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DEPARTMENT OF
PLANNING AND DEVELOPMENT

CITY OF SACRAMENTO
CALIFORNIA

1231 I STREET
SACRAMENTO, CA

ADMINISTRATION
ROOM 300
95814-2987
916-449-5571

April 5, 1991

Budget and Finance/Transportation
and Community Development Committees

ECONOMIC DEVELOPMENT
ROOM 300
95814-2987
916-449-1223

Honorable Members in Session:

NUISANCE ABATEMENT
ROOM 301
95814-3982
916-449-5948

SUBJECT: SPECIAL REVIEW PROCESS FOR MAJOR PROJECTS

Summary

It is recommended that the staff be directed to prepare an expanded preliminary review process for major projects for consideration by the Planning Commission and City Council.

Background

The City Council recently referred the attached letter from Joe Coomes on behalf of a proposed project on the Capitol Towers property to the Joint Committees for consideration. This letter requests that the City develop a special review process for major projects. The apparent justification of the request is that it is costly to process major projects (the costs can easily approach \$250,000 - \$500,000) when considering plan costs, environmental expenses, and time. The essence of the request is that a mechanism be developed to obtain an early reaction from the City Council on major policy issues prior to incurring the full expense of entitlement processing.

Mr. Coomes will attend the Committee meeting to personally present his request. The staff is of the opinion that the current "preliminary plan review process" which is already in place for major projects could be expanded to provide an opportunity for Commission(s) and the City Council to review and comment on the key policy features of major projects.

Financial Data

Added cost to the City, if any, should be borne by the applicant through a special preliminary plan review fee.

Budget and Finance/Transportation
and Community Development Committees
SPECIAL REVIEW PROCESS FOR MAJOR PROJECTS

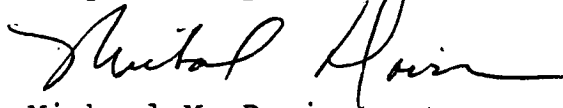
Policy Implications

The proposed process would amend current City policies for reviewing major projects.

Recommendation

It is recommended that the staff be directed to prepare an expanded preliminary review process for major projects for consideration by the Planning Commission and City Council.

Respectfully submitted,



Michael M. Davis
Director of Planning and Development

APPROVED:



David R. Martinez
Deputy City Manager

April 9, 1991
All Districts

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Honorable Mayor and
 Members of the
 Sacramento City Council
 City Hall
 915 I Street
 Sacramento, California 95814

Re: Capitol Towers

Dear Mayor and
 Members of the City Council:

On behalf of the Scheuer family trusts, the owners and original developers of Capitol Towers, I respectfully request that the City Council institute a process that will bring our proposal to the City Council for a preliminary policy review. The owners need such a preliminary policy review to determine whether their proposal is generally in accord with City policies and objectives, as a prerequisite for a decision by them on whether to proceed with the costly planning, design review and EIR process.

This request is made out of a sense of frustration over our inability to obtain definitive policy guidance after over four years of working with Agency and City staff to develop a major project meeting the City's goals for its downtown and central city. The City does not now have a process for an early review of projects with major policy implications, which puts the owners in the position of going through the planning review and EIR process at a cost of \$500,000 or more and a year of time without any clear policy direction from the City.

We first met with City and Agency officials in 1986, at which time we were encouraged to plan the redevelopment of Capitol Towers as a high quality mixed-use plan that would not result in any net loss of housing and would meet other City objectives at that time for a vital urban downtown

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core. That plan received favorable editorial review and comment. As City policy changed, the plan was revised, after extensive study and site and economic analysis, to respond to what we understood to be current City goals and objectives for its downtown and central city area.

The revised plan provides:

- A significant amount of new housing in a quality planned environment.
- Neighborhood-serving commercial uses, including a food market that we were specifically requested to provide to meet an unserved community need.
- Two office buildings for State use adjacent to a light rail station and the existing State office complex. The scope of the plan provides the opportunity to plan a State office campus integrated into a modern mixed use development, with facilities such as a day care center, and the inclusion of energy efficient materials and techniques. The Trust is committed to work with SMUD and the State to achieve energy conservation goals. The Trust has also proposed an office parking ratio of 1:1,000 and will work with the State on alternate parking solutions and transit-oriented commuter programs.
- Preservation and enhancement of the site's open space and park-like character. The plan provides for 40% open space, including a Plaza larger than the Plaza in front of the Capitol. The Plaza, with the neighborhood commercial uses, will create a special place for residents, neighbors, office workers in nearby buildings and visitors who will bring evening and weekend activities to the downtown area.

The Trust's proposal will be subject to planning and design review by the City. The property will remain on City tax rolls, dramatically increasing the tax increment revenue available for both new on-site and off-site housing. We estimate that the project will generate about \$2,500,000 a year in property taxes, contrasted to the \$20,000 present tax revenue. This major tax increment generation is the economic engine that will make downtown housing feasible on our site, and will create new public revenues for assistance to housing elsewhere.

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We revised the plan after listening attentively to the changing City views of planning objectives for downtown. We eliminated two office buildings and a hotel in reducing office/commercial square footage by 600,000 square feet, close to a 40% reduction. We increased the number of housing units from 206 to 547. We cut 1,300 parking spaces from the garages. We changed the site plan to locate the office buildings away from residential areas. Their location on the 7th Street corners makes existing State buildings their closest neighbors. The food market and the neighborhood commercial uses are planned to attract people into the development, which thus becomes integrated into the community, not a barrier to it.

There is no other large site in the proximity of downtown, under single ownership, that has the potential of addressing these city goals. I believe that if this project does not proceed, there will not be any major new housing in the central city in an attractive and distinct residential environment in the foreseeable future. And I believe that there will be significant leakage of new office space out of the central city into suburban and other locations. This will have major adverse consequences on passenger volume using light rail, on vehicle traffic in neighborhoods outside the downtown area, which will reduce air quality in these neighborhoods, and on the economics of the Mall and the downtown core, so critical to the economic base of the City.

The Trust has used the world-class architectural firm of Edward Larrabee Barnes and John Lee to assure quality of planning and sensitivity to the site and the surrounding environment. Mr. Barnes was the original architect for Capitol Towers 30 years ago, and more recently has been the architect for the Crocker Art Gallery renovation.

Four months ago we announced that we were inviting comments about the revised plan from interested parties and community groups, including adjacent property owners and our tenants. The responses, including a very favorable editorial in the *Sacramento Bee* (copy attached), a letter of support to the Mayor and Councilmember Heather Fargo from Cathedral Pioneer Church Homes, a next door neighbor of Capitol Towers, the support of the staff and board of the Capitol Area Development Authority, and the advice and helpful comments from a number of persons interested in central city and downtown development, have encouraged us to proceed.

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However, the Trust is not a speculator. The property is now income producing. The Trust will not take the risk of proceeding with an additional expenditure of \$500,000 or more while there is uncertainty about whether a project like this is compatible with the goals and objectives of the City.

To conclude this preliminary process, and justify a decision to commit the time and financial resources necessary for a formal planning and rezoning application, we need a positive reaction from the City's policymaking bodies: the City Council, Planning Commission and Housing and Redevelopment Commission. There is no formal process for us to obtain that reaction. We have requested Agency and City staff to utilize a non-binding memorandum of understanding in order to bring this before the City Council and other bodies for review, but staff has been reluctant to proceed without policy direction. We are not critical of staff in this regard, and agree that staff, as well as the developer of a major project, should receive policy direction before proceeding.

We have stated publicly that we will not proceed with any redevelopment of Capitol Towers unless we determine the community is receptive to the mixed-use concept that we have proposed. We understand, also, that details of the proposal such as building heights and design issues will be worked out during the planning and design review process and will be influenced by the environmental review analysis.

We respectfully request the opportunity to obtain this policy direction from the City Council. We suggest the City Council request both the Planning Commission and Housing and Redevelopment Commission to review our proposal and provide the City Council with comments and reactions. We also suggest that staff be directed to prepare, in consultation with us, a form of memorandum of understanding or other appropriate document for consideration by the City Council in order appropriately to reflect a policy direction.

There is a short window of opportunity for this project if it is to proceed. We hope you will agree that, in concept, it should proceed.

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Thank you for your consideration of this request.

Very truly yours,


JOSEPH E. COOMES, JR.

Enclosure

The Sacramento Bee

Locally owned and edited for 133 years

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PETER SCHRAG, *editorial page editor*

FRANK R. J. WHITTAKER, *president and general manager*

Remaking Capitol Towers

Over the last five years, Sacramento has laid out ambitious goals for downtown: more concentrated office development to make the area the hub of business and government; increased use of transit; more housing to serve downtown workers and create urban vitality; more interesting and varied streets. The new proposal to redevelop Capitol Towers, the downtown apartment complex, as a mixed-use project speaks to all those ambitions.

After several years of consultation with city staff over the shape of the project, the Scheuer Family Trust, owners of the residential complex, have laid before community groups and tenants a plan to replace Capitol Towers' garden apartment units with more intense uses: new midrise apartment buildings and another apartment tower; two 22-story office buildings for state agencies; and a complex of stores and restaurants to serve workers and residents. These elements would be tied together with tree-shaded walkways and plazas that would preserve a campus feel in the area.

That's just the kind of mix that planners, environmentalists and policy-makers have been seeking downtown. The plan would create 341 additional housing units just a few blocks' walk from the Capitol and downtown shopping. It would build 1 million square feet of new office space for government workers in the center of the state office com-

plex, all of it next to a light-rail station. It would also create new street-front retail space along the edges of the complex, enlivening the area and serving the neighborhood.

Some questions are being raised about the size of the office complex, which has already been scaled down from an earlier proposal. But that concern is misplaced. The state's demand for office space in Sacramento is sure to grow. Where better to locate those offices than downtown, where workers can take advantage of transit? Along R Street, which planners and neighborhood advocates rightly want to reserve primarily for housing? In suburban locations where auto commuting is the only viable option?

As with any major downtown project, the city must be concerned to try to reduce the number of cars the Capitol Towers project would draw, perhaps with the kind of peripheral parking scheme proposed for the Lot A project on Capitol Mall. There's also a lot of negotiating ahead on the economics of the project, which will require some use of the tax increment created by the office buildings to subsidize the residential units. But those are the kind of issues the city should be eager to work out for a project so much in keeping with Sacramento's downtown objectives.