

DOWNTOWN REINVESTMENT PLAN



LIVE OAK CALIFORNIA

FINAL

October 2015

TABLE OF CONTENTS

Section	Page
Acknowledgements	iii
California Strategic Growth Council	iii
City of Live Oak	iii
AECOM.....	iii
Disclaimer	iv
Executive Summary	v
Introduction	1-1
Plan Overview.....	1-1
Plan Organization	1-3
The Planning Process	1-3
Development Conditions	2-1
Live Oak Economic and Demographic Context.....	2-1
Market Conditions.....	2-4
Mobility and Parking	2-7
Development Opportunities	3-1
Retail, Office, and Housing Demand	3-1
Downtown Infill and Revitalization Recommendations.....	3-7
Overview of Opportunity Sites within the Plan Area.....	3-14
Development Strategies	4-1
Conceptual Site Plans	4-1
Opportunity Site Development Strategy Action Steps.....	4-5
Opportunity Site Financial Feasibility	4-17

Figures

Figure 1-1.	City of Live Oak and Plan Area	1-1
Figure 1-2.	Downtown Reinvestment Plan Area	1-2
Figure 2-1.	Live Oak's Retail Market Area	2-4
Figure 2-2.	Live Oak Bus Route.....	2-7
Figure 2-3.	Conceptual View: Downtown Core Area	2-8
Figure 3-1.	Downtown Reinvestment Plan, Vacant and Underutilized Parcels	3-14
Figure 3-3.	Opportunity Site 3.....	3-15
Figure 3-2.	Opportunity Sites 1 and 2.....	3-15
Figure 4-1.	Opportunity Site 1	4-2
Figure 4-2.	Opportunity Site 2.....	4-3
Figure 4-3.	Opportunity Site 3.....	4-4
Figure 4-4.	Opportunity Site 1 with Parcel Numbers	4-9
Figure 4-5.	Opportunity Site 2 with Parcel Numbers	4-11
Figure 4-6.	Opportunity Site 3 with Parcel Numbers	4-14
Figure 4-7.	Near-term and High Catalyst Potential Parcels.....	4-19

Tables

Table 2-1.	Retail Square Footage (SF): Current, Unmet Demand and Total Future Demand	2-5
Table 3-1.	Typical Store Size of Selected Businesses (Square Feet) (Building Footprint Only)	3-2
Table 3-2.	Parking Demand.....	3-6
Table 4-1.	Development Strategy For Opportunity Site 1.....	4-10
Table 4-2.	Development Strategy For Opportunity Site 2.....	4-12
Table 4-3.	Development Strategy For Opportunity Site 3.....	4-15

Appendices

A	Developer Booklets
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CITY OF LIVE OAK

Diane Hodges	Mayor
Lakhvir S. Ghag	Vice-Mayor
Steve Alvarado	Council Member
Jason Banks	Council Member
Gary Baland	Council Member
Aaron Eller	Planning Commissioner
Malcolm Weston	Planning Commissioner
Zac Repka	Planning Commissioner
Christine Alcocer	Planning Commissioner
Perminder Bains	Planning Commissioner
Robert Norton	Planning Commissioner
Donald Albers	Planning Commissioner
Jim Goodwin	City Manager
Kathleen Caldwell	Senior Administrative Assistant

AECOM

Jeff Goldman, AICP	Project Director
J. Matthew Gerken, AICP	Project Manager
Matt Hertel, AICP	Deputy Project Manager
Lisa Reynolds	Author and Analyst
Nibedita Das	Author and Designer
Stephen Ramirez	Designer
Charisse Case	Document Specialist
Eryn Pimentel	Geographic Information Systems

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EXECUTIVE SUMMARY

The City of Live Oak's Downtown Reinvestment Plan (Plan) identifies the market conditions, Opportunity Sites for infill development, introduces development concepts, and provides practical strategies and concrete action steps to attract infill development and public and private investment within the Downtown Reinvestment Plan Area (Plan Area).

A market demand exists for retail, office, and residential development. There is currently a retail deficit of 76,690 square feet, which will grow to approximately 150,000 square feet in 2035. The largest retail leakage in terms of sales dollars is in the categories of restaurants, general merchandise, grocers, and apparel. Live Oak has limited leasable office properties, which are typically fully leased and a low vacant rate—an indicator that the market is undersupplied and likely could support additional office space. An additional 23,283 square feet of office space will be required to meet the projected growth in professional and medical office employment by 2035. With 2,892 additional residents or 846 additional households anticipated by 2035, Live Oak could support approximately 685 single-family units and 119 multi-family units to accommodate the projected increase in households.

Three Opportunity Sites located within the Plan Area were selected due to their high visibility, ability to transform vacant, underutilized, and deteriorated sites, improve downtown's physical appearance, increase surrounding property values, and encourage additional private investment. The Plan includes conceptual site plans for each of the Opportunity Sites and a step-by-step process of how to move forward with development of these sites. Opportunity Site parcels were given a development priority of either near term or medium term, based on their catalyst potential, property ownership and site assembly, and market desirability. Four groupings of Opportunity Site parcels have been identified as those with high catalyst potential and are recommended for near-term development.

The Plan identifies downtown infill and revitalization strategies and funding opportunities to increase the financial feasibility of downtown development. As an initial action step, it will be critical for the City to identify an organization that focuses exclusively on revitalizing downtown and implementing the Downtown Reinvestment Plan recommendations.

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INTRODUCTION

INTRODUCTION

PLAN OVERVIEW

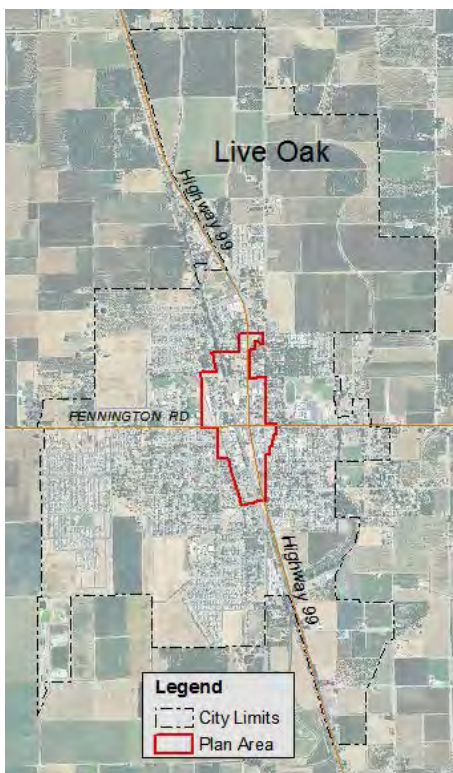


Figure 1-1. City of Live Oak and Plan Area

After submitting a grant application to the California Strategic Growth Council in 2012, the City of Live Oak (City) was awarded a Sustainability Communities Planning Grant to develop a Downtown Reinvestment Plan (Plan) that promotes infill development and investment within the City's core. The Plan's intent is to build on the City's 2030 General Plan, the Downtown Design Workshop and Conceptual Plan, the Economic Development Action Roadmap, and the Collaborative Highway 99 Streetscape Master Plan. The purpose of the Plan is to encourage economic development and promote a more vibrant downtown with a mix of shopping, service, offices, housing, civic uses, and other amenities for both residents and visitors. Downtown's revitalization will require a strong partnership between the City and its residents, property owners, business owners, and developers, and therefore the Plan has been developed with input from these critical partners. The City is currently making significant investments in downtown's infrastructure as a strategy to revitalize downtown and encourage private investment. Infrastructure improvements include the first phase of the Highway 99 streetscape improvements from Ash Street north to Ramsdell Drive; reconstructing Pennington Road from Broadway to Connecticut, and from Larkin Road east to the City limits; and the Live Oak Recreation Trail—a one-mile multi-use trail for bicyclists and pedestrians along an abandoned railroad right-of-way from Apricot Street, north through downtown.

The Plan identifies opportunity sites for infill development, introduces development concepts, and provides practical strategies and concrete action steps to attract infill development and public and private investment in the Downtown Reinvestment Plan Area (Plan Area). The Plan Area (Figures 1-1 and 1-2) encompasses the downtown core area, as described in the City's 2030 General Plan, and additional adjacent areas with vacant and underutilized parcels that present further opportunities for investment.



Figure 1-2. Downtown Reinvestment Plan Area

PLAN ORGANIZATION

The Plan is divided into four chapters and two appendices:

Chapter 1 provides an overview of the Plan, and discusses the planning process and stakeholder outreach efforts.

Chapter 2 provides a summary of relevant economic and demographic data, local market analysis, and existing mobility and parking conditions.

Chapter 3 presents investment opportunities throughout the Plan Area and introduces the three opportunity sites.

Chapters 4 outlines development opportunities and implementation strategies for Opportunity Sites 1, 2, and 3.

Appendix A is a stand-alone booklet to aid in the marketing and development of Opportunity Sites 1, 2 and 3.

THE PLANNING PROCESS

The planning process included substantial data collection, review, and analysis, as well as outreach and engagement – described in more detail below.

Data Collection and Analysis

To inform the recommendations outlined in the Plan, a thorough analysis of the Plan Area's existing conditions, demographic trends, and future market demands was required. The planning team reviewed local housing and commercial market conditions and conducted research within the City of Live Oak and the City's retail market area to understand the local demand for commercial and residential development, and the types of strategies to consider for attracting private investment within the Downtown Reinvestment Plan Area. The planning team also reviewed land use, infrastructure, and transportation conditions, and parking and design development standards and concepts. Case studies and best practices of similar reinvestment and revitalization efforts throughout the country were also considered when developing the Plan.

Outreach and Engagement

The planning team engaged the public, decision makers, and stakeholders through meetings, interviews, and surveys, to ensure that the Plan addressed relevant local priorities. The specific outreach efforts are detailed below.

Public Study Session

The planning team conducted an initial public Joint Study Session of the City Council and Planning Commission on September 13, 2013. The study session presented the planning efforts to-date and provided an overview of the purpose, outcome, and key topics to be addressed in the

Downtown Reinvestment Plan. City leaders and community members participated in a survey exercise to help guide strategies recommended in the Plan.

Developer and Broker Interviews

To help identify constraints and strategic opportunities for development in Downtown Live Oak, the planning team conducted telephone interviews with a group of 11 individuals consisting of both infill developers and brokers during July and August, 2013. The group included some that have completed development projects in the City of Live Oak, those that are familiar with the development climate in Sutter County, and others who could offer a more general perspective about what is required to successfully complete development projects in northern California.

Property Owner Meetings

After determining the three opportunity sites within the Plan Area, several meetings took place with these property and business owners to both inform and ascertain their level of support for the project, and to identify potential challenges and opportunities for development of these sites. The goal was to provide property owners with economic, real estate, and urban design expertise and to identify development and site design concepts for their properties to help increase future development marketability. The insight gained from these meetings was strongly considered in the development of this Plan.

Public Review Period and City Council Workshop

The Plan was available for public review and comment between May 15th and June 14th, 2015. A public workshop was held during the Live Oak City Council meeting on May 20th. Public workshop comments were incorporated into the Final Plan. The City did not receive any additional comments on the Plan during the public review period. Postcards announcing the public review period and the public workshop were sent to all of the mailing and property owner addresses within the Plan Area. The public review draft was also posted to the City's website.



DEVELOPMENT CONDITIONS

DEVELOPMENT CONDITIONS

LIVE OAK ECONOMIC AND DEMOGRAPHIC CONTEXT

Existing economic and demographic conditions, trends, and projections inform the Downtown Reinvestment Plan's (Plan) recommendations for reinvestment and infill development within the Plan Area. The household characteristics and future employment opportunities suggest the future demand for development. Key economic and demographic information for the City is provided below. The retail market area is used to determine the retail market demand discussed below and in Chapter 3.

Strong Population Growth

According to the California Department of Finance (DOF), 8,341 people reside in the City of Live Oak (City).¹ Live Oak's retail market area extends beyond the City to the west, toward the Sutter Buttes, and includes an estimated 11,484 people and 3,343 households.² Only about 3.5 percent, or approximately 300 residents, reside within the Plan Area, resulting in a limited downtown population to support businesses.³ Using SACOG population projections for Live Oak, a 1.4 percent average annual growth rate is anticipated for the City, equating to a 2035 population of approximately 11,233—a 35 percent increase. The retail market area is projected to include an estimated 15,439 people by 2035.

¹ California Department of Finance (DOF), 2013 (January)

² Live Oak Retail Market Analysis, 2009

³ Earth Sciences and Resources Institute, 2013

Increasing Diversity

According to the U.S. Census, American Community Survey (ACS) 2008-2012, there are approximately 2,369 households in the City with an average household size of 3.42. According to the 2010 Census, almost half (48.8%) of the population was of Hispanic origin, while 35 percent of the population identified themselves as White, and 12 percent was Asian (primarily Asian Indian and Pakistani). Using DOF County projections as a proxy, between 2010 and 2030, the Hispanic population is projected to increase by 54 percent, the Asian population by 39 percent, and the White population by 26 percent.⁴ The large population of Hispanic and Asian Indian (predominantly Punjabi) residents may provide opportunities for specialty and ethnic businesses.

Household Income

The median household income is \$40,640. This is approximately 19 percent less than the median household income of \$50,010 for the County overall. However, median household income is trending up, increasing from \$35,491 (2012 dollars) in 2000, which is an annual growth rate of 1.1 percent. If income growth remains stable, this equates to an estimated \$44,458 median household income in Live Oak in 2020. For comparison, the annual growth rate for Sutter County overall was 0.4 percent between 2000 and 2012.

Employment Trends

Live Oak's recent annual unemployment rate has ranged from 17 percent in 2006, to as high as 33 percent in 2010. In 2013, the annual unemployment rate was 27.3 percent. For comparison, the 2013 unemployment rate in Sutter County was 15.3 percent. Live Oak's unemployment rate has been trending down; however, since 2000 it has also been approximately 10 percent higher than the County overall.

Additionally, the monthly unemployment rate in Live Oak is lower during the summer and early fall (July - October) and highest during the winter (December – March). Between 2006 and 2012, the difference between the lowest and highest month of unemployment varied between 7 and 11 percent. The significant variance is likely due to a number of seasonal jobs.

Local Jobs

There was a 12 percent increase in the number of jobs in Live Oak between 2010 and 2011 (874 and 982 respectively). However, this equates to just one job in the City for every three members of the local labor force. The labor force in 2011 was 3,381, compared to 982 jobs in the City. Only 20 percent (200) of the jobs located in the City are filled by Live Oak residents.⁵

The median income for a one-person household in Sutter County is currently \$41,600.⁶ The average annual disposable income for someone earning \$41,600 is \$5,990 or 14.4 percent of their income.⁷ Therefore, for every new job located created in Live Oak, approximately \$6,000

⁴ California Department of Finance (DOF), 2013 (January)

⁵ U.S. Census, *On the Map Tool, 2011 and American Community Survey, 2007-2011*

⁶ California Department of Housing and Community Development, 2014

⁷ Earth Sciences and Resources Institute, 2013

would be available for discretionary spending and up to \$900 would be spent at businesses near places of employment.⁸

Employment Projections

The vast majority of Live Oak's labor force is working outside of the City. However, according to the Sacramento Area Council of Governments (SACOG), the annual job growth forecast for Live Oak is approximately 2.8 percent between 2011 and 2035—from 982 jobs in 2011 to 1,907 jobs in 2035 (an increase of 94%). Out of the 1,907 jobs forecast for Live Oak in 2035, 33 percent are projected to be in the service sector, 21 percent in education, 20 percent in retail, 7 percent in government, 8 percent in food services, 6 percent in a professional office setting, 3 percent in the medical field, and 1 percent in industrial.⁹

Business recruitment and expansion efforts should be focused on growing employment sectors that traditionally offer higher paying jobs such as professional, medical, and high-skilled manufacturing, and technology jobs. Increasing the number of high-paying jobs will increase the disposable income available to support existing and new businesses. Pursuant to research conducted by the Building Owners and Managers Association of America, office workers spend between 10 and 15 percent of their disposable income near their work.¹⁰ Local spending will likely increase if more jobs are located in Live Oak and within close proximity to retail establishments.

Housing Cost and Affordability

Between March, 2012 and March, 2014, there were 15 home sales in or near the Plan Area with an average price per square foot of \$61.91—equating to approximately \$99,056 for a 1,600 square-foot home. Three-bedroom homes, of which there were nine, ranged from \$65,000 to \$135,000.¹¹ For comparison, the estimated cost to build a 1,600 square-foot home with a two car garage, forced heating and cooling, of average standard quality is estimated at \$187,000, excluding the cost for land.¹²

According to the U.S. Census, American Community Survey (ACS) 2008-2012, the median rental rate is \$871, up slightly from \$848 the prior year (ACS, 2007-2011).¹³ Approximately 50 percent of renters (506 households) spend 30 percent or more of household income on rent, and 55 percent of homeowners (596 households out of 1,075 owner-occupied housing units with a mortgage) spend 30 percent or more on housing costs.¹⁴ The U.S. Department of Housing and Urban Development (HUD) defines housing affordability as a household that pays no more than 30 percent of its annual income on housing. Those who pay more than 30 percent of their income for housing may have difficulty affording other essential items such as food, clothing, transportation and medical care.¹⁵ More than half of residents spend more than 30 percent of their income on housing, which may indicate a need for providing more affordable housing.

⁸ Although each new job would not necessarily pay median income, it provides an idea of the local benefit.

⁹ SACOG, 2014 (August)

¹⁰ Live Oak Retail Market Analysis, 2009

¹¹ Zillow.com, accessed March, 2014

¹² Building Cost-Net, accessed March 19, 2015

¹³ U.S. Census, American Community Survey, 2007-2011 and 2008-2012

¹⁴ U.S. Census, American Community Survey, 2008-2012

¹⁵ U.S. Department of Housing and Urban Development

Decreasing the amount of income that is allocated to housing will increase the amount of disposable income in Live Oak.

MARKET CONDITIONS

In order to make informed land use decisions and attract developers and businesses to downtown, it is critical to have an understanding of the retail, office, and residential market conditions.

Retail Market

According to Live Oak's Retail Market Analysis (2009), Live Oak's retail market area extends beyond the City to the west, toward the Sutter Buttes, and includes an estimated 11,484 people and 3,343 households (see Figure 2-1).

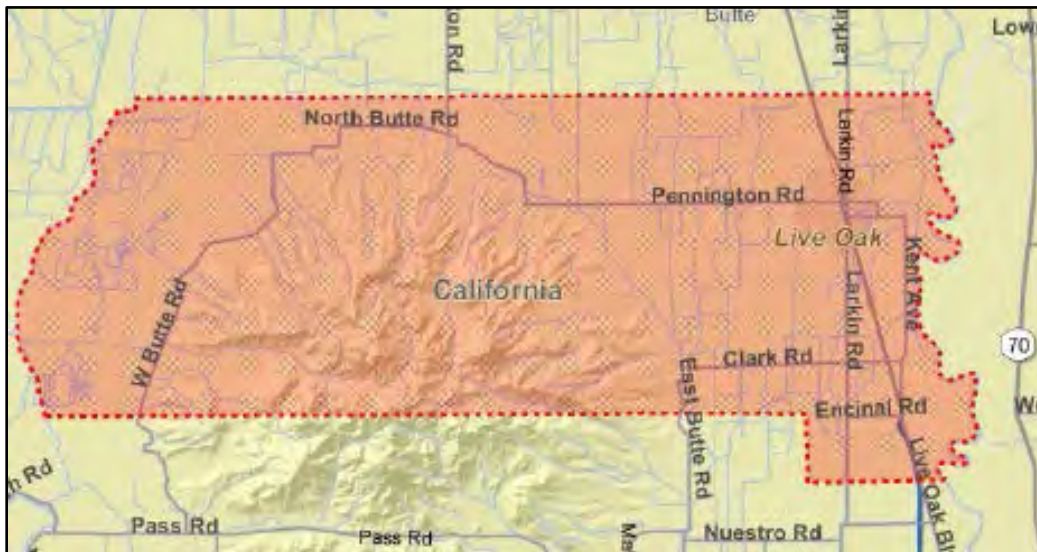


Figure 2-1. Live Oak's Retail Market Area

The five-year average retail vacancy rate in Live Oak is 13.6 percent (9,402 SF). Between 2009 and 2014, the average triple net¹⁶ asking rent declined from \$20.95 to \$12 per square foot (a 43% drop). The current asking rent is \$14.22 per square foot and the current vacancy rate is 19 percent (16,104 SF).¹⁷ For comparison, the five-year average retail vacancy rate in Yuba City is lower at 6.6 percent. The average triple net asking rent also declined in Yuba City from \$17.72 in 2009 to \$14.47 per square foot in 2014. The current vacancy rate is lower than in Live Oak at 7.1 percent with a triple net asking rent slightly higher at \$15.30 per square foot. In Gridley, the current vacancy rate is 9 percent with a triple net asking rent of \$6.17 per square foot, declining from \$17.44 in 2009. The five-year average retail vacancy rate in Gridley is 11.3 percent.

¹⁶ Triple net rent is a lease where the tenant is responsible for all expenses associated with their proportional share of the building (net real estate taxes, net building insurance, and net common area maintenance).

¹⁷ CoStar, accessed March 24, 2015

Over the past few decades, the City has experienced low levels of sporadic retail development both within and outside the Plan Area. Recent retail development includes Dollar General, Tower Market, and the Pizza Place located in the recently renovated train depot. Pursuant to resident surveys, while residents like the advantages of shopping nearby for the convenience, fewer crowds, and to support local business, residents feel the City needs a wider selection of quality goods, and goods at a lower price.¹⁸

Due to low levels of retail development, and a narrow range of goods at competitive price points in the Live Oak retail market area, a significant portion of shopping is occurring outside of the City (“retail leakage”). Based on the retail analysis, comparing retail supply to current demand, and factoring in recent developments, the largest retail leakage in terms of sales dollars is in the categories of restaurants, general merchandise, grocers, and apparel. Table 2-1 translates sales dollars into square feet and presents both current and projected unmet demand in terms of square footage for each retail category within the Live Oak retail market area. As shown in Table 2-1, there is currently a retail deficit of 76,690 square feet. Based on current population projections, and assuming there are no changes to the existing retail market composition, this will grow to approximately 150,380 square feet in 2035. It should be noted that the data in this table reflects potential spending from residents only and does not include spending from visitors and employees working, but not living, in the market area.

The current unmet retail demand is 77,000 square feet and will grow to 150,000 square feet by 2035.

	Current Met Demand ¹	Current Unmet Demand ¹	Total Current Demand ²	Current SF Demand Per Person ³	2020 Unmet Demand ⁴	2020 Total Demand ⁵	2035 Unmet Demand ⁴	2035 Total Demand ⁶	Target Sales Per SF ¹
General Merchandise	21,261	14,539	35,800	3.12	19,319	40,580	31,658	52,919	\$216
Grocery	28,045	5,403	33,448	2.91	9,861	37,906	21,370	49,415	\$395
Restaurant	16,928	13,971	30,899	2.69	18,092	35,020	28,731	45,659	\$263
Apparel	0	9,592	9,592	0.84	10,879	10,879	14,201	14,201	\$209
Home Improvement & Gardening	3,701	13,614	17,315	1.51	15,927	19,628	21,899	25,600	\$140
Electronics & Appliances	0	6,496	6,496	0.57	7,369	7,369	9,624	9,624	\$199
Health & Personal Care	1,556	3,025	4,581	0.40	3,638	5,194	5,220	6,776	\$365
Sporting Goods, Hobbies & Music	973	3,137	4,110	0.36	3,689	4,662	5,112	6,085	\$216
Home Furnishings	4,417	3,312	7,729	0.67	4,338	8,755	6,988	11,405	\$199
Miscellaneous Specialty (e.g. florist)	590	3,601	4,191	0.36	4,153	4,743	5,576	6,166	\$216
Total	77,471	76,690	154,161	(x)	97,265	174,736	150,380	227,851	(x)

¹⁸ Live Oak Retail Market Analysis, 2009

Table 2-1. Retail Square Footage (SF): Current, Unmet Demand and Total Future Demand

Notes:

- ¹ Live Oak Retail Market Analysis, 2009 and recent developments (Tower Market - grocery, Dollar General - general merchandise, Pizza Place - restaurant)
- ² Calculated by adding current met demand and current unmet demand
- ³ Calculated by dividing total demand by retail market of 11,484 residents
- ⁴ Based on SACOG projected population growth rate for Live Oak
- ⁵ Calculated by adding 2020 unmet demand with met demand
- ⁶ Calculated by adding 2035 unmet demand with met demand

Office Space

Live Oak has limited leasable office properties, which are typically fully leased. Three of these properties (9942-9952 Broadway, 2620-2624 Fir Street, and 9990 Live Oak Boulevard) are located within the Plan Area, with the office building at 10255 Live Oak Boulevard located just east of the Plan Area. Office buildings primarily fall into three categories based on their physical conditions, ranging from Class A buildings, which tend to have high quality construction, features, and amenities to Class C buildings, which are typically older and offer minimal amenities. The office buildings in the Plan Area are all Class C buildings. The building located at 10255 Live Oak Boulevard is considered a Class B building, which is defined as having average design and interior features. In nearby Gridley, there are 8 office buildings. With a similar mix to Live Oak, Gridley has one Class B building, and the remaining seven buildings are Class C.



10255 Live Oak Blvd.
Class B Building



9942 Broadway
Class C Building



9952 Broadway
Class C Building



2620-2624 Fir St.
Class C Building

Due to the limited office lease rate data for Live Oak, office lease rates are provided for Sutter County. The five-year average gross rent for Sutter County is \$16.34 per square foot.¹⁹

Due to the limited amount of office properties in the downtown area, the vacancy rate remains low. Currently, the 5-year average in Live Oak is 2.5 percent. For comparison, Gridley has 8 office properties and a five-year average vacancy rate of 4.2 percent and Yuba City has 164 properties with a five-year average vacancy rate of 13.8 percent.

Due to the limited amount of office properties in the downtown area, the vacancy rate remains low.

Housing Stock and Occupancy

There are 2,434 housing units in the City and 81 percent (1,966 units) are single-family homes. There are also 80 duplex units and 262 apartment units (14% multi-family) and 126 (5%) mobile

¹⁹ Costar.com, accessed March 19, 2015

homes. Out of 2,369 occupied units, 57 percent are owner-occupied and 43 percent are rented.²⁰ Out of these housing units, the Plan Area includes approximately 75 single-family residential units, eleven duplexes, and three apartment buildings that include eight, nine, and five residential units.²¹ The Odd Fellows Building is also a senior affordable housing development with 14 units. Centennial Arms, located just outside of the Plan Area, includes 20 affordable units. In the City, the current vacancy rate for housing is estimated to average near zero²² for owner-occupied homes and 8.1 percent for rental units.²³

The average number of people living in an owner-occupied unit is 3.3 compared to 3.7 people residing in renter-occupied units. For comparison, the average household size of renter-occupied housing in Sutter County overall, is 2.95 people. Approximately 10 percent of residential units in Live Oak are considered to be overcrowded—8.6 percent of owner-occupied units and 11.4 percent of renter-occupied units. Only 53 percent of renter-occupied housing units have three or more bedrooms, compared to 88 percent of owner-occupied housing units.²⁴ This may suggest a need for more rental housing options with three or more bedrooms.

MOBILITY AND PARKING

Mobility

Yuba-Sutter Transit provides public bus transportation services within Live Oak, including a fixed route and a demand response service. The fixed route bus service that provides transportation between Live Oak and the cities of Yuba City and Marysville, is currently limited to two round trips on Mondays, Wednesdays, and Fridays. There are three designated stops in Live Oak for this service. The route service is expected to be expanded to five days a week effective July 1, 2015. Advance reservations are available for the demand response service to seniors and persons with disabilities, or those more than a half-mile from a stop within the city limits of Live Oak.

Approximately 10.2 percent of all households in Live Oak do not have a vehicle compared to 7.7 percent in Yuba City, 6.8 percent in all of Sutter County, and 3.3 percent in Gridley.²⁵ With approximately 242 households in Live Oak without a car, there is a need for adequate public transit, bicycle, and pedestrian travel options. The standard distance typically used in planning for people in a community willing to walk to transit and amenities is one-quarter mile (5 minute walk at 3 mph).



Source: Yuba-Sutter Transit
Figure 2-2. Live Oak Bus Route

²⁰ U.S. Census, American Community Survey, 2008-2012

²¹ Sutter County, 2013 Assessor Data

²² Margin of error +/- 2.7 percent

²³ U.S. Census, American Community Survey, 2008-2012

²⁴ *Ibid.*

²⁵ *Ibid.*

According to the 2008 Bureau of Labor Statistics' Consumer Expenditure Survey, housing in the U.S. West accounts for 35 percent of spending.²⁶ Transportation represents the second highest spending category at 16 percent of total expenses for consumers. If reinvestment downtown can facilitate non-vehicular mobility options, household expenses can be reduced, potentially freeing up income to spend locally.

Highway 99 Streetscape Plan

Traversing generally north and south through the City of Live Oak and the Plan Area, Highway 99 is an important asset for Live Oak, connecting the community with other regional cities and beyond. The average daily traffic (ADT) volume is 15,200 along Highway 99 between Riviera and Pennington Roads and 18,900 between Pennington and Paseo Roads.²⁷ Since the ADT volumes show a more southward travel pattern (between Pennington and Paseo Roads), retail stores may benefit by locating themselves east of the highway on the return-home-side for commuter-patrons



Figure 2-3. Conceptual View: Downtown Core Area

typically returning from Yuba City, Marysville, and Sacramento. Although the highway brings in regional traffic, it also creates a physical barrier by dividing the community into a western and eastern side, impeding access from one side to the other. The Union Pacific Railroad tracks also run north and south through town and are generally parallel with Highway 99. This creates an additional east-west access barrier.

To set the foundation to downtown reinvestment and revitalization, the City adopted the Collaborative Highway 99 Streetscape Master Plan (Streetscape Plan). The Streetscape Plan is meant to ensure coordination with Caltrans on design standards for the state route that ensures functionality, while maintaining consistency with

the City's 2030 General Plan objectives and guiding principles. The Streetscape Plan identifies focus areas, including the downtown core and the north and south new growth areas, and provides design concepts to increase east-west connectivity, visibility, and safety. Some of these design concepts include continuous sidewalks, landscaped buffers between sidewalks and vehicular travel lanes, enhanced visibility at existing at-grade crossings, reduced building setbacks, as well as reduced vehicle speeds through the downtown core area. These measures will increase both pedestrian and vehicular safety, promote walkability, and support efforts to attract developers and encourage reinvestment in the community. The Streetscape Plan design also includes increased business visibility and adequate parking, with on-street parallel parking along Highway 99 in the downtown core, and parallel parking along the highway in the new growth areas.

²⁶ Bureau of Labor Statistics, 2008

²⁷ City of Live Oak 2030 General Plan Draft EIR

Parking

City code does not require on-site parking in the majority of the Plan Area, which is primarily zoned Downtown Commercial Mixed-Use, and can benefit from existing and planned (Streetscape Plan) on-street parking. When cars are parked on the street, this can send the message that it is a place where people want to go, and can also provide a buffer between traffic and the pedestrian. However, some developers and businesses may desire additional surface parking. The Downtown Commercial Mixed-Use zone also allows for joint parking agreements (e.g. between businesses or organizations that operate during different hours), which can reduce parking requirements up to 50 percent. There are approximately 1,184 parking spaces currently available in the Plan Area, which includes approximately:

- 450 on-street parking spaces (both marked and unmarked)
- 87 parking spaces (mostly unmarked) along Highway 99
- 456 commercial property parking spaces
- 10 industrial property parking spaces
- 39 institutional (government) property parking spaces (e.g. City Hall)
- 93 institutional (e.g. churches) property parking spaces
- 49 multi-family residential parking spaces²⁸

²⁸ Parking space counts based on review of 2013 Assessor parcel map data and street measurements using ArcGIS and Google Earth imagery, March 4, 2015.

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DEVELOPMENT OPPORTUNITIES

DEVELOPMENT OPPORTUNITIES

This chapter describes the analysis of retail, office, and residential demand for the City of Live Oak and identifies potential strategies and funding opportunities for new development and investment in the Downtown Reinvestment Plan Area (Plan Area). Using the existing conditions and estimated unmet market demand described in chapter two, along with feedback provided during developer and real estate broker interviews, and forecast retail, office, and housing demand, this chapter presents potential investment opportunities within the Plan Area.

RETAIL, OFFICE, AND HOUSING DEMAND

Retail Demand

Opportunities

Live Oak's current and projected unmet demand for retail is described below by the retail categories that are experiencing the largest amount of leakage in the Live Oak retail market, as described in chapter two. It should be noted that the information reflects potential demand and spending by residents only and does not include demand and spending from visitors and employees working, but not living, in the market area.

For reference, Table 3-1 provides a list of retail businesses that have the potential to be viable additions to downtown of Live Oak. The table provides typical square footage requirements for both national and local chains, and independent stores, as well as the "typical" median store size (building footprint only).

Table 3-1. Typical Store Size of Selected Businesses (Square Feet) (Building Footprint Only)				
Merchandise or Service Category	Median	National	Local Chain	Independent
Ice Cream Parlor	1,137	1,144	1,137	1,116
Nail Salon	1,200	-	1,200	1,200
Mail/Packaging/Photocopying	1,278	1,240	-	1,236
Hair Salon	1,400	1,450	1,250	1,361
Drycleaners	1,800	-	1,800	1,649
Beauty Supplies	1,807	1,634	2,450	1,829
Bakery	1,990	4,000	-	1,700
Men's Clothing Store	3,500	4,319	3,065	2,750
Restaurant	3,581	6,500	3,025	2,625
Children's Wear	3913	4879	3054	2105
Family Shoe Store	4,000	4,113	5,100	2,460
Gifts & Cards	4,200	4,900	3,780	1,653
Women's Ready to Wear	4,400	4,503	3,960	2,145
Appliances	5,956	6,292	5,913	-
Home Accessories	7,595	10,215	5,365	2,462
Toys	7,855	1,200	-	3,344
Pet Supplies	7,995	17,600	3,201	3,200
Family Wear	8,000	8,500	3,474	5,132
Sporting Goods	8,465	22,000	4,980	2,995
Drugstore/Pharmacy	10,920	10,860	16,668	4,977
Hardware	13,200	13,900	-	-
Supermarket	50,420	49,071	51,495	23,300

Source: Like Oak Retail Market Analysis, 2009 (Urban Land Institute Dollars and Cents Shopping Centers)

- Restaurant:** with 13,971 square feet of current unmet demand, this is enough to potentially support a few new restaurants and fast food establishments. Based on current population projections for Live Oak, a total unmet demand of 18,092 square feet (\$4.8 million in annual sales) is projected by 2020. Assuming the median size of 3,581 square feet, this would be five new restaurants by 2020.
- General Merchandise:** with 14,539 square feet of current unmet demand, and a total projected unmet demand of 19,319 square feet by 2020 (\$4.2 million in annual sales), the City is unlikely to attract a large retailer (e.g. Target) at this time. However, the current and projected demand would likely support another smaller general merchandise store (e.g. Walgreens, CVS, Walmart Express).
- Grocer:** unmet demand is currently 5,403 square feet with a total of 9,861 square feet of unmet demand expected by 2020 (\$3.9 million in annual sales). Live Oak is currently served

by several grocers, including the Live Oak Market, El Ranchito Market, La Mexican Market, and Tower Market. Therefore, the City is unlikely to attract a large, national chain supermarket at this time. However, it could potentially support another smaller, independent grocer or convenience store.

- **Apparel:** the current unmet demand for this category is 9,592 square feet with a total demand of 10,879 square feet by 2020 (\$2.3 million in annual sales). This may not attract a larger, national retail apparel store (e.g. Ross) in the near term, which typically generates more than \$3 million in sales annually. However, the City currently has the potential to support a few independent or smaller apparel stores.
- **Home Improvement and Garden Supply:** unmet demand in home improvement and garden supply is currently 13,614 square feet with a total unmet demand of 15,927 square feet by 2020 (\$2.2 million in annual sales). This indicates the City could potentially support a smaller national or possibly independent home improvement retailer (e.g. Ace Hardware).

Resident Surveys

In addition to looking at unmet demand in terms of retail leakage, resident surveys indicate that a broader range of retail goods and services are needed in Live Oak. Based on surveys conducted in 2009,²⁹ Live Oak's top retail and service needs include:

- Garden Supplies
- Shoes and Apparel
- Bakery Items
- Dry Cleaning/Laundry Services
- Copy Center
- Beauty Salons

Reinvestment Considerations

In addition to businesses types in the top retail leakage categories (e.g. restaurants, general merchandise stores, grocers), the City may want to consider attracting smaller businesses that fulfill a broader range of resident and visitor needs. Financial feasibility for these types of business could potentially increase by combining services, such as dry cleaning, laundry, and alteration, or a copy and pack and mail center. As described later in the chapter, businesses that are unique to Live Oak, or that are part of downtown "niche," can also potentially draw both residents and visitors.

Office Demand

Opportunities

Sutter County has approximately 169 office buildings.³⁰ The vast majority of these buildings are in Yuba City (164 buildings with a total of 1,164,268 square feet of office space). The make-up of these buildings include Class A (1%), Class B (42%) and Class C (57%) buildings, with a five-year average annual gross rent of \$16.34 per square foot and vacancy rate of 13.5 percent. As

²⁹ *Live Oak's Retail Market Analysis, 2009*

³⁰ *Costar, accessed March 19, 2015*

mentioned in chapter two, there are four leasable office properties for a total of 14,292 square feet, in Live Oak with a five-year vacancy rate of 2.5 percent and no currently available leasable space. The low vacancy rate makes it likely that newly vacated properties can be re-leased in 3 to 9 months.³¹ A vacancy rate below 10 percent generally is considered an indicator of a market with demand for office space balanced with the supply.³² Thus, the limited office space, and a 5-year average vacancy rate of 2.5 percent is an indicator that the market is undersupplied and likely could support additional office space.

Space Requirements

As a recent trend, tenants are downsizing their offices.³³ The reasons for this trend include a move to more standardized work spaces; an increase in non-dedicated office space (sharing); a growing acceptance of telecommuting along with implementation of technology to support an employee's ability to work anywhere and anytime; and an increase in more collaborative work spaces. While 250 square feet per employee has been the standard used in the office real estate industry, more recently it is not unusual to see an average between 185 and 200 square feet per employee. Due to recent economic uncertainties, some office tenants, usually larger firms, appear to be hesitating to commit to large leases. That said, smaller tenants, those that lease less than 5,000 square feet, still prefer private offices over an open plan.

Reinvestment Considerations

For the purpose of determining future office space needs for Live Oak, we assume an equal mix of large and small office tenants and given recent trends and economic conditions, used an estimated 225 per square foot per employee. SACOG projects a total of approximately 114 employees will be in the professional office setting and 53 employees in the medical office setting by 2035, which would require an additional 23,283 square feet of office space in Live Oak.³⁴ Developers and real estate brokers interviewed for the Downtown Reinvestment Plan commented that successful office developments typically include affordable rent, parking availability, and proximity to amenities, including shopping and restaurants. Combining this information with the research conducted by the Building Owners and Managers Association of America indicating that office workers typically spend between 10 to 15 percent of their disposable income near their work, offices and professional services should be located within close proximity to restaurants and retail establishments. This will both increase amenities for workers, while supporting local businesses.

Live Oak's low vacancy rate is an indicator that the City could support additional office space. An additional 23,000 square feet of office space will be required to meet the projected growth in office employment.

³¹ *Ibid.*

³² Quakenbush, J., *North Bay Business Journal*, 2013

³³ Heschmeyer, M., *Costar*, 2013

³⁴ 11,358 additional square feet to accommodate professional office and 11,925 square feet for medical office

Residential Demand

Opportunities

Economists and planners consider a residential vacancy rate of 5 percent to be an ideal balance.³⁵ With a vacancy rate estimated at zero³⁶ for owner-occupied units, and 8 percent for rental units,³⁷ this may indicate a housing market that is slightly undersupplied. Additionally, only roughly 5 percent of all residential units and 10 percent of all multi-family units in Live Oak (approximately 300 residents) are within the Downtown Reinvestment Plan Area.

Reinvestment Considerations

Based on a 1.4 percent average annual growth rate, in 2035, the population is estimated to be 11,233. Subtracting the California Department of Finance current population estimate of 8,341, this equates to 2,892 additional residents or 846 additional households in 2035 (using the current average of 3.42 persons per household). Live Oak's housing stock is comprised of 81 percent single-family, 14 percent multi-family, and 5 percent mobile homes. Therefore, by 2035 Live Oak could support approximately 685 single-family units and 119 multi-family units to accommodate the projected increase in households. Developer and real estate broker interviewees suggested that sites should be identified that are large enough to accommodate at least 20-60 housing units to take advantage of economies of scale and be financially feasible.

By 2035 Live Oak could support approximately 685 single-family units and 119 multi-family units to accommodate the projected increase in households.

Parking Demand

Developments within the Downtown Commercial Mixed-Use zone district (including much of the Plan Area) do not require on-site (off-street) parking. Furthermore, the Streetscape Plan also provides new designated on-street parking spaces. Additionally, the majority of the Plan Area allows shared parking agreements, which can reduce site parking requirements by up to 50 percent. While some developers desire some on-site parking spaces, infill developments proposed for small sites and developments where the proponent wishes to maximize development yield may prefer to accommodate parking needs along public rights-of-way or in share parking arrangements. Therefore, to determine whether new parking spaces are needed in the Plan Area, the planning team calculated parking demand based on city-wide projections for residential and commercial space demand by 2030.

The majority of the Plan Area is designated in the City's General Plan as Downtown Mixed-Use, which allows retail, commercial service, office, residential, civic, and other compatible land uses. The parking demand analysis (Table 3-2) assumes potential full build-out projected by the General Plan for existing vacant parcels in the Plan Area. An analysis of existing parcel data showed that the existing commercial square footage is approximately 184,000 square feet. For vacant parcels a 50-50 split of commercial and residential development was assumed to project

³⁵ University of California, Davis, 2011

³⁶ Margin of error +/- 2.7 percent

³⁷ U.S. Census, American Community Survey, 2008-2012

per General Plan full build-out scenario. Table 3-2 assumes a total commercial square footage of 350,000 square foot (including existing square footage and development of vacant parcels) and 168 new residential units. Because parking spaces are typically not in full demand at all times of the day, the analysis determined the estimated amount (based on a percentage) of peak parking demand (the number of spaces demanded during the busiest time of day). This was calculated for both the weekday and weekend, and for different land uses.

Table 3-2. Parking Demand									
Land Use	Current Parking Demand	New Parking Demand (Vacant Parcel Buildout)	Current and New Parking Demand	Peak Weekday Parking Demand (%)	Peak Parking Demand Weekday	Peak Weekend Parking Demand (%)	Peak Parking Demand Weekend	Existing Spaces	
Retail/Services ¹	523	478	1001	80%	801	75%	751	-	
Restaurant ²	158	144	302	80%	242	70%	211	-	
Office ¹	44	8	52	80%	42	0%	0	-	
Commercial Total	725	630	1355	-	-	-	-	456	
Industrial ³	10	0	10	80%	8	0%	0	10	
Institutional –government ³	39	0	39	80%	31	0%	0	39	
Institutional -other (e.g. churches) ³	93	0	93	80%	74	0%	0	93	
Multi-family Residential ⁴	49	251	300	90%	270	97%	291	49	
Total Demand	916	881	1,797	-	-	-	-	-	
On-Street Parking (marked and unmarked)	-	-	-	-	-	-	-	-	450
Live Oak Blvd. (Highway 99)	-	-	-	-	-	-	-	-	87
Total Demand Adjusted for Peak Time Parking					1,468		1,253	1,184	
- Shared Parking Reduction					326		288	-	
Total Demand Adjusted for Shared Parking					1,142		965	1,184	
Notes:									
¹ 3.5 parking spaces per 1,000 square feet of retail/services/office space									
² 5 parking spaces per 1,000 square feet of restaurant space									
³ Assumes current industrial and institutional space has adequate parking									
⁴ 50% of new development space is residential; 1.5 spaces per dwelling unit.									

Because the majority of the downtown area allows for shared parking agreements between adjacent and compatible land uses that typically peak at different times of the day, the total parking demand was adjusted to account for a shared parking ratio, assuming that a mix of commercial uses (retail/services, restaurant, office) could share 30 percent of their total parking demand. Accounting for shared parking helps to reduce the total parking space demand (current and new) in the Plan Area. Therefore, as Table 3-2 demonstrates, based on the General Plan build-out scenario, the existing 1,184 parking spaces in the Plan Area would be sufficient to meet

both weekday and weekend peak parking space demand. Also, 13 additional parking spaces are anticipated through implementation of the Streetscape Plan.

However, based on current SACOG's job projections and our retail/residential analyses earlier in Chapter 2 and earlier in this Chapter, the City would require approximately 170,000 square feet of additional commercial space (retail and office combined) and 846 residential units (685 single-family, 119 multi-family, and 42 mobile homes) within its jurisdictional boundaries by 2035.³⁸ The Plan Area will only include a portion of this projected development. For example, the Plan Area currently contains five percent of all dwelling units in the City. Applying this percentage to the projected number of new homes translates to approximately 42 new units forecasted for the Plan Area in 2035. Therefore, the parking needed for a more conservative development footprint would also be lower, and the existing spaces (including on-street spaces) as shown in Table 3-2, will suffice to serve all forecast development in the Plan Area.

There is sufficient parking capacity to meet the projected demand for development within the Plan Area.

DOWNTOWN INFILL AND REVITALIZATION RECOMMENDATIONS

Downtown Niche

An effective and successful revitalization strategy used in many downtowns and business districts is the creation of a node of activity around a retail theme, otherwise known as a niche. A niche is a "specialization that allows a downtown to gain dominance in certain categories of a retail market."³⁹ A niche can start small and it may be easier for niches to be established in struggling downtowns when rents for commercial space are affordable. Downtowns are ideal locations for niche development due to the ability to easily walk from one store to the next. It is important for niches to include a variety of merchandise and services and include a variety of price points. Successful downtown niches are likely to attract additional businesses and draw customers from outside of the retail market area.



Relevant Case Studies

Listed below are two case studies of small communities that successfully developed niches that contributed to the revitalization of their downtowns. These communities have their own unique set

³⁸ 23,283 square feet of new office and 150,380 square feet of retail is projected by 2035.

³⁹ *Downtown and Business District Market Analysis, 2011*, <http://fyi.uwex.edu/downtown-market-analysis/files/2011/02/Niche010612.pdf>

of characteristics that may not directly mimic Live Oak’s geographic, market, or demographic conditions; however these case studies highlight two niches that may be well suited for Live Oak— home improvements and food-for-the-home.

Sheboygan Falls, Wisconsin

A community with a population of 7,775 residents, the City of Sheboygan Falls conducted a market analysis and understood that their downtown’s retail strength was growing its cluster of home improvement businesses. There were already existing complementary home improvement businesses (furniture, paint, fixtures, wallpaper, kitchen supplies, antiques, outdoor home accessories, fireplaces, etc.) that shared many of the same customers in the county-wide trade area. The Sheboygan Falls Main Street program conducts promotional events, including the Home and Hearth retail event that promotes the downtown’s home improvement niche through in-store demonstrations, sales, and prize giveaways. The program’s Economic Restructuring Committee focuses on retaining and attracting businesses that strengthen the home improvement niche. This targeted business development helped open Bemis Manufacturing’s retail outlet store in a renovated historic building.⁴⁰

Ohio City Neighborhood, Cleveland, Ohio

Just west of Downtown Cleveland, the neighborhood of Ohio City is home to 9,000 residents. The City has made several investments, creating its own “foodie” culture that embraces some of its best assets. The City made a major renovation to the neighborhood market, strengthening the market’s role as a meaningful part of the neighborhood’s economy. Additionally, there is a local brewery across the street, which has become a part of the neighborhood’s identity. These two important food investments have helped make the street a food corridor, having seen the addition



of several other restaurants. Also, locally produced foods also come from a large urban farm nearby. Artisans also make up an important part of the neighborhood economy, including bike shops, boutiques, and glass blowers. Local organizations promote the neighborhood and the region. The community “market-square” was recently renovated and is the venue for numerous community events. Residential neighborhoods are also walkable and well-connected and several bus routes access the market.⁴¹

⁴⁰ *Downtown and Business District Market Analysis, 2011*, <http://fyi.uwex.edu/downtown-market-analysis/files/2011/02/Niche010612.pdf>

⁴¹ *Investment Ready Place Profile: Ohio City, StreetSense*, <http://www.street-sense.org/streettalk/2012/11/2/investment-ready-place-profile-ohio-city.html>

Niche Opportunities in Live Oak

Live Oak will need to determine its retail niche(s) that has the most potential to lure other businesses within that specific retail category and draw in consumers and visitors who are attracted to that particular niche. Attracting consumers and visitors to that particular niche also brings increased foot traffic for other types of nearby local businesses. The City of Live Oak is already home to many businesses in two retail categories that could serve as potential niches—home improvement, and food-for-the home.

Live Oak should explore the creation of two potential niches of home improvement and food-for-the home.

Home Improvement

Live Oak has a number of existing home improvement businesses. These types of businesses do not typically need improved commercial buildings and are attracted to affordable rents. Home improvement related businesses currently operating in Live Oak include:

- Ace Lawn & Garden Service
- Bill Johnson Repair & Welding
- Butte Mechanical
- C and H Rental
- California Hot Spas & Billiards
- Carpenters Painting, Inc.
- Curiel's Solar Power & Energy
- David Wise Handyman Service
- DC Tile
- Dowd Interiors
- Duenas General Building
- Gault Plumbing
- Golden State Tree
- Hernandez Brothers Landscaping
- James Steele Construction
- Linda Lang Design
- Live Oak Building Supply & True Value Hardware
- Landmark Construction
- Lewis Masonry
- Malibu Maintenance & Lawn Care
- Mondo's Cabinet Shop
- Pacifico Wood Products
- Premier Builders
- Pro Magic Carpet Care
- Richard & Carl's Roofing
- Sunset Moulding
- Todd's Plumbing

Food-for-the Home

Live Oak is surrounded by agriculture and is home to many farms, which permits fresh food to be delivered to residents and visitors. Live Oak has an opportunity to develop a stronger "Farm-to-Fork" and specialty food niche. Live Oak's existing food-for-the home related businesses include:

- Aldrich Kiwi Ranch
- Betty's Catering
- Dhami Farm
- Don Fillmore Farm
- El Ranchito Market
- Fruit Palace
- Gill Brothers Winery
- Jose Duenas Ranch
- La Mexican Market
- Live Oak Donut Shop
- Live Oak Market
- Penny Candy Story
- Singh Farms

Development of this niche supports the City's 2030 General Plan economic development policy of supporting agricultural processing plants and related service and sales businesses that locate in Live Oak, while also preserving Live Oak's agricultural heritage. To further encourage this type of niche, the City of Live Oak may want to consider identifying vacant parcels in the Planning Area for creative re-use as urban farms that operate as food producing businesses. These urban farms can either be permanent or interim redevelopment strategies. For example, as part of Center for Land-Based Learning's Urban Farm Program, the City of West Sacramento temporarily converted both public and privately owned vacant lots that will be used as working farms until market conditions improve and the parcels are ready for development. These types of efforts not only can encourage the development of a unique food-for-the home niche in Live Oak, but may help turn blighted lots into locations of community unity, security, and creativity that can attract future development.

As an integral component to spurring reinvestment and downtown revitalization efforts, the City should fully explore the development of a niche as a downtown revitalization strategy. Live Oak should consider working with business owners and stakeholders to determine the most feasible niche(s) for Live Oak's downtown. To successfully launch a niche, it will be critical to have an organization spearhead the development and growth of the niche.

It will be critical for the City to identify an existing organization (e.g. Live Oak City Council Economic Development Committee, Live Oak Chamber of Commerce, Yuba-Sutter Economic Development Corporation) that is well positioned to lead the charge in this effort or establish a new organization that can focus exclusively on efforts to revitalize the City's downtown. This organization can take many forms from a committee of an existing group, to a small volunteer effort, or an organized and well-funded corporation. Two potential opportunities the City can explore would be the establishment of a property-based business improvement district (PBID) or the creation of a community development corporation (CDC).

The City should identify an organization to spearhead downtown revitalization efforts.

Property-Based Business Improvement District (PBID)

A property-based business improvement district (PBID) was established by California Law in 1994 to allow property owners in a specific geographic area to self-impose and self-govern an assessment to fund enhanced services. PBID's can support a wide range of services and activities including economic development, business recruitment, marketing, special events, maintenance, and public safety. It is estimated that there are approximately 100 PBIDs in California and more than 1,000 nation-wide. The business improvement district in Lavonia, Georgia, a small town with a population of 2,000 residents, offers business promotions, cultural activities, concerts, festivals, and historical events, to generate activity downtown and support merchants. Greenville, Kentucky with a population of 4,000 residents focuses its efforts on improving the downtown's built environment. It has actively sought funding opportunities for streetscape improvements and increased pedestrian access, and has developed a recreational trails program to provide access to nature and recreation near downtown. It also launched the "Let's Paint the Town" program to restore building facades to their original colors and designs.

Community Development Corporation (CDC)

Community development corporations (CDC's) are nonprofit, community based organizations that provide programs and services, and secure private and public capital to promote and support community development. It is estimated that there are over 4,000 CDC's throughout the country. In 2010, the City of Roseville formed the Roseville Community Development Corporation (Roseville CDC) to implement economic and revitalization goals. The focus of the Roseville CDC is to leverage public agency funding and to secure funding that is not available to public agencies, such as tax credits, private loans, and fees for service, to acquire and redevelop property, recruit businesses, and to provide commercial loans.

Commercial Rehabilitation and Façade Improvement Program

Façade improvement programs encourage building renovations to address deferred maintenance of commercial establishments by offering financial incentives to property owners who improve the exterior appearance of their buildings. These programs can also be designed to support tenant improvements and Americans with Disabilities Act (ADA) Accessible Design requirements. The Live Oak City Retail Market Analysis conducted in 2009 identified poor appearance of businesses as the third highest disadvantage of doing business in the City of Live Oak. The Yuba-Sutter EDC's Economic Development Action Roadmap completed in 2009 recommended refocusing the business loan fund as a façade improvement program. There are many examples of communities establishing a façade improvement program to spur downtown reinvestment.

The City of Marysville utilizes Community Development Block Grant (CDBG) to fund its Façade Improvement Program and recently allocated \$42,000 from the program for various improvements to the Hotel Marysville that was built in 1927. Lewiston, Pennsylvania, with a population of 8,000 residents provides matching funds for façade improvements of downtown businesses.

Downtown Infill and Revitalization Funding Opportunities

Affordable Housing and Sustainable Communities Program

The Affordable Housing and Sustainable Communities Program (AHSC Program) is supported by auction proceeds derived from the California Air Resources Board's Cap and Trade Program. Beginning in FY 2015-16 the Strategic Growth Council will provide competitive grant and/or loans ranging from \$500,000 to \$15 million to fund land use, housing, transportation, and agricultural land preservation projects that support infill and compact development that is accessible by alternative transportation modes to achieve Greenhouse Gas (GHG) reductions and benefit disadvantaged communities. The application selection criterion is based on GHG reduction, feasibility and readiness, and policy objectives.

The Downtown Reinvestment Plan Area may be eligible for the Integrated Connectivity Project Area under the AHSC Program. To be eligible to apply for this program, the project must include qualifying transit,⁴² and funds must be used for affordable housing developments, housing or transportation-related infrastructure, project pre-development costs, or transit programs.⁴³

California Statewide Communities Development Authority

The California Statewide Communities Development Authority (CSCDA) offers a variety of funding program to cities and counties, including the Statewide Community Infrastructure Program (SCIP). SCIP allows jurisdictions to receive impact fees prior to development, with the property owner repaying the tax-exempt obligation over a thirty year bond term. Cities, such as Galt and Placerville have partnered with the SCIP to offer developers a cost-effective option for funding development impact fees and capital improvements within their jurisdictions.⁴⁴ Live Oak may want to consider leveraging this program to increase the financial feasibility of downtown development by allowing developers to defer impact fees through.

Community Development Block Grant

The Community Development Block Grant (CDBG) program is administered by HUD and provides formula grants to localities to benefit low- and moderate-income persons, prevent or eliminate blight, or address community development needs that pose a serious and immediate threat to the health or welfare of the community.⁴⁵ The City of Live Oak received a CDBG allocation of \$2,000,000 for fiscal year 2014/2015. These funds can be used for housing, public improvements, community facilities, public series, and planning and technical assistance. The City may want to consider using a portion of future allocations towards implementation of the Downtown Reinvestment Plan.

Enhanced Infrastructure Financing Districts

The Enhanced Infrastructure Financing District (EIFD), an economic development tool, was signed into law (SB 628) by Governor Brown in September 2014. EIFDs allow jurisdictions to issue bonds and use tax increment financing (property tax growth) to fund a wide-range of infrastructure related projects, including transportation, affordable housing, and water management systems. EIFDs require a public vote; however the new legislation lowers the needed voter approval to 55 percent from the two-thirds threshold required under the infrastructure financing districts that were created in 1990. The California Economic Summit created a how-to guide for using EIFDs which includes a case study on how infill development could be supported through an EIFD.⁴⁶

⁴² "Qualifying Transit" means a transit line serving the public that is operated by the following: (1) Directly operated by a public entity; (2) Operated by a public entity via a contract for purchased transportation service with a private or non-profit provider; or (3) Operated by a private or non-profit entity as a grant Recipient or sub-recipient from a public entity. Qualifying Transit for the purpose of the Program includes various forms of fixed transit service (Rail Service and Bus Service) and Flexible Transit Service.

⁴³ For more info, please see: http://www.sgc.ca.gov/s_ahscprogram.php

⁴⁴ For more info, please see: <http://www.cacommunities.org/public-agency-programs>

⁴⁵ For more info, please see: http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs

⁴⁶ For more info, please see: <https://cafwd.app.box.com/s/p8re0h7s6vkhm1st2uwq>

HOME Investment Partnerships Program

The HOME Investment Partnerships program (HOME) is administered by HUD and provides formula grant to localities to fund affordable housing related projects. Jurisdictions are required to match 25 cents of every dollar in HOME funds.⁴⁷ The City received a HOME allocation of \$4.6 million in fiscal year 2014/2015 to support the Maple Park Phase 2 Housing Development. The City may want to consider using a portion of future allocations towards construction of affordable housing within the Downtown Reinvestment Plan Area.

Infrastructure State Revolving Fund Program

The Infrastructure State Revolving Fund (ISRF) provides loans of up to \$25,000,000 to public agencies and nonprofits for a variety of infrastructure projects. The ISRF Program helped fund the Del Paso Boulevard Streetscape Project in City of Sacramento.⁴⁸ The project constructed a new traffic signal and new curb, gutter, sidewalk, street lighting and landscaping improvements. The project created a pedestrian friendly environment by promoting foot traffic, and in turn stimulating economic development.⁴⁹ This program could be leveraged to support the construction infrastructure within the Downtown Reinvestment Plan Area.

Downtown Infill and Revitalization Action Steps

The action steps listed below identify the broad next steps required to implement the downtown infill and revitalization recommendations described in this chapter. Chapter 4 lists the action steps required to move forward with the reuse and development of the three Opportunity Sites.

1. Identify or establish an organization to spearhead downtown revitalization efforts.
2. Determine the priority niche(s) for downtown and develop a strategy to strengthen the niche(s).
3. Formulate the structure and funding options of a commercial rehabilitation and façade improvement program.
4. Once the City and the property owners determine which catalyst Opportunity Sites to evaluate for development (as described in Chapter 4), review the funding opportunities described in this chapter and determine which of the opportunities the City should pursue.

⁴⁷ For more info, please see: http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/programs/home/

⁴⁸ For more info, please see: http://www.waterboards.ca.gov/water_issues/programs/grants_loans/funding_fair_2008/docs/ibank_track1.pdf

⁴⁹ For more info, please see: http://www.ibank.ca.gov/infrastructure_loans.htm

OVERVIEW OF OPPORTUNITY SITES WITHIN THE PLAN AREA

Figure 3-1 provides the boundaries of the Downtown Reinvestment Plan Area and identifies three key reinvestment Opportunity Sites. All three Opportunity Sites include Live Oak Boulevard (Highway 99) frontage with easy on and off access and the potential to attract commuter and visitor spending. These Opportunity Sites were selected due to their high visibility, ability to transform vacant, underutilized, and deteriorated sites, improve downtown's physical appearance, increase surrounding property values, and encourage additional private investment.

Conceptual land use concepts and development prototypes are presented in chapters 4 and 5 that take into account the market conditions outlined above and in chapter 2. Figure 3-1 also identifies the parcels within the Plan Area that are currently vacant or are considered underutilized (structure value is 34% or less of land value),⁵⁰ and thereby may provide additional reinvestment opportunities.

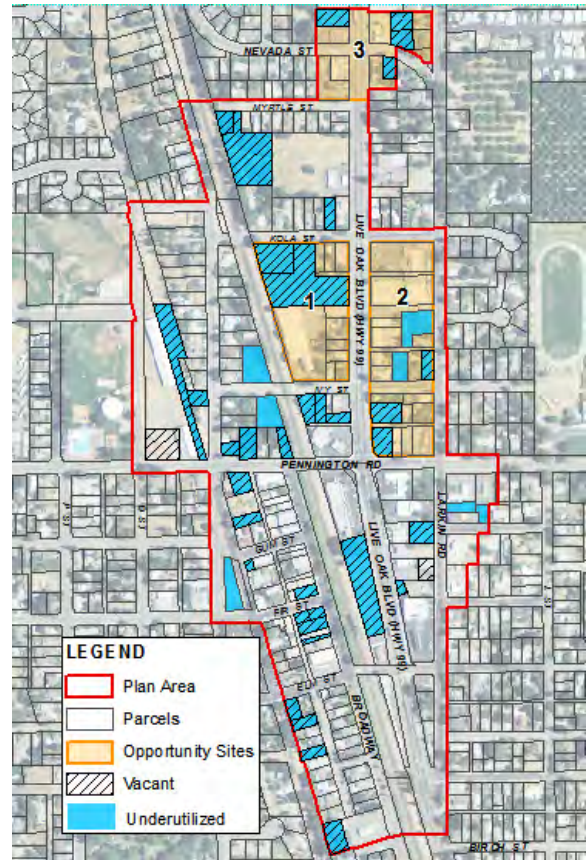


Figure 3-1. Downtown Reinvestment Plan, Vacant and Underutilized Parcels

Opportunity Site One: Diamond Walnut Building and Adjacent Parcels, 5.3 Acres

Opportunity Site One (Figure 3-2) consists of 11 parcels, mainly dominated by a vacant industrial property that was formerly a walnut processing factory. The remainder of the site is occupied by a restaurant, a multi-family residence, and a number of single-family residences. This site has extensive frontage along Highway 99 with high visibility and easy access. The site is also physically constrained by the Union Pacific Railroad tracks that run the length of its western boundary.

⁵⁰ Represents one standard deviation below the mean.

Opportunity Site Two: Live Oak Market Site and Adjacent Parcels, 5.4 Acres

Opportunity Site Two (Figure 3-2) consists of 20 parcels comprising mainly of retail commercial and single-family residences. This site is also afforded extensive Highway 99 frontage and includes additional accessibility from Larkin Road along the eastern border of the site. The northern portion of this site includes a commercial shopping center with a large surface parking lot that is anchored by the Live Oak Market. A small commercial strip center also fronts Live Oak Boulevard in the center of the site. Single-family and multi-family residences, a church, a PG&E transmission center, a small market, and vacant land comprise the remainder of the site.

Opportunity Sites can transform vacant, underutilized, and deteriorated sites, improve downtown's physical appearance, increase surrounding property values, and encourage additional private investment.

Opportunity Site Three: Four Corners (Highway 99/ Nevada St) and Adjacent Parcels, 3 Acres

Opportunity Site Three (Figure 3-3) consists of 12 parcels of mainly restaurants and auto-related uses. Single-family and multi-family parcels and vacant land comprise the remainder of the site. One of the parcels located at the northern portion of the site is currently undergoing remediation to address environmental contamination resulting from the former gas station.⁵¹ Remediation efforts will need to be completed prior to the redevelopment of the site.



Figure 3-2. Opportunity Sites 1 and 2

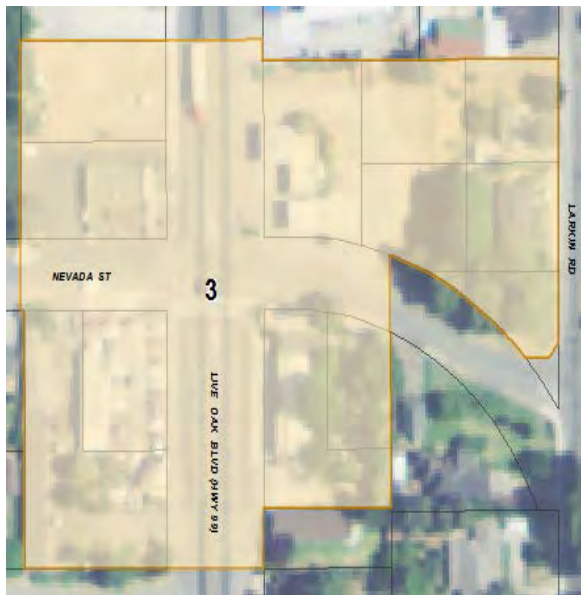


Figure 3-3. Opportunity Site 3

⁵¹ California State Water Resources Control Board, Geotracker. Accessed on March 15, 2015.

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DEVELOPMENT STRATEGIES

DEVELOPMENT STRATEGIES

This chapter describes potential development concepts for the three Downtown Reinvestment Plan Opportunity Sites (Opportunity Sites), followed by a discussion of development strategies and actions to help spur redevelopment and reinvestment in the Downtown Reinvestment Plan Area (Plan Area). The strategies and actions are then compiled in a matrix format to provide a quick reference for property owners, developers, decision makers, and other interested parties.

CONCEPTUAL SITE PLANS

The following section describes a potential site plan and design concept for the three Opportunity Sites. The design concept looks at Opportunity Sites across Highway 99 comprehensively, to identify a development framework that complements each other. Although revitalization efforts on portions of each site may occur at different times, analysing the sites together helps capture efficiencies with respect to market absorption of potential uses, considers the locations of egress/ingress from Highway 99 that are aligned and promote unhindered traffic movement on the regional route, and explores shared concepts for parking and public spaces.

Opportunity Site 1

The approximately 5-acre site is comprised of 11 parcels, of which almost 80 percent of the site is land occupied by the Diamond walnut processing factory. The remaining portion of the site is comprised of a multi-family residence, single-family residences, and the Betty's Authentic Mexican restaurant at the southwest corner of Kola and Highway 99. The proposed site plan concept builds on the potential of rehabilitating and readapting the former Diamond walnut processing factory to house new employment-generating uses that could either be light-industrial, commercial, or office

uses. The site plan assumes small offices along Kola Street with a landscape setback from the adjoining railway tracks, and small retail and offices uses along the highway to maximize prime visibility and easy access. This site may also present an opportunity to build upon the niche concept described in Chapter 3. The former Diamond walnut processing factory could easily accommodate a variety of employment-generating/light-industrial businesses focused on food-for-the home and/or home improvement niches. The proposed retail uses along the highway could house a retail component of these niches, and complement and support the employment-generating/light-industrial uses occurring in the former Diamond walnut processing factory.

The proposed site plan includes a total new development footprint of 29,100 square feet, not including the existing structures being considered for rehabilitation, such as Diamond walnut processing factory and Betty's Authentic Mexican restaurant. The proposed concept includes 8,500 square feet of small office/flex space in the northwest corner of Ivy Street, and two small retail spaces of 5,600 and 3,000 square feet along the frontage of Highway 99. There is also 12,000 square feet of small office/flex space along Kola west of the existing restaurant. Although the market analysis of the Plan Area shows relatively low demand for new office (Chapter 3), the concept for small offices or flex spaces allow the flexibility necessary to customize the development for a variety uses.

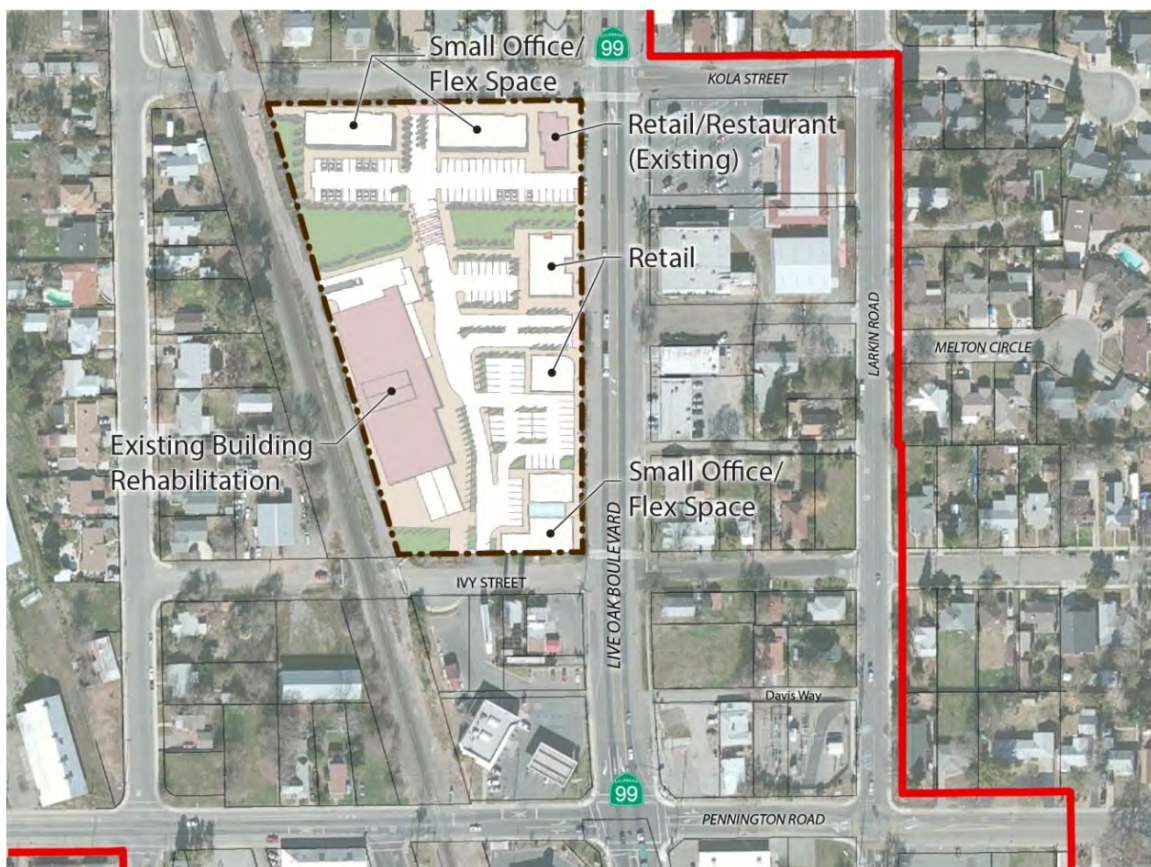


Figure 4-1. Opportunity Site 1

One of the key features of the site plan is the public open space/park in the northern portion of the site, wrapping around the proposed offices on Kola Street and connecting to the highway. The landscaped area also helps to provide a noise buffer from the adjoining railroad tracks.

Parking on the site is conceptualized to be shared between the various uses. The proposed plan shows a total of 55 on-site parking spaces, with potential on-street parking spaces available on Kola Street (9~10), Ivy Street (4~5), and Highway 99 (20~22 western edge).

Opportunity Site 2

Opportunity Site 2 is approximately 5 acres and is comprised of 18 parcels (not including the two parcels owned by PG&E), of which 2 acres along Kola Street is under one ownership and occupied by existing businesses and a grocery market. The proposed concept shows a new small retail building (~3,000 square feet) at the southeast corner of Kola Street and the highway that would help activate and increase the pedestrian scale of the site, and maximize views from this prominent intersection.

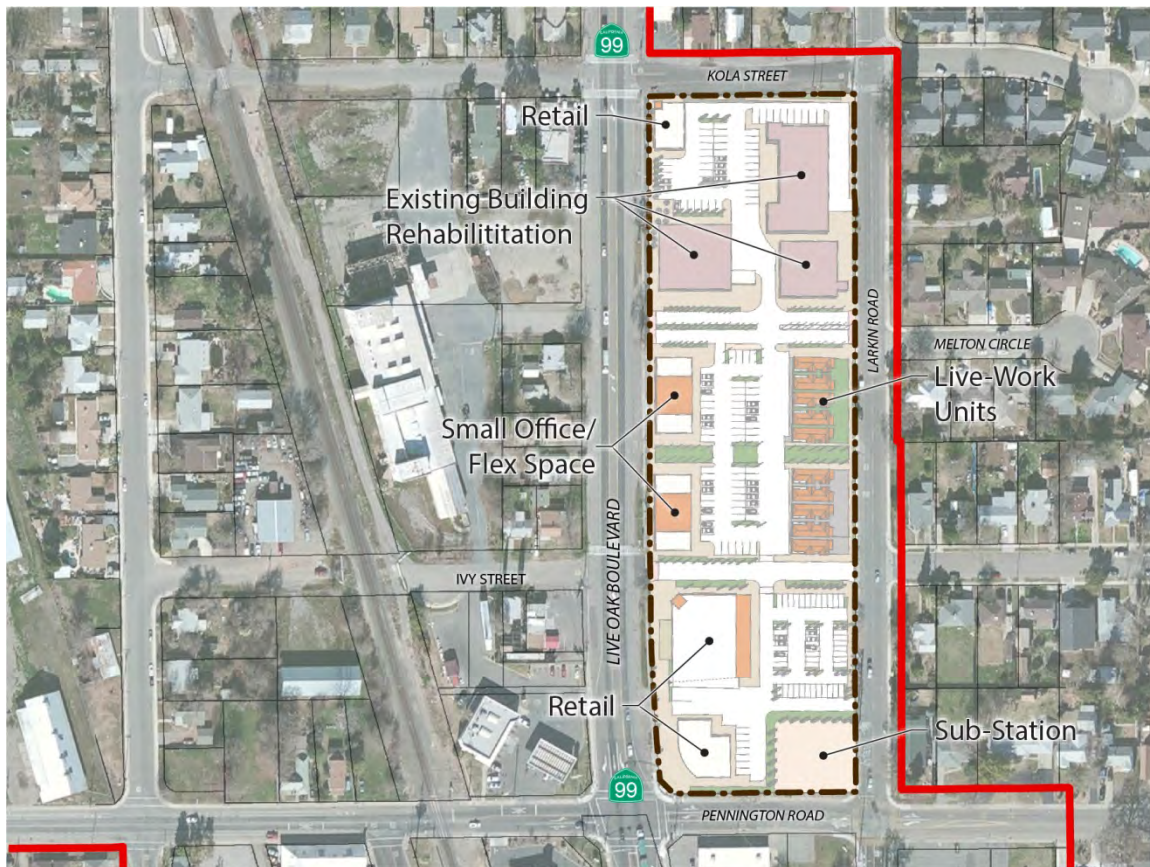


Figure 4-2. Opportunity Site 2

The proposed site plan allows a total new development footprint of 51,000 square feet, not including the existing structures being considered for rehabilitation, such as Live Oak Market and Dowd Interiors. The proposed concept include 10 townhome/ live-work units (20,000 square feet) along Larkin Road, 11,000 square feet of small office/ flex space along the highway, and total of

20,000 square feet of retail between Kola Street and Pennington Road. A landscaped plaza area has been conceptualized running east-west between the retail and the residential units approximately center of the site. Parking on the site is proposed to be shared between the various uses. The proposed plan shows a total of 227 on-site parking spaces, with potential on-street parking spaces available on Kola Street (4), Ivy Street (10~12 both sides), Pennington Road (4~5) and Highway 99 (20~22 eastern edge).

Opportunity Site 3

Opportunity Site 3 is approximately 3 acres and comprised of 12 parcels, of which 0.7 acres at the northeast corner of Nevada Street is the single largest one-owner occupied site. The former gas station is currently undergoing remediation to address environmental contamination issues. The proposed concept envisions that the former gas station site would accommodate a new commercial/retail building with apartments (~24 units) along Larkin Road. Opportunity Site 3 is located just west of farmland. The proposed retail building at the intersection of Live Oak Boulevard and Nevada Street could support a business that supports the food-for-the-home niche by showcasing the produce of local farms and other local products. The northwest quadrant of the site is proposed as a small commercial/retail space. The southeast quadrant envisions potential façade improvements for the existing Pizza Factory building. The southwest quadrant is proposed to accommodate a 6,500 square feet small office/flex space by merging the parcels of the existing auto dealership and apartment complex.

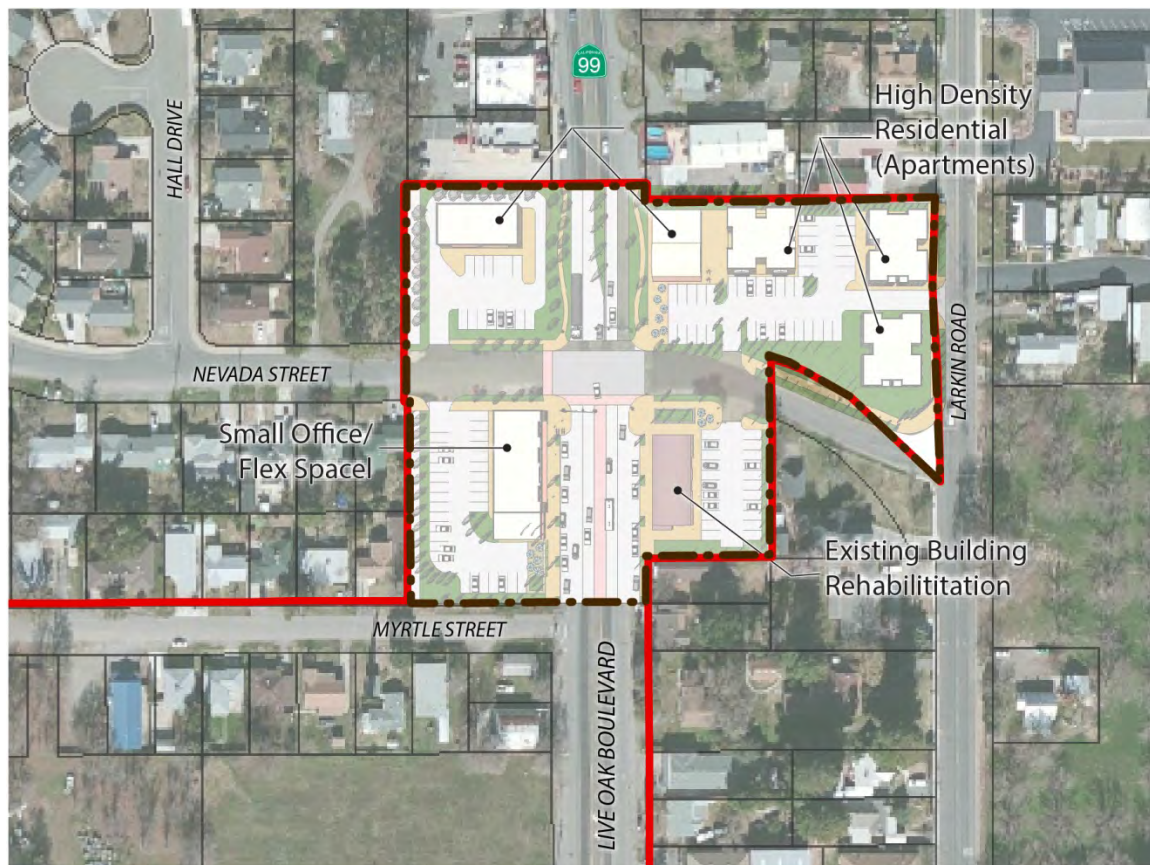


Figure 4-3. Opportunity Site 3

The plan proposes a small plaza area near the mixed-use development on the northeast quadrant that would serve both the commercial building and the residents. The proposed plan shows a total of 77 on-site parking spaces including all the four quadrants, with potential on-street parking spaces available on Nevada Street (12~15) and Highway south of Nevada Street (14~15 on both sides).

OPPORTUNITY SITE DEVELOPMENT STRATEGY ACTION STEPS

Opportunity Site—Development Strategy Matrix

A Development Strategy Matrix (Matrix) (Tables 4-1, 4-2, and 4-3) has been developed for each of the three Opportunity Sites. The Matrix provides the City and the development community with a step-by-step process of how to move forward with developing the conceptual site plans for each of the three Opportunity Sites that are described earlier in this chapter. These development strategy actions steps that apply to all of the Opportunity Sites and those that are recommended for specific parcels are described in detail below.

The Matrix provides a brief description of each parcel within the Opportunity Sites, provides the recommended development strategy actions, ranks the catalyst potential of the parcels, and provides a recommendation for which parcels should receive development priority.

Catalyst Potential

Parcels received a ranking of low, medium, or high, based on their catalyst potential. Catalyst projects have the ability to spur development on surrounding underutilized properties in the Plan Area. Prime candidates for Opportunity Sites are those that have high visibility; are transformed from vacant, underutilized, or deteriorated sites, to those that are the highest and best use; improve downtown's physical appearance; and increase surrounding land values.

Development Priority

Parcels were given a development priority of either near term or medium term, based on their catalyst potential, property ownership and site assembly, and market desirability. Property ownership and site assembly and market desirability are described below:

- **Property Ownership & Site Assembly:** All of the Opportunity Site parcels are privately owned. In order to move forward with the redevelopment of these sites, it is essential to have buy-in from the property owners. Property owner interest in exploring redevelopment opportunities has been considered.
- **Market Desirability:** The desirability and ultimate market feasibility of an Opportunity Site is influenced substantially by size and configuration, site visibility, adjacency to significant intersections with high traffic counts, and ease of vehicular and pedestrian accessibility.

Development Strategy Action Steps—All Opportunity Sites

Streamlined Project Review Process

Prioritize the City's review of development projects that are located within the Opportunity Sites, followed by projects within the Plan Area.

Development Impact Fees

To incentivize new development within the Plan Area and increase the financial feasibility of these projects, a reduction of development impact fees could be considered. The Plan Area is an infill area and zoned for Downtown Commercial Mixed-Use. The conceptual site plans for the Opportunity Sites recommend compact development that take advantage of the existing infrastructure and public safety services (e.g. police, firefighters), and therefore costs associated with infrastructure and public services would be lower than new growth areas.

Additionally, a temporary reduction or waiver on development impact fees could also be considered for projects developed within the Plan Area to further encourage downtown reinvestment. As described below, a pro forma analysis of the Opportunity Sites was prepared to gain a general understanding of the estimated development costs and projected revenues based on today's market.⁵² This analysis shows that the cost of permits and fees represent approximately 6% of the total cost for the conceptual site plans Opportunity Sites 1 and 2, and 7% for the cost of Opportunity Site 3. AB 1600 Development Impact Fees represent approximately 3% of the total development cost for all of the Opportunity Sites—\$522,000 for Site 1 and 2, and \$276,000 for Site 3.

Projects developed within the Plan Area could receive a 50% reduction of AB 1600 Development Impact Fees, and projects developed within an Opportunity Site could have AB 1600 Development Impact Fees waived.

Determine Development Strategy

The individual property owners of parcels located within the three Opportunity Sites will need to determine their preferred development approach. Property owners can either develop the parcels themselves, or hire a development partner to lead the process. The majority of the conceptual site plans require two or more adjacent parcels to assemble sites large enough to support the size and scale of the development projects. The ownership structure of the sites will also need to be determined. Adjacent property owners can enter into development agreements, or one development team can purchase, or obtain an option to purchase all of the parcels required to develop the site.

Environmental Site Assessments

As part of the pre-development due diligence, developers require a Phase 1 Environmental Site Assessment (ESA) report to identify potential or existing environmental liabilities. If the Phase 1 ESA identifies potential environmental contamination, a Phase 2 ESA that includes chemical analysis to determine the extent of any contamination will likely be recommended.

⁵² A pro forma analysis was conducted for new construction only and does not include the cost and revenues of buildings recommended for rehabilitation, such as the former walnut processing factory.

Utilities Condition and Capacity Analysis

To evaluate the Opportunity Sites for development project readiness, developers need to understand the adequacy of the water system, sanitary sewer system, and storm drainage system to meet the needs of their proposed development project. The City had conducted a number of utility and infrastructure studies in recent years, including: the Downtown Historic Business District Infrastructure Needs Assessment (2013), a master drainage study (2013), a water master plan (2009), and a wastewater collection system master plan (2009). These studies along with the City's existing maps of underground utilities will be valuable tools as the Opportunity Sites are assessed for potential development. A utilities condition and capacity analysis may need to be conducted to fill in any gaps of information to provide the development community with a greater understanding of development costs, and an increased certainty of the development risk.

Marketing Opportunity Site Development Booklets

Proactively market the Opportunity Sites through distribution of the Opportunity Site Development Booklets (Booklets) (Appendix A). Booklets should be sent directly to the 11 infill developers and brokers that were interviewed during this planning process. Five of these interviewees expressed potential interest in exploring project feasibility in Live Oak. The Booklet should also be posted to the City's website and distributed to the Yuba-Sutter Economic Development Corporation, Live Oak Chamber of Commerce, and other interested parties.

Development Strategy Action Steps—Specific Opportunity Sites

Zoning & Land Use Designation

All the parcels in Opportunity Site 1 and 2 are designated as Downtown Mixed-Use in the General Plan and encourage pedestrian-scaled developed as envisioned in the proposed site plans. The parcels in these two Opportunity Sites are also zoned in the Downtown (D) Combining Zone District, which provides flexibility in terms of a broad mix of uses, including commercial, residential and civic uses. The Downtown (D) Combining Zone District also allows for less restrictive site setbacks and parking and loading requirements, which help in maximizing development yield in otherwise smaller infill parcels.

Opportunity Site 3, on the other hand, is designated as Commercial Mixed-Use in General Plan, and therefore is more restricted in terms of development density and intensity than the other two Opportunity Sites. The parcels in Opportunity Site 3 are zoned as Commercial-Mixed Use Zone District and allow for a full range of retail and service commercial uses and higher density residential uses" with flexibility for both horizontal and vertical mix of uses. However, this zoning district has more specific on-site parking and loading requirements based on use types, and also larger minimum lot size and setback requirements, which can pose undue burden on small infill parcels financially. Therefore, as one of the first key step in development actions, the City will consider reassigning this site as Downtown Mixed-Use in the General Plan and rezoning it to the Downtown (D) Combining Zone District.

Parcel Merging

All the site planning concepts for the three Opportunity Sites consider parcel merging to ensure seamless land use design and efficiency in development footprint. Smaller disjointed parcels

pose a constraint on development with respect to uses, as well as access, parking, and loading. Merging adjoining parcels to create a more viable development area also helps to create a plan that is in harmony with the adjoining neighborhood, instead of piece-meal development. As an immediate step for activating the development of these Opportunity Sites, the City will work with the property owners to provide technical assistance with parcel merging.

Façade Improvement Program

A façade improvement program can be established to support and incentivize the renovation of existing businesses throughout the Plan Area with a particular focus on businesses located within the Opportunity Sites. A fund can be created to offer a dollar-for-dollar match with the property owner up to a certain dollar amount. The program could also offer low interest loans through a revolving loan fund that is replenished when the loans are repaid. As mentioned in Chapter 3, potential partners in developing this program include a Property-Based Improvement District (PBID), a Community Development Corporation (CDC), the Yuba-Sutter Economic Development Corporation, or the Community Development Block Grant (CDBG) program.

Structural Condition Assessment

As an initial step for the redevelopment of Opportunity Site 1, a Structural Condition Assessment (Assessment) should be conducted of the former walnut processing factory (2600 Juniper Street). The Assessment will determine the buildings structural condition by analyzing and evaluating the foundation, framing, and other construction systems. The Assessment will include recommendations for corrective treatments, and provide general cost estimates for building rehabilitation. The property owner can then make an informed decision whether to move forward with rehabilitation or clear the site and build new. A site visit and a review of the building plans are typically required to provide a cost estimate for a Structural Condition Assessment. If the building plans are not available, a site inspection may also be required.

Environmental Remediation

One of the parcels located at the northern portion of Opportunity Site 3 (Boone's Mini Mart, 10375 Live Oak Boulevard) is currently undergoing remediation to address environmental contamination resulting from the former gas station.⁵³ Remediation efforts will need to be completed prior to the redevelopment of the site.

⁵³ California State Water Resources Control Board, Geotracker. Accessed on March 15, 2015.



Figure 4-4. Opportunity Site 1 with Parcel Numbers

Table 4-1. Development Strategy For Opportunity Site 1

Parcel Numbers	Acres	Street Address	Current Use	Site Assembly and Market Desirability	Action Steps		Catalyst Potential	Development Priority
					Near Term (0-2 years)	Medium Term (2-5 years)		
06-125-006	0.2	2600 KOLA ST	Improved residence	Potential for parcel merging; access from Kola Street	1. Get buy-in from property owners; 2. Determine development strategy; 3. Identify pre-development funding; 4. Environmental Site Assessment (ESA); 5. Utilities Condition and Capacity Analysis (Utilities Analysis)	1. Prepare planning entitlements, parcel merger, and site design; 2. Identify development financing strategy; 3. Prepare site for development	Low	Medium Term
06-125-007	0.2	2590 KOLA ST	Improved residence					
06-125-001	0.6	KOLA ST	Vacant	Large parcel under same ownership; access from Kola St., Ivy St., and Live Oak Blvd. (Highway 99); some visibility from Highway 99	1. Get buy-in from property owner; 2. Determine development strategy; 3. Identify pre-development funding; 4. Conduct Structural Condition Assessment survey for existing building, and determine if rehabilitation or new construction would be more cost-effective; 5. ESA; 6. Utilities Analysis	1. Prepare planning entitlements, parcel merger, and site design; 2. Identify development financing strategy; 3. Prepare site for development	High	Near Term
06-125-008	1.7	2600 JUNIPER ST	Vacant / Diamond walnut					
06-126-012	1.7	2600 JUNIPER ST	Improved industrial land/ Diamond walnut					
06-125-004	0.2	10180 LIVE OAK BLVD	Betty's Authentic Mexican restaurant	Successful local business with prime Highway 99 visibility	1. Get buy-in from property owner; 2. Consider façade improvement program and site improvements in conjunction with Highway 99 streetscape improvements	1. Identify façade improvement program funding; 2. Determine design of improvements	Low	Near Term
06-126-014	0.1	2591 IVY ST	Improved residence	Potential for parcel merging; direct access and visibility from Highway 99	1. Get buy-in from property owners; 2. Determine development strategy; 3. Consider parcel merging to create viable development pads along Highway 99; 4. Identify pre-development funding; 5. ESA; 6. Utilities Analysis	1. Prepare planning entitlements, parcel merger, and site design; 2. Identify development financing strategy; 3. Prepare site for development	Medium	Medium Term
06-126-013	0.1	IVY ST	Improved residence					
06-126-004	0.2	10094 LIVE OAK BLVD	Improved residence					
06-126-003	0.1	10110 LIVE OAK BLVD	Improved residence					
06-126-002	0.3	10114 LIVE OAK BLVD	Two single-family residences					



Figure 4-5. Opportunity Site 2 with Parcel Numbers

Table 4-2. Development Strategy For Opportunity Site 2

Parcel Number	Acres	Street Address	Current Use	Site Assembly and Market Desirability	Action Steps		Catalyst Potential	Development Priority
					Near Term (0-2 years)	Medium Term (2-5 years)		
06-129-006	0.2	2561 IVY ST	Improved residence	Potential for merging parcels to create a single development pad with access and visibility from Highway 99 and Ivy Street	1. Get buy-in from property owners; 2. Determine development strategy; 3. Consider merging adjacent parcels to create a larger development site along Highway 99; 4. Identify pre-development funding; 5. Environmental Site Assessment (ESA); 6. Utilities Condition and Capacity Analysis (Utilities Analysis)	1. Prepare planning entitlements, parcel merger, and site design; 2. Identify development financing strategy; 3. Prepare site for development	Low	Medium Term
06-129-007	0.2	10093 LIVE OAK BLVD	Improved residence					
06-129-005	0.2	2537 IVY ST	Improved residence					
06-129-013	0.2	2519 IVY ST	Multi-family residence	Potential for merging parcels to create a single development pad with access from Larkin Road and Ivy Street				
06-129-012	0.2	IVY ST	Vacant					
06-129-008	0.2	10121 LIVE OAK BLVD	Miscellaneous and special use	Potential for merging parcels to create a single development pad with prime visibility and access from Highway		1. Prepare planning entitlements, parcel merger, and site design; 2. Identify development financing strategy; 3. Prepare site for development	Low	Near Term
06-129-009	0.3	10107 LIVE OAK BLVD	Mixed use					
06-129-011	0.1	10100 LARKIN RD	Improved residence	Potential for merging parcels to create a single development pad with access from Larkin Road				
06-129-010	0.4	10112 LARKIN RD	Churches & Temples					

Table 4-2. Development Strategy For Opportunity Site 2								
Parcel Number	Acres	Street Address	Current Use	Site Assembly and Market Desirability	Action Steps		Catalyst Potential	Development Priority
					Near Term (0-2 years)	Medium Term (2-5 years)		
06-128-001	1.0	10165 LIVE OAK HWY	Retail	Large parcel with single ownership; successful operating local business	1. Get buy-in from owner; 2. Determine development strategy; 3. Consider façade improvement program and site improvements in conjunction with Highway 99 streetscape; 4. Identify pre-development funding	1. Planning and feasibility study for construction of a new building at the corner of Kola Street and Highway 99; 2. Identify development financing strategy	Medium	Near Term
06-128-002	1.0	10153 LIVE OAK HWY	Live Oak Market					
06-152-016	0.1	2520 DAVIS WAY	Multi-family residence	Potential for merging parcels to create a viable development pad with access from Ivy Street and Larkin Road; constraints from existing buildings on-site	1. Get buy-in from property owners; 2. Determine development strategy; 3. Consider merging adjacent parcels to create a larger development site along Highway 99 and Pennington Rd; 4. Identify pre-development funding; 5. ESA; 6. Utilities Analysis (e.g. existing sewer line may need to be moved prior to development)	1. Prepare planning entitlements, parcel merger, and site design; 2. Identify development financing strategy; 3. Prepare site for development	High	Near Term
06-152-015	0.2	10046 LARKIN RD	Improved residence					
06-152-013	0.2	2510 IVY ST	Multi-family residence					
06-152-007	0.3	10045 LIVE OAK BLVD	Vacant	Potential for merging parcels to create a single development pad with access from Highway 99 and Ivy Street; mostly vacant, easier to develop	1. Get buy-in from property owners; 2. Determine development strategy; 3. Consider merging adjacent parcels to create a larger development site along Highway 99 and Pennington Rd; 4. Identify pre-development funding; 5. ESA; 6. Utilities Analysis (e.g. existing sewer line may need to be moved prior to development)	1. Prepare planning entitlements, parcel merger, and site design; 2. Identify development financing strategy; 3. Prepare site for development	High	Near Term
06-152-017	0.2	10055 LIVE OAK BLVD	Improved residence					
06-152-006	0.3	10019 PENNINGTON RD	Vacant					
06-152-005	0.2	10031 LIVE OAK BLVD	Improved residence	Potential merging of the parcels to create viable development pad with prime visibility and access from Highway 99 and Pennington Road in the heart of downtown; mostly vacant, easier to develop	1. Get buy-in from property owners; 2. Determine development strategy; 3. Consider merging adjacent parcels to create a larger development site along Highway 99 and Pennington Rd; 4. Identify pre-development funding; 5. ESA; 6. Utilities Analysis (e.g. existing sewer line may need to be moved prior to development)	1. Prepare planning entitlements, parcel merger, and site design; 2. Identify development financing strategy; 3. Prepare site for development	High	Near Term
06-152-004			PG&E transmission center					
06-152-003			PG&E transmission center					



Figure 4-6. Opportunity Site 3 with Parcel Numbers

Table 4-3. Development Strategy For Opportunity Site 3								
Parcel Numbers	Acres	Street Address	Current Use	Site Assembly and Market Desirability	Action Steps		Catalyst Potential	Development Priority
					Near Term (0-2 years)	Medium Term (2-5 years)		
06-091-040	0.5	10330 LIVE OAK BLVD	Multi-family	Prime visibility along Highway 99; constraints of existing buildings	1. Get buy-in from property owner; 2. Determine development strategy (consider rezoning to Downtown Commercial Mixed-Use); 3. Identify pre-development funding; 4. Environmental Site Assessment (ESA); 5. Utilities Condition and Capacity Analysis (Utilities Analysis)	1. Prepare planning entitlements, parcel merger, and site design; 2. Identify development financing strategy; 3. Prepare site for development	High	Near Term
06-091-007	0.2	10346 LIVE OAK BLVD	Improved commercial - store type					
06-050-031	0.3	10400 LIVE OAK BLVD	Vacant	Prime visibility along Highway 99; constraints of existing buildings	1. Get buy-in from property owners; 2. Determine development strategy (consider rezoning to Downtown Commercial Mixed-Use); 3. Consider parcel merging to create viable development pad along Highway 99; 4. Determine whether to adapt exist building vs. new construction; 5. Consider façade improvement program and site improvements in conjunction with Highway 99 streetscape; 6. Identify pre-development funding; 7. ESA; 8. Utilities Analysis	1. If new construction, prepare planning entitlements, parcel merger and site design; 2. If façade improvements, identify program funding, and determine design of improvements; 3. Identify development financing strategy; 4. Prepare site for development	Medium	Medium Term
06-050-067	0.3	10374 LIVE OAK HWY	Restaurant					
06-093-001	0.2	2520 NEVADA ST	Vacant	Successful operating local business with prime visibility from Highway	1. Get buy-in from property owner; 2. Consider façade improvement program and site improvements in conjunction with Highway 99 streetscape improvements	1. If façade improvements, identify program funding, and determine design of improvements;	Low (already highest & best use)	Medium Term
06-093-013	0.3	10345 LIVE OAK BLVD	Restaurant					

Table 4-3. Development Strategy For Opportunity Site 3

Parcel Numbers	Acres	Street Address	Current Use	Site Assembly and Market Desirability	Action Steps		Catalyst Potential	Development Priority
					Near Term (0-2 years)	Medium Term (2-5 years)		
06-070-010	0.3	10375 LIVE OAK BLVD	Unoccupied auto services	Northern portion of the site is currently undergoing remediation to address environmental contamination resulting from the former gas station.	1. Get buy-in from property owner; 2. Complete environmental remediation; 3. Determine development strategy (consider rezoning to Downtown Commercial Mixed-Use); 4. Identify pre-development funding; 5. Utilities Analysis	1. Prepare planning entitlements, parcel merger, and site design; 2. Identify development financing strategy; 3. Prepare site for development	High	Near Term
06-070-012	0.2	LARKIN RD	Vacant					
06-070-008	0.2	2515 NEVADA ST	Vacant					
06-070-011	0.2	10388 LARKIN RD	Improved residence	Single-family homes along Larkin Road	1. Get buy-in from property owners; 2. Consider merging with adjacent parcels to create a single development area with higher potential development yield with visibility from Highway 99 and Larkin Rd.; 3. Determine development strategy (consider rezoning to Downtown Commercial Mixed-Use); 4. Identify pre-development funding; 5. ESA; 6. Utilities Analysis	1. Prepare planning entitlements, parcel merger, and site design; 2. Identify development financing strategy; 3. Prepare site for development	Low	Medium Term
06-070-009	0.2	10372 LARKIN RD	Improved residence					
06-070-014	0.1	10354 LARKIN RD	Improved residence					

OPPORTUNITY SITE FINANCIAL FEASIBILITY

Pro Forma Analysis

A pro forma analysis is prepared for potential development opportunities to gain an understanding of the estimated development costs and projected revenues based on today's market. A pro forma analysis provides a snapshot of the type of development the market is currently likely to support. This analysis is useful in determining the overall development strategy, the amount and type of financing required, and development costs the City can influence to improve the project's financial feasibility.

A pro forma analysis was prepared for the three Opportunity Sites.⁵⁴ Three additional pro formas were prepared for the southwest quadrant of Opportunity Site 3. This quadrant was analyzed for financial feasibility because it received a high ranking for its catalyst potential and it is recommended for near-term development. This quadrant's current uses include an auto dealership and a multi-family residence.

As shown in the conceptual site plan for Opportunity Site 3 (Figure 4-3), the southwest quadrant is envisioned to be developed as a 6,500 square foot office building. However, it can be developed as a flexible space that can accommodate a variety of uses including conventional office, municipal offices, community space, or retail. Therefore, three separate analyses were prepared for the southwest quadrant to understand the financial feasibility of the site as conventional office, local retail, or as a national discount retail store.

Overall, the pro forma analysis demonstrates that current average rental and lease rates are not generally high enough to cover the full cost of most development projects. In the near term, incentives and gap financing would likely be required to develop the majority of the Opportunity Sites. However, interested property owners and developers will want to conduct their own pro forma analysis as part of their own assessment of a development's financial feasibility. They may also want to incorporate changes to the development assumptions, as discussed below.

The financial feasibility of discount retail chain stores may be more favorable and this is discussed in more depth below. Dollar General and Tower Market have recently been successfully developed in the City of Live Oak.

Adjustments to Pro Forma Analysis

The revenue assumptions fluctuate based on a variety of market conditions and can be adjusted to reflect current realities. As an example, the analysis used the average rental and lease rates for the area; however, these rates could be increased based on the assumption that new high-quality development could command rents approximately 15 percent to 25 percent higher than the current market.

⁵⁴ A pro forma analysis was conducted for new construction only and does not include the cost and revenues of buildings recommended for rehabilitation, such as the former walnut processing factory.

The assumed development type, unit size, unit count, and type and quality of construction can also be altered. The construction quality and other assumed costs in the pro forma can be adjusted to lower the anticipated construction costs. The low-end of the construction cost estimate range can likely be achieved by incorporating less expensive construction finishing materials and by administering a highly competitive contractor bidding process. Adjustment of other assumptions would also increase financial feasibility. These assumptions include land values, financing costs, vacancy rates, broker fees, operational and maintenance costs, and fees.

Discount Retail Chains

The pro forma analysis prepared for the southwest quadrant of Opportunity Site 3 as a discount retail chain store is likely the most financially feasible option. These retail stores typically have a cost efficient building design, and may be able to avoid some of the costs associated with local retail, such as assumptions of vacancy rates and broker fees. During the developer and broker interviews conducted as part of this Plan, the developer of the Dollar General that was recently constructed in Live Oak, mentioned that the project was only feasible because they were able to find a well-positioned site for a reasonable land cost, and because the City had enacted a moratorium on impact fees, and shared the cost of infrastructure upgrades. Therefore, even national discount retail stores may have to identify gap financing and implement creative solutions in order for development to be financially viable in the near-term.

Improving Financial Feasibility

The Opportunity Site Development Strategy Action Steps discussed above, identify several strategies to incentivize infill development. Two other options for the Opportunity Sites should be considered to improve the financial feasibility of near term development.

A variety of additional funding sources are available for the development of senior or multi-family affordable housing. The City may want to consider affordable housing for the 24 residential units shown in the conceptual site plan for Opportunity Site 3 (Figure 4-3).

Office and retail developments can be designed as flexible space that could be used by the City or other agencies for municipal offices, or for community space. Once the office and retail market improves, the City could sub-lease the space to a desirable tenant. Alternatively, the City may desire to retain the space to meet long-term needs. The guarantee of a long-term lease will help off-set some of risk of a commercial development project.

As a long-term strategy, businesses that provide high-paying jobs should be identified and recruited to operate in the City of Live Oak. As discussed in Chapter 2, increasing the number of high-paying jobs will increase the disposable income available to support existing and new businesses. This additional spending power by consumers may enable retail establishments and office buildings to increase lease rates. Higher commercial leases rates will improve the financial feasibility of commercial development.

Development of Catalyst Opportunity Sites

The Development Strategy Matrix identifies four groupings of Opportunity Site parcels that have high catalyst potential and are recommended as a near-term development priority. These parcels are shown in Figure 4-7. Reinvestment resources should be initially focused on reinvestment on



Figure 4-7. Near-term and High Catalyst Potential Parcels

these parcels. The development of these parcels can lead to an improved market for the remaining Opportunity Site parcels. Additional residential and office development in particular, could increase the demand for retail uses.

Implementation of the improvements described in the Collaborative Highway 99 Streetscape Master Plan will vastly improve the infrastructure and physical appearance of Live Oak Boulevard, which has extensive frontage on all three of the Opportunity Sites.

The development of the initial Opportunity Site parcels and the streetscape improvements, will improve the physical and economic conditions of the Downtown Reinvestment Plan Area, and likely lead to an increase in property values and leases and rents for commercial and residential development projects, thereby increasing the financial feasibility of future development in the Plan Area.

Interim Reinvestment

Interim uses should be considered for parcels within the Downtown Reinvestment Plan Area where full-scale redevelopment is likely not yet viable. Parcels that are vacant and/or underutilized (Figure 3-1), should be evaluated for an interim use until the market conditions improve. Interim uses that require a minimal amount of investment, while simultaneously supporting Live Oak's potential niche opportunities of home improvement and food-for-the home include: urban farms and community gardens, farmer's markets, and home improvement and antique fairs. The vacant parcel located along the highway and in-between Ivy Street and Davis Way could be evaluated for an interim urban farm or community garden until the site is ready for development. As discussed in Chapter 3, the organization tasked with spearheading the downtown revitalization and niche efforts could also support the interim uses by providing marketing and operational oversight.

APPENDIX A

DEVELOPER BOOKLETS

OPPORTUNITY SITES DEVELOPER BOOKLETS

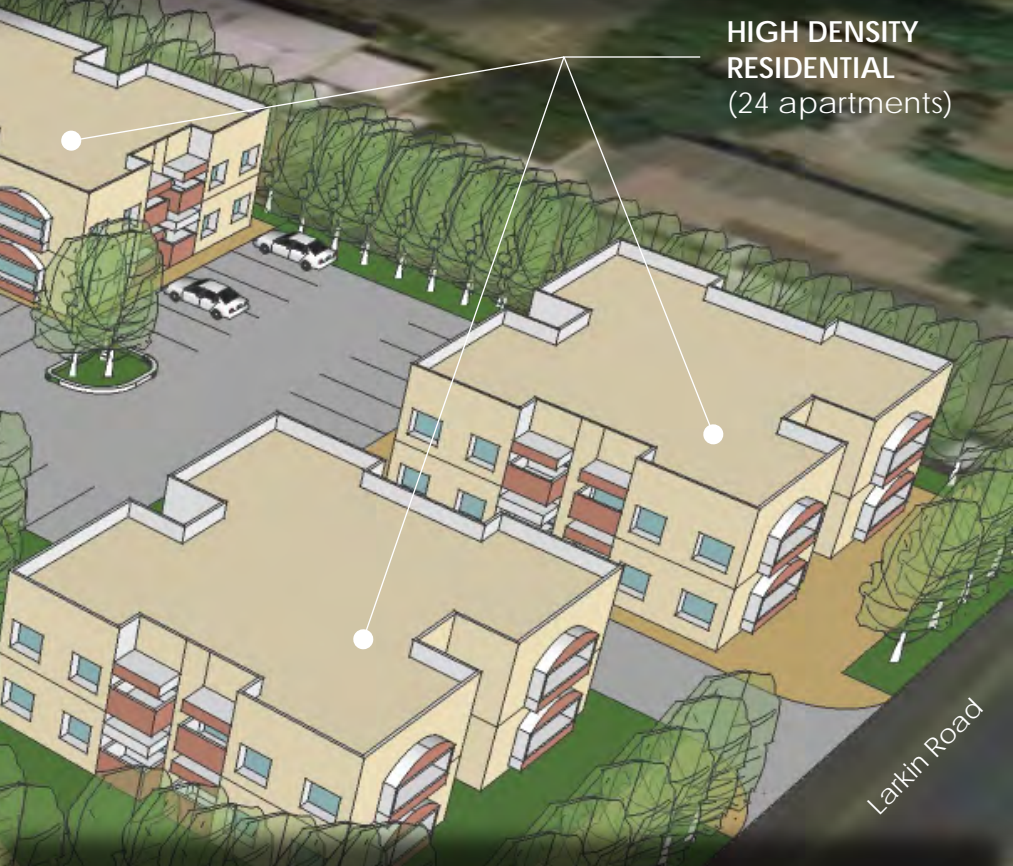


A VISION FOR TOMORROW



Demographics	
Current population	8,341
Projected population (2035)	11,233
Current retail market population	11,484
Projected retail market population (2035)	15,439
Traffic Counts	
Live Oak Blvd (Hwy 99) between:	
Paseo Road and Pennington Road	18,900
Pennington Road and Riviera Road	15,200
Market Demand	
Retail (2035)	150,380 square feet
Office (2035)	23,283 square feet
Residential (2035)	846 units

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