

# Planning and Plan Implementation



**MAY 14, 2010**

**DENA BELZER, PRESIDENT  
STRATEGIC ECONOMICS**



# Why Plan?



**ROME WAS NOT BUILT IN A DAY, NOR WAS  
FRESNO**



## A Plan, when formally adopted, sets the rules for future investment



- Private investment – buildings
- City investment – infrastructure and public facilities
- Non-profit, institutional, other governmental entity investment – schools, court houses, job training centers

# The Plan Dictates:



- Where facilities will go
- Who should pay for what

**But... The money isn't always available to provide everything the Plan calls for**

# Most of the Plan will get built by private developers



# Developers Need Certain Conditions to be Present Before They Invest



- 1. Market Demand**
  - Do people want to live/work/open a business in this location?
- 2. Is the price the future buyer/renter likely to pay high enough to justify costs?**
- 3. Do the City's development codes/plans/ allow for the type of proposed development?**
- 4. Is there adequate infrastructure to support the project**
- 5. Is there strong community support or opposition to the proposed project?**



While public facilities are a “smaller” part of a plan, they are often critical to support private development



## Public Facilities/Codes can help:

- Increase demand
- Increase sales prices/rents
- Provide critical infrastructure
- Create certainty and shorten time for permitting
- Build community support



# Funding Sources And the “Market” Continuum”



Infrastructure  
Parks  
Community facilities  
Transit facilities

Public (City/RDA)

Mixed-income housing  
Parking garages

Public – Private  
Partnerships

Market-rate housing  
Retail

Private Sector



# How Does the City Pay for Public Facilities?

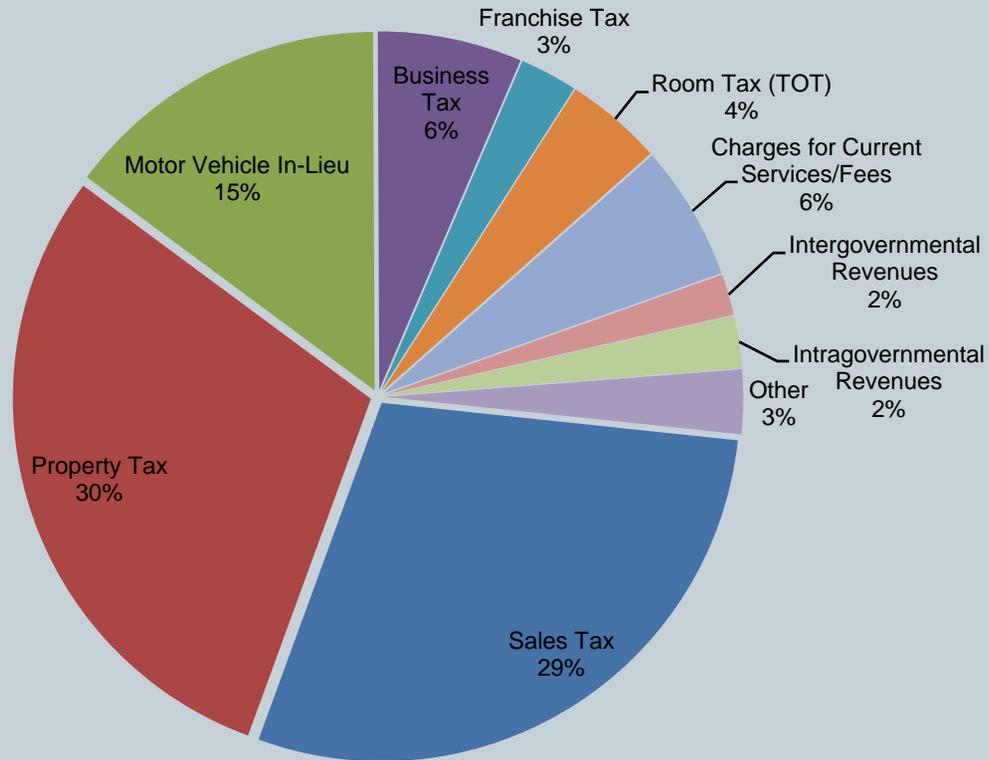


- **General Fund – City’s main source of discretionary money**
- **Assessment districts – special taxing districts**
- **Tax Increment – property tax revenues that get diverted from state and other public entities**
- **Developer impact fees and exactions**

# City's Revenues by Source



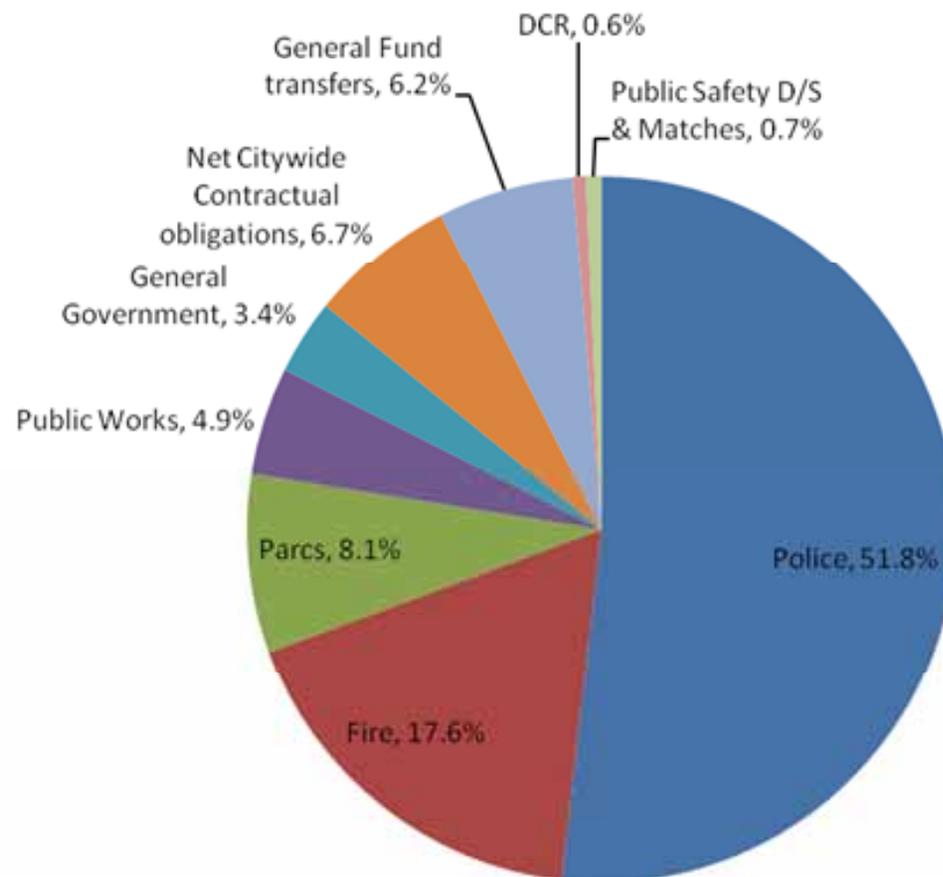
## General Fund Operating Revenues FY 2010 Adopted Budget



Source: City of Fresno, 2009



# City's Budgeted Expenditures



## While Property and Sales Tax Are Key Revenue Sources, Expenditures and Not Aligned to Increase These Sources



Category	Type	Description	Impact
Surface	Streetscape	General streetscape improvements	28% increase in home values
Surface	Open space	Presence of neighborhood parks and playgrounds	3 – 15% increase in home values
Surface	Walkability	Walkscore improved from 20 to 80 points	54% price premium for office and retail property
Surface	Walkability	Walkscore improved by one point	\$700 - \$3,000 increase in home values
Site	Commercial infill development	Proximity to commercial corridor in "excellent" condition	11 – 23% residential price premium
Site	Site remediation	Remediation of brownfield sites	3 – 11% increase in housing prices
Transit	Transit	Proximity to transit	1 - 120% price premium for commercial real estate



# What would Strategic Public Investments Do for the Downtown Neighborhoods?



**Estimated current property values: \$ 12 million (single family homes only, no commercial)**

**A 3 % increase in values could generate an additional \$37 million in total value.**

**A 20% increase in values could generate and additional \$250 million in total value.**



So, if the City Can Invest To Help Development, What Does this Say About the Plan – What Uses Should We Be Planning For?



- **How Does Basic Demand For Key Land Use Work**
- **Retail?**
- **Housing?**



# Retail Demand Issues



# Daily Needs & Neighborhood Serving Retail



Neighborhood	Unmet Demand	Sales/ SF	Capture Rate	Supportable Retail Space
Southwest	-\$556,124	\$250	50%	(1,112)
Southeast	\$5,660,284	\$250	50%	11,321
Jane Addams	-\$12,093,920	\$250	50%	(24,188)
Lowell	-\$4,537,429	\$250	50%	(9,075)
Jefferson	-\$899,141	\$250	50%	(1,798)
Cultural Arts	-\$233,093	\$250	50%	(466)
Civic Center	-\$1,074,033	\$250	50%	(2,148)
Chinatown	-\$7,808	\$250	50%	(16)
CBD & South Stadium	-\$9,008,273	\$250	50%	(18,017)
Total Study Area	(\$30,031,732)			(60,063)

Source: Strategic Economics, 2010



# Food and Drug Store Retail



Neighborhood	Unmet Demand	Sales/ sf	Capture Rate	Supportable Retail Space
Southwest	-\$30,749,854	\$300	40%	(41,000)
Southeast	-\$1,204,576	\$300	40%	(1,606)
Jane Addams	-\$7,143,393	\$300	40%	(9,525)
Lowell	\$3,437,562	\$300	40%	4,583
Jefferson	\$116,881	\$300	40%	156
Cultural Arts	\$285,568	\$300	40%	381
Civic Center	\$213,575	\$300	40%	285
Chinatown	\$492,739	\$300	40%	657
CBD & South Stadium	-\$1,798,826	\$300	40%	(2,398)
Total Study Area	(\$36,332,269)			(48,443)

Source: Strategic Economics, 2010



# Eating & Drinking Retail



Neighborhood	Unmet Demand	Sales/ sf	Capture Rate	Supportable Retail Space
Southwest	\$1,504,457	\$350	30%	1,290
Southeast	\$3,289,763	\$350	30%	2,820
Jane Addams	(\$33,439,295)	\$350	30%	(28,662)
Lowell	\$237,737	\$350	30%	204
Jefferson	(\$3,118,889)	\$350	30%	(2,673)
Cultural Arts	(\$490,970)	\$350	30%	(421)
Civic Center	(\$10,829,083)	\$350	30%	(9,282)
Chinatown	\$196,394	\$350	30%	168
CBD & South Stadium	(\$6,098,655)	\$350	30%	(5,227)
Total Study Area	(\$48,732,812)			(41,771)

Source: Strategic Economics, 2010



# Regional Serving & Comparison Retail



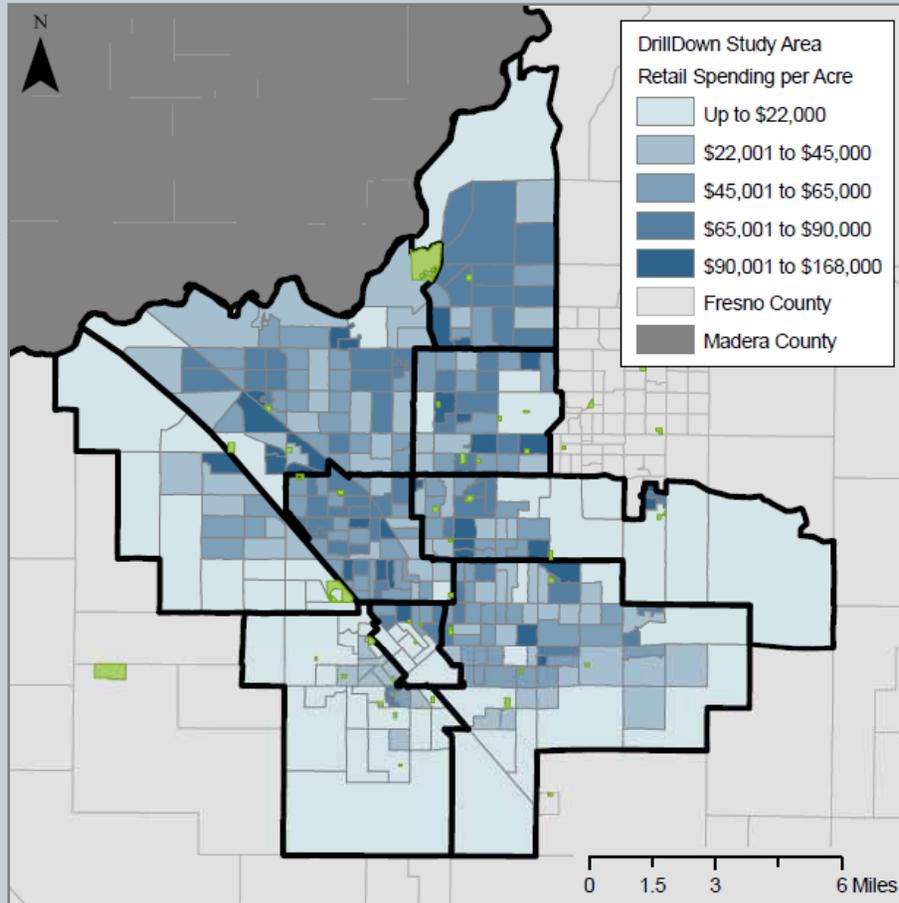
Neighborhood	Unmet Demand	Sales/ sf	Capture Rate	Supportable Retail Space
Southwest	\$8,760,570	\$200	20%	8,761
Southeast	\$23,289,630	\$200	20%	23,290
Jane Addams	\$4,116,840	\$200	20%	4,117
Lowell	\$2,975,700	\$200	20%	2,976
Jefferson	\$3,352,440	\$200	20%	3,352
Cultural Arts	\$300,300	\$200	20%	300
Civic Center	\$682,500	\$200	20%	683
Chinatown	\$485,940	\$200	20%	486
CBD & South Stadium	\$1,815,450	\$200	20%	1,815
Total Study Area	\$45,806,670			45,807

Source: Strategic Economics, 2010



# Market Potential Indicators

## Resident Retail Spending per Acre

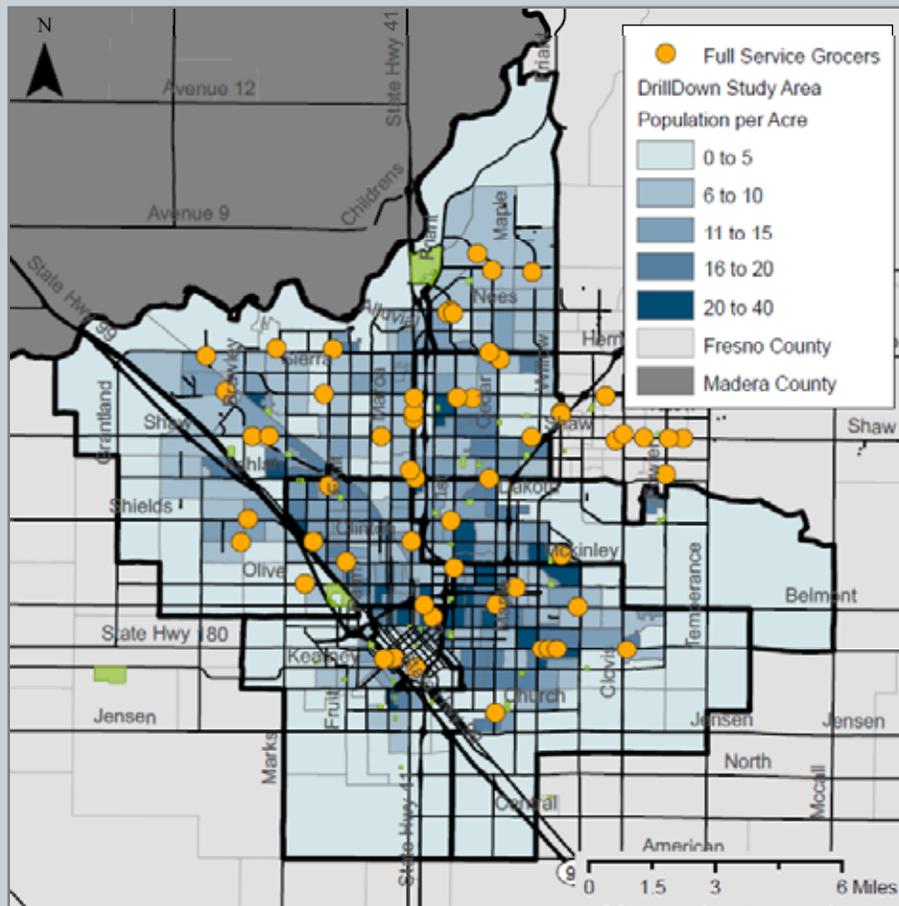


Source: Social Compact, 2009



# Market Potential Indicators

## Full Service Grocers



Source: Social Compact, 2009



# Housing Demand Issues





## Historic Sales Trends – 1980 to 2009

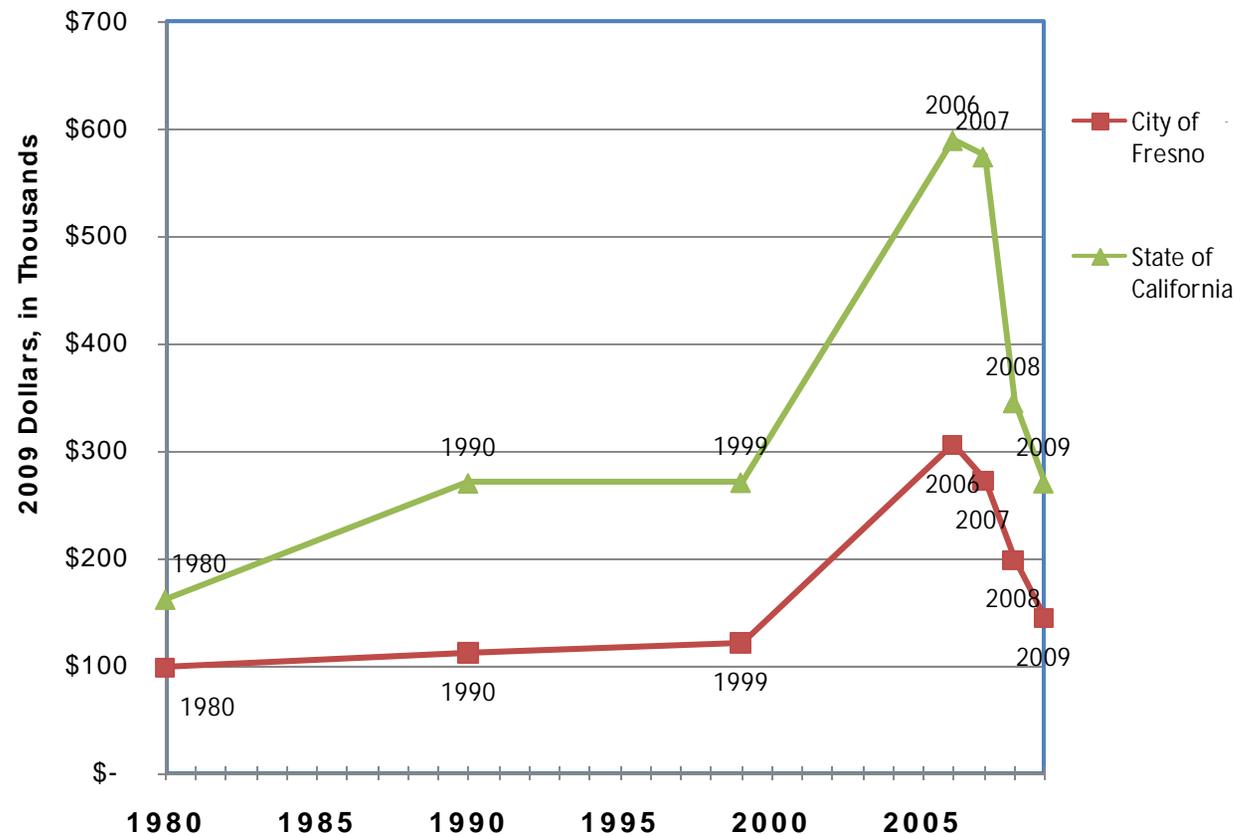
Steady and slow increase in value during 1980s and 1990s.

Housing “bubble” created inflated home values.

Rapid decline in price after 2006.

Prices and rents are still depressed.

Median Sales Prices of Residential Units in the City of Fresno compared to California, 1980 to 2009



# There is Future Demand for Housing in the Downtown Neighborhoods, But...



- **Downtown's ability to capture regional multi-family housing demand depends on:**
  - Proximity to job centers
  - Market strength
  - Quality of the neighborhood
  - Access to shopping and community services
  - Amenities
  - Infrastructure
  - Incentives/ City participation



## So What Does this Tell Us about The Plan And Implementation



- New and rehabilitated housing are key land uses for the Plan
- Because retail demand is weak, the Plan should be very focused on locations for future retail development or investments.
- Retail uses in the Plan area will mostly be small scale and local serving
- Public financing should go into creating amenities that build demand for housing, this will pay off in the long run!



# DISCUSSION

