DCTF// SEPTEMBER 24, 2020

SANTA CLARA DOWNTOWN PRECISE PLAN

WRT

PROJECT TEAM:

WRT with Sargent Town Planning, Kimley-Horn, EPS, Greensfelder Commercial Real Estate, CSW-ST2, and David J. Powers & Associates

VISION FOR DOWNTOWN

AUTHENTIC

Timeless and of its Time
Hodge Podge
Something Old Something New

ADAPTABLE

Flexible for Future
Retail Ready
Parking Strategy

AFFORDABLE

Mix of Uses
Resource Sharing
Affordable Retail
Community Benefits
Public Programming

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PRELIMINARY ASSUMPTIONS

PARKING

Market Rate Housing	1 per unit
Office	2/1,000 sq ft
Retail	Shared and Street Parking
Civic/Cultural	2/1,000 sq ft
Hotel	0.5 per key
Conference	2/1,000 sq ft

MINIMUM HEIGHT

Market Rate Housing	11 ft
Office	13 ft
Retail	15 ft
Civic/Cultural	15 ft
Hotel	11 ft
Conference	15 ft
Parking	11 ft to 13 ft

UNIT SIZE

Market Rate Housing	900 sq ft gross
Townhomes	2,000 sq ft gross
Office	7,500 sq ft min floor-plate
Retail	40ft to 60ft depth
Hotel	250 sq ft gross per key

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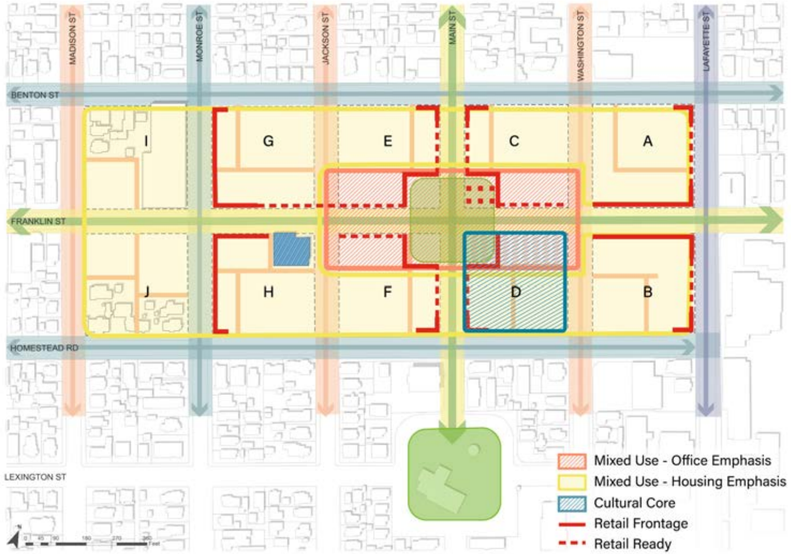
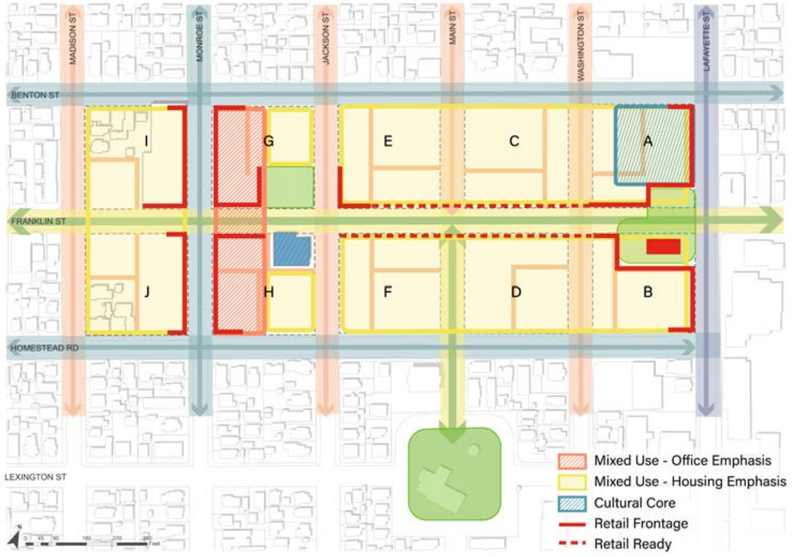
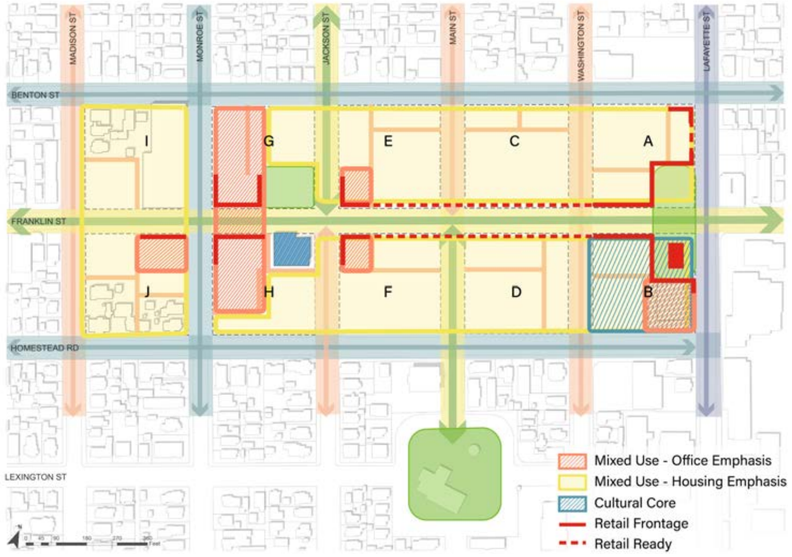
DEVELOPMENT OPTIONS



CENTRAL OPEN SPACE



LAFAYETTE GATEWAY



CONTEXTUAL

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INFRASTRUCTURE COSTS

DEVELOPMENT REALITIES

LAND USE & DENSITY

Height & Massing

Construction Type

Mix of Land Uses

PARKING AND ACCESS

Parking Ratios

Leveraging Transit

Bike-Ped Network

TDM

MARKET FEASIBILITY

Rents/sqft

Cost of Construction

Affordable Housing

Attracting

Development

COMMUNITY BENEFITS

Open Space

Public Realm

Programming

Operations

Retail Activation

Impact Fee

TECHNICAL ISSUES

Life and Safety

Building Codes

Utility Capacity

Environmental Issues

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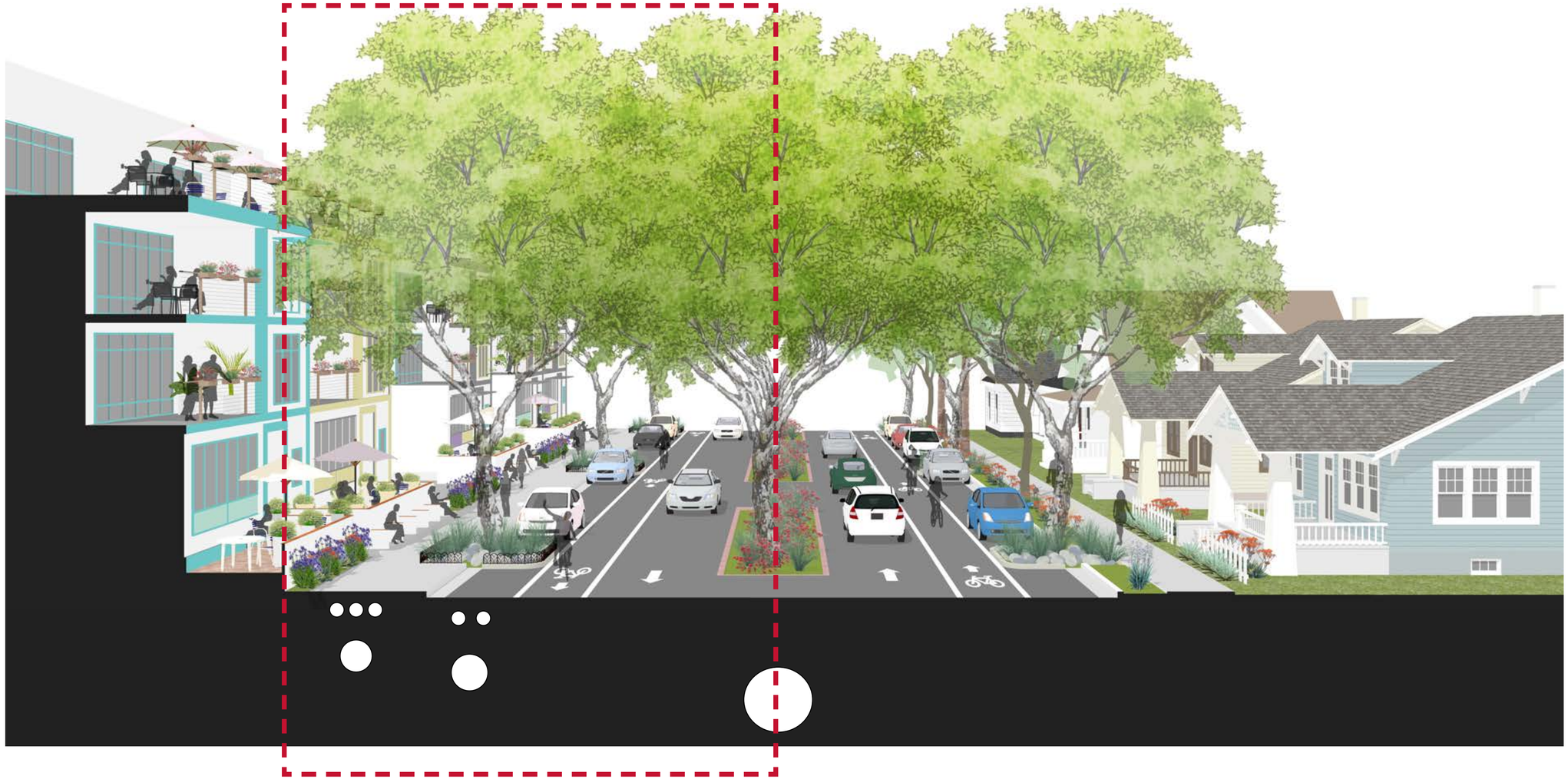
INFRASTRUCTURE COSTS

Private Development must pay for Public Improvements



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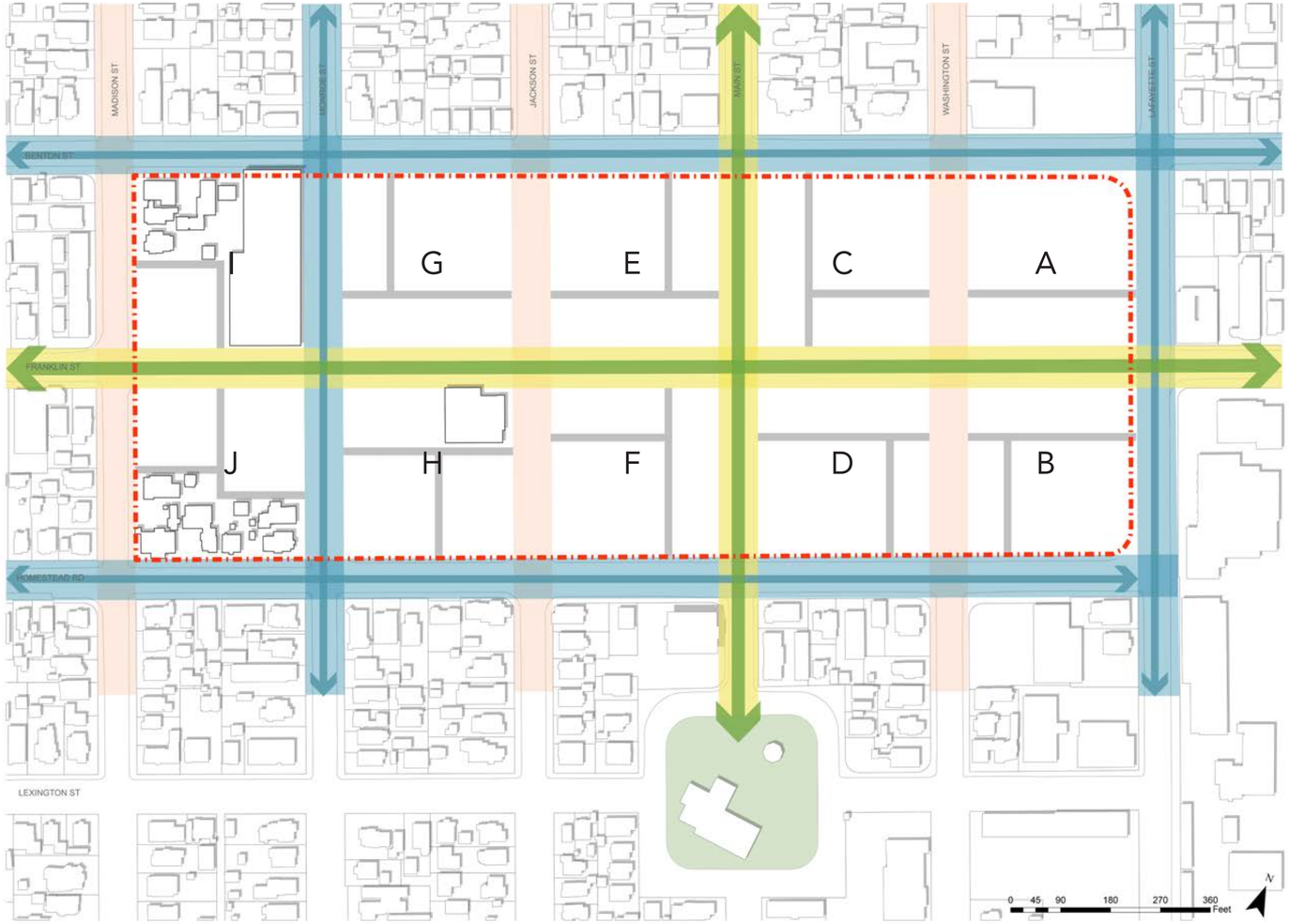
INFRASTRUCTURE COSTS

Block	Total Offsite Development Cost
Block A	$ 3.8 M
Block B	$ 3.8 M
Block C	$ 4.2 M
Block D	$ 4.3 M
Block E	$ 4.1 M
Block F	$ 4.1 M
Block G	$ 3.8 M
Block H	$ 3.4 M
Block I	$ 1.9 M
Block J	$ 2.3 M
Subtotal	**$ 35.8 M**

Total Offsite Development Cost = Block Cost + General Infrastructure Cost



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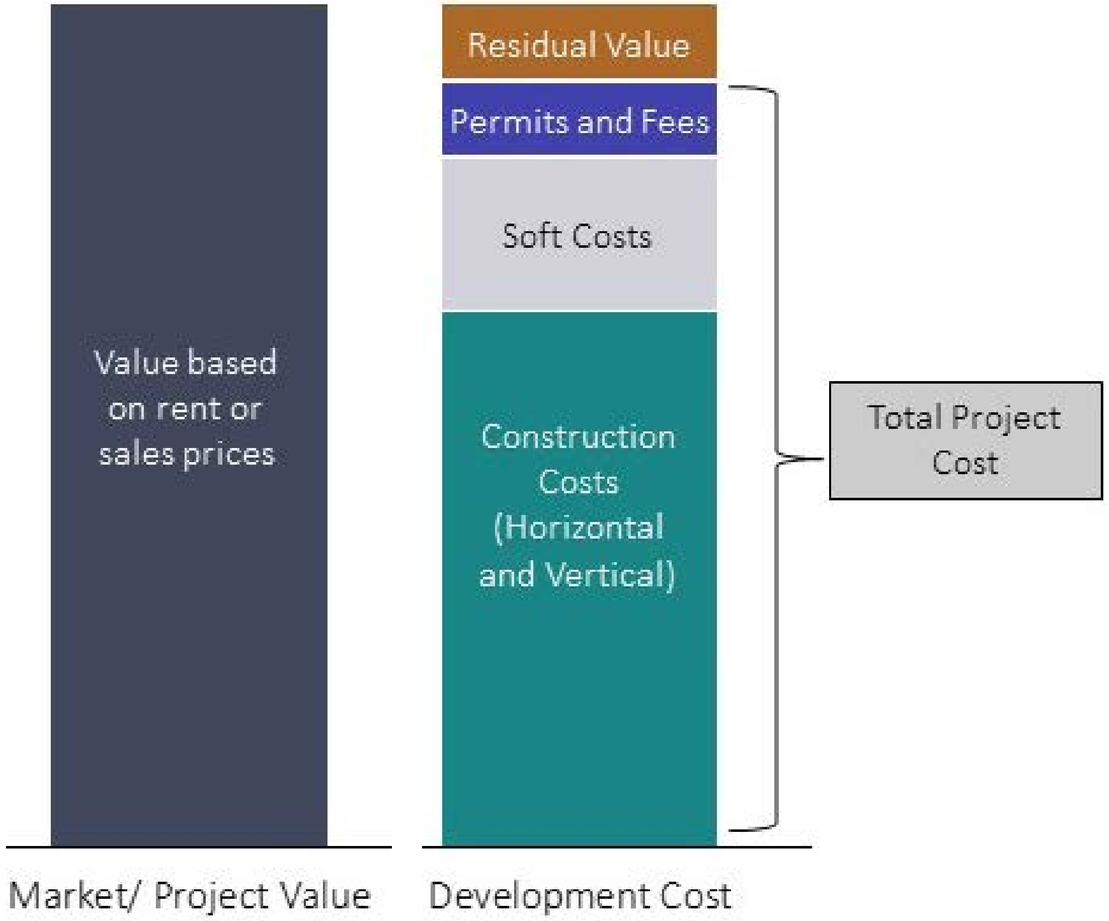
FINANCIAL FEASIBILITY

DEVELOPMENT FEASIBILITY



MARKET/PROJECT VALUE

Current market conditions for housing and commercial uses, with consideration of a rapidly evolving competitive landscape.

REAL ESTATE DEVELOPMENT COST

Planning-level cost estimates with WRT data on horizontal costs, City data on permits and fees, and typical for vertical cost estimates.

RESIDUAL VALUE

Market-supported land value and potential for community benefits

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FINANCIAL FEASIBILITY CONSIDERATIONS

- **Existing Uses.** For simplicity, financial analysis assumes development would take place on site with existing low-density retail use. In fact, feasibility will differ by parcel based on the cash flow of existing uses
- **Demand Over Time.** Analysis considers mid-rise residential and office, both of which are considered feasible. However, Downtown is seen as stronger market for residential today, while office is more likely once "there's a there there"
- **Parking.** Parking is assumed to be developed at lower ratios than is typical today, but within a range that is market-acceptable
- **Affordable Housing.** Residential development will be required to include 15% affordable housing, per City policy. On City-owned land, residential development maybe be required to achieve 25% affordability based on Surplus Land Act
- **The Catalyst Effect.** Demand for retail Downtown is limited today. However, a catalyst such as a food hall, theater, or robust public programming will inform the amount and success of retail

REDEVELOPMENT FINANCIAL FEASIBILITY ANALYSIS

REVENUE ASSUMPTION SUMMARY

Land Use	Unit Size	Average Sale/Lease Rate Assumption	Return on Investment[1]
Office	N/A	$4.50 per SF/Month (NNN)	6%
Mid Rise Residential Condominium	900	$880 per Square Foot	15%
Mid Rise Residential Rental	900	$4.27 per SF/Month	5%
High Rise Residential Condominium	900	$800 per Square Foot	15%
High Rise Residential Rental	900	$4.27 per SF/Month	5%
For-Sale Residential Townhome	1,200	$780 per Square Foor	15%

[1] For income-generating assets, the rate of return is calculated as an annual yield on cost; for for-sale assets the rate of return is calculated as a one-time return on investment.

REDEVELOPMENT FINANCIAL FEASIBILITY ANALYSIS

COST ASSUMPTION SUMMARY

Construction Costs	Office	Residential				
		Mid Rise Condo	Mid Rise Rental	High Rise Condo	High Rise Rental	Townhome Condo
Site Improvement (per land sq ft)	$ 20					
Building (per building sq ft)	$ 351	$ 269	$ 245	$ 336	$ 306	$ 250
Surface Parking (per space)	$ 5,000					
Above-Ground Structured Parking (per space)	$ 45,700					
Subterranean Parking Structure (per space)	$ 68,500					
Infrastructure + Soft Costs (per building sq ft)	$ 149	$ 130	$ 116	$ 148	$ 141	$ 104

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PRELIMINARY BENCHMARKS FOR DENSITY

RESIDENTIAL CONDOMINIUM APARTMENTS

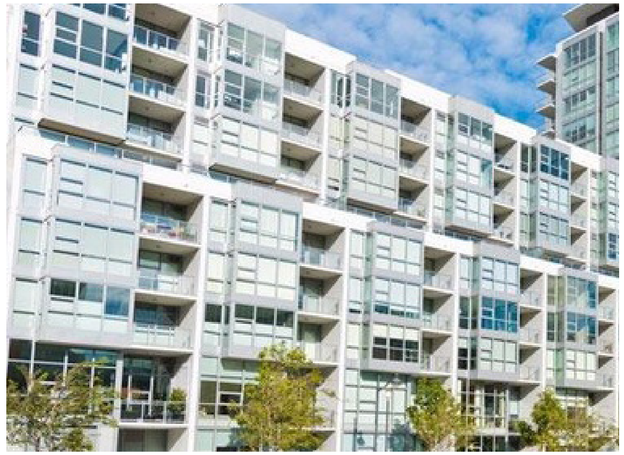
Dwelling Units/Acre	30	40	50	60	70	80
Redevelopment Feasibility	NO	NO	NO	MAYBE	YES	YES

RESIDENTIAL RENTAL APARTMENTS

Dwelling Units/Acre	30	40	50	60	70	80
Redevelopment Feasibility	NO	NO	NO	NO	MAYBE	YES

RESIDENTIAL FOR SALE TOWNHOMES

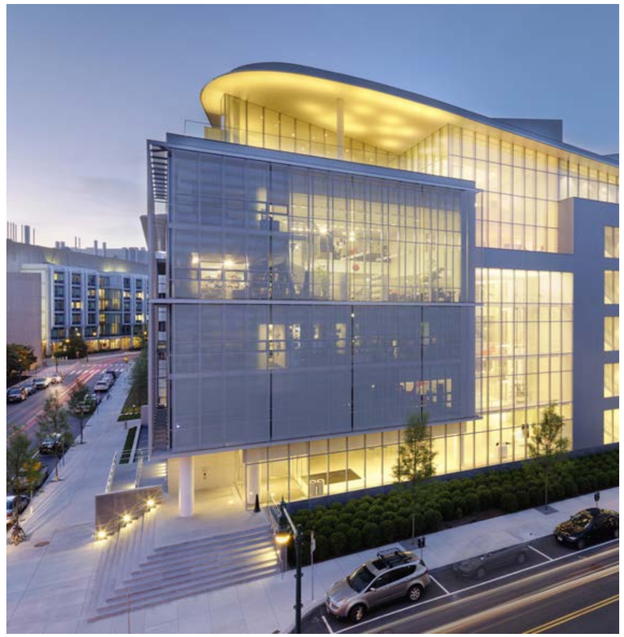
Dwelling Units/Acre	30	40	50	60	70	80
Redevelopment Feasibility	YES	N/A	N/A	N/A	N/A	N/A



PRELIMINARY BENCHMARKS FOR DENSITY

DOWNTOWN OFFICE

Floor Area Ratio	1.0	2.0	3.0	4.0	5.0	6.0
Redevelopment Feasibility	NO	NO	NO	MAYBE	MAYBE	YES



PRELIMINARY BENCHMARKS FOR DENSITY

Figure 4 Office Feasibility Results

	Floor Area Ratio (FAR)					
Per-Acre Land Cost	2	3	4	5	6	7
$4,000,000	NO	NO	NO	MAYBE	YES	YES
$5,000,000	NO	NO	NO	NO	MAYBE	YES
$6,000,000	NO	NO	NO	NO	MAYBE	MAYBE
$7,000,000	NO	NO	NO	NO	NO	MAYBE
$8,000,000	NO	NO	NO	NO	NO	NO
% Parking Subterranean[1]	2	3	4	5	6	7
0%	NO	NO	NO	MAYBE	YES	YES
25%	NO	NO	NO	NO	NO	NO
50%	NO	NO	NO	NO	NO	NO
75%	NO	NO	NO	NO	NO	NO
100%	NO	NO	NO	NO	NO	NO

[1] Land cost in all scenarios is assumed at $4.0 million per acre.

Figure 5 Mid Rise Residential Condominium Feasibility Results

	Dwelling Units per Acre (DUAC)						
Per-Acre Land Cost	40	50	60	70	80	90	100
$4,000,000	NO	NO	MAYBE	MAYBE	YES	YES	YES
$5,000,000	NO	NO	NO	MAYBE	MAYBE	YES	YES
$6,000,000	NO	NO	NO	NO	MAYBE	MAYBE	YES
$7,000,000	NO	NO	NO	NO	NO	MAYBE	MAYBE
$8,000,000	NO	NO	NO	NO	NO	NO	MAYBE
% Parking Subterranean[1]	40	50	60	70	80	90	100
0%	NO	NO	MAYBE	MAYBE	YES	YES	YES
25%	NO	NO	NO	MAYBE	MAYBE	YES	YES
50%	NO	NO	NO	MAYBE	MAYBE	MAYBE	YES
75%	NO	NO	NO	NO	MAYBE	MAYBE	MAYBE
100%	NO	NO	NO	NO	NO	MAYBE	MAYBE

[1] Land cost in all scenarios is assumed at $4.0 million per acre.

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PRELIMINARY BENCHMARKS FOR DENSITY

Figure 6 Mid Rise Residential Rental Feasibility Results

Per-Acre Land Cost	Dwelling Units per Acre (DUAC)						
	40	50	60	70	80	90	100
$4,000,000	NO	NO	NO	MAYBE	MAYBE	MAYBE	YES
$5,000,000	NO	NO	NO	NO	MAYBE	MAYBE	MAYBE
$6,000,000	NO	NO	NO	NO	NO	NO	MAYBE
$7,000,000	NO	NO	NO	NO	NO	NO	NO
$8,000,000	NO	NO	NO	NO	NO	NO	NO

% Parking Subterranean[1]	40	50	60	70	80	90	100
0%	NO	NO	NO	MAYBE	MAYBE	MAYBE	YES
25%	NO	NO	NO	NO	MAYBE	MAYBE	MAYBE
50%	NO	NO	NO	NO	NO	MAYBE	MAYBE
75%	NO	NO	NO	NO	NO	NO	MAYBE
100%	NO	NO	NO	NO	NO	NO	NO

[1] Land cost in all scenarios is assumed at $4.0 million per acre.

Figure 7 High Rise Residential Feasibility Results

Per-Acre Land Cost	Dwelling Units per Acre (DUAC)						
	300	350	400	450	500	550	600
$4,000,000	NO	NO	NO	NO	NO	NO	NO
$5,000,000	NO	NO	NO	NO	NO	NO	NO
$6,000,000	NO	NO	NO	NO	NO	NO	NO
$7,000,000	NO	NO	NO	NO	NO	NO	NO
$8,000,000	NO	NO	NO	NO	NO	NO	NO

% Parking Subterranean[1]	300	350	400	450	500	550	600
0%	NO	NO	NO	NO	NO	NO	NO
25%	NO	NO	NO	NO	NO	NO	NO
50%	NO	NO	NO	NO	NO	NO	NO
75%	NO	NO	NO	NO	NO	NO	NO
100%	NO	NO	NO	NO	NO	NO	NO

Figure 8 Townhome Feasibility Results

Condominium	Dwelling Units per Acre (DUAC)				
	10	15	20	25	30
$4,000,000	NO	NO	NO	MAYBE	YES
$5,000,000	NO	NO	NO	MAYBE	MAYBE
$6,000,000	NO	NO	NO	NO	MAYBE
$7,000,000	NO	NO	NO	NO	NO
$8,000,000	NO	NO	NO	NO	NO

[1] No parking sensitivity for Townhomes as parking is not assumed to be a cost variable for this prototype.

DISCUSSION

QUESTION FROM DCTF

1. EPS also participated in a roundtable discussion with South Bay real estate developers to solicit input on reuse opportunities for downtown. – Question: what was their input on reuse opportunities for Downtown?

2. It is stated "With the exception of high rise residential, the prototypes tested appear feasible with per-acre land costs ranging from $4 to $5 million. Once land costs exceed about $6 million per acre, the analysis finds that redevelopment potential is more limited." – how do we determine Downtown's land value?

3. It is stated: Within the prototypes and densities tested, midrise residential condominium projects appear to have the greatest potential for development on high cost sites, but depth of market may temper developers appetite for this type of project (i.e., while revenue-cost relationship is favorable, the number of multifamily condominium buyers in the market may limit development potential)" – are you saying that there is a LACK of demand in the SC Valley for single family condominiums (Can we see data backing this?)

4. Parking –" prototypes are developed with an integrated, structured parking facility (not underground parking)." – please clarify what this translates to in additional square footage and height to each structure?

5. Key Assumptions – Existing use – Is the Silicon Sage building (1048 Monroe Street) really a good baseline? I understand It is stated "typical sites in the plan area likely ranging from 0.5- to 2-acre sites (1/4 to a full block)," what can the public expect a 90 DUAC condominium (page 10), or 30 DUAC of townhouses (page 11) to translate to in height?

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QUESTION FROM DCTF

6. Could a unique destination, such as an entertainment district (live music, entertainment, outdoor dining, outdoor movies, outdoor market, outdoor experience) be a driver for redevelopment? I call it the “disneyland effect” in that it create a unique and magical destination that perhaps is a step back into the past (reclaim our downtown), present, and future (certainly can sprinkler in historic elements and art to support this)? Are there examples of other cities that have used entertainment districts to fuel their redevelopment? The Funk Zone in Santa Barbara has created quite a destination to a downtown that was relatively sleepy prior to. Other examples?

7. In Key Findings you mention current market levels in Santa Clara do not appear to support high-rise residential but can you forecast whether a vibrant downtown could support this (I realize there is no crystal ball, but I think its important to look to the future) ? Are there examples of similar sized cities that have successfully done this? Does the Pearl District in Seattle have residential buildings taller than 8 stories? The Funk Zone in Santa Barbara has created quite a destination to a downtown that was relatively sleepy prior to. Other examples?

8. Do you have a development Prototype for the Prescient Pre-fab structural system that supposedly can be built up to 12 stories at a lower $/SF than traditional Type 1 construction? Are there any grant programs for being an early adopter of innovative building technologies (Prescient - prefab Type 1) that can be employed?Are there innovative polices that have been used by other redeveloping Cities to lower the costs to the developer to help them make building taller buildings more feasible?

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QUESTION FROM DCTF

9. Regarding the $36 million dollars needed for total offsite development costs (streets, sidewalks, utilities, etc.) would it be reasonable to apply park fees towards this since I see the outdoor space of the Downtown as being an urban park?

10. Given that we are currently in a the largest building boom in my lifetime, would it be prudent to wait until land/building/material costs come down before redeveloping? Do you have examples of different Downtowns that have begun redeveloping during different economic environments and how they evolved through changing market conditions?

11. With regard to site-specific developments you mention a “sensitivity analysis” can you please explain what this is?

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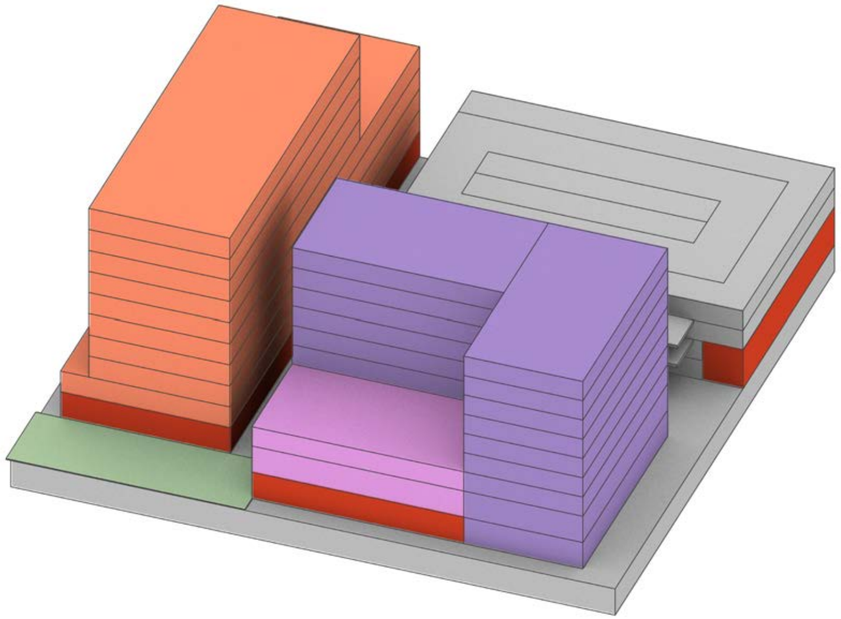
THANK YOU

DEVELOPER FEEDBACK

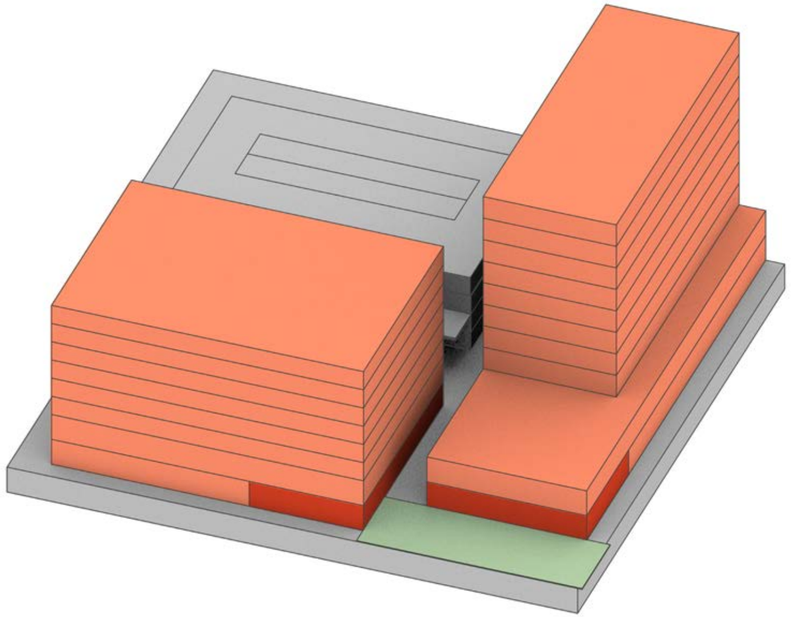
- Type III construction - 5 floors of wood frame over concrete podium for housing
- Type I construction - 6 to 8 floors for office
- Housing will be the predominant use
- Although large floor-plate commercial office dominates the tech market, it may not be appropriate here
- Boutique office with 7,500 to 15,000 sqft floorplate may be more feasible – a “Business District”.
- Parking ratios can be tested to be forward-looking, but consultant assumptions are in sync with current trends
- Retail should be seen as a project amenity not as a revenue source –40’-60’ depths work well.
- From-based codes with land use caps are ideal and provide developers flexibility to respond to market needs
- Predictability and streamlined permitting process is key to attracting developers

BLOCK PROTOTYPES



PROTOTYPE 1

FAR	3.23
Housing Density	N/A
Office	148,600 s.f.
Retail	30,251 s.f.
Parking	512 spaces
Public Space	4,745 s.f.
Hotel	367 beds
Conference	29,702 s.f.



PROTOTYPE 2

FAR	3.50
Housing Density	N/A
Office	291,051 s.f.
Retail	14,373 s.f.
Parking	556 spaces
Public Space	4,745 s.f.

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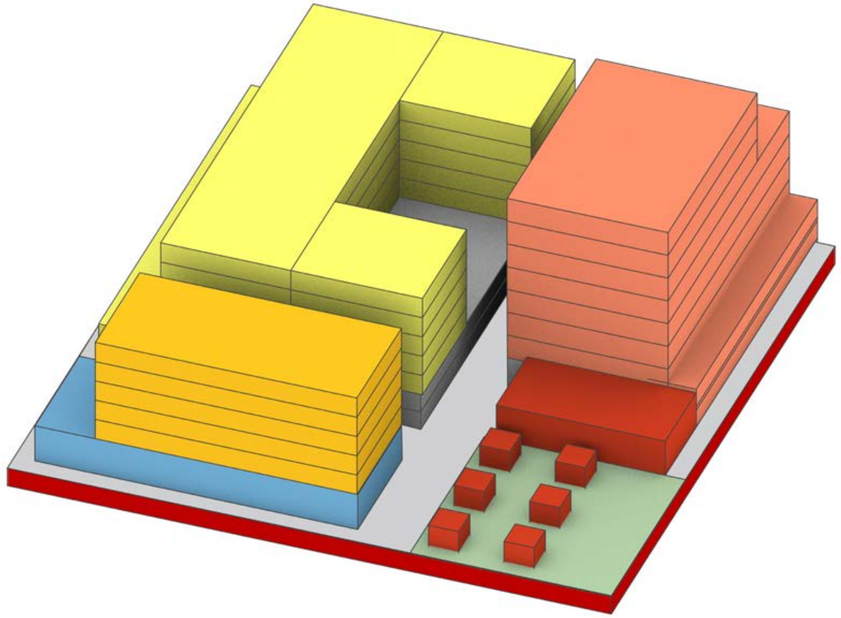
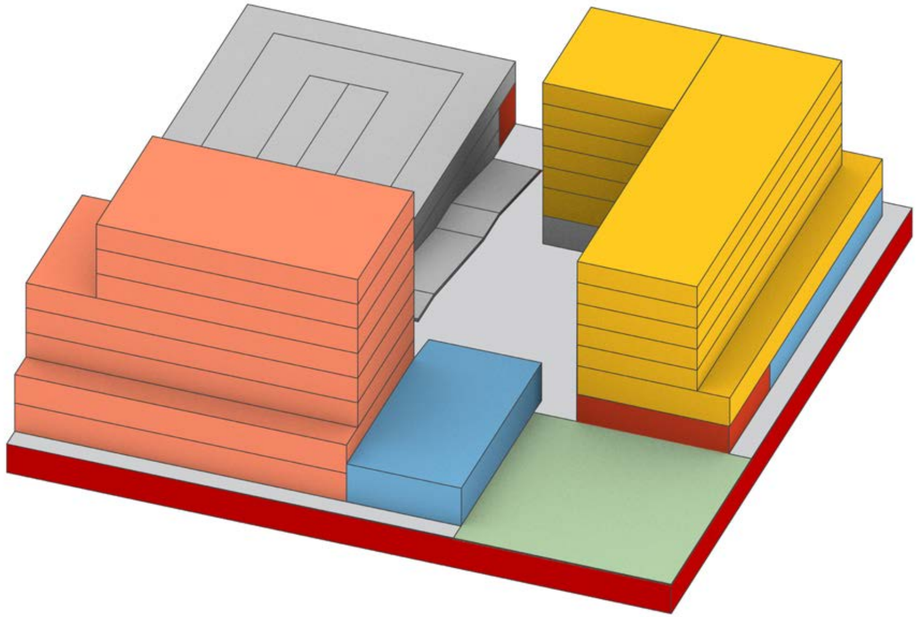
BLOCK PROTOTYPES



PROTOTYPE 3

FAR	3.36
Housing Density	51 DU/A
Office	88,899 s.f.
Retail	4,857 s.f.
Parking	321 spaces
Public Space	10,000 s.f.
Student Housing	89 DU/A
Entertainment/Civic	9,600 s.f.



PROTOTYPE 4

FAR	3.39
Housing Density	N/A
Office	82,765 s.f.
Retail	5,975 s.f.
Parking	310 spaces
Public Space	10,000 s.f.
Student Housing	180 DU/A
Entertainment/Civic	5,271 s.f.

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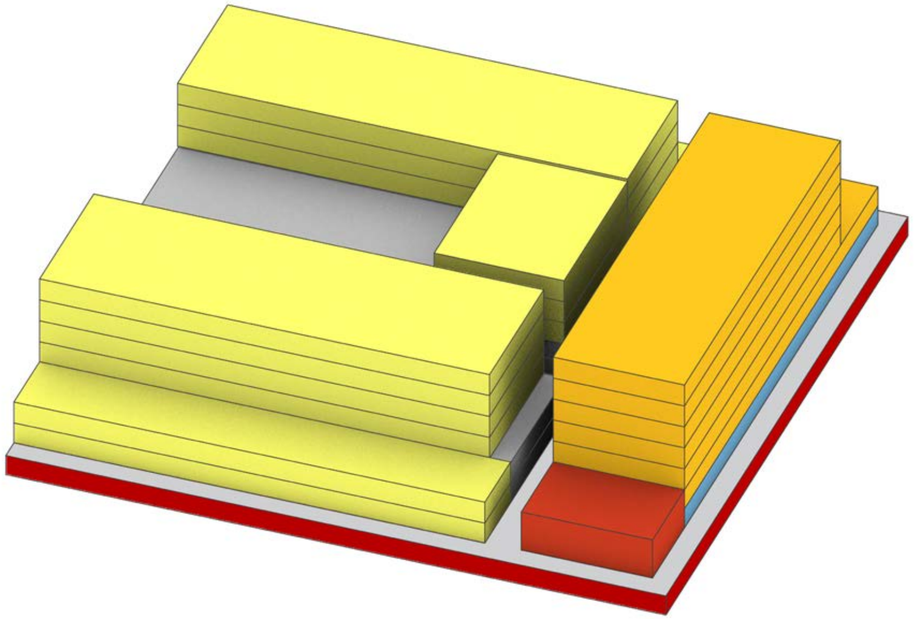
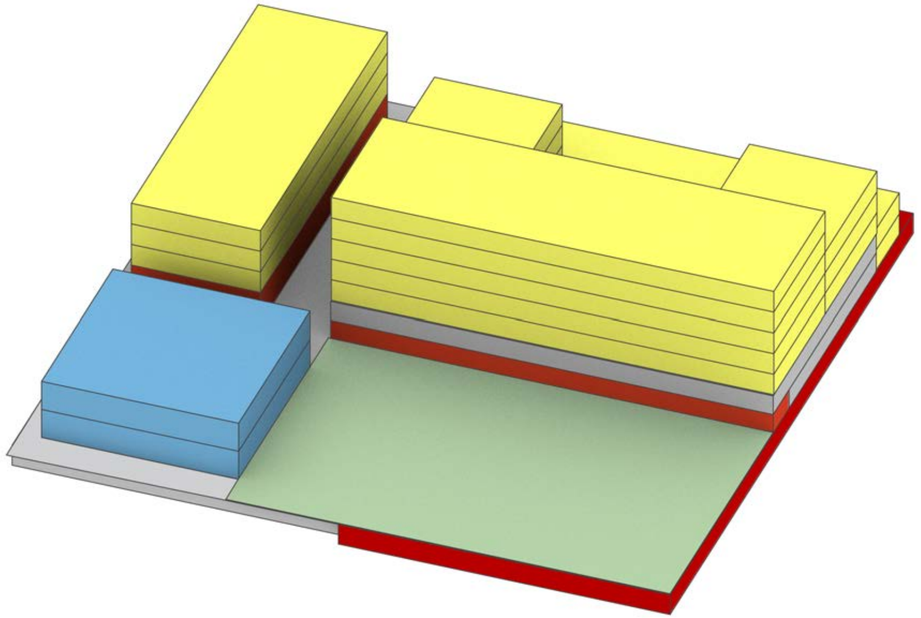
BLOCK PROTOTYPES



PROTOTYPE 5

FAR	3.54
Housing Density	76 DU/A
Office	N/A
Retail	2,380 s.f.
Parking	229 spaces
Public Space	N/A
Student Housing	140 DU/A
Entertainment/Civic	14,387 s.f.



PROTOTYPE 6

FAR	2.70
Housing Density	76 DU/A
Office	N/A
Retail	13,712 s.f.
Parking	244 spaces
Public Space	26,860 s.f.
Entertainment/Civic	16,485 s.f.

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PEARL DISTRICT, PORTLAND

WRT

FUNK ZONE, SANTA BARBARA

SHIRLINGTON, ARLINGTON, VA

WYNWOOD, MIAMI

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