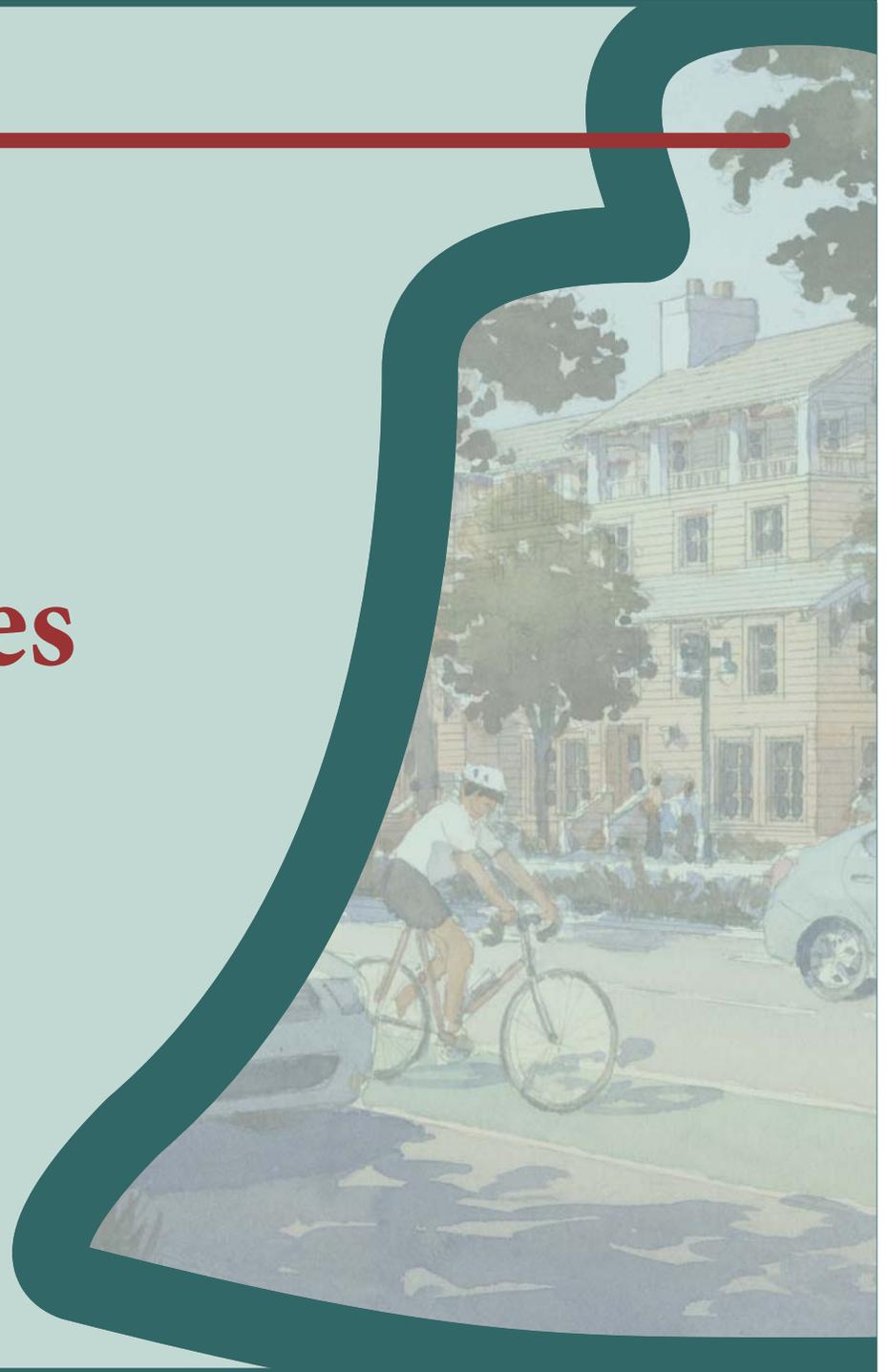


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# Economic & Housing Opportunities Assessment





# GRAND BOULEVARD INITIATIVE

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## ECONOMIC & HOUSING OPPORTUNITIES ASSESSMENT

FINAL REPORT: DECEMBER 20, 2010

### ACKNOWLEDGEMENTS:

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### PREPARED FOR:

San Mateo County Transit District

City/County Association of Governments of San Mateo County (C/CAG)

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**INTRODUCTION:THE GRAND BOULEVARD INITIATIVE**

The Grand Boulevard Initiative (GBI) is a regional collaboration of 19 cities, counties, local and regional agencies dedicated to the revitalization of the El Camino Real Corridor (the Corridor), running from Daly City to central San Jose. The Grand Boulevard vision is to transform the Corridor into “a place for residents to work, live, shop and play, creating links between communities that promote walking and transit and an improved and meaningful quality of life.”<sup>1</sup>

Before the formation of the GBI, many of the jurisdictions on the Corridor had plans for revitalization, but the efforts were not coordinated. The involvement of regional agencies including the San Mateo County Transit District, Santa Clara Valley Transportation Authority (VTA), Joint Venture: Silicon Valley Network, the City/County Association of Governments of San Mateo County (C/CAG), and SAMCEDA (San Mateo Economic Development Association) has allowed for the formation of a cohesive vision and ongoing program to bring together the various jurisdictions and decision-makers. The GBI also promotes the participation of various stakeholders, including Corridor businesses, environmental and housing advocates, bicyclists, transit riders, and residents.

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1 Grand Boulevard Initiative vision statement.

The GBI Task Force has adopted ten Guiding Principles in the pursuit of creating a more livable environment for residents, businesses, and visitors. These guiding principles point the way to strategies that can be pursued by policy makers to transform the Corridor.

1. Target housing and job growth in strategic areas along the Corridor
2. Encourage compact mixed-use development and high-quality urban design and construction
3. Create a pedestrian-oriented environment and improve streetscapes, ensuring full access to and between public areas and private developments
4. Develop a balanced multi-modal corridor to maintain and improve mobility of people and vehicles along the Corridor
5. Manage parking assets
6. Provide vibrant public spaces and gathering places
7. Preserve and accentuate unique and desirable community character and the existing quality of life in adjacent neighborhoods
8. Improve safety and public health
9. Strengthen pedestrian and bicycle connections with the Corridor
10. Pursue environmentally sustainable and economically viable development patterns

In order to move the vision forward, the GBI conducted the Multimodal Transportation Corridor Plan to assess the extent to which enhanced transit, land use, and streetscape design could improve livability on the Corridor. The study found that the introduction of Bus Rapid Transit (BRT) on the Corridor has excellent potential, but would require significant transit investment and the intensification of land uses to support service. With intensification of land use and the introduction of BRT, the region could significantly reduce vehicle miles traveled (VMT) and greenhouse gas emissions. The study also found that with BRT service, traffic impacts from increased density on the Corridor could be mitigated to a large extent. The findings suggest that land use intensification is a key component to the transformation of the Corridor. It also established a toolkit of streetscape and traffic design measures that achieve complete streets and place-making goals, support transformation, and align with Caltrans practices.

## ECHO STUDY

Paralleling the Corridor Plan's focus on the transportation aspects of the Grand Boulevard vision, the GBI retained the Strategic Economics Consultant Team (Consultant Team) to look at other aspects of transformation with the Grand Boulevard Economic and Housing Opportunities (ECHO) Assessment. ECHO's intent is to describe the transformational potential of the 47-mile auto-oriented commercial corridor into a vibrant, multimodal corridor that is accessible on foot, by bike, by transit, and by auto, through the intensification of housing and employment. This level of corridor transformation has profound economic and physical implications which include the potential to increase economic activity and prosperity, to enhance the visual experience of the Corridor, to change mobility patterns, to improve the livability of the Corridor and the region, and to contribute to environmental sustainability goals.

### Phase I: This Report

In order to understand the potential growth on the Grand Boulevard, the Consultant Team relied on existing growth scenarios developed for the Corridor, in lieu of creating another forecast. These scenarios provide context by defining the potential magnitude of change. Using these growth scenarios, the Consultant Team, led by Strategic Economics (SE), measured the fiscal benefits of transformation, produced from additional housing and employment uses on the Corridor, as well as retail spending from new residents. In addition, the Consultant Team, led by Freedman Tung + Sasaki, developed building prototypes and renderings that illustrate how physical transformation results from enhancing a combination of both the Corridor and encouraging development in a way that simultaneously reflects local communities and presents a recognizable Grand Boulevard experience along the length of the Corridor.

The report is organized into five sections. Following this Summary of Findings (Section I), Section II summarizes the growth scenarios studied for the Grand Boulevard Corridor. Section III discusses the accommodation of growth on the Corridor, including a discussion of the recent development trends on the Corridor. Section IV summarizes the economic and physical benefits of transformation, providing images to visualize the potential for change. Finally Section V presents the opportunities and constraints for transforming the Grand Boulevard, as well as strategies to for implementation.

### Phase II: Upcoming Work

Building on this report, ECHO Phase II will add detail to key aspects of the Phase I analysis and extend Phase I findings to help articulate how the Grand Boulevard vision can be implemented at the local level. The proposed scope of work includes: 1) Conducting case studies that address development scenarios, fiscal impacts, potential barriers to investment, and strategies for revitalization for cities on the Corridor, 2) Creating a common, diagrammatic basis for understanding the relationship between existing development patterns, existing corridor policies, and the GBI vision, 3) Developing a Corridor Guidance to Cities: Implementation Action Guide that addresses the "how to" of transforming the Corridor and creating the "Grand" that will strengthen regional identity and advantage.

## MAJOR FINDINGS

**Growth scenarios forecast substantial housing and job growth on the Grand Boulevard.** Growth scenarios for the Corridor estimate that the number of households could increase by between 45,000 and 98,000. The number of new jobs forecast on the Corridor ranges from 107,000 to 246,000 jobs.

**The Corridor has capacity to accommodate future growth with buildings that can be delivered by the private market.** Strategic Economics estimated the amount of land required to accommodate the new households at an average net density of 45 dwelling units per acre. An average net density of 45 dwelling units per acre could be accommodated with buildings of four stories or under, but it is more likely that development will occur at a range of densities - with taller, higher density projects at key nodes, and lower density projects in other areas. The estimated household growth under each growth scenario would require between 900 and 2,200 acres of land. This translates to between three and nine percent of the total land supply on the Corridor.

**The fiscal benefits of transformation range from \$330 million to \$752 million** in annual local property and sales tax revenues, depending on the growth scenario.

**The vast majority of the fiscal benefit is from property tax receipts** from new housing and commercial development to accommodate the household and job growth projected on the Corridor.

**Revenues generated from development can help support service delivery and, in some cases, may be directed towards community improvements.** The revenues generated from new housing and commercial development on the Corridor may, in some cases, be directed for place-making investments to convert the Corridor into a more livable place.

**Conversion of low-performing retail sites to higher intensity housing and commercial uses can be fiscally healthier.** A one-acre site with low-density retail uses generates much lower revenues than higher-density housing or office uses.

**Public and private stakeholders must work together to create an environment which will attract envisioned types of investment and development.** Public sector involvement includes changes to regulatory policies to permit and encourage desired development types, clarify municipal intent, simplify development review processes, remove barriers to development, and actively work to make land available for development.

**The Corridor must transition from linear strip arterial to a corridor defined by a pattern of centers and segments.** This pattern must be defined by local character, align with the mobility network, enhance each center or segment's market focus, and support local land use and development policies.

**New development and redevelopment must be in forms that can adequately capture, maintain, and add value to a large, heavily traveled corridor such as El Camino Real.**

**The visual character of the Corridor must change in order to unlock the full potential of the Grand Boulevard.** Strategic investments in public infrastructure will create a more attractive environment for investment and support the transition from strip corridor to livable Grand Boulevard.

**Grand Boulevard Cities have the opportunity to increase livability and prosperity** by leveraging the Corridor as a major regional magnet of activity and value beyond its current role. Establishing the Corridor as a major destination will increase the regional advantage of the Grand Boulevard to attract new investment and generate value.

In order to understand the total potential for change along the Grand Boulevard, Strategic Economics reviewed growth scenarios created by the Association of Bay Area Governments (ABAG), Greenbelt Alliance, and Grand Boulevard Initiative for the Corridor. These growth scenarios provide some context for estimating the magnitude of household and employment growth that could occur in the long term given various assumptions about infill development opportunities, land use mix, and densities.

In reviewing these growth scenarios, Strategic Economics found that it was not possible to identify common nodes and focal areas of growth, because the assumptions underlying the methodologies were vastly different. The growth scenarios reviewed for this study were each conducted for different geographies, using distinct methodologies. For example, the Greenbelt Alliance scenario allocated growth from the nine counties of the Bay Area region to a variety of “smart spots” to illustrate the ability of existing infill areas to accommodate future population and jobs. Meanwhile, ABAG’s FOCUS Priority Development Areas are intended to reflect the growth visions from individual jurisdictions for strategic places with strong regional access. Finally, the GBI Corridor Study created three alternative scenarios with varying assumptions about densities around the transit stations and reallocation of growth within the two counties in order to determine the types of land use patterns that would be most supportive of enhanced transit. A summary of each growth scenario is provided in the text below.

### **GREENBELT ALLIANCE – GROW SMART BAY AREA**

Greenbelt Alliance’s Grow Smart Bay Area study makes the case that future housing and job growth in the nine-county region could be accommodated through redevelopment of existing underutilized sites in infill locations. Greenbelt Alliance identified underutilized sites using the California Infill Parcel Locator Database (2005). The database uses County Assessor data to define underutilized parcels as those where the ratio of the value of the structure on a parcel (improvement value) to

the value of the land itself (land value) is less than 1.0. The database’s definition of underutilized parcels excludes the following types of parcels:

- All public lands as well as undeveloped farm, range, and forestlands owned by public conservancies
- Sites with slopes in excess of 25%
- Single-family homes for which the assessed structure value was within the top 60% of structure assessments within each county
- Cemeteries, private golf courses, and country club parcels
- Parcels larger than five acres currently in active resource or agricultural use
- Parcels adjacent to Superfund sites
- Multiple listings of condominium parcels
- Parcels for which the lot size as reported by the county assessor was too big for its physical footprint

In addition to these filters, Greenbelt Alliance also excluded parcels with the following attributes:

- Parcels outside urban or built up land
- Single-family properties and residential condominiums
- All agricultural parcels
- Parkland and protected natural areas
- Parcels that may currently be open space
- Parcels currently used for utilities

In order to identify how these sites might redevelop, Greenbelt Alliance applied neighborhood “place types” as identified in the Smart Growth Strategy/Regional Livability Footprint Project completed in 2002.<sup>2</sup> When ABAG released the 2009 projections along with the FOCUS methodology and Priority Development Area identification, Greenbelt Alliance modified the study methodology to include these changes. For the PDA geographies, Greenbelt Alliance’s allocations were consistent with the FOCUS PDA estimates. The areas outside of the PDAs were allocated a certain amount of growth based on the methodology from the Regional Livability Footprint Project. It is important to note that the geography of the Corridor under the Greenbelt Alliance scenario is significantly larger than the ABAG and GBI geographies. The Greenbelt Alliance projects an additional 98,000 households and 240,000 jobs in the El Camino Real “smart spot” by 2035.

### **FOCUS PRIORITY DEVELOPMENT AREAS (PDAS)**

The regional agencies, including the Metropolitan Transportation Commission (MTC), Association of Bay Area Governments (ABAG), Bay Area Air Quality Management District, and San Francisco Bay Conservation and Development District have implemented the FOCUS Priority Development Areas (PDAs) program in an effort to encourage future development in the nine-county San Francisco Bay Area region to occur in existing infill areas. PDAs are locally identified infill opportunity areas within existing neighborhoods served by transit (bus and rail) that can accommodate future growth through compact development.

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2 The Regional Livability Footprint Project identified neighborhood types based on public workshops in which residents identified the character and land uses of their neighborhoods in 2020. The Regional Livability Footprint project assumes that every opportunity site within a place-type develops at its average height and building description or that the redeveloping properties, taken together, add up to the place-type’s characteristic assignment. Both housing and employment densities were then assigned to the neighborhood types utilizing a methodology developed to determine floor area ratios. Additionally, Greenbelt Alliance assumes a 5 percent increase in accessory dwelling units across all neighborhood types.

The Grand Boulevard Corridor provides significant opportunities to accommodate future regional growth through infill development in 13 PDAs (12 city-nominated PDAs and one nominated by City/County Association of Governments of San Mateo County) located in existing downtowns, transit station areas (Caltrain, BART, and VTA), and along other transit corridors. Collaborating with localities along the Corridor, ABAG has developed growth scenarios for all thirteen PDAs on the Corridor, identifying the amount of households and employment that can be accommodated through more compact development patterns.

In order to estimate the household and job projections from the FOCUS PDA scenario, Strategic Economics aggregated the estimates of each of the PDAs on the Corridor that generally matched the geography of the ECHO study area. Using the 2009 ABAG projections, it is estimated that the PDAs on the Corridor could potentially accommodate over 45,000 new households and about 107,000 jobs by 2035 (see Figure II-1 and Figure II-2).<sup>3</sup>

### **GRAND BOULEVARD INITIATIVE CORRIDOR PLAN**

As part of the Multimodal Transportation Corridor Plan for the Grand Boulevard Initiative, the Santa Clara Valley Transportation Authority (VTA) developed a 2035 travel demand forecasting model. The VTA model used the Traffic Analysis Zone (TAZ) geography, selecting TAZs within the quarter-mile and one-third mile buffer of the Corridor for regional rail and planned BRT stations, respectively.<sup>4</sup> The VTA model tested three growth scenarios, described below:

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3 The Santa Clara Valley Transportation Authority (VTA) sponsored “Cores, Corridors, and Station Areas” PDA was omitted from this analysis because much of the geography comprising the PDA is located outside of the study area.

4 Grand Boulevard Multi-modal Transportation Corridor Plan. Preliminary Review Draft. Grand Boulevard Initiative. June, 2010.

- Baseline – The baseline growth scenario models existing land uses within the GBI Corridor using the 2007 ABAG household and employment projections for the traffic analysis zones (TAZs) comprising the study area for the year 2035.
- Moderate – The moderate growth scenario works from the ABAG projections but focuses densities around the Grand Boulevard Initiative project area. Densities were increased assuming intensified development around bus rapid transit stations and Caltrain stations to meet conceptual density thresholds that are based on typical guidelines in planning literature, as well as guidelines developed as part of VTA's Community Design & Transportation (CDT) Program and Transit Sustainability Policy.
- Enhanced – The enhanced growth scenario redistributed forecasted growth from other parts of San Mateo and Santa Clara Counties to the Corridor in order to meet density targets selected for the station areas. In this scenario, 73 percent of total household growth projected in San Mateo County is allocated to the GBI Corridor. For Santa Clara County, only 7 percent of the county's projected growth is allocated to the GBI Corridor.

Strategic Economics aggregated the results of the VTA analysis for the half-mile project study area of the ECHO study.<sup>5</sup> Based on SE's analysis, the VTA GBI scenarios range from 39,000 to 89,000 new households and 139,000 to 246,000 new jobs on the Corridor, depending on the allocation methodology employed.

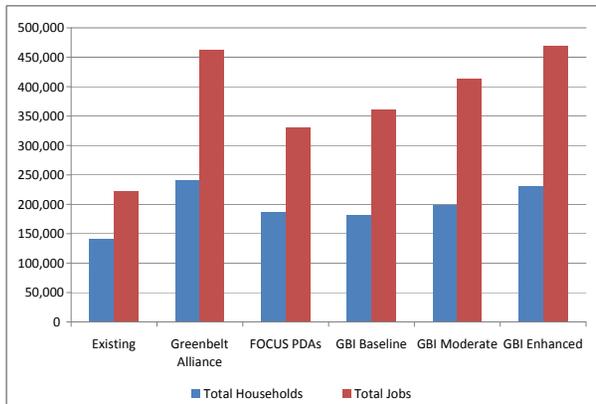
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<sup>5</sup> The TAZs were selected for inclusion in the analysis based on the location of the centroid of the TAZ, which indicates whether or not more than fifty percent of the TAZ is located in the half-mile study area.

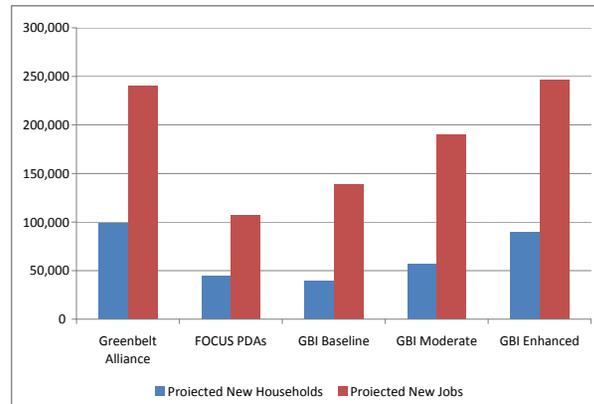


**Figure II-1: Assumptions and Methodologies of Growth Scenarios for the Grand Boulevard**

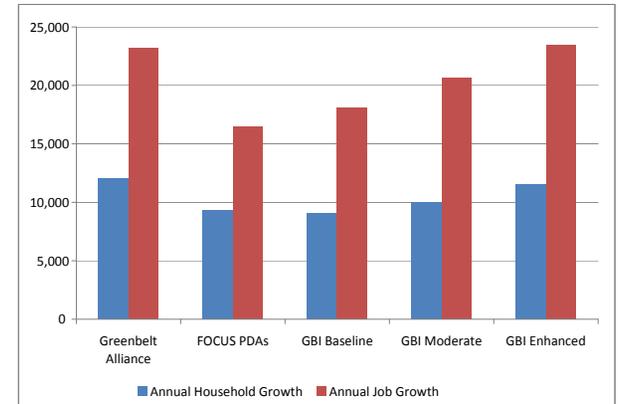
Growth Model	Greenbelt Alliance “Grow Smart Bay Area”	FOCUS PDAs	VTA - GBI Baseline	VTA - GBI Moderate	VTA - GBI Enhanced
Geography of Study	Parcels on El Camino Real “Smart Spot” and PDAs	13 locally sponsored PDAs on El Camino Real	TAZs within 1/4 and 1/3 mile buffers of corridor	TAZs within 1/4 and 1/3 mile buffers of corridor	TAZs within 1/4 and 1/3 mile buffers of corridor
Methodology/ Assumptions	<p>Uses ABAG 2009 projections for region. Incorporates PDA assumptions.</p> <p>Allocates future regional growth on the rest of Corridor through infill of under-utilized land based on density assumptions.</p>	<p>Uses ABAG 2009 projections for region. Focused growth in locally identified infill opportunities in existing areas near transit. Projections are cut to PDA geography and then reviewed by local staff.</p>	<p>Travel demand model using ABAG 2007 projections for TAZs</p> <p>Assumes existing land use policies and patterns in allocating densities</p>	<p>Travel demand model using ABAG 2007 projections for TAZs</p> <p>Reallocation of growth into the Corridor, and densities increased near transit (BRT and rail) to 20 – 55 DU/acre</p>	<p>Travel demand model using ABAG 2007 projections for TAZs</p> <p>Reallocation of growth into the Corridor, and densities increased near transit (BRT and rail) to 40-75 du/acre</p>



**Figure II-2: Existing and Projected Households and Jobs on Corridor, 2010-2035**



**Figure II-3: Projected New Jobs and Housing on Corridor by Growth Scenario, 2010-2035**



**Figure II-4: Annual Employment and Household Growth Projections for Corridor, 2010-2035**

In this section, Strategic Economics explores to what extent the growth scenarios described above are implementable, given market realities. Are these scenarios a radical departure from what the market has already delivered, or only a continuation? What types of densities and building types would be required to accommodate this growth? Also, what lessons can be learned from recent development projects about specific policy or other local activities that cities could undertake to more effectively facilitate transformation of the GBI?

**RECENT DEVELOPMENT ACTIVITY**

SE conducted an inventory of planned, proposed, under construction, and recently completed projects on the Grand Boulevard<sup>6</sup>, using a variety of sources, including SamTrans’ 2008 inventory of projects, Hanley Wood Market Intelligence data, media sources such as the San Francisco Chronicle and the Silicon Valley Business Journal, and the Planning Departments of individual cities. Single-family housing developments were not included. While this development inventory is the most updated and complete list of its kind, it should not be interpreted as a comprehensive list of development activity for the Corridor. The inventory of development projects is presented in Figure III-1, describing the location and development program of each project.

<sup>6</sup> The geography studied is the area within a one-half mile buffer of the Grand Boulevard.

**Figure III-1: Development Activity on the Grand Boulevard Corridor, 2007 to Present**

City	Project	Site Area (acres)	Housing Units	Retail (sq. ft.)	Office (sq. ft.)	Net Du/ Acre	Status
Belmont	1300 El Camino Real	0.2	9	5,000		45.0	Approved
Burlingame	1226 El Camino Real	0.3	9			30.0	Construction
Burlingame	556 El Camino Real	0.35	18			51.4	Proposed
Burlingame	Sunrise of Burlingame	0.5	25			50.0	Construction
Burlingame	Chateau Bellevue	0.57	18			31.6	Approved
Burlingame	1840 Ogden Dr.	0.87	45			51.7	Construction
Burlingame	1818 Trousdale Dr.	0.97	79			81.4	Approved
Daly City	Hillcrest Gardens	0.4	40			100.0	Completed
Daly City	Habitat for Humanity	0.69	36			52.2	Completed
Los Altos	5100 El Camino Real	0.79	29			36.7	Completed
Los Altos	Peninsula Real	2.2	78			35.5	Construction
Menlo Park	1760 El Camino Real	0.63			10,900		Proposed

**Figure III-1: Development Activity on the Grand Boulevard Corridor, 2007 to Present**

<b>City</b>	<b>Project</b>	<b>Site Area (acres)</b>	<b>Housing Units</b>	<b>Retail (sq. ft.)</b>	<b>Office (sq. ft.)</b>	<b>Net Du/ Acre</b>	<b>Status</b>
Menlo Park	1460 El Camino Real	1.5	16		26,800	10.7	Approved
Menlo Park	1300 El Camino Real	3.4		51,365	58,000		Proposed
Menlo Park	Derry Mixed-use	3.45	108	12,650	12,275	31.3	Proposed
Menlo Park	Linfield Drive	5.36	56			10.4	Construction
Millbrae	Park Broadway	1.4	110	8,850		78.6	Completed
Millbrae	Millbrae Paradise	1.7	142	22,000		83.5	Construction
Millbrae	Windwater Mills	1.7	72			42.4	Completed
Millbrae	87 S. Broadway	2.3	105	6,500		45.7	
Millbrae	979 Broadway	51			57,177		Approved
Millbrae	1337 El Camino Real						
Mountain View	1984 El Camino Real	2.5	81	8,365		32.4	Proposed
Palo Alto	2805 El Camino Real	0.39		5,098	1,754		Approved
Palo Alto	New College Terrace Center	1.15		27,166	38,967		Approved
Palo Alto	Page Mill Mayfield Site	1.8	70			38.9	Proposed
Palo Alto	195 Page Mill	2.41	84		50,467	34.9	Approved
Palo Alto	Redwood Gate	3.62	45			12.4	Construction
Palo Alto	4249 El Camino Real	3.93	45			11.5	Approved
Palo Alto	Arbor Real	15.84	181			11.4	Completed
Palo Alto	2825 El Camino Real	n/a	2	2,000	6,996		Proposed
Redwood City	Villa Montgomery	0.62	58		8,500	93.5	Construction
Redwood City	Kaiser Master Plan	n/a			885,000		Proposed
Redwood City	Habitat for Humanity	n/a	8				Completed
San Bruno	406 San Mateo Ave.	0.97	48	14,650		49.5	Approved
San Bruno	The Crossing	20	1063	20,000 - 40,000		53.2	Construction
San Bruno	Clarion Hotel	n/a	36 rooms				Proposed
San Bruno	Grand Luze Peninsula						
San Carlos	1500 El Camino Real	0.11	2	2,100		18.2	Construction
San Carlos	500 Walnut St.	0.12	4			33.3	Approved
San Carlos	1349 Olive St.	0.14	3			21.4	Construction

**Figure III-1: Development Activity on the Grand Boulevard Corridor, 2007 to Present**

<b>City</b>	<b>Project</b>	<b>Site Area (acres)</b>	<b>Housing Units</b>	<b>Retail (sq. ft.)</b>	<b>Office (sq. ft.)</b>	<b>Net Du/ Acre</b>	<b>Status</b>
San Carlos	144 Elm St.	0.17	8			47.1	Approved
San Carlos	769 Elm St.	0.18	5			27.8	Construction
San Carlos	777 Elm St.	0.18	5			27.8	Construction
San Carlos	656 Walnut St.	0.18	6			33.3	Construction
San Carlos	657 Prospect St.	0.18	5			27.8	Approved
San Carlos	641 Cedar St.	0.27	13			48.1	Approved
San Carlos	1501 Cherry St.	0.5	34			68.0	Approved
San Carlos	Pacific Hacienda	1.37	89			65.0	Construction
San Carlos	1001 Laurel	1.6	90	8,500		56.3	Completed
San Carlos	San Carlos Transit Village	8.7	280	14,000	16,000	32.2	Approved
San Jose	Axis	1.24	329			265.3	Completed
San Jose	Plant 51	4.02	265			65.9	Completed
San Mateo	221 S. El Camino Real	0.28		11,426	23,462		Approved
San Mateo	Sadigh Mixed Use	0.3	10	4,000		33.3	Approved
San Mateo	Monte Diablo	0.4	16			40.0	Approved
San Mateo	San Mateo Drive	0.59	33			55.9	Approved
San Mateo	Magnolia Place	0.77	52			67.5	Approved
San Mateo	Peninsula Station	1	68	2,917		68.0	Construction
San Mateo	2000 S. Delaware St.	2.1	120			57.1	Proposed
San Mateo	North San Mateo Dr.	3.06	154	11,600		50.3	Proposed
San Mateo	Polo Court	3.9	197		128,612	50.5	Proposed
San Mateo	Bay Meadows II	83.5	1,250	150,000		15.0	Approved
San Mateo	10 Crystal Springs Rd						
Santa Clara	2250 El Camino Real	1	42			42.0	Proposed
Santa Clara	Santa Clara Square	12.6	490	167.01	12,300	38.9	Proposed
South San Francisco	1600 El Camino Real	8.48	361	24,000		42.6	Approved
Sunnyvale	782 El Camino Real	2.3		20,570		0.0	Approved

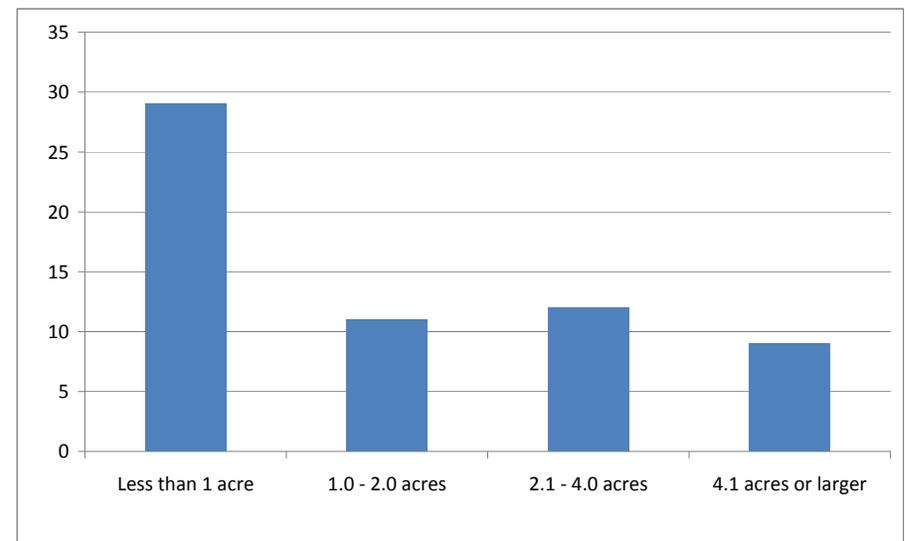
In total, there were approximately 2,400 housing units built on the Corridor from 2007 to the present, an average of 800 units per year. There are an additional 4,300 units approved or proposed. Figure III-2 below summarizes development these trends by city. As shown, most of the projects that have been built or approved on the Corridor are single-use or mixed-use residential, with the exception of several small commercial and hotel projects, and the planned Kaiser Medical Center in Redwood City. The projects include a number of large-scale developments on big infill sites, such as Bay Meadows, The Crossings, Santa Clara Square, and San Carlos Transit Village. However, about half of the projects listed were on small infill sites of one acre or smaller (see Figure III-3 below).

**Figure III-2: Housing Units Completed, In Construction, Approved and Proposed on the Corridor by City, 2007 to Present**

City	Completed/ In Construction	Approved/ Proposed
Daly City	76	0
Colma	0	0
South San Francisco	0	361
San Bruno	510	601
Millbrae	324	105
Burlingame	142	115
Hillsborough	0	0
San Mateo	68	1,832
Belmont	0	9
San Carlos	200	344
Redwood City	66	0
Atherton	0	0
Menlo Park	56	124
Palo Alto	226	201
Los Altos	123	0
Mountain View	0	81
Sunnyvale	0	0
Santa Clara	0	532
San Jose Diridon	594	0
Total All Cities	2,385	4,305
Average Annual Construction	800	

Completed and approved residential projects along the Corridor display a wide variety of densities, ranging from 10 units per acre for small infill projects in Menlo Park to as high as 265 units per acre for the 22-story Axis condominium tower in San Jose. The majority of the housing developments profiled have net densities between 30 and 60 dwelling units per acre, and the most common building types include townhomes and three- to four-story wood-frame buildings. Many of the higher-density developments with net density of over 80 dwelling units per acre are either fully dedicated affordable housing or have affordable housing density bonuses. The average density overall for the projects listed is 45 units per acre.

**Figure III 3: Number of Residential Projects on Corridor by Size of Site**



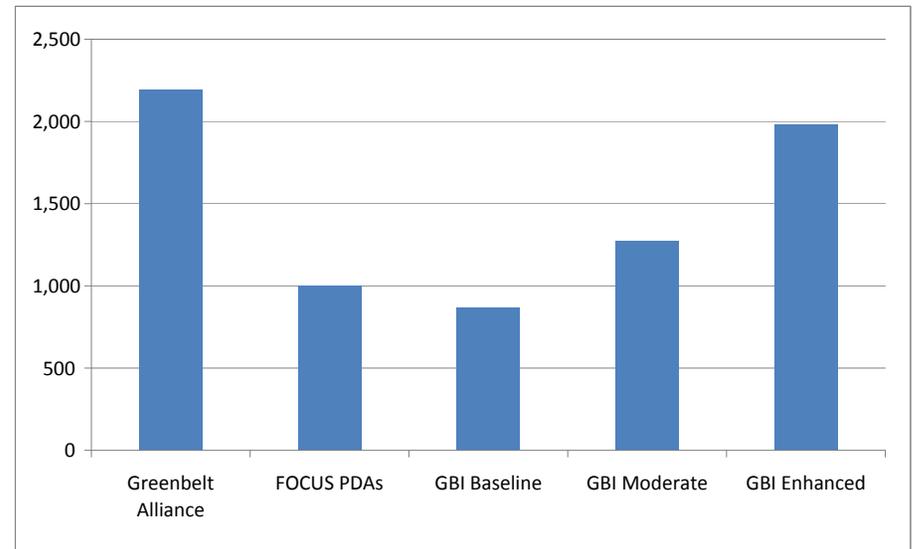
## LAND SUPPLY ON THE CORRIDOR

The land capacity on the Corridor to accommodate projected growth can be estimated in various ways. Some methodologies, like the California Infill Parcel Locator Database employed in the Greenbelt Alliance's growth scenario, rely on Assessor Data to identify "under-utilized" parcels suitable for infill development. Others, like the ABAG FOCUS PDAs, take a "bottom-up" approach to determine land supply for development by relying on opportunity sites as identified by individual jurisdictions. Each approach has its own advantages and disadvantages.

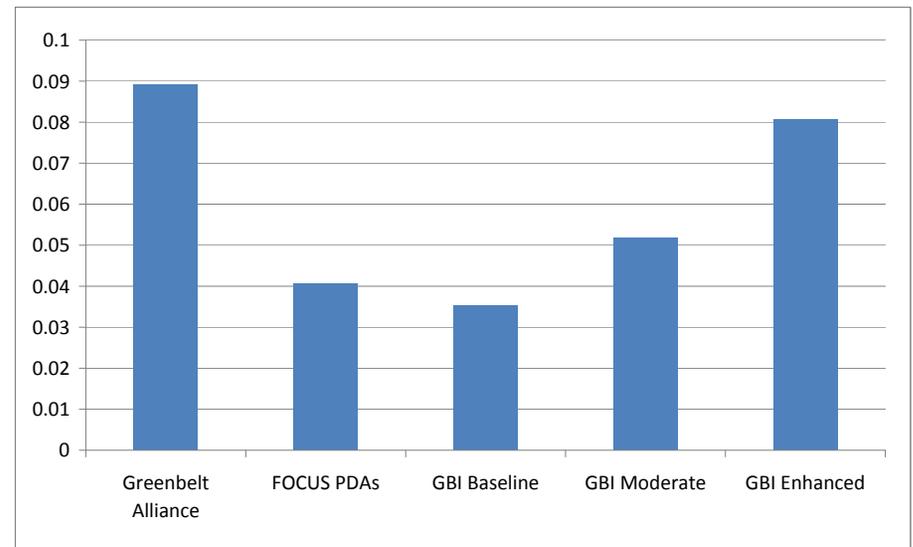
Strategic Economics used a market-based approach to determine whether the Corridor had sufficient land supply to accommodate new household growth. Because the market has consistently delivered projects with a net density of 45 units per acre on the Corridor, Strategic Economics estimated the amount of land required to accommodate the new households at that density. As shown in Figure III-4 below, the estimated household growth under each scenario would require between 900 and 2,200 acres of land. This translates to between three and nine percent of the total land supply for all properties within one-half mile of the Grand Boulevard (see Figure III-5).

Though the analysis shows that there is land supply on the Corridor to accommodate the envisioned growth, it underscores the need for careful planning. More refined analysis and planning will be required to identify the opportunity sites in each jurisdiction of the Corridor, and the types of development and densities that are appropriate in each location.

**Figure III 4: Land Supply Required to Accommodate Household Growth Assuming Average Net Density of 45 Units/Acre**



**Figure III 5: Percentage of Total Land Supply Required to Accommodate Household Growth, Assuming Average Net Density of 45 Units/Acre**



## ACCOMMODATING CORRIDOR HOUSING

For many planners and policy makers, it is difficult to envision the viability of developing higher density buildings on the Corridor, particularly residential uses. This is partly because there are many existing examples of poorly designed Corridor housing, which have turned their back to the street, or tacked on residential units on top of existing strip malls with little effort to add streetscape features and amenities that would buffer the units from the street. In order for housing on the El Camino Corridor to be marketable, project design must be sensitive to the environment and provide the enhancements necessary to appropriately address the street, such as the addition of street trees and vegetation, front stoops, or wider sidewalks. The small size and irregular shape of many parcels on the Corridor is another major barrier to infill development on El Camino Real. These sites can be challenging to transform with higher density projects because of limited physical capacity to accommodate revenue-generating uses (housing and commercial) and areas that do not directly generate revenue (parking and common area spaces).

However, there are many examples of infill development on the El Camino Real Corridor and in other major corridors in the Bay Area that can provide useful lessons. The Consultant Team researched examples of infill housing projects on parcels El Camino Real, University Avenue (Berkeley), and San Pablo Avenue (East Bay) to illustrate the ways in which architects and planners have worked to accommodate housing on the Corridor under challenging circumstances.

### Example Project: Hillcrest Gardens, Daly City

Completed in 2008, this 40-unit affordable senior housing development is located on a 0.4-acre site near the Daly City BART station. Built on a former parking lot, the development contains compact units of 500 square feet on average, yielding a net density of 100 dwelling units per acre.



### Example Project: Monte Diablo, San Mateo

This proposed 16-unit project is located at the corner of Monte Diablo Avenue and N. San Mateo Drive. The project would redevelop an existing one-third acre site that currently holds low-rise buildings and a surface parking lot. The proposed four-story building contains one- and two-bedroom units ranging in size from 1,200 to 1,700 square feet, and an underground parking garage, with a net density of 48 units per acre. The project was recently approved by the Planning Commission.



### Example Project: Artisan Walk, Emeryville and Oakland

This 72-unit stacked townhome development is located on the Oakland/Emeryville border at 66th Street and San Pablo Avenue, and was developed by the Olson Company. There are 66 market-rate units in Oakland, and six below-market-rate units in Emeryville. The three-acre site was formerly home to a recycling plant. The townhouse units range in size from 1,544 to 1,623 square feet, achieving a net project density of 25 dwelling units per acre. Each unit has a two-car garage. KTGy designed the project with the intention of creating a pedestrian-friendly experience, facing the units towards the street, and providing access to the front doors from the sidewalk.



### Example Project: Margaret Breland Homes, Berkeley

This 28-unit affordable senior housing development was completed in 2006 by Resources for Community Development. The project is located on San Pablo Avenue, a rapid bus corridor, on a small, narrow site adjacent to a retail business and a vacant lot. There is a bus stop at the project that provides access to major destinations in the East Bay. Designed by local architect Anne Phillips, the project has won multiple awards. The four-story building includes a community room and supportive services offices on the ground floor, and compact studio and one-bedroom apartments on the upper floors. A landscaped internal courtyard on the third floor and a terrace on the fourth floor provide amenities for residents and expose the units to sunlight.



### Example Project: Helios Corner, Berkeley

This four-story mixed-use building consists of three levels of residential units above 6,000 square feet of ground floor non-profit office space and podium parking. The 80-unit building was developed by Satellite Housing Inc. on an irregularly “L-shaped” 0.63-acre lot on University Avenue, a major arterial in Berkeley. The site is in close proximity to the North Berkeley BART station, and other transportation and amenities are within a short walking distance. The residential units are primarily compact one-bedroom units. Project amenities include a shared terrace, and a large community room on the fourth floor that connects to a west-facing balcony with views of San Francisco and the Bay.





This section discusses the potential benefits offered by the Grand Boulevard vision, including fiscal benefits to local governments in the form of tax revenues, as well as the enhanced livability gained from physical transformation for residents, businesses, and visitors.

**FISCAL BENEFITS OF CORRIDOR TRANSFORMATION**

For each of the growth scenarios described in Section II, SE calculated the anticipated fiscal benefits from property tax revenues generated by the new housing units and commercial space built to accommodate new households and jobs on the Corridor. In addition, SE also measured the potential sales tax revenues generated from retail spending by the new households in the Corridor jurisdictions.

**Assumptions**

The following are some of the key assumptions underlying the fiscal benefit analysis:

Assessed property values

The assessed values of new housing and commercial space were estimated based on current market values for similar types of products in the area. As shown in Figure IV-1, SE assumed that 85 percent of new households would be accommodated in market-rate housing units priced at \$600,000, and 15 percent of units would be priced for moderate-income households at \$270,000.

**Figure IV-1: Revenue Assumptions for Residential Uses**

	<b>Market-Rate Units</b>	<b>Below-Market-Rate Units</b>
<b>Price per Unit</b>	\$600,000	\$270,000

Source: Hanley Wood Market Intelligence; Strategic Economics, 2010.

**Figure IV-2: Revenue Assumptions for Commercial Uses**

<b>Industrial</b>		
Monthly Rent (NNN)	Per SF	\$1.25
Vacancy	Percent	5.0%
Operating Expenses	Percent	15.0%
Capitalization Rate	Percent	7.0%
Gross Annual Retail Income	Per SF	\$15.00
Less Retail Vacancy	Per SF	-\$0.75
Less Operating Expenses	Per SF	-\$2.25
Net Operating Income	Per SF	\$12.00
Capitalized Value	Per SF	\$171.43
<b>Retail</b>		
Monthly Rent (NNN)	Per SF	\$2.50
Vacancy	Percent	5.0%
Operating Expenses	Percent	10.0%
Capitalization Rate	Percent	7.50%
Gross Annual Retail Income	Per SF	\$30.00
Less Retail Vacancy	Per SF	-\$1.50
Less Operating Expenses	Per SF	-\$3.00
Net Operating Income	Per SF	\$25.50
Capitalized Value	Per SF	\$340.00
<b>Office</b>		
Monthly Rent (FS)	Per SF	\$4.00
Vacancy	Percent	5.0%
Operating Expenses	Percent	25.0%
Capitalization Rate	Percent	7.50%
Gross Annual Office Income	Per SF	\$48.00
Less Office Vacancy	Per SF	\$(2.40)
Less Operating Expenses	Per SF	\$(12.00)
Net Operating Income	Per SF	\$33.60
Capitalized Value	Per SF	\$448.00

Source: Developer Interviews; Marcus & Millichap; Grubb & Ellis; Strategic Economics

The distribution of commercial space by type (office, retail, and industrial) was estimated based on ABAG employment projections by industry for the geography corresponding to the ECHO study area. Figure IV-2 shows the assumptions for each commercial land use type.

**Retail sales**

Household retail spending and total taxable sales were estimated based on 2008 State of California Board of Equalization data for San Mateo and Santa Clara Counties (see Figure IV-3). It was assumed that 80 percent of retail sales from new households on the Corridor would be captured by businesses located within the cities of the Grand Boulevard. As shown, it was estimated that each new household would contribute approximately \$26,000 in annual taxable retail spending to the Corridor cities.

**Figure IV-3: Taxable Retail Spending by Households on Corridor**

	<b>San Mateo County</b>	<b>Santa Clara County</b>
<b>Taxable Retail Store Sales (in thousands)</b>	\$8,421,727	\$19,313,313
<b>Retail Spending per Household</b>	\$32,671	\$32,286
<b>Percentage Spending in Corridor Cities</b>	80%	80%
<b>Retail Spending per Household on Corridor</b>	\$26,137	\$25,829

Source: State of California Board of Equalization, 2008; American Community Survey 2006-2008; Strategic Economics, 2010.

**Property tax revenues**

Local property tax receipts were estimated at one percent of total assessed value.<sup>7</sup>

<sup>7</sup> Local property tax revenues are shared among numerous beneficiaries, including the City's General Fund, special districts, school districts, and the County. Each jurisdiction has a unique revenue sharing arrangement, and the General Fund's share of the property tax revenues varies from city to city.

## Local sales tax revenues

Local sales tax receipts were estimated at one percent of total taxable sales.

### Findings for All Growth Scenarios

Applying the assumptions detailed above, SE estimated the fiscal benefits of infill development under each growth scenario for the Grand Boulevard. The results shown in Figure IV-4 and Figure IV-5 can be summarized as follows:

- The fiscal benefits of transformation range from \$330 million to \$752 million in local property and sales tax revenues, depending on the scenario.
- The vast majority of the fiscal benefit is from property tax receipts from new housing and commercial development to accommodate the household and job growth projected on the Corridor.

Figure IV-5: Fiscal Benefits by Revenue Type by Scenario

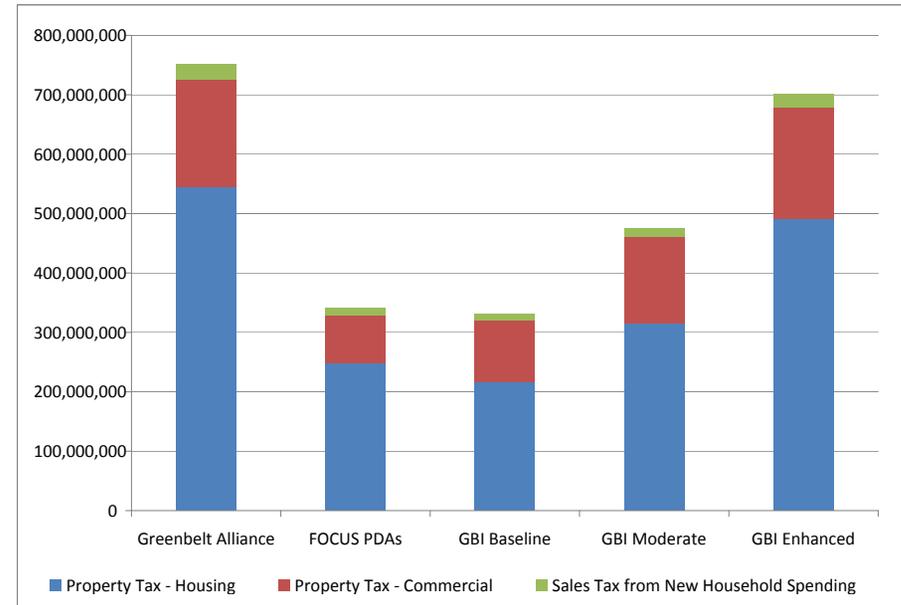


Figure IV-4: Summary of Fiscal Benefits by Growth Scenario

	Greenbelt Alliance	FOCUS PDAs	GBI Baseline	GBI Moderate	GBI Enhanced
<b>Projected New Households</b>	98,849	45,071	39,147	57,355	89,270
<b>Projected New Jobs</b>	240,264	107,135	138,543	190,395	246,231
<b>Assessed Residential Property Values</b>	\$54,416,374,500	\$24,811,585,500	\$21,550,423,500	\$31,573,927,500	\$49,143,135,000
<b>Assessed Commercial Property Values</b>	\$18,216,657,714	\$8,122,653,714	\$10,504,528,000	\$14,435,944,571	\$18,669,492,571
<b>Local Property Tax from Housing</b>	\$544,163,745	\$248,115,855	\$215,504,235	\$315,739,275	\$491,431,350
<b>Local Property Tax from Commercial Uses</b>	\$182,166,577	\$81,226,537	\$105,045,280	\$144,359,446	\$186,694,926
<b>Local Property Tax Revenues</b>	\$726,330,322	\$329,342,392	\$320,549,515	\$460,098,721	\$678,126,276
<b>Taxable Retail Sales from New Households</b>	\$2,568,366,191	\$1,171,067,311	\$1,017,145,659	\$1,490,239,081	\$2,319,477,687
<b>Local Sales Tax Revenues</b>	\$25,683,662	\$11,710,673	\$10,171,457	\$14,902,391	\$23,194,777
<b>Total Property and Sales Tax Revenues</b>	\$752,013,984	\$341,053,065	\$330,720,972	\$475,001,112	\$701,321,053

Sources: Santa Clara County Assessor; San Mateo County Assessor; Greenbelt Alliance; ABAG; Grand Boulevard Initiative; State Board of Equalization; Strategic Economics.

## Revenues from Infill Development at the Parcel Level

Many jurisdictions may be concerned that the transformation of the El Camino Corridor would result in a decrease in sales tax revenue as low-density retail sites transform to higher intensity uses. Sales tax is an important revenue source for cities, particularly in a post-Proposition 13 environment which restricts property tax revenue increases. Strategic Economics conducted an analysis of the fiscal benefits of converting a prototypical one-acre parcel with low-density retail uses to higher density residential and commercial uses to determine the implications for tax revenues. The results are shown in Figure IV-6 and Figure IV-7 below.

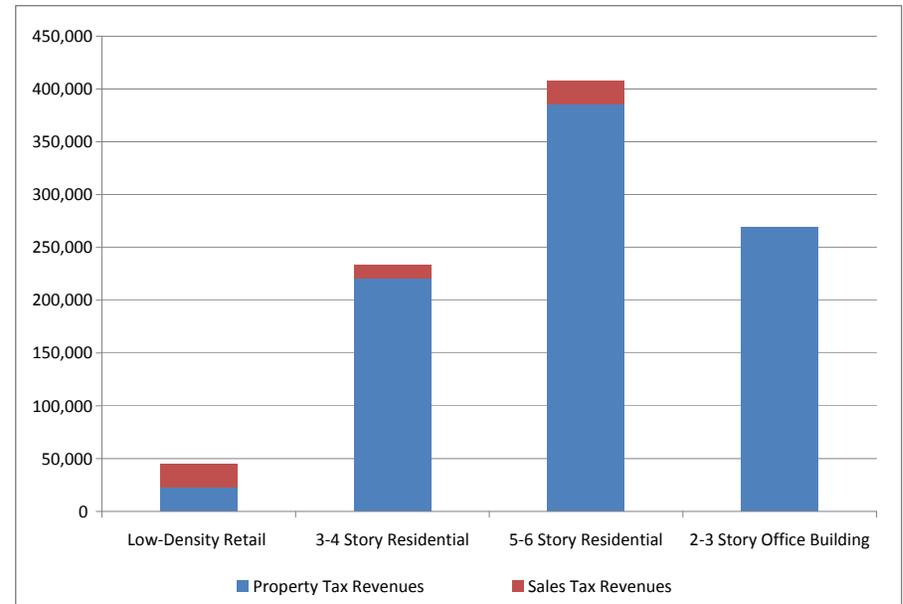
According to assessor data, the average one-acre commercial parcel on the Corridor generates sales of \$2.2 million and has an assessed value of \$2.3 million. This sales volume generates annual sales tax revenues of about \$22,000, in addition to \$23,000 in property tax revenues, totaling \$45,000 in total tax revenues. If the same parcel were to be redeveloped into three- to four-story 40-unit residential project, the combined property and sales tax revenues would be \$233,000. A five- to six-story 70-unit residential project would potentially generate \$408,000 in property and sales taxes. Finally, a 60,000-square-foot office building could generate property tax revenues of about \$268,000. All of these higher intensity uses generate substantially more revenues for local jurisdictions than the low-density retail use.

Figure IV-6: Revenues from Infill Development of One-Acre Site

	Low-Density Retail	3-4 Story Residential	5-6 Story Residential	2-3 Story Office Building
<b>Commercial Area (square feet)</b>	10,000	0	0	60,000
<b>Housing Units</b>	0	40	70	0
<b>Assessed Property Value</b>	\$2,300,000	\$22,020,000	\$38,535,000	\$26,880,000
<b>Taxable Sales</b>	\$2,200,000	\$1,280,000	\$2,240,000	0
<b>Property Tax Revenues</b>	\$23,000	\$220,200	\$385,350	\$268,800
<b>Sales Tax Revenues</b>	\$22,000	\$12,800	\$22,400	\$-
<b>Property and Sales Tax Revenues</b>	\$45,000	\$233,000	\$407,750	\$268,800

Sources: Santa Clara County Assessor; San Mateo County Assessor; Strategic Economics.

Figure IV-7: Revenues by Project Type



Furthermore, the introduction of new Corridor housing and commercial investment does not simply replace retail. Instead, it results in a redistribution of retail within the market area, both on the Corridor and in the larger region. This result aligns with the ongoing trend where retail investment is clustering at major crossroads and in new formats which often generate higher taxable sales per store.

### **Municipal Service Costs**

New housing and commercial development on El Camino Real would also increase the costs of providing services such as public safety (fire and police), parks and recreation, public works, libraries, and schools to future residents and employees. Some of the incremental costs incurred from new development could be offset by the large revenue increases from property and sales tax, as well as other sources of income. The service costs were not measured as part of this study, due to the fact that the delivery systems and cost structures of each local jurisdiction are unique. Although several studies<sup>8</sup> suggest that municipal service costs for compact, infill development are generally lower than for low-density “greenfield” development, further analysis will be needed at the local level to accurately determine the net fiscal impact of development scenarios for a specific jurisdiction.

## **THE PHYSICAL IMPLICATIONS OF CORRIDOR TRANSFORMATION**

### **Analyzing the Corridor at Different Scales: The Pattern and Distribution of Existing Value Along the Corridor**

The magnitude and type of transformation possible along El Camino Real in the future is tied to the physical characteristics of the Corridor today. Transformation of the Corridor as a whole will occur at various speeds over time resulting in a range of physical changes. Because the types and intensities of development, and therefore value, are not evenly distributed along the length of El Camino Real, the type, intensity, and speed of change from place to place will depend on the existing distribution of value along the Corridor. Understanding this existing distribution of value requires a range of analysis techniques at various scales. Through these analyses, different patterns emerge at each scale that help illuminate the economic, demographic, and cultural forces that are guiding the ongoing evolution of the Peninsula. The patterns at each scale must be taken together to understand these forces and provide the context necessary to successfully implement the GBI’s vision of a Grand El Camino Real Boulevard.

What follows below is an analysis of employment and household concentrations on the Corridor as seen at different scales. Throughout the analysis, we found that each scale displayed an overall background pattern, or trend line. This trend line was occasionally interrupted by exceptions or spikes which correspond to concentrations of development. The resulting context is this study’s basis for characterizing the economic function and housing potential of El Camino Real as a whole within the larger region, as well as in specific segments and individual cities along the Corridor.

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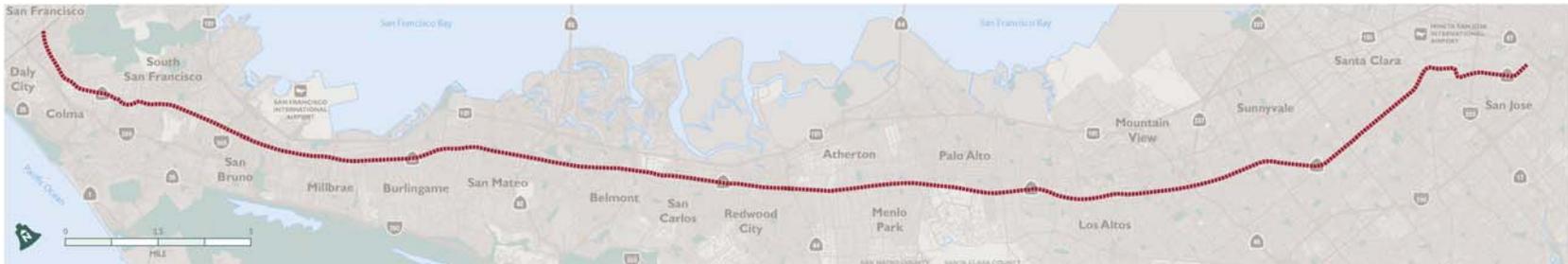
8 Smart Growth America et al.

## The Geography of the Corridor

El Camino Real (State Route 82) is one of the longest continuously developed urban arterial roadways in the Bay Area. Beginning just south of San Francisco's city limits, it stretches approximately 47 miles southeast along the San Francisco Peninsula, passing through (in geographic order) the Grand Boulevard Initiative Cities of Daly City, Colma, South San Francisco, San Bruno, Millbrae, Burlingame, Hillsborough, San Mateo, Belmont, San Carlos, Redwood City, Atherton, Menlo Park, Palo Alto, Los Altos, Mountain View, Sunnyvale, Santa Clara, and San Jose. Near Santa Clara University, it has re-oriented to an east-west alignment and its name changes to The Alameda just before it passes through San Jose's city limits and reaches Diridon Station (Figure IV-8).

Throughout its length, El Camino Real is "sandwiched" between two roughly parallel Interstate highways - 101 to the east and 280 to the west. Nearby or corridor-located rail transit contacts El Camino Real for much of its length, with BART paralleling it from Daly City to Millbrae, Caltrain also paralleling and often coinciding with it from San Bruno to San Jose, and Santa Clara VTA's Light Rail generally paralleling it from Mountain View to San Jose. It intersects with key east-west arterial routes including Interstate 380 in San Bruno near San Francisco Airport, State Route 92 leading to the San Mateo Bridge on the east and Half Moon Bay on the west, State Route 84 leading to the Dumbarton Bridge on the east, State Route 237 linking to Milpitas to the east, and State Route 85 connecting south as a partial "beltway" around greater San Jose. Nearly all of these linkages tie El Camino Real with Interstates 101 and 280.

**Figure IV-8: Map and Diagrammatic Representation of the El Camino Real Corridor - The analysis in this section uses this bar, segmented by City as shown here or into approximately equal segments, as a diagrammatic representation of the Corridor to illustrate physical distribution along its length. To improve graphic clarity, the San Jose end of the Corridor has been simplified in some figures.**



- San Francisco
- Daly City
- Colma
- South SF
- San Bruno
- Millbrae
- Burlingame
- Hillsborough
- San Mateo
- Belmont
- San Carlos
- Redwood City
- Atherton
- Menlo Park
- Palo Alto
- Los Altos
- Mountain View
- Sunnyvale
- Santa Clara
- San Jose



## The Regional Scale

In considering the Peninsula as a whole, the cities of San Francisco to the north and San Jose to the south are clearly the major regional “magnets” of activity (Figure IV-12). In being both centered in between San Francisco and greater San Jose and at a distance from both of them, the three Mid-Corridor cities of San Mateo, Redwood City, and Palo Alto “hold their own” as medium-sized cities on the Peninsula with the highest combined numbers of citywide jobs and households.

## Housing Patterns

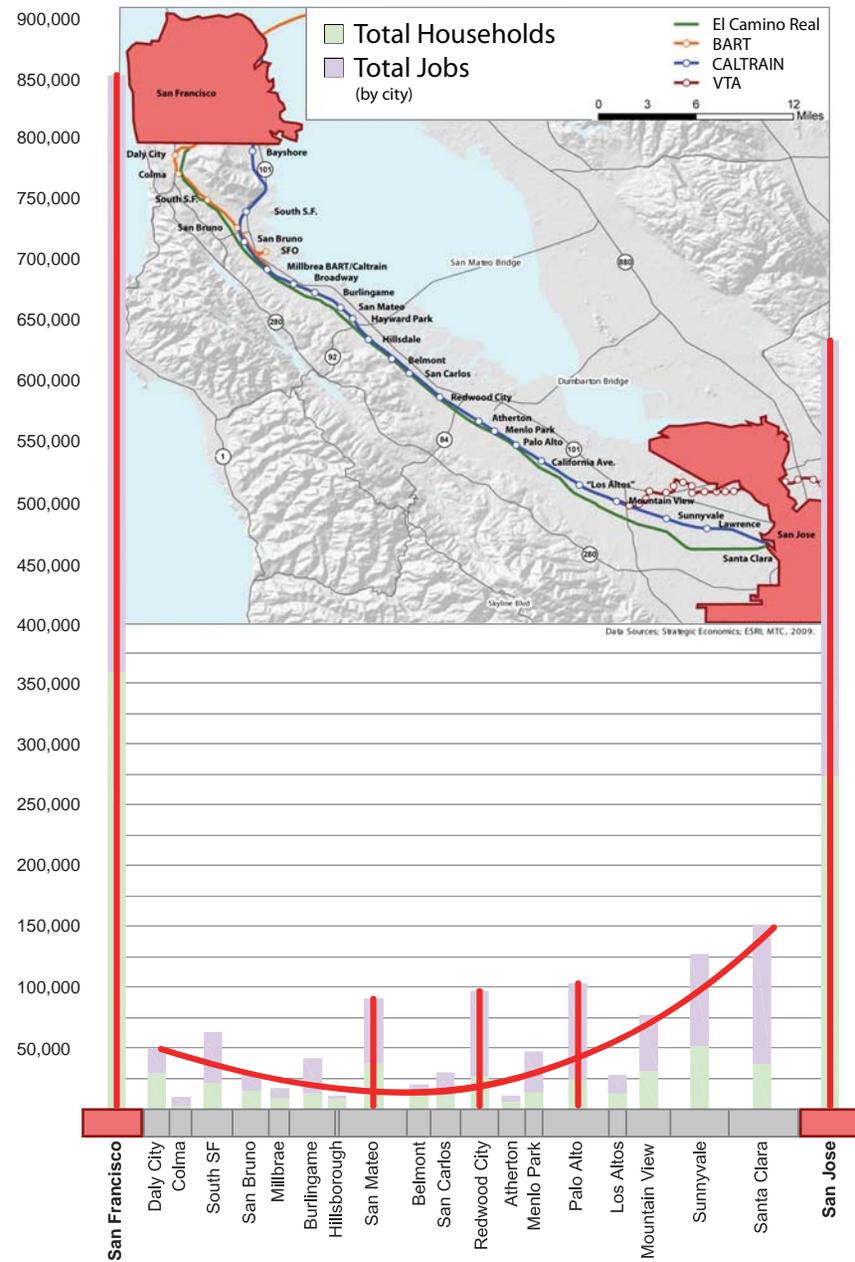
Focusing in on development within one half mile of the El Camino Real Corridor, we can see that the gross household density across the region is relatively low and fairly constant, ranging from just 3.8 dwelling units /acre (du/ac) up to 7.5 du/ac with higher densities toward the northern and southern ends of the Corridor (Figure IV-13).

## Employment Patterns

As shown in Figure IV-14<sup>9</sup>, there are a series of major employment areas along the Peninsula, with the largest concentrations located in San Jose, Santa Clara, Palo Alto/Menlo Park, and South San Francisco/San Bruno. It is important to note that many of these high-intensity employment areas are located on freeway-adjacent areas away from the El Camino Real Corridor. For example, the Santa Clara and Sunnyvale employment areas are not on the Corridor. On the other hand, the majority of jobs in Palo Alto, Menlo Park, Redwood City and San Mateo are located within the half mile buffer of El Camino Real.

9 Source: Census Bureau's Longitudinal Employment Household Dynamics (LEHD) database and Urban Explorer's Econovue database

Figure IV-12: Total Citywide Jobs + Households



The types of jobs found in the employment areas near the Corridor also vary significantly from city to city, as shown in Figure IV-15. Generally, the cities in Northern San Mateo County and Northern Santa Clara County have a higher share of retail<sup>10</sup> and health sector jobs on El Camino Real, compared to Southern San Mateo County cities. The cities in Southern San Mateo County have a larger share of “knowledge-based”<sup>11</sup> jobs on the Corridor.

10 Includes retail and restaurants.

11 Knowledge based jobs include the following industries: Professional, Scientific, and Business Services; Finance, Insurance, Real Estate; Information; and Management.

Figure IV-14: Regional Employment Clusters

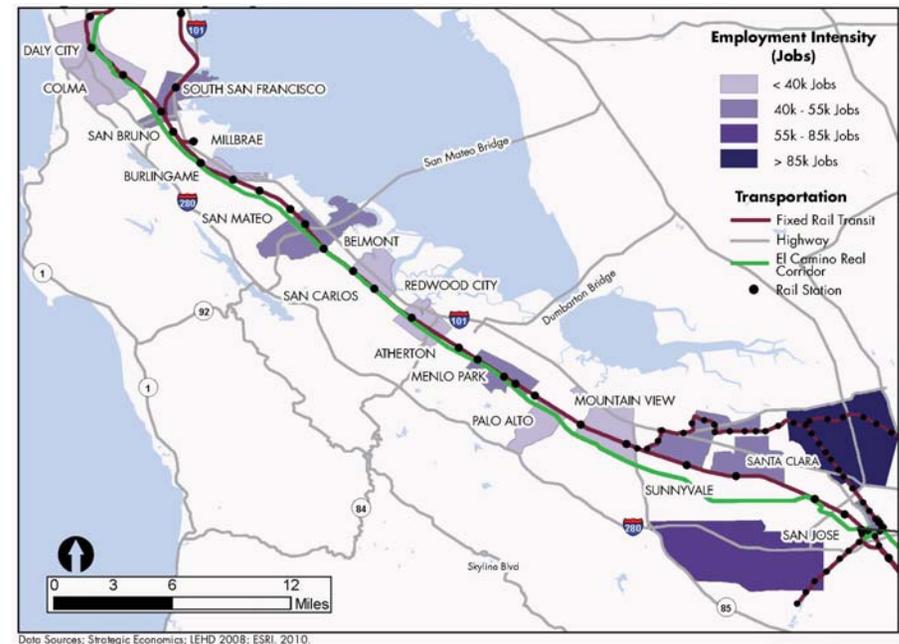


Figure IV-13: Gross Household Density within 1/2 mi of El Camino Real

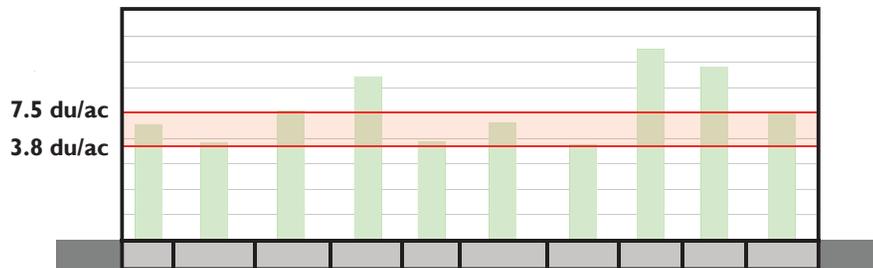
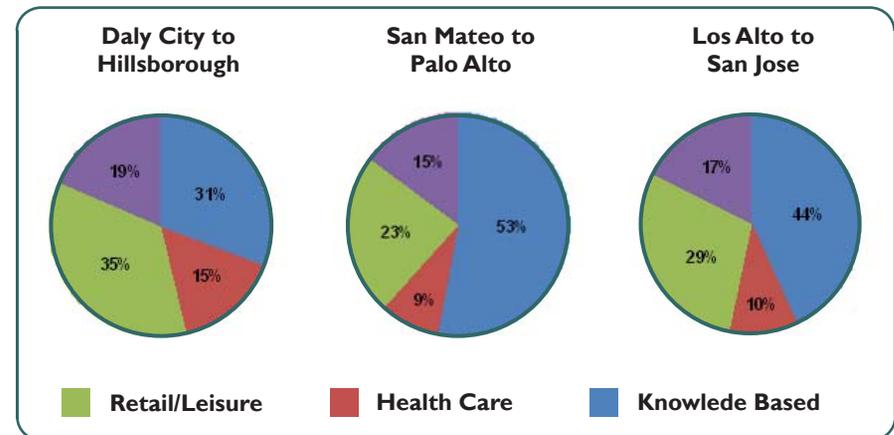


Figure IV-15: Type of Employment near the Corridor by Industry Sector



Unlike household density, job density varies fairly significantly within a half mile of the Corridor. Job density trends towards being inversely proportional with household density and is clearly highest in the middle of the Corridor - with particularly high densities near the Corridor in San Mateo and Palo Alto; by contrast, the portion from Los Altos to San Jose has the lowest job density (Figure IV-16).

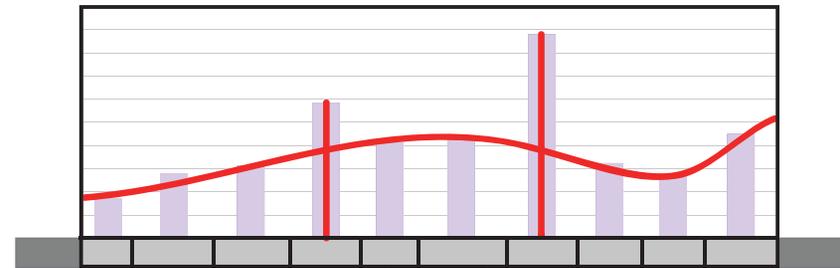
### The Sub-Regional Scale

Focusing closer in to the Corridor and taking cues from the employment pattern, we can see that the Corridor forms three distinct sub-regional segments:

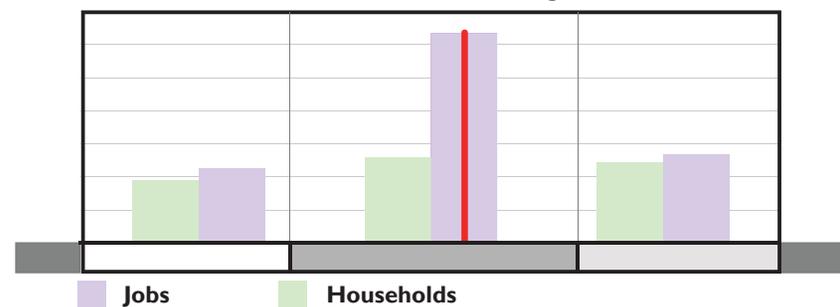
- The Northern Segment – roughly defined as from Daly City to Hillsborough.
- The Central Segment – roughly defined as from San Mateo to Palo Alto.
- The Southern Segment – roughly defined as from Los Altos to San Jose.

Although the distribution of households is mostly uniform throughout the Corridor, the central segment has a significantly higher number of jobs within one-half mile of El Camino Real in comparison with the other two segments (Figure IV-17). When we look at the total job and household distribution approximately every 5 miles, we can see how San Mateo and Palo Alto (each occupying about 5 miles of El Camino Real) are the anchors that define these segments (Figure IV-18).

**Figure IV-16: Job density within 1/2 mi of El Camino Real - Highest Densities are in San Mateo and Palo Alto**



**Figure IV-17: Total Households and Jobs within 1/2 mi of El Camino Real in the Northern, Central, and Southern Segments of the Corridor**



**Figure IV-18: Total Households and Jobs within 1/2 mi of El Camino Real approximately every 5 miles - San Mateo and Palo Alto anchor the three sub-regional segments with the highest total Jobs and Households near the Corridor**

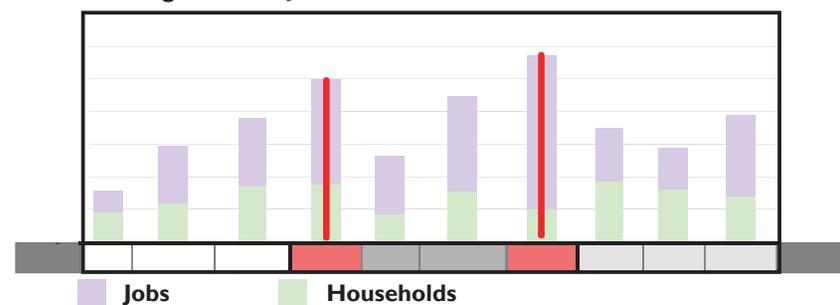
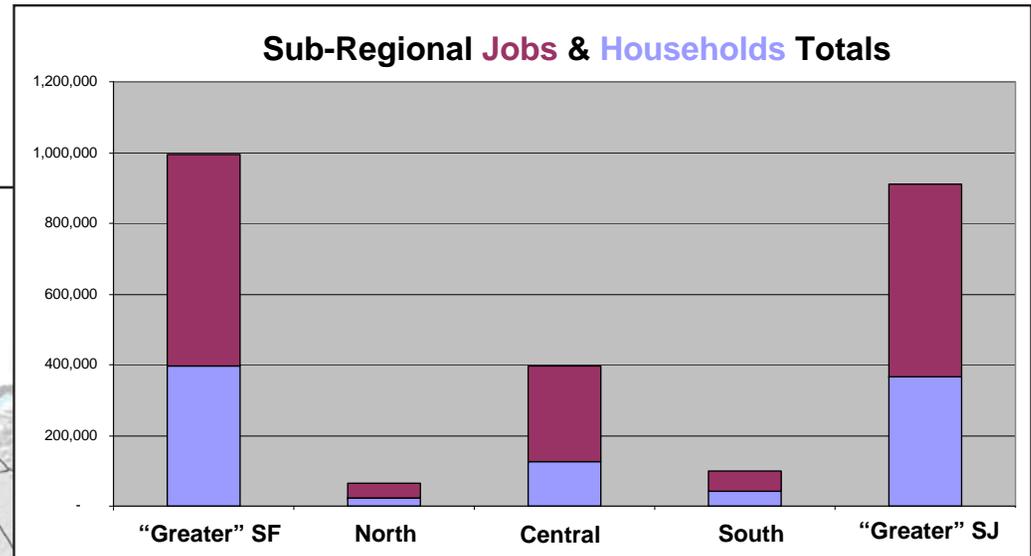
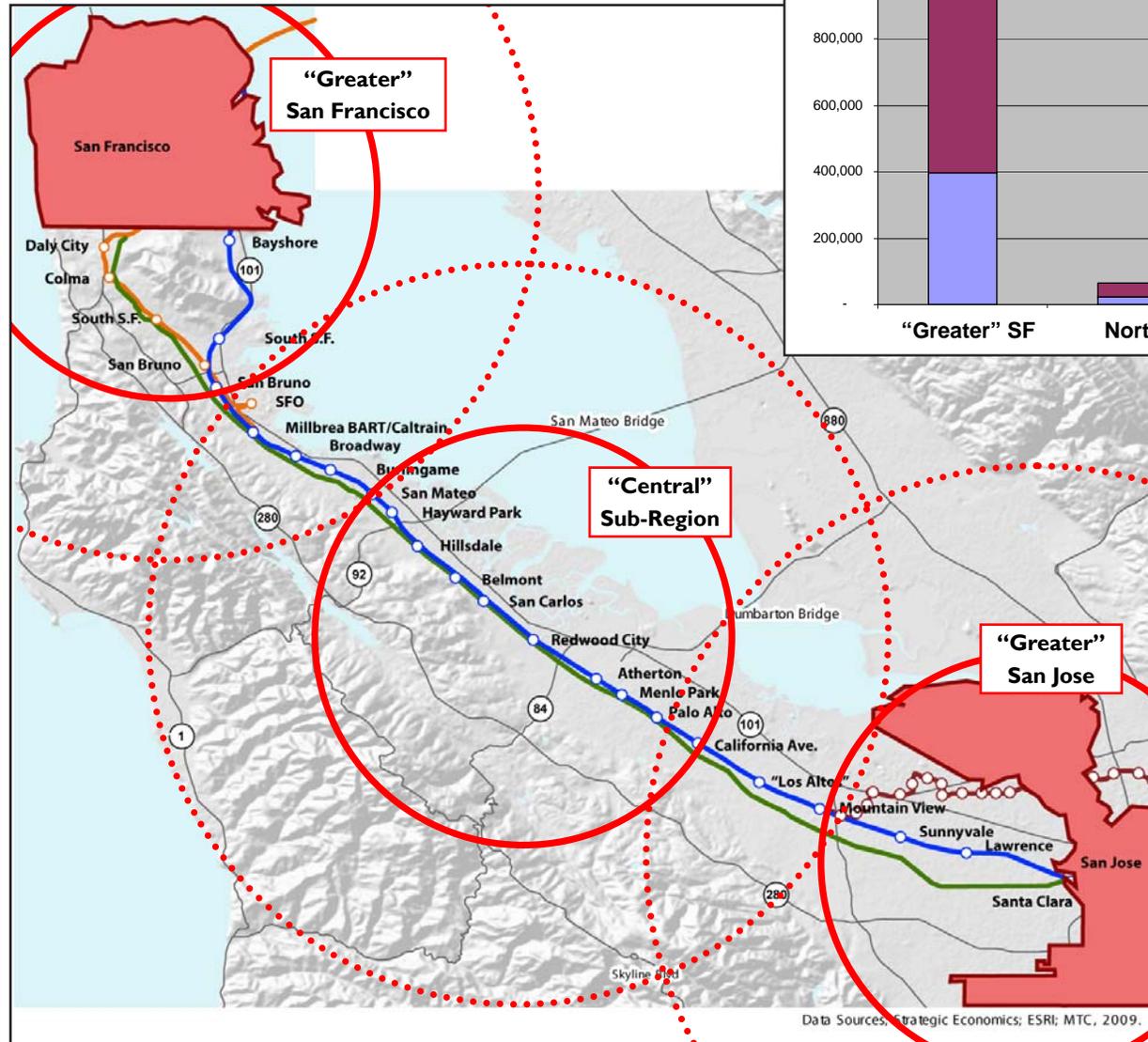


Figure IV-19: Comparison between Job and Household activity clustered in and around San Francisco, San Jose, and the Central Segment of the Peninsula

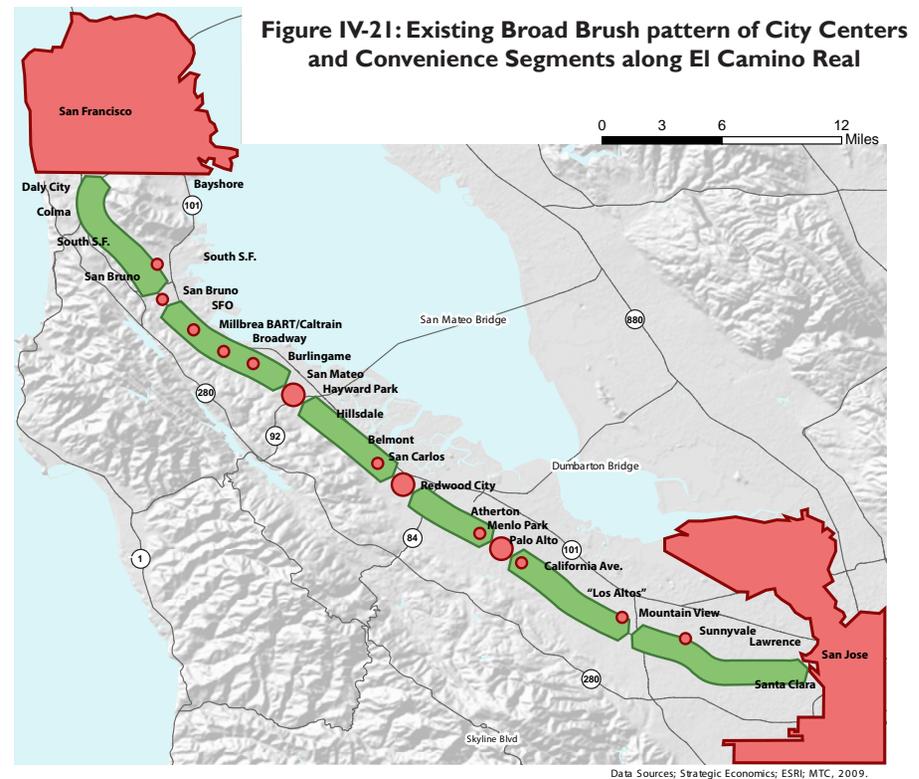
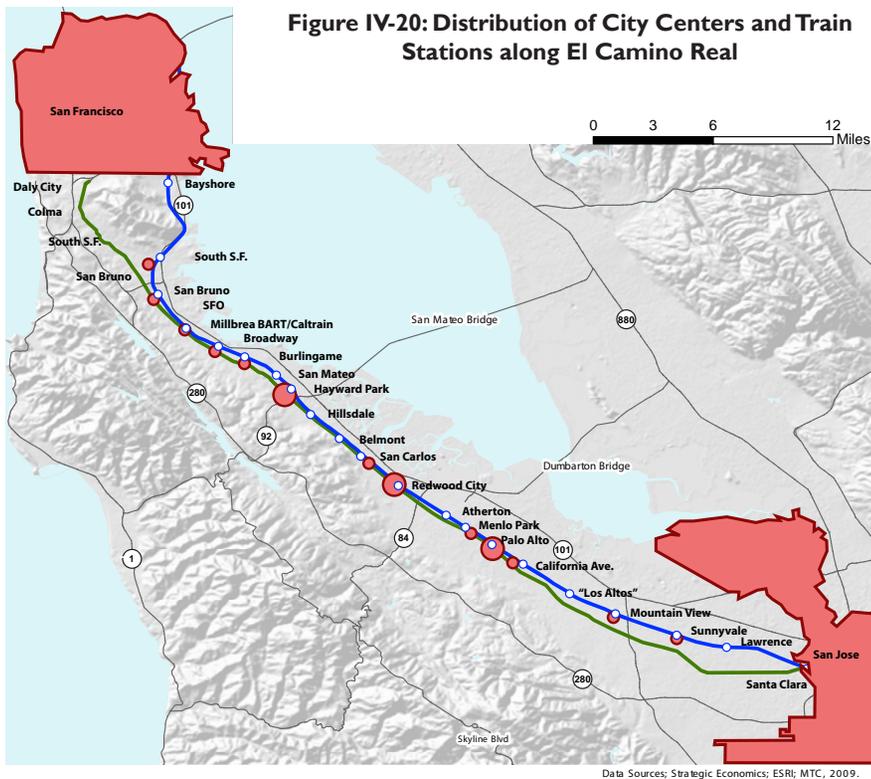


### Concentrations of Value & Activity

The patterns that begin to emerge as we look at the Corridor at different scales speak to the phenomenon of how value and activity clusters both locally and within a larger region. At the highest level, the most value and activity is concentrated in and around San Francisco (about one million combined jobs and households) and in and around San Jose (about 900,000 combined jobs and households). However, the central sub-region of the Peninsula is a large and competitively significant concentration (almost 400,000 jobs and households), halfway between the influences of these larger urban areas (Figure IV-19).

As is typical of major arterial strip corridors, when looked at broadly, retail establishments are relatively evenly distributed along El Camino Real up and down the Peninsula. However, a closer inspection reveals the highest concentration of retail uses are clustered in conventional anchored centers, either neighborhood-serving or regional retail centers, positioned either at major crossroads or in the Peninsula's various city centers. This pattern of centers is a starting point for identifying where future growth can be accommodated in concentrations of intensity and activity at smaller scales

Because of the Peninsula's history of urban development, city centers are all located within a half mile of a Caltrain commuter train station (Figure IV-20). Furthermore, where train stations are not located adjacent to El Camino Real, the corresponding city center is also located off of the Corridor. An "ECHO Phase II" follow-up to this study will focus more closely on the distribution of retail activity on the Peninsula both on and off of El Camino Real.



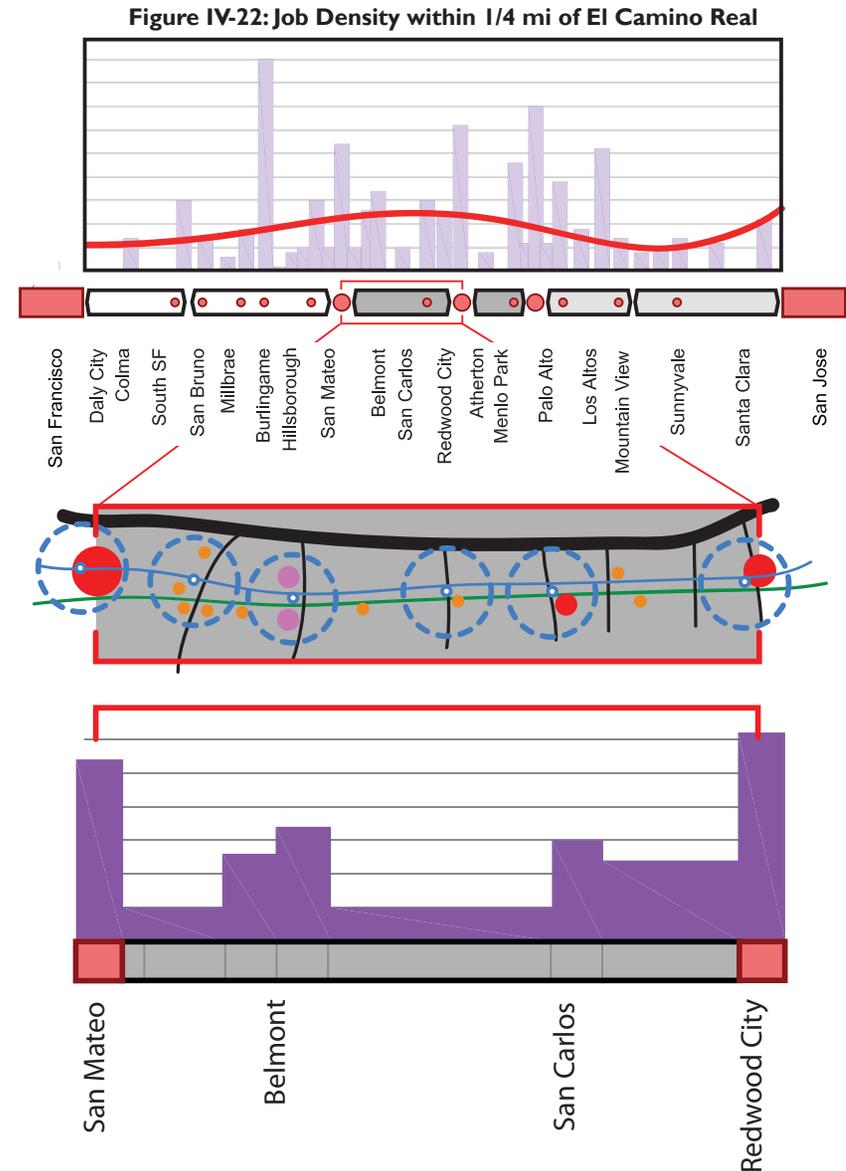
## The “Convenience” Scale

The convenience scale is a roughly six-to-eight mile travel shed along the El Camino Real Corridor which, with an appropriate mix of uses, typically accommodates the majority of the average person’s shorter (15 minutes or less) daily trips that are made for convenience purposes<sup>12</sup>. Because the Corridor’s larger city centers are clusters of greater activity and therefore more trips, these centers are natural anchors of convenience segments. This is primarily because their wide variety and high concentration of uses (including workplaces) allows multiple destinations to be combined with a single trip. For discussion and analysis purposes, building on the pattern of city centers identified above, the Corridor can be broken up into a series of six convenience “segments” located in between the larger City Centers of San Francisco, San Bruno, San Mateo, Redwood City, Palo Alto, Mountain View, and San Jose (Figure IV-21).

Focusing in on each of these convenience segments reveals a finer-grained, local clustering of value and activity including the smaller city centers, workplace clusters, and neighborhood-serving retail clusters (Figure IV-22).

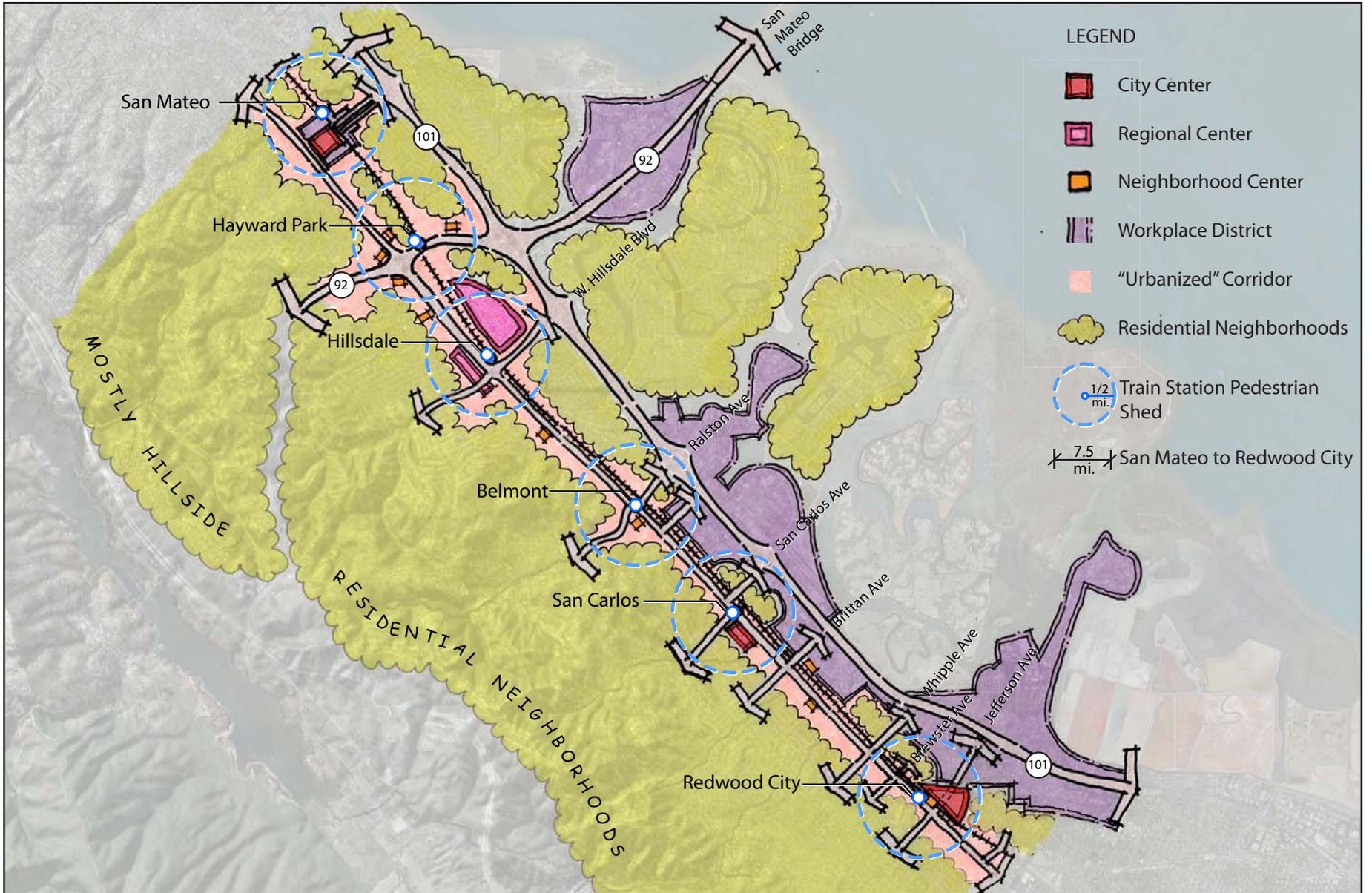
Of course, the more localized the analysis, the more the variation from one segment to another becomes evident. As a result, this is also the scale where it is important for planning and analysis to shift to the physical pattern of development on the ground (Figure IV-23).

Overall at this convenience scale, we can see El Camino Real generally acts as an edge to surrounding single-family residential neighborhoods. Development along the Corridor is typically composed of low rise, auto-oriented, “strip” commercial buildings (Figure IV-23). Not surprisingly, infill opportunities along the Peninsula are located mostly within the extent of this urbanized strip corridor.



12 P. 136 “Transit Oriented Corridors” from The Transportation/Land Use Connection APA Planning Advisory Report 546/547, 2007

Figure IV-23: Physical Pattern of Development - Characteristics Visible at the Convenience Scale



At this scale we can also see the distribution of and relationship between city centers, regional centers, neighborhood-serving retail centers, workplace districts, neighborhoods, and other conditions that are unique to each segment (Figure IV-23). For example, the segment in between San Mateo and Redwood City includes stretches where the Caltrain tracks run directly adjacent to El Camino Real, limiting corridor development to the west side of the roadway. Also in this segment, the intersection with SR 92 and the San Mateo Bridge creates a major regional crossroads.

Finally, this segment has particularly tight geographical constraints where the coastal foothills extend very close to the San Francisco Bay.

### **The Local Scale**

The local scale is where community scale and character, specific property issues, land use and development controls, and streetscape design decisions come into play. The follow-up to this study (ECHO Phase II) will begin to look at the varying physical character of existing development along El Camino Real and its relationship to both the GBI's Grand Boulevard vision and the planning context in place in cities along the Corridor.

### **The Livability Potential of El Camino Real**

The full benefits of the Grand Boulevard go beyond the incremental economic/fiscal value added by individual infill and redevelopment projects. Significant physical transformation of the Corridor setting – i.e., the creation of desirable and valuable places, not just assemblages of land uses and mobility functions – can change the future value of El Camino Real Corridor, opening it up to new community and economic potentials not supported by its current configurations. These potentials include increasing land values and attracting investment through improved visual character and function of the Corridor, increased walkability, bikeability and support for transit, increased public spaces and gathering places, enhanced community character, and improved safety and public health.

Achieving this next level of transformation requires strategic planning with three objectives:

- Building on existing value
- Utilizing convincing development types
- Putting the “Grand” in Grand Boulevard by shaping physical street settings to create new value along the Corridor.

First, the pattern and type of new development along the Corridor must build upon and take advantage of the pattern of existing value along the Corridor (see above). In order to facilitate a realistic transition for the Corridor, new investment should be strategically planned by guiding appropriate development types to appropriate locations. Higher intensities and activity-generating uses should be focused in and around existing workplace and activity centers as well as around existing and future rail and bus transit facilities. These locations are already set to accommodate “walkable” development at higher intensities and will benefit both from new investment and from the increase in resident, worker, and shopping populations.

Second, new development must take forms that can adequately capture, maintain, and add value along a large, heavily traveled corridor such as El Camino Real. Development types, and particularly housing types, must be at an adequate scale to match the multilane width of the roadway (Figures IV-24 - 26). This is achieved primarily by promoting buildings of complementary multiple story height. However, it is also important that building masses are appropriately proportioned horizontally and articulated for human scale, do not overemphasize the linear feeling of the Corridor, and maintain the character of the local community. Furthermore, to enhance the sidewalk environment, development must properly orient entrance doors and windows to the Corridor – focusing activity, placing “eyes on the street” and strengthening the Corridor's position as a valuable address in the region. Due to the scale and extent of change envisioned along the Grand Boulevard, care must also be taken to minimize impacts on the numerous lower density residential neighborhoods immediately adjacent to the Corridor.

Figure IV-24: Corridor Housing Types and Street Settings that do not convince



Backs turned on corridor – no eyes on the street



Houses too small to hold value on the big road



Housing atop strip center – a place to call home?



“Residential fortress” – message of domesticity?

Figure IV-25: Corridor Housing - Potential Prototype Examples



14-18 DU/AC – 3 stories, dense detached townhomes, tuck-under parking



20-25 DU/AC – 2-3 stories, attached townhomes, underground parking



25-35 DU/AC – 3-4 stories, stacked attached townhomes, tuck-under parking



30-40 DU/AC – 3 stories, stacked flats over underground parking

Figure IV-26: Corridor Housing - Potential Prototype Examples



42 DU/AC – 3-4 stories, senior housing flats, surface parked



62 DU/AC – 4 stories, flats over half-level submerged concrete podium



70-85 DU/AC – 6-8 stories, flats over structured parking/ground floor retail



100+ DU/AC – 10-16 stories over 2-4 levels of structured parking/g.f. retail

Municipalities must provide clear and predictable regulatory guidance as both assurance and incentive to achieve results with successful performance.

Finally, public and private stakeholders must work together to “inject” new value by visually/physically changing the character of the Corridor from a conventional, auto-dominated, commercial strip arterial to a higher value, multi-modal, mixed use, attractively landscaped “Grand Boulevard” (Figures IV-27 - 30)<sup>13</sup>. This must be primarily accomplished through streetscape improvements. As with development types, there must never be a “one size fits all” approach - streetscape improvements must vary along the Corridor to account for changing community character, scale, and patterns of development. Public transit facilities, sidewalk, parking, bikeway, median, and travel lane configurations, as well as street tree, streetlight, and street furniture selection must match the function of the Corridor from one center or segment to the next. For example, residential frontages along the Corridor generally require “buffering” from street traffic by dense and continuous street trees and edge landscaping, where by contrast, retail frontages want more “transparent” trees to provide visibility while maintaining customer comfort. At the same time, the public realm quality of the streetscape must consistently present a recognizable Grand Boulevard experience along the entire Corridor, as befits its regional importance. This can be accomplished by bringing guiding principles of “centers and segments” to the implementation of Grand Boulevard Multimodal Transportation Corridor Plan measures.

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<sup>13</sup> For these views, typical locations in the north, central, and southern segments were examined to depict a range of envisioned “Grand Boulevard” development types and streetscape combinations. These combinations illustrate a mutual dependency where the design of buildings and private frontages work together with strengthened corridor streetscape to achieve livability and value on a wide road.

In all cases, typical parcel sizes, existing land uses, street widths, and street character were considered, as well as existing zoning and design guidelines specific to each municipality. For the two lower-scaled (up to 4 stories) examples, small developments on sites up to 1/2 acre were depicted, for the taller 4 to 5 story example, assembled parcels of greater size were envisioned as more typical for larger-scaled developments. The Redwood City view (developed separately as part of the City’s Downtown Precise Plan) reflects a mixture of small and large development increments.

Figure IV-27



## Transformational Potential: South San Francisco

This view depicts conceptual 2 to 3 story townhomes infilled on small (less than ½ acre) El Camino Real sites in South San Francisco, in between remaining one-story commercial buildings; they comply with existing City zoning and design guidelines. With neighborhoods of detached homes right behind them (as is typical for much of the corridor), the slightly taller townhomes can often buffer the existing homes from corridor's impacts more compatibly than strip commercial buildings with their trash dumpsters and loading to the rear. Again, an enhanced protective corridor streetscape of landscape and pedestrian-friendly enhancements is essential to providing a supportive setting for walkability and “value sustainability” of new residential investment. Doing so can “put on display” the high quality of the neighborhoods (at a more robust scale) on the wide corridor – which is often otherwise invisible.

SIMILAR EL CAMINO REAL CONTEXT





## Transformational Potential: San Mateo

This view depicts a 3 to 4 story stacked flat / stacked townhome building infilled on a theoretical small (1/2 acre) El Camino Real site in southern San Mateo, amidst existing 1 and 2 story commercial buildings. It complies with existing corridor zoning and design guidelines, faces onto the street to help activate it, and takes its architectural cues from nearby neighborhoods. A key to enhanced corridor residential livability and sustained investment value is that the typically utilitarian El Camino Real arterial setting (inset at right) has been transformed into a “Grand Boulevard” streetscape of landscaped medians, rows of street trees providing better buffering to pedestrians and homes, and bike lanes, while retaining the existing lanes of traffic. Improved pedestrian crossings and transit features make it a true multimodal street setting for value that both *looks like* and *acts like* the focal place for the Peninsula.

SIMILAR EL CAMINO REAL CONTEXT



Photo Credit: Google

Figure IV-29



## Transformational Potential: Sunnyvale

This view depicts two 4 to 5 story mixed-use buildings with ground floor storefronts and offices below and stacked flats or workplaces above. It would be infilled on a theoretical assembled El Camino Real site in Sunnyvale, redeveloping typical 1 story commercial buildings and frontage parking lots into a transit-served cluster of activity and value. These conceptual buildings comply with the City's present zoning and design guidelines to break down scale and bulk. They create a "streetwall" in proportion to the wide right-of-way width. A "Grand Boulevard" type of streetscape of landscaped medians, boulevard streetlights and consistent street tree canopy buffering pedestrians and upper-story homes or offices would be essential to supporting sidewalk activity and livability while retaining existing lanes of traffic.

SIMILAR EL CAMINO REAL CONTEXT





image credit: City of Redwood City

## Transformational Potential: Redwood City

Instead of depicting a single development, this view shows a longer term, more comprehensive level of change in one of the most urban centers located along the Grand Boulevard. It contains a mix of 4 to 8 story buildings. Some are mixed-use, with ground floor storefronts or offices below stacked flats or workplaces. Others are single-use with office or housing down to the ground and featuring frequent windows and entrances activating the sidewalk. These conceptual buildings comply with the City's Precise Plan regulations and design guidelines to create a "streetwall" in proportion to the width of the right of way. They also establish a good relationship between the lower scaled development at the edge of the residential neighborhoods to the south and the larger scaled development at the edge of Downtown to the north. Furthermore, the sidewalk treatment incorporates more landscaping on the more residential side of the street where buffering is a priority, while the Downtown side of the street maintains wider paved sidewalk areas to serve storefronts by accommodating heavier pedestrian traffic.



Photo Credit: City of Redwood City





Implementing the Grand Boulevard Initiative's vision for transforming the Corridor relies on both public and private stakeholders. Because of the number of properties, the length of the Corridor, and the need to address regional mobility, public agencies are required to establish a vision for the future and plan necessary transit and other infrastructure improvements. However, it is ultimately the private market that must deliver buildings to accommodate future employment and housing growth. Therefore, it is important to consider private development market issues on the Corridor in order to put into place policies and strategies that can bring the transformation to fruition.

In addition to reviewing demographic, market, and development trends (shown in Section III), SE interviewed residential and commercial developers active in the Corridor to gauge the private market's response to existing regulations and plans. The following summarizes the central opportunities and challenges surrounding Corridor transformation and, in particular, real estate development on the Corridor as well as potential strategies for local governments to encourage infill development.

## OPPORTUNITIES

The El Camino Real Corridor has a number of advantages for achieving transformation including:

- The Grand Boulevard Initiative itself has wide support from the development community because it provides a vision for the potential transformation of the highway into a more “livable” environment that is more attractive to households and businesses.
- Strong market demand for “convenience living” and housing in “walkable” urban places – Confirming national trends, all of the developers interviewed indicated that there is strong demand for Corridor housing, predominantly from professionals, young couples, and Baby Boomers seeking urban, compact housing types in a pedestrian-friendly and mixed-use environment.

- Existing and future transit infrastructure – Regional rail infrastructure, with train stations well distributed along the length of the Corridor, provides excellent opportunities for clustering growth at higher densities as transit oriented development. In addition, the continuous, uninterrupted nature of the Corridor connecting major destinations along the peninsula makes it a prime candidate for additional enhanced transit service such as bus rapid transit (BRT) further supporting intensification.
- Land use planning efforts underway – Many of the jurisdictions on the Corridor have enacted or are currently in the process of formulating general plans and area plans that encourage infill development on the Corridor.
- Several large infill opportunity sites – The Corridor has a number of large opportunity sites such as Bay Meadows and The Crossings in San Bruno, which have allowed for the development of large-scale infill projects.
- The new workplace is drawn to active, vital centers – Existing employment clusters and an enhanced pattern of centers along the Corridor has the potential to attract new high value, innovative businesses to the Corridor.
- Land values are higher than in other places – Corridor land values are high, partly due to the strong regional location and access to major employment and activity centers. In some cases, these high land values justify the investment required for higher density development types.

## CHALLENGES

Physical, market, and regulatory challenges to infill development on the Grand Boulevard including the following:

### Physical Challenges

- Small sites – Although there have been some large-scale development opportunities on the Corridor, the majority of the future development opportunities will be on small, shallow, and irregularly shaped sites. Small and irregular sites are more difficult to develop into higher density projects because of the physical constraints they present.
- Fragmented site ownership – Many development sites, such as under-performing shopping centers, are composed of multiple parcels with various land owners. This situation is often challenging for a developer because each property owner may have different investment goals, time frames, and motivations.
- Visually unappealing environment – The existing visual character of some segments of the Corridor is a deterrent to new investment, particularly to housing in the formats that can fulfill the vision of a Grand Boulevard.

### Market Challenges

- Higher costs of infill development – The building construction costs of higher density projects in infill locations are often considerably higher than for low density development on the fringes.
- Land values are higher than in other places – Corridor land values are high, partly due to the strong regional location and access to major employment and activity centers. Landowners are often long-term investors with little motivation to sell, making it challenging for developers to acquire land at a reasonable price for development.
- Lack of financing for housing development – The credit market continues to be tight, particularly for real estate financing. Some high-quality projects on the Corridor with strong market support have not been completed due to financing challenges.
- Old “big box” shopping centers are difficult to convert to other uses – Many single-story commercial sites on the Corridor have strong-performing retail uses that can generate revenue streams that will satisfy most property owners. In addition to high land values, these properties also require expensive demolition and site clearance, adding to the cost of development.
- Housing prices have not yet recovered – Bay Area housing prices are still depressed, particularly for attached housing products. It will take some time for the market to strengthen sufficiently for housing development to accelerate once more.

## Regulatory challenges

- Land Use Limits – Many locations on the Corridor do not permit the housing and mixed-use development types that are envisioned for the Grand Boulevard and that would maximize land values for property owners.
- Height Limits – Most cities on the Corridor have height limits that prohibit the construction of buildings over five or six stories.
- Length and predictability of entitlements – Some jurisdictions have lengthy and/or unpredictable approvals processes that slow down development and increase costs and risk for the developer.
- City fees – Some cities charge high development impact fees that increase total development cost significantly.
- Requirement for mixed-use retail on ground floor overestimates demand in many places – In many cases, cities require ground floor retail uses for new buildings continuously on the Corridor to add vibrancy and encourage pedestrian activity. However, many sites on the Corridor are not desirable locations for retailers, and therefore cannot attract strong tenants, which leads to vacant storefronts.
- High minimum parking requirements – Often minimum parking requirements are higher than necessary and in conflict with the envisioned multi-modal, pedestrian friendly character of the future Corridor, making some desired development types financially infeasible and physically difficult to design due to the high cost of structured parking and/or large parking footprints.
- Inflexible below market-rate (BMR) housing requirements – A majority of the cities on the Corridor have a requirement for inclusionary below market-rate housing units, in order to generate affordable housing on the Corridor. While some cities allow developers to pay an in-lieu fee that allows the developer to contribute to an affordable housing fund, others require that the units be built on-site. The requirement to add inclusionary units to the building envelope can sometimes render a project financially infeasible, particularly for smaller sites that are already physically constrained.

## **STRATEGIES TO ENCOURAGE INFILL DEVELOPMENT ON THE CORRIDOR**

Based on the research gathered on recent development patterns, opportunities, and challenges, the Consultant Team has identified some of the key strategies that can be employed by the Corridor jurisdictions to encourage the transformation of the historically auto-oriented El Camino Real.

- Assistance with site assembly and acquisition – Some of the Grand Boulevard communities have redevelopment project areas on the Corridor, which would allow the local redevelopment agency to strategically use its powers for site acquisition and assembly.
- Provision of infrastructure improvements – The City of Berkeley made public investments in medians and street trees on San Pablo Avenue, a similar auto-oriented corridor, to enhance the environment for existing businesses and to encourage new development. Many segments of the El Camino Real Corridor may also benefit from up-front investments in infrastructure and place-making to encourage development.
- Updating regulatory environment and streamlining the entitlements process – Establishing regulations that permit envisioned land uses, describe desired development types in sufficient detail, and expedite the approvals process for projects on the Corridor would reduce risk and cost to the developer and ensure the community's vision is realized.
- Re-evaluating city fees – Some cities may choose to re-evaluate their existing development impact fee structure to assess the extent to which it may be discouraging development on the Corridor. Similarly, in some cases, it may be appropriate for some cities to create more flexibility with BMR requirements by allowing developers to pay in lieu fees rather than providing affordable units on-site.
- Appropriate zoning to accommodate a range of densities along the Corridor – There is no “one size fits all” solution to infill development. While it is important to encourage intensification of the Corridor to meet the GBI goals, it is probable that future development will occur at a range of densities. Local jurisdictions should target taller, higher density zoning at strategic locations that can achieve high values to offset the higher development costs, and lower- to moderate-density projects in other areas.
- Limit requirement for ground-floor retail to key nodes, and allow for residential uses on the ground floor in certain locations – Restricting ground-floor retail requirements to strategic nodes prevents the development of empty storefronts on the Corridor and broadens development options to allow property owners to maximize investment.
- Parking reductions – Reduced parking, along with enhanced transit service and transportation demand management (TDM) programs, can be helpful for reducing the cost of development and encouraging desired building types on the Corridor.