Plan development standards should be amended to include the following:
  - Riverfront Access. In order ensure public access to the San

Lorenzo River levee promenade from Front Street, new development opposite the eastern termini of Cathcart Street and the Maple Street pedestrian way shall be required to provide a public access easement as a condition of development approval. Such easements can include either indoor or outdoor access and can be limited to daylight and/or business hours.

City Action

- Through the development entitlement and design review process, the City should work with appropriate landowners/developers to create a publicly-accessible pocket park or plaza on the east side of Front Street in the vicinity of the Cathcart Street terminus.
- As an alternative to acquiring land for public open space, the City should explore the concept of having development create a privately-owned plaza with a public access easement that would secure public access from Front Street to the River with possible limitations on hours. The intent would be to create a private plaza that is used and activated by adjoining retail, restaurant, and entertainment type uses, but is also publicly accessible and includes amenities such as landscaping, seating, and water features that enhance public use.
- The City should consider development incentives (e.g., increased density or height, flexibility in development standards, etc.) that will support either landowner dedication of public open space or the development of private open space needed to meet City goals. The City should also explore potential funding sources that would allow the City to participate in the paying for some portion of the open space improvements, such as access stairways/ramps.

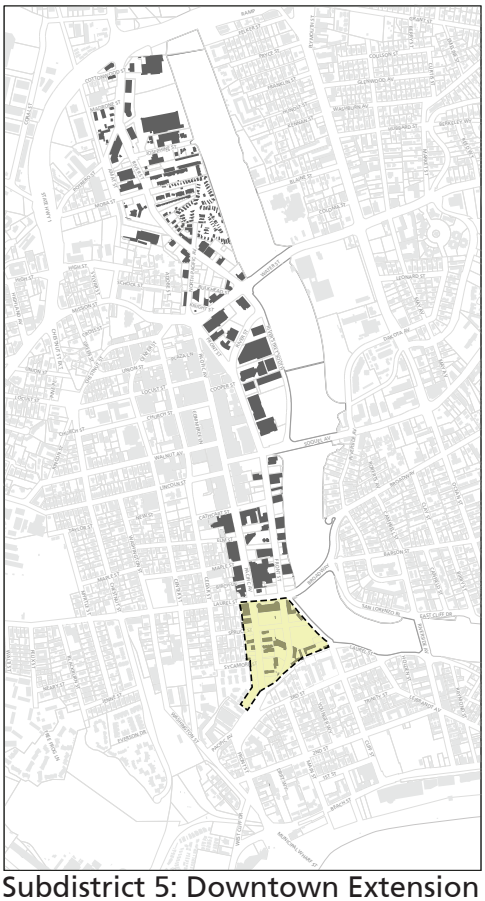
Subdistrict 5: Downtown Extension – Lower Pacific Avenue

Overall Direction

The intent is to promote new development that will extend Downtown development patterns (including upper floor residential) and uses (e.g., retail, restaurants, cultural, etc.) southward, enhancing the vitality of the area and creating a link between the Downtown and the visitor-serving uses in the Beach Area to the south.

The overall direction for this subdistrict includes:

- Promote mixed-use development with housing as a complementary upper-floor use.
- Promote visitor-serving uses south of Laurel Street.
- Support development of a signature park/plaza.
- Support redevelopment south of Laurel by providing public parking.



Subdistrict 5: Downtown Extension - Lower Pacific Avenue

- Promote river-oriented mixed-use development at the Riverbend site.
- Strengthen pedestrian connections between Downtown and Beach Area
  - Implement streetscape improvements proposed for Pacific Avenue and Front Street.
  - Repair and enhance stairs on Beach Hill.
  - Create an outdoor art gallery along Pacific Avenue from the Downtown to the Wharf.

The original study area boundary and Subdistrict 5 boundary extended down to Beach Street. Direction for the Public Realm extends down to the Wharf at Beach Street. However, Land Use and Development direction, and recommendations for the Overlay District apply only to the area South of Laurel up to the intersection of Pacific Avenue and Front Street, including the parcel on the west side of this intersection.

Land Use and Development

Subdistrict Character : Downtown Extension/Transitional Visitor Serving

The portion of the study area between Laurel Street and Beach Street is addressed as part of the Beach and South of Laurel Area Plan (BSOLA). In order to enhance the identity and function of this particular subarea and support the changes that have recently been initiated, additional land use direction is proposed to complement the direction provided in the BSOLA Plan.

Regulatory Changes

- Adopt a new River Front Overlay District that includes Subdistrict 5.
- Include the concepts provided in the Overall Direction and Subdistrict Character descriptions found above in the introduction to Subdistrict 5 of the new River Front Overlay District.
- Include the following as the land use direction for Subdistrict 5 in the new River Front Overlay District:
  - The land use direction for the area south of Laurel Street along Front Street and Pacific Avenue down to Beach Street is characterized as “Downtown Extension / Transitional Visitor-Serving.” The intent of this designation is to reinforce the vision long held for this area as an area for visitor-serving uses such as motels, restaurants, bicycle rentals, internet cafes, and other uses and amenities that serve visitors to the Wharf, Boardwalk, and future Marine Sanctuary Visitor Center, but it is also to emphasize the transitional character of the area

and the importance of creating a link between the Downtown and the Beach Area. Currently, the character and quality of uses and development in this area suggests no such linkage and discourages many from making the trip from Downtown to the Beach, or vice versa. Private redevelopment should be encouraged that helps to define and activate this stretch of corridor, and bridge the gap between the Beach Area and Downtown. The subdistrict should have development patterns that reflect the Downtown and uses (e.g., retail, restaurants, cultural, etc.) that will help draw beach visitors into the Downtown. This will include providing high quality visitor-serving uses (retail, restaurants, galleries, hotels, etc.), but also should incorporate a more diverse mix of uses such as housing and offices that will make the area south of Laurel Street more active and appealing to residents as well as visitors. In addition, this may be an ideal area to encourage live/work uses, especially for artists, digital media, and gallery spaces that may attract visitors.

Promote Compact Mixed-Use Development

The area between Laurel Street and Beach Hill is characterized by an inconsistent development pattern, smaller lot sizes, and an absence of a clear land use direction or design character. The high proportion of the area occupied by surface parking is an indication of its strong potential for redevelopment. In spite of this, the area has been resistant to change. One factor may be that the area was not included in the Downtown Recovery Plan. As a result, the area has not benefited from the regulatory mechanisms that have been so successful in supporting redevelopment of upper Pacific Avenue. Perhaps the two most important regulatory mechanisms for redevelopment are the inclusion of the development in a Parking District and the designation of higher intensity development. The effect of the exclusion of this Area from the Downtown Recovery Plan is that any redevelopment in the area needs to contend with higher parking standards and lower development potentials with land values comparable to the Downtown. Addressing these two factors would greatly enhance redevelopment potential in the area.

There are a number of actions that the City could take that would support redevelopment in the area south of Laurel Street. These actions include: changing the land use designation to increase development potential, modifying development standards (e.g., increased height

limits, reduced setbacks, relaxed parking standards, allowing the use of parking lifts, promoting shared parking, etc.), and creating a parking district and/or providing a public/private parking structure in the area south of Laurel Street.

Regulatory Changes

Amend the Zoning Code and/or Beach and South of Laurel Area Plan as appropriate to support redevelopment objectives in the South of Laurel subdistrict:

- Remove "auto supply stores" as a permitted use under the CBD-E zoning per the BSOLA Area Plan.
- Revise the CBD-E zoning related to Ground Level Residential to allow ground floor residential as a principally permitted use in the South of Laurel subdistrict only when not fronting on a public street (e.g., on the interior of deeper lots, live/work units with ground floor commercial uses). Ground floor commercial uses should have a depth of at least 40 feet, with an absolute minimum of 25 feet where 40 feet cannot be achieved.
- For sites along Front Street with frontages over 150 feet, ground-floor commercial requirements may be met by clustering commercial uses at intersections and in select areas, rather than simply meeting the minimum commercial requirement by providing a 25-foot minimum depth along the entire frontage. Such clustering is acceptable if it results in an equivalent amount of retail development and provides deeper and larger retail floorplates that are more viable and flexible, and better located to serve the public.
- Ground Level Residential. Within the Lower Pacific Avenue subarea, ground level residential uses would be permitted only when they do not take access directly from a public street. Ground level units would be permitted on the interior of lots, and live/work units permitted to front onto public streets if the ground level is dedicated to non-residential uses that are consistent with the zoning.
- As the City works on developing a citywide live/work ordinance, ensure that live/work units are permitted and encouraged in the South of Laurel subdistrict. However, given the desire to create a strong retail base (i.e., ground floor commercial uses, rather than residential) the location of live/work along public street frontages should not be permitted except when such uses are conditioned with maintaining active ground floor commercial uses.
- Currently, CBD-E Design Guidelines for Storefront Treatment discusses ground-floor residential uses, which would not be allowed under the recommended direction for this subdistrict.

Revise the CBD-E zoning related to Store Front Treatment to make it consistent with requirements in the CBD, as follows:

- *Store Front Treatment.* The ground-level treatment of buildings and parking structures within the Lower Pacific Avenue subarea should generally comply with the guidelines for the Pacific Avenue retail subarea listed in Chapter 4 of the Downtown Recovery Plan, in terms of: storefront access, transparency, and variation; and the use of landscaping, awnings, and canopies.

- Make the maximum residential density in the CBD-E zone consistent with recommended densities permitted Downtown/ Subdistrict 4. The City may consider using FAR to regulate development intensity, and eliminating any residential density standard (i.e., allow the development regulations for built form determine the ultimate densities). The recommendation would be to adopt a maximum FAR of 3.5, as recommended for Regional Visitor Commercial (RVC) in the General Plan, within the 50-foot base height.
- Remove the density caps for land zoned R-M and R-H within the district by rezoning the areas to CBD-E (see subsequent section "Promote Mixed-Use Development at the Riverbend Site" for more information).
- Revise the CBD-E Height and Stepback Requirements to provide for the following:
  - A maximum building height of 50 feet for all areas east of Pacific Avenue
  - A minimum building height of 2 stories along all streets in the subdistrict, rather than just along Pacific Avenue.
  - A minimum ground-level floor-to-floor height of 18 feet.
  - No required building stepbacks along the east side of Front Street or the west side of Front Street south of the bend in Front Street (i.e., building stepbacks will still be required above 35' along the west side of Front Street north of the bend).
  - No required side yard setbacks (ground level or above).
  - Building stepbacks from the River consistent with the Downtown Recovery Plan.
  - For buildings adjacent to the River, allow for limited penetrations of buildings into the 42 degree solar plane projected back from the first story parapet on the riverside of the building when building design is otherwise consistent with City objectives for subdistrict development.
- Within the River Front Overlay District, allow for a permit process similar to that used for Planned Developments (PD) for all parcels, irrespective of size, to provide for flexibility in meeting City objectives for the subdistrict.

- Use Design Guidelines in this section for requirements for permits under the River Front Overlay District.
- Revise the CBD-E zoning related to Build To Lines and Setbacks to require additional building setbacks from the street to provide for wider sidewalks:
  - New development along Pacific Avenue and Front Street shall be set back from the property line to create a side-walk depth of at least 12 feet.
- In conjunction with the creation of a new parking district and/or comprehensive parking strategy for the South of Laurel subdistrict (see following discussion), revise the CBD-E parking requirement to comply with those established for the existing downtown Parking District.

City Actions

- Given the desire to strengthen the southern gateway to the Downtown and promote redevelopment of Pacific and Front Streets to the north, the triangular parcel formed by the intersection of Front and Pacific Streets at the southern end of the subdistrict has been identified and evaluated as a potential catalyst site that could spur more development in the subdistrict (See Appendix A2 and A3). This parcel was identified as an important opportunity site in the 1998 BSOLA Plan, but for more than a decade nothing has changed. A preliminary feasibility analysis suggested that redevelopment of the type desired (i.e., vertical mixed use with ground floor commercial) is not viable without the regulatory changes recommended within this section. The City should pursue the regulatory changes contained in this section and work with developers and property owners to identify other strategies (e.g., affordable housing assistance, etc.) that would assist them in redeveloping this site. A parking structure may be an option for the site since it could provide parking for Subdistrict 5 with the added benefit of being in close proximity to the Beach Area. However, it may not be the highest and best use of this site to since it would limit the potential for active uses needed to activate the south end of Pacific Avenue.

Provide Public Parking South of Laurel

As discussed for the Front Street/Riverfront South subdistrict, one of the most significant actions the City can take to support redevelopment is to address the issue of parking. Unlike the Downtown Extension - Riverfront South subdistrict, the South of Laurel Subdistrict is not included in the Downtown Parking District. Thus, landowners receive neither the benefit of public parking structures that help meet their parking demand nor the lower parking standards that reduce demands for on-site parking.

In order to support redevelopment that will produce higher density mixed-use development and a vibrant commercial mixed use neighborhood south of Laurel Street, some form of structured parking will be required to accommodate the increased parking demand. Unlike the Front Street area, the City also does not own land in the area south of Laurel on which it could build a parking structure. Similar to the establishment of the Downtown Parking District, the City needs to work with landowners to identify the best approach to addressing the parking issue in the area south of Laurel Street. Chapter 5 provides more detail about protential funding for development and operation of a parking structure.

City Actions

- The City should work in partnership with landowners and developers in the South of Laurel subdistrict to develop a public parking strategy that will relieve some of the parking burden that currently is inhibiting redevelopment. Since the City does not own property in the area, the strategy will need to evaluate a number of options for their financial feasibility, including:
  - The City buying land and building a parking structure.
  - The City entering into a land lease agreement to build and operate a public structure on private land.
  - The City entering into an arrangement with a landowner to provide public spaces in a joint public/private structure.
  - Landowners forming a parking district with assistance from the City.
- To establish a new parking district to serve the South of Laurel subdistrict, the City should adopt parking standards for future development that are consistent with requirements for the existing downtown parking district, and work with landowners to develop a plan for financing and managing the operation of the district.

Promote Mixed-Use Development at the Riverbend Site

The "Riverbend" site is a triangular-shaped area located south of Laurel Street and east of Front Street that is bisected by Spruce Street. The area occupies a significant riverfront location at the base of Beach Hill. With the majority of the area currently devoted to surface parking, it represents one of the largest blocks of under-utilized land in the subdistrict and a key opportunity for development. The area has been discussed by the community as a key site for development (e.g., housing or a conference center), but efficient development of the site is constrained by its size and shape. Given its significance to the area, the City should explore a range of actions it might take to support and incentivize desired redevelopment.

Regulatory Changes

- In order to support a consistent development character that supports compact mixed use development and provides a consistent commercial ground level:
  - Amend the General Plan to change the land use designation from High Density Residential (H) and Medium Density Residential (M) to Regional Visitor Commercial (RVC).
  - Amend the Zoning map to change the zoning from Multiple Residence – High Density District (RH) and Multiple Residence - Medium Density (RM) with a Multi-Use Overlay (MU) to Central Business District Subdistrict E (CBD-E) as modified by recommendations in this report for the rest of the South of Laurel subdistrict (see regulatory changes recommended above).
  - Amend the BSOLA Area Plan to extend the Front Street Riverfront Corridor design guidelines and development standards in the BSOLA Plan, as modified by the recommendation of this guidelines and incentives report, to this area.

City Actions

- The City controls potential assets that it might consider using to incentivize redevelopment in the South of Laurel area and to ensure that such redevelopment is consistent with the City's vision for this important riverfront site. Specifically, the public rights-of-way for Spruce Street and Laurel Street Extension divide the area into parcel configurations that will be inefficient to develop. A larger, more developable parcel could be created by re-locating the section of Spruce Street east of Front to the southern boundary of the existing parking lot and then abandoning the existing Spruce Street right-of-way as well as the Laurel Street Extension right-of-way from the Broadway Bridge to the realigned Spruce/Laurel Street alignment. Since the land area in abandoned rights-of-way would be greater than the area for the re-aligned Spruce Street, there would be a net gain in developable land as well as a more efficient configuration for development. By leveraging its right-of-way resources, the City can provide a catalyst to create more effective redevelopment of this key riverfront site. The City can also position itself to obtain considerations related to land use program and design for its assistance to the landowner. Active developer/landowner participation is a key component to the success of this approach. It is important to note that such actions would require partnering with willing landowners. In addition, utilities that are located in the existing street rights-of-way could result in significant development constraints and costs. For this reason, further study should be undertaken to determine if this idea is both feasible and of interest to the landowners.

Public Realm Design

Enhance Public Streetscapes

Given the length of the South of Laurel subdistrict and its function as a connection between the Downtown and the Beach Area, it is particularly important that the streets provide an attractive and inviting environment if people are expected to walk the distance. The subdistrict's streetscape includes three distinct street settings that need to be addressed: Front Street, Pacific Avenue north of the intersection with Front, and Pacific Avenue south of the intersection with Front Street. While each street segment has its own character and issues, they all tend to share features such as limited sidewalk widths, inconsistent street tree planting, absence of pedestrian amenities, overhead utilities, and prevalence of surface parking lots and driveway curb-cuts that detract from the quality of the pedestrian environment.

Recently installed public art along Pacific Avenue.

Enhancing the character and quality of the pedestrian realm in this stretch between the Downtown and the Beach Area is one of the key strategies the City can pursue to support redevelopment in this area and promote greater economic cross-fertilization between the Downtown and Beach Area. Public investment in the streetscape will enhance property values and provide a supportive context for the transition to higher quality private development. Higher quality streetscapes and development, in turn, will support more pedestrian traffic and greater levels of commercial activity.

City Actions

- The City should prepare streetscape enhancement plans for Front Street and Pacific Avenue north and south of the intersection of Front Street that define the long term vision and design for the public realm, and develop a strategy for phased implementation through public and private initiatives.
  - Refer to Streetscape Improvements section of Chapter 4: Areawide Design Guidelines of this study for recommendations for the design of:
    - Front Street.
    - Pacific Avenue north of its intersection with Front Street.
    - Pacific Avenue south of its intersection with Front Street.
- The City should pursue grants from State and Federal sources that can help to fund streetscape enhancement projects that promote greater pedestrian, bicycle, and transit use and safety.
- Any improvements will require coordination with Public Works, Parks and Recreation and any utilities in the area.

Repair and Enhance Stairs on Beach Hill

The public stairs over Beach Hill provide direct, pedestrian-only routes between the Downtown and Beach Hill, and also provide panoramic views out over the Downtown. Currently, one of these, the Beach Hill Stairway at the southern terminus of Pacific Avenue, is in disrepair and closed.

City Actions

- The City should ensure that the stairway improvements are scheduled on its Capital Improvement Program, and pursue grants or other funding opportunities, including Redevelopment funds, to stabilize the hillside and fund the repair of the stairs.

Create a Public Art Walk from the Downtown to the Wharf

Santa Cruz City Arts' 'SculpTOUR' program—where the public right-of-way is used as an open-air art gallery to display sculpture—represents an interesting strategy that could be effective at enhancing the visual quality of the entire lower Pacific Avenue corridor and bridging the gap between the Wharf and the Downtown. The sculptures installed along Pacific Avenue as part of the SculpTOUR program suggest how artwork might create a series of visual cues that complement the previously discussed streetscape improvements and encourage people to make the stroll from the Wharf to the Downtown. The most recent installation includes of a series of metal penguins extended down to Lower Pacific Avenue.

City Actions

- The Arts Commission should develop design guidelines and a strategic plan to program art and art-related events along the lower Pacific Avenue corridor that will enhance the connection between the downtown and the beach area, and also provide a coherent identity or underlying mechanisms that can tie the myriad art together as a linear gallery.
- The strategic plan developed by the Arts Commission will need to be coordinated with other streetscape improvement programs (e.g., sidewalk improvements, street tree planting, new roundabouts, etc.) and recommended wayfinding system improvements.
- The City should encourage the Arts Commission to continue to set aside funding for maintenance, and explore funding for expansion of the program.
- Through the design review/development entitlement process, the City should work with developers to encourage the incorporation of public art visible from the street as a part of a cohesive walking

tour that occurs along this corridor, especially in areas where there may not be enough space in the sidewalk or parking strip. This could include locating public art within building setbacks or incorporating artistic elements into building facades.

- Create incentives for developers to incorporate the SculpTOUR within their development, utilizing the design guidelines and strategic plan developed by the Arts Commission.
- Actively promote the Mural Program where appropriate.
- Consider reactivating the City's Planter Program.
- All artists should have an agreement which addresses vandalism to clarify responsibility.

Develop a Signature Park/Plaza

As discussed in the Chapter 2: General Areawide Direction, the South of Laurel subdistrict would benefit from the addition of a signature pocket park or plaza that can provide a focal point for community activities and contribute to the character of the area. The area currently has no parks or open space features around which activity centers or development is organized, other than the levee ramps at the east end of Spruce Street. The best location for a plaza or park space is probably along Spruce Street where it will be centrally located. Its actual location though will depend on future redevelopment, and what can be negotiated by the City. It could be conceived as a riverfront plaza at the terminus of Spruce Street, as proposed at the east end of Cathcart, or it could be a smaller plaza more internal to the subdistrict.

Regulatory Changes

- In order to ensure public access to the Riverway from Front Street, and limit public access constraints placed on landowners along the east side of Front Street, the Downtown Recovery Plan "riverfront access" design guidelines should be modified as follows:
  - *Riverfront Access.* New development along the east side of Front Street between Laurel Street and Beach Hill shall provide internal access between the promenade and the project as well as direct public access between Front Street and the levee promenade for pedestrians and bicycles. Public access provided through a project maybe limited daylight and/or business hours, and shall comply with City accessibility standards.
- In order to ensure public access to the Riverway from Front Street, the Downtown Recovery Plan development standards should be amended to include the following:
  - *Riverfront Access.* New development on the east side of Front Street shall be required to provide a public access easement as a condition of development approval. Such easements can

include either indoor or outdoor access and can be limited to daylight and/or business hours.

City Action

- Through the development entitlement and design review process, the City should work with appropriate landowners/developers to create a publicly-accessible pocket park or plaza, ideally somewhere along the Spruce Street corridor.
- As an alternative to acquiring land for public open space, the City should explore the concept of having redevelopment create a privately-owned plaza with a public access easement that would secure public access from Front Street to the River with possible limitations on hours. The intent would be to create a private plaza that is used and activated by adjoining retail, restaurant, and entertainment type uses, but is also publicly accessible and includes amenities such as landscaping, seating, and water features that enhance public use.
- The City should consider zoning changes and/or incentives (e.g., increased density or height, flexibility in development standards, etc.) to support either landowner dedication of public open space or the development of private open space needed to meet City goals. The City should also explore potential funding sources that would allow the City to participate in the paying for some portion of the open space improvements, such as access stairways/ramps.

4

AREA-WIDE DESIGN GUIDELINES

Introduction

The Area-wide Design Guidelines will direct the design of future public and private improvements within the Study Area. In order to realize this goal, the guidelines focus on achieving a series of specific objectives relative to the area's physical form and character. Overall, the design guidelines are intended to promote:

- A safe and attractive system of streets, parks, and civic spaces that provides graciously scaled public spaces that support and promote an active pedestrian environment;
- A pattern and scale of development that creates a well-defined, human-scale public environment that incorporates active, pedestrian-oriented street level uses that animate and enliven the public realm;
- Well-designed buildings that contribute a sense of identity and quality to the Study Area; and
- A system of public and private parking structures that reduce the visual and spatial prominence of surface parking and the automobile.

In recognition that these objectives address public as well as private property and will be implemented by both the City and private developers, the design guidelines in this chapter are organized in two broad categories: the public realm and the private realm. The public realm design guidelines address the design of improvements within public right-of-ways. The private realm guidelines address the design of all improvements on privately-owned parcels. The distinction between the public and private realms also recognizes that much of the challenge of creating or enhancing a distinctive identity and sense of place is equally dependent on the design of both public and private realms.

The public realm design guidelines in this chapter address public streetscape improvements and public art. Recommendations for Wayfinding, Gateways, and Signature Parks and Plazas are included in Chapter 2: General Areawide Direction. However, additional, general

Public and private improvements will contribute to the character and identity of the Study Area's public, semi-public and private realms.

guidance for Wayfinding and Signature Parks and Plazas is also included below.

The private realm guidelines address two broad design concerns: the creation of attractive, human-scale buildings and site planning that contributes to an active and well-defined public realm. Rather than recommending specific architectural styles, the guidelines focus on the appropriate scale, massing, and detailing of buildings and on how individual architectural elements can be organized to create visual interest, maintain human scale, and produce a well-ordered and satisfying whole. The site planning guidelines focus on reinforcing the spatial definition of the public realm by creating a closer and more consistent orientation of buildings to the street and reducing the visual prominence of parking by relocating it into structures and behind buildings where possible. They also address the creation of private and semi-public plaza or park features that contribute to the vitality of the pedestrian environment, including the use of privately-owned plazas, courtyards, and passages (i.e., pedestrian streets).

The design guidelines in this chapter provide general design direction that applies to the entire Study Area. They complement and are intended to be used in conjunction with the General Areawide Direction contained in Chapter 2, and the Subdistrict-specific recommendations and standards set forth in Chapter 3. The guidelines respond to key design issues that future projects will need to address, but recognize that the desired design objectives can be achieved in more than one way depending on the specific nature of the project.

Public Realm Design Guidelines

A key component of all successful downtowns is having a vibrant and well-populated street scene. This public life is dependent on creating the proximity, density and types of uses that will bring people together and the outdoor space that is conducive to pedestrian activity: room for walking and strolling, places to sit and linger, activities and objects to observe, and places in the sun and in the shade. Generous sidewalk widths are necessary to accommodate the convenient flow of pedestrian traffic, as are the amenities that will attract pedestrians and cause them to linger. In addition to pedestrians, the public realm also needs to be designed to accommodate facilities for other modes of travel, such as bicycles, buses, automobiles, delivery and service trucks.

The pedestrian realm serves several functions: circulation, social space and public amenities.

Curb extensions expand the pedestrian realm, slow traffic and reduce pedestrian crossing distances.

Streetscape Improvements

A vibrant urban environment is dependent on the quality of its streetscapes. As the primary public space in the study area, the area's streets should be designed to support and encourage public life and positive social interaction. As extensions to the Downtown, the study area streets should reflect the care and quality of Pacific Avenue, without necessarily replicating the scale and level of investment.

With the exception of River Street north of Water Street, which has already undergone extensive streetscape improvements, the character of study area streets is unexceptional and does not encourage much pedestrian activity. Streetscape improvements are recommended as a strategy that can be publicly implemented to support and catalyze redevelopment of the area. While the specific streetscape improvement recommendations differ for each street, there are a number of general objectives that should be pursued throughout the study area to enhance the quality of the pedestrian environment, including:

- Add a consistent planting of street trees along each street;
- Increase the width of sidewalks wherever feasible.
- Enhance pedestrian crossings aesthetically and functionally.
- Underground all remaining overhead utilities and remove utility poles from sidewalks.
- Add street furnishings (e.g., benches, trash receptacles, etc.) and other pedestrian amenities, assuming maintenance and security issues are adequately addressed.
- Add street lighting that enhances the visual quality of the street and contributes to the safety of the area.
- Enhance bicycle facilities (e.g., bike lanes, racks, etc).
- Maintain on-street parking as a buffer to moving traffic wherever feasible.

A number of alternative strategies for streetscape enhancements were discussed with the community and City staff. Generally, community sentiment favored wider sidewalks and bike lanes, narrower vehicle travel lanes, and placement of street trees in the parking lane to provide more space for tree canopies and wider sidewalks for pedestrians. Staff concern focused on potential impacts that narrowing street sections could have on future circulation, including automobiles, commercial trucks, buses, and bicycles as well as maintenance with street sweepers. The following recommendations represent those strategies that seem to most effectively balance these concerns. Alternative streetscape improvement strategies that were considered for each of the four street corridors are included in the appendix to this report.

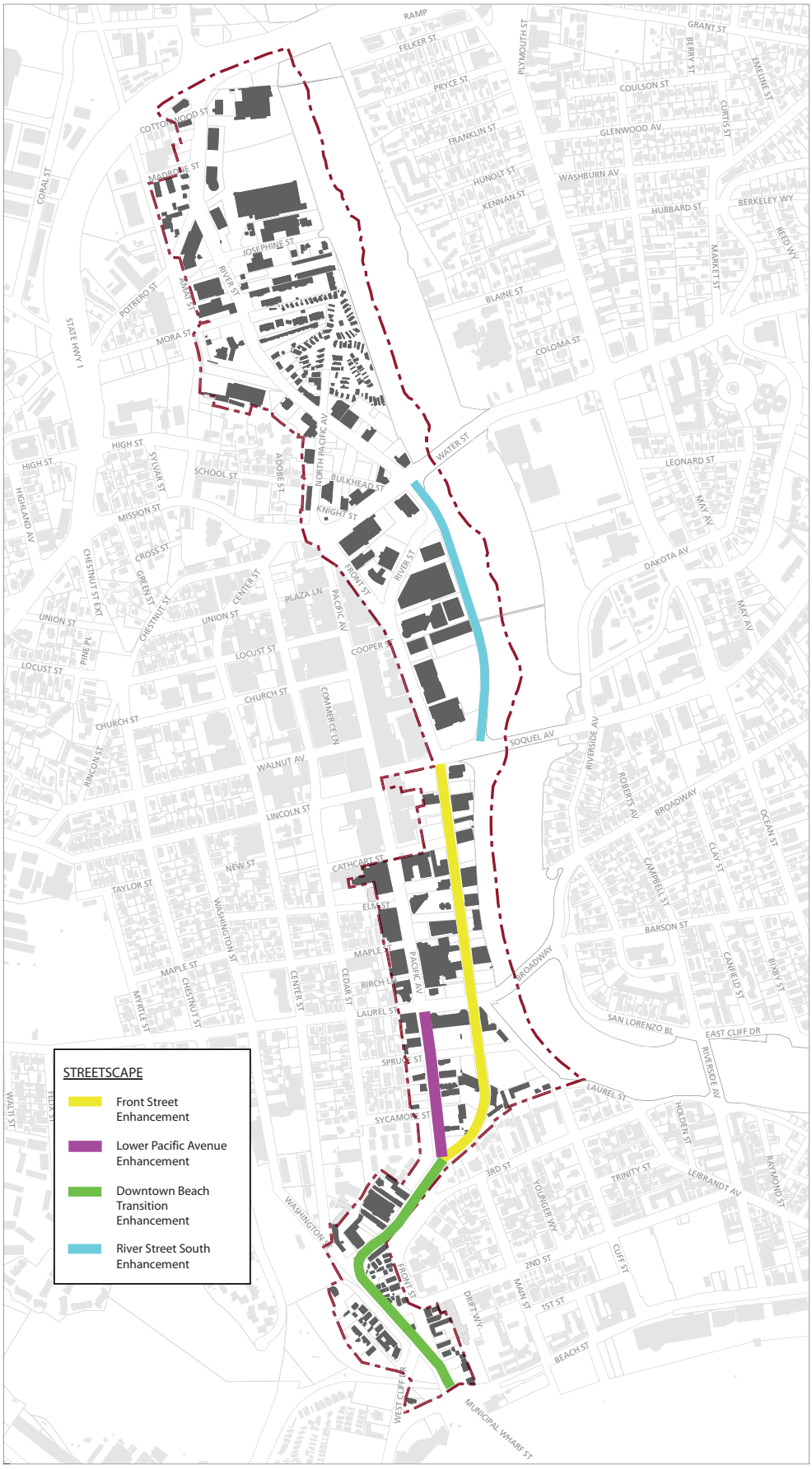


Figure 1: Streetscape Improvements

Shared lane pavement markings, or "sharrows," help to indicate roadway space shared by both bicycles and automobiles .

River Street South

While River Street South has the Riverway Trail on the east side, the pedestrian environment on the west side of the street is minimal. The recommendation is to maintain the existing curb-to-curb street width and enhance the pedestrian environment on the west side of the street by widening the sidewalk to the west (see cross-section in Figure 2), introducing consistent street tree planting in the sidewalk area, and adding coordinated pedestrian-scale lighting. The sidewalk widening strategy assumes future development would be required to provide an additional five feet of building setback and dedication along the street frontage to accommodate the widening.

Front Street

While the Downtown Recovery Plan envisioned the Front Street area as an extension of the Downtown to the River, the street itself serves as a multi-modal facility that provides access to Downtown businesses and secondarily to the Beach and South of Laurel Area. The character of the streetscape improvements is generally unexceptional and lacks the qualities that would attract or sustain pedestrian use. In order to preserve capacity for future multi-modal use, the City's direction is to maintain the existing curb-to-curb street widths from Soquel Avenue south to Pacific Avenue.

In order to accommodate wider sidewalks, per the Downtown Recovery Plan new development will be required to be setback two feet from their front property line. The streetscape enhancement strategy is to introduce consistent street tree planting and coordinated pedestrian-scale lighting within the resulting 12-foot wide sidewalks (see cross-section in Figure 3), and underground all remaining overhead utilities. In order to encourage bicycle use and enhance bicycle safety, it is recommended that bike lanes be marked as clearly as possible on Front Street and/or that shared lane markings (i.e., "sharrows", see photo) be incorporated where bike lanes are not feasible.

Pacific Avenue—Laurel to Front

In order to extend the vitality of upper Pacific Avenue southward, it will be important to introduce similarly robust streetscape improvements to the area south of Laurel Street. Given the relatively low volumes of vehicular traffic and generous right-of-way, a number of options exist for sidewalk widening and streetscape improvements. The recommended strategy is to narrow the travel lanes from 12 feet to 10 feet and then expand the sidewalk zone on the east side of the street

Figure 2: Preferred Concept: River Street South

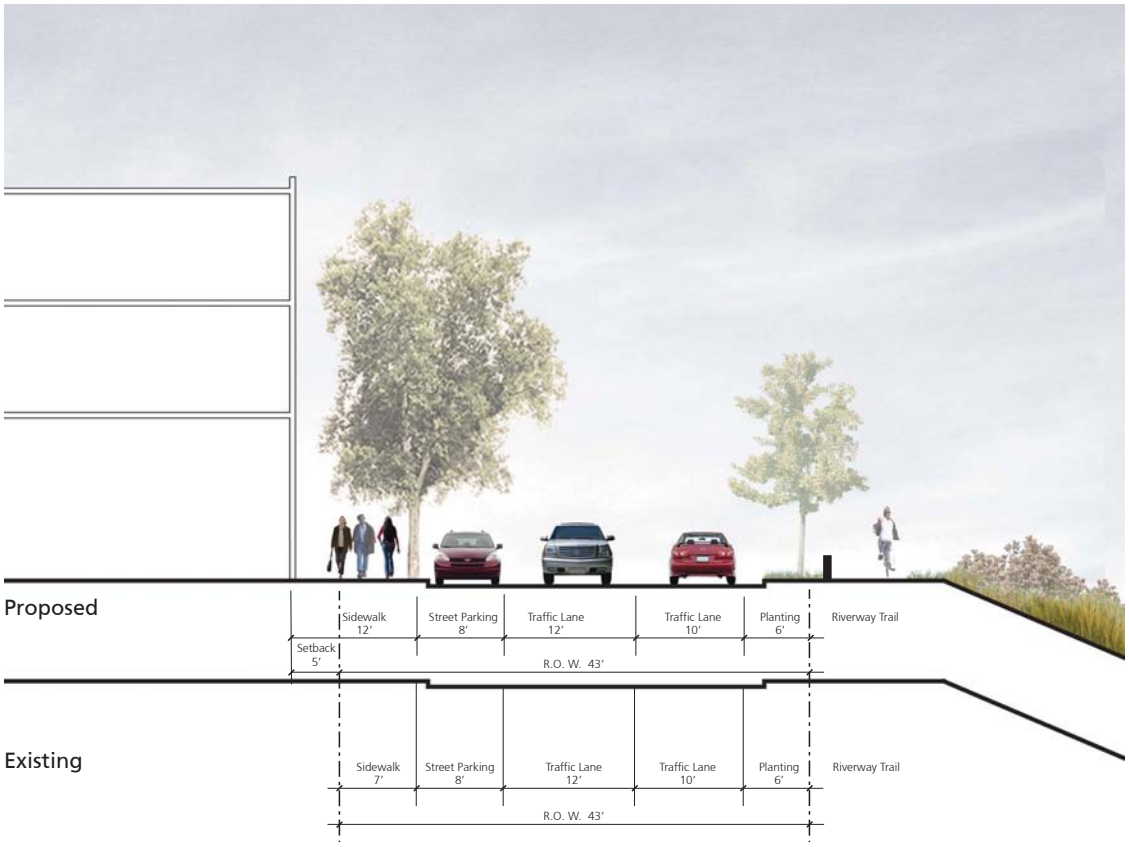
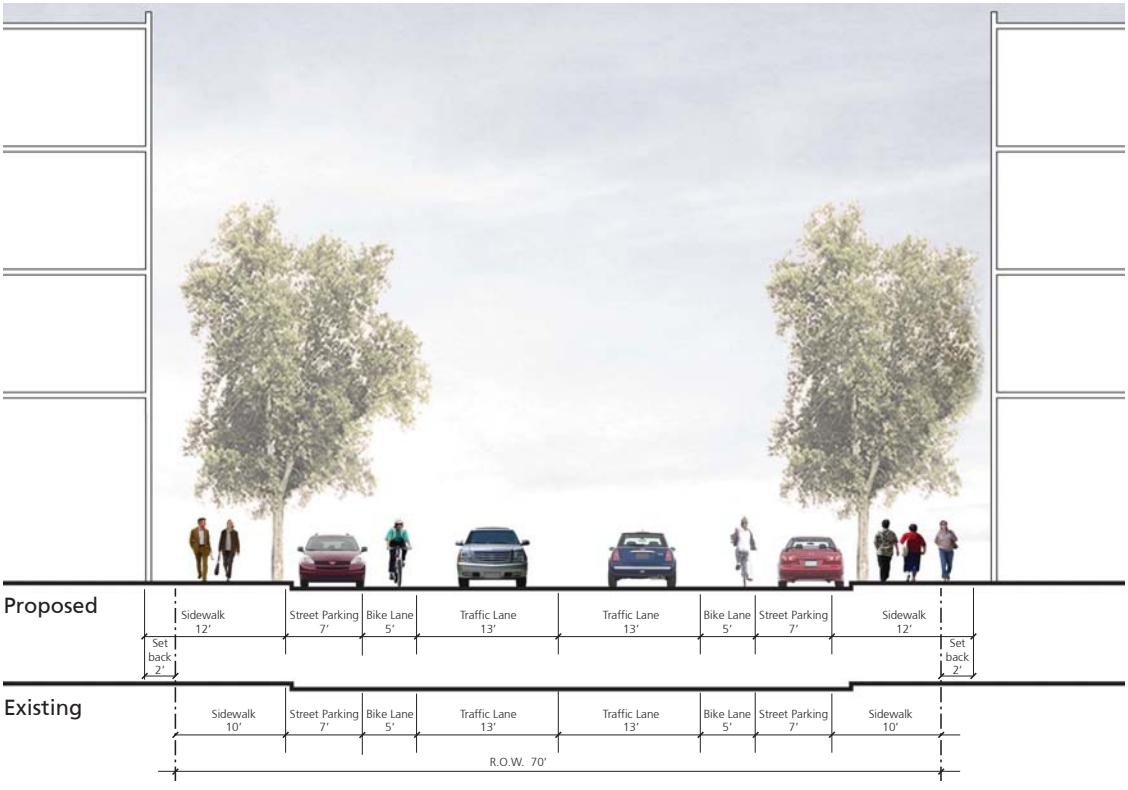


Figure 3: Preferred Concept: Front Street



Prominently located bicycle racks on sidewalk bulb-outs.

by four feet (see cross-section in Figure 4). This reflects the pattern developed on upper Pacific Avenue, where the pedestrian zone is wider on one side than the other. Wider sidewalks also provide for increased sun access and outdoor dining opportunities. Street trees can be planted in the sidewalks, or if wider pedestrian zones are desired, street trees could be planted in planters located in the parking lane, as has been done on upper Pacific Avenue. Pedestrian "bulb outs," or curb extensions, are recommended at corners. Providing space for bicycle parking should be considered a design criterion when designing curb extensions. As cycling popularity increases and public parking facilities are built, on-street vehicle parking spaces may be converted to bicycle parking in locations where space in the public amenity zone of the sidewalk is crowded or insufficient to meet demand.

Pacific Avenue—Front to Beach

Pacific Avenue from Front Street to Beach Street involves two distinctly different street cross-sections. From Front Street to Depot Park, the street is quite wide with a 12 foot sidewalk along the north side of the street, and Beach Hill (and no sidewalk) along the south side. From Center Street to Beach Street, the cross-section is more constrained. Narrow sidewalks along both sides of the street are further constrained by utility poles and street signs. The Beach and South of Laurel Area Plan (BSOLA) calls for both sides of Pacific Avenue to be lined with tall Mexican Fan Palms to create a continuous visual link from Front Street to Beach Street.

The recommended streetscape enhancement strategy is to introduce the palm trees along the Pacific Avenue as called for in the Beach and South of Laurel Area (BSOLA) Plan, and to also underground all remaining overhead utilities, remove utility poles from the sidewalk zone, and introduce coordinated pedestrian-scale lighting. In the short stretch between Depot Park and Beach Street, the palms will be located in the sidewalk zone. Along the corridor between Front Street and Depot Park, it is recommended that the palm trees be planted in the sidewalk zone along the north side of the street and interspersed with a small scale decorative tree to give a more pedestrian scale to the streetscape (see cross-section in Figure 5). On the south side of the street, palm trees should be planted if they do not conflict with sewer trunk lines that are located in this area. Further analysis will be necessary to determine the feasibility of tree planting on the south side of the street.

In order to encourage bicycle use and enhance bicycle safety, it is

Figure 4: Preferred Concept: Pacific Avenue—Laurel to Front

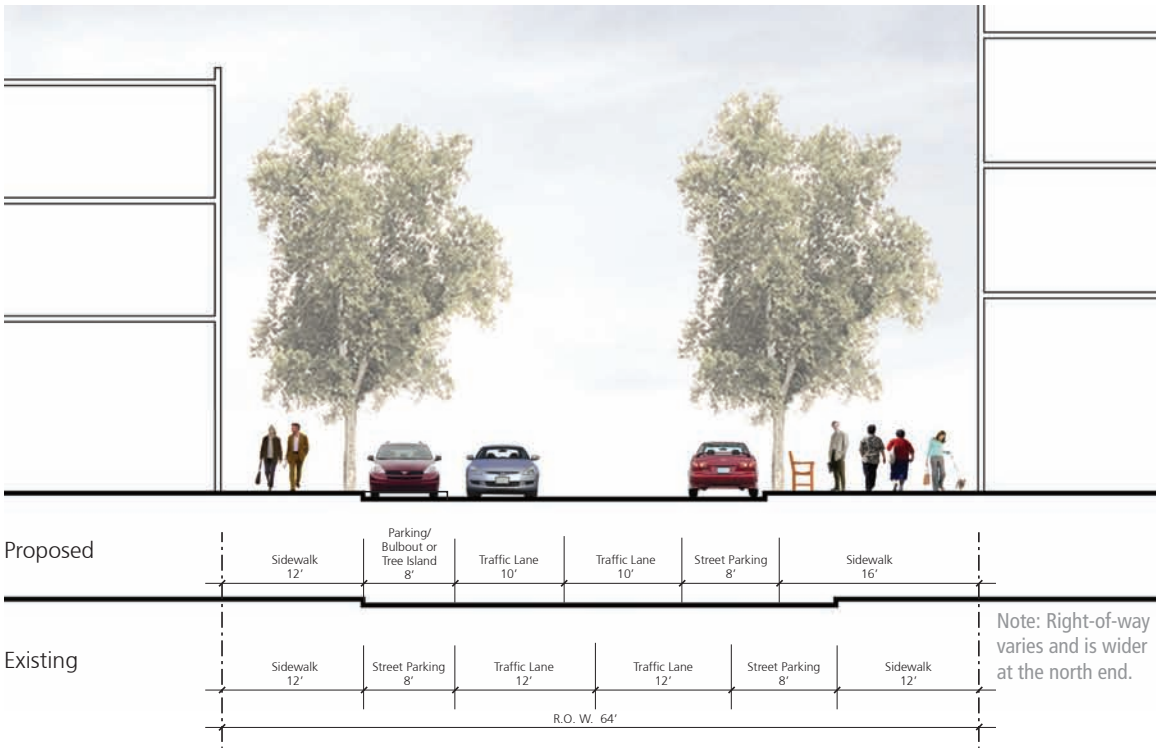
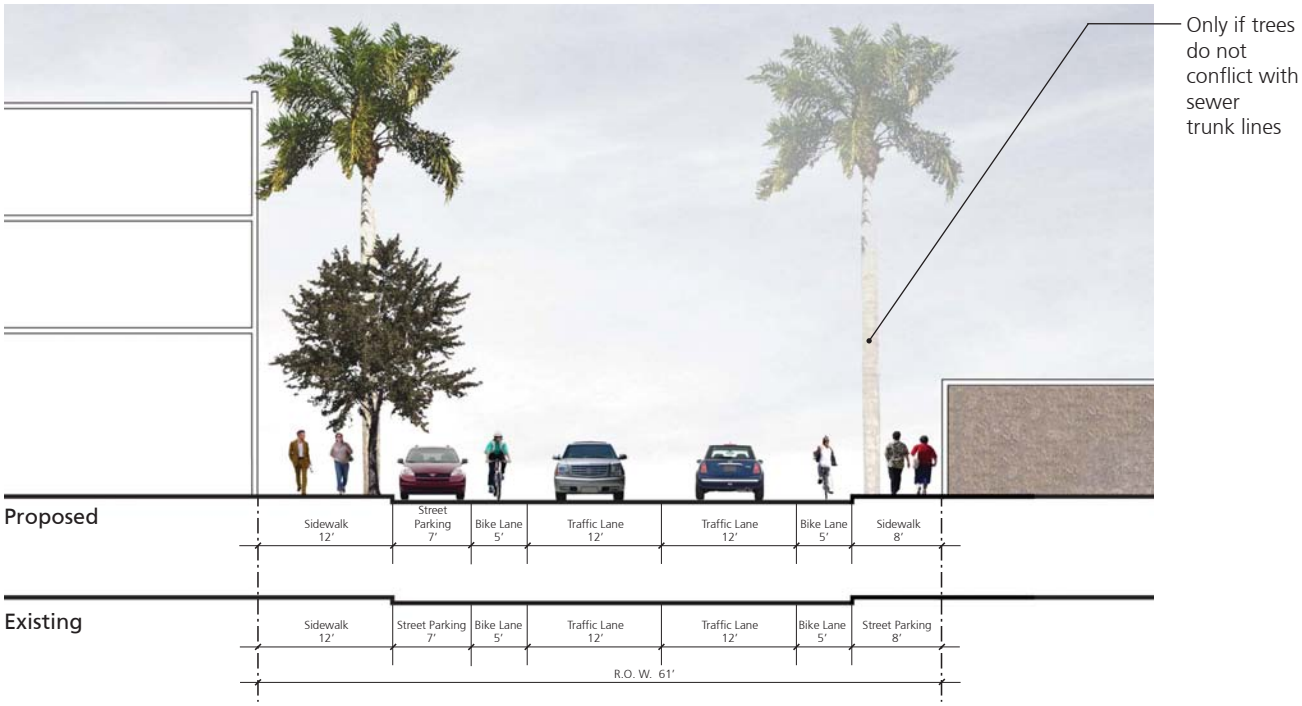


Figure 5: Preferred Concept: Pacific Avenue—Front to Beach



Tree grates with artistic flourishes add visual interest to the streetscape.

recommended that bike lanes be marked as clearly as possible on lower Pacific Avenue below Front Street and/or that shared lane markings (i.e., "sharrows") be incorporated where bike lanes are not feasible.

Public Art

Public art encourages pedestrian travel by adding visual interest to the public streetscape to enrich the pedestrian experience. Adding elements that visually and intellectually engage the community can be an effective means of encouraging pedestrian activity and fostering community identity. On a large scale, public art has the ability to enhance the identity of the Study Area and subdistricts within it, contribute to the creation of a new identity, or reinforce a design theme.

Consideration should be given to the integration of public art into all aspects of the public and private realm. However, given the competition for space in the pedestrian realm, it is important to move beyond the concept of public art as discrete elements such as statues or sculpture that occupy their own space. Instead, public art should be conceived of as something that is integral to the design of the many elements that occupy the public streetscape--making them more interesting, but not necessarily requiring more space. Thus, the design of all streetscape elements, including pavement treatments, street furniture, transit stops, light fixtures, etc., should consider the potential to incorporate public art.

The Santa Cruz Arts Commission (SCAC) is the coordinating body for public art in the City of Santa Cruz and should be consulted in coordinating public art at the beginning stages of projects, including private development projects where possible. "Imagine Santa Cruz," the City's Public Art Master Plan, should be referred to for further policy and design guidance.

1. Capital Improvements and Development Projects. All capital improvement and development projects, should explore the integration of public art into the design of public streetscape elements (e.g., paving, street furniture, transit shelters, lighting, etc.).

2. Location. Public art should be located where it can be enjoyed by a large number of people, including sidewalks, intersections, plazas, and medians.

3. Enhance Challenging Pedestrian Areas. Public art should be incorporated into difficult pedestrian transition zones, such as the

transition between the area South of Laurel Street to the Wharf, to facilitate pedestrian use by enhancing and animating these spaces.

4. Interactive Art. Interactive art is encouraged. Examples include pieces that either invite user participation or provide sensory stimulation through touch, movement, or sound.

5. Educative and Interpretive Art. Public art should be used as a means of enhancing community understanding of Santa Cruz's history and unique cultural assets and appreciation for local artists.

6. Permanent and Temporary. Public art may consist of both permanent and temporary installations.

7. Unified Design Identity. The design and placement of public art should enhance and be coordinated with other streetscape improvements to ensure a coherent character for a given subdistrict or corridor.

8. Local Identity. Local artists and themes should be highlighted to emphasize the unique cultural assets of Santa Cruz.

Wayfinding Signage

Signature Parks and Plazas

1. Design all new signature parks or plazas around a "purpose." Applicants or Property Owners should work with the City and community to identify an appropriate purpose for each of their proposed parks, before it is designed. Categories of purposes could include Education; Socializing; Exercise; and Relaxation.

2. Signature parks or plazas shall be designed to be accessible to the highest possible amount of users. They should be accessible from a public sidewalk and be inviting to the public.

3. Given the limited availability of land, there is no minimum size for a signature park or plaza.

4. Layout should include seating areas and central design features. The design should combine hard and soft landscape.

5. For security purposes, clear sight lines and adequate lighting should always be included.

6. Signature parks or plazas should be encouraged to contribute to local stormwater management strategies.

Commercial buildings should be simple in form and massing; this building has a storefront base and a detailed parapet

Buildings should be scaled and proportioned to create a pedestrian-friendly development pattern.

Wayfinding

An attractive comprehensive wayfinding signage system for all modes should be enhanced and expanded to include the entire Study Area. It should continue to serve both the needs of out-of-town visitors as well as citizens of Santa Cruz. In addition to recommendations made in Chapter 2: General Areawide Direction, the wayfinding system should:

- Provide directional and information signs that are attractive, clear and consistent in theme, location, and design.
- Identify key historic, cultural, civic, and shopping destinations and facilities, e.g., public parking structures, areas with wireless internet (wi-fi) access, parks and open space areas, transit routes and stops, etc. Comprehensive business directories, such as those typically found in private malls, are discouraged.
- Be co-located with other streetscape furniture (e.g., light standards, transit shelters) where possible to reduce visual clutter in the public realm.
- Be designed in a cost-effective way that minimizes capital and maintenance needs.

Private Area Design Guidelines

Overall Character & Design Principles

The development standards and design guidelines for the private realm focus on promoting private development that will result in an attractive, vibrant and pedestrian-oriented commercial mixed-use area. Private development contributes significantly to the character and pedestrian orientation of the Study Area. As described in the Downtown Recovery Plan, a fluid yet defined relationship between public and private areas is desired within the Study Area:

> *A downtown pedestrian district like Santa Cruz need not establish a hard edge between public and private uses. Activities should flow back and forth between the public and private realms. The extension of the pedestrian environment into private parcels is encouraged by means of passages and courtyards that have a strong tradition in Santa Cruz. Conversely, retailing activities (e.g. cafes, flower stands, produce markets) are encouraged (within carefully prescribed limits) to "spill out" in the public right-of-way to reinforce the life and vitality of the street (Santa Cruz Downtown Recovery Plan).*

Much of the challenge of creating or enhancing a distinctive identity and sense of place is equally dependent on the good design of both public and private realms.

Key physical changes promoted by this study include:

- Creation of a denser, more compact pattern of development that mixes uses vertically, positively defines the public realm, and supports a vibrant, walkable commercial mixed-use district.
- Construction of attractive, well-designed buildings that establish a distinctive, high-quality character within the Study Area.
- Creation of safe, attractive and generously proportioned private and semi-public open space that complements the public streetscape and promotes an active pedestrian environment.
- Reduction in the use of surface parking lots and the relocation of off-street parking into parking structures and behind buildings.

Site Planning

New development should contribute to the creation of a coherent, well-defined and active public realm that supports pedestrian activity and social interaction and to the creation of a well-organized and functional private realm that supports the needs of tenant businesses. New development also should contribute to a visually and functionally integrated pattern of development that reads as a consistent and attractive whole. Thus, the general building forms and functions and how they are organized on the site and in relation to surrounding development have as much to do with the area's character and function as a building's aesthetic characteristics.

Building Orientation

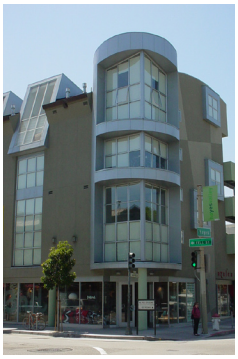
An important element of a dynamic, pedestrian-oriented retail district is establishing and supporting the civic life of the street. Rather than having buildings oriented to parking lots, as now occurs in areas such as Gateway Plaza and the Trader Joe's/CVS's shopping area, all buildings will directly address the public street. Rather than dispersing public activities between individual parking lots and storefronts, locating building entrances on the primary street ensures that pedestrian activity is focused on the public streetscape along which numerous businesses reside. Having building entries and windows front on the street creates a complementary and dynamic tension between the public and private realms that is essential to most successful retail and mixed-use throughout the Study Area.

Buildings should be sited at the property lines to create a continuous building street wall.

1. Buildings shall be sited to positively define the public street and open space features such as plaza, with façades aligned parallel to the adjoining street.

2. Buildings located on corner lots should site primary building

Buildings at street corners should be oriented to both intersecting streets with a building entrance fronting directly onto the corner.



Turrets and towers can be used to emphasize important locations, such as street intersections

entrances at the corner to establish an orientation to both the primary and secondary street frontages and symbolically acknowledge the importance of the intersection.

3. Buildings located adjacent to both public open space amenities (e.g., plazas, parks, and the San Lorenzo Riverway) and public streets should be designed with a dual orientation so that they provide access and a public face to both the primary street frontage and to the public open space.

Street Walls and Street-front Setbacks

Siting buildings at the street's edge gives spatial definition to the public realm that is critical to supporting pedestrian activity. It also establishes a visual connection between businesses on opposite sides of the street that is an important ingredient of a successful shopping street.

1. Buildings should be sited at property lines or designated frontage lines adjacent to public street frontages in order to establish consistent and continuous building street walls that give scale and definition to adjacent streets and civic spaces.

2. Portions of the building street wall may be setback from the public right-of-way to accommodate key features such as a recessed storefront entrance, an entry forecourt, or a plaza, as long as such features do not substantially interrupt the continuity of the street wall and transportation needs.

3. Gaps in the street wall (i.e., street frontage with no building) should be limited to those areas needed to accommodate pedestrian and, in limited instances, vehicular access (see guidelines for "Parking and Vehicular Access").

4. On corner parcels, the corner of the building may be recessed from front and side property lines on a diagonal. The recessed corner may include just the ground level, or ground floor and upper levels.

On-site Open Space

The provision of on-site open space such as plazas, courtyards, and pedestrian passages is an integral component of the pedestrian-oriented, mixed-use Study Area. These semi-public spaces provide a finer-grained, more intimate setting that encourages pedestrians to gather and linger, and can be designed specifically to complement and enhance the commercial function of adjoining private-sector uses.

1. The creation of semi-public outdoor spaces such as on-site plazas, patios, courtyards, pedestrian passages, terraces and gardens that support pedestrian activity and community interaction is strongly encouraged, particularly in larger projects.

2. On-site open space areas should be designed to complement and enhance the function and character of adjacent commercial uses by providing a transition from the public streetscape to the private business, and providing outdoor areas that can accommodate commercial activity (e.g., outdoor dining, display areas, etc.).

3. Building frontages adjacent to semi-public outdoor spaces should include building entrances and storefront windows that face onto the open space and architectural and landscape features that activate the façades.

4. Plazas and open space areas intended for public use should have clearly defined visual and physical connections that promote a comfortable transition from the public to the private realm.

5. Pedestrian passages are an important element of the Downtown's urban open space system and are strongly encouraged as connective elements and open space features. They promote pedestrian activity by creating spaces scaled to pedestrian use, reducing conflicts with automobile traffic, and improving pedestrian connectivity. They also provide the benefit of increasing the amount of potential retail frontage. Pedestrian Passages should be wide enough and open enough to feel safe and comfortable for pedestrians and for security purposes generally should provide visibility from one end to the other.

6. To promote user comfort, plazas and courtyards should be well-defined by buildings and landscaping, comfortably scaled, landscaped for shade and ornament, furnished with areas for sitting, and lighted for evening use.

7. Landscaping should be used to activate building façades, soften building contours, highlight important architectural features, screen less attractive elements, provide shade, and add color, texture, and visual interest. Landscape materials should be of high quality and suitable for the Northern California climate. Given the general lack of precipitation during summer months, native and low-water-use plant species are required.

On-site open space is encouraged to have a semi-public character that transitions from the public to the private realm; windows, doors, and commercial activities (e.g. café seating or display areas) should be used to activate these spaces.

Parking should be accomodated in above- or below-grade structures; parking structures should be wrapped with active ground-level uses and articulated to screen vehicles parked in upper stories
.

Parking and Vehicular Access

Parking will be a critical factor for successful redevelopment. In order to be successful, the Study Area needs to not only ensure that adequate parking is provided to support proposed development, but that the location and design of that parking also supports an attractive, pedestrian-friendly mixed use environment throughout the Study Area. The current prevalence of sites with surface parking lots and driveways crossing public sidewalks is functionally and aesthetically antithetical to the vision for the Study Area. This study promotes redevelopment as a strategy to reduce the visual prominence of parking and the potential for pedestrian/vehicle conflicts by placing it in structures. The Study recommends a "park once" parking management strategy that encourages individuals to walk to all their Downtown destinations after they have parked their car.

1. In order to accommodate proposed development intensities and create an attractive pedestrian environment, surface parking is discouraged and should be kept to a minimum. Where it occurs, surface parking should be located behind buildings and on the interior of blocks where it is screened from public view.

2. Generally, off-street parking should be located in above- and below-grade parking structures where possible.

3. Parking structures should be located on the interior of the block where feasible.

4. Where feasible, parking garages adjacent to public streets should be wrapped with liner space for retail and commercial uses that activate the street frontage and screen parking. At the very least, retail and other pedestrian-oriented uses should line the street-level façade of parking structures fronting on public streets.

5. Upper floors of parking structures that are visible from the street should be designed to screen views of cars and parking structure lighting, and to reflect a level of articulation and design character consistent with the rest of the building façade.

6. To the degree possible, access to off-street parking should be provided from east-west streets. Driveways and curb cuts along the area's north-south streets should be limited as much as physically possible. Existing curb cuts and driveways ultimately should be consolidated as subject properties are redeveloped and alternative access can be provided.

Service Areas, Loading, and Building Equipment

As a functioning commercial area, it is essential that retailers and commercial tenants can efficiently obtain the supplies and services needed to operate. It is just as important, however, that these functions and their related facilities are carefully integrated into the design of new development so that they do not compromise the quality or character of the Study Area.

1. Service, loading and storage areas should be located to the rear of buildings and on the interior of blocks where they are away from public view.

2. Loading docks, storage areas, trash bins, and other service areas and facilities should be located away from public streets whenever feasible and screened from public view in a manner that is consistent with the architectural style and character of the associated building.

3. Properties that back up to the River and have restrictions on rear access should provide loading areas and service areas within their parking structures whenever feasible.

4. On-site infrastructure, such as back-flow devices, irrigation controls, electrical panels, etc., should be located in interior utility closets or on the interior of blocks, away from public streets, where they are out of public view.

Buildings may be stepped back above the third story to reduce apparent bulk

Ground-level façades should create a high level of transparency along the street.

Building Design

Building Massing

It is important that future buildings are designed so that their scale and massing do not overwhelm the public realm and make it unattractive or inhospitable. Large buildings can be attractive and dramatic and yet still preserve a pedestrian scale at street level. They do not have to be either monolithic or imposing. There are many design techniques for adding visual interest and mitigating a building's apparent bulk and scale.

Building Façades

Building façades are the "walls" of the public realm, and will do much to establish the character of the Study Area. The doors, windows, and detailing that animate their surfaces both activate the streetscape and establish a pleasing sense of order and proportion. It is important that they be neither too dull nor too busy, and that they present a perceptible unity without sacrificing variety.

Building entrances should be easily identifiable through façade articulation, architectural detail, and use of materials; in this building, a recessed bay was combined with architectural ornament to accentuate the building entrance

Building entrances to upper-floor offices or residences should be clearly distinguishable from entrances to retail storefronts.

1. Building façades should incorporate a hierarchy of vertical and horizontal features and articulation that establish a sense of order and reflect changes in building form.
2. Façades that face public streets and open space areas generally should be architecturally subdivided with some form of modulation or articulation every twenty-five (25) to fifty (50) feet to promote visual interest and a comfortable pedestrian scale that is reminiscent of traditional pedestrian-oriented shopping and residential districts.
3. Façade increments should be defined at both the ground floor and at upper stories.
4. Buildings with longer frontages should be subdivided to accommodate multiple individual storefronts with a regular pattern of storefront entrances along the street. Preferably, individual storefronts should not exceed fifty (50) feet in width. With larger tenants, it is desirable to locate the majority of their floor area behind a smaller frontage (e.g., wrap floor area behind "liner" storefronts along the street frontage).
5. Strategies for varying façades and defining distinct modules may include: articulation of building volumes, changes in rooflines and fenestration patterns, introduction of vertical architectural features such as columns and pilasters, the use of decorative detailing and architectural elements, and changes building materials and color.
6. Changes in architectural character, façade materials or color should be associated with a change in building plane or separated by a vertical feature (e.g., a column or pilaster).
7. Building façades that face public streets, sidewalks, trails, and open space should incorporate architectural features such as building entrances, display windows, awnings, overhangs, balconies, light fixtures, and other design features that add human scale and visual interest to the façades.
8. Buildings should maintain a consistent quality and character in terms of the articulation, detailing, and finishes on all elevations visible from public streets and open spaces, not just the primary façade.
9. The creation of uninterrupted blank wall surfaces should be avoided on all building façades.

Building Entrances

1. Primary building entrances and lobbies should be clearly visible and directly accessible from the primary street. Buildings that front onto multiple streets should provide an entrance along each street.

2. Retail storefront entrances should be clearly distinguishable in form and character from entrances to upper-floor office and residential uses or to a building's main lobby.

3. Secondary building entrances from pedestrian passages, alleys, and parking structures are encouraged as long as they do not detract from the primacy of the main building entrance and street frontage (i.e., buildings should not have primary orientation to parking lots).

4. Building entrances should be well-defined and accentuated through use of façade articulation, architectural detail, and use of materials. Appropriate strategies for architecturally defining building entries include:

   a. incorporating the entrance into a taller vertical mass (e.g., a small tower) that is differentiated from the rest of the building.
   b. sheltering the entrance with a canopy, awning, or overhang.
   c. employing architectural features such as columns, pilasters, clerestory windows and sidelights, decorative tiles and light fixtures.
   d. enhancing ground surface with decorative paving.

5. To the degree feasible, service entrances, loading docks, and storage areas should be located and screened so they are not visible from public streets and open spaces or interfere with public use.

Roofs

1. The roofs and rooflines of buildings should be designed to complement and complete the building design. Distinctive, sculpted roof forms that contribute to a visually interesting skyline and to the overall character of the Study Area are encouraged.

2. Flat roofed buildings should incorporate a strong, attractively detailed cornice or parapet that screens rooftop equipment and creates a distinctive silhouette.

Unique roof forms can be used to create an interesting skyline.

Accessible rooftop terraces are encouraged to advantage of the open space views.

Doors and windows should be inset from the façade to create shadows and visual interest.

3. Roofs with vertical surfaces visible from public streets, open spaces, and adjoining areas should use high quality roofing materials consistent with the building's other exterior finishes.

4. All rooftop mechanical equipment, appurtenances, and stair towers should be grouped and located so that they are not visible from streets and other public areas, architecturally integrated into the building and made with materials consistent with the building's overall design character.

5. Creation of accessible terraces and open space on rooftops is encouraged, particularly to take advantage of views of the San Lorenzo River.

Windows, Doors and Other Openings

1. Ground-level façades should incorporate generous windows and street-oriented glazing that create a high degree of transparency along the street and reveal activity within shops and restaurants and engage the interest of passersby.

2. Windows on retail and commercial storefronts should generally occupy a minimum of sixty (60) percent of the street-level façade surface. Graffiti-resistant glass should be used where feasible.

3. Enclosed display window areas should be provided on street-oriented façades where actual windows cannot be provided.

4. Window and door frames should not be flush with exterior wall surfaces. Building openings for doors and windows should employ deep insets that create visual relief and shadow lines on the façade, giving the building a sense of solidity and substance.

5. Tinted, reflective, or obscure glazing should not be used. Solar shade control should be accomplished using exterior shading devices such as awnings or sun shades.

6. Street-fronting, ground-floor glazing should have a sill height not exceeding 30 inches as measured from the adjoining sidewalk surface.

7. Doors in commercial storefronts should include windows that permit visual access into the establishment.

Commercial Signage

Commercial signage within the River Front District should follow guidance located in Appendix 3 of the Downtown Recovery Plan. Free-standing signs such as monuments and pole signs should be prohibited in Subdistict 3, 4 and 5, but allowed in Subdistrict 1 and 2. Free-standing signs should be discouraged in Subdistrict 1 and 2 in favor of signs integrated into the building design.

Public Art in the Private Realm

Private development should consider the integration of public art into all aspects of both the public and private realm.

1. The art component of a project should be incorporated into the architecture of the building, in a complimentary way. Suggested strategies include sculptural relief panels, integrated architectural ornaments, signage, lighting/light sculpture, entablatures, wall paintings or mosaics, ornamental ironwork and artistic floorwork.

2. New projects that contain art components should locate them in the most public areas of the building(s), including on the building's exterior, in the main lobbies, in forecourts or courtyards, etc.

3. Source content for the artwork should be locally relevant.

4. Artwork may be stand-alone, with appropriate scale and placement.

5. Paving patterns should not fulfill the art component, unless they are pictorially representing an image, map, etc.

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FINANCING OF KEY IMPROVEMENTS

This chapter addresses the financing of key strategies to revitalize the River/Front Lower Pacific Study Area. These strategies, as discussed in the Preferred Concept and Preliminary Recommendations Report, include:

- Development of catalyst mixed-use projects at opportunity sites.
- Formulating a parking strategy for the southern portion of the Study Area.
- Establishment of a shuttle service that links the Santa Cruz Beach Area to Pacific Avenue and the Study Area.
- Wayfinding improvements.
- Streetscape improvements.

Given their unique and more complex nature, this chapter focuses in particular on the first three items.

Catalyst Mixed-Use Developments

Multifamily housing developments with a mixed-use component will play a primary role in revitalizing the River/Front Lower Pacific Study Area. As discussed in the June 6, 2009 BAE memorandum to the City, WRT formulated a series of mixed-use development concepts for two Opportunity Sites in the Study Area. Based on a financial feasibility analysis of the concepts, BAE offered input on the product type, unit mix, and density, thereby guiding the land use regulations proposed within this study. The financial analysis also identified any potential funding gaps that the City might need to address to make the projects "pencil out."

This section of the chapter summarizes the findings of the feasibility analysis, and the implications for financing catalyst projects. Refer to the June 6, 2009 memo by BAE for additional details.

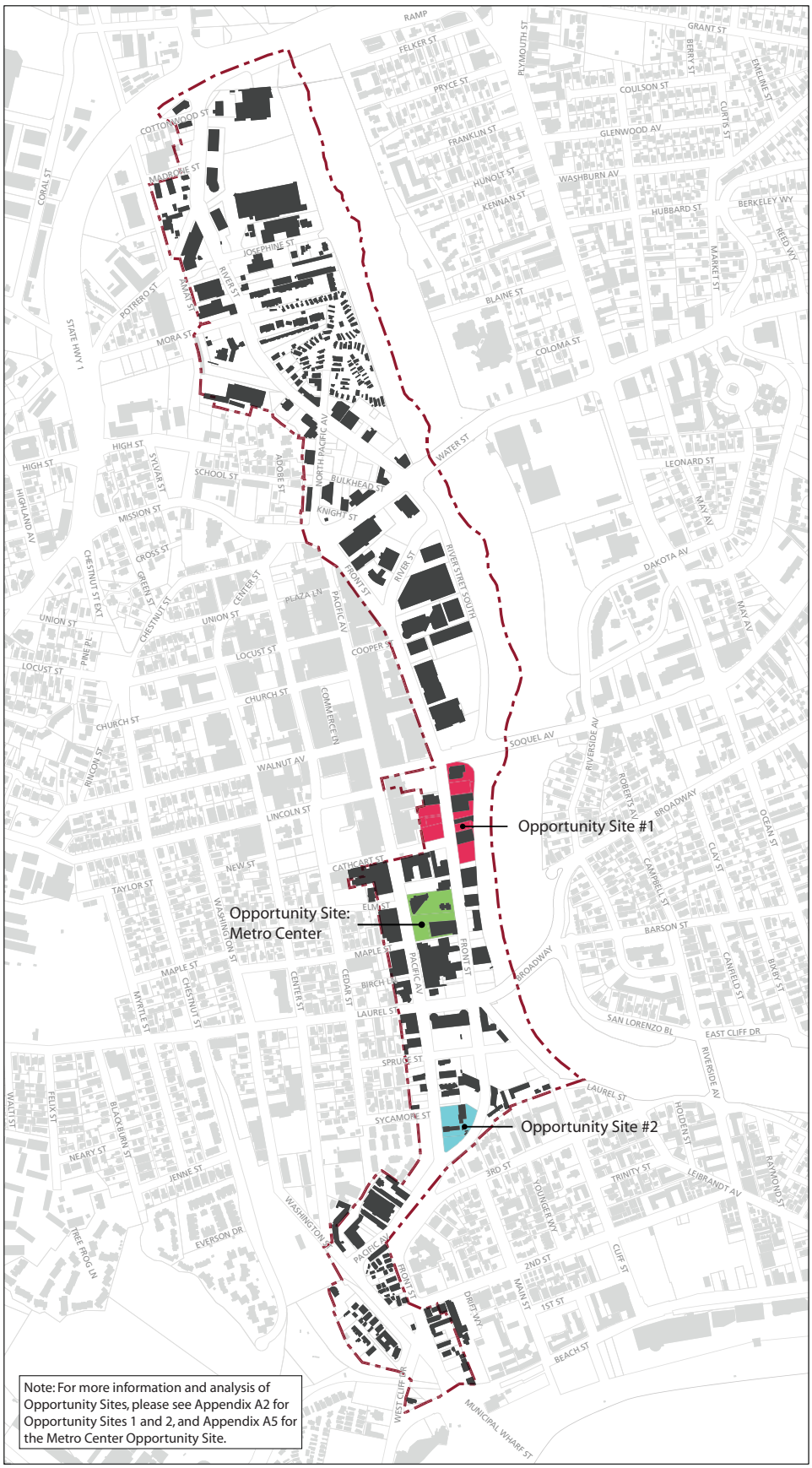

Figure 5.1: Opportunity Site Key Map

Market Rate Mixed-Use Projects

The analysis found that a minimum density of approximately 55 units per acre is necessary to achieve financially feasible market rate condominiums in the Study Area. At this scale, privately financed mixed-use condominiums can occur in the River/Front Lower Pacific Study with little to no direct public support, as the economy and housing market recover over the medium- to long-term. [1]

Development economics in the Study Area currently do not support the construction of market-rate rental housing, even at residential densities of 113 units per acre. Apartment complexes, particularly with structured parking, are highly sensitive to construction costs, capitalization rates, and rent levels. Santa Cruz's high land values also make it difficult for multifamily apartment projects to achieve financially feasible returns, despite the City's strong rental market. Over the long-term, development economics may shift to favor market-rate apartment construction. However, given these findings and local land values, any new project would likely require residential densities over 110 units per acre to achieve financial feasibility.

Affordable Mixed-Use Projects

The pro-forma analysis suggests that development of multifamily apartment complexes serving very-low to low-income households would require a City contribution of up to $167,000 per unit, assuming densities of at least 110 units per acre. Staff indicates that this per unit gap falls within the range of subsidies that the City has historically provided to projects serving lower-income households. To the extent other gap financing sources are available (e.g., from State- or federal-funded affordable housing programs), the necessary City contribution may be lower.

City contributions to address this "feasibility gap" would mainly come from the Redevelopment Agency's Low- and Moderate-Income Housing Fund ("Housing Fund."). The Study Area falls within the City's Merged Project Area, wherein 20 percent of the property tax increment accrues to the Housing Fund. The Merged Project Area will lose the ability to receive tax increment in 2033.

The City's Fiscal Year 2009 Annual Budget reports that the Housing

[1] As discussed below, public support will be necessary to finance the development of a parking structure to accommodate the spaces required of the commercial component of mixed-use projects.

Fund has annual revenues of approximately $3.0 million. In terms of current Housing Fund capital expenditures, the Agency has ongoing commitments to support the Tannery Arts Center and homeless prevention rental subsidy and security deposit programs. Moving forward, the Agency expects to have approximately $2.0 million in the Housing Fund available through 2012, with several projects as potential recipients. These include proposals by Habitat for Humanity and Mercy Housing, as well as the redevelopment of the Santa Cruz METRO Center. If these projects proceed in the next three years, there will be limited available funding for other affordable housing developments in Santa Cruz, including projects in the Study Area. As such, other affordable housing projects may need to wait until after 2012 to access Housing Fund monies.

Parking Strategies

As a development incentive, the City must address the need for off-site parking to serve ground floor commercial space in the Study Area, especially outside the Downtown Parking District. The Opportunity Sites Analysis found that mixed-use projects generally cannot accommodate these parking stalls on-site without negatively impacting design and financial feasibility. [2]

This section addresses this issue in more detail, looking in particular at the potential for off-site parking to serve mixed-use projects south of Laurel Street, which lies outside the City's Downtown Parking District.

Overview of Parking Conditions

The Santa Cruz Downtown Parking District covers the area north of Laurel Street to Water Street, including North Pacific, Front Street to the east and Center Street to the west. The District maintains 22 lots, sixteen of which are free with a time limit, and six of which are paid. In total, these lots contain 2,247 spaces. The District also manages 820 on-street spaces. [3]

Business owners within the District have the option of providing the necessary parking on-site, or paying an annual deficiency fee for each space not provided. The fee is currently capped at $425 per deficient space. Within the District, one space per 400 square feet of office, medical office, retail, and restaurant space is required. For residential

[2] The Opportunity Sites analysis found that parking for the residential component can occur on-site.

[3] City of Santa Cruz Downtown Parking Study, 2007.

uses, the requirement ranges from 0.25 to 1.0 spaces per unit. These deficiency fees, in addition to meter, permit, and lot gate revenues, are used for the maintenance and operation of existing facilities, debt service, and financing of new construction.

When the 2007 Downtown Parking Study was conducted, parking supply exceeded demand by 128 stalls. However, at General Plan buildout, the Study projected a deficit of 720 to 900 stalls. To address this projected deficiency, the City is currently exploring the construction of another parking garage within the District.

New development within the District contributes to the District financially, and can therefore use existing and new stalls to satisfy parking requirements. As such, the developer of a new mixed-use project in the District may simply pay the deficiency fee described above, rather than supplying on-site parking for ground floor commercial space.

However, the area south of Laurel Street does not lie within the Downtown Parking District. Therefore, the off-site parking for ground floor commercial space must be addressed to stimulate mixed-use development in the area.

Eventually, however, the area south of Laurel Street will need to address its parking needs with a new structure, given the projected deficit of spaces in Downtown, particularly in Zone 4, which covers the southern end of the District. The following section examines the potential for this structure in more detail.

South of Laurel Parking

Structure Sizing and Cost

WRT Design estimates that the area south of Laurel Street would accommodate approximately 114,400 square feet of ground floor commercial space at buildout. This level of development requires approximately 340 parking stalls, assuming four spaces per 1,000 square feet of commercial space, per existing requirements. [4] If Downtown Parking District parking ratios were applied to the area south of Laurel Street (2.5 spaces per 1,000 square feet of commercial space), only 190 stalls would be necessary. Table 5.1 presents conceptual structures under both scenarios. Each structure also includes a 5,000 square foot retail component.

[4] This estimate accounts for on-street parking to satisfy commercial parking requirements, and assumes that existing parking stalls used by the Seaside Company would be replaced elsewhere, such as in a structure at the Beach Area, as called for in the Beach and South of Laurel Plan.

Table 5.1: South of Laurel Parking Structure Development Program and Cost Estimate

Project Description		Current Parking Ratios 4 spaces/1000 sf	District Parking Ratios 2.5 spaces/1000 sf
Number of Stalls (a)		340	190
Average Stall Area (sq. ft.)		350	350
Total Size of Project (sq. ft.)		119,000	66,500
Ground Floor Commercial (sq. ft.)		5,000	5,000
Garage Costs			
Hard Costs (b)	$20,500 per stall	$6,970,000	$3,895,000
Soft Costs (as % of hard costs)	25%	$1,742,500	$973,750
Land Costs (c)	$90 per sq. ft.	$2,945,250	$1,645,875
Pay and Display Equipment (d)		$159,000	$89,000
Total Garage Costs		*$11,816,750*	*$6,603,625*
Ground Floor Commercial Costs			
Hard Costs and TIs (b)	$160 per sq. ft.	$800,000	$800,000
Soft Costs (as % of hard costs)	25%	$200,000	$200,000
Total Retail Costs		*$1,000,000*	*$1,000,000*
Total Development Cost		**$12,816,750**	**$7,603,625**

Notes:

(a) Based on WRT Design estimates of parking needed to serve ground floor commercial space south of Laurel St. at buildout.
(b) Based on City of Santa Cruz Church Street Parking Structure Feasibility Study and additional BAE research.
(c) See June 6, 2009 BAE memo to City for discussion of land values in Study Area. Assumes a four-story structure and 90% site coverage.
(d) Estimate based on Church Street Parking Structure Feasibility Study.
Source: City of Santa Cruz Church Street Parking Structure Feasibility Study, Watry Design, Inc., 2004; BAE, 2009.

Based on cost estimates in recent parking structure studies conducted by the City and land value research conducted by BAE, a 340-stall structure would cost approximately $12.8 million to construct, and a 190-space structure would cost approximately $7.6 million. [5]

Structure and District Financing

Table 5.2 presents the annual debt service associated with bonds of $15.7 million and $9.3 million to construct the two structures. The analysis assumes an interest rate of 5.0 percent, a 30-year term, and other costs associated with bond issuance, including a reserve fund, underwriters discount, capitalized interest, and bond insurance. These terms lead to an average annual debt service of $1 million for the 340-stall structure, and $605,000 for the 190-stall structure.

As a primary means of financing the construction of a new structure south of Laurel Street, the City may work with property owners to establish a South of Laurel Parking District. Revenues generated from the gate, permits, on-street metered parking, parking deficiency fees,

[5] Assumes a four-story structure and that the structure takes up 90 percent of the site in both scenarios. Land costs would be greater in a lower structure.

Table 5.2: South of Laurel Parking Structure Financing

		Current Parking Ratios 4 spaces/1000 sf	District Parking Ratios 2.5 spaces/1000 sf
COSTS			
Total Development Cost (a)		**$12,816,750**	**$7,603,625**
Cost of Bond Issuance	1.5%	$235,200	$139,500
Reserve Fund	10.0%	$1,567,800	$930,100
Underwriters Discount	1.5%	$235,200	$139,500
Capitalized Interest (b)		$587,900	$348,800
Bond Insuance Premium	1.5%	$235,200	$139,500
Total Bond Issue		**$15,678,050**	**$9,301,025**
Average Annual Debt Service (c)		**$1,019,900**	**$605,000**
REVENUES			
Annual Revenue from Gate and Permits (d)		$299,300	$167,300
Annual Retail Revenue (e)		$94,500	$94,500
Parking Deficiency Fees (f)		$130,050	$72,675
On-Street Meter Revenue (g)		$146,400	$146,400
Total Revenue		**$670,250**	**$480,875**
Less Staffing Costs (h)		($301,110)	($203,347)
Net Revenue		**$369,140**	**$277,528**
ANNUAL SURPLUS/(SHORTFALL)		**($650,760)**	**($327,472)**

Notes:
(a) See Table 1.
(b) Length of construction period: 9 months
(c) Rate: 5.0%
Term: 30 years
(d) Based on increased per stall revenues in Locust and Soquel Garages for an average of approx. $660/stall.
(e) Monthly lease rate: $1.75 per sq. ft.
Vacancy rate: 10%
(f) Assumes $425 fee per deficient stall (same as D'town Parking District), applied to number of stalls needed to serve ground floor commercial space south of Laurel Street at buildout. 10% vacancy rate
(g) Revenue based on 122 metered on-street stalls south of Laurel
$1,200 annual collection per stall, following rate increases as proposed in Church Street Parking Structure Feasibility Study.
(h) See Appendix A.
Source: City of Santa Cruz Church Street Parking Structure Feasibility Study, Watry Design, Inc., 2004; WRT Design, 2009; BAE, 2009.

and lease revenue from the retail space could be used to service the debt from the bond issuance.[6] Altogether, this analysis suggests that these revenue sources would generate approximately $670,000 annually for the larger structure, and $481,000 for the smaller structure. These revenue estimates are based on the proposed parking fee increases listed in the 2004 Church Street Parking Structure Feasibility Study, and use the Soquel and Locust Parking Structures as revenue benchmarks. [7] This assumes that all square footage is occupied. Alternatively, the City could impose a fee on the property owner rather than the tenant.

These revenues would also be necessary to pay for staffing of the district south of Laurel Street. The precise staffing of a new district remains uncertain, as some economies of scale may be achieved with existing staff of the Downtown Parking District. Table 5.3 contains a preliminary estimate of necessary staffing costs, conservatively assuming a discrete set of staff, and based on average per stall costs and FTEs in the Downtown District. This analysis suggests staffing costs of approximately $203,000 to $301,000 annually, depending on the size of the south of Laurel structure.

Based on these assumptions, the model shows annual shortfalls of approximately $651,000 and $327,000, respectively, for the two structures. These gaps are generally consistent with the shortfalls found in the other parking structure feasibility studies recently conducted by the City. Santa Cruz's modest parking rates, coupled with the high cost of land in the area, contribute to the shortfall.

To eliminate the gap, the City would have to locate approximately $8.6 million in additional capital for the larger structure and $4.3 million for the smaller structure. Permit and meter rates may also be raised to increase the District revenues.

These estimates offer a preliminary assessment of the financial feasibility of these projects; a more detailed analysis would be necessary to evaluate a specific proposal.

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[6] Although this analysis includes parking deficiency fees as a source for repaying the bond debt, the uncertainties behind this revenue make it less attractive as debt servicing mechanism. Conservative assumptions that account for regular fluctuations in commercial occupancy rates would be necessary to assure adequate security for the municipal finance market. Revenue from on-street meters in this area currently go to the General Fund, and replacement revenue to the General Fund may be required.

[7] Since that study was completed, the Cedar/Cathcart Garage Financing Plan Task Force has proposed a distinct set of rate increases to finance the Cedar/Cathcart structure. The project is currently on hold.

Table 5.3: South of Laurel Parking District Staffing Estimates

Downtown Parking District

Personnel Services	$1,405,398
Services, Supplies, and Other Charges	$593,526
Total	$1,998,924
FTEs	20.5
Costs/FTE	*$97,508*
Number of Stalls	3,067
FTEs/Stall	*0.01*

South of Laurel Parking District

	Current Parking Ratios 4 spaces/1000 sf	District Parking Ratios 2.5 spaces/1000 sf
Stalls (a)	462	312
FTEs (b)	3.1	2.1
Cost (c)	$301,110	$203,347

Notes:
(a) Includes off-street and on-street stalls. See Table 2.
(b) Applies FTEs/Stall from Downtown District to stalls in South of Laurel District.
(c) Applies Costs/FTE from Downtown District to South of Laurel District FTEs.
Sources: City of Santa Cruz Annual Budget Fiscal Year 2009; BAE, 2009.

Potential Gap Financing Sources

Given the substantial shortfall identified for the two parking structure concepts, the City will need to identify an additional source of capital to reduce the annual debt service. In fact, a variety of sources will likely be needed to finance construction. The following represent potential gap financing strategies.

General Fund

The General Fund is a discretionary revenue source, generally used to pay for basic municipal services such as police, fire, and public works. Secured by General Fund revenues, the City of Santa Cruz may issue General Obligation Bonds to pay for infrastructure improvements, following a two-thirds approval among local voters. Generally, however, demands on General Fund revenues leave few dollars available toward debt service for new bond issuances.

Redevelopment Tax Increment Financing

A parking garage could be partially financed via the Redevelopment Agency (RDA)'s tax increment revenues. According to the 2010-2014 Implementation Plan, the Merged Project Area may have about $9.4 million available for non-housing projects and programs over the five year period covered by the Implementation Plan. This is dependent

upon changing financial conditions, including potential payments to the State for the Education Revenue Augmentation Fund (ERAF). The Agency's short-term priorities for capital investments include the National Marine Sanctuary Visitor's Center, redevelopment of the METRO Center, transportation improvements at Highway 1 and 9 and bridge replacement on Soquel Avenue. Secondarily, the Agency has expressed support for development of a conference center and hotel facility, and rehabilitation of the City's aging wharf infrastructure. Considering these other projects, funding for a parking structure south of Laurel Street may be limited.

Leveraging City-Owned Land

As a major financing source for the proposed Cedar/Cathcart garage, the City explored the possibility of selling parcels with values totaling $1 million to $8.5 million. The City could reduce the financing gap for the parking structure south of Laurel Street through this approach as well. However, the City does not have significant holdings in the area south of Laurel Street, and the property would have to be outside the newly formed parking district. Given the lack of City owned land that may be available to sell or exchange, this is not considered to be a viable option for the city at this point.

Developer Impact Fees

Impact fees may be charged on new development to mitigate any impact on environmental conditions, including circulation and transportation issues. As such, an impact fee on new development in area south of Laurel could be established to finance improvements proposed by the River/Front Lower Pacific study, including a parking structure.

Any impact fees must be set according to each development's respective share of the impact and associated cost to mitigate it. This calculation requires a "nexus study," a legal requirement under California case law and per the Mitigation Fee Act. [8] California jurisdictions are required to show through a nexus study that (1) the proposed development is in fact creating an impact and (2) the fee is proportional to the impact.

Impact fees would essentially replace the parking deficiency fees charged on tenants, and could be set to reflect each project's respective share of the total parking demand. The parking deficiency fees, as currently structured, are paid by tenants and do not effectively cover the full cost

[8] San Remo Hotel vs. City and County of San Francisco (1991)

of necessary parking. To ensure consistent payment, future fees should be applied to the property owner, not the tenant.

As a limitation to using impact fees as a financing strategy, the fees do not provide up-front capital for improvements, and are reliant on new development activity. Therefore, the City would have to use other sources, such as Redevelopment Agency (RDA) funds, to finance construction, and then get reimbursed over time as development occurs. Moreover, the impact fees would add to development costs, and potentially impact the financial feasibility of new development.

Developer Exactions

The City may impose various exactions as a condition of new development, including dedication of land for public purposes and development of necessary public infrastructure. As with impact fees, the cost of exactions represents a direct cost to the developer. Therefore, these should be carefully considered during the entitlement process, to assure that the exactions still allow for a financially feasible project. Given their ad hoc nature, exactions do not offer the necessary steady revenue stream to service debt. However, as with impact fees, exactions may be used to backfill other City sources, such as RDA funds.

Special Assessment District (AD)

Special Assessment Districts (AD) are tools used throughout California to fund capital improvements, cover maintenance costs, and provide services, which offer special benefits within a specified area. The formation of an AD requires a majority vote from property owners within the assessment area, with their vote weighted based on proportionate shares of the total annual assessment. All property owners within the district pay an annual assessment above their regular property taxes to pay for special benefits.

Gaining majority owner approval in a developed area with multiple parcels like the River/Front Lower Pacific corridor can prove challenging, to the extent that certain owners have no plans to redevelop their properties and may see little financial incentive to support a new assessment.

Mello-Roos Community Facilities District

Mello-Roos districts are similar to special assessment districts except they must be approved by a two-thirds approval of noticed voters (not proportionate to their assessment). Mello-Roos districts are not special assessments but a special tax used to pay for public facilities and/or

services. Within Mello-Roos Districts the special tax cannot be directly linked to the value of property, but rather is calculated related to the benefit received by the property owner using formulas tied to property characteristics such as road frontage, lot size, and built square footage.

A Mello-Roos District is often better than a Special Assessment District in matching taxpayer costs to taxpayer benefits. Similar to an AD, the formation of a Mello-Roos District is difficult in a built-out area where property owners may have disparate interests. Consequently, they are more commonly used as financing tools in greenfield development sites or in other areas with fewer owners and voters.

Property-Based Business Improvement District (PBID)

PBIDs allow commercial property owners to tax themselves for specific activities clearly detailed in their PBID Service Plans. PBIDs are self-assessed and self-governed by the affected property owners. A PBID may be used to enhance city services but may not be used to replace services already provided by the City. PBIDs normally become a means to improve business conditions by acting as a collective marketing and maintenance district, although they can support capital improvements as well. A PBID can earmark monies for capital improvements consistent with the district's adopted management plan.

Public-Private Partnership

Rather than building its own structure, the City could enter into a partnership with a developer to construct a mixed-use project south of Laurel Street. Under this scenario, the mixed-use structure and parking garage could be built side-by-side. The garage would serve the residential units, the commercial space in the mixed-use building, and some or all of the parking needs south of Laurel. The City could pay for construction of the public stalls, and potentially its share of the "air rights" on the site, gaining the right to use the structure for public access at no charge or for a favorable lease rate.

As an advantage, this approach could reduce the acquisition costs for the City, as it would only pay for a portion of the property's air rights. The landowner, in turn, would benefit by having the City build the commercial parking spaces to serve his or her building. In addition, the commercial tenants in the building would be relieved of parking deficiency fees, a premium which makes the space more attractive and leasable.

Given the complex financing structure and need for a negotiated agreement, this strategy needs a more detailed analysis on a case-by-case basis, with a particular site and landowner in mind. This approach also requires a larger site (ideally more than an acre) to accommodate both the mixed-use structure and parking garage, suggesting the Riverbend site and the block bordered by Spruce, Pacific, Front, and Laurel as likely candidates.

Mixed-Use Project

The City could construct a parking garage with residential units above, and help finance the structure through sale of the units. The City explored this option as part of the Cedar/Cathcart garage study. This study found that residential units added costs to the parking component, limited the net new public parking spaces, and led to costs exceeding value. Moreover, adding housing eliminated the possibility of an Economic Development Grant for the project.

Federal and State Grants

Given the challenges in locally financing the parking structure, grant funding represents a more likely source of capital. For example, the City has successfully applied for Economic Development Administration (EDA) grants in the past, which have historically averaged about $1 million.

HUD offers a loan guarantee program that local governments can use to finance the construction, reconstruction, or installation of public facilities including street, sidewalk, and other site improvements, using its CDBG monies as the source of repayment. Cities can leverage some of their annual CDBG allocation into a larger loan that can finance the proposed infrastructure improvements. In addition, once HUD approves the loan guarantee, if the City can tie the improvements to new economic opportunities for low- and moderate-income persons, the City can apply for an Economic Development Initiative (EDI) grant or Brownfield Economic Development Initiative (BEDI) grant. These grants can be used to repay the Section 108 loan, freeing up the annual CDBG allocations for other purposes.

In terms of a State source, bond issuances may be used to fund infrastructure improvements through grants. A two-thirds approval in the legislature is required to place a statewide bond measure on the ballot, which must then be approved by a simple majority of voters.

For example, in 2006, voters approved Proposition 1C, leading to the issuance of $2.85 billion in bonds to support affordable housing and infrastructure improvements. In addition to funding existing housing programs, Proposition 1C earmarks $340 million to promote infill development, through infrastructure support. Eligible costs included parking structures.

California voters also approved Proposition 1B in 2006. This measure allowed the State to float bonds to be used for transportation improvements around the State. There are currently 14 funding programs in Proposition 1B, including the Local Streets and Road Improvement, Congestion Relief, and Traffic Safety Account of 2006. This program employs a formula to allocate approximately $1 billion to cities in California on a per capita basis for transportation improvements.

Advertising Revenue

The Church Street Parking Structure Feasibility Study estimated that advertising within the parking structure could generate as much as $15,000 to $20,000 annually.

Beach Area-Downtown Shuttle Service

In 2004, the City of Santa Cruz, in partnership with Santa Cruz METRO, operated the Beach Shuttle service, which offered free rides from the Beach Area to Downtown. A March 26, 2004 staff report stated that the City contributed $30,400 annually to the service, paying for two shuttles running at 30 minute headways for eight hours a day on weekends and holidays during the summer season (32 days). Public Works staff reports that the service was eventually cancelled due to a lack of funding and low ridership. [9]

The River/Front Lower Pacific Study proposes reinstating a shuttle service to help draw visitors from the beach to Downtown and vice versa, via the River/Front Lower Pacific area.

To inform this renewed service, this section summarizes the operations and financing of four shuttle services that link downtown areas and other visitor destinations. These include the Walnut Creek Downtown Trolley, the Boulder HOP, the San Luis Obispo Downtown Trolley, and the Santa Barbara Downtown-Waterfront Shuttle. Lessons for Santa Cruz are also presented.

[9] Ridership data for the service is unavailable.

Table 5.4: Summary of Shuttle Case Studies

	Walnut Creek Downtown Trolley	Boulder HOP	San Luis Obispo Downtown Trolley	Santa Barbara Downtown-Waterfront Shuttle
Details				
Fare	Free	$2 or free with Ecopass/Student Pass	$0.25	$0.25
Headways	Weekdays - 15 mins Weekends - 20-30 mins	Weekdays- 7-10 mins Weekends- 15 mins	15- 20 mins	Summer- 10 to 15 mins Winter- 10 to 30 mins
Hours	Weekdays - 7am to 7pm Weekends - 9am to 6:30pm	Mon-Thurs: 7am-10pm Fri-Sat: 7am- 12am Sun: 10am-6pm	Thur- 3:30 to 9pm Fri- 12pm to 9pm Sun- 12pm to 5pm	Sun-Thurs- 9am to 6pm Fri- Sat- 9am to 10pm
Route Distance (miles)	3	6.5	3	4.5
Annual Ridership	231503 (a)	1,344,000	27,164	540,000
Riders/Revenue Hour	20	30-40	17.7	26.9
Primary Riders	Local employees and students	College students and local employees	Tourists and Farmer's Market shoppers	Tourists and Downtown shoppers
Operating Costs				
Total Annual Operating Cost	NA	$2,000,000	NA	NA
City Contribution	$200,000	$420,000	$91,000	$1,000,000
City $ per Rider	$0.86	$0.31	$3.35	$1.85
Capital Costs				
Vehicle	Standard bus with trolley "wrap"	Gas-powered 30 ft. Gillig with "wrap"	Gas-powered rubber-wheel trolley	2001 Electric Shuttle
Cost of Vehicle	$75,000	$350,000	$180,000	$300,000

Note:
(a) Walnut Creek's weekday average annual ridership, from years 2005-2008.
Sources: John Webster, City of San Luis Obispo; John Hall, City of Walnut Creek; Steve Maas, Santa Barbara MTD; Cris Jones, City of Boulder, CO; BAE, 2009.

Table 5.4 summarizes the four case studies of shuttle services in each city. Appendix A7 contains the complete case studies.

Lessons for Santa Cruz

Based on the case studies presented here, the following lessons can be drawn for a Santa Cruz shuttle service.

Strive for maximum headways of 10 to 20 minutes during peak hours.

All the case study services had headways of 10 to 20 minutes during peak operating hours. Staff at each jurisdiction noted that these headways are necessary to draw riders and free them from the concerns of a set transit schedule. The 30 minute headways in the prior Santa Cruz Beach Area Shuttle likely contributed to its low ridership. The March 26, 2004 staff report indicated that a third vehicle in the Beach

Area Shuttle would reduce the headways from 30 minutes to 20 minutes, and would cost an additional $15,200.

Adopt a high-visibility vehicle that attracts visitors and speaks to the local identity.

Each of the case study jurisdictions highlighted the need for a unique vehicle to attract riders, particularly tourists. Santa Barbara, in particular, has had great success in linking the electric shuttles with the City's identity, with the vehicles featured in articles about the town and visitor information guides. As shown in the table above, standard buses with a decorative wrap, such as the one employed in Walnut Creek, cost approximately $75,000.

However, given the local emphasis on sustainability, a "green" vehicle would be more desirable and appropriate for Santa Cruz. The Santa Barbara electric shuttles cost approximately $300,000, and do require somewhat more maintenance than a gas-powered vehicle (see Appendix B for discussion). These are produced by Ebus, a California-based company. Hybrid buses, such as those employed by San Francisco MUNI, are made by Daimler-Chrysler and Gillig, and cost up to $500,000 (though these are probably larger than a shuttle service would require). Plug-in hybrid buses, produced by IC Corporation, are also being pioneered by some school districts.

Market the service through various avenues.

To increase visitor ridership, the case study jurisdictions adopted a concerted marketing campaign. Potential strategies to publicize the service in Santa Cruz include:

- **Print and Electronic Media.** Place brochures and route information materials at various locations, such as information kiosks, the Santa Cruz Beach Boardwalk, the Downtown Santa Cruz Association website and office, the Santa Cruz County Traveler's Guide, the County Conference and Visitor's Council, UCSC, the Santa Cruz Surfing Museum, the Seymour Marine Discovery Center, the Institute of Contemporary Arts, the Museum of Art & History, and lodging establishments. Also highlight the shuttle service in press releases and articles about Santa Cruz.
- **Hotel Outreach.** Attend hotel staff meetings located along the route to conduct individualized meetings regarding the shuttle service.

Fares should be limited to $0.25 to maximize ridership.

The Santa Barbara case study found that a token fee helps to discourage transients from using the service for extended periods of time.

The City must explore a range of funding sources to support the shuttle service.

As noted above, the City had been paying $31,400 annually for the prior shuttle service, and would have had to increase this subsidy to $46,600 to reduce headways to 20 minutes. The City can expect similar costs if it restarts the service. These costs are generally consistent with those experienced by case study cities, considering the hours of operation, number of vehicles, and overall scale of the service.

Given the City's ongoing budget concerns, funding a shuttle service may represent a significant challenge. As such, the City should explore the possibility of partnering with other agencies to support the service. In addition to Santa Cruz METRO, potential funding partners include local hotel operators along the shuttle route, the Seaside Company, the Downtown Association, the County Visitor's Bureau, the National Marine Sanctuary Visitor Center, Volunteer Center, and UCSC. Shuttle routing may need to be tailored to benefit these partner organizations. For example, the shuttle may be routed to serve Boardwalk employees and visitors who park at offsite locations, such as the County Government Center Parking Lot on weekends.

A number of Federal and State sources for capital and operating funds are also available, as noted in the shuttle case studies found in Appendix A7. Federal sources include the Federal Highway and Federal Transit Administrations. In particular, the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) program has offered grants designed to address a broad range of surface transportation improvements. During the most recent cycle, which expired in February 2010, California received $23.4 billion in funds for a variety of highway, transit, and safety items. As of March 2010, Congress was considering an extension of SAFETEA-LU. Additionally, county funding may be available through county-levied Local Transportation Sales Taxes. The San Luis Obispo Downtown Trolley relies on such funding.

Expect modest ridership and relatively high per rider costs as the shuttle begins operations.

The case study jurisdictions suggest that a Beach Area shuttle can expect ridership on the order of 20 persons per revenue hour. Initially, the shuttle could be operated only on summer weekends and holidays for a total of 32 days, eight hours a day, similar to the prior schedule. This level of service would lead to approximately 5,100 riders, at 20 persons per revenue hour. The cost per rider would be approximately $6 at this rate, assuming a $31,400 City contribution, as with the prior service.

Look for opportunities to increase ridership and serve a broader segment of the community beyond tourists.

As noted above, partnerships with other organizations may offer the opportunity for shared funding. Moreover, these partnerships can increase ridership and the overall utility of the shuttle service. In Walnut Creek, for example, the City has found that employees regularly use the Downtown Trolley to travel to local businesses from the BART station. Recognizing this trend, tenants of Broadway Plaza, the local shopping center, have contributed to the shuttle operations during the holiday season, when they require increased staffing. The City may want to pursue discussions and collaborations with Metro Transit to coordinate and potentially consolidate overlapping services in the area.

Involve the community in the shuttle design and implementation.

After 15 years of HOP operation, City of Boulder staff state that success was contingent on initial citizen involvement in roundtable discussions. This process generated discussion about important transit amenities, and engaged the community into the process. Incorporating community input may help generate a broader vision than just a "tourist shuttle," though visitors may serve as the primary rider segment. Similarly, bringing together potential stakeholders and beneficiaries of the shuttle, such as the groups listed above, would help spur momentum for the service.

APPENDIX A1

IMPLEMENTATION CHART

The following chart summarizes the recommendations found in this report and identifies implementation actions, responsible departments, and priorities for implementation. Generally speaking, the following principles are intended to help guide the City in determining priorities for the area:

High Priority

- Anything that prepares parcels ready for redevelopment (i.e. adoption of Overlay District, regulatory changes, etc. and environmental review) and removes uncertainty for the developer.
- Public parking
- Focus on Subdistricts 3, 4 and 5

Medium Priority

- Wayfinding and Streetscape in Subdistrict 3, 4, 5
- Lower Pacific – catalyst projects in Subdistrict 3, 4,5

Low Priority

- Signature Parks should be implemented opportunistically to take advantage of funding and synergies with proposed development.

Affected Area Subdistrict #					Topic	Recommendation	Pg.
1	2	3	4	5			
x	x	x	x	x		**Areawide Guidelines**	
x	x	x	x	x	Land Use	Promote Compact Mixed Use Development	13
x	x	x	x	x	Land Use	Promote Grnd Flr Retail and Housing as a Complementary Upper Floor Use	14
x	x	x	x	x	The River	Promote River-Oriented Development	17
x	x	x	x	x	The River	Strengthen the Riverway as a Recr. and Natural Resource of Region. Signif.	18
x	x	x	x	x	Wayfinding	Downtown Gateway Enhancements—Architectural Definition	21
x	x	x	x	x	Wayfinding	Vehicular Wayfinding Enhancements	23
x	x	x	x	x	Wayfinding	Pedestrian and Bicycle Wayfinding	24
x	x	x	x	x	Transportation	Shuttle Service Linking Beach Area and Downtown	27
x	x	x	x	x	Transp/Wayfinding	Clarify Preferred Visitor Access Routes	29
x	x	x	x	x	Public Realm	Support the Development of Signature Parks and Plazas	30
x	x	x	x	x	Public Realm	Enhance the Quality and Character of the Public Streetscape	31
x					Overall Direction	**Subdistrict 1: Gateway Commercial**	35
x					Land Use & Redev	Character: Mixed Use - Commercial Emphasis	35
x					Land Use & Redev	Support Creative Redevelopment of the Gateway Center	37
x					Land Use & Redev	Strenthen the Identity of River Street Gateway to Downtown	37
x					Land Use & Redev	Improve Orientation and Connection to the San Lorenzo River	38
x					Public Realm	Develop a signature park/plaza	39
	x				Overall Direction	**Subdistrict 2: North Pacific Avenue**	40
	x				Land Use & Redev	Subdistrict Character: Mixed Use - Residential Emphasis	40
	x				Transportation	Convert North Pacific Avenue to One-Way Street	41
	x				Public Realm	Develop a signature park/plaza	41
		x			Overall Direction	**Subdistrict 3: Downtown Extension - Riverfront North**	42
		x			Land Use & Devel.	Subdistrict Character: Downtown Extension	42
		x			Land Use & Devel.	Commercial Center Infill	44
		x			Public Realm	Enhance Pedestrian Environment	46
		x			Public Realm	Develop a signature park/plaza	47
		x			Transportation	Highlight and Enhance Cross-River Connections	48
			x		Overall Direction	**Subdistrict 4: Downtown Extension - Riverfront South**	49
			x		Land Use & Devel.	Subdistrict Character: Downtown Extension	49
			x		Land Use & Devel.	Redevelopment of Riverfront Parcels	50
			x		Land Use & Devel.	Redevelopment of the Metro Center to a Mixed-Use Transit Complex	52
			x		Public Realm Design	Enhance Pedestrian Environment	54
			x		Public Realm	Develop a signature park/plaza	56
				x	Overall Direction	**Subdistrict 5: Downtown Extension - Lower Pacific Avenue**	57
				x	Land Use & Devel.	SubDistrict Character: Downtown Extension & Transitional Visitor Serving	58
				x	Land Use & Devel.	Promote Compact Mixed-Use Development	59
				x	Land Use/Transp.	Provide Public Parking South of Laurel	62
				x	Land Use & Devel.	Promote Mixed-Use Development at the Riverbend Site	63
				x	Public Realm	Enhance Public Streetscapes	64
				x	Public Realm	Repair and Enhance Stairs on Beach Hill	65
				x	Public Realm	Create a Public Art Walk from the Downtown to the Wharf	65
				x	Public Realm	Develop a signature park/plaza	66

* It is recommended that the City review the plan more closely at the time of implementation to determine whether an amendment is needed.

Implementation						Priority Action	Responsible Department	Notes
Amend Exist. Plan	Amend Exist. Zoning	Include in Overlay	Needs Addt'l Study	Develo-per Coord.	Initia-tive**			
		x						
	x	x	x			high	PL	
	x	x				high	PL; ED	
		x				high	PL; ED	
SLURP*		x				medium	P&R; PW	
DRP	x (DRP)		x		x	medium	PL; PW	*Gateway/Wayfinding Plan*
			x		x	medium	PW	*Gateway/Wayfinding Plan*
			x		x	medium	PW	*Gateway/Wayfinding Plan*
GP, DRP	x (DRP)		x		x	medium	PW	*Study, Funding*
			x		x	medium	PW	
		x				low	P&R; PL	
		X*				medium	PW; PL	
		x						
		x	x			medium	PL	
		x	x	x	x	medium	PL; ED	
		x		x	?	medium	PL; ED; PW	
SLURP*		x		x	x	medium	PL; ED	*Gateway/Wayfinding Plan*
		x		x		low	PL; P&R	
		x						
DRP	x (DRP)	x	x			medium	PL	
			x			medium	PW	
		x		x	x	low	PL; P&R	
		x						
DRP	x (DRP)	x	x			high	PL	
DRP*	x (DRP)	x				high	PL; ED	
DRP*	x (DRP)	x	x			medium	PL; PW	
DRP*	x (DRP)	x	x	x	x	low	PL; P&R	
				x		high	PL	
		x						
DRP	x (DRP)	x				high	PL	
DRP, SLURP*	x (DRP)	x	x			high	PL; ED	
GP, DRP	x	x			x	high	ED; PL	*Work with other jurisdictions*
DRP	x (DRP)	x	x			medium	PL; PW	
DRP	x (DRP)	x		x	x	low	PL; P&R	*Pursue Funding*
		x						
BSOLA*		x				high	PL	
BSOLA	x	x	x	x	x	high	PL	
		x	x	x	x	high	PW; PL; ED	*Parking District*
GP	x	x		x		high	PL; ED	
			x		x	medium	PL; PW	*Pursue funding*
			x		x	medium	PW	*Add to City CIP, pursue funding*
			x	x	x	medium	ED	*Gateway/Wayfinding Plan*
DRP	x	x		x		low	PL; P&R	

** Indicates recommendations that will require additional design or technical study, and/or pursuit of funding, in order to be implemented. Refer to referenced page number in report for more detailed discussion.

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APPENDIX A2

CATALYST SITE REDEVELOPMENT FEASIBILITY ANALYSIS

As part of the study area analysis, the consultant team (WRT and Bay Area Economics) tested the development feasibility of two sites that had been identified as potentially good opportunities for catalyst projects (see previous discussion under "Strategic Redevelopment Actions: Support Development of Catalyst Projects"). The intent of the analysis was to better understand how the combination of market forces and City regulation may be impeding achievement of the City's vision for the study area, and what actions the City could employ to facilitate and incentivize desirable development.

Existing conditions of Site #1

Mixed-Use Redevelopment

Methodology

As previously described, two sites were selected based on their apparent redevelopment potential and their potential strategic importance as catalysts for change. One site included a series of contiguous riverfront parcels just south of Soquel Avenue (Site #1), and the other was a large single parcel at the junction of Pacific Avenue and Front Street (Site #2). Mixed use development concepts were developed for each site consistent with the vision for the area, including a strong orientation to the River at Site #1 and a strong definition of the southern gateway to Downtown at Site #2.

The purpose of the development concepts is to illustrate the development capacity and associated building height and massing for each site. Although developed in enough detail to be able to quantify the development program (e.g., square feet of leasable area, number of units, parking spaces, etc.), it is important to note that the development scenarios are only concepts. They are not architectural designs, and are not intended to express the aesthetic character of the buildings. The parking numbers used are estimates only. They are accurate enough for the purpose of analyzing the development options, but are not intended to be used for actual design or programming purposes.

Each of the development concepts was evaluated for its financial feasibility. Based on a series of pro-forma analyses of each development program, BAE identified any potential funding gaps that the City


Current terminus of Cathcart

might need to address to make the projects "pencil out," and provided input on product type, unit mix, density, and height that would enhance development feasibility. This input was then used to refine the development concept as necessary to produce an economically feasible project. Given the current economic situation, the feasibility analysis represents a "snap shot" in time based on historical patterns and professional judgment. If the scenarios explored in this section are considered for development in the future, their feasibility would need to be re-evaluated to understand the implications of changes in the economy since this study was prepared.

Development Feasibility Analysis—Opportunity Site #1

Development Program

Located on the east side of Front Street between Soquel Avenue and Cathcart Street, Site #1 consists of 8 parcels that were assumed to have been consolidated into four contiguous development sites ranging from 0.36 to 0.64 acres. As modeled, the four development sites include ground-floor commercial space ranging from 5,000 to 7,100 square feet, and three floors of residential condominiums ranging from 20 to 34 residential units per site, and densities of 50 to 67 dwelling units per acre. Per the City's inclusionary housing requirements, 15 percent of all units are assumed to be affordable to moderate-income households. All residential parking was accommodated on site with the use of parking lifts, and all commercial parking was assumed to be accommodated within the existing Parking District.

In addition, the program assumes that a semi-public plaza (i.e., publicly accessible, but owned and operated by adjoining uses) and formal river access stairway/ramps would be built at the terminus of Cathcart Street. The site plan assumes that retail and/or restaurant uses would front onto the plaza and onto the Riverway at the top of the river access stairway. The accompanying plan, section, and axonometric drawings illustrate how the program would fit on the site and the basic building height and massing that would result.

A key assumption underlying the Site #1 feasibility analysis is that off-site parking within the Parking District would accommodate the parking generated by commercial space on Site #1. Ground floor retail was assumed along the street frontage of the garage. The financial feasibility analysis focused exclusively on the mixed-use properties and did not examine garage construction. However, Chapter 5 of this final

Plan - Ground Floor

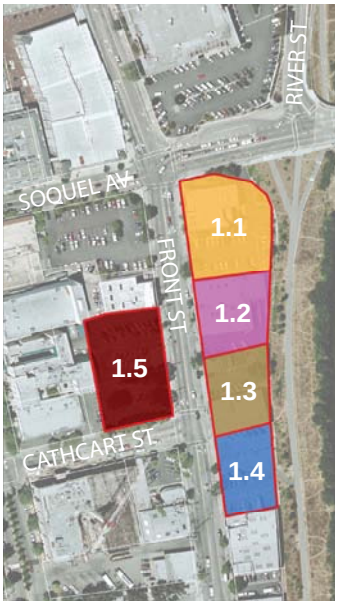
Plan - Typical Upper Floor

Opportunity Site #1		Site 1.1	Site 1.2	Site 1.3	Site 1.4	Site 1.5	Total
Development Summary							
Site Area	Acres	0.64	0.42	0.37	0.36	0.65	**2.44**
Development Intensity[1]	Total s.f. (K)	51.8	31.3	32.1	35.6	13.5	**164.2**
	FAR*	1.9	1.7	2.0	2.3	0.5	**n.a.**
Residential Density	DU/acre	53.1	50.0	54.1	66.7	n.a.	**n.a.**
Land Use							
Dwelling Units (DU)	1-bdrm[2]	0	0	3	4	n.a.	**7**
	2-bdrm[3]	20	18	3	15	n.a.	**56**
	3-bdrm[4]	14	3	14	5	n.a.	**36**
	Total	34	21	20	24	n.a.	**99**
Commercial (s.f.)	Total	7,100	5,000	5,675	6,020	13,500	**37,295**
Open Space							
Semi-private (s.f.)	Courtyard	9,500	8,800	2,475	3,760	0	**24,535**
Parking - Automobile (spaces)							
Residential[5]	Provided	51	32	30	36	n.a.	**149**
Commercial[6]	Off-site	18	13	14	25	85	**154**[7]
	On-site	(Spaces provided in structure on 1.5)					**300**
	Balance						**146**
Parking - Bicycle							
Total secured indoor spaces		83	46	52	50	220	**451**

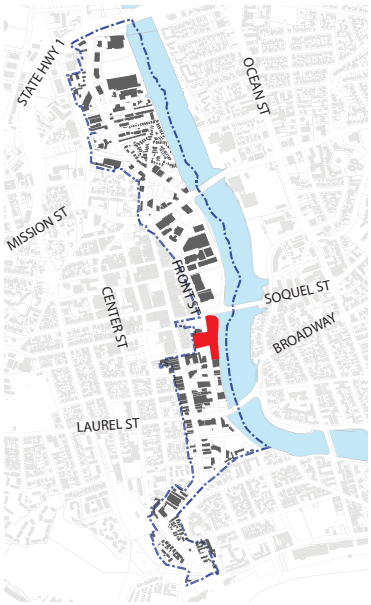
Assumptions

* FAR = Floor-Area Ratio (sf/sf)

1. Development intensity does not include parking area.
2. Average 1-bedroom size is 720 s.f. per DU.
3. Average 2-bedroom size is 1,050 s.f. per DU.
4. Average 3-bedroom size is 1,300 s.f. per DU (except at site 1.3 where average bedroom size is 1,275 s.f. per DU).
5. Residential parking ratio is 1.5 spaces per dwelling unit minimum.
6. Commercial parking ratio is 1 space per 400 sq ft.
7. This includes the replacement of 10 existing surface spaces on Site 1.4 and 51 spaces on Site 1.5.



Site Context



Area Context

Program

Note: *These drawings illustrate the analysis of building massing and development potential, and are not intended to convey building design character.*

study includes strategies for financing a new garage and other identified improvements in the Study Area.

Findings

As a whole, the analysis shows that Site #1 would have a total residual land value of $87 per square foot, which falls within the target range of $85 to $95 per square foot for land in the Study Area. Therefore, Site #1 appears financially feasible as programmed.

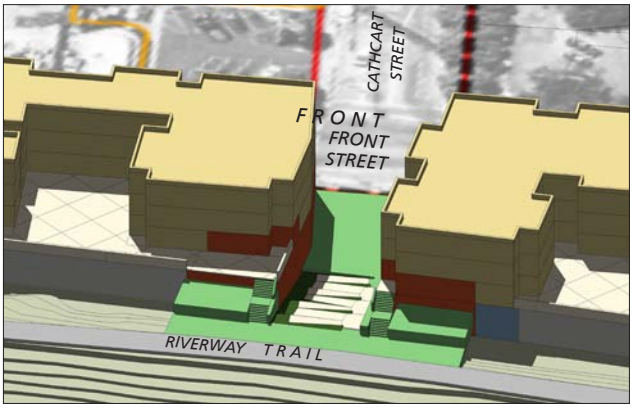
Findings for the discrete sub-sites within Site #1 vary according to their respective densities. Sites 1.1 and 1.2, with residential densities below 55 units per acre, fall below the target land values of $85 to $95 per square foot. In contrast, Sites 1.3 and 1.4, with densities close to or above 55 units per acre, achieve stronger returns that exceed the target land value range. These findings suggest that a minimum of allowable density of 55 units per acre appears necessary to ensure financially feasible mixed use development in the area that includes ground floor commercial and upper floor residential condominiums.

The analysis also indicated that there are a number of actions that would need to be taken in order to support/incentivize such redevelopment. These include:

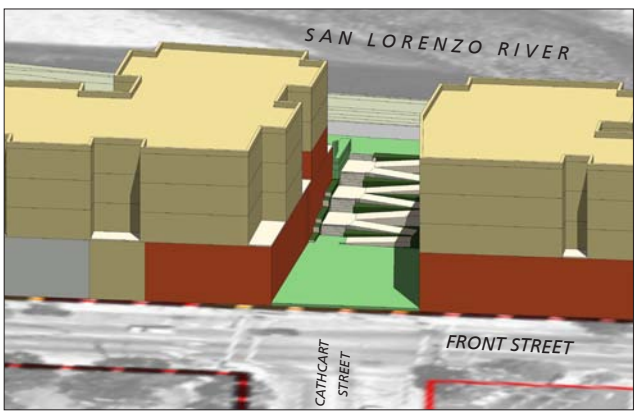
- Building a public parking structure in the existing Parking District to accommodate non-residential parking
- Encouraging consolidation of parcels to increase development efficiency and potentially assisting with land acquisition
- Support use of parking lifts for on-site residential parking
- Relax requirements for upper floor building setbacks from Front Street and from sideyards
- Allow flexibility in interpreting the required building step backs from River

Aerial View: Front Street

Aerial View: Plaza from San Lorenzo River



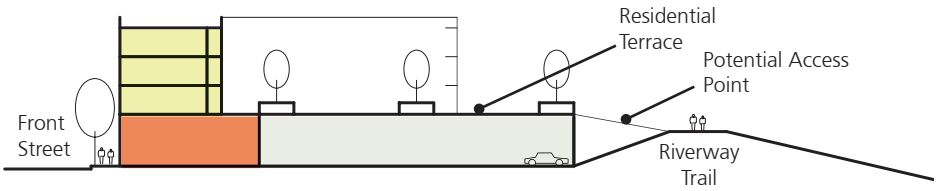
Aerial View: Cathcart Access from San Lorenzo River

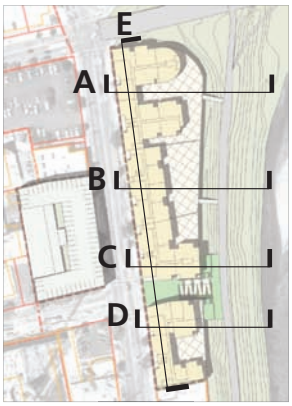


Aerial View: River Access at Cathcart St

Note: *These drawings illustrate the analysis of building massing and development potential, and are not intended to convey building design character.*

Section A





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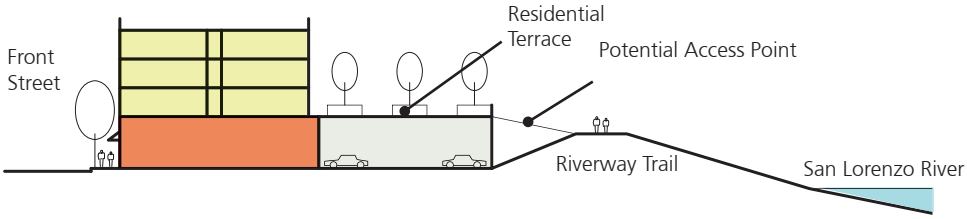
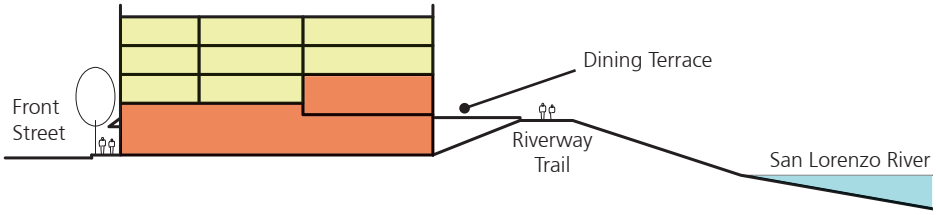


Section Key

- Commercial
- Residential
- Parking
- Bike Parking
- Podium Terrace
- Plaza

Section C



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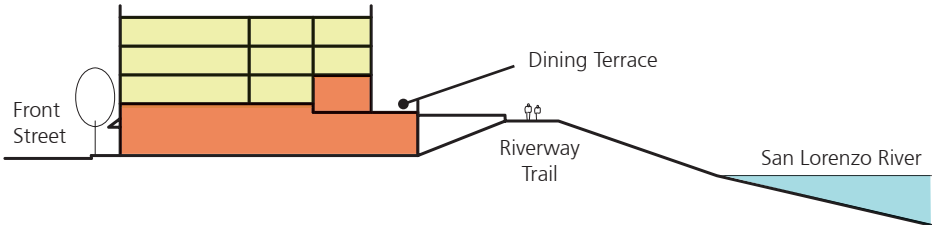

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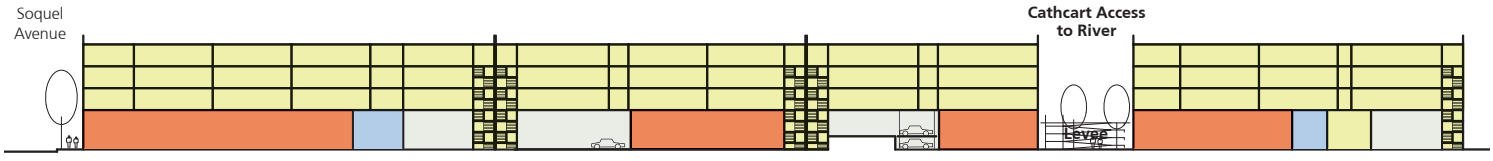


Note: *These drawings illustrate the analysis of building massing and development potential, and are not intended to convey building design character.*

Development Feasibility Analysis—Opportunity Site #2

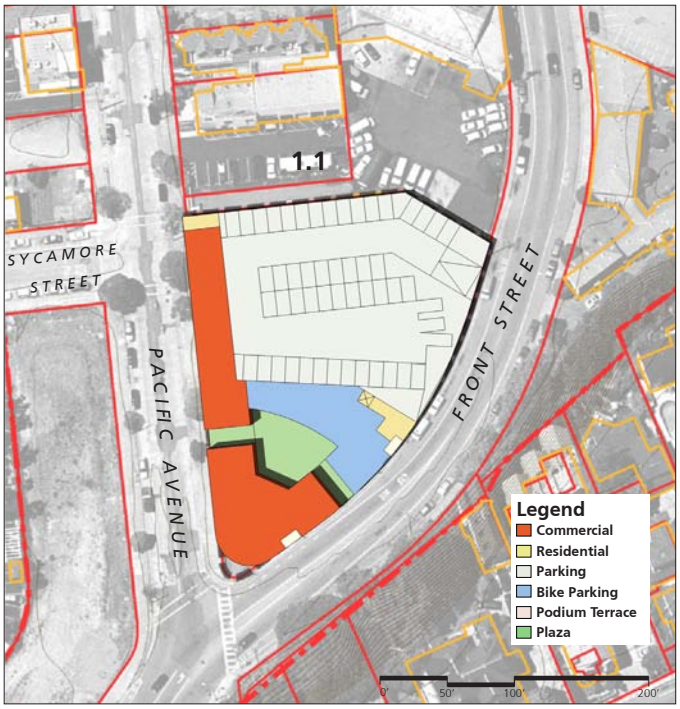
Development Program

This 0.96-acre property, located at the junction of Pacific Avenue and Front Street, anchors the southern end of the Downtown. Two different development concepts were modeled on this property – a market-rate apartment project ("Site #2M") and an affordable apartment project ("Site #2A"). Both scenarios assume the same development program, with 108 dwelling units (density of 169 dwelling units per acre) and 8,700 square feet of commercial space. Site #2M contains 17 affordable units serving low-income households. Site #2A is 100 percent affordable, with 60 percent of units serving very low-income households and 40 percent serving low-income households. All residential parking is accommodated on site with the use of parking lifts, and all commercial parking is assumed to be accommodated off site. The exact location of off-site commercial parking has not been identified, but the need for additional public parking south of Laurel is a key recommendation of the Study.

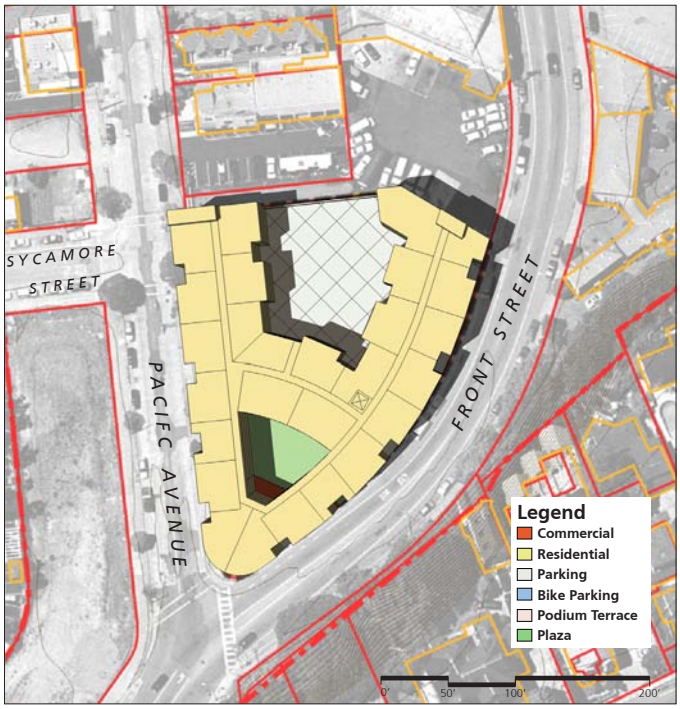
The development concept assumes ground floor retail, with the focus on creating a consistent retail frontage along Pacific Avenue and a restaurant/café activating the corner space at Front and Pacific. The lobby for upper floor residential uses and garage access are located on Front Street. The building shows four levels of apartments over the ground floor commercial. A small semi-public patio space is included adjacent to the restaurant to accommodate outdoor dining. A second floor terrace provides open space for building residents. The accompanying plan, section, and axonometric drawings illustrate how the program would fit on the site and the basic building height and massing that would result.

Findings

The feasibility analysis found that even at residential densities of 113 units per acre, the Site #2M scenario with market rate apartments would still result in a negative residual land value, and therefore would not be financially feasible. Apartment complexes, particularly with structured parking, are highly sensitive to land values, construction costs, capitalization rates, and rent levels. Santa Cruz's high land values also make it difficult for multifamily apartment projects to achieve financially feasible returns, despite the City's strong rental market.



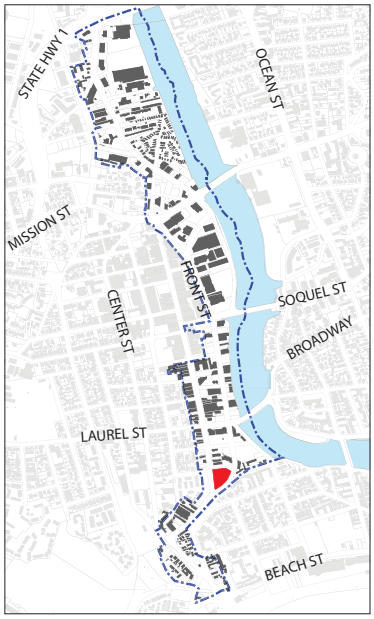
Plan- Ground Floor



Plan- Typical Upper Floor

Opportunity Site #2		
Development Summary		
Site Area	0.96	Acres
Development Area	119,840	Total s.f.
Development Intensity*	2.86	FAR*
Residential Density	113	DU/acre
Land Use		
Dwelling Units (DU)	20	1-bdrm[1]
	84	2-bdrm[2]
	4	3-bdrm[3]
	108	Total
Commercial Area	8,700	Total s.f.
Open Space		
Semi-private	10,970	Courtyard s.f.
Parking - Automobile		
Residential[4]	101	On-site spaces
Commercial[5]	22	Off-site spaces[6]
Parking - Bicycle		
Total	200	Indoor spaces

Site Context



Area Context

Assumptions for Site 2
*Development Intensity does not include parking
*FAR= Floor-Area Ratio (sf/sf)
1. Average 1-bedroom size is 700 s.f. per DU.
2. Average 2-bedroom size is 900 s.f. per DU.
3. Average 3-bedroom size is 1,100 s.f. per DU.
4. Residential parking ratio is 0.94 spaces per dwelling unit.
5. Commercial parking ratio is 1 space/ 400 sq ft.
6. These spaces must be accomodated on another site.

Program

Note: *These drawings illustrate the analysis of building massing and development potential, and are not intended to convey building design character.*

City staff report that local developers echo this finding, and have relied on complex financing structures that cross-subsidize market-rate and affordable units to build rental projects such as 1010 Pacific and Pacific Shores Apartments. Staff indicate that these projects are unique, difficult to replicate, and do not serve as a model for typical apartment development.

Corner orientation

Over the long-term, development economics may shift to favor market-rate apartment construction. However, given these findings and local land values, any new project would likely require significantly higher residential densities and increased building heights to achieve financial feasibility.

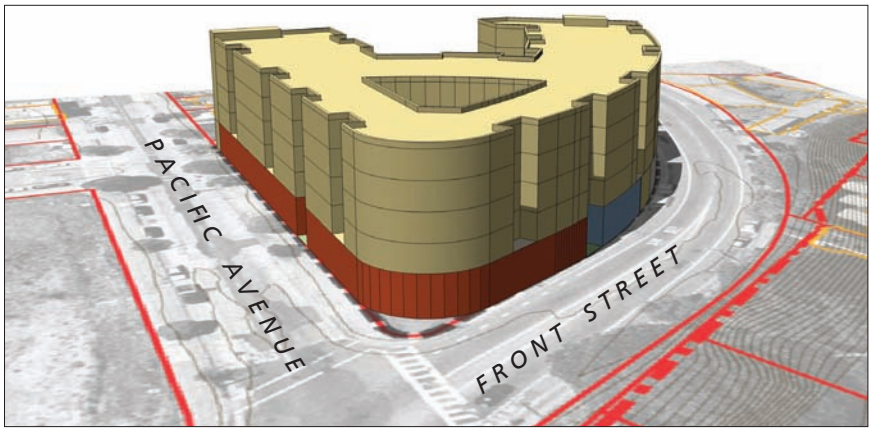
Interior Courtyard

The feasibility analysis showed that scenario Site #2A, with 100% affordable rental apartments, would have a total development cost of $39.7 million, while financing sources for the project are projected to provide up to a $21.7 million. This results in a financing gap of $18 million, or $167,000 per unit. City staff indicate that this per unit gap falls within the range of subsidies that the City has historically provided to affordable housing developers serving very low- and low-income households.

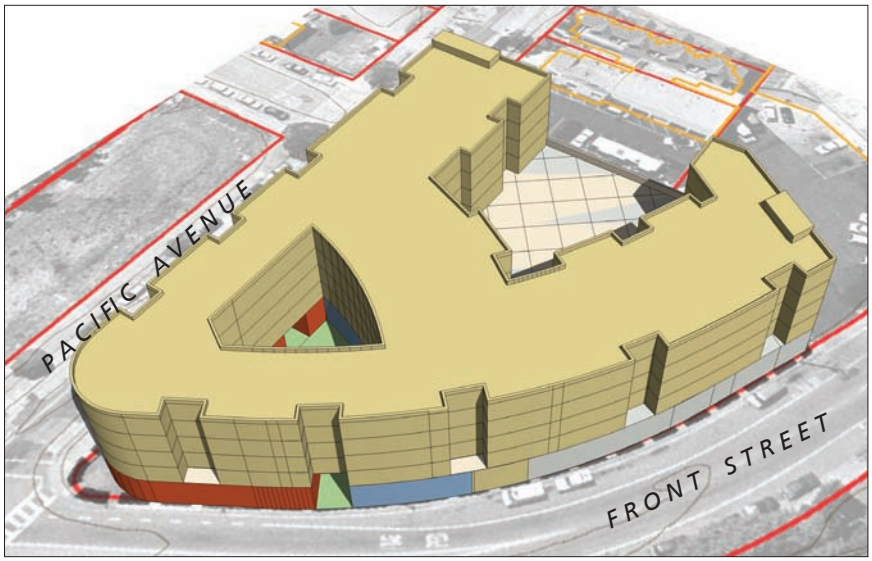
Permitting higher residential densities as modeled in Site #2A significantly helps limit the financing gap for affordable housing developments and improves their feasibility. Each of the financing sources assumed for this analysis are essentially structured to generate funds on a per unit basis. As such, allowing greater densities on a site can help off-set fixed costs such as land, site preparation, and on- and off-site improvements, which do not occur on a per unit basis.

The analysis also indicated that there are a number of actions that could be taken in order to support/incentivize redevelopment of Site #2 to provide affordable housing. These include:

- Establishing a new public or private Parking District south of Laurel Street to Beach Hill
- Providing a public and/or private parking structure south of Laurel Street to accommodate commercial parking
- Consider relaxing residential parking requirements, as has been done for past affordable housing projects
- Supporting use of parking lifts for on-site residential parking
- Relaxing requirement for upper story setbacks from Pacific Avenue and Front Street

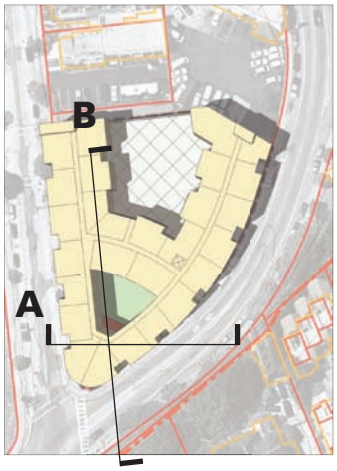


Aerial View - North from Beach



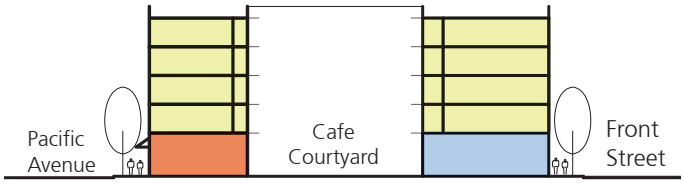
Aerial View - Above from Front St.

- Commercial
- Residential
- Parking
- Bike Parking
- Podium Terrace
- Plaza



Section Key

Section A



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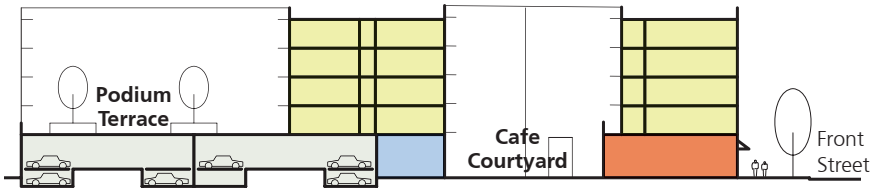

Note: *These drawings illustrate the analysis of building massing and development potential, and are not intended to convey building design character.*

- Increasing building height limits to 55 feet (plus parapet)
- Subsidizing affordable housing units

Summary of Findings

The feasibility analysis for the two opportunity sites revealed the following general factors that need to be addressed when considering future redevelopment in the Study Area:

- Parking is the critical component affecting redevelopment feasibility. Without assistance with parking, redevelopment of the type envisioned for the area is unlikely to occur.
- Assistance that could be provided to relieve landowners/developers of the need to meet increased demand for commercial parking include: relieving landowners of requirement to provide commercial parking on site, creating a new parking district south of Laurel Street for areas not currently served, and constructing new parking garages.
- To achieve economically viable project densities, parking requirements need to be re-evaluated and potentially reduced and new parking solutions, such as use of parking lifts and shared parking, promoted.
- A minimum residential density of approximately 55 units per acre is necessary to achieve financially feasible mixed use projects with ground floor retail and market rate condominiums.
- Development economics in the Study Area currently do not support the construction of market-rate rental housing.
- All affordable residential developments (i.e., rental apartment units) will require some City subsidy.
- Development densities greater than 150+ units/acre and building heights of at least five-stories are needed to reduce subsidy to levels comparable with past projects
- In some instances, development standards related to building heights, setbacks, and intensity need to be relaxed and/or modified to allow for the efficient development of small infill sites.
- Parcel consolidation is needed to increase development potential and project viability.

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APPENDIX A3

FINANCIAL FEASIBILITY ANALYSIS OF DEVELOPMENT OPPORTUNITY SITES

bae

Memorandum

To: Bonnie Robinson-Lipscomb, City of Santa Cruz Redevelopment Agency
Juliana Rebagliati, City of Santa Cruz Planning Department
Carol Berg, City of Santa Cruz Planning Department
Steve Hammond, WRT Design
Susan Poliwka, WRT Design

From: Simon Alejandrino, Vice President, BAE

Re: Financial Feasibility Analysis of Development Opportunity Sites

Date: June 6, 2009

I. Purpose of Memorandum

In February 2008, the City of Santa Cruz and its Redevelopment Agency contracted with Bay Area Economics (BAE) and WRT to conduct the Santa Cruz River/Front Lower Pacific Study. The Study will establish design guidelines and incentives to help spur development activity along the River Street, Front Street, and Lower Pacific corridor. This area continues to lag economically behind Santa Cruz's Downtown core on upper Pacific Avenue, and experiences higher vacancies, lower commercial rents, underutilized parcels, and an inconsistent street frontage.

As a preliminary task, BAE conducted a Market Overview in May 2008, outlining supply and demand conditions for various land uses that could occur in the area, including multifamily housing, retail and office space, and lodging. The Market Overview also presented general policy and programmatic approaches to catalyzing new development.

Based on the Market Overview, their own existing conditions analysis, and input from BAE and City staff, WRT then formulated a series of conceptual development programs for two Opportunity Sites in the Study Area. Through a detailed study of these programs, the consulting team will help shape the desired development form in the corridor, and examine how to facilitate private development through design initiatives and changes to land use regulation. The Opportunity Sites also model catalyst projects that can potentially establish the corridor as a new residential and mixed-use activity center.

As part of the Opportunity Sites analysis, BAE evaluated the financial feasibility of the development concepts. Based on a series of pro-forma analyses of each program, BAE offered

input on product type, unit mix, density, and height. The analysis also identified any potential funding gaps that the City might need to address to make the projects "pencil out." This memorandum outlines the methodology and key findings of the financial feasibility study.

II. Methodology

Development Program

The following table summarizes the conceptual programs formulated by WRT for each Opportunity Site.

Table 1: Development Program for Opportunity Sites Analysis

	Site 1 - Market Rate Condominiums				Site 2	
	Site 1.1	Site 1.2	Site 1.3	Site 1.4	Site 2M - Market Rate Apartments	Site 2A - Affordable Apartments
Site Characteristics						
Site Area, Acres	0.64	0.42	0.37	0.36	0.96	0.96
DU/Acre	53	50	54	67	113	113
Residential Component						
Total Number of Units	34	21	20	24	108	108
1BR Units	*0*	*0*	*3*	*4*	*20*	*20*
2BR Units	*20*	*18*	*3*	*15*	*84*	*84*
3BR Units	*14*	*3*	*14*	*5*	*4*	*4*
Market Rate	*29*	*18*	*18*	*20*	*91*	*0*
Below-Market Rate	*5*	*3*	*2*	*4*	*17*	*108*
Commercial Component						
Commercial Sq. Ft.	7,100	5,000	5,675	6,020	8,700	8,700

Source: WRT Design, 2008; BAE, 2009.

Site 1. Located on the east side of Front Street between Soquel Avenue and Cathcart Street, Site 1 is comprised of four abutting sub-sites ranging from 0.36 to 0.64 acres. As modeled, these sub-sites contain multifamily condominium projects with 20 to 34 units, resulting in densities of 50 to 67 dwelling units per acre. Per the City's inclusionary housing requirements, 15 percent of all units are assumed to be affordable to moderate-income households.[1] The development programs also include ground-floor commercial space ranging from 5,000 to 7,100 square feet.

[1] Income limits as defined by the CA Dept. of Housing and Community Development (HCD) are as follows:
- Very low-income – Up to 50% of Area Median Income (AMI), as established annually by HCD
- Low-income – Up to 80% of AMI
- Moderate-income – Up to 120% of AMI

As part of these concepts, WRT assumed that a new 85-space garage across Front Street would accommodate the required parking for the commercial space on Site 1. BAE did not examine the financial feasibility of constructing the garage, and focused exclusively on the mixed-use properties. As a subsequent step of this assignment, BAE will discuss strategies for financing the new garage, in addition to other improvements in the Study Area.

Site 2. This 0.96-acre property, located at the junction of Pacific Avenue and Front Street, anchors the southern end of the Study Area. WRT and BAE modeled two development concepts on this property – a market-rate apartment project ("Site 2M") and an affordable apartment project ("Site 2A"). Both scenarios share the same development program, with 108 units and 8,700 square feet of commercial space. In addition to 91 market rate apartments, Site 2M contains 17 affordable units serving low-income households, consistent with the City's inclusionary housing requirements. Site 2A is 100 percent affordable, with 60 percent of units serving very low-income households and 40 percent serving low-income households.

Establishing Financial Feasibility

For *market-rate projects* (Sites 1 and 2M), the pro-forma analysis calculates the amount by which the value of the completed projects exceeds total development cost, less land. This dollar amount represents the site's "residual" land value, or how much a developer could afford to pay for the property. A project is deemed financially feasible if the residual land value equals or exceeds the market value of land in the area, as determined by interviews with City staff and local developers. Based on BAE's research, the analysis assumes that fully-entitled land in the Study Area ranges from approximately $85 to $95 per square foot.[2]

For the *affordable housing project* (Site 2A), this analysis compares total development costs – including land – with equity raised through various affordable housing financing sources. These sources include the Low-Income Housing Tax Credit Program (LIHTC), sale of a tax-exempt affordable housing bond, sponsor participation, and the Federal Home Loan Bank's Affordable Housing Program (AHP). After totaling these funds, any remaining "feasibility gap" would need to be filled by the City and/or its Redevelopment Agency for the project to proceed. The project is considered "financially feasible" if the gap is comparable to the City's typical subsidy on similar affordable housing developments. This figure varies from project to project, depending on the project's target income group, size of the development, availability of City funds and other

[2] According to basic economic theory, land values should fluctuate over time according to the performance of residential and commercial real estate markets. However, in a land-constrained area such as Santa Cruz, land values are slow to adjust to these market shifts. Oftentimes, long-time landowners withhold sale until the market is thought to be strong, and do not lower their asking prices during real estate downturns. For the purposes of this analysis, therefore, a static land value serves as a valid assumption, and can be used as a threshold for financial feasibility.

financing sources, and other factors. In general, however, staff report that City and Redevelopment Agency contributions range from $60,000 to $180,000 per unit.

Cost and Revenue Assumptions

Costs. Development costs include building construction, on- and off-site costs, impact fees, financing, marketing, other soft costs (e.g., architecture and engineering, overhead, legal, etc.), and the return required by a developer (see Appendix A). Assumptions for these items are based on a review of 2008 construction cost estimates as published by R.S. Means Company, BAE's experience from other financial feasibility analyses, and in-depth interviews with local multifamily and mixed-use developers. BAE used conservative assumptions in an effort to represent long-term construction cost estimates. For market rate projects, the analysis assumed a 12 percent profit as a percentage of total costs for the developer. Based on BAE's experience conducting feasibility analyses throughout the State, residential developers will generally seek returns ranging from eight to 15 percent, depending on the project location, product type, market conditions, and other factors that affect perceived risk. A 12 percent return on cost reflects a stable and strong market for residential development.

Revenues. The value of for-sale residential development is determined by sales price, less marketing and sales costs. Sales prices used in this analysis are based on market research conducted by BAE for the Market Overview, as well as interviews with local developers conducted in November 2008. This analysis assumes sales prices of $430,000 for a one-bedroom unit, $540,000 for a two-bedroom unit, and $645,000 for a three-bedroom unit. While these prices are not attainable in the current economic downturn, as market conditions improve, they represent the long-term potential for multifamily housing in Downtown Santa Cruz.

To offer additional perspective on these prices, major multifamily residential developers interviewed for this study estimated that in the short-term, the market would accept sales prices on the order of $400,000 for a one-bedroom unit, $500,000 for a two-bedroom unit, and $600,000 for a three-bedroom unit. The prices assumed in the pro-formas represent a long-term view of the housing market, and are therefore 7.5 to 8.0 percent higher than these values. As a basis of comparison, between 1998 and 2007, the median sales price for condominiums in Santa Cruz grew at an annual average rate of 3.7 percent in constant dollars. Between 1997 and 2007, condominiums appreciated at an annual average rate of 8.5 percent in constant dollars. Given these trends and that this study is meant to evaluate the long-term financial feasibility of development in the Study Area, the prices assumed here appear reasonable and fair.

The value of income property (i.e., rental residential, commercial space) is calculated by applying a capitalization rate to net operating income. Rents are based on the findings from BAE's Market Overview, which includes a survey of newer multifamily rental and commercial properties in Santa

Cruz. Capitalization rates are based on data published in the Korpacz Real Estate Investor Survey for the fourth quarter 2008, as well as the performance of existing properties in the area (as outlined in the Market Overview).

Consistent with the City's inclusionary housing policies, BAE assumes that 15 percent of units for Sites 1 and 2M will be affordable to low- and moderate-income households, with affordable sales prices and rents are based on limits established by the City. For Site 2A, affordable rents are based on HCD income limits and utility allowances set by the Santa Cruz County Housing Authority, weighted according to the proportion of very low- and low-income households (see Appendix B). The analysis assumes that 30 percent of gross household income is directed to monthly rent and utilities.

Limiting Conditions

The analysis of sales prices and rental rates is based on market research prepared by BAE in the first and second quarters of 2008 and interviews with developers in November 2008. Changes in market demand, prices, and other factors could have a material effect on BAE's findings. Total development costs can be significantly affected by changes in material costs, labor rates, building code requirements, parking requirements, and other factors. Project financing is assumed to be available at the rates and terms and conditions assumed in the pro-formas. As all of these factors are subject to change, project-specific feasibility analysis should be updated before proceeding with a particular development proposal. Particularly given the current economic uncertainty, projecting long-term sales prices and rental rates presents a challenge. Notwithstanding these caveats, this analysis still presents a general and fair understanding of development economics in Santa Cruz, and offers a useful tool for the City as it plans for land uses along the corridor.

III. Findings

A minimum density of approximately 55 units per acre is necessary to achieve financially feasible condominium projects in the Study Area. As a whole, Site 1 has a total residual land value of $87 per square foot, which falls within the target range of $85 to $95 per square foot for land in the Study Area (see Table 2). Therefore, Site 1 appears financially feasible as programmed.

Findings for the discrete sub-sites vary according to their respective densities. Sites 1.1 and 1.2, with residential densities below 55 units per acre, fall below the target land values of $85 to $95 per square foot. In contrast, Sites 1.3 and 1.4, with densities closer to or above 55 units per acre, achieve stronger returns that exceed the target land value range. These findings suggest that a minimum of allowable density of 55 units per acre appears necessary to help ensure financially feasible residential development in the area.

Table 2: Net Revenue, Development Cost, and Residual Land Value, Site 1

	Site 1.1	Site 1.2	Site 1.3	Site 1.4	Site 1 Total
Total Net Revenue	**$18,813,342**	**$11,321,391**	**$11,421,745**	**$12,573,033**	**$54,129,511**
Total Development Cost	**$16,541,221**	**$9,951,845**	**$9,878,067**	**$10,995,379**	**$47,366,511**
Residential Development Cost	$14,491,630	$8,519,771	$8,272,158	$9,297,428	$40,580,987
TDC Per Unit	$426,224	$405,703	$413,608	$387,393	$1,632,929
Commercial Development Cost	$2,049,591	$1,432,074	$1,605,909	$1,697,951	$6,785,524
Residual Land Value	**$2,272,121**	**$1,369,547**	**$1,543,678**	**$1,577,654**	**$6,763,000**
Land Value per Sq. Ft.	$82	$75	$96	$101	$87
Dwelling Units/Acre	53	50	54	67	55

Source: WRT Design, 2008; City of Santa Cruz, 2009; BAE, 2009.

Development economics in the Study Area currently do not support the construction of market-rate rental housing. This analysis finds that even assuming residential densities of 113 units per acre, Site 2M still results in a negative residual land value, and is therefore not financially feasible (see Table 3). Apartment complexes, particularly with structured parking, are highly sensitive to land values, construction costs, capitalization rates, and rent levels. Santa Cruz's high land values also make it difficult for multifamily apartment projects to achieve financially feasible returns, despite the City's strong rental market.

City staff report that local developers echo this finding, and have relied on complex financing structures that cross-subsidize market-rate and affordable units to build rental projects such as 1010 Pacific and Pacific Shores Apartments. Staff indicate that these projects are unique, difficult to replicate, and do not serve as a model for typical apartment development.

Over the long-term, development economics may shift to favor market-rate apartment construction. However, given these findings and local land values, any new project would likely require significant residential densities over 110 units per acre to achieve financial feasibility.

Table 3: Net Revenue, Development Cost, and Residual Land Value, Site 2M

	Site 2M
Total Net Revenue	**$31,243,899**
Total Development Cost	**$38,460,121**
Residential Development Cost	$35,934,784
TDC Per Unit	$332,729
Commercial Development Cost	$2,525,336
Residual Land Value	**($7,216,222)**
Land Value per Sq. Ft.	($173)

Source: WRT Design, 2008; City of Santa Cruz, 2009; BAE, 2009.

Development of 100 percent affordable multifamily apartments would require a notable City contribution. As shown in Table 4, Site 2A has a total development cost of $39.7 million, while financing sources for the project total $21.7 million. This leads to a feasibility gap of $18.0 million, or $167,000 per unit. Staff indicate that this per unit gap falls within the range of subsidies that the City has historically provided to affordable housing developers serving very low- and low-income households.

Permitting higher residential densities as modeled in Site 2A significantly helps limit the feasibility gap for affordable housing developments and improves their feasibility. Each of the financing sources assumed for this analysis are essentially structured to generate funds on a per unit basis. As such, allowing greater densities on a site can help off-set fixed costs such as land, site prep, and on- and off-site improvements, which do not occur on a per unit basis.

Table 4: Development Cost, Equity, and Feasibility Gap, Site 2A

	Site 2A
Total Development Cost	**$39,734,360**
Residential Development Cost	$37,116,611
TDC Per Unit	$343,672
Commercial Development Cost	$2,617,750
Total Financing Sources	**$21,680,608**
Loan from Bond Proceeds	$6,755,159
LIHTC Equity	$12,595,449
Sponsor Equity	$1,250,000
FHLB AHP	$1,080,000
Total Feasibility Gap	**$18,053,752**
Per Unit	$167,164

Source: WRT Design, 2008; City of Santa Cruz, 2009; BAE, 2009.

IV. Summary of Findings

This analysis suggests that the City should allow residential densities of at least 55 units per acre in the Study Area to facilitate the construction of market-rate multifamily condominiums with ground floor commercial space. In the short- to intermediate-term, market-rate apartments appear infeasible. The analysis also indicates that allowable densities above 110 units per acre would help limit the need for City subsidies to affordable housing developments in the area.

In addition, the City should consider strategies to accommodate the parking requirements for commercial space in mixed-use developments, if it is committed to the presence of ground floor retail, office space, and services. Potential approaches include creation of a parking district and/or construction of a new parking garage in the Study Area. Again, BAE and WRT will continue to explore the feasibility of these strategies during the course of this assignment.

Appendix A: Cost and Revenue Assumptions

Appendix A-1: Development Program and Assumptions, Opportunity Site 1

	Site 1.1	Site 1.2	Site 1.3	Site 1.4
PROJECT DETAILS				
Site Characteristics				
Site Area, Sq.Ft.	27,878	18,295	16,117	15,682
Site Area, Acres	0.64	0.42	0.37	0.36
DU/Acre	53	50	54	67
Residential Component				
Total Number of Units	34	21	20	24
Market Rate	29	18	18	20
Below-Market Rate	5	3	2	4
1BR Units	0	0	3	4
Market Rate Units	0	0	3	3
Below-Market Rate Units	0	0	0	1
Unit Size	720	720	720	720
Mkt Rate Sale Price	$430,000	$430,000	$430,000	$430,000
$/Sq. Ft.	$597	$597	$597	$597
Affordable Sale Price	$171,954	$171,954	$171,954	$171,954
2BR Units	20	18	3	15
Market Rate Units	17	15	3	13
Below-Market Rate Units	3	3	0	2
Unit Size	1,050	1,050	1,050	1,050
Mkt Rate Sale Price	$540,000	$540,000	$540,000	$540,000
$/Sq. Ft.	$514	$514	$514	$514
Affordable Sale Price	$202,418	$202,418	$202,418	$202,418
3BR Units	14	3	14	5
Market Rate Units	12	3	12	4
Below-Market Rate Units	2	0	2	1
Unit Size	1,300	1,300	1,275	1,300
Mkt Rate Sale Price	$645,000	$645,000	$600,000	$645,000
$/Sq. Ft.	$496	$496	$471	$496
Affordable Sale Price	$232,882	$232,882	$232,882	$232,882
Total Residential Sq. Ft.	44,650	26,260	26,420	29,600
Commercial Component				
Commercial Sq. Ft.	7,100	5,000	5,675	6,020
Leasable %	95%	95%	95%	95%
Leasable Area	6,745	4,750	5,391	5,719
Lease Rate (Monthly/Sq. Ft. NNN)	$2.00	$2.00	$2.00	$2.00
Cap Rate	8.0%	8.0%	8.0%	8.0%
Overall Development Mix				
Residential as % of Total Sq. Ft.	86%	84%	82%	83%
Commercial as % of Total Sq. Ft.	14%	16%	18%	17%
Parking (excludes off-site commercial parking)				
Parking Spaces	51	32	30	36
Lift	0	0	28	34
Standard Podium	51	32	2	2
COST ASSUMPTIONS				
Hard and Soft Costs				
Residential Construction Costs (per sq. ft.)	$170	$170	$170	$170
Commercial Construction Costs (per sq. ft.)	$130	$130	$130	$130
On & Off-Site Improvements (per acre)	$400,000	$400,000	$400,000	$400,000
Tenant Improvement Allowance (per GLA)	$40	$40	$40	$40
Impact Fees (City estimate)	$1,354,000	$822,000	$856,000	$927,000
Cost/Parking Space (Lift)	$17,750	$17,750	$17,750	$17,750
Cost/Parking Space (Podium)	$23,000	$23,000	$23,000	$23,000
"Wrap" Insurance (per unit)	$10,000	$10,000	$10,000	$10,000
Other Soft Costs (as % of hard and site costs)	20%	20%	20%	20%
Developer Profit (as % of Total Development Cost)	12%	12%	12%	12%
Financing Costs				
Interest Rate	8.0%	8.0%	8.0%	8.0%
Period of Initial Loan (Months)	16	12	12	12
Initial Construction Loan Fee (Points)	2.0%	2.0%	2.0%	2.0%
Average Outstanding Balance	60%	60.0%	60.0%	60.0%
Loan to Cost Ratio	70%	70.0%	70.0%	70.0%

Source: WRT Design, 2008; City of Santa Cruz, 2009; BAE, 2009.

	Site 2M
PROJECT DETAILS	
Site Characteristics	
Site Area, Sq.Ft.	41,818
Site Area, Acres	0.96
DU/Acre	113
Residential Component	
Total Number of Units	108
Market Rate	91
Below-Market Rate	17
1BR Units	20
Market Rate Units	17
Below-Market Rate Units	3
Unit Size	700
Monthly Mkt Rate Rent	$1,800
$/Sq. Ft.	$2.57
Monthly Affordable Rent	$1,529
2BR Units	84
Market Rate Units	71
Below-Market Rate Units	13
Unit Size	900
Monthly Mkt Rate Rent	$2,100
$/Sq. Ft.	$2.33
Monthly Affordable Rent	$1,737
3BR Units	4
Market Rate Units	3
Below-Market Rate Units	1
Unit Size	1,100
Monthly Mkt Rate Rent	$3,100
$/Sq. Ft.	$2.82
Monthly Affordable Rent	$1,947
Total Residential Sq. Ft.	111,260
Commercial Component	
Commercial Sq. Ft.	8,700
Leasable %	95%
Leasable Area	8,265
Lease Rate (Monthly/Sq. Ft. NNN)	$1.75
Capitalization Rate	5.25%
Overall Development Mix	
Residential as % of Total Sq. Ft.	93%
Commercial as % of Total Sq. Ft.	7%
Parking (excludes off-site commercial parking)	
Parking Spaces	101
Lift	98
Standard Podium	3
COST ASSUMPTIONS	
Hard and Soft Costs	
Residential Construction Costs (per sq. ft.)	$170
Commercial Construction Costs (per sq. ft.)	$130
On & Off-Site Improvements (per acre)	$400,000
Tenant Improvement Allowances (per GLA)	$35
Impact Fees (per unit)	$40,000
Cost/Parking Space (Lift)	$17,750
Cost/Parking Space (Podium)	$23,000
"Wrap" Insurance (per unit)	$10,000
Other Soft Costs (as % of hard and site costs)	20%
Developer Profit (as % of Total Development Cost)	12%
Financing Costs	
Interest Rate	8.0%
Period of Initial Loan (Months)	16
Initial Construction Loan Fee (Points)	2.0%
Average Outstanding Balance	60%
Loan to Cost Ratio	70%

Source: WRT Design, 2008; City of Santa Cruz, 2009; BAE, 2009.

Appendix A-3: Development Program and Assumptions, Opportunity Site 2A

	Site 2A	
PROJECT DETAILS		
Site Characteristics		
Site Area, Sq.Ft.	41,818	
Site Area, Acres	0.96	
DU/Acre	113	
Residential Component		
Total Number of Units	108	
Market Rate	0	
Below-Market Rate	108	
1BR Units	20	
Market Rate Units	0	
Below-Market Rate Units	20	
Unit Size	700	
Monthly Affordable Rent	$952	
2BR Units	84	
Market Rate Units	0	
Below-Market Rate Units	84	
Unit Size	900	
Monthly Affordable Rent	$1,067	
3BR Units	4	
Market Rate Units	0	
Below-Market Rate Units	4	
Unit Size	1,100	
Monthly Affordable Rent	$1,183	
Total Residential Sq. Ft.	111,260	
Commercial Component		
Commercial Sq. Ft.	8,700	
Leasable %	95%	
Leasable Area	8,265	
Lease Rate (Monthly/Sq. Ft. NNN)	$1.75	
Overall Development Mix		
Residential as % of Total Sq. Ft.	93%	
Commercial as % of Total Sq. Ft.	7%	
Parking (excludes off-site commercial parking)		
Parking Spaces	101	
Lift	98	
Standard Podium	3	
COST ASSUMPTIONS		
Hard and Soft Costs		**Source**
Land (per sq. ft.)	$90	Developer interviews
Residential Construction Costs (per sq. ft.)	$170	Developer interviews
Commercial Construction Costs (per sq. ft.)	$130	Developer interviews
On & Off-Site Improvements (per acre)	$400,000	Developer interviews
Tenant Improvement Allowances (per GLA)	$35	Developer interviews
Impact Fees (City estimate)	$2,970,605	City estimate.
Cost/Parking Space (Lift)	$17,750	Developer interviews
Cost/Parking Space (Podium)	$23,000	Developer interviews
"Wrap" Insurance (per unit)	$10,000	Developer interviews
Other Soft Costs (as % of hard and site costs)	30%	Developer interviews
Developer Fee	$2,500,000	Max. under LIHTC program
Financing Costs		
Interest Rate	5.5%	Based on affordable hsg developer interviews.
Term (Years)	30	BAE estimate.
Loan Fee/Points	2.0%	BAE estimate. Pending more research.
Average Outstanding Balance	60%	BAE estimate.
Loan to Cost Ratio	70%	Developer interview.
LIHTC Equity (4% credits)		
Total Qualified Basis	$43,087,878	Calculation per LIHTC program requirements.
Applicable Credit Rate	3.36%	Per IRS LIHTC Rates for November 2008
Number of Years of Credit	10	Per LIHTC standards
Current Value of Future Tax Credit	87%	Based on affordable hsg developer interviews.
Sponsor Equity	$1,250,000	BAE estimate.
FHLB AHP @ $10,000/unit	$1,080,000	BAE estimate.

Source: WRT Design, 2008; City of Santa Cruz, 2009; BAE, 2009.

Appendix B: Affordable Rent Calculations

	Household Income	Monthly Affordable Housing Payment (a)	Monthly Utility Payment (b)	Effective Affordable Rent
Household Income 100% AMI (Median)				
1 Person HH	$56,900	$1,423	$127	$1,296
2 Person HH	$65,000	$1,625	$127	$1,498
3 Person HH	$73,200	$1,830	$147	$1,683
4 Person HH	**$81,300**	**$2,033**	**$166**	**$1,867**
5 Person HH	$87,800	$2,195	$194	$2,001
Household Income 30% AMI				
1 Person HH	$18,250	$456	$127	$329
2 Person HH	$20,900	$523	$127	$396
3 Person HH	$23,500	$588	$147	$441
4 Person HH	**$26,100**	**$653**	**$166**	**$487**
5 Person HH	$28,200	$705	$194	$511
Household Income 50% AMI				
1 Person HH	$30,450	$761	$127	$634
2 Person HH	$34,800	$870	$127	$743
3 Person HH	$39,150	$979	$147	$832
4 Person HH	**$43,500**	**$1,088**	**$166**	**$922**
5 Person HH	$47,000	$1,175	$194	$981
Household Income 80% AMI				
1 Person HH	$48,700	$1,218	$127	$1,091
2 Person HH	$55,700	$1,393	$127	$1,266
3 Person HH	$62,650	$1,566	$147	$1,419
4 Person HH	**$69,600**	**$1,740**	**$166**	**$1,574**
5 Person HH	$75,150	$1,879	$194	$1,685
Household Income (120% AMI)				
1 Person HH	$68,300	$1,708	$127	$1,581
2 Person HH	$78,100	$1,953	$127	$1,826
3 Person HH	$87,800	$2,195	$147	$2,048
4 Person HH	**$97,600**	**$2,440**	**$166**	**$2,274**
5 Person HH	$105,400	$2,635	$194	$2,441

Notes:
(a) Assumes 30% of gross household income dedicated to rent and utilities
(b) Per Santa Cruz County Housing Authority Utility Allowance.
Source: HCD, 2008; Santa Cruz County Housing Authority, 2008; BAE, 2008.

Appendix C: Detailed Pro-Formas

Appendix C-1: Pro-Forma for Site 1.1

PROJECT DETAILS	
Site Characteristics	
Site Area, Sq.Ft.	27,878
Site Area, Acres	0.64
DU/Acre	53
Residential Component	
Total Number of Units	34
Market Rate	29
Below-Market Rate	5
1BR Units	0
Market Rate Units	0
Below-Market Rate Units	0
Unit Size	720
Mkt Rate Sale Price	$430,000
Affordable Sale Price	$171,954
2BR Units	20
Market Rate Units	17
Below-Market Rate Units	3
Unit Size	1,050
Mkt Rate Sale Price	$540,000
Affordable Sale Price	$202,418
3BR Units	14
Market Rate Units	12
Below-Market Rate Units	2
Unit Size	1,300
Mkt Rate Sale Price	$645,000
Affordable Sale Price	$232,882
Total Residential Sq. Ft.	44,650
Commercial Component	
Commercial Sq. Ft.	7,100
Leasable %	95%
Leasable Area	6,745
Lease Rate (Monthly/Sq. Ft. NNN)	$2.00
Cap Rate	8.0%
Overall Development Mix	
Residential as % of Total Sq. Ft.	86%
Commercial as % of Total Sq. Ft.	14%
Parking	
Lift	0
Standard Podium	51

COST ASSUMPTIONS	
Hard and Soft Costs	
Residential Construction Costs (per sq. ft.)	$170
Commercial Construction Costs (per sq. ft.)	$130
On & Off-Site Improvements (per acre)	$400,000
Tenant Improvement Allowances (per GLA)	$40
Impact Fees	$1,354,000
Cost/Lift Parking Space	$17,750
Cost/Podium Parking Space	$23,000
Condo "Wrap" Insurance (per unit)	$10,000
Other Soft Costs (as % of hard costs, site costs)	20%
Developer Profit (as % of Total Development Cost)	12%
Financing Costs	
Interest Rate	8%
Period of Initial Loan (Months)	16
Initial Construction Loan Fee (Points)	2%
Average Outstanding Balance	60%
Loan to Cost Ratio	70%
Hard & Soft Costs, Site Costs	$13,948,760
Amount of Loan	$9,764,132

DEVELOPMENT COST SUMMARY	
Hard and Soft Costs	
Residential Construction Costs	$7,590,500
Commercial Construction Costs	$923,000
On & Off-Site Improvements	$256,000
Tenant Improvement Allowances	$269,800
Impact Fees	$1,354,000
Parking Costs	$1,173,000
Condo "Wrap" Insurance	$340,000
Other Soft Costs	$2,042,460
Financing Costs	
Interest on Construction Loan	$624,904
Points on Construction Loan	$195,283
Developer Profit	$1,772,274
Total Development Cost	**$16,541,221**
Residential Development Cost	$14,491,630
TDC Per Unit	$426,224
Commercial Development Cost	$2,049,591

LAND VALUE ANALYSIS		
Gross Residential Sales Revenue		$17,993,018
Less Commissions/Marketing	5%	($899,651)
Net Residential Sales Revenue		$17,093,367
Annual Commercial Lease Revenue		$161,880
Less Vacancy	10%	($16,188)
Less Commissions/Marketing	5%	($8,094)
Annual Net Operating Income		$137,598
Net Commercial Sales Revenue		$1,719,975
Total Net Revenue		$18,813,342
Less Development Costs		($16,541,221)
Residual Land Value		**$2,272,121**
Land Value/ Sq. Ft.		**$81.50**

Source: City of Santa Cruz, 2009; WRT Design, 2008; BAE, 2009.

Appendix C-2: Pro-Forma for Site 1.2

PROJECT DETAILS	
Site Characteristics	
Site Area, Sq.Ft.	18,295
Site Area, Acres	0.42
DU/Acre	50
Residential Component	
Total Number of Units	21
Market Rate	18
Below-Market Rate	3
1BR Units	0
Market Rate Units	0
Below-Market Rate Units	0
Unit Size	720
Mkt Rate Sale Price	$430,000
Affordable Sale Price	$171,954
2BR Units	18
Market Rate Units	15
Below-Market Rate Units	3
Unit Size	1,050
Mkt Rate Sale Price	$540,000
Affordable Sale Price	$202,418
3BR Units	3
Market Rate Units	3
Below-Market Rate Units	0
Unit Size	1,300
Mkt Rate Sale Price	$645,000
Affordable Sale Price	$232,882
Total Residential Sq. Ft.	26,260
Commercial Component	
Commercial Sq. Ft.	5,000
Leasable %	95%
Leasable Area	4,750
Lease Rate (Monthly/Sq. Ft. NNN)	$2.00
Cap Rate	8.0%
Overall Development Mix	
Residential as % of Total Sq. Ft.	84%
Commercial as % of Total Sq. Ft.	16%
Parking	
Lift	0
Standard Podium	32

COST ASSUMPTIONS	
Hard and Soft Costs	
Residential Construction Costs (per sq. ft.)	$170
Commercial Construction Costs (per sq. ft.)	$130
On & Off-Site Improvements (per acre)	$400,000
Tenant Improvement Allowances (per GLA)	$40
Impact Fees	$822,000
Cost/Lift Parking Space	$17,750
Cost/Podium Parking Space	$23,000
Condo "Wrap" Insurance (per unit)	$10,000
Other Soft Costs (as % of hard costs, site costs)	20%
Developer Profit (as % of Total Development Cost)	12%
Financing Costs	
Interest Rate	8%
Period of Initial Loan (Months)	12
Initial Construction Loan Fee (Points)	2%
Average Outstanding Balance	60%
Loan to Cost Ratio	70%
Hard & Soft Costs, Site Costs	$8,481,840
Amount of Loan	$5,937,288

DEVELOPMENT COST SUMMARY	
Hard and Soft Costs	
Residential Construction Costs	$4,464,200
Commercial Construction Costs	$650,000
On & Off-Site Improvements	$168,000
Tenant Improvement Allowances	$190,000
Impact Fees	$822,000
Parking Costs	$736,000
Condo "Wrap" Insurance	$210,000
Other Soft Costs	$1,241,640
Financing Costs	
Interest on Construction Loan	$284,990
Points on Construction Loan	$118,746
Developer Profit	$1,066,269
Total Development Cost	**$9,951,845**
Residential Development Cost	$8,519,771
TDC Per Unit	$405,703
Commercial Development Cost	$1,432,074

LAND VALUE ANALYSIS		
Gross Residential Sales Revenue		$10,642,254
Less Commissions/Marketing	5%	($532,113)
Net Residential Sales Revenue		$10,110,141
Annual Commercial Lease Revenue		$114,000
Less Vacancy	10%	($11,400)
Less Commissions/Marketing	5%	($5,700)
Annual Net Operating Income		$96,900
Net Commercial Sales Revenue		$1,211,250
Total Net Revenue		$11,321,391
Less Development Costs		($9,951,845)
Residual Land Value		**$1,369,547**
Land Value/ Sq. Ft.		**$74.86**

Source: City of Santa Cruz, 2009; WRT Design, 2008; BAE, 2009.

Appendix C-3: Pro-Forma for Site 1.3

PROJECT DETAILS	
Site Characteristics	
Site Area, Sq.Ft.	16,117
Site Area, Acres	0.37
DU/Acre	54
Residential Component	
Total Number of Units	20
Market Rate	18
Below-Market Rate	2
1BR Units	3
Market Rate Units	3
Below-Market Rate Units	0
Unit Size	720
Mkt Rate Sale Price	$430,000
Affordable Sale Price	$171,954
2BR Units	3
Market Rate Units	3
Below-Market Rate Units	0
Unit Size	1,050
Mkt Rate Sale Price	$540,000
Affordable Sale Price	$202,418
3BR Units	14
Market Rate Units	12
Below-Market Rate Units	2
Unit Size	1,275
Mkt Rate Sale Price	$600,000
Affordable Sale Price	$232,882
Total Residential Sq. Ft.	26,420
Commercial Component	
Commercial Sq. Ft.	5,675
Leasable %	95%
Leasable Area	5,391
Lease Rate (Monthly/Sq. Ft. NNN)	$2.00
Cap Rate	8.0%
Overall Development Mix	
Residential as % of Total Sq. Ft.	82%
Commercial as % of Total Sq. Ft.	18%
Parking	
Lift	28
Standard Podium	2

COST ASSUMPTIONS	
Hard and Soft Costs	
Residential Construction Costs (per sq. ft.)	$170
Commercial Construction Costs (per sq. ft.)	$130
On & Off-Site Improvements (per acre)	$400,000
Tenant Improvement Allowances (per GLA)	$40
Impact Fees	$856,000
Cost/Lift Parking Space	$17,750
Cost/Podium Parking Space	$23,000
Condo "Wrap" Insurance (per unit)	$10,000
Other Soft Costs (as % of hard costs, site costs)	20%
Developer Profit (as % of Total Development Cost)	12%
Financing Costs	
Interest Rate	8%
Period of Initial Loan (Months)	12
Initial Construction Loan Fee (Points)	2%
Average Outstanding Balance	60%
Loan to Cost Ratio	70%
Hard & Soft Costs, Site Costs	$8,418,960
Amount of Loan	$5,893,272

DEVELOPMENT COST SUMMARY	
Hard and Soft Costs	
Residential Construction Costs	$4,491,400
Commercial Construction Costs	$737,750
On & Off-Site Improvements	$148,000
Tenant Improvement Allowances	$215,650
Impact Fees	$856,000
Parking Costs	$543,000
Condo "Wrap" Insurance	$200,000
Other Soft Costs	$1,227,160
Financing Costs	
Interest on Construction Loan	$282,877
Points on Construction Loan	$117,865
Developer Profit	$1,058,364
Total Development Cost	**$9,878,067**
Residential Development Cost	$8,272,158
TDC Per Unit	$413,608
Commercial Development Cost	$1,605,909

LAND VALUE ANALYSIS		
Gross Residential Sales Revenue		$10,575,764
Less Commissions/Marketing	5%	($528,788)
Net Residential Sales Revenue		$10,046,976
Annual Commercial Lease Revenue		$129,390
Less Vacancy	10%	($12,939)
Less Commissions/Marketing	5%	($6,470)
Annual Net Operating Income		$109,982
Net Commercial Sales Revenue		$1,374,769
Total Net Revenue		$11,421,745
Less Development Costs		($9,878,067)
Residual Land Value		**$1,543,678**
Land Value/ Sq. Ft.		**$95.78**

Source: City of Santa Cruz, 2009; WRT Design, 2008; BAE, 2009.

Appendix C-4: Pro-Forma for Site 1.4

PROJECT DETAILS	
Site Characteristics	
Site Area, Sq.Ft.	15,682
Site Area, Acres	0.36
DU/Acre	67
Residential Component	
Total Number of Units	24
Market Rate	20
Below-Market Rate	4
1BR Units	4
Market Rate Units	3
Below-Market Rate Units	1
Unit Size	720
Mkt Rate Sale Price	$430,000
Affordable Sale Price	$171,954
2BR Units	15
Market Rate Units	13
Below-Market Rate Units	2
Unit Size	1,050
Mkt Rate Sale Price	$540,000
Affordable Sale Price	$202,418
3BR Units	5
Market Rate Units	4
Below-Market Rate Units	1
Unit Size	1,300
Mkt Rate Sale Price	$645,000
Affordable Sale Price	$232,882
Total Residential Sq. Ft.	29,600
Commercial Component	
Commercial Sq. Ft.	6,020
Leasable %	95%
Leasable Area	5,719
Lease Rate (Monthly/Sq. Ft. NNN)	$2.00
Cap Rate	8.0%
Overall Development Mix	
Residential as % of Total Sq. Ft.	83%
Commercial as % of Total Sq. Ft.	17%
Parking	
Lift	34
Standard Podium	2

COST ASSUMPTIONS	
Hard and Soft Costs	
Residential Construction Costs (per sq. ft.)	$170
Commercial Construction Costs (per sq. ft.)	$130
On & Off-Site Improvements (per acre)	$400,000
Tenant Improvement Allowances (per GLA)	$40
Impact Fees	$927,000
Cost/Lift Parking Space	$17,750
Cost/Podium Parking Space	$23,000
Condo "Wrap" Insurance (per unit)	$10,000
Other Soft Costs (as % of hard costs, site costs)	20%
Developer Profit (as % of Total Development Cost)	12%
Financing Costs	
Interest Rate	8%
Period of Initial Loan (Months)	12
Initial Construction Loan Fee (Points)	2%
Average Outstanding Balance	60%
Loan to Cost Ratio	70%
Hard & Soft Costs, Site Costs	$9,371,232
Amount of Loan	$6,559,862

DEVELOPMENT COST SUMMARY	
Hard and Soft Costs	
Residential Construction Costs	$5,032,000
Commercial Construction Costs	$782,600
On & Off-Site Improvements	$144,000
Tenant Improvement Allowances	$228,760
Impact Fees	$927,000
Parking Costs	$649,500
Condo "Wrap" Insurance	$240,000
Other Soft Costs	$1,367,372
Financing Costs	
Interest on Construction Loan	$314,873
Points on Construction Loan	$131,197
Developer Profit	$1,178,076
Total Development Cost	**$10,995,379**
Residential Development Cost	$9,297,428
TDC Per Unit	$387,393
Commercial Development Cost	$1,697,951

LAND VALUE ANALYSIS		
Gross Residential Sales Revenue		$11,699,672
Less Commissions/Marketing	5%	($584,984)
Net Residential Sales Revenue		$11,114,688
Annual Commercial Lease Revenue		$137,256
Less Vacancy	10%	($13,726)
Less Commissions/Marketing	5%	($6,863)
Annual Net Operating Income		$116,668
Net Commercial Sales Revenue		$1,458,345
Total Net Revenue		$12,573,033
Less Development Costs		($10,995,379)
Residual Land Value		**$1,577,654**
Land Value/ Sq. Ft.		**$100.61**

Source: City of Santa Cruz, 2009; WRT Design, 2008; BAE, 2009.

Appendix C-5: Pro-Forma for Site 2M

PROJECT DETAILS	
Site Characteristics	
Site Area, Sq.Ft.	41,818
Site Area, Acres	0.96
DU/Acre	113
Residential Component	
Total Number of Units	108
Market Rate	91
Below-Market Rate	17
1BR Units	20
Market Rate Units	17
Below-Market Rate Units	3
Unit Size	700
Monthly Mkt Rate Rent	$1,800
$/Sq. Ft.	$2.57
Monthly Affordable Rent	$1,529
2BR Units	84
Market Rate Units	71
Below-Market Rate Units	13
Unit Size	900
Monthly Mkt Rate Rent	$2,100
$/Sq. Ft.	$2.33
Monthly Affordable Rent	$1,737
3BR Units	4
Market Rate Units	3
Below-Market Rate Units	1
Unit Size	1,100
Monthly Mkt Rate Rent	$3,100
$/Sq. Ft.	$2.82
Monthly Affordable Rent	$1,947
Total Residential Sq. Ft.	111,260
Commercial Component	
Commercial Sq. Ft.	8,700
Leasable %	95%
Leasable Area	8,265
Lease Rate (Monthly/Sq. Ft. NNN)	$1.75
Cap Rate	5.3%
Overall Development Mix	
Residential as % of Total Sq. Ft.	93%
Commercial as % of Total Sq. Ft.	7%
Parking	
Lift	98
Standard Podium	3

COST ASSUMPTIONS	
Hard and Soft Costs	
Residential Construction Costs (per sq. ft.)	$170
Commercial Construction Costs (per sq. ft.)	$130
On & Off-Site Improvements (per acre)	$400,000
Tenant Improvement Allowances (per GLA)	$35
Impact Fees (per unit)	$40,000
Cost/Lift Parking Space	$17,750
Cost/Podium Parking Space	$23,000
Condo "Wrap" Insurance (per unit)	$10,000
Other Soft Costs (as % of hard costs, site costs)	20%
Developer Profit (as % of Total Development Cost)	12%
Financing Costs	
Interest Rate	8.0%
Period of Initial Loan (Months)	16
Initial Construction Loan Fee (Points)	2.0%
Average Outstanding Balance	60.0%
Loan to Cost Ratio	70.0%
Hard & Soft Costs, Site Costs	$32,432,370
Amount of Loan	$22,702,659

DEVELOPMENT COST SUMMARY	
Hard and Soft Costs	
Residential Construction Costs	$18,914,200
Commercial Construction Costs	$1,131,000
On & Off-Site Improvements	$384,000
Tenant Improvement Allowances	$289,275
Impact Fees	$4,320,000
Parking Costs	$1,808,500
Condo "Wrap" Insurance	$1,080,000
Other Soft Costs	$4,505,395
Financing Costs	
Interest on Construction Loan	$1,452,970
Points on Construction Loan	$454,053
Developer Profit	$4,120,727
Total Development Cost	**$38,460,121**
Residential Development Cost	$35,934,784
TDC Per Unit	$332,729
Commercial Development Cost	$2,525,336

LAND VALUE ANALYSIS		
Gross Residential Operating Income		$2,617,380
Less Vacancy	5%	($130,869)
Less Operating Expenses	35%	($916,083)
Net Operating Income		$1,570,428
Annual Commercial Lease Revenue		$173,565
Less Vacancy	10%	($17,357)
Annual Net Operating Income		$156,209
Gross Sales Revenue		$32,888,314
Less Commissions/Marketing	5%	($1,644,416)
Total Net Revenue		$31,243,899
Less Development Costs		($38,460,121)
Residual Land Value		**($7,216,222)**
Land Value/ Sq. Ft.		**($172.56)**

Source: City of Santa Cruz, 2009; WRT Design, 2008; BAE, 2009.

Appendix C-6: Pro-Forma for Site 2A

PROJECT DETAILS	
Site Characteristics	
Site Area, Sq.Ft.	41,818
Site Area, Acres	0.96
DU/Acre	113
Residential Component	
Total Number of Units	108
Market Rate	0
Below-Market Rate	108
1BR Units	20
Market Rate Units	0
Below-Market Rate Units	20
Unit Size	700
Monthly Mkt Rate Rent	$1,900
$/Sq. Ft.	$2.71
Monthly Affordable Rent	$952
2BR Units	84
Market Rate Units	0
Below-Market Rate Units	84
Unit Size	900
Monthly Mkt Rate Rent	$2,800
$/Sq. Ft.	$3.11
Monthly Affordable Rent	$1,067
3BR Units	4
Market Rate Units	0
Below-Market Rate Units	4
Unit Size	1,100
Monthly Mkt Rate Rent	$3,500
$/Sq. Ft.	$3.18
Monthly Affordable Rent	$1,183
Total Residential Sq. Ft.	111,260
Commercial Component	
Commercial Sq. Ft.	8,700
Leasable %	95%
Leasable Area	8,265
Lease Rate (Monthly/Sq. Ft. NNN)	$1.75
Overall Development Mix	
Residential as % of Total Sq. Ft.	93%
Commercial as % of Total Sq. Ft.	7%
Parking	
Lift	98
Standard Podium	3

HARD AND SOFT COST ASSUMPTIONS	
Land (per sq. ft.)	$90
Residential Construction Costs (per sq. ft.)	$170
Commercial Construction Costs (per sq. ft.)	$130
On & Off-Site Improvements (per acre)	$400,000
Tenant Improvement Allowances (per GLA)	$35
Impact Fees	$2,970,605
Commercial Impact Fees (per sq. ft.)	$15
Cost/Lift Parking Space	$17,750
Cost/Podium Parking Space	$23,000
Condo "Wrap" Insurance (per unit)	$10,000
Other Soft Costs (as % of hard costs, site costs)	30%
Developer Fee	$2,500,000

FINANCING ASSUMPTIONS	
Financing Costs and Loan Amount	
Interest Rate	5.5%
Term (Years)	30
Loan Fee/Points	2.0%
Loan to Cost Ratio	70.0%
Supportable Debt Service (monthly)	$38,355
Amount of Loan	$6,755,159
LIHTC Equity (4% credits)	
Total Qualified Basis	$43,087,878
Applicable Credit Rate	3.36%
Number of Years of Credit	10
Current Value of Future Tax Credit (% of total credit)	87%
LIHTC Equity	$12,595,449
Sponsor Equity	$1,250,000
FHLB AHP	$1,080,000

REVENUE ANALYSIS	
Gross Residential Operating Income	$1,360,524
Less Vacancy (a)	($68,026)
Less Operating Expenses (b)	($648,000)
Annual Net Operating Income	$644,498
Gross Commercial Lease Revenue	$14,464
Less Vacancy (c)	($1,446)
Annual Net Operating Income	$13,017
Total NOI	$657,515

DEVELOPMENT COST SUMMARY	
Hard and Soft Costs	
Land	$3,763,584
Residential Construction Costs	$18,914,200
Commercial Construction Costs	$1,131,000
On & Off-Site Improvements	$384,000
Tenant Improvement Allowances	$289,275
Impact Fees	$2,970,605
Parking Costs	$1,808,500
Condo "Wrap" Insurance	$1,080,000
Other Soft Costs	$6,758,093
Points on Construction Loan	$135,103
Developer Fee	$2,500,000
Total Development Cost	**$39,734,360**
Residential Development Cost	$37,116,611
TDC Per Unit	$343,672
Commercial Development Cost	$2,617,750

Development Feasibility Analysis	
Development Cost	$39,734,360
Less Loan	($6,755,159)
Less LIHTC Equity	($12,595,449)
Less Sponsor Equity	($1,250,000)
Less FHLB AHP	($1,080,000)
Total Feasibility Gap	**$18,053,752**
Per Unit	$167,164

Notes:
(a) Residential Vacancy Rate 5%
(b) Operating Cost/Unit:. $6,000
(c) Commercial Vacancy Rate 10%
Source: City of Santa Cruz, 2009; WRT Design, 2008; LISC Operating Cost Database, 2006; BAE, 2009.

APPENDIX A4

METRO CENTER SITE - PREVIOUS DESIGN STUDY (ROMA 2003)

ROMA

MEMORANDUM

TO: Ceil Cirillo, City of Santa Cruz
Cal Hollis, Keyser Marston
Chris Garwood, Pacific Union Apartments
Mark Dorfman, Santa Cruz Metropolitan Transit Authority

FROM: Jim Adams

DATE: April 29, 2003

RE: Revised Residential Program and Layouts for Santa Cruz Metro Center Project

Attached please find revised layouts for the three residential levels of the proposed Metro Center project, incorporating comments from our telephone conference of April 14th. As per that discussion, we have made the following revisions to the plans:

- Increased the number of two-bedroom units from 27 to 56 or 41% of the total unit count (see attached chart).
- Increased the average size of both the one and two-bedroom units to be similar to the size of the units at 1010 Pacific Avenue.
- Introduced approximately 1530 gsf of floor area on the podium level for office and exercise functions.
- Prepared alternatives with and without the day care facility on the podium level.

As a result of these changes, the overall unit count ranges from 132 units with the daycare facility to 136 units without it. Because of the increase in unit size, the overall gross square footage of the residential program has remained substantially the same as that described in our previous program (approximately 135,000 gsf) despite the reduction in overall units. More detailed design and mechanical engineering may allow this number to be reduced, but for now we think it is important to plan for significant vertical vent shafts for the parking and bus terminal levels below.

Please do not hesitate to call with any questions or comments.

Roma Design Group • 1527 Stockton Street • San Francisco, California 94133
TEL (415) 616-9900 • FAX (415) 788-8728

SANTA CRUZ METROCENTER DEVELOPMENT PROGRAM
April 29, 2003

ALTERNATIVE 1 - NO DAYCARE FACILITY

NON-RESIDENTIAL

	Ground Floor	Second Floor	Parking/ Third Floor	Podium Level	Fourth Floor	Total (gsf)
Terminal (gsf)	4030					**4030**
Retail (gsf)	3050					**3050**
Office (gsf)	1170	4470	5200	765	5200	**16805**
Parking (# of spaces)			183			**62578**
Daycare (gsf)						**0**
Exercise (gsf)				765		**765**
Total Gross SF (gsf)	**8250**	**4470**	**5383**	**1530**	**5200**	**87228**

RESIDENTIAL

	Podium Level Residential	Second Level Residential	Third Level Residential	Total
STUDIO				
S-1 (350sf)	2	2	2	6
S-2 (420sf)	3	3	3	9
	5	**5**	**5**	**15**
One Bedroom				
1Br-1 (560sf)	9	9	9	27
1Br-2 (+/- 650sf)	11	9	9	29
1Br-3 (+/- 700sf)	3	3	3	9
	23	**21**	**21**	**65**
Two Bedroom				
2Br-1 (+/- 850sf)	3	7	7	17
2Br-2 (+/- 900sf)	6	6	6	18
2Br-3 (+/- 950sf)	7	7	7	21
	16	**20**	**20**	**56**
Total # of Dus	**44**	**46**	**46**	**136**
Total Net SF (sf)	**31142**	**33212**	**33212**	**97566**
Total Gross SF (gsf)	**44260**	**45780**	**45780**	**135820**

SANTA CRUZ METROCENTER DEVELOPMENT PROGRAM
April 29, 2003

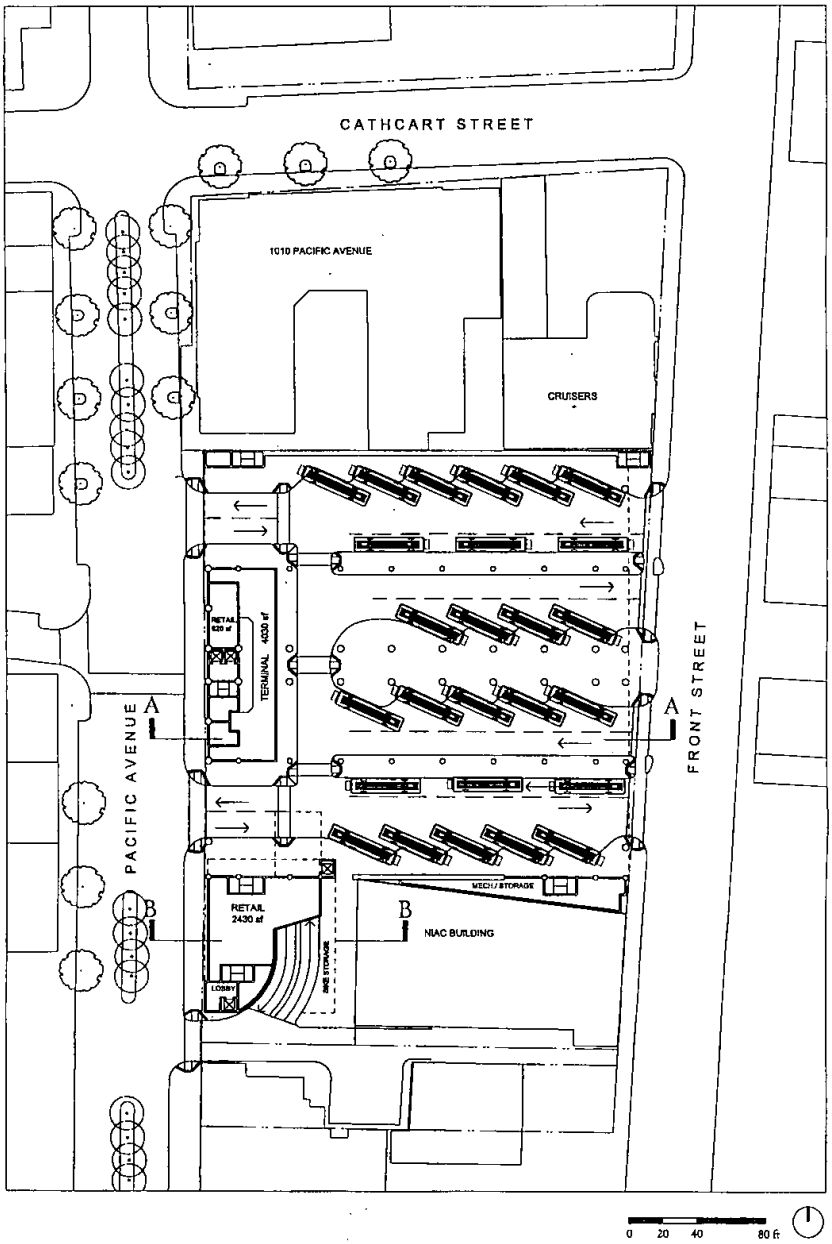
ALTERNATIVE 2 - DAYCARE FACILITY INCLUDED

NON-RESIDENTIAL

	Ground Floor	Second Floor	Parking/ Third Floor	Podium Level	Fourth Floor	Total (gsf)
Terminal (gsf)	4030					**0**
Retail (gsf)	3050					**4030**
Office (gsf)	1170	4470	5200	765	5200	**3050**
Parking (# of spaces)			183			**62578**
Daycare (gsf)				2984		**183**
Exercise (gsf)				765		**2984**
Total Gross SF (gsf)	**8250**	**4470**	**5383**	**4514**	**5200**	**72825**

RESIDENTIAL

	Podium Level Residential	Second Level Residential	Third Level Residential	Total
STUDIO				
S-1 (350sf)	2	2	2	6
S-2 (420sf)	3	3	3	9
	5	**5**	**5**	**6**
One Bedroom				
1Br-1 (560sf)	9	9	9	27
1Br-2 (+/- 650sf)	8	9	9	26
1Br-3 (+/- 700sf)	2	3	3	8
	19	**21**	**21**	**26**
Two Bedroom				
2Br-1 (+/- 850sf)	3	7	7	17
2Br-2 (+/- 900sf)	6	6	6	18
2Br-3 (+/- 950sf)	7	7	7	21
	16	**20**	**20**	**18**
Total # of Dus	**40**	**46**	**46**	**50**
Total Net SF (sf)	**28372**	**33212**	**33212**	**132**
Total Gross SF (gsf)	**41276**	**45780**	**45780**	**94796**

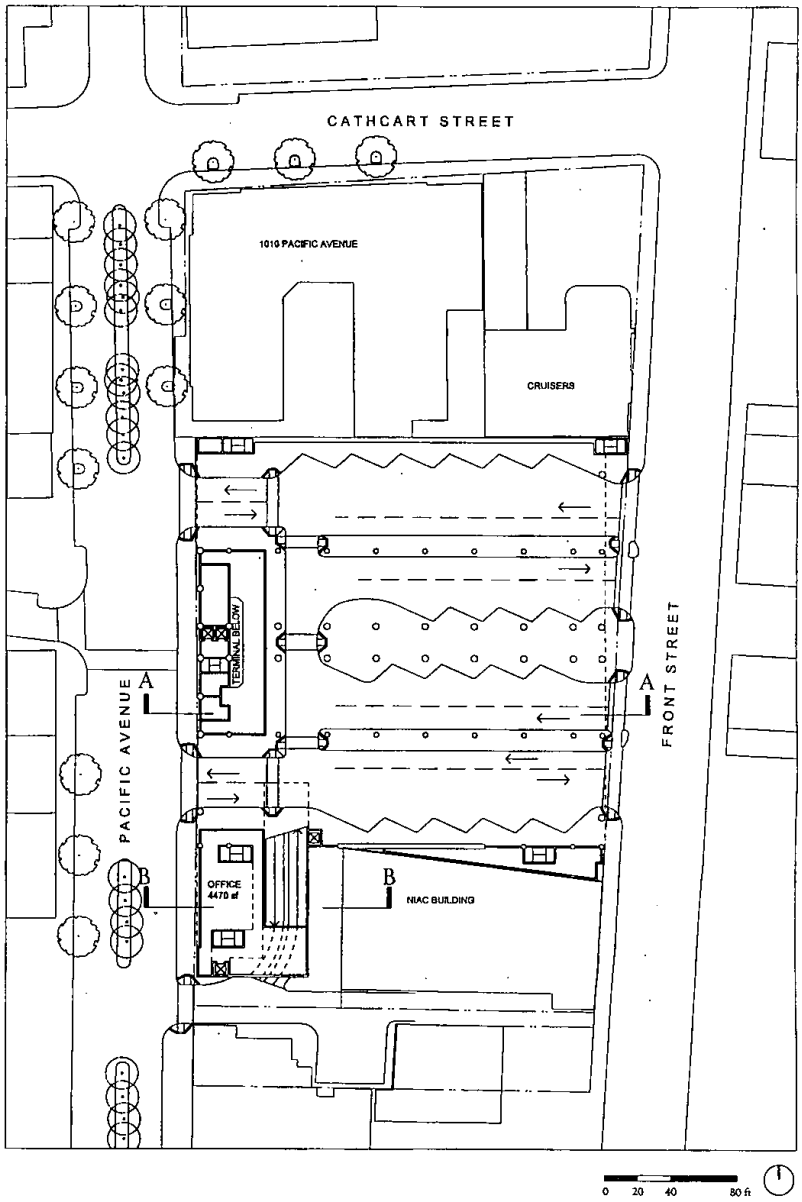


GROUND FLOOR (0')

Santa Cruz Metro Center

Prepared for the Santa Cruz Metropolitan Transit District and the Santa Cruz Redevelopment Agency by ROMA Design Group

April 1, 2003

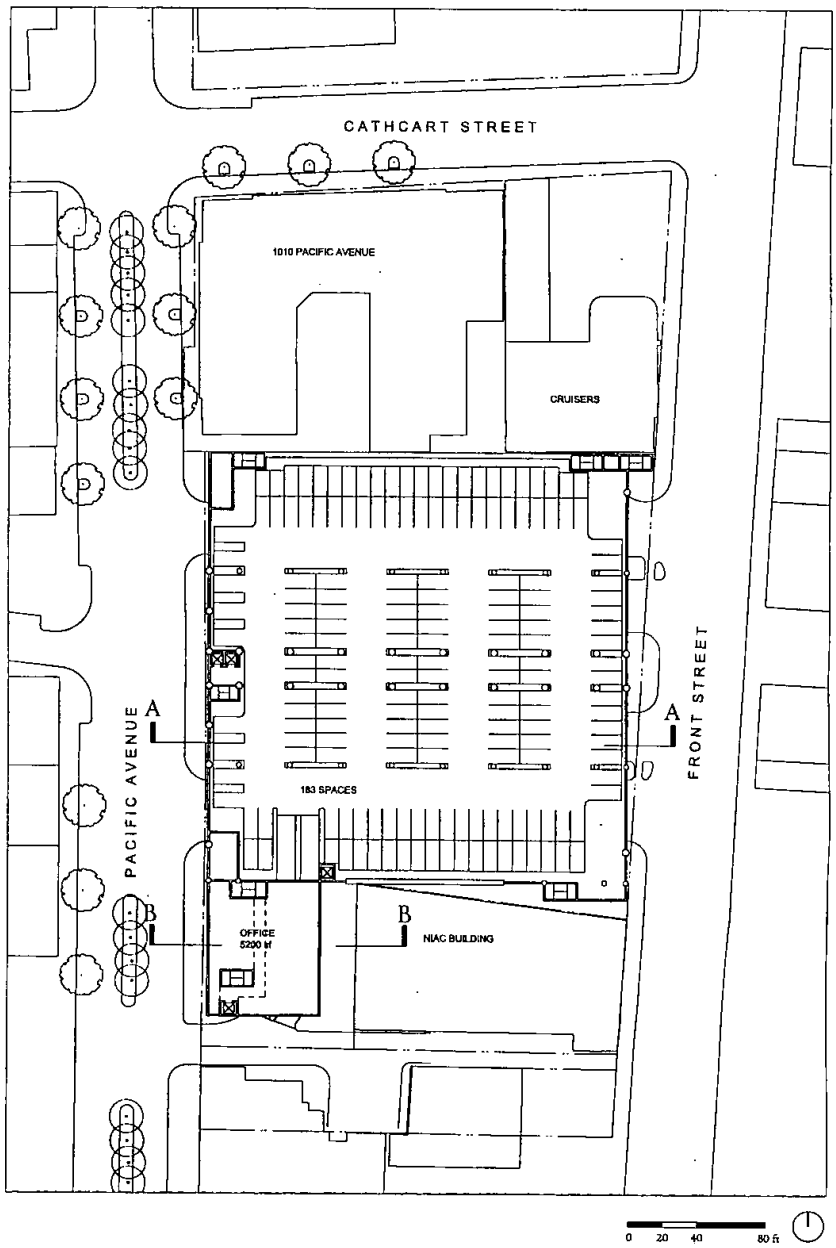


SECOND FLOOR (+13')

Santa Cruz Metro Center

Prepared for the Santa Cruz Metropolitan Transit District and the Santa Cruz Redevelopment Agency by ROMA Design Group

April 1, 2003

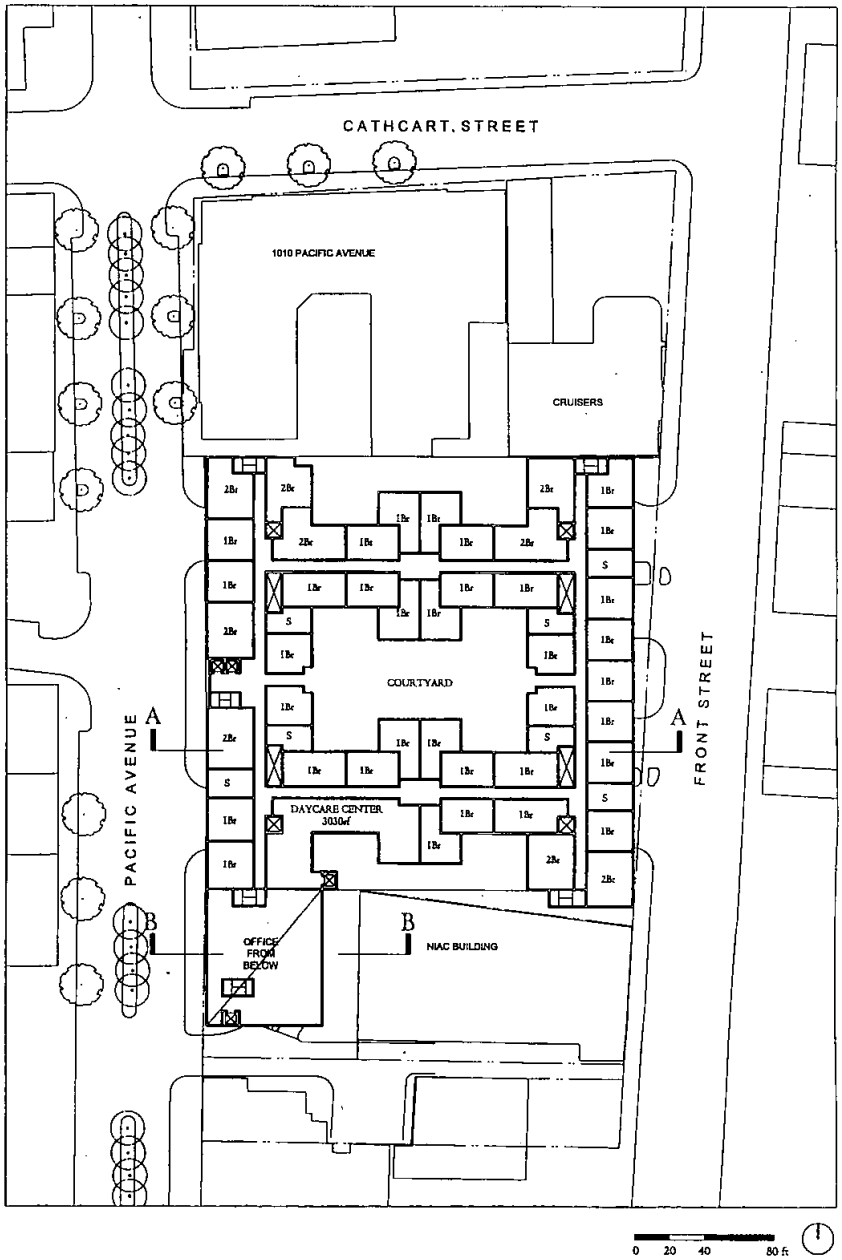


PARKING LEVEL/ THIRD FLOOR (+20'/ +26')

Santa Cruz Metro Center

Prepared for the Santa Cruz Metropolitan Transit District and the Santa Cruz Redevelopment Agency by ROMA Design Group

April 1, 2003

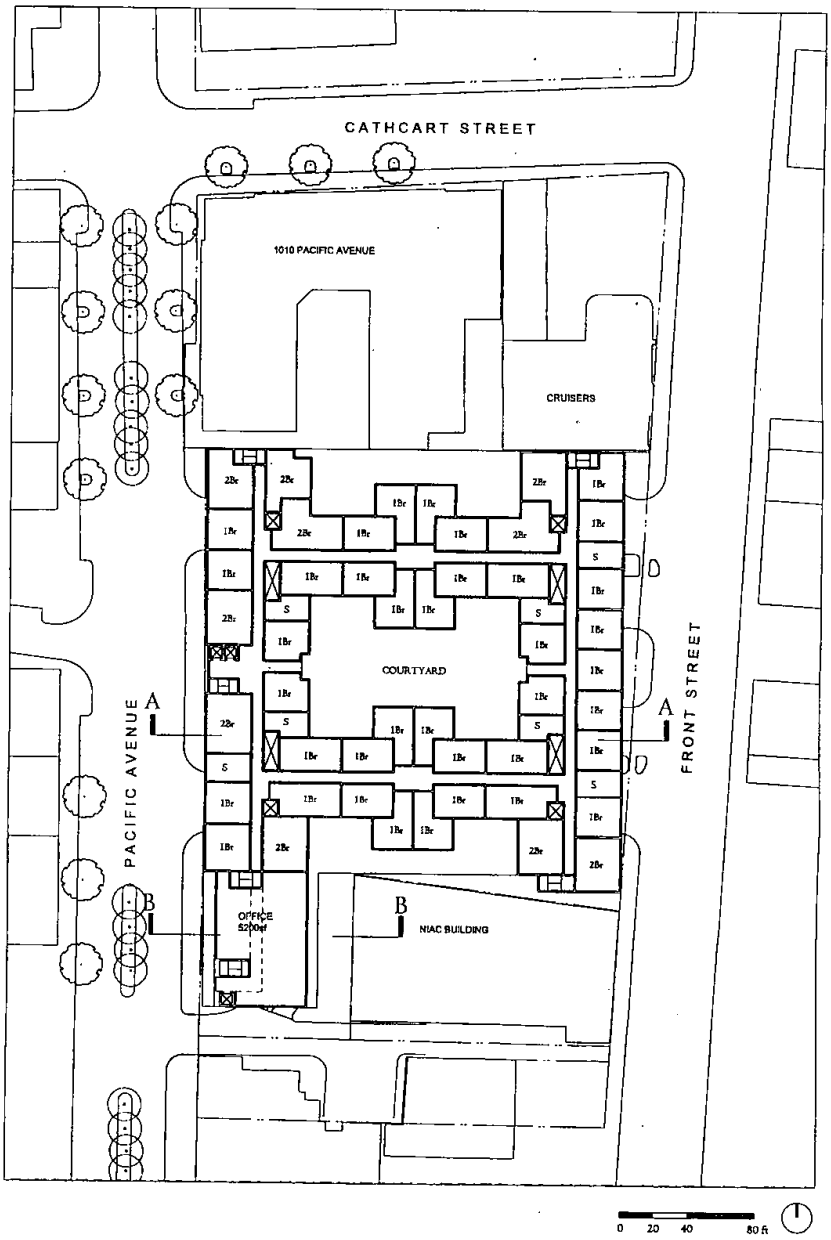


PODIUM LEVEL RESIDENTIAL (+30')

Santa Cruz Metro Center

Prepared for the Santa Cruz Metropolitan Transit District and the Santa Cruz Redevelopment Agency by ROMA Design Group

April 1, 2003

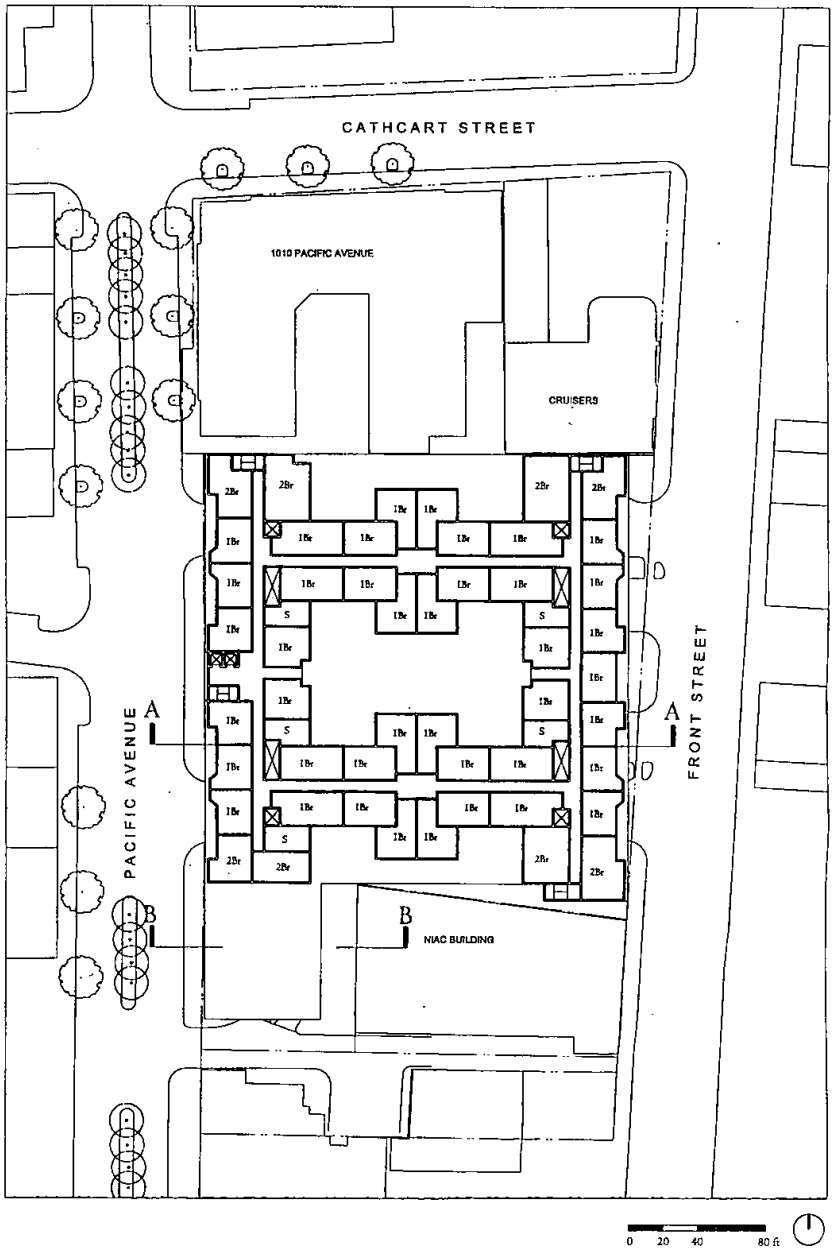


SECOND LEVEL RESIDENTIAL/ FOURTH FLOOR (+40')

Santa Cruz Metro Center

Prepared for the Santa Cruz Metropolitan Transit District and the Santa Cruz Redevelopment Agency by ROMA Design Group

April 1, 2003

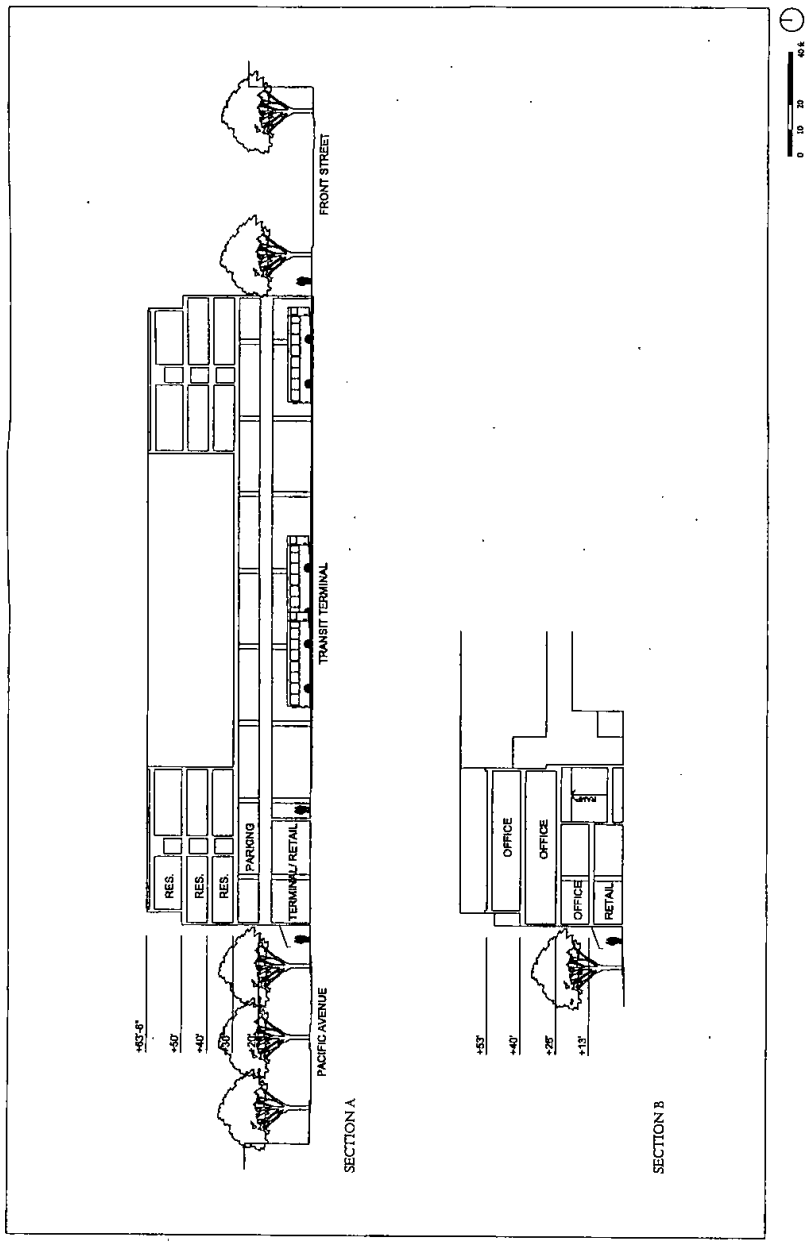


THIRD LEVEL RESIDENTIAL (+50')

Santa Cruz Metro Center

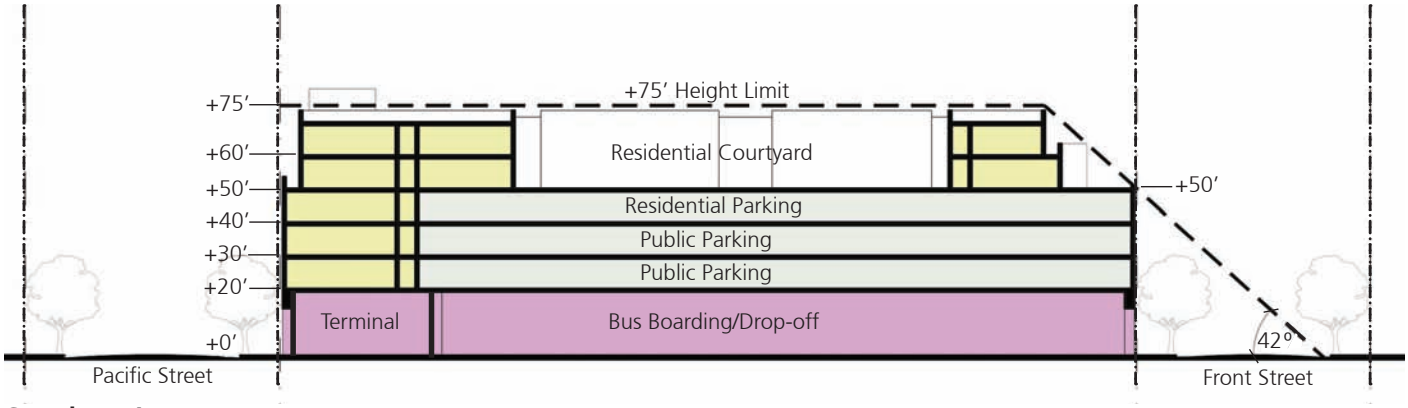
Prepared for the Santa Cruz Metropolitan Transit District and the Santa Cruz Redevelopment Agency by ROMA Design Group

April 1, 2003

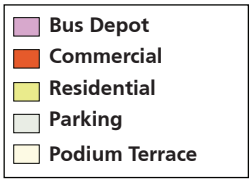

FRONT STREET
TRANSIT TERMINAL
PACIFIC AVENUE
RES.
RES.
RES.
PARKING
TERMINAL/ RETAIL
+53'-6"
+50'
+40'
+26'
+20'
SECTION A
OFFICE
OFFICE
OFFICE
RETAIL
+53'
+40'
+26'
+13'
SECTION B
0
10
20
40 ft
SECTIONS
Santa Cruz Metro Center
Prepared for the Santa Cruz Metropolitan Transit District and the Santa Cruz Redevelopment Agency by ROMA Design Group
April 1, 2003

APPENDIX A5

METRO CENTER SITE - WRT CAPACITY STUDY (2009)

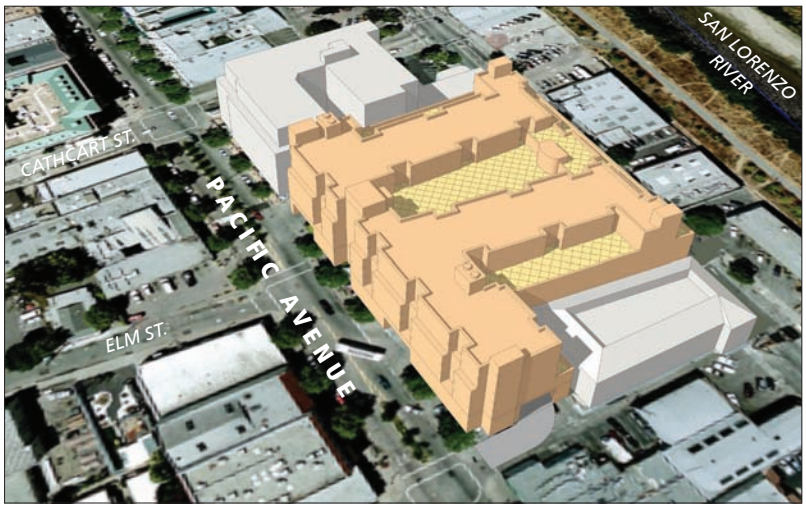


Section A

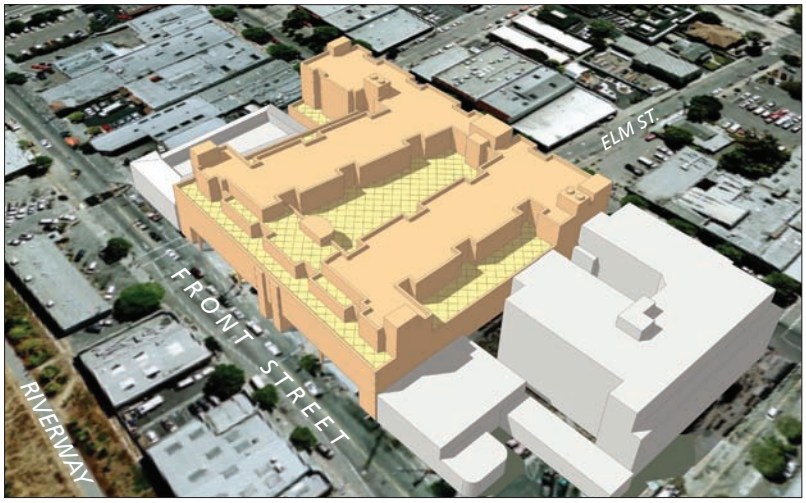


Legend

Section Key



Aerial View - Above from Pacific Avenue

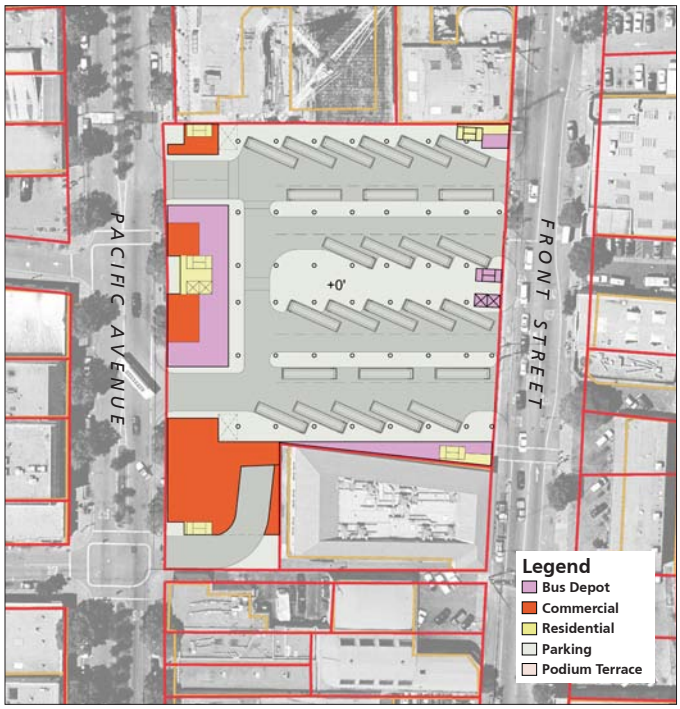


Aerial View - Above from Front Street

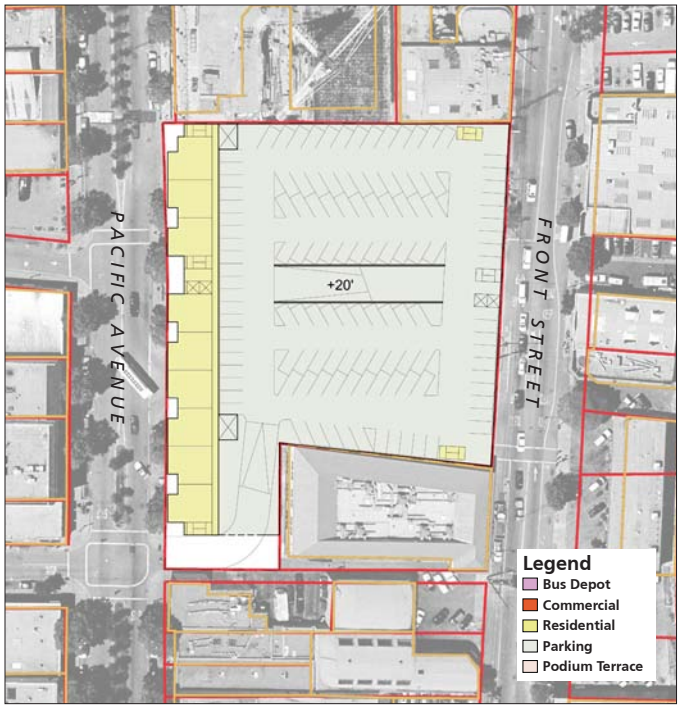
Note: *These drawings illustrate the analysis of building massing and development potential, and are not intended to convey building design character.*

Metro Center		
Development Summary		
Site Area	1.78	Acres
Development Area	77,368	Total s.f.
Development Intensity[1]	1.81	FAR*
Development Intensity[2]	4.07	FAR*
Residential Density	61	DU/acre
Land Use		
Dwelling Units (DU)[3]	0	Level 1
	9	Level 2
	12	Level 3
	12	Level 4
	40	Level 5
	36	Level 6
	109	**Total**
Residential	127,300	Total s.f.
Bus Depot	5,340	Total s.f.
Commercial Area	7,530	Total s.f.
Parking Area	174,590	Total s.f.
Open Space		
Semi-private	30,887	Courtyard s.f.
Parking - Automobile		
Residential[4]	127	Spaces
Public	255	Spaces

Assumptions
*FAR= Floor-Area Ratio (sf/sf)
1. Does *not* include parking
2. Does include parking
3. Assumes average unit is a 930 s.f. 2 bedroom
4. Residential parking ratio is 1.17 spaces per dwelling unit.

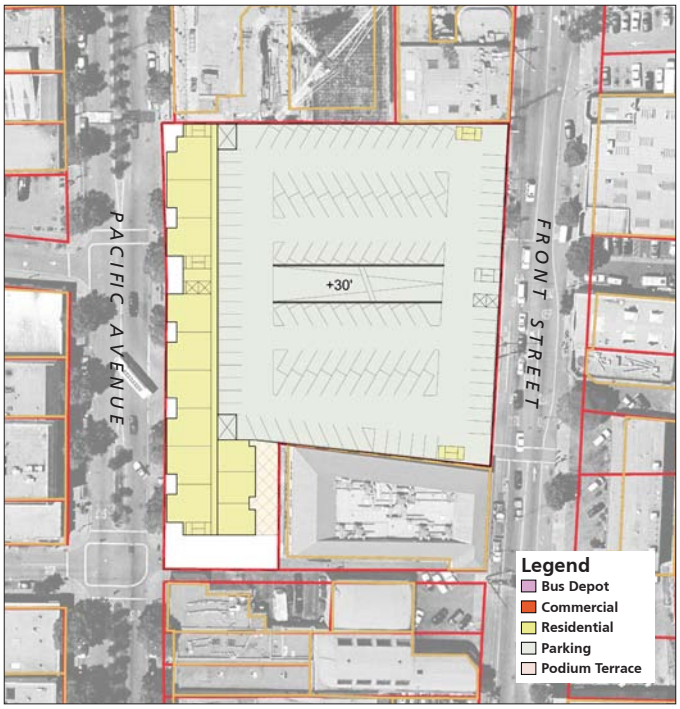


Plan - Ground Floor: Bus Terminal

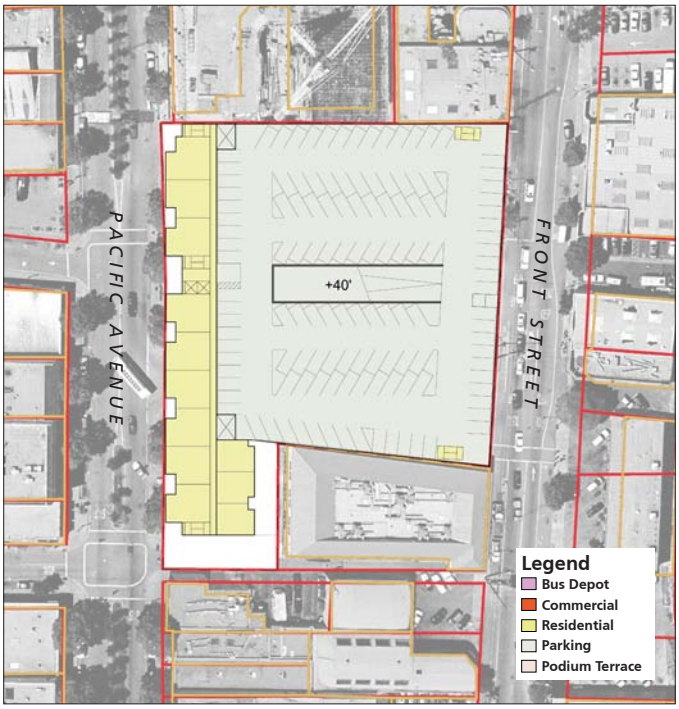


Plan - 2nd Floor: Public Parking

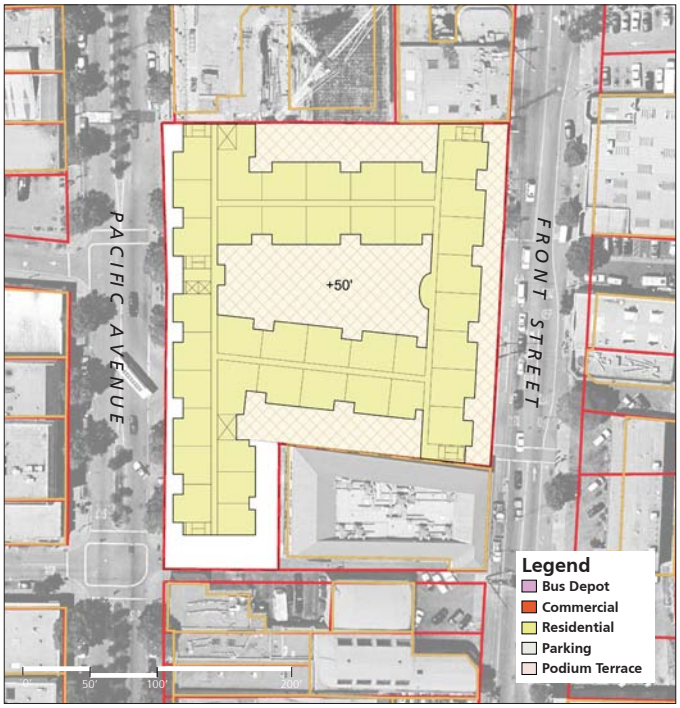
Note: *These drawings illustrate the analysis of building massing and development potential, and are not intended to convey building design character.*



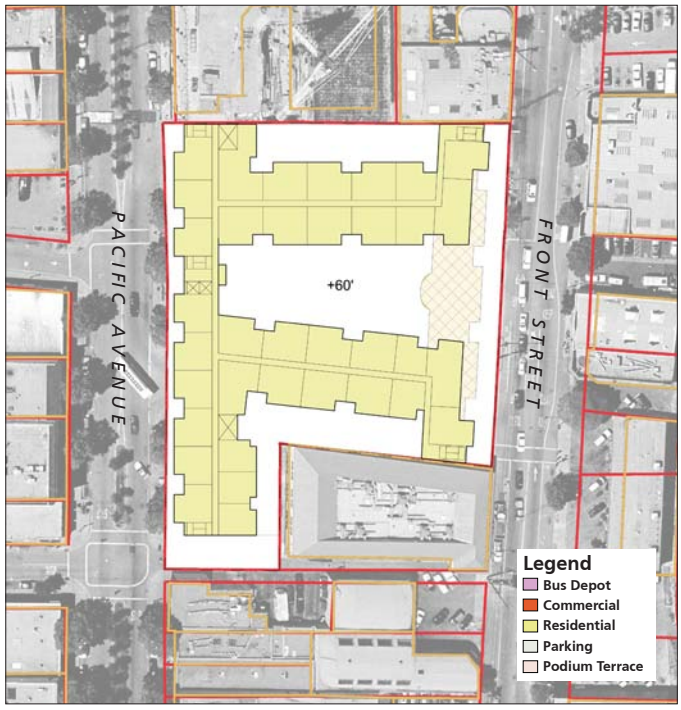
Plan - 3rd Floor: Public Parking



Plan - 4th Floor: Residential Parking



Plan - 5th Floor: Residential



Plan - 6th Floor: Residential

Note: *These drawings illustrate the analysis of building massing and development potential, and are not intended to convey building design character.*

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APPENDIX A6

ALTERNATIVE STREETSCAPE IMPROVEMENT STRATEGIES

During the exploration of streetscape improvement strategies, three general approaches were explored. Advantages and disadvantages of each strategy were discussed when the alternatives were presented to the community. The following is a summary of those strategies and their associated advantages and disadvantages. Street cross-sections illustrating how these strategies might be applied to the four street segments considered for enhancement are also included.

Strategy #1:

Locate street trees and amenities in the existing sidewalk zone.

Advantages

- Builds on the existing cross-section of the public right-of-way and does not require modification of street configuration.

Disadvantages

- Potential for amenities is limited by the width of the existing sidewalk.
- Enhancements such as street trees and street furnishings tend to constrain pedestrian movement.
- Street tree canopies and species selection restricted by proximity of buildings.

Strategy #2:

Locate street trees in the parking lane between parking spaces

Advantages

- Provides more sidewalk space for pedestrian movement and other amenities.
- Provides more space for tree canopies by moving trees wells into parking lane.
- Preserves the basic dimensions of the existing public right-of-way.

Disadvantages

- Reduces the number of on-street parking spaces and associated parking meter revenue.
- Can complicate street sweeping and street maintenance operations.
- Limits potential to add new bike, shuttle, transit, or travel lanes.

Strategy #3:

Use parking lane to create expanded sidewalk area.

Advantages

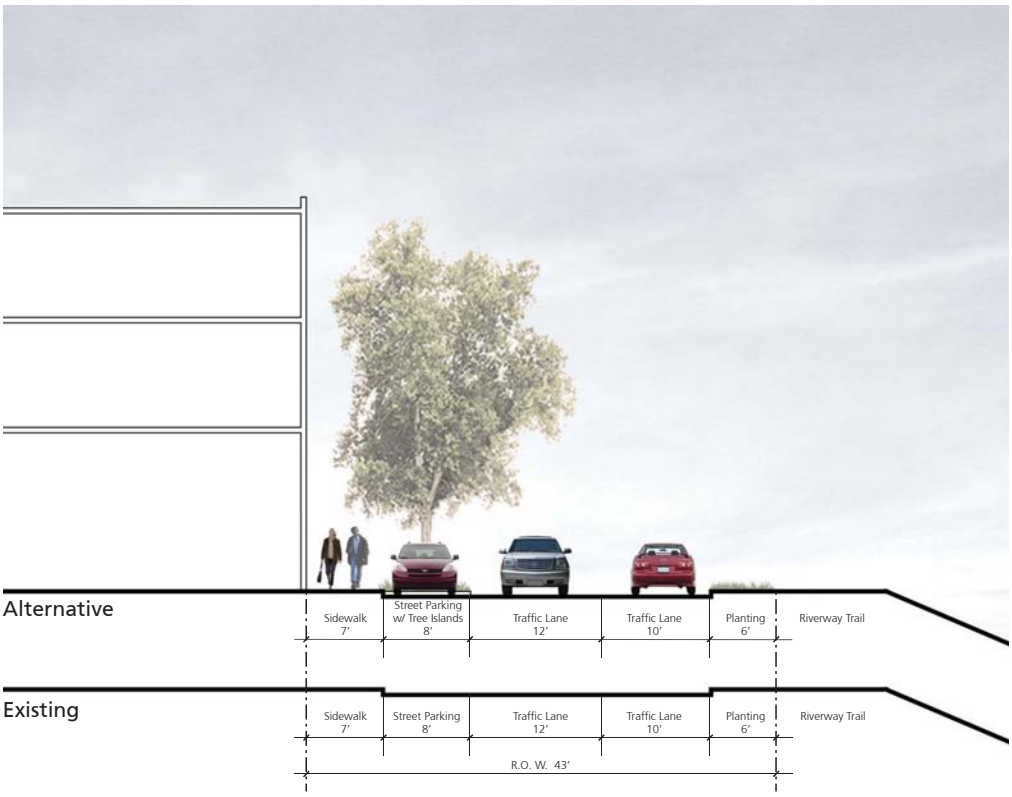
- Provides more sidewalk space for pedestrian movement and other amenities.
- Provides more space for tree canopies.

Disadvantages

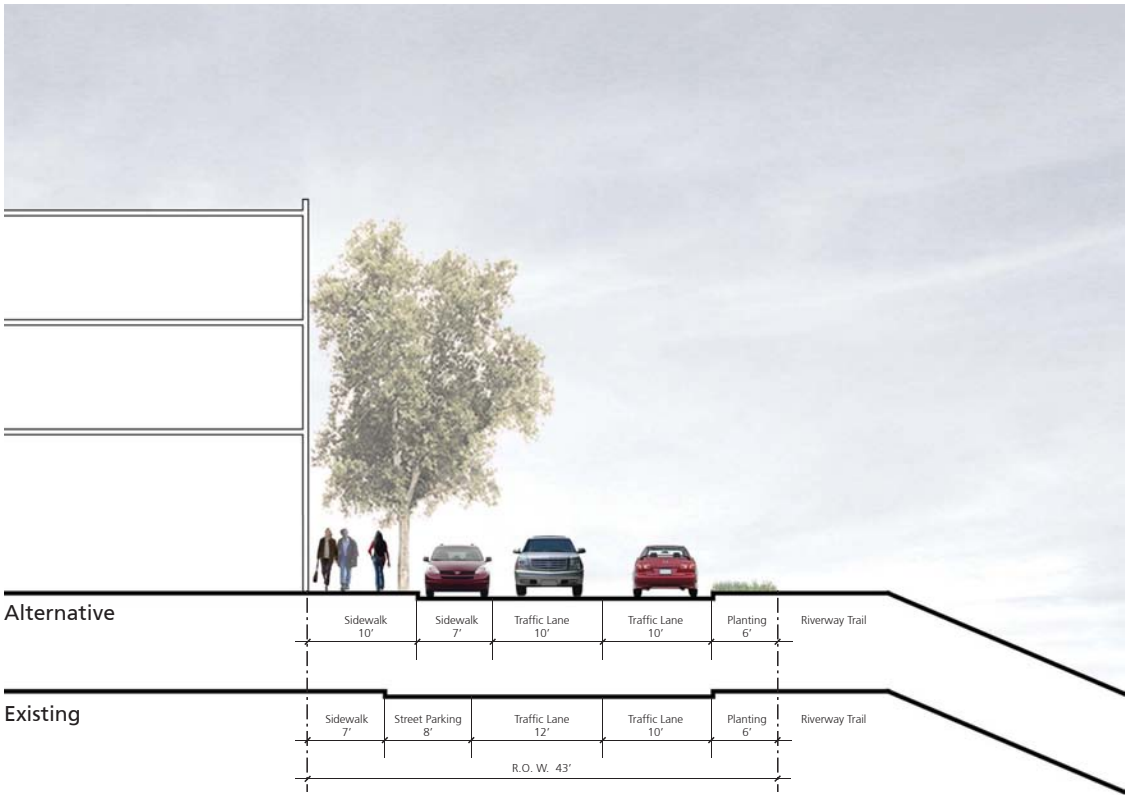
- Results in significant reduction in the number of on-street parking spaces and associated parking meter revenue.
- Removes parked cars as buffer between pedestrians and traffic..
- Limits potential to add new bike, shuttle, transit, or travel lanes.

River Street South: Alternative Concepts

Alternative 1: Trees in parking lane

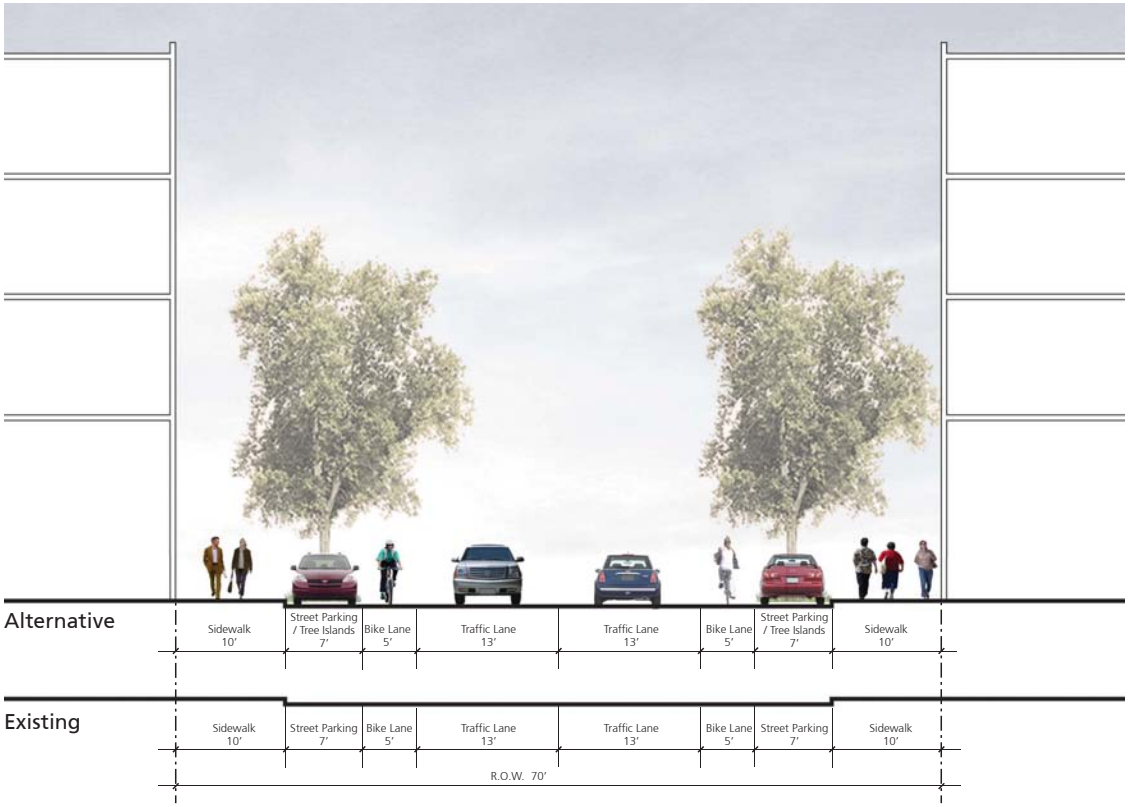


Alternative 2: Increase sidewalk width by reducing parking and travel lane widths

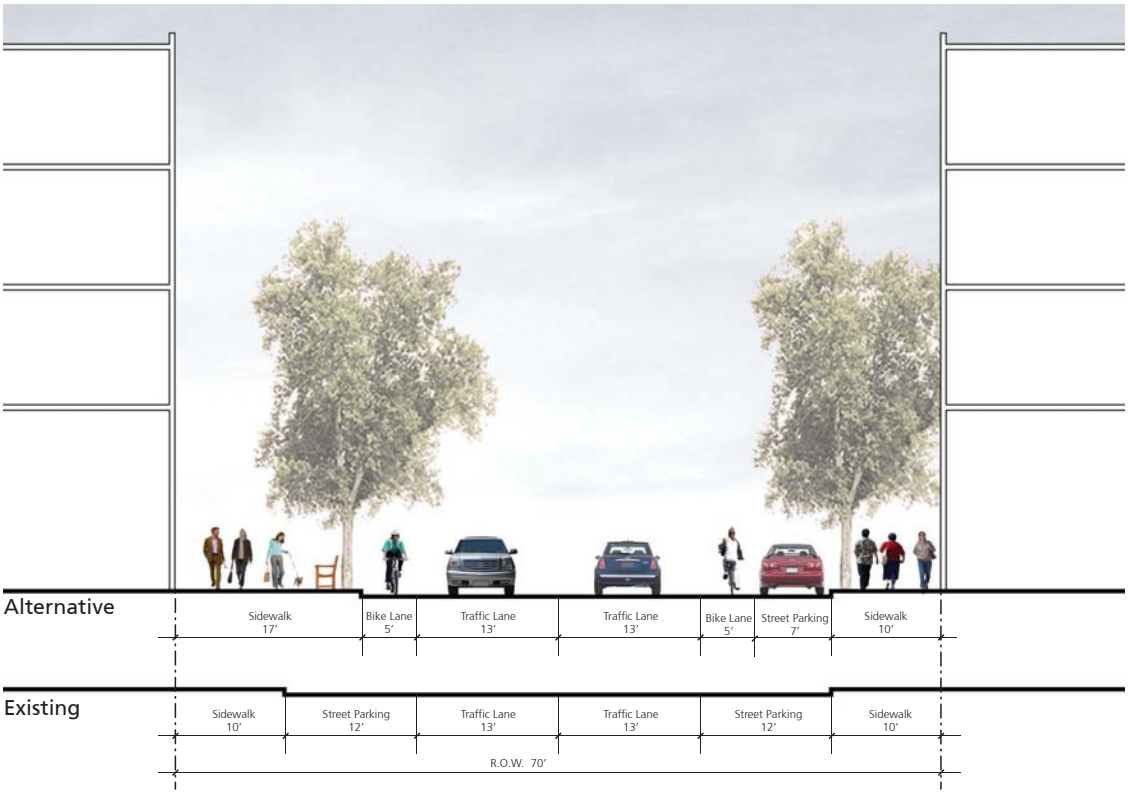


Front Street: Alternative Concepts

Alternative 1: Trees in parking lane

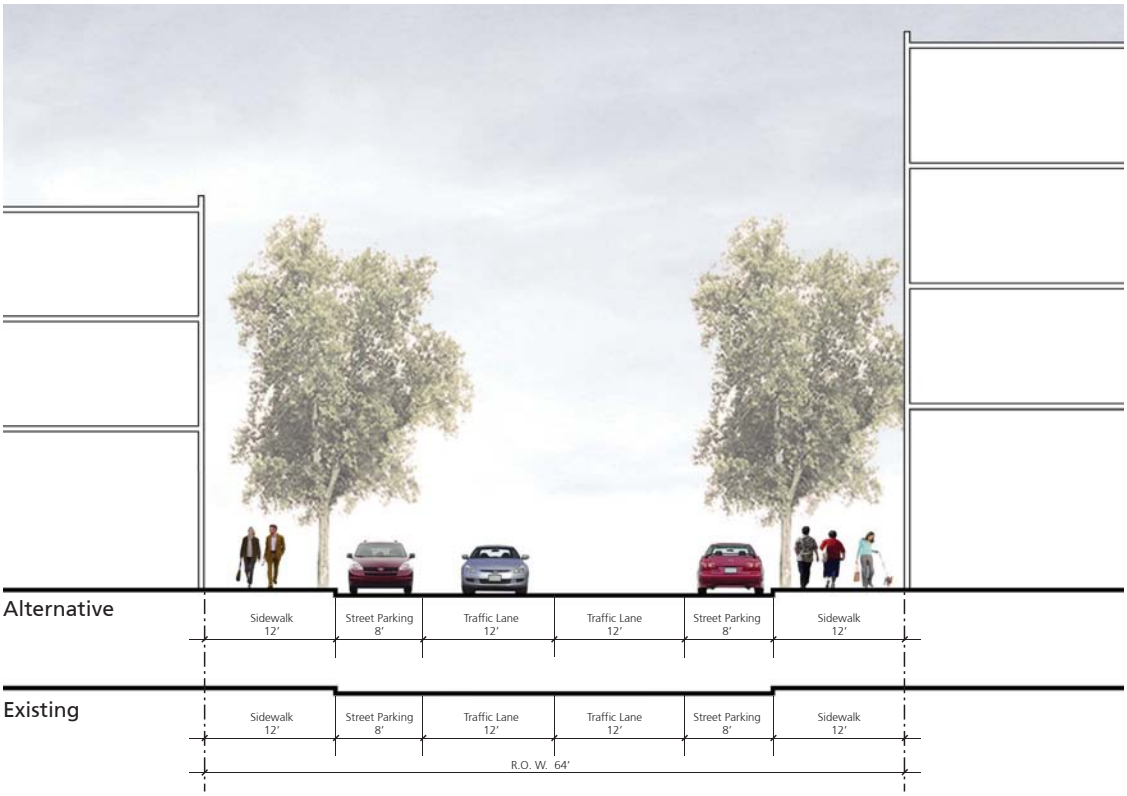


Alternative 2: Increase sidewalk width by reducing parking and travel lane widths

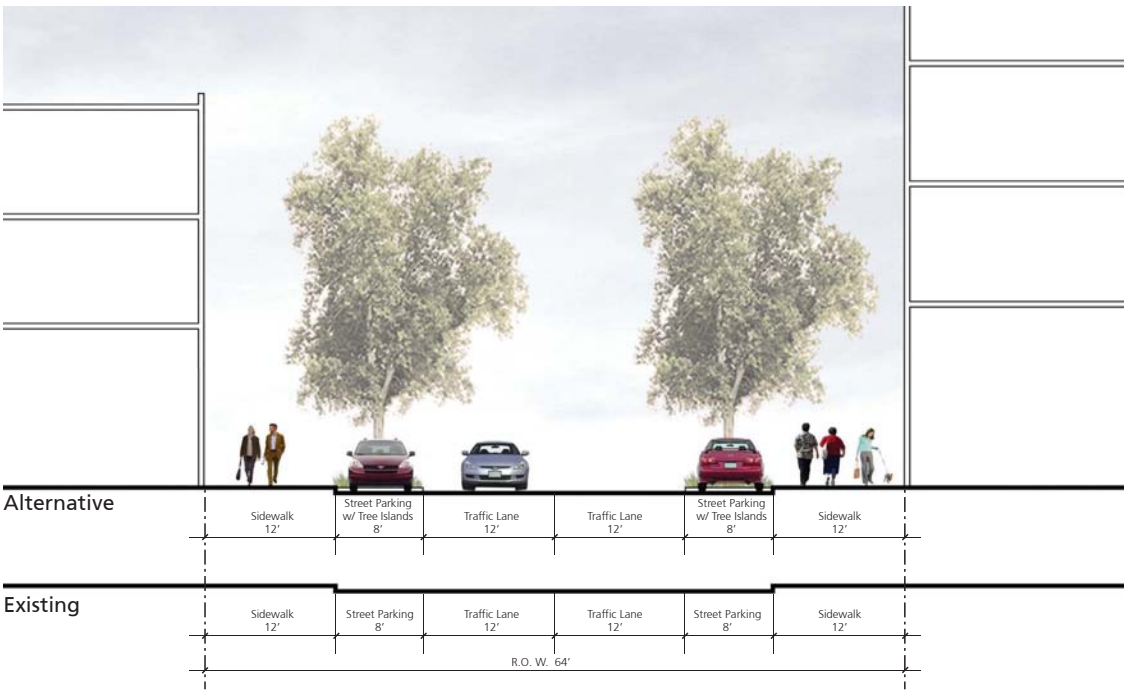


Pacific Avenue—Laurel to Front: Alternative Concepts

Alternative 1: Add trees in existing sidewalk

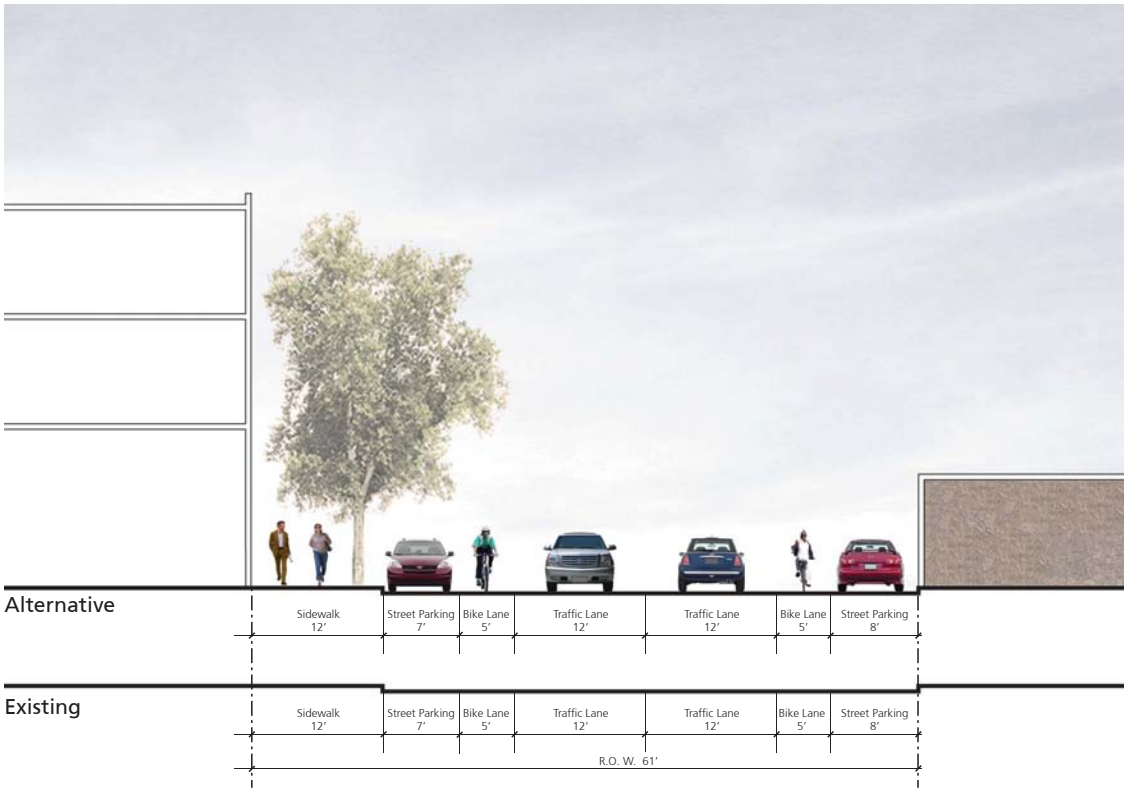


Alternative 2: Trees in parking lane

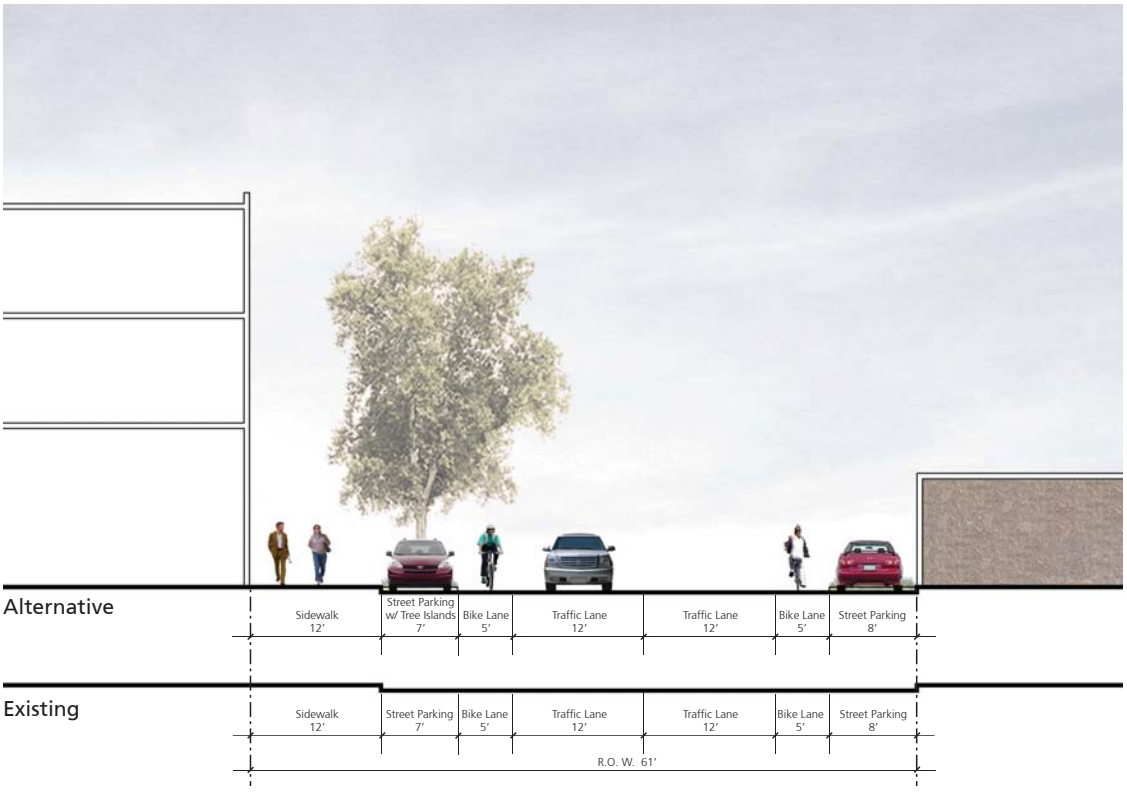


Pacific Avenue—Front to Beach: Alternative Concepts

Alternative 1: Add trees



Alternative 3: Trees in parking lane



APPENDIX A7

SHUTTLE CASE STUDIES

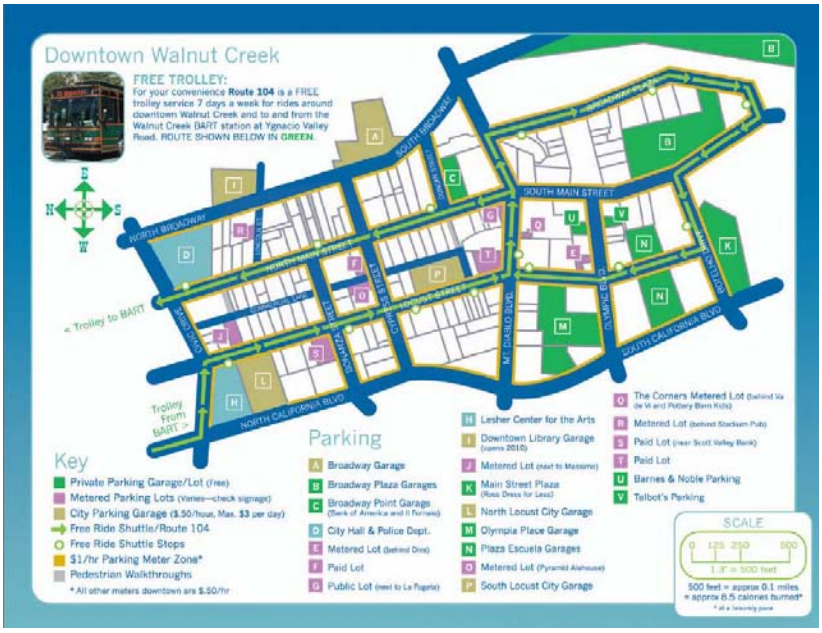
Case Study #1: Walnut Creek Downtown Shuttle

Overview

Following Bay Area Rapid Transit (BART) service extension to Walnut Creek in 1973, the City established a downtown shuttle service designed to circulate shoppers between the BART station and the downtown shopping area. Currently, Walnut Creek contracts with regional transit provider, County Connection (CCTA), to operate several trolley-shuttles along this route.

The current Downtown Trolley route begins at the Ygancio Valley Road BART Station, traveling approximately 1.5 south on North California Street to reach the Broadway Plaza shopping center anchored on Botelho Drive. From here, service loops around the expansive mall and returns to the BART Station via North Main Street. This downtown loop takes approximately 45 minutes to complete.

The route has significantly enhanced service over the past thirty years by adding more vehicles, which in turn has improved headways. Currently, weekdays service aims at 15 minute headways and uses three shuttles; weekend service aims for 20 to 30 minute headways and uses two shuttles. Hours of operation run from 7 am to 7pm on weekdays,



and 9am to 6:30pm on weekends.

Offered as a free service, the Downtown Trolley attracts a wide range of riders, extending beyond just visitors and shoppers. Currently, downtown employees and high school students comprise the two largest ridership groups, riding the Trolley as part of their weekday commute. Whereas downtown employees typically board the Trolley after riding BART, many local high school students board the trolley on their walk toward Las Lomas High School, situated one block south of Broadway Plaza. For these riders, the Trolley is an efficient and affordable transportation solution which they might not otherwise pay for in downtown Walnut Creek, which is already considered a "walkable" community.

Daily ridership is highest on weekdays, followed by Saturdays, then Sundays respectively. In April 2009, daily ridership averaged 800 passengers on weekdays, versus 350 on Saturdays, and 265 on Sundays. The route aims for 24 passengers per revenue hour, and fell slightly short of this figure in April, attracting little over 20 passengers per revenue hour.

Although shuttle ridership has fallen short of City Council expectations especially in terms of drawing shoppers downtown, the Downtown Trolley has succeeded in different ways than originally intended. Namely, the Trolley has improved the downtown fabric by connecting BART with downtown businesses, successfully "tying it all together." Staff report that the Trolley has become a "positive political amenity," positing goodwill toward both downtown businesses and Walnut Creek residents.

Financing

Since the City has passed operations of the downtown shuttle to County Connection, Walnut Creek has continued to subsidize the free shuttle service, which amounts to approximately $200,000 per year. The City's contribution is financed using Contra Costa County's ½ cent sales tax set aside for the City's Transportation Fund.

In addition to public financing, the owner of Broadway Plaza has historically subsidized the Trolley's extended holiday hours during the last two weeks of December. In 2008, Broadway Plaza paid approximately $10,000 for two to three additional hours of Trolley operating hours to coincide with store hours. City officials reported that

this business tactic had a limited effect on holiday sales last year.

Capital costs have been completely financed by the City of Walnut Creek. Current gas-powered vehicles, including the trolley appliqué and wooden seats to complete "trolley" look, cost the City approximately $75,000. Total trolley fleet costs are not available due to slow accumulation of vehicles and equipment over thirty-year time period.

Case Study #2: Boulder HOP

Overview

Since 1994, the City of Boulder, Colorado has managed a series of local transit routes, collectively known as the Community Transit Network (CTN), designed to circulate students, visitors, residents, and employees throughout the city. All of these routes, except for downtown-oriented route better known as "HOP," have been absorbed into the Regional Transit District (RTD). The City of Boulder contracts with local nonprofit, Social Transit, to operate the HOP, connecting the 29th Street retail corridor with Downtown Boulder, and the University of Colorado Boulder (CU Boulder).

Following the City of Boulder's 1989 Transportation Master Plan, the City was granted a federal Congestion Mitigation and Air Quality (CMAQ) grant which funded a four-year process involving two years of planning for the CTN program and two years of system implementation. As part of the initial planning period, the City of Boulder hosted a series of community roundtable discussions, which informed CTN route, type of vehicle used, and other design considerations. According to City staff, community input was critical to the system's success; the community was inclined to ride vehicles they had helped to design, than those that had been "forced on them" by local government.

The downtown-circulating HOP line was the first CTN route established by the City of Boulder. Traveling 6.5 miles, this downtown loop connects CU Boulder at its southernmost end with 29th Street retail district to the east, and Downtown Boulder to the west. Since HOP was introduced, six more routes have been established, including the "SKIP," " BOUND," "JUMP," "STAMPEDE," "BOLT," and "DASH" routes. Each shuttle vehicle is distinctively emblazoned with its corresponding route name and "wrapped" with a unique design, resulting in easy recognition for all transit riders. The HOP line is financed by the City of Boulder, whereas all six remaining CTN lines

are operated by Colorado's Regional Transportation District (RTD) because of their extended routes.

The City of Boulder aims for seven to ten minute headways on the HOP Line, which avoids need to post system schedule around the route. This level of service is offered from 7am to 10pm Monday to Thursday, and extended to midnight on Fridays and Saturdays. Late-night Friday and Saturday service caters to University students returning from Downtown, so the University pays for these additional service hours.

Boulder's no-cash fare system remains popular with riders, the majority of whom board with a transit pass, called an Ecopass. In fact, community round table discussions revealed that many Boulder residents perceived cash fare as a mental barrier preventing them from wanting to ride the bus. In February 2009, less than four percent of riders paid with cash whereas 74 percent boarded with student passes, and the remaining 22 percent boarded with either an Ecopass or some other type of transit pass. Downtown employees working within the Downtown General Improvement District (GID) are eligible to receive a free Ecopass at Boulder's Transit Center.

As indicated by boarding statistics, University of Colorado students make up a large percentage of HOP riders throughout the academic year. CU Boulder, located one mile south of the downtown district, contains over 52,000 students and remains an important patron for the

local transit system. Overall, City staff rank students as primary system user, accounting for somewhere between 60 and 80 percent of HOP ridership. During the academic year, mid-day hours attract significantly fewer riders than commute hours; in the summer, ridership experiences a significant decline when students leave for three months. The City of Boulder has worked out an arrangement in which the University charges $60 per student per semester for a CU transit pass. At the end of each month, this set-aside fund is drawn down based on student boarding information collected by the transit operator.

HOP route averages 4,000 riders per day, marking a significant improvement in transit ridership since the City began service in 1990 when the entire city averaged 6,000 riders per day. Now the SKIP line, running north-south along Broadway Avenue, transports 6,000 riders alone. Citywide, Boulder's ridership retains high levels of ridership, averaging between 30 and 40 riders per revenue hour.

City staff consider the HOP line, and other routes run by the RTD, successful transit endeavors, due to high levels of ridership and continued community support. The City's highest priority is keeping headways frequent enough so that no schedule needs to be posted at transit stops. The City of Boulder also measures success by the willingness of community members to ride the local transit system. Boulder's efficient, convenient and attractive CTN draws riders who would have refused to step on a bus twenty years ago.

Financing

Operational costs are financed by the Regional Transit District (RTD), CU Boulder, and the City of Boulder. The RTD funds approximately 58 percent of HOP costs; the remaining balance is roughly split between the City and CU Boulder. In Fiscal Year 2008, the City's HOP budget expenditures totaled $2 million. The City of Boulder relies on the Transportation Fund to pay for HOP service, drawing from the City's sales tax ($0.006 per $1) and Downtown Parking Fees program. All Downtown Boulder employees located within the Downtown General Improvement District (GID), where the Downtown Parking Fee is applied, are eligible to receive a free Ecopass at the City's Transit Center.

Although the HOP line accepts cash on board, less than four percent of riders pay the $4 cash fare. Instead of relying on a cash-fare revenue system, the City has pursued strategic partnerships, namely with the CU Boulder, to maintain high levels of HOP service. The University's

monthly payment to the City reflects student ridership data, charged at $0.66 per student boarding. The University's payment is drawn down from the CU Boulder Transit Set Aside Fund, whereby $60 per student per semester is collected to pay for student transit passes.

Since HOP service began in 1994, Boulder has maintained its partnership with local nonprofit, Social Transit, which serves as the HOP operator. At the time, Social Transit was the only operator to respond to the City's Request for Proposals (RFP). Social Transit is responsible for system and vehicle maintenance, including bus driver hiring. Social Transit also writes grants and pursues new avenues of funding on behalf of the City. Interestingly, the HOP bus route is considered a paratransit service, and technically offers deviated fixed route service for handicapped passengers.

All capital costs associated with the HOP line were funded by a CMAQ grant received in 1990. Boulder's fleet of vehicles range from older 28-foot vehicles to newer 30-foot vehicles, all of which display the same "wrap" decorating the bus' exterior. These newer 30-foot Gillig vehicles cost approximately $350,000, including wrap and other built-in amenities, including XM radio. The ideas for XM radios and other interior design characteristics are outcomes of planning period in early 1990's when residents suggested these amenities to planning staff.

Case Study #3: San Luis Obispo Downtown Trolley

Overview

Beginning in 2001, the City of San Luis Obispo has contracted with transit operator First Transit to offer rubber-wheeled trolley service between "hotel row," located along Monterey Street, and downtown San Luis Obispo.

San Luis Obispo established trolley service in order to draw tourists directly downtown; previously, neither local nor regional routes had concentrated their efforts toward tourists. An estimated 98 percent of trolley riders are tourists, drawn from Monterey Street hotels. Beginning at Grand Avenue, the trolley's route extends approximately 1.5 miles southwest along Monterey Street toward Mission Plaza, marking the heart of downtown San Luis Obispo.

Trolley service is offered four days a week, Thursday through Sunday, when visitors and residents are most likely to travel downtown for either the Farmer's Market or other shopping excursions. Service is limited to afternoons and evenings, from 3:30pm to 9pm on Thursdays, noon

to 9pm on Fridays and Saturdays, and noon to 5:30pm on Sundays. The trolley takes approximately 15 to 20 minutes to complete the roughly three-mile round trip, allowing the City to operate only one trolley at a time. Ridership is highest on Thursday evenings, due to the local Farmer's Market, followed by Fridays, Saturdays, and Sundays respectively. Seasonally, July and August months historically attract the greatest numbers of trolley riders, corresponding with the City of San Luis Obispo's tourist season. No coordination with County transit is really necessary, although drivers try to coordinate boardings with regional transit schedules whenever possible.

Due to the relatively recent date of trolley service establishment in 2001, the City of San Luis Obispo is still experimenting with methods of payment. Currently, the trolley has adopted a cash-only fare policy, amounting to $0.25 per ride, although City staff are considering usage of San Luis Obispo Transit 31-day pass in the near future. The City has not considered alternative forms of trolley fare payment due to the California TDA funding, which requires that the trolley maintain a minimum ratio of fare revenue to operating cost. This need to accurately record and assess trolley-specific revenue has prevented the City of San Luis Obispo from considering transit-integration with the San Louis Obispo Transit system until recently.

San Luis Obispo trolley ridership has experienced a sharp decline in ridership since peaking in 2002 with 47,598 riders. Ridership has slid each year since then, sharply dropping to 34,000 riders in 2004 and settling at a low of 27,164 riders in 2008. The Downtown Trolley currently averages 17.7 passengers per revenue hour. City staff attribute sharp decline in trolley riders to both declining tourism and dilapidated trolley conditions. Since obtaining a new trolley in 2007, staff is hopeful that ridership levels will begin to stabilize and increase.

Financing

The trolley costs the City roughly $91,000 a year in operating costs. Fare box revenues are minimal at $8,100 in Fiscal Year 2007-2008. As such, San Luis Obispo depends on FTA and matching California Transportation Development Act (TDA) funding to support citywide transit operations, including the trolley.

FTA Urbanized Area Formula grants are awarded to San Luis Obispo Transit based on it status as a small urbanized area (UZA) with fewer than 200,000 people.

California's TDA funding consists of two components, the Local Transportation Fund (LTF) and the State Transit Assistance Fund (STA), both of which are apportioned to local jurisdictions based on Department of Finance population estimates. In place since 1972, the LTF is derived from a ¼ cent of the general sales tax collected statewide. The STA fund was enacted later in 1980, and is derived from the statewide sales tax on gasoline and diesel fuel. As of June 2009, however, STA funding was cut from California's state budget, signaling receipt of LTF funds solely. The City of San Luis Obispo was apportioned $1.62 million in 2009-2010.

The trolley service's capital costs are split between FTA, which pays for 80 percent of capital costs, and local funding sources, which make up the remaining 20 percent. Using this financing formula, the City recently acquired a new 2007 rubber-wheeled trolley manufactured by Double K, which cost approximately $180,000. This price includes a DR600 "talking farebox" program, which automatically announces the approaching trolley stop using a satellite Global Positioning System (GPS). This new 2007 gas-powered vehicle is replacing the 1984 model, which the City retains as a "back-up" trolley option.

The City's decision to buy a gas-powered, rather than electric, vehicle was based on available an federal grant, which required the City of San Luis Obispo to update its non-compliant diesel fleet. In addition to

funding issues, the City was concerned about preserving the "trolley look," in 2006 and 2007 when they were making their purchasing decision. Since 2007 purchase, however, City staff discovered a Gillig electric vehicle which may resemble a trolley, which they propose to acquire in the City's 2009 Short Range Transit Plan. However, due to the recent trolley purchase in 2007, and current state budget issues, it is unlikely the City will obtain an electric vehicle in the near future.

Despite a significant drop in ridership since 2002, City staff remains hopeful that ridership will rebound when tourism and the economy recovers. Until then, the City will consider opening the trolley to a wider-range of users, including residents possessing 31-day passes.

Notwithstanding these challenges, the trolley is considered a success by transit operators, government, and Downtown businesses. In the future, the City would like to partner with specific events, like a historic tour, to boost the visibility and attractiveness of the service.

Case Study #4: Santa Barbara Downtown-Waterfront Shuttle

Overview

Since 1990, the City of Santa Barbara has financed an electric shuttle program, operated through the County's Metropolitan Transit District (MTD), which circulates visitors between Santa Barbara's downtown retail district and its south-facing waterfront.

At the project inception, City officials were especially interested in drawing visitors northward along upper State Street to the under-served retail area north of Carrillo Street. Current downtown shuttle service begins at the northern-most point on Sola Street and extends approximately 1.5 miles down the State Street retail corridor to Cabrillo Boulevard, at which point the "Downtown" service connects to "Waterfront" service along Cabrillo. At the State-Cabrillo central intersection, shuttle service extends 1.5 miles west to the Harbor and 1.5 miles east to the Santa Barbara Zoo.

The Downtown route aims for 10 minute headways, using four shuttles in the summer and three in the winter. To maintain this regularity, the MTD employs one bike-riding supervisor who monitors and prevents clumped arrival times from occurring, particularly during summer months. The Waterfront route maintains 15 minute headways in the summer and 30 minute headways in the winter, using one to two shuttles.

Originally, the City attempted to provide this service free of charge, but soon realized that transients often used the service as a "moveable bench," rather than a means of transportation. A token $0.25 fare proved large enough to deter this activity, but small enough to retain the shuttle's primary riders.

Riders along both Downtown and Waterfront routes include out-of-town visitors and resident Santa Barbara shoppers who would not otherwise travel to the State Street retail district from the waterfront. As a tourist-dependent transportation service, the Downtown-Waterfront Shuttle's ridership has closely echoed visitor trends experienced throughout Santa Barbara city and County. As such, ridership peaked in 1999-2000 with approximately 762,000 riders, and sharply fell to 570,000 riders two years later in 2001, in tandem with the economic decline and September 11 attacks. Since 2001, ridership has remained relatively constant and settled at 540,000 riders in 2008.

In February 2009, the Downtown-Waterfront Shuttle service averaged 26.9 riders per revenue hour, a lower rate than 2009 MTD system-wide average of 34.8 riders per revenue hour. At its peak in 1998 and 1999, the shuttle had 49.2 riders per revenue hour. Ridership is strongest on the State Street segment of service, followed by East Beach Segment, then West Beach Segment.

City staff and the MTD consider the shuttle service a success, and a key component of the Downtown identity and image. Moreover, it provides visitors and other shoppers the ability to park once and travel

the length of State Street and the Waterfront via the shuttle, decreasing congestion

Financing

In addition to the $0.25 shuttle fare, which totaled $120,000 in FY 2008, the City pays two-thirds of MTD's system-wide operating fare ($1.25) for the shuttle service. This City subsidy totaled $1.0 million in FY 2008.

In terms of capital costs, the City financed the purchase of the fleet of 20 electric shuttles through the Congestion Mitigation and Air Quality (CMAQ) Improvement Program, which required a City match. Ten of these shuttles date from the 1990's, and the remaining ten were obtained sometime after 2000. Currently, MTD is seeking procurement to replace all older 1990's shuttles to increase quality of service. The City estimates that the shuttles cost approximately $300,000.

Although both the Santa Barbara community and visitors all appreciate the lower-emission electric vehicles, transit officials advise cities to consider all possible vehicle alternatives before settling on electric vehicles. MTD explained that it is both expensive and time-consuming to acquire and continue operating electric vehicles. First, it is important to consider the length of shuttle route; electric buses are not practical for long-distance or high speed corridors. Secondly, it is extremely difficult to find shuttles due to small number of manufacturers available. Thirdly, the maintenance necessary to keep electric shuttles up and running is both cost- and time-intensive; crews need to specialize in specific vehicle maintenance techniques. Finally, electric batteries are only able to run for eight-hour stretches of time before needing to be recharged, prohibiting run-time, and requiring larger fleet of vehicles than would be necessary with a diesel fleet.

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