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Institute**



Tustin, California

**ULI Advisory Services Panel
Presentation**

June 11-16, 2006

About ULI

- Established in 1936
- Independent nonprofit education and research organization.
- Mission: To provide responsible leadership in the use of the land in order to enhance the total environment
- More than 30,000 members worldwide
- Representing the entire spectrum of land use and real estate development disciplines

Special Thanks

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- The City of Tustin
- Mayor Doug Davert
- Jerry Amante, City Council Member
- William Huston, City Manager
- Christine Shingleton, Assistant City Manager
- Scott Jordan, Police Chief
- Elizabeth Binsack, Community Development Director
- John Buchanan, Program Manager, Redevelopment Agency
- Pat Sanchez, Director, Parks and Recreation
- More than 40 community Leaders



About ULI Advisory Services



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- 
- Bring the finest expertise in real estate to bear on complex land use and development projects
 - Over 500 ULI-member teams assembled since 1947 to assist sponsors find creative and practical solutions




Why Are We Here?



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The City of Tustin engaged ULI to address several issues and opportunities


- Identify infill development opportunities
 - Expansion of residential and commercial revitalization activities
 - Suggest market based revitalization strategies
 - Provide input on regulatory policy enhancements
- 



The Process



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- 
- Studied and discussed information provided by the sponsor
 - Toured the project areas
 - Met with stakeholders and listened to their concerns
 - Debated the issues

The Panel

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Richard J. Dishnica (Chair)
President
The Dishnica Company LLC
Point Richmond, California

Ray Brown
President
Ray Brown Consulting
Memphis, Tennessee

Paul D. Charles
Executive Director
Neighborhood Recovery Community
Development Corporation
Houston, Texas

Victor Karen
Director of Advisory Services
RF Walsh Company, Inc.
Boston, Massachusetts

Al Levine
Deputy Executive Director
Seattle Housing Authority
Seattle, Washington

R. Terry Schnadelbach
Professor and Chairman
University of Florida Department of
Landscape Architecture

Richard Shields
Partner
Mesa Development
Chicago, Illinois

Christine Vina
Special Projects Coordinator
City of San Antonio Planning Department
San Antonio, Texas

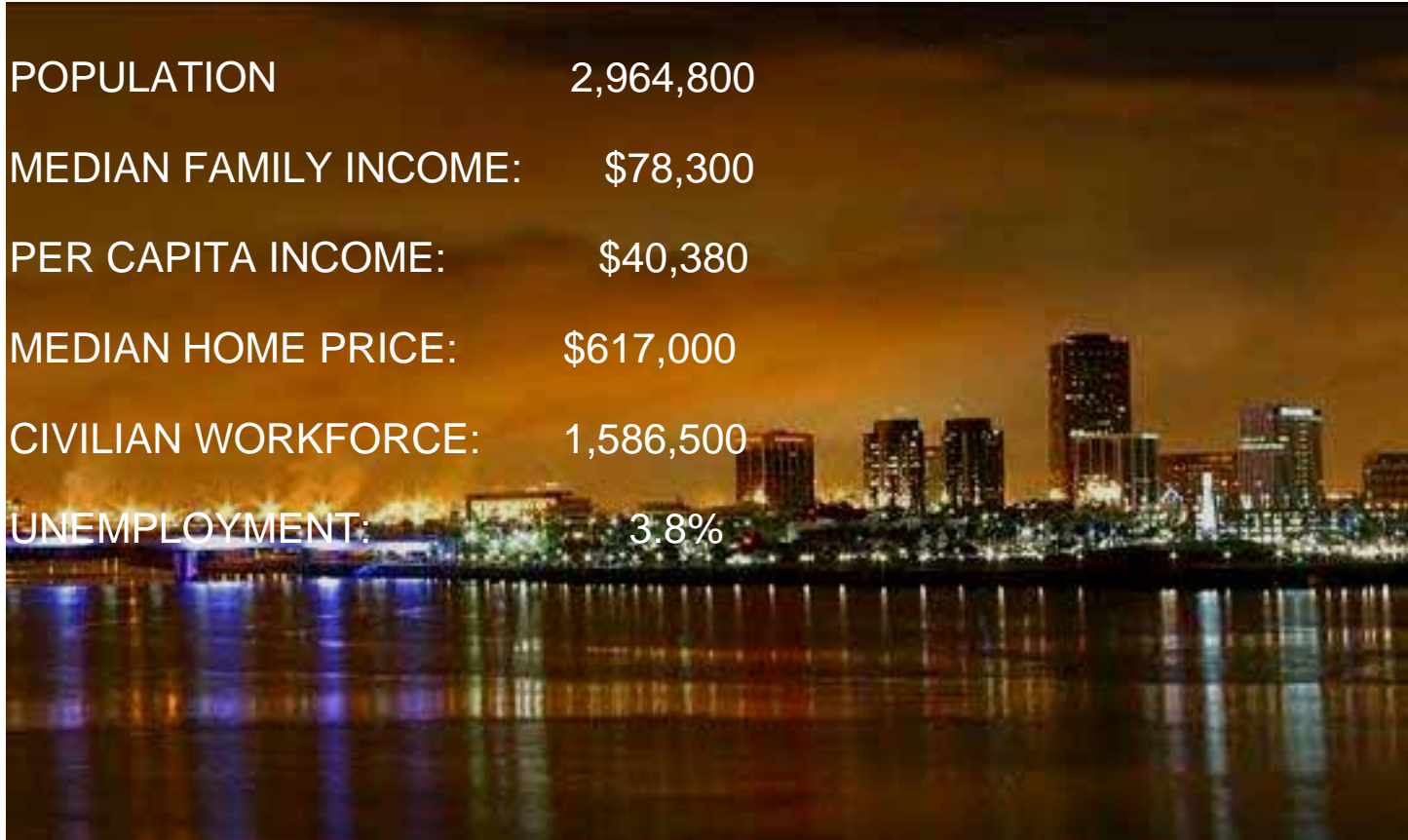


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Market Potential

Orange County Market Strength


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POPULATION	2,964,800
MEDIAN FAMILY INCOME:	\$78,300
PER CAPITA INCOME:	\$40,380
MEDIAN HOME PRICE:	\$617,000
CIVILIAN WORKFORCE:	1,586,500
UNEMPLOYMENT:	3.8%

Tustin Market Strength

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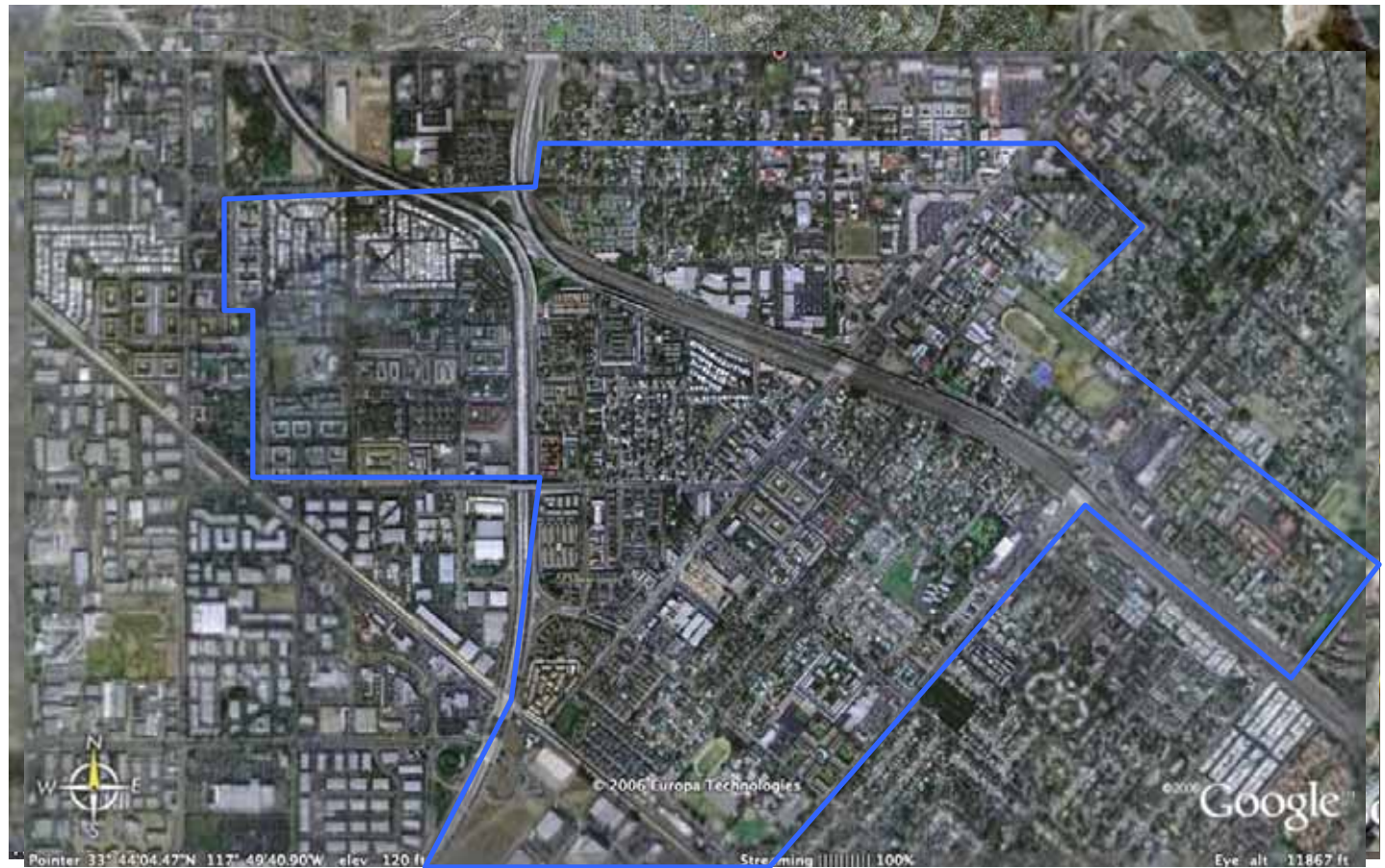


POPULATION	70,871
MEDIAN FAMILY INCOME:	\$60,092
PER CAPITA INCOME:	\$25,932
MEDIAN HOME PRICE:	\$610,000*
WORKFORCE:	41,600
UNEMPLOYMENT:	3.4%

*2005

Location, Location, Location

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Tustin Market Advantages

- Central Location and Highway Access
- Neighborhoods
- High Demand for Housing
 - For Sale
 - Rental
- Stock of Affordable Housing
- Tustin Unified School District
- Tustin Legacy Success



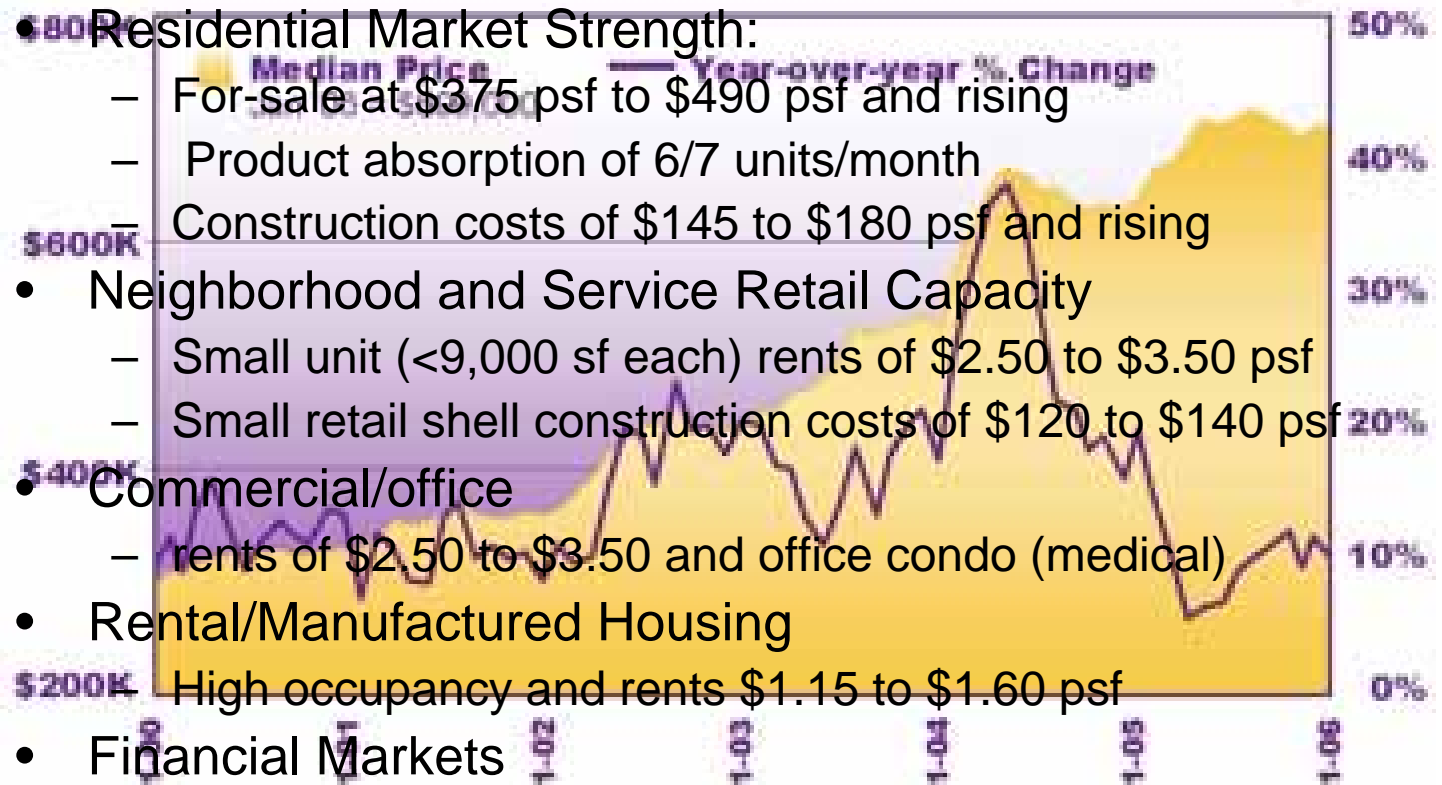
Tustin Market Environment

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Median Price of Existing O.C. Homes

Residential Market Strength:

- For-sale at \$375 psf to \$490 psf and rising
- Product absorption of 6/7 units/month
- Construction costs of \$145 to \$180 psf and rising
- Neighborhood and Service Retail Capacity
 - Small unit (<9,000 sf each) rents of \$2.50 to \$3.50 psf
 - Small retail shell construction costs of \$120 to \$140 psf
- Commercial/office
 - rents of \$2.50 to \$3.50 and office condo (medical)
- Rental/Manufactured Housing
 - High occupancy and rents \$1.15 to \$1.60 psf
- Financial Markets
 - Low cap rates in all income sectors (3-5%)



Tustin Market Driven Opportunities

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Tustin Market Driven Opportunities

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- Large Parcel Development

- High School Site
- MFG Homes Sites*
- Center City Apartment Site*
- Boys/Girls and Center City Industrial

Commercial & Mixed Use Assembly

- Red Hill/I-5 Area/I-5 Frontage
- S55/Sycamore Intersection
- Old Town/I-5 Mixed-Use Node
- Tustin Hospital/Medical Office

- Small Apartment Assembly*

- Newport Commercial District Sites

- Apartment Redevelopment/Exchange Effort*

* Value Challenged

Challenges to Market Interest

- ULI Study Area is intensely developed
 - Few vacant parcels and few City owned
- Fractured land use and inconsistent parcel size, shapes and setbacks
- Impact on housing residents and expectations/requirements for replacement dampen market interest
- Rising construction costs
- Zoning flexibility, process and requirements

Challenge 1

Lack of Neighborhood Plans

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- Community requirements and expectations not defined
- No priorities - left to the marketplace
- Express larger ideas and higher value solutions
- Process to create incentives, density bonuses and parcel assembly required
- Create certainty with community, the market and City
- Community understanding and support

Challenge 2

Fractured Land Ownership and Uses

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- Patchwork Land use
- Very small lots and super blocks adjacent to each other
- Difficult assembly with many owners
- Incoherent street blocks
- Complex zoning maps
- Assembly challenge with “last parcel” syndrome

Challenge 3

Lack of Community Amenities and Access

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- Lack of neighborhood parks and green space
- Lack of connections and isolated parcels
- Inconsistent design standards and relationship to streets and adjacent parcels



Challenge 4

Rental Housing Values Makes Acquisition Difficult

- High Rents and Occupancy
- All-time Low Cap Rates
- Appraised Value Method Imbalance
 - 4-Plex Sale Value ~\$900 K to 1.2 million vs income method of \$1.3 to \$2 million (5-3% cap rate)
 - Large complex income method @ \$6 million/acre vs. ~\$4 million/acre market comparable



Challenge 5

Uncertainty in Context and Quality

- Property owners uncertain of what will be next door
 - Example: One street has institutional use, store, housing, repair shop, bank in five adjacent parcels
- Large number of buildings and mobile homes in area at the end of their useful life
- Inconsistent maintenance and property use patterns impact neighbors
- Code enforcement challenges

Challenge 6

Need for Housing Policy

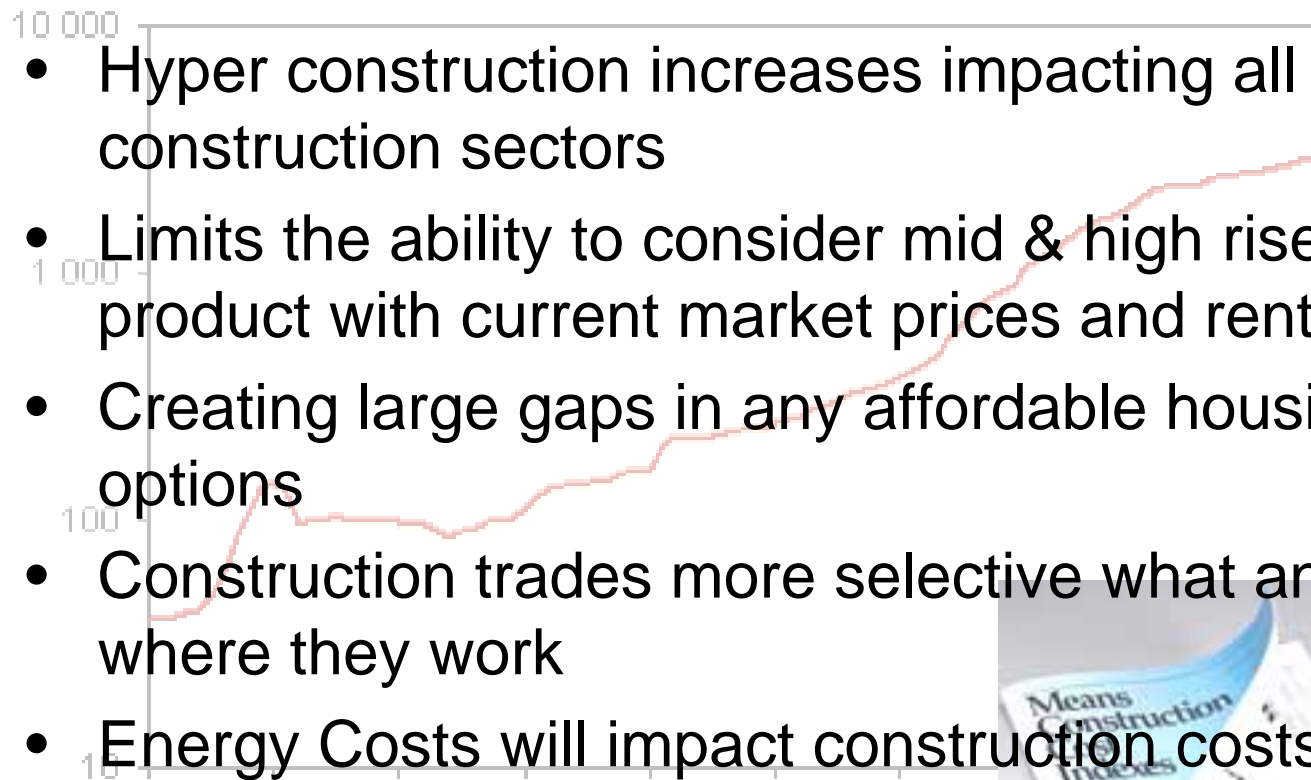
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- Uncertain process and requirements
- Displacement and elimination concerns
- Need for consistent approach for redevelopment and relocation
- High construction costs create huge gaps in any new affordable housing and potentially limit interest in areas where high % replacement requirement exist
- Community Development Corporations as a vehicle for implementation
- Opportunity for linkage with Tustin Legacy Affordable programs

Challenge 7

Increasing Construction Costs

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- 
- Hyper construction increases impacting all construction sectors
 - Limits the ability to consider mid & high rise product with current market prices and rents
 - Creating large gaps in any affordable housing options
 - Construction trades more selective what and where they work
 - Energy Costs will impact construction costs even more in coming months/years



Challenge 8

Regulatory Environment

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- Complex land use/zoning requires strategy and vehicle to create certainty in assembly and redevelopment
- CEQA process strategy needed to advance redevelopment opportunities
- Building heights, densities, zoning categories and flexibility needs reform
- Parking, open space, affordable housing requirements relief needed



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Planning and Design

Tustin Study Areas

ULI Study Area

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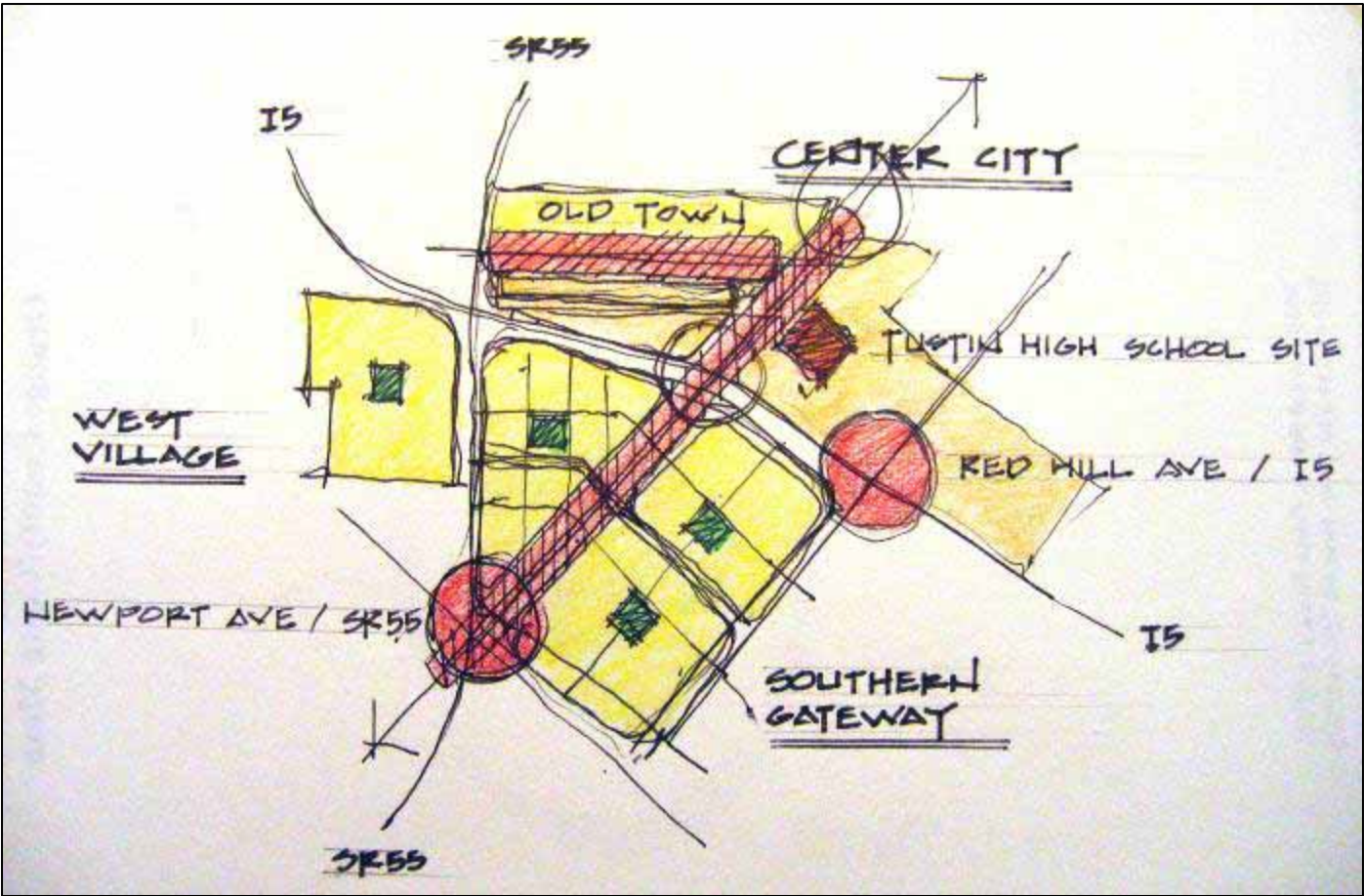


Planning & Design

- **Study Area Concept Plan**
- **Urban Design as Public Policy**
- **Built Out Residential Areas**
- **Center City & Old Town**
- **Tustin Union High School Site**
- **Newport Avenue / SR-55 Node**
- **Red Hill Avenue / I-5 Freeway Node**

Study Area Concept Plan

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Urban Design as Public Policy

Design Principles

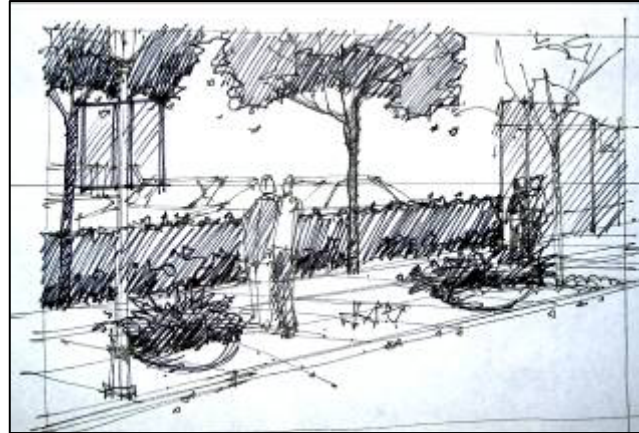
- Preservation and Improvement of Already Built Out Residential Areas within West Village and the Southern Gateway
- Potential for Redevelopment at Higher Densities and Height (5 stories) within the Center City and Newport Avenue Corridor

Design Guidelines

- Creating a Pedestrian Friendly Environment
- Increasing Streetscape Continuity
- Clustering Land Uses at Intersections
- Provision of Appropriately Sized Civic Squares and Parks
- Landscape Planting
- Building Size, Height and Form that is Compatible with Historic Precedent and Reinforces the Character of its Surroundings
- Public Street Grids that are Open and Connective

Built Out Residential Areas

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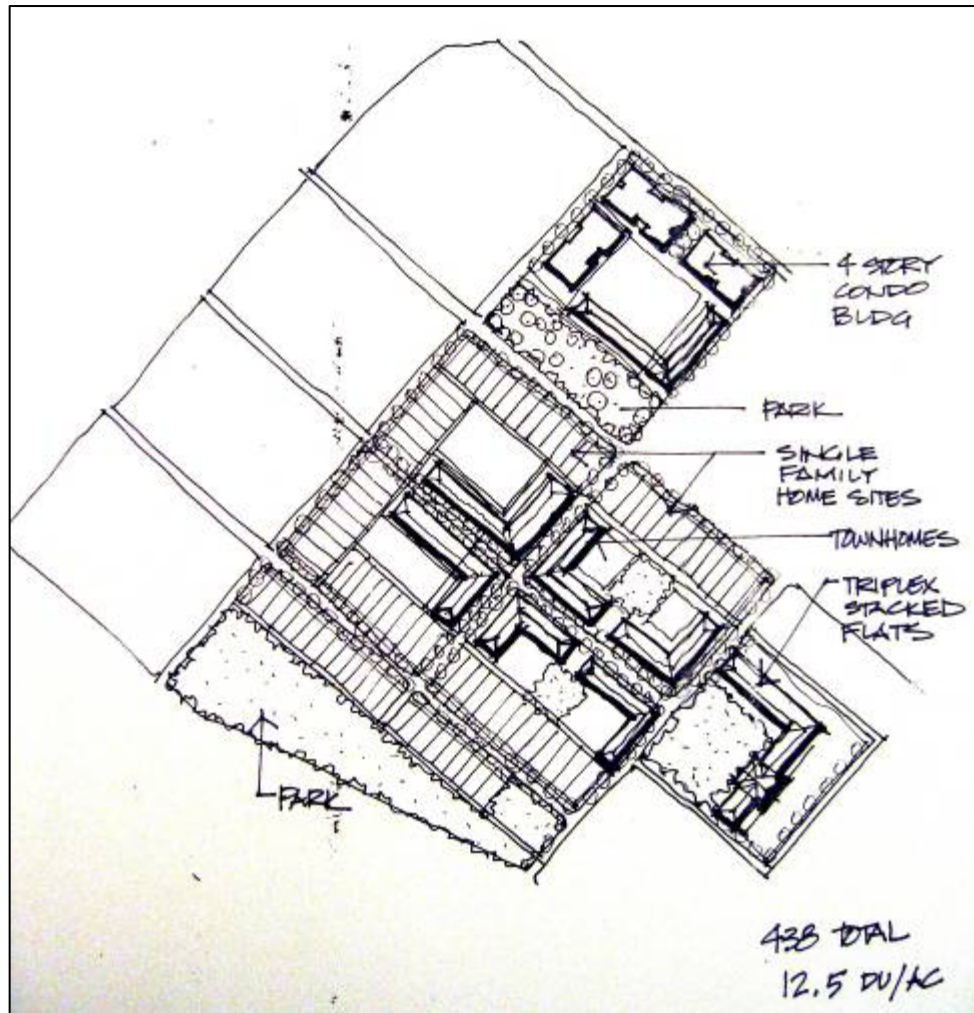
Center City & Old Town

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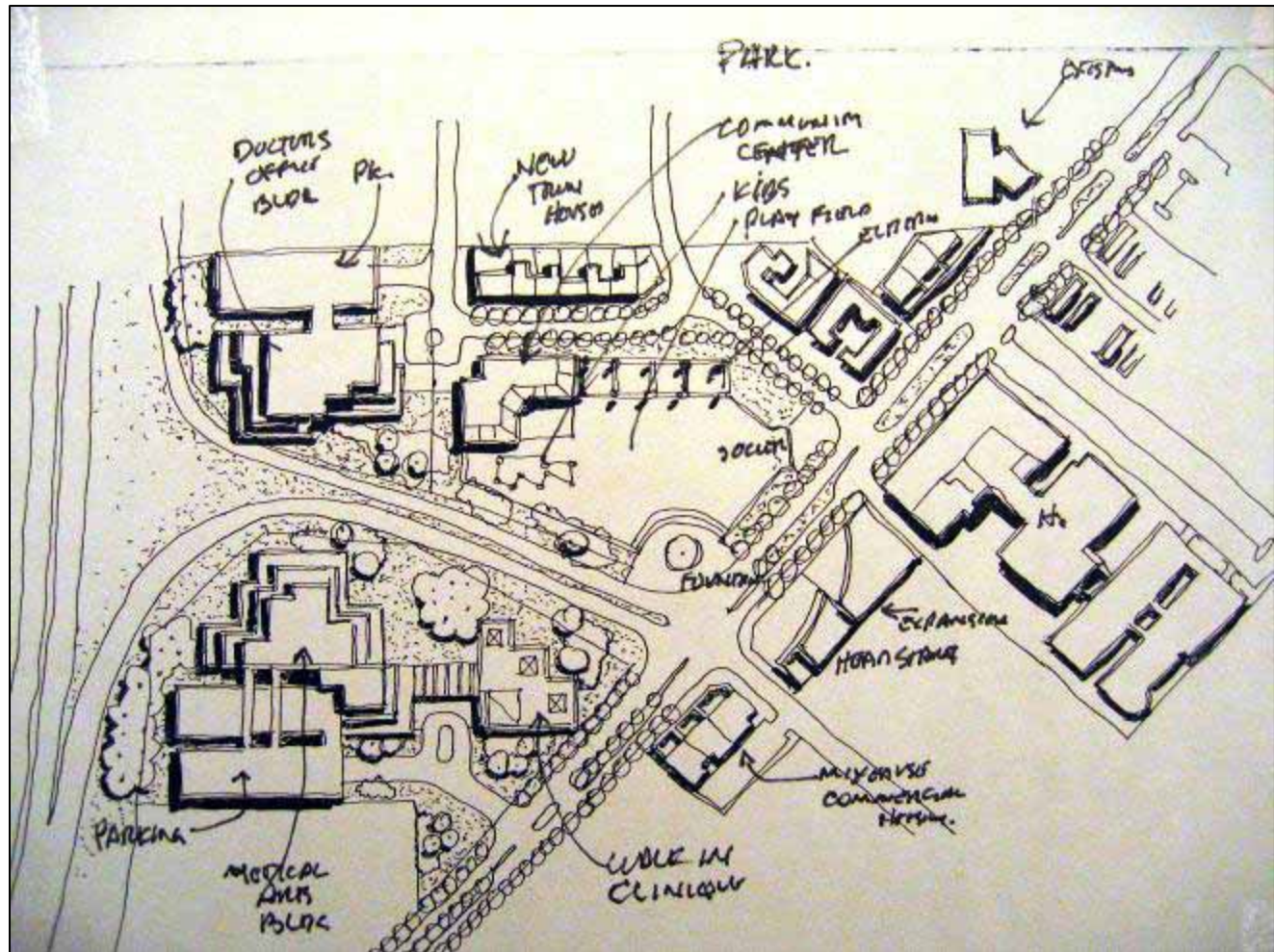
Tustin High School Site

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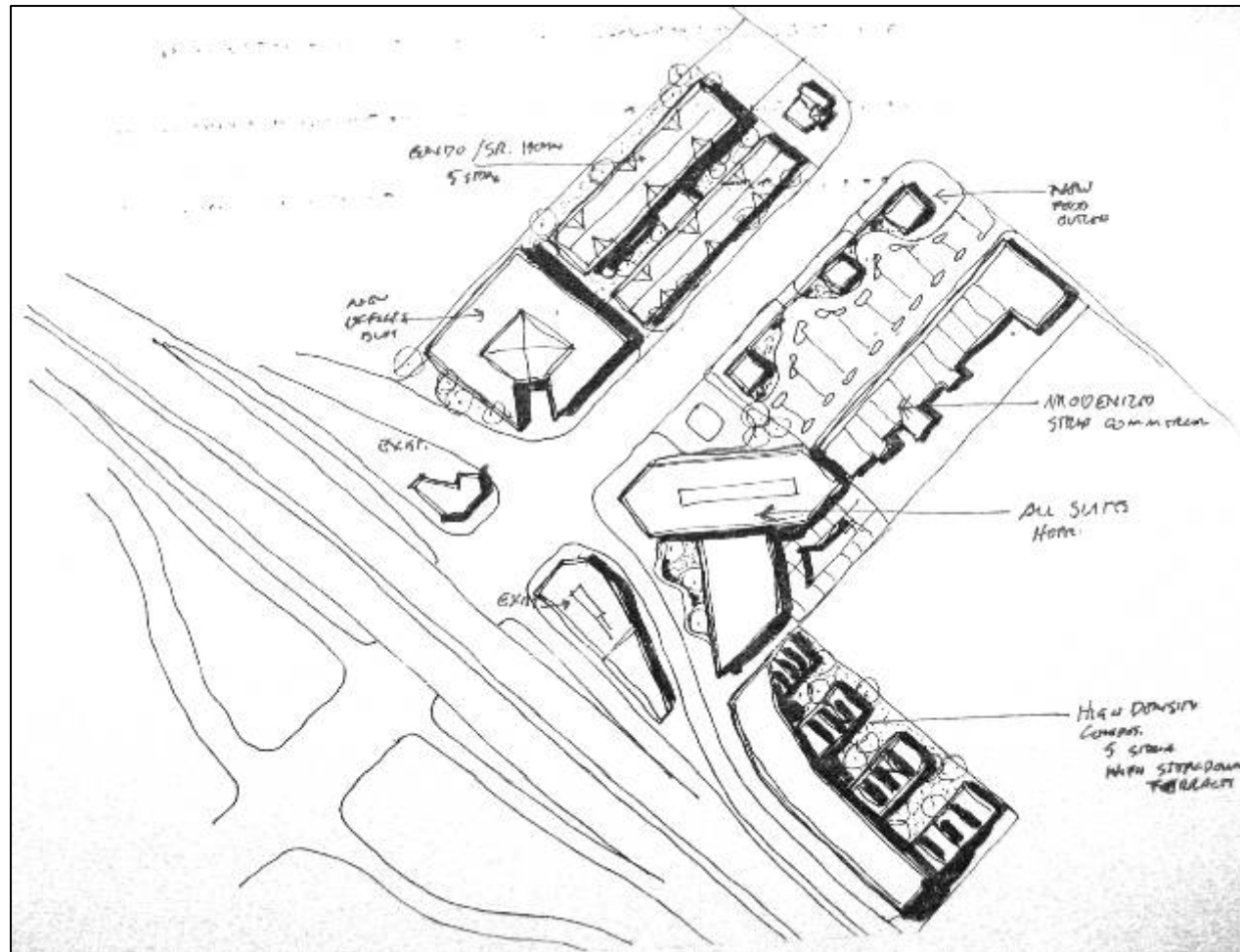
Newport Avenue / SR-55

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Red Hill Avenue / I-5 Freeway

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Development & Implementation Strategies



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TUSTIN LEGACY

Welcome to the City of Tustin

Civic Engagement & Dialogue

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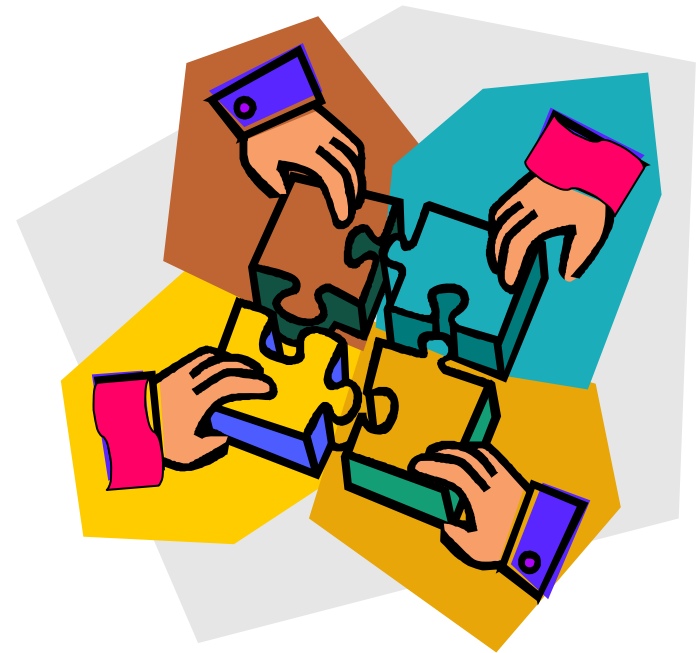
*Let's wait & see where we are going
before we act"*

*Proactive vs.
Reactive Response*

*Tools for Decision
Making*

*Community
Dialogue*

- High School Site
- Workforce Housing



Civic Engagement & Dialogue

Create community communication tool

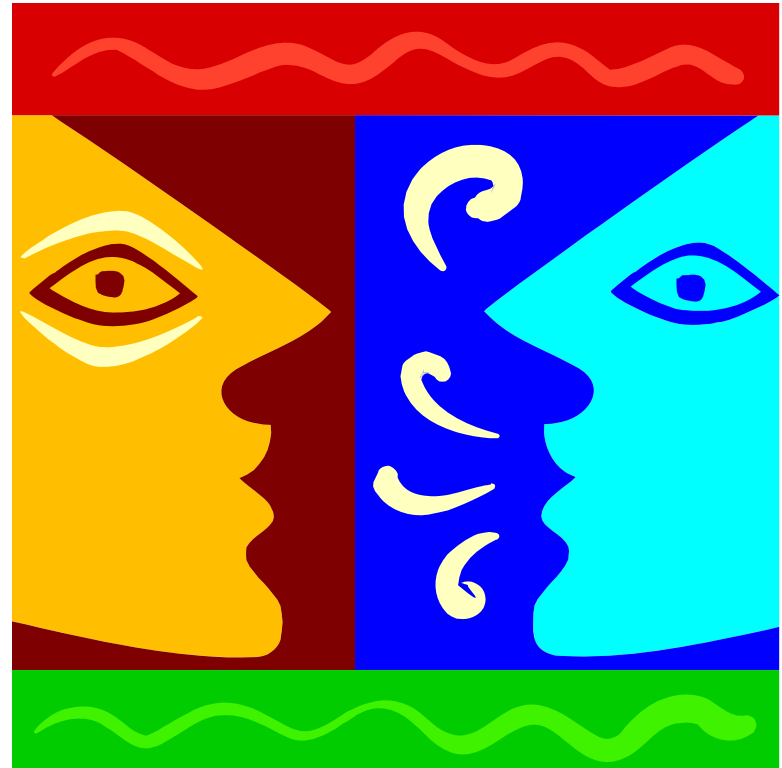
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Neighborhood Database:

Mandatory Homeowners
Associations

Voluntary Neighborhood
Associations

Community/Neighborhood
Based Organizations



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公共的会议

你的分区即将改变！

请在下一个学校债券选举
上参加一个会议！

不要遗漏自由牙的门诊部

是来在我们的邻近地区协
会会议碰到你的邻居！



REUNION de PUBLICO

¡Su declarando está a
punto de cambiar!

¡Asista por favor una
reunión en la próxima
elección del bono de la
escuela!

¡No pierda el Dispensario
Dental libre!

¡Venga encuentre sus
vecinos en nuestra reunión
de la asociación de
vecindario!



Communication

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Meaningful dialogue and communication cannot occur without basic understanding

Communication from the City must be disseminated through:

Language options

Venue options



PUBLIC MEETING

Your zoning is about to change!

Please attend a meeting on the next school bond election!

Don't miss the free Dental Clinic!

Come meet your neighbors at our neighborhood association meeting!

Neighborhood Planning

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A PLAN identifies and guides the current state of a community to realizing the collective vision for its future.



- improves quality of life
- provides for orderly city development
- addresses protection of natural, historical, and cultural resources
- helps shape the City's urban form

Neighborhood Planning

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Components

Goals & Objectives

Housing

Economic
Development

Character Defining
Elements

Transportation &
Infrastructure

Community
Facilities

Land Use Plans



Land Use Plans- Community Vision

Developer Certainty

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Neighborhood and ROW
Character, Design
Standards

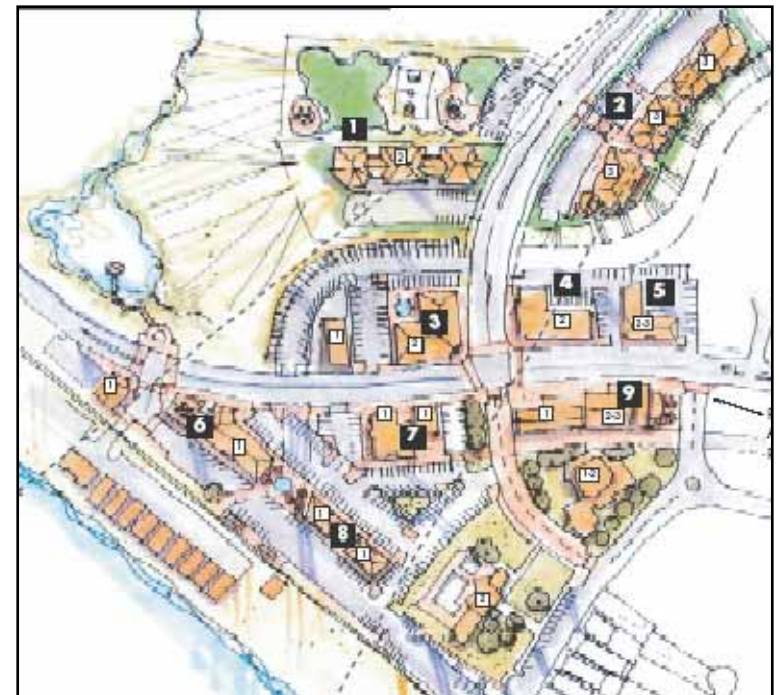
Site Development Standards

Open Space

Building Height

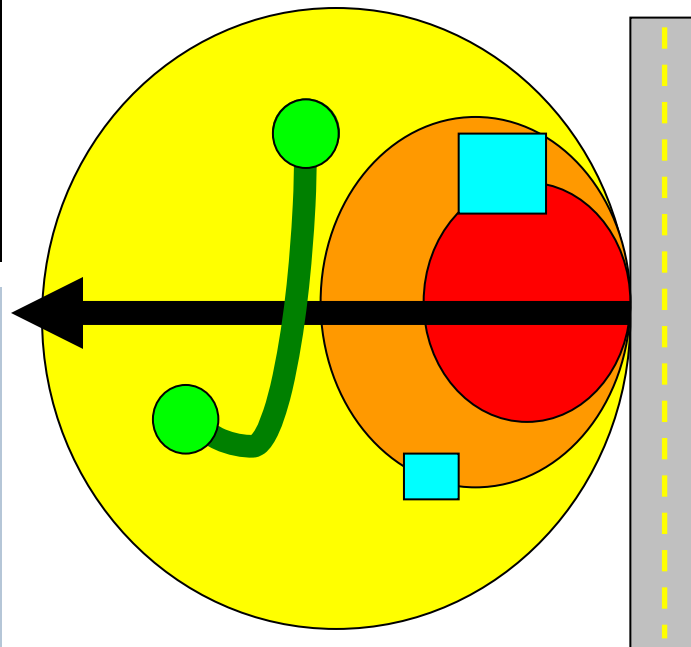
Parking

Types of Land Uses



Regulatory Issues

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Land Use Designations

- Allow higher residential densities
- Create LU designations that incorporate Residential and Office/Commercial mix of uses
- Address height limitations to accommodate densities at defined nodes

Zoning Districts


- Address increase in maximum height
- Encourage zoning overlay districts to address:
 - protection of neighborhood character
 - more efficient permitting approval process



Entitlements



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- 
- Entitlement process is not developer friendly and is not producing the best buildings
 - Current entitlement process increases risks and cost for developers
 - Result is a reputation as an anti-development city



Developer Comments



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- 
- Unpredictable
 - Conflicting advice
 - Uncertain timetables
 - Late changes to Approved Plans
 - Excessive Parking & Open Space Requirements



What Developers Want



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- 
- Predictability
 - Transparency
 - Objectiveness
 - Reliability
 - Flexibility to Create Better Projects



One Approach



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- Institute a new Approval Process
 - Multi-family and commercial projects
 - Create with assistance from the
 - Development and Design Communities
 - Community and Resident Organizations
 - Business community
- 



Objectives



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- Engage Citizen's and Developers early in the process
 - Alternative to Prescriptive Codes
 - Encourage Better Design
 - Responsiveness to a Site's Context
 - Provide Flexibility in the Application of Development Standards
- 



Standards



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- Broad Vision for Tustin
 - City Wide Guidelines
 - Neighborhood Plans
 - Neighborhood Design Guidelines focused on cultural, architectural or historically significant features
 - Holistic Comprehensive Approach
- 



Who



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- Planning Commission or Independent Board
 - Typical Members
 - Architect or design professional
 - Developer
 - Neighborhood Representative
 - Business Leader
 - Community Representative
- 



Process



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- Open Meetings
 - Staffed by Community Development
 - Concept Plans
 - Review Based on
 - Neighborhood plans & guidelines
 - Adjoining properties & development proposals
 - Community and Resident Reaction
- 



What's Reviewed



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- Site Plans
 - Bulk and Scale
 - Architectural Elements & Materials
 - Pedestrian Environment
 - Landscaping
- 

Other Possible Variations


- Height
- Density
- Workforce Housing
- Off Street Parking
- Open Space



Approval & Appeals



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- Project Approval by Board
 - Board Decisions Binding
 - Appeals limited to process not decisions
- 



Next Steps



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- Planning Division
 - Submission of detailed drawings
 - Final Design Review and Approval
 - Building Division
 - Building Permit Issued
- 



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A Better Tustin Community Development Corporation




A Better Tustin CDC



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- What is a community development corporation?

Community development is the economic, physical and social revitalization of a community, led by the people who live in or have a stake in that community.

- Community development emerged as a field about forty years ago, as a grassroots movement to improve the quality of life for residents.
- 

A Better Tustin CDC

- What is its mission?
 - Improve the economy of a community
 - Enhance the physical nature of the neighborhood.
 - Strengthen the social bonds among the people in the neighborhood

A Better Tustin CDC

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- 3600 CDCs actively operating in the US
 - Successes:
 - Job creation positions 550,000 permanent
 - Housing 1,500,000 units
 - Commercial / Retail space 100,000,000 square feet
 - Businesses started 17,500
 - Financing provided \$10,000,000,000
 - Social Services 150,000 clients annually
 - Leverage Investment investment 10 – 40 times



A Better Tustin CDC



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- 
- Organization structure:
 - 501 (c)(3) Internal Revenue Service designation as a private tax exempt corporation
 - 7 member board of directors
 - Tustin Residents
 - Experienced Professionals
 - Stakeholders
 - Designate a Target area

A Better Tustin CDC

- Mission:
 - Community revitalization
 - Workforce / Affordable housing development (& management)
 - Homebuyer/owner counseling and training
 - Neighborhood / community planning
 - Commercial / retail development
 - Job training
 - Social services provision
 - Day Care – adult and childcare
 - Community development financial institution
 - Health care provision
 - Business development



A Better Tustin CDC



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- 
- Initial Staffing
 - Executive Director
 - Administration / Organization
 - Fund development
 - Relationship Builder
 - Financial & Fiscal Management
 - Project Manager
 - Project Planning
 - Production Management
 - Project evaluation
 - Office Assistant

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- Examples of Successful CDCs
 - Coastal Enterprises (H,J,ED,F,S)
 - Swope Community Builders (H,HC,ED,J,S)
 - ROI (H,J,ED,SS,S)
 - Chinatown CD Center (H,S)
 - Foundation Communities (H,SS)
 - Pacific Asian Consortium in Employment (H,J,ED,F)
 - CDC of Brownsville (H,F,S)
 - Reach CDC (H,SS,S)

Legend: H=housing, J= jobs; HC= health care; SS= social services; ED = economic development; F= financial services; S= homebuyer counseling; L= land development

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Single family House Restoration



Renaissance Center 100,000sf
\$9.7 M

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Child development center \$4.8M



70 single family units



Urban living for Seniors



72,000 sf office -- \$10.5 M

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DC USA 500,000 sf \$150 M



Project Row Houses



Homeownership Town Homes



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Conclusions

- Stabilize and Revitalize Neighborhoods
- Articulate the Community's Vision for Redevelopment
- Improve Government Effectiveness