



SUMMARY OF CAC MEETING #3: MARKET AND ECONOMIC ANALYSIS

On Thursday, January 21, 2010, the City of East Palo Alto held a meeting of its Community Advisory Committee (CAC) for the Ravenswood/4 Corners Transit Oriented Development Specific Plan. The purpose of this meeting was to review the Market and Economic Analysis Report for the project and obtain feedback from the CAC and the public. Approximately 20 members of the public attended the meeting, along with six CAC members:

- ◆ Vice Chair Alfredo Bryant
- ◆ Ken Alsman
- ◆ Duane Bay
- ◆ Doug Fort
- ◆ Bernardo Huerta
- ◆ Betsy Yanez

Chair Kimberly Carlton did not attend the meeting, so Vice Chair Alfredo Bryant chaired this meeting.

The meeting was also attended by the following consultants and staff:

- ◆ Bruce Brubaker, Associate Principal, Design, Community & Environment (DC&E)
- ◆ Paul Peninger, Principal, Bay Area Economics (BAE)
- ◆ Sean Charpentier, RDA Project Coordinator II, City of East Palo Alto Redevelopment Agency
- ◆ Carlos Martinez, RDA Director, City of East Palo Alto Redevelopment Agency

1. APPROVAL OF AGENDA

The CAC unanimously approved the agenda.

2. APPROVAL OF 12/10/09 MINUTES

The CAC unanimously approved the minutes of its December 10, 2009 meeting.

3. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

Members of the public made the following comments regarding items that were not on the meeting agenda:

1. The CAC should take care to represent the broader community, especially regarding jobs.
2. East Palo Alto needs a place where local residents can start their own businesses.

4. MARKET AND ECONOMIC ANALYSIS REPORT AND Q&A

Mr. Peninger of BAE gave a presentation summarizing findings of the Market and Economic Analysis Report for the Ravenswood/4 Corners Transit Oriented Development Specific Plan. The presentation and the full Draft Report are available in PDF format at the following website:

<http://www.ci.east-palo-alto.ca.us/economicdev/dumbarton.html>

Mr Peninger started with the goal of the Report, which is to provide the Committee and community with market and economic analysis to inform decision-making during the planning process for Ravenswood/4 Corners.

He discussed the sources of data used in the Report. Much of the data comes from Association of Bay Area Governments (ABAG) estimates and projections. These assume that much of East Palo Alto's future development will follow ABAG's policies, which call for focusing development in existing urban areas and limiting development outside those areas.

The first topic in Mr. Peninger's presentation was Land Use and Development Conditions in the Plan Area, including challenges and opportunities.

Mr Peninger then discussed Demographics for the Plan Area; for the Five City Area (East Palo Alto, Menlo Park, Redwood City, Mountain View and Palo Alto); and for Silicon Valley (San Mateo and Santa Clara Counties). He touched on population, households, and homeownership.

The next topic was the Economic Base for East Palo Alto and the Plan Area. This included a look at existing employment, jobs/housing balance and projections for future employment.

Mr. Peninger went on to discuss Real Estate Market findings, separated into four categories: residential, office, retail, and industrial/R&D. He presented data from past years, current conditions, and planned (pipeline) project totals for East Palo Alto and the Five-City Area.

The next topic was Transit Oriented Development (TOD) case studies. Mr. Peninger discussed studies of four existing TOD locations and outlined the lessons from these case studies about the feasibility for TOD development in East Palo Alto.

Finally, Mr. Peninger presented a series of Findings to the Committee and community. These are re-printed here in their entirety:

- ◆ Demand for all types of housing products (rental and for-sale) will likely be strong in the Plan Area
- ◆ Pent-up demand for jobs, housing and services located near transit

- ◆ Economic development efforts should be geared to industries that demand both skilled and semi-skilled labor to address local workforce training needs
- ◆ The Plan Area's economic base is limited and in decline, losing jobs between 2003 and 2008. The long-term regional economic outlook, however, remains healthy
- ◆ Policy-based projections from ABAG predict the addition of more than 4,000 new jobs in East Palo Alto over the next 20 years with most new jobs in sectors demanding industrial/R&D or flex space
- ◆ Residential Demand - 2,010 new households/housing units may be expected in East Palo Alto between 2010 and 2030
- ◆ Office Space - Net projected demand for 201,650 square feet in East Palo Alto
- ◆ Retail Space - Net projected demand for 365,300 square feet in East Palo Alto
- ◆ Industrial/R&D Space - Net projected demand for 609,425 square feet in East Palo Alto

Following the presentation, CAC members offered the following questions and comments on the Market and Economics Analysis Report:

1. At the November Public Works/Transportation Commission meeting Staff claimed that 60 residential units to the acre is a minimum for Transit Oriented Development. Is this true? (Huerta) Response from Sean Charpentier and Paul Peninger: There is no minimum standard or requirement for TOD densities. Some real estate practitioners use 60 units to the acre as a "rule of thumb" for TOD, but each case may be different.
2. Would like the packet to have all pages numbered in the future for clarity and ease of communication. (Huerta)
3. Several types of markets were discussed (housing, retail, industrial) but it should be the community that determines what should go in the Ravenswood. (Huerta) Response from Paul Peninger: We are looking at data and analyzing trends; it is up to the planning process to decide what the vision should be.
4. Thank you for the report. It lays out with clarity the economic issues. I have some issues that I hope will be addressed during the process: There should be opportunities/space for business start-ups, and conflicts between industry and uses such as schools and housing should be addressed. (Alsman) Response from Paul Peninger: There is room in Ravenswood for multiple uses, but if a goal is jobs, for example, it will be best to minimize conflicts.
5. The plan says we need more infrastructure, but I am not sure we do if we have industrial development. Ken Alsman says we can build out up to 600K square feet without upgrades. (Huerta) Response from Sean Charpentier: The Wilsey-Ham report does not specifically say this is the case. The Wilsey-Ham report does not address traffic or storm drain infrastructure, and it acknowledges that the main sanitary sewer line in Bay Road already exceeds capacity. Some upgrades may be needed even with 600K square feet of development. Response from Ken Alsman: We just think that we need to get something going there now rather than waiting for a big upgrade. We need to build momentum and then resources will come for upgrades.
6. The summary for demand for Residential, Office, Retail and Industrial/R&D should be presented more clearly in the report. (Bay) Response from Paul Peninger: We will add a clearer summary.

7. The report calls out a potential 1.2 million square feet of development. What does this look like in Ravenswood? Is it packed or is there space? I would like a picture of what this would be like. (Bay)
Response from Paul Peninger: We can add text to address this issue.
8. There is not anything regarding what mix of uses would work, and whether this would be vertical mixed use (housing or office above retail) or horizontal mixed use (housing next to office). (Bay)
Response from Paul Peninger: We can add text to address this issue. Also, this will be more clear in the upcoming Land Use Alternatives.
9. Getting the mix right early will be important. The easiest places to develop will be the ones that are most critical to follow the vision, and that will set the pace for following development. What about existing entitlements? (Bay) Response from Sean Charpentier: Existing entitlements represent legal development rights. We will talk to landowners to engage them in the process.

Members of the public offered the following comments:

1. The clarification about ABAG's data is appreciated. I have a point about needing to make sure uses mix beneficially. Also, can local businesses locate at a lower lease rate? Response from Paul Peninger and Bruce Brubaker: We looked at feasibility for development, and you are talking more about supporting other goals. We will be able to look more closely at potential benefits later in the process when we look at project numbers. It will be important to remember that there are already challenges to developers due to contamination, etc., and there may not be a lot more opportunities to load developers with impact fees if we want to get projects.
2. There is a Family Health Clinic in the neighborhood, and uses like this should be maintained. City owns the land under the existing clinic, but it needs to expand, and they recently purchased some land. Response from Paul Peninger: We did not look at public uses such as clinics. We can look a little at allocation in this area.
3. The clinic is local infrastructure. They are a great example of local jobs. There should be more small, sustainable businesses here.
4. I want to make the point that the projected square footages for future residential, office, retail and industrial/R&D are for all of East Palo Alto, not just the Plan Area. But the industrial numbers can only go in the Plan Area because this is the only place for them in EPA. Also, your figures show that there is already a huge imbalance in jobs/housing in EPA, and more jobs are needed. Response from Paul Peninger and Carlos Martinez: We can do a little more work to see what percentage of uses the Plan Area will capture. For example, that much retail may not be appropriate so far from the traffic on University Avenue.
5. Transit Oriented Development may bring more cars than people, if people drive to get on the train. Also, what is Bus Rapid Transit that was mentioned? Response from Paul Peninger and Bruce Brubaker: BRT is a modern kind of rapid bus that is more like a light rail with rubber tires – it usually has a dedicated lane and very quick pick-ups and drop-offs.
6. Representing a land owner – is there a plan to do a more specific look at retail demand in the Plan Area? Response from Paul Peninger: Take a look at the actual report available on the website – there is a lot of detail in there.

7. There is not much discussion about Floor Area Ratio in the report. I would not want to see isolated buildings surrounded by parking lots in Ravenswood. We should be thinking denser than that. (Bay)
8. There should be alternatives to proposing a lot of new development at traffic nodes in this community. Also, bicycle and pedestrian travel should be highlighted in the plan.
9. Regarding the upcoming community workshop, we should make sure that people from out of the community do not dominate the conversation. (Huerta)
10. At the workshop, we should educate people on the advantages of higher density for transit and livability. (Yanez)

5. PRESENTATIONS (YUCA AND SEQUOIA HIGH SCHOOL DISTRICT)

These presentations are continued until further notice from YUCA and the Sequoia High School District.

6. NEXT MEETING – COMMUNITY WORKSHOP A

Community Workshop A for the Ravenswood/4 Corners Transit Oriented Development Specific Plan is tentatively scheduled for Thursday, February 18, 2010, from 6:30 p.m. to 9:00 p.m. in the Council Chambers.