

THE IMPEDIMENTS TO DOWNTOWN REVITALIZATION

The impediments to downtown revitalization are many. The city has the ability to influence only some. Here are the impediments I see and my take on the City's ability to influence them.

<u>IMPEDIMENT</u>	<u>CITY ABILITY TO INFLUENCE</u>	<u>COMMENT</u>
High land cost	None	Land cost is a major factor in overall project cost.
Rental rates	None	Rental rates are set by the private market.
High construction costs	None	Construction cost is a major project cost not controlled by the city.
Property tax issues	None	Low prop 13 taxes and reassessment incident to redevelopment are disincentives to revitalize.
Financing costs	None	The city has no control over financing costs
Availability of financing	None	The private market, not the city, determines the availability and terms of financing.
Design and engineering costs	Limited	The city can reduce application requirements but cannot eliminate all design and engineering requirements and attendant costs.
Carrying costs	Moderate	The city can reduce permit processing time. Time for design, engineering, construction and sell out/lease up remain and are not city controlled.
Competition	None	Competitive goods and services are available outside Del Mar
Critical mass	Moderate	Destination shopping requires critical mass. The city can help by increasing the density of downtown. Del Mar may be too small to generate true critical mass. The more diversity we foster

		downtown the less critical mass we have for any given sector.
Owner's personal circumstances	None	Each downtown property owner has personal and financial circumstances that motivate in favor of, or against, redevelopment of their property .
Permit processing time	High	The city can reduce, but not eliminate, permit processing times in the FBC.
Permit processing costs	Moderate	Shortening permit processing time reduces carrying costs. "Cost recovery" application fees remain.
Process predictability	High	The city can make the outcome of its development review process more predictable, although some uncertainty and variation will remain as humans (planning director, DRB, City Council) will interpret standards and guidelines.
Parking	High	Adequate parking can be provided but the costs for structures and other solutions (single lane CDM, transit) may be high.
Pedestrian friendly	High	Streetscape, sidewalks, and other pedestrian amenities that draw customers can be provided but the cost may be high.
Access to Town	Minimal	Del Mar has only one main road in and out and limited public transit.
Nonconformity requirements.	Minimal	Redevelopment of older buildings requires upgrading to current code (electrical, plumbing, ADA, glazing, etc.) in many cases . Costs for upgrades are substantial. The city controls its code but not state or Federal law or the uniform codes.

Town physical layout	None	Del Mar's downtown is restricted to the strip along CDM and a small portion of 15th street.
Lot size	Moderate	Many downtown lots are small or awkwardly shaped. The city can facilitate lot re- consolidation but cannot change the requirements of subdivision law or compel adjoining owners to cooperate.
Coastal Act requirements	Limited	Del Mar is entirely within the coastal zone and subject to the requirements of the Coastal Act and Coastal Commission.
Traffic congestion	Minimal	Del Mar experiences traffic congestion during the fair and race seasons and during high visitor summer months. Del Mar has only limited ability to ease traffic (traffic circles vs. stop signs, etc.)
CEQA review	Moderate	CEQA will require an EIR on the FBC which will probably take six months to one year to complete and which will impose substantial costs on the city. The process will also require analysis, and perhaps adoption, of alternatives that are viewed as not ideal from a local perspective but which have less adverse regional impact.
Measure B	Moderate	Measure B requires the preparation of a Specific Plan for certain downtown projects and voter ratification thereof. The city gov't cannot alter measure B but the voters can amend or repeal the measure.

What does it all mean? To me it means:

1. TO SUCCEED THE FBC MUST CALL FOR DRAMATIC CHANGES. Most of the key impediments to downtown revitalization are outside the city's control. To overcome the major cost

disincentives imposed by these outside impediments the city will need to dramatically change the requirements that it does control, i.e., major increases in downtown density and major reductions in city review processes will be required to overcome the impediments that are outside the city's control. Small, incremental changes are unlikely to work.

This means either that the city will adopt an FBC program that dramatically changes downtown -- doubling its density or more-- to craft a program that has a chance to work financially, or a more modest program will be proposed likely to languish on the shelf unused. Each of these scenarios has its problems. The "doubling of downtown" scenario raises real issues of traffic congestion, parking, and quality of life. Some of the implied changes will likely be perceived as beneficial, some likely will not. The change will, however, be dramatic.

I believe a public vote on such a program is important and the City Council should commit now to holding a public vote ratifying, or rejecting, the FBC program after it is adopted by the City Council. It would be acceptable to me to repeal measure B as part of such a vote considering the community vote on the FBC program as satisfying the intent and purpose of measure B.

2. SUBSTANTIAL MONEY IS NEEDED THAT THE CITY DOES NOT CURRENTLY HAVE. Most of the impediments to downtown revitalization that the city can influence will require large amounts of money to address (improving streetscape, changing CDM to 1 lane, construction of parking structures, etc). The cost to do even some of these will likely be in the millions. At present the city has no ability to finance such undertakings. Accordingly, a financing plan needs to be part of any serious FBC program.

There are revenue sources that could be considered (parking meters downtown, an in lieu parking fee program, pay parking at City Hall, parking management district, increased business taxes, increased application fees for FBC projects, and perhaps other strategies) which might provide a revenue stream to support financing to pay for the needed public improvements.

But, the city needs revenue for all its programs, some of which are higher priority (public safety, sewer and water, etc.) and the city cannot responsibly afford to commit public funds to downtown revitalization in the absence of evidence that there will be a significant net financial benefit to the city. And, private property owners benefited by the FBC must be expected to make substantial financial contributions to the overall program, including to financing public improvements.

It should be an FBC and a city priority to address these financing issues. Otherwise, the inevitable outcome of the FBC process will be relaxation of the requirements imposed on private property owners without the financing to implement the equally important public improvements and benefits. For the FBC to succeed both aspects of the FBC must proceed at the same time. Relaxation of requirements for private development should not be allowed unless installation of public improvements occurs concurrently.

3. DWIGHT'S CONCERNS. The following are topics and ideas that concern me. I hope they stimulate thought and discussion.

- a. I am concerned that the FBC Committee is spending much time and effort redesigning the requirements applicable to private development downtown without an equally vigorous effort to plan for and finance equally important public improvements.
- b. I am concerned that the FBC Committee is designing specific building parameters block by block and lot by a lot for private property owners with minimal input from the affected property owners even though they have been invited to participate. Nothing will work without property owner support.
- c. I am concerned that the FBC process has, so far, proceeded without much community input in spite of FBC efforts to involve the community.
- d. I am concerned that there has been loose talk about maybe having a public vote on the FBC but no clear commitment by the city that there will, or will not, be a public vote and when it might occur.
- e. I am concerned that downtown revitalization may impose significant new costs on the city while generating only minimal new revenues.
- f. I am concerned that a strategy under which the FBC Committee and council liaisons, in relative isolation from the community and affected property owners (in spite of the FBC efforts to engage them), design a program which is only then vetted to owners and the community. In my view a better approach is to involve the property owners and the community at every step.
- g. I am concerned that the FBC does not have an aggressive community outreach program to inform, educate, and receive feedback from property owners and the community. Staff has outlined outreach tools for us that might be used but we do not have an action plan or a coordinated outreach program underway.
- h. I am concerned that we have not identified a theme or themes for Del Mar's downtown. Might we have a university/education theme? A sports/recreation theme? A fine food and dining theme? A getaway destination theme? We want "predictability" in what is developed in downtown but we disavow endorsing any theme or themes which could be the single best way to increase predictability--telling people what we want. Instead, without any real evidence, we expect the private initiative of property owners and their architects to give us what we want. But, our history shows that an eclectic and disorganized mix of uses and architectural styles may result. Perhaps this is a "no theme" theme but is this really what we want?
- i. I am concerned that the FBC, which has the potential to be a very good thing for Del Mar, will be rushed, that some of the key issues stated above will not be addressed or will be given short shrift, and as a result what could be a good program for Del Mar will be rejected by the community. Most of the people in Del Mar do not own property in the FBC and will not directly benefit from the FBC's relaxing of development requirements even if they perceive indirect benefits from having a more vibrant downtown. Rather, most people will be looking for assurance that traffic and parking are properly managed, that views are not blocked, and that there will be significant new public improvements without increased taxes or assessments on homeowners. Until we can provide assurances on these key topics I do not think we can expect community support.