



Chico General Plan Update

**Joint
City Council / Planning Commission
Meeting:**

**Land Use Absorption
Projections and Downtown
Market Opportunities**

July 15, 2008

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Report Overview

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Introduction

- The primary purpose of the report is to estimate potential demand for land development within the GP timeline and to understand market conditions for context.
- The report is largely based on current patterns, but considers two different residential demand scenarios.
- Findings will be used to inform the land use alternatives discussions based on anticipated need.

Existing Real Estate Market Conditions

- Purpose: Provide background and context for subsequent sections of report.
- Methodology: Interviews with local real estate professionals.
- Objective: Understand local real estate professionals' perspectives on market conditions, trends, and opportunities.

Existing Real Estate Market Conditions, cont.

- Highlights of Interviewee Perspectives:
 - All sectors - availability of developable land long-term concern.
 - Residential Realtors feel that local households today overwhelmingly prefer single-family detached homes to higher density housing types.
 - Industrial market grows slowly but steadily.
 - Chico's retail development has slowed as national retail sector has slowed.
 - Chico continues to dominate the office market within the County; concerned that competition with other land uses drives up cost of land for office.

Existing Retail Leakage

- Chico currently functions as a central retail destination within Butte County and other surrounding counties.
- 2007 Chico Urban Area retail sales were over \$1.5 billion.
- Chico Urban Area retail sales “injection” was \$475 million.
- Chico is positioned to capture “leakage” from the Countywide retail market in categories such as Autos, Clothing, Full-Service Restaurants.
- College students remain a market demand segment that is not well-quantified or understood.

Land Use Absorption Projections

- Purpose: Provide estimates of the amount of land necessary to accommodate projected residential and employment growth through 2030.
- Methodology: Utilize BCAG growth projections to estimate increased housing and jobs, estimate acreage needed based on assumptions about development density/intensity and land “yields”.
- Objective: Provide information about magnitude of land needs through 2030, to provide for the analysis of General Plan Land Use Element alternatives.

Land Use Absorption Projections, cont.

- Projected Growth Through 2030
 - Residents: 40,262
 - Housing Units: 16,376
 - Jobs: 21,785

- Estimated Gross Acres Required Through 2030
 - Housing, Scenario A: 2,671 gross acres
 - Housing, Scenario B: 2,103 gross acres
 - Retail: 349 acres
 - Office: 99 acres
 - Industrial: 208 acres
 - Health: 90 acres
 - Education: **accommodated in various land use categories
 - Other: 142 acres

Land Use Absorption Projections, cont.

- Initial findings about current land supply
 - Currently approved units and vacant residential land (10,890) would support approximately 66 percent of projected demand through 2030.
 - Possible mismatch of supply and demand for multifamily and single-family units, depending on demand Scenario A or B.
 - Much existing industrially-designated acreage may not be developable due to constraints.
 - Few large retail parcels (with highway visibility)
 - Small portions of existing zoned commercial land is “ready to build”, impacting short-term opportunities.
 - City may wish to consider designating a “buffer supply” of land beyond projected needs. Urban reserves or other mechanisms can help to ensure development proceeds in an orderly fashion.

Downtown Market Opportunities

- Downtown Chico represents a niche market within Chico and Butte County
- Local real estate professionals feel that to broaden appeal of downtown, it requires expansion in the variety of retailers and an increase in larger office users.
- While there is niche demand for downtown housing, financial feasibility is a challenge in current environment.
- Downtown is well positioned to capture a share of existing leakage in clothing and full-service dining. Also, opportunities to strengthen arts/entertainment offerings.
- Parking availability is seen as a constraint to expansion; however City has taken a number of actions to address supply/availability issues in downtown.
- Redevelopment and infill aspects of downtown development vs. “greenfield” development may suggest need for additional assistance for downtown projects.

Conclusions and Next Steps

- The existing 1994 GP land use plan/policies will not accommodate projected growth in Chico through the year 2030.
- August 5th Joint Study Session on land use alternatives will include comparison of how revised land use alternatives meet and/or exceed the projected needs.
- The alternatives are intended to define the “bookends” and provide for flexibility as the 2030 General Plan update process continues.

Conclusions and Next Steps, cont.

- All land use alternatives need to be viable in terms of meeting the projected needs for the community.
- Beyond the need to accommodate anticipated demand, the Council should consider mechanisms to ensure against land shortages due to unforeseen factors. This can incorporate strategies such as a supply “buffer”, urban reserve designations with triggers, and/or periodic GP Updates.
- Policies will be considered in the future that are intended or likely to change the demand (e.g., improved job market) to establish sufficient additional land capacity beyond projected need.