

# Stockton California

February 5–10, 2012



# Stockton, California

## Downtown Revitalization

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# About the Urban Land Institute

**THE MISSION OF THE URBAN LAND INSTITUTE** is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. ULI is committed to

- Bringing together leaders from across the fields of real estate and land use policy to exchange best practices and serve community needs;
- Fostering collaboration within and beyond ULI's membership through mentoring, dialogue, and problem solving;
- Exploring issues of urbanization, conservation, regeneration, land use, capital formation, and sustainable development;
- Advancing land use policies and design practices that respect the uniqueness of both built and natural environments;

- Sharing knowledge through education, applied research, publishing, and electronic media; and
- Sustaining a diverse global network of local practice and advisory efforts that address current and future challenges.

Established in 1936, the Institute today has nearly 30,000 members worldwide, representing the entire spectrum of the land use and development disciplines. ULI relies heavily on the experience of its members. It is through member involvement and information resources that ULI has been able to set standards of excellence in development practice. The Institute has long been recognized as one of the world's most respected and widely quoted sources of objective information on urban planning, growth, and development.

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# About ULI Advisory Services

**THE GOAL OF ULI'S** Advisory Services Program is to bring the finest expertise in the real estate field to bear on complex land use planning and development projects, programs, and policies. Since 1947, this program has assembled well over 400 ULI-member teams to help sponsors find creative, practical solutions for issues such as downtown redevelopment, land management strategies, evaluation of development potential, growth management, community revitalization, brownfield redevelopment, military base reuse, provision of low-cost and affordable housing, and asset management strategies, among other matters. A wide variety of public, private, and nonprofit organizations have contracted for ULI's Advisory Services.

Each panel team is composed of highly qualified professionals who volunteer their time to ULI. They are chosen for their knowledge of the panel topic and screened to ensure their objectivity. ULI's interdisciplinary panel teams provide a holistic look at development problems. A respected ULI member who has previous panel experience chairs each panel.

The agenda for a five-day panel assignment is intensive. It includes an in-depth briefing day composed of a tour of the site and meetings with sponsor representatives; a day of hour-long interviews of typically 50 to 75 key community representatives; and two days of formulating recommendations. Long nights of discussion precede the panel's conclusions. On the final day on site, the panel makes an oral presentation of its findings and conclusions to the sponsor. A written report is prepared and published.

Because the sponsoring entities are responsible for significant preparation before the panel's visit, including sending extensive briefing materials to each member and arranging for the panel to meet with key local community members and stakeholders in the project under consideration, participants in ULI's five-day panel assignments are able to make

accurate assessments of a sponsor's issues and to provide recommendations in a compressed amount of time.

A major strength of the program is ULI's unique ability to draw on the knowledge and expertise of its members, including land developers and owners, public officials, academics, representatives of financial institutions, and others. In fulfillment of the mission of the Urban Land Institute, this Advisory Services panel report is intended to provide objective advice that will promote the responsible use of land to enhance the environment.

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# Foreword: The Panel's Assignment

## LOCATED IN THE HEART OF AMERICA'S BREAD

basket, Stockton is a town characterized by its food production and wide range of cultures. The Delta's waterways were vital for the food and transportation of the Miwok Indians living in the Central Valley. Charles M. Weber was the first English settler attracted to the area at the onset of the gold rush in 1848. His inability to make money from gold mining would have made most people move on; however, Weber was smart enough to recognize that serving those new prospectors would be more lucrative. This ability to create wealth from a seemingly failing opportunity reflects the Stockton attitude that continues to this day.

The city was officially incorporated on July 23, 1850, by the County Court, and the first city election was held on July 31, 1850. In 1851, the city of Stockton received its charter from the state of California. Early settlers included gold seekers from Asia, Africa, Australia, Europe, the Pacific Islands, Mexico, and Canada. Before the shift to agriculture as the main industry in Stockton, shipbuilding held sway after the Gold Rush until after World War II.

Stockton now sits at another crossroads.

Like most cities, it has been unable to avoid the current economic downturn affecting the broader American and European economies. The majority of Americans find themselves with lower pay, higher unemployment, and significantly reduced home values. Economic lows prompt higher crime rates, which further exacerbate any problems facing a city.



*Study area map.*

## Regional Context

Downtown Stockton has made significant strides to overcome the draining impacts of the suburban growth of the 1950s and 1960s. The historic buildings and base of government and university jobs, combined with recent public investments in an arena, a ballpark, a cineplex, and a hotel, all represent significant investments in Stockton's future. A healthy downtown is vital to the health of the city, which is the heart of San Joaquin County and the Central Valley.





*Regional map.*

The city's current population is 291,707, but the county population was 685,660 as of 2008. The city is bounded by State Route 99 to the east and Interstate 5, California's primary north-south thoroughfare, to the west. The interstate connects the city directly to Sacramento, about 60 miles to the north.

Beyond highways, the region is served by a number of transportation networks. The San Joaquin Regional Transit District (RTD) operates a comprehensive local and regional bus system, and the San Joaquin Rail Authority operates a commuter rail, the Altamont Commuter Express (ACE) that connects directly to the San Francisco Bay area to the east. ACE will soon connect Stockton to Sacramento by rail as well. In addition, Amtrak operates services in Stockton, and a number of freight lines serve the area.

## The Panel's Assignment

The panel's study area is generally considered to be the urban core of Stockton, bounded by Harding Way to the north, Pershing Avenue to the west, Wilson Way to the east, and Dr. Martin Luther King Boulevard to the south. It consists of approximately 2,734 acres. The core of

this area, which the panel focused on, is the downtown district, bounded by Park Street on the north, freight rail tracks on the east, Hazelton Avenue on the south, and I-5 on the west.

ULI Advisory Services was invited to Stockton as the city faces many challenges. Financial constraints, including an unhealthy municipal budget situation as well as the demise of the ability to spur revitalization through the Redevelopment Authority, have changed the city's capacity to engage in downtown development. The recession, the worst in the country's history since the Great Depression, is not over by any means. A great many cities, states, and countries are tragically affected by its ramifications. Stockton has been hit harder than many cities. High unemployment, crime, and foreclosures are a few of the serious and visible indicators. Real estate markets have stagnated, and capital availability for new development is both constrained and conservative to avoid a further flurry of defaults. These negatives affect people and places.

Stockton has also been forced to react to a number of challenging regulatory issues. The terms of a settlement agreement between the city, the attorney general of California, and the Sierra Club require the preparation of a climate action plan and a transit plan and the implementation of policies that support infill development. Stockton is also an important piece of San Joaquin Council of Governments planning to meet the requirements of California Senate Bill 375, recent legislation that seeks to reduce carbon emissions through comprehensive land use planning at the regional level. In addition, the recent California Supreme Court decision requiring the dissolution of redevelopment authorities means that an important public/private financing tool is no longer available. The panel believes, however, that these obstacles are actually enormous opportunities for downtown development and revitalization.

In an effort to best position itself for downtown growth and development, the city of Stockton submitted a list of questions to be addressed by the panel:

- What public and private strategies exist to support infill? (*Infill* can be defined as the process of introducing new investment within the city center.)
- How can the city modify its development requirements?
- The city owns four hotels and is obligated through legal action to do something with those hotels—what should be done?
- Where can the city encourage developers to build?
- Prioritize next steps that the city and the community can take to further revitalization of the downtown.

As the panel considered these questions, reviewed the considerable background information provided by city staff, interviewed approximately 70 leaders in the community, and toured the city and downtown, the panel also assigned itself the following tasks:

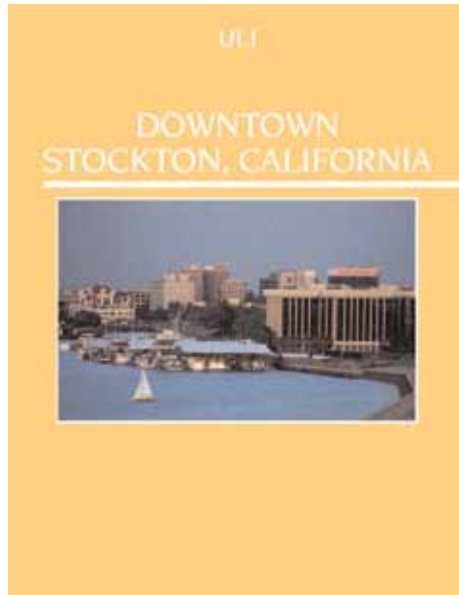
- Address the questions raised by stepping back and carefully looking at Stockton with a more holistic perspective.
- Examine decisions made and accomplishments completed.
- Understand the local impacts of the nationwide recession.

## The 1997 Urban Land Institute Panel

In 1997, the ULI Advisory Services program visited Stockton and produced a report about downtown. The current panel felt a paramount need to review these recommendations as a way to take stock of Stockton's progress through the years. In this review, the panel found an acknowledgment that although in the ten years preceding 1997 the city had attempted to address the issues affecting disinvestment downtown through market studies, strategies, and so on, little investment had occurred in the 1980s and 1990s.

The 1997 panel recommended the following:

- A citywide strategic plan;



*A ULI Advisory Services panel was conducted in Stockton in 1997.*

- Strong participation from both the public and private sectors;
- Effective organization for urban development;
- Adoption of a Great Downtown Plan with activities and projects in the downtown districts—Waterfront, North Shore, Historic, South Shore, and Government districts;
- Encouragement of multiple and simultaneous projects, both public and private;
- Support of the development program through attractions such as events and activities; and
- Leveraging of financial resources.

Aspects of these recommendations were pursued.

Considerable public investment went to public facilities: the ballpark, arena, marina, Weber Point Park, and Bob Hope Theater, among others, were constructed or expanded. The 1997 panel's recommendation was to leverage public investment to enhance the quality of life for Stockton residents and to trigger private investment. What appears to have happened is that a great deal of public investment occurred without a corresponding private sector response. In fact, public investment in a downtown should in most cases be in legal lockstep

*The Stockton Arena, Weber Point Park, and the Bob Hope Theater are examples of public investment in projects designed to improve the quality of life downtown.*



MICHAEL LAAKER

with the private sector so that public and private capital flows at the same time to achieve a mutual objective. Offsetting tax flows from the private sector have not occurred in response to these sizable public investments in Stockton. The current research suggests that limited private sector investment has taken place downtown during the past 25 years.

## Summary of Key Recommendations

The panel believes that “crisis is the mother of opportunity” and that in Stockton’s case, time is an asset. The panel feels Stockton should take advantage of this breathing space and consider the present a time for the city to take the following steps:

- Reorganize city government.
- Reduce capital debt through asset sales or outsourcing of operations.
- Implement a new, proactive municipal culture of public/private cooperation.
- Seriously streamline the development entitlement and permitting process.
- Search out and implement a variety of financing tools to replace tax increment finance.
- Establish an on-going private sector leadership corps to assist and parallel a more streamlined city government.
- Counter negative branding with a proactive, positive, and on-going success blitz.
- Initiate expanded economic development, including international recruitment.
- Prepare a realistic strategic plan for downtown and the Weber–Miner Corridor.
- Establish a first phase infill development team.
- Define and prepare infill opportunity sites.
- Initiate a prototype development within the corridor.
- Plan and recruit for additional infill.

# Market Conditions and Economic Development

**THE ECONOMY OF SAN JOAQUIN COUNTY** exhibits a strong balance of jobs in various economic sectors. The accompanying graph depicts location quotients for the county when compared to the entire U.S. economy. A location quotient of 1.0 indicates that the county has the same share of jobs in that sector as the national economy. A ratio of greater than 1.0 indicates a particularly strong component of the economy whereas a ratio of less than 1.0 indicates a sector that is not well represented in the county's economy.

For the most part, the ratios are very close to 1.0. That said, San Joaquin County has a notable strength in "forestry, fishing, and related activities (not shown on the graph). That sector accounts for 3.1 percent of all jobs in the county, compared to just 0.5 percent in the nation as a whole, and has a very high county location quotient of 6.35 (well above the 1.0 average). Relatively speaking, therefore, this sector is quite important in San Joaquin County. It represents 1.0 percent of the California state economy.

The largest single sector of the county's economy is "government and government enterprises" with 14.4 percent of all jobs. All things considered, however, this percentage is not out of line with the national economy. The government sector's location quotient is 1.01, essentially equivalent with the nation, but local government seems to be somewhat high with a location quotient of 1.34, whereas state government in San Joaquin County is relatively low. With the state capital located just to the north, of course, the county's small state government presence is neither surprising nor unhealthy.

San Joaquin County is not overly dependent on federal government jobs, either civilian or military. Civilian federal

Stockton's Employment Sectors Compared with the United States as a Whole





MICHAEL PATRICK

*Much of the county's employment is in the government sector, represented here by the Stockton City Hall. Agriculture is also a strong sector.*



CHRIS AUSTIN

jobs have a location quotient of 0.91, whereas military jobs have a much-below-average ratio of just 0.34.

Other than the forestry and government sectors, San Joaquin County's notable leader is "transportation and warehousing" with a location quotient of 1.86. This sector accounts for 5.6 percent of all jobs in the county, compared to less than half that share in the entire state of California with 2.9 percent. Given San Joaquin's complex and sizable network of highways serving all directions, railroads, airports, water ports, and two intermodal ports, the county serves as a crucial distribution point for goods moving east from San Francisco Bay as well as moving north and south throughout West Coast states. The Altamont Pass is no small contributor to this location advantage for San Joaquin County for highways and railroads, with its location at the effective end of the San Joaquin River Delta. This relative strength in the logistics sector is reinforced with greater-than-1.0 location quotients for wholesale trade (1.20) and manufacturing (1.04).

Jobs more closely associated with office or technology are not particular strengths. The information sector has a location quotient of 0.54 (compared to 1.37 for the state as a whole). The finance and insurance sector is at 0.94 (1.06 statewide). Most revealing in this office/technology grouping is the professional, technical, and scientific services sector (0.51 compared with 1.26 statewide) and the

management of enterprises sector (0.56 in Joaquin County compared with 0.92 throughout California).

Retail trade jobs do slightly better in San Joaquin County (1.07) than in the state (0.94). And health care hits the national average at 1.0 in the county compared with 0.94 statewide. Not surprisingly, the county compares poorly in the arts, entertainment, and recreation sector with just a 0.60 location quotient, compared with 1.26 in all of California.

This statistical overview reveals that the leading economic sectors for San Joaquin County favor blue-collar jobs. The county has capitalized on its transportation networks, natural and constructed, to attract and sustain vigorous logistics, manufacturing, and agricultural sectors more than others. But this also means that it has had difficulty supporting a stronger downtown market where office jobs tend to dominate. Downtowns are also centers of arts, entertainment, and recreation, a sector not represented well within the county. The retail sector has all but abandoned most U.S. downtowns, especially those not associated with strong office and entertainment sectors.

## Economic Development Stability

Economic development is too often seen as a panacea to a community's ills, but for Stockton, its importance cannot be overstated. The city must grow its economy if





CHRIS AUSTIN

it is to hope to have a sustainable source of revenues to provide basic needs and services to its citizenry.

Economic development needs to be defined. Many definitions are out there, but at its core, economic development is the creation of jobs and wealth. Although local government is limited in its ability to directly create these outcomes, it does have a responsibility to create the environment in which private enterprise and entrepreneurs can operate and thrive.

To successfully engage in job creation and investment attraction, a community must understand itself and adopt a targeted marketing strategy. That is not to say that it ignores transformative economic development opportunities, but a shotgun approach will not work.

The first reality to understand is that the city of Stockton is a small business economy.

The Stockton metropolitan statistical area (MSA), the 77th-largest in the United States, has a total of

**“The main goal of economic development is improving the economic well-being of a community through efforts that entail job creation, job retention, tax base enhancements, and quality of life.”**

—International Economic Development Council

34,509 businesses, with 757 employing more than 50 people, for a population of 692,000 and a labor force of 298,000. By comparison, the 76th-largest MSA has a total of 45,822 companies (1,047 with more than 50 employees); the 78th-largest MSA has 47,275 companies (792 with more than 50 employees).

The next reality is that Stockton's is a service sector economy.

The local manufacturing base consists of 685 manufacturers, only 55 of which have more than 25 employees.

*The port of Stockton is an inland port with rail, water, and highway connections to California's coast.*

Occupations with the fastest job growth projections in the MSA are personal and home care aides (5,100–8,600) and other personal care and service workers (7,800–11,640). The city's largest employers are focused in government, health care, and food-processing industry sectors.

Numerous local resources, however, can help the city of Stockton broaden its economic base into one that is much more sustainable and generates a higher wage levels and tax revenues.

### Health Care

When one combines the Bureau of Labor Statistics health care practitioners and technical occupations (\$83,260 MAW) with health care support occupations (\$29,000 MAW), one finds that more than 17,000 jobs in the MSA are related to health care with most (11,000) paying double the mean annual wage (MAW) for all occupations. St. Joseph's Medical Center, Dameron Hospital, and Kaiser Permanente together provide nearly 5,000 jobs for the city.

In addition, two new major health care facilities will soon be coming online. The correctional health care facility, California Health Care Facility–Stockton, will house 2,400 California inmates in a skilled nursing facility located just south of the city's southern boundary, on Arch Road. The facility will employ approximately 2,400 people, half of whom will be medical professionals. A new Veterans

**The city of Stockton (65th largest in the United States) is home to 16,568 businesses. Only 406 employ more than 50 workers. The 64th-largest city has 20,544 businesses (534 with more than 50 workers); the 66th largest has 19,390 total businesses (578 with more than 50 workers).**

—Hoovers, a Dun & Bradstreet company

### Top Employers by Occupational Category

Occupational category	Number of jobs	Mean annual wage
Office and administrative support	33,280	\$35,360
Transportation and material moving	21,890	\$35,940
Sales and related occupations	19,350	\$33,060
Production occupations	16,230	\$31,820
Education, training, and library	15,730	\$52,980
Food preparation and serving related	15,730	\$21,420

Source: Bureau of Labor Statistics, Occupational Employment Statistics Survey, May 2010.

Administration hospital is also planned immediately south of the city of Stockton. The multispecialty outpatient clinic and a new 120-bed community living center—a skilled nursing facility—is slated for completion in 2015.

### Transportation

Nearly 3 million metric tons of goods passed through the port of Stockton in 2011, representing direct trade with more than 22 different countries. The port is partnering with the port of Oakland to establish the marine highway, initiating container shipping, a project to open up short sea shipping to increase the amount of cargo moving through its facilities. The city is a hub for both commercial and passenger rail traffic, has a viable regional airport, and boasts an excellent interstate highway system. A reliance on large box distribution center projects alone can increase land use and wage stresses on the community. But they do provide some spin-off opportunities for logistics management and inventory control technologies, packaging and printing operations, material-handling



*St. Joseph's Medical Center is one of Stockton's major health care facilities.*

equipment manufacturers and providers, and probably most important, serve as the infrastructure necessary to keep the port growing.

### **Manufacturing**

Stockton has a credible number of manufacturers, but they are predominantly small enterprises. The city has an available labor supply, affordable industrial lease rates, and a strong base of workforce development and training support services. It has an excellent multimodal transportation network, including an inland port with existing connections to Asia and South America and foreign trade zone designation. Many foreign-based companies are looking toward the United States as the preferred location to expand their sales, distribution, and manufacturing operations. Frequently, these companies begin with small operations, with five to ten employees, but quickly grow to 50, 60, or 100 jobs as

they settle into the U.S. business culture and develop their customer base.

Although outside the designated study area, the land surrounding the south side of the port facilities, where the Highway 4 widening project will take place, provides opportunities for industrial park development, but care needs to be taken to ensure the existing residential neighborhoods are actively engaged and considered in the planning for that area's future.

Because Stockton is a small business market with existing global connections, foreign-based manufacturing should be a viable target economic development market. Although these operations may not locate within the downtown district, they are proven strong direct and indirect job generators that will boost the spending power of the city's residents.



*Stockton is a hub for freight-rail traffic.*



CALWEST

### Business Administration

Although administrative activities are by far Stockton's largest business sector by employment, the sector is inordinately affected by local and county government operations. These operations are heavy employment generators, but the mean wages do not translate into a strong executive-level cluster. Additionally, these functions are located in government-owned buildings that do not generate a property tax return back to the community. Business support spin-off opportunities, such as technology providers, human resources management, and legal professions, do exist, but they are primarily smaller-size operations.

Numerous barriers prevent diversifying this sector in Stockton's downtown, including obsolescent buildings, poor telecommunication infrastructure, lack of parking, and safety concerns. Beyond these factors, a large number of 250- to 500-employee shared-service, back-office or customer-contact center prospects are

just not available nationally. Downtown Stockton is not positioned well to successfully compete for those national projects that do exist. However, Stockton is well positioned to play on its assets, which are described in the "Forces of Change" section of this report.

### Economic Development Emerges from "Place"

A broad mix of uses in the public, private, and civic realms, offering commercial, government, medical, educational, cultural, residential, and recreation functions, will encourage economic development and job creation in Stockton's downtown core. These uses should include activity throughout the day (into evenings) and the week (including weekends), a walkable street pattern and size (core areas typically are one-quarter to one-half mile across), lively street frontages, and easy access by all means of transportation. Stockton already has many of these elements in place.

# Forces of Change

**STOCKTON, LIKE MOST CITIES**, has been unable to avoid the current economic downturn affecting the broader American and European economies. The majority of Americans find themselves with lower pay, high unemployment, and significantly reduced home values. Economic lows prompt higher crime rates, which further exacerbate any problems facing a city.

Downtown Stockton has made significant strides to overcome the draining impacts of the suburban growth of the 1950s and 1960s. The historic buildings as well as the base of government and university jobs, combined with recent public investments in an arena, a ballpark, a cineplex, and a hotel, all represent significant investments in Stockton's future. A healthy downtown is vital to the health of the city, which is the heart of the county and the Central Valley.

Successful cities of the future are recognizing and preparing for the broad demographic shifts already underway in America. Stockton will benefit from understanding and recognizing these changes. The baby boom generation is increasing the number of seniors so greatly that the housing industry is offering new types of living options.

The following generations have delayed starting families and typically have a smaller number of children than their parents. The younger X and Y generations have a very different global perspective and typically eschew the suburban lifestyle of their childhood. They, too, are seeking different housing options and prefer a city center with a variety of destinations within a walkable or bikable distance. Now less than one-third of households have children, and by 2030 the share of households with children could be as low as one-quarter. Between 2010 and 2020, more than 80 percent of the demand



*The Regal Cinemas complex, University Plaza Waterfront Hotel, and ballpark area all important assets that will make a difference in the future health of downtown Stockton.*

DINUR BLUM

for new housing will be generated by households without children. Households without children (singles, couples without children, and unrelated roommates) may also have a higher level of interest in alternative housing products, including homes on smaller lots, townhouses, condominiums, apartments, and rental or for-sale units in mixed-use environments.

For a city to succeed, taking advantage of its cultural differences is now more important than ever. Hans Johnson, demographer at the Public Policy Institute of California, has said that “The future of California depends on the successful integration of immigrants and their children into our economy and society.”

*Stockton's farmers market has a wide variety of locally grown fresh produce.*



FLICKR USER MSWINE

Stockton has opportunities to encourage downtown redevelopment and economic development generally based on its resources and circumstances. The port of Stockton is a direct connection to the port of Oakland and on to the ever more important Pacific Rim market.

After reviewing history books and talking with the community, the panel learned that Stockton's assets are recognized but not fully appreciated. Individually these strengths are important, but together they represent a powerful combination of assets that most cities yearn to call their own. The following is a list of some of the most significant gems that Stocktonians should continue to celebrate:

- A useful and beautiful waterfront location;
- Proximity to job centers;
- Access to the great outdoors and national parks;
- Diversity;
- The Delta;
- Access to the freshest and widest variety of agriculture;
- Competitive housing prices;
- Infrastructure (highways, port, train, trucks, airport);
- Great weather;
- Downtown public facilities (arena, ballpark, hotel, and the like); and
- Small-town feel.

In addition, Stockton has made successful efforts downtown of the type other cities are trying very hard to replicate—including the walkable core from Weber Point to Cabral Station, the investments at the downtown transit center, and Cabral Station. These investments in the future create a supportive framework to guide the location of additional revitalization downtown as well as great parks and open space throughout the city.



# Setting the Stage for Partnership

**CITIES CAN NO LONGER DO SOME** of the things they used to do. They are increasingly constrained as their revenues decrease, resulting in reduced staffs that in turn limit the ability to address increasing needs in public safety, infrastructure maintenance, social services, and a range of demands that come with high unemployment, high crime, and related problems. Hence, cities must seek out new solutions and methods for addressing these needs and the future.

## Public/Private Partnerships

Public/private partnerships, at least in the real estate realm, have become a common method for achieving public needs and goals while encouraging private capital to invest in a city. In public/private partnerships, reasonable expectations exist. However, interviews with a variety of leaders indicate the city has not mobilized to carry out public/private partnerships. Such partnerships are as much a culture as a process. To be successful, the investment and development community needs and wants to be invited into the joint development process.

In cities where this effort is successful, development is invited in; it is assisted through the process; entitlement is predictable and timely; and negotiations may be tough, but the mutual benefits of working together are maintained throughout. The public and private sectors become true partners in the blend of capital and the achievement of mutual objectives. When these conditions are lacking, private capital avoids the relationship to the extent that necessary permits can be obtained, but a partnership is frightened away. This point is very important: the culture surrounding the relationship of public values and investment and private values and investment needs to be one of mutual respect. Public/

private capital structures of four or five private dollars to one public dollar are regularly achieved in many cities.

The public sector seeks the following from the private developer in a public/private partnership:

- Developers who know their product;
- Developers who know there will be public scrutiny and who won't back out;
- Developers who understand the public process;
- Developers who have experience in the type of project involved;
- Developers who have demonstrated a successful track record;
- Developers who are financially strong with equity or have an equity source in place;
- Developers who have a strong and experienced design and development team; and
- Developers prepared to accept an open-book process with the city or agency.

The private developer seeks the following from the public sector in a public/private partnership:

- Strong political will;
- Stable city council and planning commission;
- Community support and business alignment;
- Favorable (or at least neutral) media;
- Public financial means such as land control, bonding capacity, and other tools;

- Other necessary incentives and mechanisms; and
- Reliable entitlement.

Public and private goals are different, but they are achievable together.

### Public Sector Goals and Concerns

Public sector goals are long term. They are defined publicly through adopted plans and policies. They have a public interest focus and are sensitive to public perception. No doubt they are influenced by the political climate. Above all, the public sector wants assurance that the private partner is in it for the long term and will meet its obligations.

### Private Sector Goals and Concerns

Private sector goals are short term. They are defined privately. Goals depend on available financing, demonstrated market opportunity, and the cost of capital. The private developer wants a reasonable and realistic return on investment. Personal goals, such as enhancing corporate status, pride in providing a high-quality product, and demonstrating strength in the marketplace may also be in play. Above all, the private sector wants flexibility to meet its goals and assuage its concerns should the market or climate for the project undergo a change.

## Potential Partners to Accomplish Downtown Revitalization Objectives

A large number of diverse organizations participated in the ULI process and agreed to be interviewed. The interviews helped the panel identify how these organizations can involve themselves directly in the downtown revitalization process, what they can bring to that process, and where their resources and capabilities lie. Properly linked in a master revitalization plan, the resulting implementation and management strength of these prospective partners and vested interests in downtown Stockton can be greater than the sum of the individual parts. These organizations—and prospective partners—are separated here into “direct partners” and “supportive partners.”

### Direct Partners

Direct partners are those who could be directly involved in the physical redevelopment, financing, and management of downtown.

**City of Stockton.** The city, of course, manages most of the regulatory responsibilities for downtown development through a number of agencies dealing with community development, economic development, public safety and health, municipal utilities, and so on. In some cases, city agencies also provide direct financing and construction.

The structural organization of city government to more effectively participate as a direct partner in downtown revitalization is addressed later in this report. At present, the panel believes that significant inefficiencies among relevant city agencies hinder and, in some cases, deter initiatives by private sector investors. With the demise of the Redevelopment Agency, this situation is all the more a cause for concern, although even that agency lost touch over the years with its ability to catalyze downtown improvements and failed to leverage necessary partnerships both within and outside city government to ensure downtown revitalization.

The loss of the Redevelopment Agency, the sluggishness of downtown renewal, and the city's persistent fiscal difficulties—caused in no small part by underused downtown facilities—create both a need and an opportunity for the city to restructure its approach to downtown, which necessarily requires partnerships with other organizations to achieve revitalization goals.

**Downtown Property Owners.** Downtown property owners, such as Cort Company, Kennedy, and Atlas Properties, are natural partners. They have the greatest vested interest in the well-being of downtown. They have investments at risk, and they are currently experiencing declining values or at best stabilized values after a period of decline. They realize the importance of continuing to invest in their properties to stimulate value growth, but they are also keenly aware of the market's inability to generate value creation; thus, making more investments is deemed futile.

Yet these property owners have almost no beneficial choices other than to seek and participate in broader partnerships to both spread future risks and generate broader support, ideas, and financing for revitalization. The property owners bring to the table a wide range and quality of real estate. This makes them crucial team members in accomplishing design and functional objectives downtown. Long-lasting and stagnant economic conditions make the property owners willing, if forced, participants in partnerships that can help them recover economic losses within a reasonable period of time.

**Private Developers.** Real estate developers bring two very important elements to downtown revitalization: (a) experience in raising equity, debt, and gap financing, and (b) expertise in development and redevelopment itself. The developers who emerged during the ULI's interview process can be classified in two ways, and each type can play a crucial role.

One group consists of the large and well-known for-profit real estate developers in the San Joaquin County area. They have long been leaders in helping Stockton and the county absorb the population and economic growth that has taken place. One can argue that these developers are not adept at redevelopment or mixed-used development in a downtown context, but this situation opens up opportunities for the second group of developers.

This other group consists of smaller, often younger development companies, some of which may be for profit, others nonprofit. They can bring nimbleness to downtown markets and a higher tolerance for the financial risks involved. Still, although their financial exposure is much smaller, that exposure may be a much greater percentage of the value of their enterprises than for the larger developers. A key strength is that these smaller developers are quite adept at working with local citizens and businesses. They also have honed skills in what might be called creative financing, although the creativity typically involves a deep knowledge of where numerous low-cost sources of financing can be found and how to obtain and layer them to maximize leverage.



*The Rail Commission's Cabral Station sees commuter-rail service to the San Francisco Bay Area and soon north to the Sacramento area. The commission has also been deeply engaged in community development activities in its surrounding downtown neighborhoods.*





These distinctions are not hard and fast, but they suggest that smaller-scale projects in the downtown area might be best tackled by smaller developers, and more sizable or complex projects might be best tackled by the larger firms. Joint ventures or partnerships of both types of developer may be appropriate for certain projects that require creativity, spreading of risks, financial wherewithal, and certain degrees of credibility in the market.

**The San Joaquin Regional Rail Commission.** Partnering with the region's two largest transit agencies offers opportunities to leverage financial resources from organizations that have some funds available, especially for land assembly. To date, the Rail Commission has assembled several properties around its remarkable rehabilitated Calbra Station with the apparent capacity to assemble more. It has also engaged in transit-oriented development (TOD) planning that could form the basis for an overlay zoning code. This can result in large sites capable of supporting transit-oriented, or certainly transit-adjacent, development that improves urban conditions around the station, creates housing options for frequent riders of trains and buses, and reinforces the eastern anchor of the Miner Avenue corridor.

**The San Joaquin Regional Transit District.** The RTD has a large facility downtown and is invested as an organization in downtown revitalization. It's self-funded facility is a transit hub for all of San Joaquin County and has added employment density to downtown through its second-story office space. Along with the Rail Commission, the RTD should be engaged as an active partner in downtown redevelopment.

**Downtown Stockton Alliance.** The alliance consists primarily of property and business interests in downtown Stockton. In that context, it represents a group of vested interests already organized in a manner devoted to the betterment of the downtown area. It also offers an opportunity to expand the costs and skills of downtown management over a greater number of such interests.

Indeed, the Downtown Stockton Alliance is a self-taxing entity that has been raising funds for various purposes for many years. It has some funds at its disposal to



*The Regional Transit District's downtown station is a countywide hub for transit riders. Its smartly chosen downtown location is an asset to revitalization efforts.*

help leverage downtown investments. Perhaps more important, however, is the alliance's willingness to fund additional security, cleaning, and event coordination. A substantial complaint from the alliance is that not only are the many attraction venues downtown (e.g., marina, arena, stadium, Weber Point, Bob Hope Theater) underused but also their events are often uncoordinated with the Downtown Parking District. Enabling the alliance to absorb more of these coordination responsibilities, perhaps coupled with a greater role in funding security patrols (not necessarily police, but "eyes on the street" with direct radio communication with the police) and cleaning of the public realm can ease strains on the city's budget while enhancing the downtown environment for attracting and reinforcing private reinvestment.

**Downtown Parking District.** Like the Downtown Alliance, the parking district has a source of funds that could be directed to sustaining a higher level of downtown management, perhaps targeted specifically at supporting traffic movement and parking for special events.

### **Supportive Partners**

Supportive partners are those who bring special expertise to the revitalization process and enthusiasm that contribute to the ability of downtown to thrive.

**San Joaquin Partnership.** The partnership has expertise in economic development marketing and economic development positioning and can provide international exposure.

**San Joaquin Council of Governments.** In addition to being responsible for transportation planning and funding, the Council of Governments (COG) is tasked with planning and implementing land use policies to ensure the region's compliance with California Senate Bill 375. The COG also administers funding from Measure K, a countywide voter-approved half-cent sales tax that is dedicated to transportation projects. The COG may have resources available to assist the city in a number of activities, including planning, redevelopment, and partner convening.

**University of the Pacific.** Although the University of the Pacific is just getting its feet wet in terms of engagement with downtown, the opportunity is ripe for the institution to locate facilities downtown, especially housing and possibly programs or parts of departments. The school's resources could provide urban research and problem solving through programmatic efforts from students and faculty at little or no cost to downtown. An opportunity may also exist to provide executive-level training or entrepreneurial business training and services to current or potential downtown business owners.

**Cultural Heritage Board.** The board can assist in inventorying and evaluating "structures of merit" to leverage Stockton's unique and alluring characteristics. Stockton's cultural diversity can help distinguish it from competitor cities.

**Chambers of Commerce.** Stockton's three primary chambers of commerce—the Greater Stockton Chamber of Commerce, the Central Valley Asian-American Chamber of Commerce, and the Hispanic Chamber of Commerce—can serve as an important partner in promoting business downtown and fostering a sense of community among business owners.

**Banks and Financial Services Sector.** Stockton's many banks have accumulated resources to commit for downtown revitalization and may be able to provide patient funding, especially for strategic land purchases. Local banks such as the Bank of Stockton should be engaged in redevelopment efforts by the city.



# Time to Prioritize Downtown Revitalization

**A LONG JOURNEY REQUIRES** first steps. One of those first steps involves narrowing the study area to a manageable size, both for planning purposes and for concentrating development. The panel's study area covers nearly 3.5 square miles, which forms a sizable portion of central Stockton, including downtown and its nearby neighborhoods. Revitalization will occur one project at a time, so location of new projects where they can take advantage of other activities, services, and populations is essential. Isolated or peripheral projects face almost certain failure, whereas strategically concentrated projects have the best chance of success.

Communities that have either maintained strong activity downtown or that have achieved significant redevelopment typically have surprisingly small core areas. Tacoma,

Washington, is a good example of a port city with rail operations that faced serious deterioration, vacancy, and crime. Over the last 25 years, it has turned its downtown around with cultural, residential, and educational development. Its core area is smaller than Stockton's core. Similarly, Midtown Sacramento covers an area slightly smaller than Stockton's core. Even in very large cities, the most vibrant parts of downtown occupy only a few blocks.

Because successful downtowns typically concentrate activity in small, core areas, the panel believes that revitalization priorities should include the following:

- Stabilizing close-in neighborhoods north and south of downtown to retain residents and improve safety near downtown. Success comes from mutual support between neighborhoods and downtown.



*Strong downtowns concentrate activity. This focus area for Stockton is similar in size to other successful downtown redevelopment focus areas.*

- Focusing on downtown's core where employment, commercial, and recreational activity are already strongest.
- Capitalizing on the core area's function as a transportation hub.

## Characteristics of Successful Downtowns

Guiding the panel's recommendations is the experience of vibrant downtowns elsewhere that have these characteristics:

- A broad mix of uses in the public, private, and civic realm, offering commercial, government, medical, educational, cultural, residential, and recreation functions;
- A downtown workforce equal to 10 to 20 percent of regional population (for Stockton, this represents a range of 30,000 to nearly 60,000 persons);
- Activity across the day (into evenings) and week (including weekends);
- Concentrated activity—even large downtowns have very small core areas of just a few blocks;
- Walkability—core areas typically are one-quarter to one-half mile across;
- Lively street frontages;
- Easy accessibility by all means of travel (car, bus, train, pedestrian, bike);
- Sufficient, but not excessive, paid on- and off-street parking; and
- Coordinated management of downtown districts, addressing cleanliness, safety, parking, special events, and programmed activities through public/private partnerships.

Clearly, Stockton already has some of those characteristics of success. It has achieved initial evening and

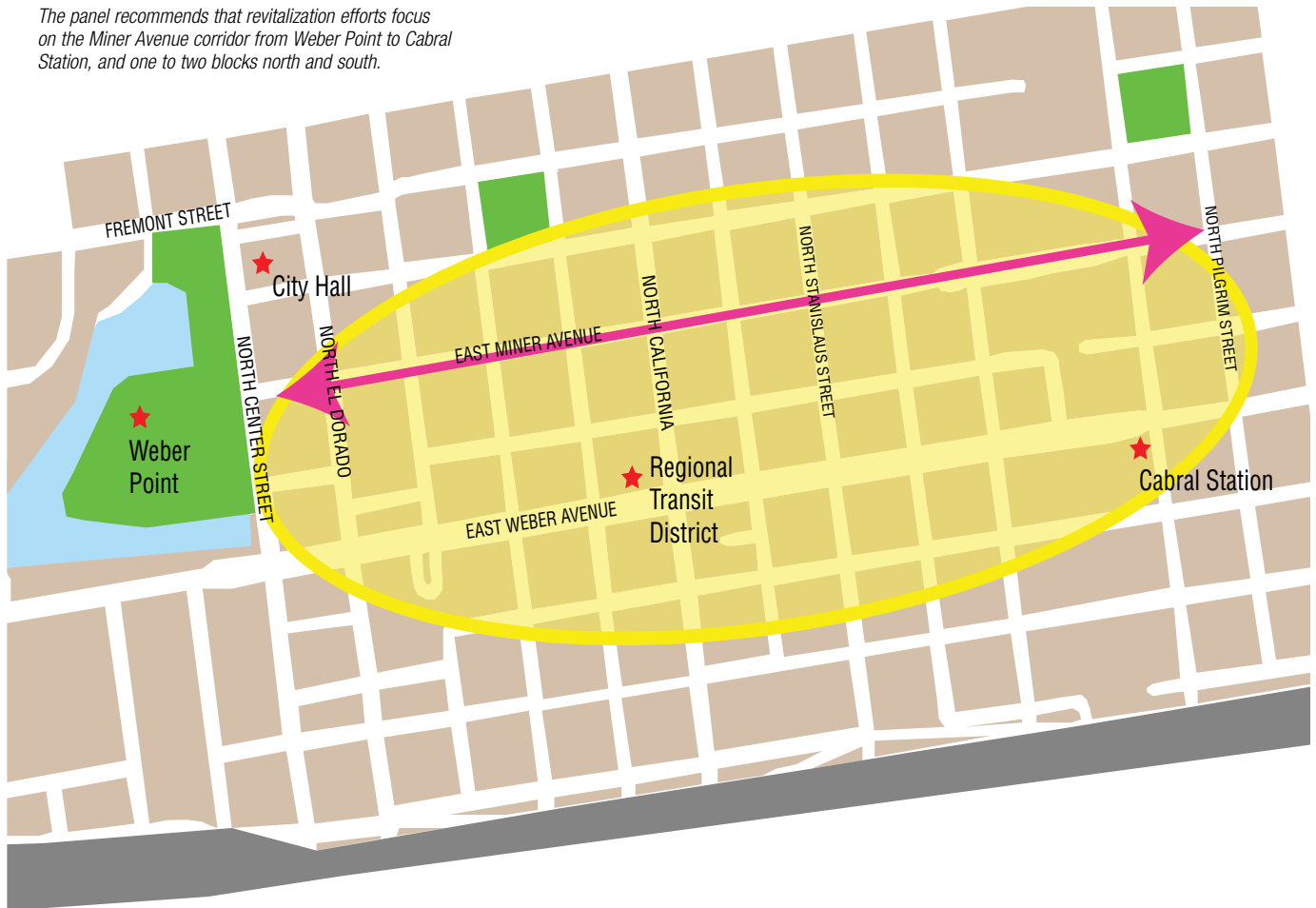
weekend activity with the theaters, cinema, and park. It has a reasonably walkable core at just over half a mile from Weber Point to Cabral Station. And it has superb access from existing road, transit, and rail facilities. Investments at Weber Point, the downtown transit center, and Cabral Station have created a supportive framework to guide the location of additional revitalization in Stockton's core.

## Recommended Focus Area

In light of the successes to date, the panel recommends that revitalization efforts focus on the Miner Avenue corridor from Weber Point to Cabral Station, and one to two blocks north and south. This corridor, anchored by regional transit services and government offices, offers opportunities for infill development. Such opportunities include housing for students, housing for commuters using regional rail, and potentially housing for others seeking a more urban style of living. To attract those potential residents, housing needs to be located within easy walking distance of Cabral Station and the transit center. Nearby cultural, entertainment, and recreational amenities like the waterfront also appeal to urban dwellers. Walkable locations allow residents who do not own cars to live downtown and those who do own cars to use them when they choose.

Another development advantage of this corridor is the ample availability of parking in existing lots and garages. Given indications that parking use currently averages less than 50 percent, the existing parking system can support at least 1 million square feet of new use. In light of current parking surpluses, little justification exists for creating new parking facilities in most blocks. Instead, existing supply can be used to support new development by eliminating the cost of building parking. This advantage in turn will boost revenue for the parking system with little increase in its operating expenses. Accomplishing parking efficiencies, however, requires that parking management become more responsive to customer needs through its maintenance, pricing, hours of operation, and security.

*The panel recommends that revitalization efforts focus on the Miner Avenue corridor from Weber Point to Cabral Station, and one to two blocks north and south.*



Other development opportunities may well arise near the core area, and they should not be ignored. However, each opportunity must be carefully evaluated for its potential to enhance success of the core area, so that such projects do not steal activities and populations that could better function in the core.

### Nearby Neighborhoods

Stabilizing neighborhoods near downtown is vital for both the well-being of those neighborhoods and for the future health of downtown. Stabilization involves working with social service partners to identify particular neighborhood needs. It also involves maintaining good essential services (police, fire, garbage collection) as well as street and sidewalk maintenance. Selected infrastructure up-

grades, including recreation facilities, may be warranted. In addition, a strong emphasis must be placed on improving safety and lowering crime rates downtown, which is crucial for any urban core revitalization program.

### Downtown Housing Opportunities and Challenges:

Time is on the city's side. Use it wisely: "Pause, Prepare, and Reset." Given national and local economic conditions, any significant private housing investment will probably not occur for a few years and likely longer for for-sale housing. The city should be realistic and do what it can to set the preconditions for success. The 1997 ULI panel report continues to have lessons for Stockton.

**“The responsibility for implementing downtown redevelopment has historically rested with Stockton’s public Sector. In the current economic climate, this responsibility is no longer practical or possible . . . the burden (is) increasingly shifting to the private sector.”**

*—ULI Advisory Services Panel Report  
Downtown Stockton, California, 1997*

The opportunity and the challenge is to change the paradigm from *public* development, with little direct leverage of private investment, to publicly initiated *private* development, maximizing leverage with little public investment.

The city can succeed only if the private sector succeeds: lay the groundwork for successful private investment by meeting the following preconditions:

- Cost competitiveness:
  - Reduce barriers to entry: cut impact and utility fees;
  - Provide and assemble sites;
- Certainty: commit to long-term effective delivery of essential city services in downtown and enhancement of urban environment;
- Efficiency:
  - Streamline the downtown approval process;
  - Reform the approval process for consistency and fairness;
- Investment security:

- Foster and nurture strategic alliances for success; and
- Create a demonstration model project to prove success is possible.

The panel recommends the city adopt an “enterprise” model of civic government, breaking down the silos and reinventing itself as

- Accessible;
- Responsive and customer-focused;
- Efficient; and
- Supportive of private investment.

This model is not about asking government to get out of the way. It is about government understanding and effectively executing its partnering role.

## Action Steps

The following section is a set of detailed action items the city and, in some cases, its partners must address to move forward with creating an environment in downtown Stockton that will encourage private sector investment.

- Ensure the stability of existing neighborhoods: “do no harm.”
- Develop protection strategies for the Magnolia District and other at-risk areas through zoning and other tools.
- Develop a land disposition strategy:
  - Identify strategic city-owned parcels, including current surface parking, for future redevelopment. Although current surface parking is well located, it is not the best and highest use of these parcels looking toward the future.
  - Release land based not on its cost basis, but on what will support new, appropriate tax-yielding private investment.

- Provide soft financing as necessary to make deals work.
- Treat land transactions not as asset disposition but as redeployment, an investment in the city's future.
- Streamline the permit process and regulatory functions:
  - Institute a one-stop land use and building permit process, with coordinated interdepartmental application review and a single point of contact for plan review management.
  - Modify codes and regulations to encourage modernization and rehab of existing buildings (ADA, elevator, sprinkler, seismic).
- Explore use of incentives or credits to promote compliance.
- Modify enforcement practices to be consistent and efficient.
- Eliminate the need for project redesign during construction.
- Align the impact fee structure with policy goals that will produce investment:
  - Rethink current unsustainable and unproductive fee structure.
  - Provide rational nexus, transparency.
  - Address inflexibility in parking fees.
- Consider deferral of a portion of fees until entitlement.
- Consider fee waiver for central business district.
- Develop linkage “pay-to-play” fee structure.
- Put the surcharge on fees outside the central business district into revolving fund supporting offset of fees in downtown.
- Consider other policies and pricing mechanisms to induce development in downtown (inclusionary housing, expedited permitting).
- Consider financial incentives for city employees to live downtown where they can walk to work.
- Restructure parking assets and management practices: treat parking as a necessary urban amenity, *not a profit center*.
- Develop a grants strategy based on infill and sustainable community principles.
- Transition from surface parking to housing.
- Coordinate pricing and policies to market-oriented, customer-driven practices.
- Demonstrate success: pilot a collaborative “renaissance” housing cluster of sufficient scale to “seed” further private investment, a concept for which the panel has identified clear interest and commitment by potential stakeholders:
  - Collaboration of the city, the university, and private developers;
  - Minimum 75 units;
  - Side-by-side components, with multiple products on contiguous parcels;
  - Student housing potential key use;
  - Market-rate rental, townhouses, and flats;
  - “Lease to own” in accordance with the Visionary Housing model;
  - Target moderate income (80–120 percent of area median income);
  - City land contribution or deferral of land value on “soft” second, a second mortgage with payments that are forgiven, deferred, or subsidized in some fashion, generally until resale of the mortgaged property;

- Site strategically selected to ensure success;
- Risk isolated for each partner;
- Multiyear preconstruction; and
- Ensure city's will to make this project succeed. Its success is imperative.

**“Because market-rate urban housing is new to downtown Stockton, the panel recommends a strategy involving multiple developers. Such involvement will spread the investment risk, increase design and product variety . . . increase participation by more, and facilitate individual projects on a more timely basis.”**

—ULI Advisory Services Panel  
Downtown Stockton, California, 1997

## Renaissance Project Prototype

Several parties have indicated interest in developing housing in Stockton's downtown neighborhood. The first development must be successful to allow continued near-term (three to five years) investment. Several factors will contribute to the success of housing in and around Stockton's downtown.

### Scale

A single, freestanding development in a pioneering neighborhood will likely not be able to create a sense of place. To achieve the benefits of scale, the panel suggests development consisting of 100-plus units.

### Site Selection

The new use needs to fit along with existing land uses. Rather than attempting to force a product directly into the

heart of downtown, other cities have garnered success through initially creating housing on an urban scale near the periphery of the downtown neighborhood.

### Product Variety

Stockton benefits from tremendous diversity in its population, both in ethnicity and socioeconomics. Product diversity in new downtown housing should reflect the same diversity to include market-rate rental housing, low-to-moderate affordable rental housing, and ownership units with a possible lease-to-own component.

### City's Role

The city should concentrate on flexibility, relaxed fees, and a streamlined permitting process with all departments and staff acting in concert to ensure predictability in the application process.

### Partnership Strategy

The panel understands the inherent risk involved with pioneering a new product in a new market. In an effort to mitigate this risk, the panel recommends a concurrent coordinated strategic investment by several parties, including the following:

- Rail Commission, an important partner for site assembly. It has eminent domain power and has already set the stage for development around the train station through planning studies and strategic property acquisition.
- Two to four smaller developers.
- Spanos, Grupe, Cort, or Visionary Home Builders.

### Recommended Location

In selecting the location, the panel considered dozens of downtown sites controlled by the city of Stockton and the (former) Redevelopment Authority. None of these sites were deemed appropriate to achieve the goals of this initial renaissance housing development.

The panel recommends siting this initial project on the four corners at the intersection of Miner Avenue and Stanislaus Street. This proposed TOD lies within the Cabral Station





*Stockton has four historic hotels in downtown. The cost to redevelop these sites exceeds the market value following any likely development.*

Master Plan approved in 2006 and updated in 2008. As a result, residents will be within a five-minute walk of the ACE platform and the RTD. The site will also benefit from a clear site line from Cabral Station.

This location, along Miner Avenue, would also provide an important anchor or “pulse point” between the Cabral Station neighborhood and the waterfront. Furthermore, associated streetscape improvements might serve as a catalyst for further improvement along this corridor, consistent with those described in the Miner Avenue Streetscape Master Plan.

**Hotel Sites.** The panel has carefully studied the four hotel sites encumbered by the Superior Court of California’s 2009 settlement. The panel believes these sites are not of sufficient scale to be appropriate for development at this time. Furthermore, the panel understands these hotels are the subject of a current feasibility study sponsored by a local developer and the petitioner of the 2009 settlement, Save Old Stockton. The costs to redevelop these sites far exceed the resultant market value following any likely development. The panel recommends, with a favorable decision from the court, proceeding with demolition of these sites. Interim use as surface parking lots will not require the

level of maintenance currently required to ensure public safety. The city should consider interim use for the sites as pocket parks rather than surface parking lots.

In addition, future availability of these sites would provide logical infill opportunity, on a smaller scale, following the success of the initial development described here. Certain architectural elements may possibly be retained and preserved for integration upon eventual redevelopment. The city may want to consider creating a historic hotel museum to store these building materials.

**Washington Street Site.** This 2.83-acre site was recommended as a development site in the 1997 panel report. The adjacency to the baseball stadium and the Miners Levee walking path still positions it as a possible location for new development. The panel learned that the site has possible contamination issues, but this can be seen as an opportunity to use brownfields funding to help spur development. Its proximity to existing residential areas and relative proximity to the University of the Pacific are also advantages.

**Southpoint.** This large 9.1-acre site has riverfront views and is currently owned by the city. However, its location on the edge of the downtown district and the freeway noise that occurs because of its adjacency to Interstate 5 make it a challenging development site.



*Potential redevelopment site on Washington Street.*



*Potential redevelopment site at Southpoint.*



# Public Sector Action

**THE CITY OF STOCKTON IS**, indeed, facing the “perfect storm” of challenges. It has absorbed a lot of body blows over the past couple of decades from internal and external forces, including many that are seemingly out of the city’s control. The panel does not wish to minimize the challenges, but understanding that many other communities around the globe are dealing with the same issues and that a promise of better times exists is important.

*The Magnolia Historic district near downtown is a key stabilization location to ensure downtown’s success.*



That promise comes from the many strengths of this community. Stockton’s multimodal transportation system is one that many communities would be envious of: an active port connects to the world; a modern interstate system allows people and goods to move effectively and efficiently; the airport has the capacity to serve a larger business base; the rail network is in many respects unparalleled; and the public transportation network of buses and commuter rail is well planned, well managed, and well positioned for the future.

Although the local real estate market is not where it can be from an occupancy standpoint, it now provides an affordable alternative for many companies looking to grow.

As the seat of the San Joaquin County government, Stockton is in a position of visibility and influence in this region and benefits from creation of civil service jobs. The city is a collection of extremely diverse communities—socially, economically, ethnically, and geographically: it has an urban core, an active waterfront, and a vibrant suburban sector that serves growing families.

All of these assets are key components for an economic development program. In addition, Stockton is close to major global business centers, some of the world’s most advanced technology resources, and the dynamic Asian economies. The Stockton area has an established base of nearly 700 manufacturing companies, much-desired Enterprise and Foreign Trade Zone designations, and an existing system of workforce development programs. Stockton’s municipal leadership and a passionate and engaged community understand the importance of economic vitality to the city’s long-term health.

Moreover, and important not to lose sight of, the city has time. The global and local markets are not actively supporting new growth right now and probably will not for the next three to five years. This does not represent a missed opportunity; rather, the city now has time to prepare for the day when the markets are ready for the private sector to restart its development investments.

Although pressure may exist to “do something” right now, the city must clearly understand that preparation *is* “doing something”—an important “something.” Specifically, take this time to strategically prioritize several key action areas, including the following:

- Fiscal and budgetary health;
- Organizational and process stability;
- Public safety;
- Community development stability; and
- Economic development stability.

## Fiscal and Budgetary Health

The city is already actively focused on stabilizing its long-term fiscal health, and intrusion on that process would be outside this panel’s scope. However, certain opportunities exist that the community as a whole should understand can reduce the city’s financial obligations for the continued redevelopment of Stockton’s downtown:

- Identify and leverage sound, strategic partnerships; the city does not have to bear the financial burdens of deal making all by itself. This realization is even more critical given the loss of tax increment financing programs. Remember, cities have made, and still make, complicated development projects happen without using tax increment financing. The ability to reshape the city is not lost—only one tool from the tool box is now missing.
- Create strategic third-party agencies that can share the costs of redevelopment (planning, infrastructure, land assembly). The loss of the Redevelopment

Authority does not mean that replacement organizations or partnerships cannot be established to fill the authority’s planning and implementation roles. Representing both public and private interests, it must have the expertise and authority to negotiate with private developers, the authority to engage consultants, the ability to negotiate land assemblies, and the ability to manage project implementation.

- Consider the use of New Market Tax Credits to help with the funding of investments in designated low-income communities. Downtown Stockton is classified as a severely distressed area for the New Market Tax Credits program.
- Support the approval of an EB5 Regional Center in the San Joaquin Valley to attract foreign capital investment into the city and region for nonagricultural job-creating projects. This program provides expedited permanent residency status to foreigners who invest a minimum of \$500,000 to \$1 million in an approved regional center for a project that creates either directly or indirectly ten or more jobs.
- Engage state and federal elected officials to identify strategic higher-level funding opportunities that can help close deals or that allow the creation of necessary infrastructure improvements that can mitigate some of the private sector financing obligations.
- Maximize the use of the city’s long-term capital improvement budget in a strategic manner that focuses on creating the positive atmosphere to attract private investment, while also serving the needs of city residents.

## Organizational and Process Stability

In 2011, the City Council and city manager identified the need to make significant organizational improvements to improve and sustain performance. Currently, initiatives exist to assess the performance of the Community Development department and other city functions that have a role to play in executing the down-

town revitalization strategy. In fact, along with solid public and private partners playing significant roles, the chances for success are vastly improved if the city can accomplish this organizational improvement goal.

### **Build the Team**

If revitalizing downtown is key to overall success of Stockton, then the city organization will need to eliminate unnecessary obstacles and barriers to new development. The city has instituted a management review of permit processes and empaneled a Development Oversight Commission to develop recommendations to improve those processes. Successful communities have followed through by developing an annual work program, setting objectives that can be seen and measured by the development community and the general public, and creating a corporate culture that is aligned, responsive, and customer-driven.

The city manager and senior staff have an important role to improve the morale, efficiency, and effectiveness of city agencies and staff. Many stakeholders desire a city organization that is more accountable, consistently holds itself to high standards, and is reliable. This report recommends that the city set new specific rules for downtown to guide the permit process and empower a senior staff member (a “Deputy City Manager for Downtown”) to oversee and be accountable for implementation.

### **Give Them the Tools**

To be successful, the city needs to streamline the permit review processes and improve the applicable zoning and development codes. Private development interests need to have the right balance of certainty and predictability in review timelines, allowed uses and densities, and performance standards while allowing for flexibility and variation in meeting city standards. “You can tell me the ‘what,’ just let me figure out ‘how’ I do it.”

For downtown, Stockton could consider building upon the foundation of city and agency plans through a variety of additional preentitlement planning work. Some

communities have created entirely new zones and standards that more accurately reflect the local real estate market and the specific goals and objectives of local private and public developers. Having those entities help create the rules will improve certainty and lead to better outcomes. Some would argue this method is “letting the fox guard the henhouse,” but a well-managed regulatory update that has local buy-in stands a significantly better chance of being implemented over time.

For downtown, the Rail Commission and others have already created plans to facilitate TOD near Cabral Station, and this report identifies other specific locations for focus. New regulations could include provisions for phased development to allow incremental steps toward an overall vision and goal. Using form-based or performance-based zoning codes instead of use-based codes is increasingly seen as a helpful tool. Stockton has already reduced or eliminated impact fees in the downtown area. And having the public sector perform any needed environmental review (CEQA) up front will further help reduce uncertainty.

The city should consider establishing a “Downtown Entitlement Team” composed of selected planning, engineering, and other review staff to work directly with project proponents to deliver entitled projects and foster economic development. Such a team would have a defined mission and performance expectations, would be colocated with the project design and review team, would employ a decision-making structure designed to solve problems quickly, and would be accountable to the new deputy city manager for downtown.

On a broader basis, many organizational and process improvement techniques for downtown can be applied citywide. To improve the distinction between politics and permit decisions, the city should eliminate from the zoning code all permit decision duties for the Planning Commission, give the City Council administrative decision-making authority, and institute a hearing examiner process for appeals. The city can also schedule a three-

year work program to review each development-related chapter in the municipal code and identify opportunities for modernization. The new code should be shorter, written in plain language, and based on outcomes instead of prescriptions. New codes and amendments should be tested against those goals.

Stockton's mitigation fees are seen as too high and not reasonably related to project impacts. The city should revise this system based on a rational relationship to the need for new infrastructure for growth. Similarly, a cost-recovery policy for permit review, issuance, and inspection and updated fees should be set after undertaking an informed analysis of service costs and comparison to peer cities in the San Joaquin County area.

### **The City Council's Key Roles**

The city manager and City Council have articulated four goals to improve city services, all of which relate to successful downtown development. These recommendations are consistent with those goals. The council can best help by adopting new or revised development regulations quickly and empowering staff to execute the administrative tasks in the associated work program.

The council can also add value by helping improve the political culture in Stockton. It can help reduce infighting and factions between groups, promote alignment among neighborhoods since all will benefit from a revitalized downtown, and educate residents on the goals and benefits of downtown vitalization. The city should continue to use the best techniques of good government by focusing on policy and making decisions in an open, transparent manner.

The council can also keep critical political connections with the San Joaquin Rail Commission, the Regional Transit District, local universities, the county, and many others. It should find opportunities where interests align and use them to further knit together a common future. An example could be the potential colocation of the Amtrak station with the Cabral ACE station to improve service and ridership choices and to lever-

age infrastructure investment in downtown. Continued participation in the San Joaquin Partnership will help Stockton mature into a regional leadership role and balance support for locals with welcome for new community members and partners.

### **Relationship of Public Safety to Downtown Success**

Real and perceived improvements in public safety are a key priority for the City Council, but recent budget constraints have led to worsening conditions. The city could explore mechanisms for improved resource sharing with other law enforcement agencies, such as those of the county or port, to provide specialized functions (K9, SWAT, narcotics), and Stockton officers could patrol unincorporated islands surrounded by the city.

Restoring resources for proactive crime reduction strategies, especially in the downtown area, is likely to yield positive results. Some code enforcement functions, including proactive and self-supporting programs like lodging and a multifamily rental inspection program, could be restored. If resources allow, a more aggressive abatement program for chronic enforcement sites would improve the perception of prospective developers and businesses.

Downtown revitalization has many public safety benefits. The zoning code should allow for new pubs and live music because having a lively, vital night life will help improve public safety. Including available tools such as the principles of crime prevention through environmental design in city design standards and allowing currently vacant storefronts to be used for art production and gallery space would help populate the streetscape, especially at night when safety perception is critical.

# Conclusion

The panel believes that Stockton has a tremendous opportunity to prepare for and implement downtown development and revitalization. Many of the fundamentals are already in place, including a substantial and comprehensive transportation network, connections to national and international commerce, and a diverse population. But much work still remains to be done.

The panel appreciates the metaphor of *mise en place*, a French phrase referring to having all the ingredients necessary for a dish prepared and ready to combine up to the point of cooking. By preparing all of the ingredients, Stockton will be ready to welcome new development when the market is ready.



# About the Panel

## David Leland

*Panel Chair  
Portland, Oregon*

Leland is considered a knowledgeable urban strategist, with more than 45 years of experience in the real estate industry as a consultant, adviser, developer, and owner. He has conducted and managed more than 2,500 real estate projects and assignments.

As the former CEO of a national mixed-use real estate development company and educated in architecture, city planning, and urban economics, Leland brings a thorough perspective to any project. His strength is a comprehensive understanding of real estate and planning issues. His particular interest lies in downtown revitalization, sustainable communities, transit-oriented development, and innovative mixed-use centers. He has worked with development organizations ranging from privately held firms to Fortune 500 companies and more than 300 communities with a portfolio that includes 85 downtown revitalization and implementation strategies, 75 light-rail transit stations, 45 urban corridors, and a host of smaller centers, corridors, main streets, and greenfield communities.

Leland's experience encompasses projects in 30 states across America, Canada, Mexico, Japan, China, the United Arab Emirates, North Africa, and Latin America. His philosophy is to balance the firm's workload between public and private developer clients and thereby maintain continuous awareness of the issues that always arise in building successful public/private partnerships. One of his accomplished skill sets is working with diverse—and sometimes divisive—groups to establish innovative strategies that lead to successful solutions for complex issues.

## Heather Alhadeff

*Atlanta, Georgia*

Alhadeff joined Perkins+Will's Atlanta urban design practice as a senior transportation planner. An accomplished transportation planner and recognized expert, she also brings her experience in land use planning, transportation engineering, and urban design. She has deep public sector experience, including past roles as the city of Atlanta's director of transportation planning, Central Atlanta Progress's director of transportation management, and senior planner at the Atlanta Regional Commission and the Federal Highway Administration.

Alhadeff specializes in resolving complex land use and multimodal transportation situations through logical implementation and creating constituent consensus. She directed the creation and adoption of the Connect Atlanta Plan and the Downtown Parking Demand Management Plan and has worked on the Atlanta StreetCar, Regional On-Board Transit Survey, Columbus Public Involvement Plan, Multimodal Passenger Terminal, and Express Bus Routing. She is the recipient of numerous awards, including the PEDS Golden Shoe Award, Atlanta Bicycle Coalition Best Planning Initiative of the Year (2008), and *Atlanta Business Chronicle's* 40 under 40 (2007).

## Zachary Greene

*Boston, Massachusetts*

Greene is currently vice president in the real estate department at MassDevelopment. He has been actively involved in all of the agency's real estate dealings and has been a leader in the largest and most complex deals evaluated and undertaken during his tenure. MassDevelopment is the Massachusetts public economic development and real estate development agency. The agency's real estate activities include consulting to cities and towns regarding underused or distressed publicly or privately owned properties; planning for downtown and district real estate and economic development and revitalization; development of surplus federal, state, county, and municipal properties; due diligence on dozens of properties each year in support of MassDevelopment's real estate deals or those by other parties; and tenancing and otherwise managing the real estate assets in its portfolio.

An expert commercial real estate analyst and appraiser, Greene has evaluated nearly two dozen prospective real estate deals with MassDevelopment and has followed at least one (1550 Main in Springfield) through the entire development process. All of these deals involved distressed properties in economically challenged cities.

Before his public sector real estate career, Greene was a commercial real estate appraiser with Byrne McKinney and Associates in Boston. Projects included the appraisal and analysis of more than \$1.5 billion of real estate located throughout New England, including more than 10,000 existing and proposed apartment and condominium units and 5 million square feet of Class A and B office space. In addition to valuation assignments, Greene worked with the firm's principles on consulting assignments covering existing and proposed large-scale developments throughout New England.

Greene holds a BA in economics from Brandeis University.

## Kamuron Gurol

*Sammamish, Washington*

Gurol has served as assistant city manager and community development director for the city of Sammamish since 2005. Sammamish is a new city (incorporated 1999) that formed to gain greater control over local issues, especially growth and development challenges. His team has successfully navigated an innovative town center plan (using a hybrid of performance and traditional zoning tools) and a new Shoreline Master Program (using an incentive-based strategy to improve habitat while recognizing property rights) through the rough waters of public comment, planning commission review, state agency approval, and city council adoption. Sammamish also received a 2009 Governor's Smart Community award for its over-the-counter permit approval process.

Prior to joining the city staff, Gurol worked as a corridor planning manager for the Washington state Department of Transportation's Urban Planning Office, where he oversaw corridor improvement plans for several large state highways in the greater Seattle area. As director of the Kitsap County Department of Community Development, Gurol was responsible for all aspects of community development (building plan review and inspections, land use permits, long-range planning, and a Community Development Block Grant program) serving about 250,000 residents. As manager of the Snohomish County Planning Division, he was responsible for successful policy development for the county comprehensive plan and various subarea plans, for planning policy issues with 20 cities, and for county geographic information service and demographic work products. He began his work in public administration, planning, and environmental and natural resources with King County where he created a nationally recognized transfer of development rights program.

Gurol holds a BS in geology from the University of Washington and an MPA from the Kennedy School of Government at Harvard University.

## Scott Hall

*Virginia Beach, Virginia*

Hall is the business development coordinator for the City of Virginia Beach Department of Economic Development, with a primary focus on new business attraction. He has 16 years of experience as an economic development professional, including research, small business development, business assistance, retail development, marketing, and planning. Hall's background also includes international marketing, Enterprise Zone administration, strategic planning, comprehensive land use planning, and redevelopment planning. In 2001, Hall served as research director for the Virginia Peninsula Economic Development Alliance, a regional public/private economic development marketing organization.

A native of West Virginia, Hall received his BA in political science from Marshall University in 1985 and his master of urban studies degree from Old Dominion University in 1999. He served as a commissioned officer in the U.S. Navy before entering the field of economic development. He is a member of the Urban Land Institute, the International Economic Development Council, the Southern Economic Development Council, the International Council of Shopping Centers, the Brazilian/American Chamber of Commerce, the German/American Chamber of Commerce, AmCham France, and the Virginia Economic Developers Association.

## Robert M. Lewis

*St. Louis, Missouri*

Lewis directs economic planning and implementation assignments at Development Strategies, based in St. Louis. He was part of the team that created Development Strategies in 1988 after ten years with Team Four and two years with the St. Louis County Department of Planning. He was named president in 2000.

The focus of his professional work is analyzing the market, economic, and organizational forces that influence urban planning, economic growth, and real estate development. His consulting services yield strategic recommendations for clients seeking to maximize economic value. Clients include local governments, private property owners, corporations, government agencies, nonprofits, and institutions all around the United States. Development Strategies has served clients in 42 states since 1988.

A native of Glencoe, Illinois, in the Chicago area, Lewis holds a master's degree in city and regional planning from Southern Illinois University at Edwardsville and a bachelor's degree in business economics from Miami University in Oxford, Ohio. He is a member of the Leadership St. Louis class of 1986–1987. He is a certified economic developer within the International Economic Development Council (IEDC) and a member of the American Institute of Certified Planners of the American Planning Association (APA). He is also a former president of APA's Missouri Chapter and is presently chair of the Economic Development Division of the APA. Lewis currently chairs the Infrastructure Work Group of IEDC's Public Policy Advisory Committee and annually addresses the topic of infrastructure and economic development for the Economic Development Certification course at the St. Louis County Economic Council.

He has been a senior faculty member teaching business economics for the Keller Graduate School of DeVry University since 1995 and taught the urban systems course for the Urban Planning and Real Estate Development master's program at Saint Louis University.

## David Scheuer

*Burlington, Vermont*

President of the Retrovest Companies, Scheuer has over 30 years' experience developing several award-winning residential and mixed-use projects. The company has built a reputation for design quality, environmental sensitivity, a willingness to take on complex joint public/private development, and a commitment to sustainable development. Scheuer has worked on urban projects in Vermont, Washington, D.C., Sacramento, Portland, and Seattle. Currently, the firm is developing South Village, a 336-unit conservation-oriented, new urbanist mixed-income housing community in South Burlington, Vermont; the Westlake Center, a public/private downtown mixed-use project in Burlington; and Harvard Commons, an infill apartment project in downtown Seattle.

Scheuer attended the University of Colorado, where he was a three-time All-American skier. From 1972 to 1978 he was a member of the U.S. Alpine Ski Team. He did graduate work at the University of Vermont in resource and land economics. He is a former national director of the National Association of Home Builders; a former board member of the Preservation Trust of Vermont and the Fund for Vermont's Third Century; and a founding member of the Congress for the New Urbanism. In 1990 Scheuer was inducted into Lambda Alpha, the National Land Economists Society. He is a former trustee of the U.S. Ski Team Foundation and currently serves on the executive board of the National Town Builders' Association. He also serves on ULI's Public Private Partnership Council.

Scheuer is regarded as a practitioner of smart growth development. He was appointed by Governor Howard Dean as the private industry member of Vermont's Municipal Land Law Review Commission (2001–2003) and serves as an adviser to Vermont's current governor on land use issues.

## Ross Tilghman

*Seattle, Washington*

Tilghman heads the Tilghman Group, providing transportation planning services. He brings over 25 years of urban planning experience, including serving as executive director of a downtown business improvement district. He provides transportation-related revenue projections, market studies, and planning and development strategies to government, not-for-profit, and private sector clients facing real estate development challenges.

Frequently collaborating with nationally recognized planning teams, Tilghman has recently worked on master plans detailing transportation requirements for Al Ain Wildlife Park and Resort, United Arab Emirates; Iowa's State Capitol Complex; Evergreen State College, Olympia, Washington; and Gallisteo Basin Preserve, New Mexico, as well as for downtowns throughout the United States. Central to these efforts are parking studies identifying future demands and space needs from which Tilghman develops parking management plans to support planned development. Since 2000, Tilghman has been working with the city of Tacoma, Washington, to address its downtown parking needs, including the parking plan for the city's new convention center. He provided the revenue forecasts used to issue parking revenue debt.

Tilghman also served three years as director of a downtown business improvement district in Illinois. He oversaw maintenance, facade improvements, parking, and upper-story redevelopment efforts in concert with Main Street redevelopment principles. He successfully authored a \$1.9 million grant to fund a streetscape construction project completed in 2002.

Tilghman frequently participates in national resource panels, assisting communities with development questions, including ULI Advisory Services panel and Mayor's Institute on City Design teams. He received an undergraduate degree in history from Washington University in St. Louis and a master's in geography from the University of Washington, Seattle.

# A ULI Advisory Services Panel Report



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