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# CONTEXT

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**The Area Plan respects and responds to the context. This section describes the physical context and the land use, transportation and economic drivers for growth.**





## 2.1 CIRCULATION AND TRANSPORTATION

The SVS Area Plan resides in the Central City which is framed by Sacramento River to the west, Alhambra to the east, Broadway to the south and the American River to the north. The Central City is connected to the regional roadway network which radiates outward in six directions, providing access not only throughout Sacramento County, but also to Solano, Yolo, Sutter, El Dorado and Placer Counties. The regional freeway network is comprised of four major routes: Interstate 5, State Route 99, U.S. Highway 50, and Interstate 80, as well as Business Route 80, which interconnects these four freeways.

The light rail transit (LRT) system and its proposed extensions reinforce the primacy of the Central City within the Sacramento region. Currently the LRT system includes the Blue Line from the northeast Watt/I-80 suburbs, connecting to Meadowview and Cosumnes River College in the south. The Folsom Gold Line terminates at SVS. Portions of the first phase of the Green Line to the Airport project also cross downtown into the Railyards, along 7th Street, and then into the River District, providing a direct connection between downtown and the Township 9 housing development in the River District. The next phase of this line will reroute the Greenline into SVS with a new platform location with the Gold Line, and extend the double track north and west to the current Sacramento Regional Transit (SacRT) network and the Railyards and River Districts. In addition, SacRT continues to pursue extending Greenline from the River District to Natomas

across the American River before providing service to the Sacramento International Airport.

In addition to the light rail systems, the site is well served by local, regional and intercity bus, including the SacRT pursuit of a streetcar line connecting West Sacramento to the SVS site and future plans for California High Speed rail. Although there are over 90 commuter bus routes that service the Central City, there is only one commuter bus route currently serving SVS.

Bicycling is an attractive mobility choice with Sacramento's climate, generally flat terrain and extensive river parkways. The City of Sacramento, in cooperation with State agencies, is actively promote bicycling. In the Central City area, there are designated bike lanes, routes and numerous bicycle parking areas.

Railroad tracks, which carry east-west freight and passenger trains, remain on-site. The double-track main line was relocated in 2012 to south of the historic Central Shops buildings and added new passenger platforms and a grade-separated passenger tunnel. The four passenger tracks can hold full long-distance Amtrak trains or two intercity trains per track. The double track mainline splits at the east and west end, containing the passenger tracks to the interior. The mainline continues west over the I Street railroad swing-span bridge, and easterly under the 5th and 6th Street over-crossings, over the grade-separated 7th Street and through the southeastern edge of the Railyards and the Alkali Flats neighborhood to the south. The tracks then proceed further eastward on a grade-separated alignment through the Central City, where they split at Elvas Avenue, east of downtown. From



Existing Sacramento Valley Station north entrance

there, one leg continues north through Roseville to Truckee and points further east to Chicago, while the other leg proceeds southward to Stockton and the Central Valley.

Union Pacific Railroad (UPRR) operates an average of 25 freight trains on its main line tracks each day. Speeds are limited to 20 miles per hour over the 90-year old I Street Bridge and 30 miles per hour near the existing historic buildings. In addition to through-freight service, local switching operations occur on spurs that connect to the main line, primarily serving the eastern River District and across the Sacramento River West Sacramento industries.

Amtrak currently operates 34 state-owned intercity passenger trains through the Sacramento Station on weekdays and 30 trains on weekends

and holidays (including 30 Capitol Corridor trains and 4 San Joaquin trains). Amtrak also operates two roundtrip state-owned interstate trains; the California Zephyr runs between Oakland and Chicago via Sacramento, and the Coast Starlight runs between Los Angeles and Seattle via Sacramento. The San Joaquin route runs between Sacramento and Bakersfield with direct bus connections to Los Angeles Union Station and the Capitol Corridor route extends from Auburn to San Jose Diridon Station. All train connections meet with scheduled Amtrak-operated bus routes connecting non-rail serviced communities throughout the state. Recent state legislation has opened these routes to bus-only services which no longer require a train-ride to use the bus system. This is intended to broaden the ridership and expand bus service into Sacramento and other urban centers in the state.

In addition to the 33-weekday scheduled Amtrak bus connections, the station hosts two local SacRT bus routes on 30 minute headways and hourly service to Solano County via Solano FAST Blue line with connections to Fairfield Transit Center, Benicia and terminating at Pleasant Hill BART station. However, regional commuter bus services currently do not connect with SVS directly.

There are 10 multi-agency curbsides stops within a ½ mile of the station rail platforms for more than eleven of the fourteen bus agencies that serve the downtown. At these 10 stops, more than 550 alightings and boardings occur outside of the station, making it difficult for connections to the intercity passenger rail network.



AMTRAK at Sacramento Valley Station

Table 2.1 Transportation Ridership

Transportation	Monday-Friday	Saturday	Sunday
<b>Trains</b>	<b>38</b>	<b>30</b>	<b>30</b>
<b>Intercity Trains</b>	<b>38</b>	<b>30</b>	<b>30</b>
Capitol Corridor	30	22	22
San Joaquins	4	4	4
Coast Starlight	2	2	2
California Zephyr	2	2	2
<b>Commuter Trains</b>	<b>0</b>	<b>0</b>	<b>0</b>



## 2.2 LAND USE AND CHARACTER

The buildout of the Railyards and River District to the north, the adjacency to the Central Business District, Old Sacramento Waterfront and the cultural amenities sited on the City's western edge, proximity to Golden 1 Center and future MLS Stadium, all together heighten the importance of the SVS as a landmark gateway project for Sacramento.

The SVS planning area, located in the southern boundary of the emerging Railyards District at the northwestern edge of Downtown, consists of 31 acres of the 28-acre City-owned property, that includes the existing passenger rail station, mainline track corridor and adjacent undeveloped land; the 1-acre privately-owned Railway Express Agency (REA) parcel at the eastern side of the Station between H and I Streets; and the 2-acre privately-owned Sacramento Railyards Lot 40 situated between the SVS and 5th Street north of H Street. All blocks within the planning area are integral and significant to each other and have development synergy with respect to the destination envisioned for SVS. The REA parcel is not within the Railyards Specific Plan boundary but is located in the Central City Specific Plan Area. However, due to its historic relationship with the Historic Station, existing circulation and parking facilities, it is included here for reference. To the extent that it is included in the SVS study area, the guidelines for any improvements on this parcel in this document are suggestions but are non-binding.

Refer to Figure 2.1 for the site context map.



**Golden 1 Arena**  
Sacramento, CA



**Historic Depot Interior**  
Sacramento, CA



**Old Sacramento Waterfront**  
Sacramento, CA



**Railyards Proposed Redevelopment**  
Sacramento, CA



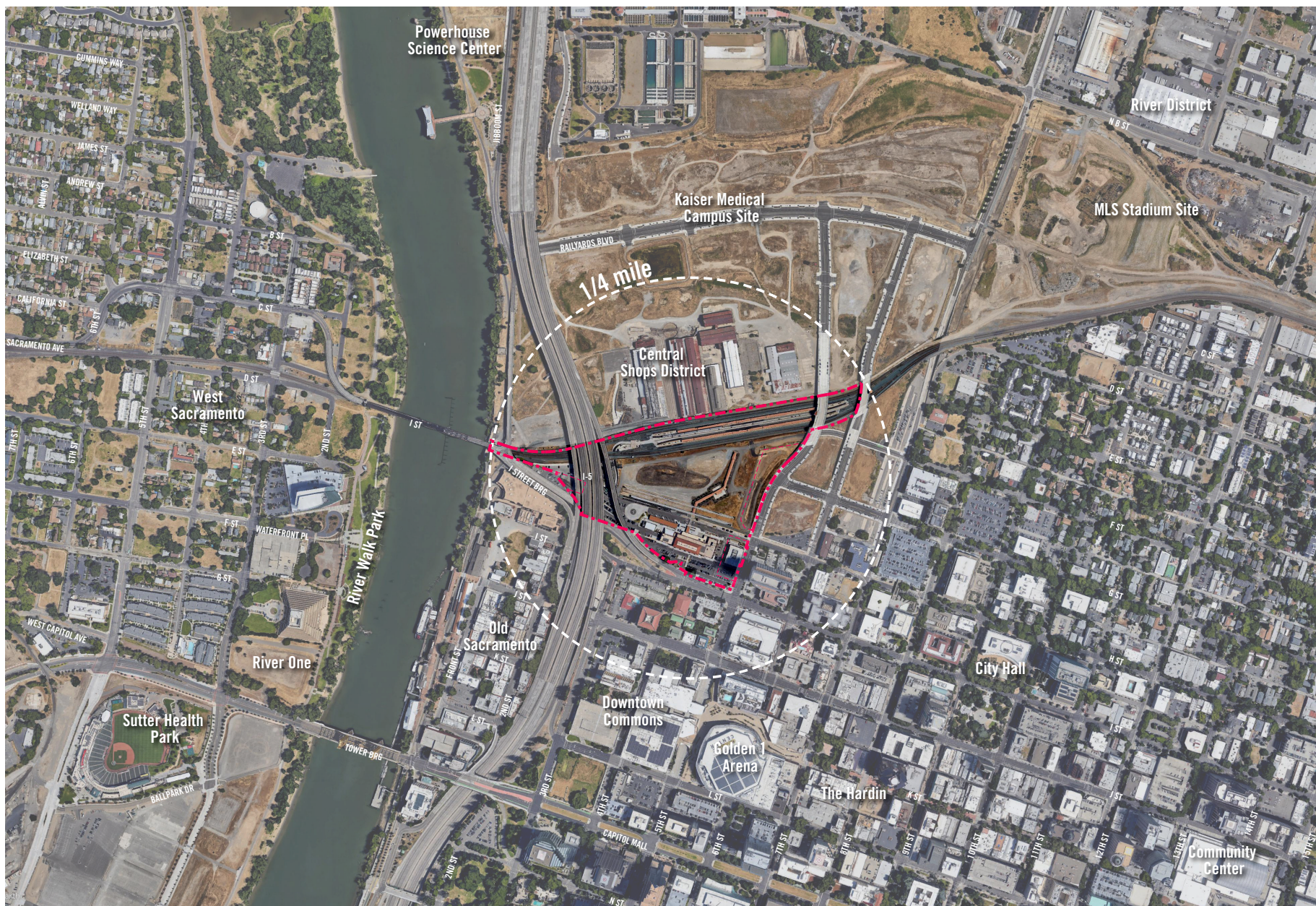


Figure 2.1 Site Context Map



## 2.3 OPPORTUNITIES AND CONSTRAINTS

### Opportunities

One of the main assets of the site as a transportation hub is its location with respect to the evolving downtown. Within a half-mile radius, the Station area is surrounded by existing and planned anchors that will play an important role as the city grows.

Other opportunities of the site include:

- SVS is poised to flourish under the goals of the State Rail Plan, with intercity and statewide rail systems and feeder networks and the resulting transit potential for the SVS, including regional and local public bus service, streetcar, light rail, high speed rail (blended service), private bus carriers, vehicle rentals, shared services, bicycle facilities and private vehicles.

- Improving pedestrian priority for access and connectivity between the station and surrounding districts and places, including the Golden 1 Center, Downtown Commons (DoCo), Chinatown, Old Sacramento, the Railyards Central Shops District and the MLS stadium. The site development has the potential to act as a bridge, bringing these neighborhoods closer together.
- Ability to maximize bicycle connectivity of the Station site to the surrounding streets and districts.
- Integrating a modern transit hub into the historic center of 19th Century western railroad history with the expanded site functions and circulation of the surrounding environs.
- Enabling a truly transit-integrated development and maximizing the vertical integration of the land use program elements for public and private development while also maintaining the priority for transportation modal efficiencies, resulting in a vibrant mix of uses that brings together housing, transit, employment and entertainment.
- Integrating adjoining blocks in the planning, including the REA site and Railyards Lot 40 site, although any relevant Principles and Guidelines within this document with respect to these two properties are suggestions and non-binding.
- Enhancing the civic importance of the Historic Station building and site in creating a distinctive regional place and activity center, by:
  - *Considering the urban design potential for the south elevation and civic front of the site along I Street.*
  - *Considering gateways to the site, connecting south to the new arena development blocks, west to Old Sacramento, north and east to the Railyards and Central City.*

Refer to Figure 2.2 for site opportunities illustration.

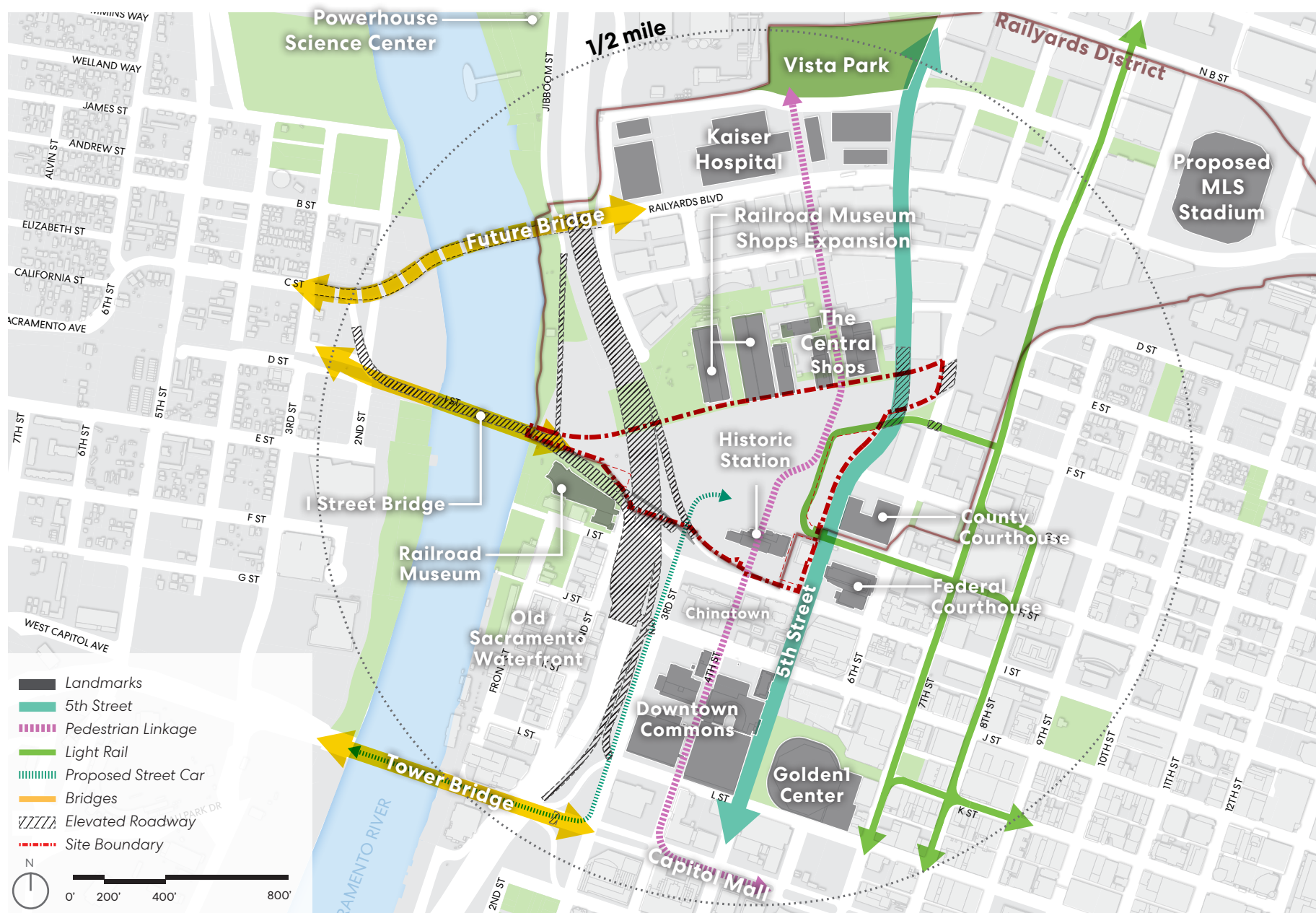


Figure 2.2 Site Opportunities



## **Constraints**

In its current condition, accessing and navigating the site is a challenge. With increased transit services and associated ridership growth planned for the Sacramento Valley Station, it is essential that access to, from and through the site be easy and efficient for all modes of transportation, particularly for people walking.

Some of the site's current major constraints include:

- I Street to the south - The wide, fast-moving, heavily vehicular prioritized street character with its setbacks and non-active land uses along I Street is a deterrent to active modes of transportation. It is an uninviting street environment and an unpleasant front door to the Station area.
- I-5 & I Street bridge access ramps - In their current geometric configuration, the northbound access ramps to I-5 and the I Street Bridge diminish the landmark potential of the Historic Station. These ramps also have a negative impact on the pedestrian environment, especially for pedestrians accessing the site from 4th and 5th Streets.
- 4th Street - Historically, 4th Street played an important role in the Station's formal composition and was originally intended to provide a visual and physical axial connection to the site. That is lost currently. Restoring a more pedestrian friendly environment along the 4th Street axis will benefit the overall access and visual perception of the Historic Station.
- 5th Street -The grade change at 5th Street, as it runs along the eastern boundary of the site, constitutes a significant barrier to vehicular and non-vehicular access to the site.
- North/south connection - The site provides limited north/south connection across the rail tracks. Two tunnels allow pedestrians and bicyclists to cross below the rail tracks while 5th Street provides an all-mode overhead crossing along the eastern boundary of the site. The limited points of access, together with the grade change, result in limited north/south connectivity.
- Overall walkability - The limited access to the site and the surroundings is illustrated in the five- and ten-minute walkshed analyses in Figure 2.3. Many collisions have been reported near the Station area, particularly at intersections. Although a majority of these collisions involve motor vehicles only, there is a trend for people driving cars to endanger people walking along I Street from 4th to 10th Streets, as well as a major "hot spot" of vehicle, bicycle, and pedestrian collisions at the 5th Street and J Street intersection. These locations, all within a short distance of the Sacramento Valley Station's front door facing downtown, underscore the need for pedestrian protection beyond the immediate perimeter of the pedestrian-intensive site. Additionally, the occurrence of bicycle collisions along G Street at both 7th and 8th Streets highlights the importance of providing separated bicycle access, especially from points north and east of the Station.

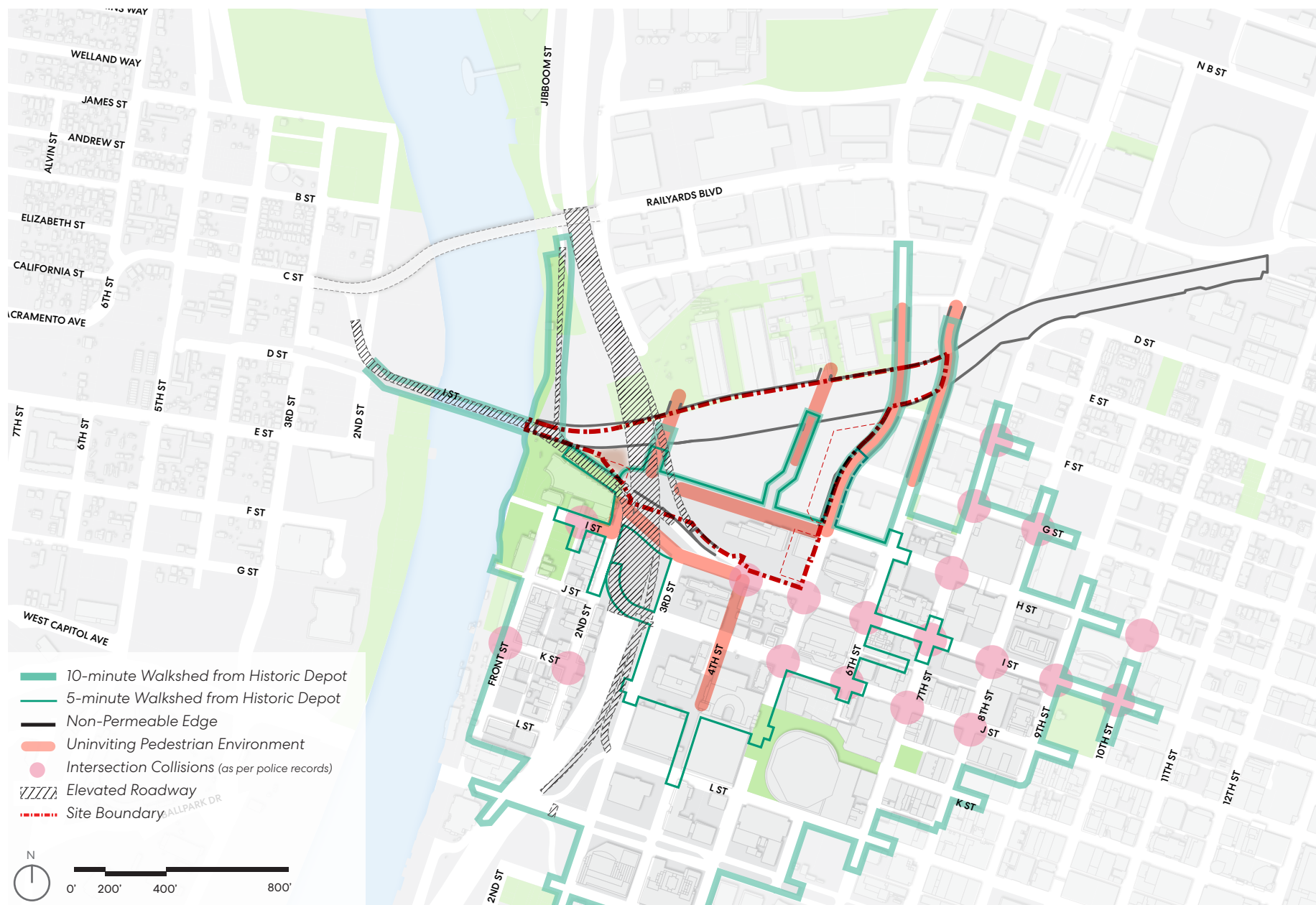


Figure 2.3 Site Constraints



## 2.4 MARKET CONDITIONS

### Introduction

The SVS Area Plan is intended to transform the site into a regional transportation hub and destination, with increased mobility, placemaking, improved user experience and sustainability. Overall, it is recommended that the City use a phased approach to site development, first establishing the new Station as a viable new part of the infrastructure, facilitating high value growth and development in surrounding districts, setting the table for a bold and assertive approach to value capture at the appropriate time in the future. This phased approach will also allow for the recovery of market conditions following the 2020/2021 COVID-19 pandemic.

### Real Estate Context

The surge of growth in Sacramento continues to alter the real estate landscape in the Central City with a multitude of large mixed-use and regional-attracting projects that have been completed, are under construction, or are in the planning stages. This includes projects such as The Golden 1 Center and Downtown Commons (DoCo), The Railyards, The Kimpton Sawyer Hotel, Kaiser Medical Complex and the Major League Soccer (MLS) Stadium. Additional investment in culture-enriching projects that will help define the Central City include the C3 project, which includes the renovation and expansion of the Sacramento Convention Center, the Memorial Auditorium and the Community Center Theater. The Crocker Art Museum expansion, relocation of the Powerhouse



*SVS site context along the eastern edge of the site, looking southeast*

Science Center to the waterfront, and the revitalization of the Old Sacramento Waterfront are either planned or under construction.

The current residential and office markets are seeing increasing rents, low vacancy and an impending need to accommodate existing and future growth. However, the development in Sacramento is limited by the fact that construction costs rival the Bay Area without the ability to achieve comparable high rents, hindering the potential for high-rise development, unless the market can prove there is the support. Residential and office development in SVS likely would benefit by pivoting off surrounding development and by waiting to see how planned developments take shape and perform.

The existing and future retail landscape near SVS is difficult to categorize. Much of Downtown retail is located at regional- and tourist-attracting places, but the retail itself is not necessarily a tourist attraction, compared to places such as the Galleria at Roseville, despite the rebound and stabilization of vacancies and lease rates since the Great Recession. The most transformative element to the Central City's renaissance is the emergence of new retail and entertainment uses, invigorated by the Golden 1 Center and the R Street Corridor arts district. The depth of the retail and entertainment market is questionable with consideration of the recent surge of development and future pipeline; the City likely will be built out as far as sports and large concert venues and even theater space.

The hotel market in Sacramento is currently geared toward commercial stays rather than leisure. The City is developing a visitor strategy to generate more weekend, family-oriented tourism. Combined with the C3 project, the Golden 1 Center and the potential MLS stadium, the demand for hotel space is only going to increase. This overall trend bodes well for the near-term addition of a hotel on the SVS site. While there are eight hotels (1,350 rooms) under construction, under renovation or in planning stages in the City core, it has been cited that Sacramento needs an additional 2,000 hotel rooms to attract large conventions and national events.



## **Retail Demand**

The increased population of residents and employees in the Central City will create additional demand for retail and services. SVS household and employee populations are estimated to create enough demand to support approximately 7,000 – 9,000 square feet of convenience and essential retail, such as food stores, drug stores, cleaners, shoe repair, bicycle repair, and eating and drinking establishments. Demand for additional retail will likely arise from developments adjacent to SVS, such as the Railyards, as well as demand generated by transit ridership. It is important to note that development related to the new MLS stadium (e.g., the proposed 14 acre mixed-use district) and activity directed to the Central Shops would capture a good portion of projected retail demand.

## **Land Use Concept Conclusions and Recommendations**

SVS is well-positioned to be a central and primary focal point as the central core of Downtown Sacramento evolves. As the Railyards continues to build out, the waterfront’s amenities continue to gain prominence, and Old Sacramento diversifies and strengthens, significant economic activity will flow to opportunities available adjacent to SVS. Of primary importance, the SVS plan must be effectively implemented to fulfil the vision that has been created.

With the realization of the planned transportation infrastructure, the primary considerations regarding privately developed, vertical real estate development prospects in this future neighborhood will be the mix, timing and density

of development. While it is too early to finalize the exact nature of specific uses within SVS, broad development concepts proposed in the Area Plan are appropriate for the site given its central position between several major catalyst uses within emerging nodes of development. Overall efforts should be initially directed to ensuring the Station—as a pivotal piece of infrastructure connecting the region’s major assets—is a successful multimodal transit center. With the maturation of surrounding projects, the Station area will be better positioned as a bona fide development opportunity in its own right. Interim efforts should be focused on perfecting the Station’s transportation infrastructure elements and activating the area through various activities to begin defining aspects of “place” from a public perception standpoint.



*Railyards Central Shops District retail visioning*



*Major League Soccer (MLS) Stadium*



## Outlook for SVS District

Results from the market information and a developer panel indicate the following conclusions regarding the development of private uses in SVS to support the rail Station vision.<sup>1</sup>

1. Condo-hotel and mid-rise residential potential constitute potential initial phase development candidates but are not recommended at this time. In addition, mid-rise office may have near-term potential. However, given head-on competition among these uses it is not recommended that SVS is targeted as a near-term location for them.
2. An improved economic base is needed to support high-rise office. The efforts documented in attracting a major anchor to the 301 Capitol project continue to represent an indicator as to whether Sacramento has “turned the corner” as a more advanced and diversified economy supporting high-tech, headquarters and other high value operations relying on an expanded local labor force. The project, which is currently in limbo, due to a change in development partners by the owner, California Public Employees’ Retirement System, will need a major anchor tenant to move forward with its project; realization of same could offer a “proof of concept” to the outside market, bolstering Sacramento as an attractive alternative to second and third-tier cities in the west.
3. Land use objectives should respect and bolster surrounding districts and projects. The specific mix best serving the station area will depend

on a range of factors including the overall amount and type of rail service, conditions precedent in surrounding districts and market considerations, as discussed above.

The challenge to consider is how to segment the market as to avoid head-on competition resulting in a zero-sum game, versus each area having a distinct and complementary role providing mutual support.

High-rise development such as that reflected in the City’s vision documents relies on significant strengthening of economic fundamentals as reflected by a pro forma analysis performed by EPS. The Vision Statement established for SVS

targets a minimum of 750,000 square feet of commercial space (including a 200,000-square-foot hotel) and 460 residential units with a residential population of 1,000 and employment with population of 2,500. These targets were established based on density norms posited by the planning team gained by evaluating model districts in other major cities, such as San Francisco (TransBay), Denver (Union Station Area), Melbourne (Southern Cross Station) and London (Kings Cross). Three inter-related factors will affect how quickly the local market will transform and support uses in prescribed density ranges:



Roundtable discussion with the developers and stakeholders

<sup>1</sup> The panel was held on June 12, 2019 at SVS and consisted of David Taylor Interests, Inc. (commercial high-rise developer in Sacramento), Meea Kang of The Related Companies (largest mixed-use developer in California), and Port Telles, former development director of national mixed-use developer The Cordish Companies (seven-time ULI award winner for entertainment-driven adaptive reuse and mixed-use projects).

- Pursue strategies supporting improved revenue/cost ratio, including reduction and elimination of private project-specific parking. Pro forma analysis performed by EPS indicates that revenue growth will need to outstrip cost escalation on a consistent basis in order to be feasible within a decade. One major determinant of reduced development cost is the reduction/removal of “bundled” parking in the district. The most efficient approach is likely to involve the use of a centralized parking concept, relying on pedestrian and merging short-range “last mile” options. However, market acceptance of this

approach is unlikely within the next five years.

- Progress in improving close-in surrounding conditions. Several blocks around the SVS are in need of rehabilitation and repositioning, which could accelerate the realization of intended uses and assertive densities. Efforts to improve the area hosting “Chinatown”, Perko’s, Holiday Inn and the interface with Old Sacramento are of key importance in this regard, as is the relocation of the I Street on-ramp to I-5. Moreover, the fate of the MLS stadium, associated mixed-use district and central shops are of paramount importance in

determining the optimal timing of SVS development.

- Time is needed to better support ground leasing deal components (see Section 9). To the extent unusual or complex deal structures are required to achieve stated outcomes, there are a good a number of viable fee simple development sites available throughout the downtown core that will likely proceed prior to more complex and risky concepts, which should be positioned as future options associated with improved market conditions and increased land scarcity.



Roundtable discussion panelists: David Zehnder, Meea Kang and Port Telles



Roundtable discussion panelists: Sloan Dawson, Ron Golem, Jose Campos, Jenna Hornstock and Brent Bernegger.



## Conclusions

Overall, SVS presents a dynamic project opportunity representing a long term, galvanizing point of convergence in Sacramento's urban core. As with most informed development strategies, areas occupying a prime location within a regionally significant development are often best-positioned toward the tail-end of a development program in order to take advantage of emerging trends and the maturation of the surrounding/supporting district(s). Concluding thoughts and next steps at this preliminary stage of the land use evaluation include the following:

- Residential uses are likely best positioned near the west side of the site, closer to the Old Sacramento Waterfront area that would benefit from the activation effect of residential development in the vicinity and benefit from 24/7 activity.
- Retail should occur in select ground floor corner and street frontage locations, as well as within the Station concourse and potentially as an adapted supporting use of the Historic Station structure. The upper limit for retail activation in the plan area should be approximately 25,000 square feet, pending more detailed evaluations. Additionally, specific and noteworthy “outside the box” concepts can produce a destination effect for the site that would allow for more development than that identified as supportable in this analysis.
- Lot 40, at the northwest corner of 5th and H Street, owned by DRV (Railyards developer), holds potential for a variety of uses, including but not limited to office, hotel, hotel residential

(e.g., condo) mixed use combinations with the possible condo-hotel project concept, which performs well on paper but is a relatively untested prototype in the market until the recent Kimpton Sawyer project. These factors place the project at the latter part of the development timeframe, as parcels with fee simple disposition in the Railyards and elsewhere are likely to develop earlier, as market maturation and land scarcity will be needed to support feasible ground lease and air rights deals.

- Mid-rise residential and office prototypes appear to be closer to market readiness and are being planned and developed in various parts of Sacramento's urban core; however, this lower density option may be a sub-optimization of the site's potential. At this point, the targeted urban consumer still requires a significant parking component in order to be viable. Ideally, with a successful Station area implementation, most parking will be “unbundled” from individual projects and shared through one or more centralized facilities serving the Railyards and SVS.

With the potential to transform Sacramento and the Central City, the decision-making and development processes deciding the future of SVS are crucial. As such, it is recommended that the City build on the initial market and feasibility analysis summarized here, while entering into preliminary discussions with the development community. As discussed further in Section 9, key elements coming out of this recommended subsequent phase would include further scenario testing based on specific project and market proposals and changes, as the coming five years is likely to illuminate many major questions

presently in play—not the least of which are the future of the Central Shops and the outcome of the MLS stadium area.