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Redevelopment and Revitalization Along Urban Arterials

Case Study of San Pablo Avenue, California, from the Developers' Perspective

Luis Mejias and Elizabeth Deakin

Urban arterials are both promising and problematic locations for infill development and urban revitalization. San Pablo Avenue, a multilane urban arterial traversing nine cities and two counties along the eastern shore of San Francisco Bay in California, is considered here. The road developed over a long period: first as a streetcar line, then as an intercity automobile route, and most recently as a subregional traffic and transit route. Land uses from each of these transportation eras are still present along the avenue and range from neighborhood retail to automobile-oriented strip development. Recent transit service improvements and a strong housing market are leading to new developer interest in San Pablo Avenue. Findings are reported from interviews with 11 developers who recently built infill housing and mixed-use projects on or near the arterial. Developers see San Pablo Avenue's accessibility as a major asset but view transit services as a bonus instead of a necessity; transit availability allows developers to argue for reduced transportation impact fees and reduced parking requirements. Other aspects of the arterial's design, including high speeds and unattractive streetscapes, are problematic, as are zoning ordinances that require high parking ratios, large setbacks, and lengthy, discretionary approval processes. Small land parcels, incompatible adjacent uses, and high development costs are also drawbacks but, with creative development, are manageable. Local governments could provide incentives for private development along arterials such as San Pablo Avenue by improving street designs, reducing parking requirements, and updating zoning codes and approval processes.

In this paper, the issue of urban revitalization along established urban arterials is examined. Urban infill development and transit-oriented development have become primary methods for cities to promote reinvestment in already built-up urban areas, such as the Rosslyn-Ballston corridor in the Washington, D.C., metropolitan area and Lindbergh City Center in Atlanta, Georgia (1). However, focusing development in established urban environments presents many challenges not encountered with greenfield development. The challenges range from environmental contamination at former indus-

trial sites to opposition from neighbors who fear change or dislike increased densities; antiquated zoning and slow-moving city bureaucracies can also add to the challenges. Still, development in established urban areas often has benefits not usually available to greenfield builders, such as access to city cultural amenities and, in many cases, availability of well-established public infrastructure and services, including frequent transit service.

The urban arterial is a particularly interesting location for redevelopment and revitalization. This road type typically carries heavy traffic. It often runs through multiple jurisdictions and may also be a state or federal highway. Frequently, abutting land uses are varied and intermingled; on the older arterial, both the land uses and the street have experienced changes in function and technology over time. In some instances, light rail transit operates along the urban arterial, although trunk line bus routes are far more common. The road also may be a designated truck route. The resulting mix of activities and purposes creates challenging, but potentially exciting, development opportunities.

The case of one such urban arterial is considered here, San Pablo Avenue along the eastern shore of the San Francisco Bay, California. In the following sections, the literature on transit-oriented infill development is reviewed and its relevance to the problem of development along an urban arterial is considered. The land use and transportation characteristics of the case study arterial, San Pablo Avenue, are also described. Research methodology is discussed and findings are presented in some detail, followed by conclusions and recommendations for future research.

LITERATURE REVIEW

Much has been written about transit-oriented and infill development, but most of the literature focuses on rail transit. For example, Bernick and Cervero made the following statement:

[T]here is a small but rapidly emerging niche market for transit village living, working and shopping. This is reflected by higher rents, higher occupancy levels, and more rapid space absorption for buildings in well-planned neighborhoods that are near rail stops. (2; emphasis added)

Similarly, in their recent work *The New Transit Town*, Dittmar and Ohland deal exclusively with the impact of fixed-guideway rail transit and high-density development (1). In *TCRP Research Results Digest 52*, five of seven definitions from a literature sampling of the very definition of transit-oriented development focused on "rail" or

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a "transit station" (3), implying that major fixed infrastructure be in place (4).

Cervero's *Transit Metropolis* does cover bus transit and its relationship to development but focuses on Ottawa and Curitiba, areas that have extensive grade-separated busways providing rail-like transit quality and service (4).

Barriers to transit-oriented development have been noted by many authors, including Belzer and Autler (5); transit is only one of many influences on development and a transit-served site must compete with other sites in the region that may be more desirable in other respects. Further, infill development itself faces many barriers. To offset or help overcome these barriers, incentives are sometimes offered, including site assemblage, flexible zoning, low-cost financing, infrastructure upgrades, and quick approval processes (3). Further, transit operators sometimes act as catalysts for transit-oriented development by developing their own land for higher-density uses, thereby encouraging similar development on privately held parcels nearby (3).

At least nominally, development along major bus routes should face many of the same opportunities and problems that development along rail lines experiences. In both cases, the added access provided by transit should have value, and this value should be reflected in increased land values, higher profit potential, and higher levels of development compared with similar locations without transit. However, differences in the bus and rail cases also must be recognized, particularly when the buses do not operate in exclusive lanes:

- Transit that operates on an exclusive right-of-way can sometimes provide travel times that are competitive with the automobile. In contrast, transit operating in mixed flows is likely to have travel times that are slower than those of automobiles traveling in the same corridor.

- Rail transit usually makes fewer stops than buses, and distances to the transit stops are typically longer than for bus. Depending on the particulars, bus may or may not be less advantageous overall than rail.

- The investment in fixed facilities for rail transit may convey to developers and other investors a strong sense of commitment to transit service in the corridor. Dedicated bus facilities also may convey a sense of substantial commitment, but because most bus facilities can be converted to other uses, the commitment has less permanence than a commitment to rail. Buses that use shared lanes may convey the least sense of permanence.

- Buses that operate on urban arterials can create opportunities for transit-oriented development along the entire corridor, especially at major transfer points. In contrast, with rail, development opportunities exist primarily within walking distance of the station area.

Do developers see bus services along major arterials as assets? Do they view the corridor-long effects of bus service as offering a larger and more varied set of development opportunities than are available around rail stations, or do they view the bus corridor's multiple stops as spreading potential development benefits too thinly? What opportunities for infill do developers see along urban, multipurpose arterial bus corridors? What barriers deter development in these corridors? The available literature addresses these questions only tangentially. Thus, there is a knowledge gap between rail-fixed-guideway transit-oriented development and enhanced bus transit-oriented development. This research is designed to address that gap.

BACKGROUND

Urban Corridors as a Subject for Study

Multipurpose urban arterials are a planning problem found in many metropolitan areas of the United States. These urban corridors are multilane arterials that are not grade-separated. In many instances, they radiate out from a downtown or traverse another important employment district, such as an industrial zone. Many of them pass through several jurisdictions. They can be city, county, state, or federal routes. Generally, these urban arterials have served different transportation purposes over time—handling intercity traffic as well as cross-town traffic, accommodating first a streetcar line and later a bus route, feeding traffic to Interstates and serving as congestion relievers when the Interstates are backed up, providing for local circulation and serving as origin and destination of substantial numbers of trips. Speeds tend to be limited by intersections; however, these roadways are wide and most facilitate faster traffic speeds than other urban roads.

Many of these urban corridors are lined with development that reflects their different transportation functions over time, with sections that were built for the walking and transit cities of pre-World War II and other sections that are lined with automobile-dependent strip development. Some of these urban corridors originally served as the main commercial districts for a town or neighborhood; their commercial nodes typically formed around rail stations or at major intersections, with residential uses in between and in the blocks behind the commercial nodes. Once the rails were removed, and in areas that rail never reached, these corridors typically became the domain of the automobile, and the land uses of the 1950s and ensuing decades were predominantly automobile oriented, typically a mix of drive-in restaurants, automobile-oriented sales and service shops, mini-malls, and big-box retail. Nevertheless, there are still remnants of the rail era evident along many of these corridors, including well-defined commercial nodes, mixed-use multistory buildings, and pockets of higher-density residential areas.

The multiple functions of these urban arterials and the many varieties of land use along them often lead to conflicts—for example, between using the roadways to expedite through traffic versus managing the traffic to create a desirable pedestrian environment supportive of shopping nodes. At the same time, the corridors offer opportunities for redeveloping outmoded uses and for capturing the value of transit services. Thus, the multiuse arterial is increasingly viewed as a topic deserving of planning attention.

Transportation Characteristics of San Pablo Avenue

To examine the prospects for transit-oriented development along an urban arterial it was decided to focus on developers working on and near San Pablo Avenue (Figure 1) in the San Francisco Bay area. San Pablo Avenue is a good case for detailed study because it embodies most of the characteristics of an urban multipurpose arterial. The avenue passes through nine cities in two counties, ranging from inner-city Oakland at the south to the post-World War II suburb Pinole at the north. San Pablo Avenue served as the primary intercity automobile route through the East Bay before construction of Interstate 80, which runs parallel to it for some 15 mi. Today, Interstate 80 carries much of the through traffic, but volumes on San Pablo Avenue remain high, ranging from 15,000 to 30,000 average

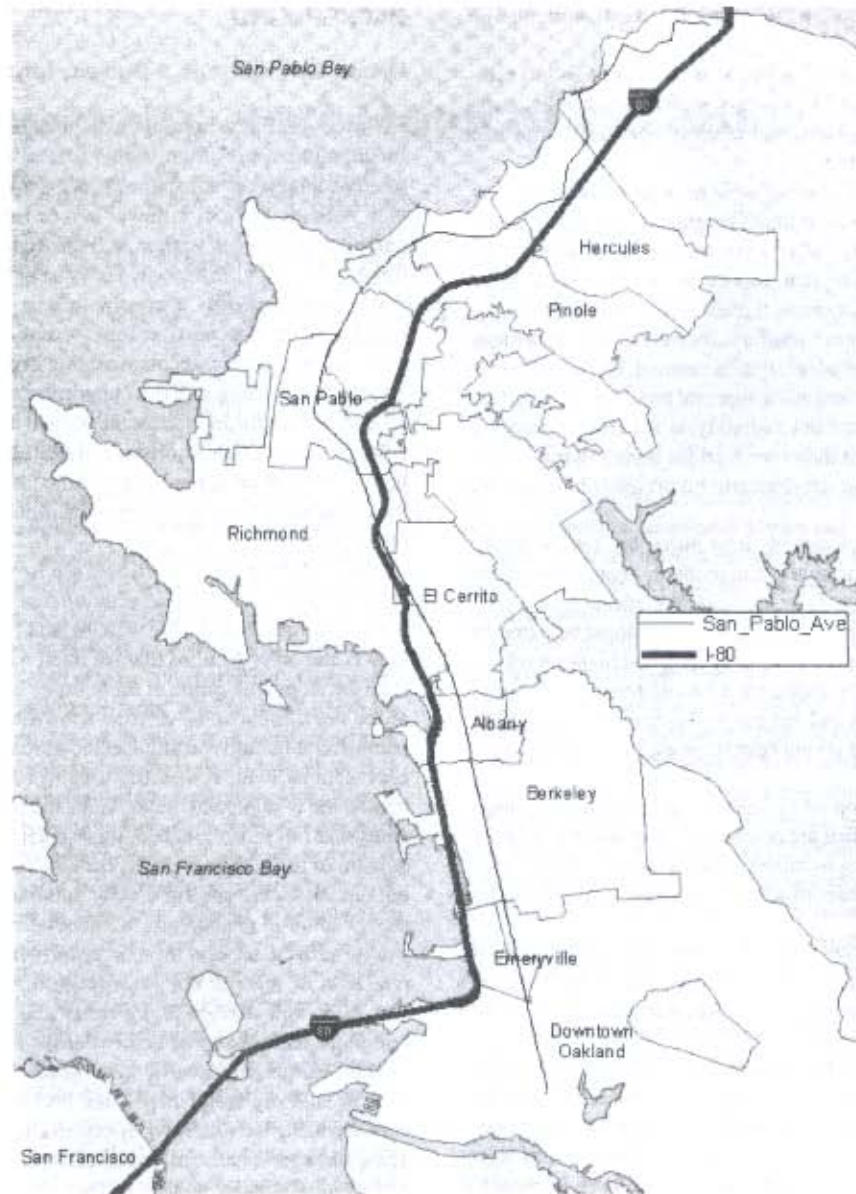


FIGURE 1 Map of San Pablo Avenue corridor.

daily traffic along the corridor. The southern two-thirds of the avenue is a four-lane state-owned highway; to the north, the four-lane design continues but ownership rests with the various cities and counties the road traverses. Sections of San Pablo Avenue are divided by landscaped medians (Figure 2) that prevent left turns at some cross streets and facilitate through traffic. Although pedestrian crosswalks are far apart, the medians provide a safe space at most locations. At major intersections, however, left turn lanes are provided and the median disappears, but some medians in Oakland can obstruct the view of motorists turning left.

San Pablo Avenue's southern half is a former streetcar corridor. In 1873, horse car service began on San Pablo Avenue and was upgraded to cable operation in 1886 (6). San Pablo Avenue was a trunk line for the Key System's trolleys in Oakland and Berkeley. By 1948, however, the last streetcars were taken out of service (7).

Today, local and express buses travel on the corridor; two Bay Area Rapid Transit (BART) stations located on or close to the avenue in El Cerrito and one BART station in Oakland are within easy walking distance.

Over the last several years AC Transit, the bus provider, has worked with city and county officials to improve transit service along the corridor, with implementation of the region's first bus rapid transit- (BRT) like bus service, locally called the Rapid Bus. Some BRT characteristics of the Rapid Bus include the following:

- Low-floor buses with three doors,
- Rapid Bus branding on the buses and at bus stops to differentiate the service,
- Limited number of stops,
- Far-side stops with traffic signal priority,



FIGURE 2 Median separation of right-of-way at San Pablo Avenue at Sycamore in Oakland; landscaped medians can be found along San Pablo in Oakland and Berkeley.

- Headway-based traffic signal priority system utilizing Opticom detection.
- Queue bypass lanes at certain intersections, and
- NextBus arrival information at major stops.

With the improved service, travel time for the route has decreased about 17%; ridership has increased by 7.2% (8). Currently, there is considerable interest in whether there will be larger, longer-term gains from the improved bus service along San Pablo Avenue and whether additional high-value development projects can be attracted by investments in pedestrian, transit, and bike-friendly redesign of the street.

Although the Rapid Bus and many of the merchants along San Pablo Avenue depend on pedestrian access, the pedestrian realm along the avenue is of mixed quality. Sidewalks along San Pablo Avenue are at least 8 ft wide along most of the corridor in Alameda County and parts of Contra Costa County, with marked crosswalks at most intersections. Parallel parking is allowed along many stretches of the street, shielding pedestrians from moving traffic. Nevertheless, the street is not particularly pedestrian-friendly. The speed limit is 35 mph for most of the avenue's length, and pedestrians wishing to cross at unsignalized intersections must contend with high speeds. Frequent curb cuts for driveways to surface parking lots and automobile-oriented uses further undermine pedestrian comfort along many stretches of the corridor. At some intersections, pedestrians are barred from crossing certain legs directly and instead must circumnavigate the intersection to reach their destination. Pedestrian convenience must be balanced against traffic flow in much of the corridor.

Land Use Characteristics of San Pablo Avenue

Along some parts of San Pablo Avenue, crime and blight are major issues, with drug dealing and boarded-up and pedestrian-unfriendly buildings in plain view, although large buildings like the one in Figure 3 are rare. More common are small automobile-oriented sales and repair shops that have multiple curb cuts and unpleasant appearances. Elsewhere, San Pablo Avenue runs through highly

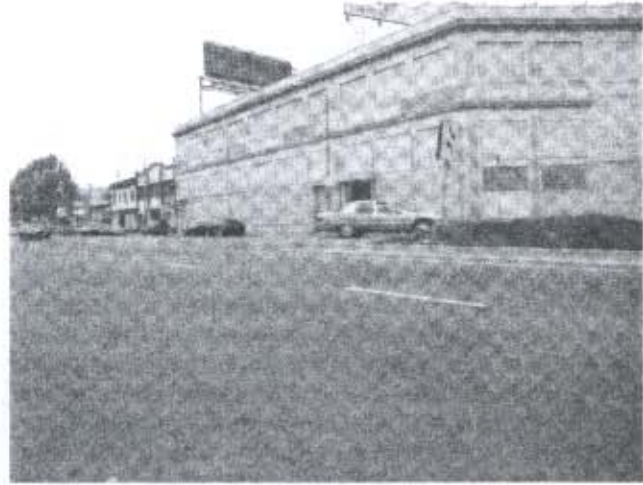


FIGURE 3 Poor streetscape design at San Pablo Avenue and 28th Street near downtown Oakland.

desirable residential and retail districts. In Emeryville, urban infill development is occurring at a rapid pace on former industrial and railroad land, the result of a redevelopment strategy initiated by the city (Figure 4). This new infill development project features more than 15,000 ft² of retail space and 125 condominium units with structured parking. The project is within walking distance of Emeryville's major retail destinations and about 1 mi from the MacArthur BART station. In Berkeley, the city long ago improved the streetscape so that today trees are mature and several blocks are lined with boutiques and sidewalk cafes. In Albany and El Cerrito, San Pablo Avenue is the main commercial thoroughfare, with a mix of local shopping and automobile-oriented businesses. The two BART stations in El Cerrito are located adjacent to San Pablo Avenue, and attempts have been made to develop new urbanist-style projects there, with mixed results: at one station a midrise housing development is located on one corner of the station, but big-box retail and drive-in restaurants were approved for the other major sites. At



FIGURE 4 New mixed-use development at San Pablo Avenue and 40th Street in Emeryville.

the other station, a 1960s shopping center was replaced with another suburban-style mall with poor connections to the BART station.

Further to the north, San Pablo Avenue becomes even more suburban, with big-box retailers and drive-through restaurants the predominant land uses, and little visible development in the stretch between the cities of San Pablo and Pinole. Once in Pinole, there is a small-town feel with small businesses strongly focused along several blocks of San Pablo Avenue. However, gated housing and office malls are the main land uses in Hercules, where San Pablo Avenue ends.

Recently, there has been a growing interest among local officials in revitalizing San Pablo Avenue by designating it as a location for higher-density, transit-friendly development, and local officials have been meeting to explore possibilities for coordinated action. Developers also have shown an increased interest in urban infill and revitalization, especially in the Emeryville–Berkeley–Albany stretch of the avenue.

RESEARCH METHODOLOGY

To explore the development potential of this urban corridor in more detail, a multifaceted approach was used. Field research was conducted to assess conditions along San Pablo Avenue, identifying new developments under way and possible sites for additional development. Then developers were identified who were working on, or had recently completed, infill and revitalization projects in the nine cities and two counties along the way, both on San Pablo Avenue and on other nearby arterials. The identified developers were contacted by telephone and invited to participate in the study on a confidential basis. Of the 12 developers contacted, 11 agreed to participate and were interviewed in July 2004.

The purpose of the interviews was to develop an understanding of the factors that developers consider when undertaking infill development and in particular to determine the relative importance they give to factors such as freeway and arterial access, transit services, pedestrian and bike improvements, quality and availability of other infrastructure and services, local government approval processes, fees and taxes, and neighborhood concerns. It was also desirable to gain information on a host of related issues ranging from company/agency backgrounds and development plans to views of the market for infill development to financing strategies and profitability of infill development along corridors such as San Pablo Avenue.

The questions asked were the same for each interview. Each interview took about 1 h. Interviewees were asked to describe the development process for a project or two situated along or near San Pablo Avenue and issues they contended with in developing the project(s). Finally, interviewees were asked their perspective on the future of development along San Pablo Avenue.

The developer firm's background was covered first, including types of projects developed, company goals, and experience with transit-oriented development. Then a development project along or near San Pablo Avenue or a similar corridor was examined. Topics in this category included the following:

- Project description,
- Project time line,
- Zoning,
- Environmental concerns,
- Transportation issues and opportunities,
- Political processes,
- Community processes.

- Incentives and barriers to the project,
- Financing, and
- Market conditions.

The final set of questions focused specifically on San Pablo Avenue. These questions included the future potential for development along San Pablo Avenue, zoning changes that may be necessary, how the political and community issues might best be addressed, and how transit and streetscapes have affected development.

FINDINGS

Developers Interviewed

Although the experience of the 11 developers interviewed for the study varied, all tended to focus on urban infill development. The types of firms they represented were highly varied and included national and local housing specialists, niche market, affordable housing providers, and redevelopment and mixed-use developers focusing on infill development in the East Bay. No commercial developers were interviewed because there were none active in the area due to the weak office space market at the time of the study.

The projects these developers focused on include residential and mixed-use developments of all sizes. Many of these projects tended to have ground-floor retail with housing located above. Most projects under way are multistory and generally less than five stories high. Because of space constraints on parcels, many of the projects have structured parking.

Current Projects and Development Potential

Numerous projects are in various stages of development along San Pablo Avenue. Most of these projects have mixed uses, typically first-floor retail with upper-story housing, although several residential-only projects are also in development. Projects that have been completed recently are generally located a few blocks off San Pablo Avenue, most notably in Emeryville where a building boom has occurred over the last few years. To protect the confidentiality of the interviewees, specific projects are not discussed.

Most developers interviewed stated that the prospect for future development along San Pablo Avenue was good and that residential projects are well suited for such an urban arterial. Currently, however, the ground-floor retail component of most projects is the result of zoning requirements and is not market driven. In fact, the strong demand for housing in the Bay Area is driving development along San Pablo Avenue.

Factors Encouraging Development Along San Pablo Avenue

Developers cited accessibility, attractive streetscapes, a strong market, helpful government policies, and several other factors as aspects of San Pablo Avenue that positively affect its potential for development.

Access to the Region

Interstate 80, a short distance from San Pablo Avenue along the entire corridor, provides automobile access to the rest of the metro-

opolitan area. The San Francisco–Oakland Bay Bridge in Oakland is easily accessible, as is Emeryville, a major retail destination. BART access is available nearby in Oakland and in El Cerrito along San Pablo Avenue. These transportation options provide residents easy access to job and entertainment centers, even though congestion makes peak period travel slow.

Access to Transit

Access to local public transit is a strong incentive for many of the developers interviewed; however, none of the developers surveyed had specific experience in redevelopment around transit stations per se. Instead, the developers considered their projects transit-friendly, projects that would result in increased transit use.

The recently implemented Rapid Bus service was seen by most as a benefit to development, but its presence alone has not sparked any additional interest in development. Most of the developers interviewed did not mention the Rapid Bus on their own, although they commented favorably when asked about it; none used its presence in advertising and three of the developers did not know the service existed.

Pleasant Streetscapes

Certain sections of San Pablo Avenue have attractive landscaping, and developers see this as a bonus. In Berkeley, in particular, several developers favorably noted the presence of mature street trees. One developer called San Pablo Avenue in Berkeley a “handsome” street (Figure 5). The canopy of the mature trees creates a pleasant environment for vehicles and pedestrians. However, automobile-oriented businesses such as the U-Haul facility in Figure 5 decrease pedestrian friendliness here and in other parts of San Pablo Avenue in Berkeley.

Inexpensive Property

Property along San Pablo Avenue is inexpensive by Bay Area standards. With lower property costs, development costs are lower. In many of the communities, parcels along San Pablo Avenue are part of a redevelopment district, and the city can write down land costs,



FIGURE 5 Mature street trees at San Pablo Avenue and Addison Street.

assist with land purchases and parcel consolidation, and otherwise reduce the costs of development.

Large Parcels Available

Some larger parcels are available. The abundance of light-industrial uses to the west of San Pablo Avenue provides the opportunity to develop larger projects where higher infill development costs can be spread over more units, bringing per unit development costs down. Proposed for the site shown in Figure 6 are 72 condominium units with double-loaded entrances (front doors that are both internal to the site and facing the street). The parcel is more than 2.5 acres, spans the Oakland–Emeryville border, and requires developers to work with both cities throughout the development process. The cracked and pockmarked pavement shown in Figure 6 provides for a sometimes-jarring ride along San Pablo Avenue through this segment.

Declining Crime Rates

Along some parts of the corridor, crime appears to be declining. New development along the corridor is increasing street activity, thereby reducing criminal activity. Developers said that, as a result, lenders are more willing to finance projects along San Pablo Avenue.

Strong Housing Market

There is strong demand for entry-level housing in the East Bay, especially in the cities along San Pablo Avenue. The market is perhaps the driving force behind residential development along and adjacent to San Pablo Avenue. The higher development costs associated with infill development are overcome by the rent and sales premiums developers can charge.

Helpful City Governments

The small city of Emeryville, most of which is a designated redevelopment area, was cited by many of the developers interviewed



FIGURE 6 Proposed project location at San Pablo Avenue and 66th Street.

as especially supportive of development, with a cooperative development approval process in which staff works closely with the developer and provides useful feedback. Further, Emeryville has become a job and retail center in the East Bay over the last decade, making it an attractive location for multifamily housing. Oakland was also noted as a city that facilitates infill development, and the good working relationship between Oakland and Emeryville was cited as creating a smooth approval process for projects located along the border between the two cities.

Factors Tending to Discourage Development Along San Pablo Avenue

Developers cited financial, land use, regulatory, transportation, and environmental factors as discouraging to private investment along San Pablo Avenue. The following is a summary of the issues developers raised.

Financial Factors

High Development Costs Several developers noted that the total cost to develop in some cities is prohibitive. Whereas land costs are relatively modest everywhere along the corridor, in some locations impact and permit fees are high. More important to most developers were the costs associated with a long entitlement process. Time is money for developers, and a long development process is a significant barrier to entry for many developers.

Lack of Comparables Outside of Emeryville, all developers cited the difficulty in securing project financing due to the lack of comparable projects. Many developers stated that, once a "pioneer" project was built and successful, many other developers would move in to take advantage of the then "proven" market on San Pablo Avenue.

Inadequate Redevelopment Incentives Redevelopment areas are attractive to developers because the entitlement process in such areas tends to be streamlined and development incentives such as public finance of infrastructure and land cost write-downs can be obtained. Several developers, however, noted that the strings attached to projects using public funds were too stringent in some of the cities along the corridor. One developer noted that, without a redevelopment district along San Pablo Avenue in Berkeley, the financial risk of development is too high.

Land Use Factors

Incompatible Land Uses Most developers noted that the abundance of automobile-oriented shops were a detriment to infill housing and mixed-use development. One developer added that such uses tend to be open only until 5 p.m., reducing street activity and the increased sense of safety that comes with it. Several developers also commented that these shops are "ugly," however necessary they might be.

Adjacency of Single-Family Development Along the east side of San Pablo Avenue and portions of the west side, the adjacency of single-family dwellings presents unique challenges in development. Residents who live next to proposed developments often are concerned that multistory buildings on abutting lots will present a blank wall to their backyard or reduce their privacy. One developer sought

to remedy this by lowering the height on the part of the proposed project that abuts single-family homes. However, other developers were concerned that a height reduction would reduce the financial feasibility of some projects. A step-down effect also could harm the aesthetics of building designs, if not well treated.

Small Parcel Sizes Small lot size is another concern brought up by most developers. Small lots are expensive to develop because the costs of development approval are high. With high development costs, there is a need to spread the costs out over many units to make a project feasible.

Regulatory Factors

Confusing Zoning Codes Most developers commented about outdated and unclear zoning codes. In several cities, the zoning code was cited as being out of date. In Oakland, for example, the city has spent months in the process of updating the zoning code to match the General Plan, and, in the interim, confusion levels have increased. Developers also stated that different city workers sometimes interpret the zoning code differently. That leads to confusion about what can and cannot be built.

Suburban Setback Requirements Several developers criticized setback requirements as reducing design flexibility and detracting from good design. One developer mentioned that the side setback requirements in the zoning codes of some communities are a relic of suburban zoning standards, creating unusable side strips and wasting valuable land. Another developer stated that front setbacks need to be uniform along a block to ensure a good urban design, but codes do not require this.

Unpredictable and Slow Design-Review Processes Most communities have a certain amount of discretion built into their zoning ordinances, with review processes to determine whether a particular proposal is approved. Several developers stated that the design-review process in some of the cities along the corridor increases costs associated with project development. In Berkeley, for instance, committee members do not work with developers but instead hold a formal hearing on the developers' proposal and inform them whether it can or cannot be built only after considerable time and money have been spent working on a particular design. In contrast, Emeryville's design-review committee members work directly with developers and inform them about the kinds of projects the planning commission will and will not approve.

Transportation Factors

Fast-Moving Traffic Several developers commented that San Pablo Avenue's 35-mph speed limit is too high, creating an unfriendly environment for pedestrians. (Actual average speeds on some stretches of the street exceed 45 mph.)

Excessive Parking Requirements Several developers considered the off-street parking requirements in many of the cities excessive or overly rigid. For example, one developer stated that the amount of parking required in Emeryville (one space per studio and one-bedroom apartment and one and one-half spaces per two-or-more-bedroom unit) was too high and reflected a suburban attitude. Another developer said that parking requirements prevented him from including three-bedroom units in a project because the units would have required

three parking spaces each. Additionally, the smaller parcel sizes make it more difficult to fit in all the required elements in the zoning code, notably parking; design can suffer as a result.

Environmental Factors

Crime Concerns In several interviews, crime was cited as a detriment to development along San Pablo Avenue in Oakland and the southern reaches of Berkeley. Several developers cited prostitution at bus stops as a problem, but they noted that these activities should subside with new development as street level activity increases.

Environmental Concerns Concerns about environmental conditions on parcels were evident during the course of the interviews. Developers either were happy that their project did not have to deal with site cleanup or mentioned that future projects would depend on site conditions.

Development Incentives

Specific incentives that the city or state provided to developers included density bonuses, low-cost land, and reduced environmental responsibility. Most developers, however, stated that no special incentives were offered for a particular project.

Density Bonuses In several instances, developers used state density bonuses to increase the number of housing units in a project. California Government Code Section 65915 states that if a project includes 20% of its units reserved for low-income households, then the project can exceed local density requirements by 25% (5).

Low Cost of Land on Redevelopment Sites The low cost of land in a redevelopment zone was cited as another major incentive. Although the cost of land along parts of San Pablo Avenue is already lower than in other parts of the East Bay, city-purchased land offered at a discount to developers is clearly a major incentive and has been one of the key factors in Emeryville's redevelopment success.

City-Sponsored Environmental Reports In California, private development requiring local government approval is generally subject to environmental review under the California Environmental Quality Act (CEQA). However, a CEQA Environmental Impact Report generally was not required for the types of projects discussed here, because most of the projects surveyed were exempt due to their infill status or had been covered in an area plan environmental impact review.

Barriers to Development

During the course of the interviews, two major barriers to development of multifamily condominium housing were discussed: Proposition 13 and condominium liability issues, two issues specific to California that may be indicative of legal barriers in other states.

Proposition 13

During interviews, California's Proposition 13 was discussed. Proposition 13 limits the amount of property tax revenue that a city can levy. It is widely believed that local governments have resisted

housing development because cities would rather have development that generates sales tax revenue. However, one developer argued that accounting for resident spending on retail goods, residential housing generated similar sales tax revenues as commercial development, because the new residents spend much of their income at nearby retail establishments. Clearly, this argument would apply only to cities with a mix of uses in nearby areas.

Condominium Liability

Another California-specific barrier to development is the condominium liability law. In California, developers have been hit with class action liability suits brought by condominium owners for defects the developers might well have remedied if simply asked to do so; the litigation greatly increases the cost to the developer. Typically, developers now must pay about \$25,000 per condominium unit for liability insurance and this cost is passed on to the buyer. Developers can absorb the additional cost only in areas where condominium prices are sufficiently high.

Improving the Playing Field for Developers

The following ideas were suggested by the development community as ways that cities could help encourage private investment.

Public Improvements: Crime Reduction

Crime reduction is one area where cities can help encourage private investment along San Pablo Avenue. As one developer put it, lower crime rates will encourage lenders to fund projects that will further help reduce crime by providing "eyes on the street."

Public Improvements: Streetscape

Developers argued that the physical condition of San Pablo Avenue needs to be improved; they agree that plans to repave the street should move forward but argue that a more pedestrian-friendly environment is needed to improve development prospects. Piecemeal streetscape improvements associated with new building projects are being implemented, but developers prefer to contribute to an overall plan for improvements along the entire street. The intersection shown in Figure 7 includes pedestrian-friendly crosswalks with special brick pavers and attractive landscaping. In addition, 41st street has been narrowed at the intersection with the intent to calm traffic and reduce the curb-to-curb distance for pedestrians.

Public Improvements: Parks and Open Space

The provision of open space is another area of concern to the development community. Providing open space sufficient to satisfy zoning requirements on small lots is difficult for developers. One idea suggested by developers was to pool open space requirements of several developments. Pooled open space would allow developers to build more intensely on each parcel and also could provide for more usable open space. On the other hand, several developers were skeptical of city-led parks creation, citing lack of maintenance once a park is built, which can degrade property values. These developers preferred privately maintained and accessed open space.

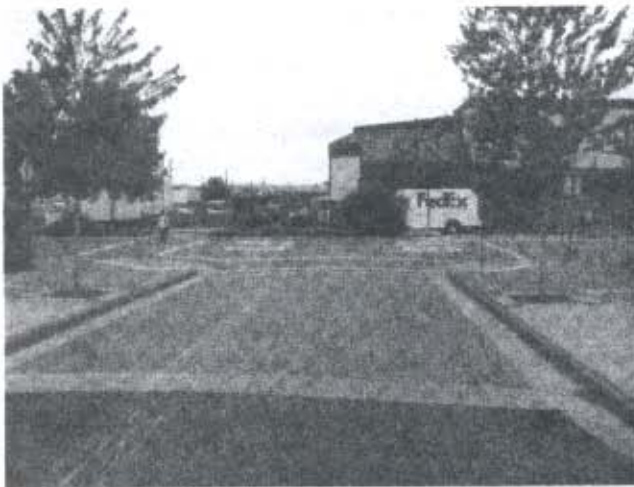


FIGURE 7 Pedestrian-friendly intersection at 41st Street and San Pablo Avenue in Emeryville.

Zoning Code and Interpretation

Creating a zoning code that clearly states what can be built would help increase private investment; developers were discouraged by lengthy design-review processes and planning boards that were unhelpful in telling developers what could be built. On the other hand, some developers prefer to leave some flexibility in zoning, because it allows more creativity. Developers recommended that design standards for buildings that encourage street activity also should be pursued by cities. However, one developer suggested that for pioneer projects it would probably be necessary to have two main entrances, one on the street and one internal to the project site.

Neighborhood Communication: Getting out Early

Experience in working in infill areas has led many developers to seek community support early. Several developers reported that going door to door explaining a project in existing residential neighborhoods has been effective in reducing resident complaints. Developers also said that creating designs from the start that have existing residents' concerns in mind is another way to help win community support for a project. Cities can help facilitate this process by helping developers communicate with local interest groups.

Increase Permit Processing Efficiency

Lengthy approval processes are costly to developers, and reducing the time between project application and decisions would encourage private investment. Communication between planners who work with developers and the city councils that approve projects is important in reducing delays and returns to the drawing board during the design-review process.

CONCLUSION AND FUTURE RESEARCH OPPORTUNITIES

Development potential along San Pablo Avenue in the San Francisco Bay area has been reviewed from the perspective of local developers in this case study. The San Pablo Avenue case is fairly

typical of the many multiuse urban arterials across the United States, where existing land uses, transportation conditions, and government programs have created both opportunities for infill development and barriers to its achievement. The San Pablo case underscores the point that access to good transportation is only one consideration in land development decisions in infill cases; it must be complemented by favorable market conditions and government policies or it is likely to be overwhelmed by barriers to investment. In particular, the San Pablo case illustrates that developers often consider regional and local accessibility as a condition precedent to development; they view transit availability as a bonus but not necessarily a major development incentive.

In contrast to previous research on successful transit-oriented development focused on fixed-guideway rail or busways, this case study suggests that "rapid bus" services with skip-stop operations and priority treatments are not sufficient to attract the attention of developers. Indeed, some of the developers, while working in the area, were unaware of the Rapid Bus improvements made along San Pablo Avenue. However, if local governments respond to improved transit services with complementary pedestrian improvements and reductions in parking requirements, the resulting conditions become much more valuable from a developer's perspective. Such local government responses also would encourage transit ridership.

Poor streetscapes, street crime, high speeds, and excessive parking requirements all can deter development or shift the types of development that are feasible along urban arterials. Strategies to overcome development barriers can be met by a variety of government reforms and incentives, including improved zoning codes, faster approval processes, and public investments in street designs and open space.

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