

CHAPTER FIVE: Market and Financial Resources

Chapter 5 focuses on the market and financial resources within the Planning Area. The chapter describes Auburn Boulevard's current role within the region, city, and local market area by analyzing the Planning Area's population, housing, and employment characteristics. In addition, this chapter evaluates the Planning Area's existing businesses and redevelopment opportunities.

CURRENT ROLE OF AUBURN BOULEVARD WITHIN THE REGION

This section of the report examines the real estate development opportunities and constraints within the Auburn Boulevard Specific Plan Planning Area. The analysis looks at the role of the Auburn Boulevard corridor in terms of its role in the region, the city, and the local market area. The analysis considers such factors as population characteristics, households, household characteristics, housing characteristics, employment, and education.

Methodology

In order to relate the Planning Area to the city and region within which it is located, Williams-Kuebelbeck & Associates (WK&A) examined current demographic and economic characteristics for the city of Citrus Heights and the four-county region, which includes Sacramento, Placer, El Dorado and Yolo counties. In addition, WK&A analyzed the area within a mile and a half radius of the mid-point of the Auburn Boulevard corridor (i.e., intersection of Auburn Boulevard and Cripple Creek Road). This "local market area" is considered to be a convenience shopping drawing area for locations within the corridor.

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Williams-Kuebelbeck & Associates, Inc. (WK&A) analyzed current demographic and economic information from Claritas (a nationally recognized demographic and economic research organization) for the three areas of analysis (region, city, local market area).

Population and Characteristics

Table 5-1 shows historic, current, and projected population from 1990 to 2007 for the three areas. The local market area has a current (2003) population of 37,560 people. Most of the local market area is part of the incorporated area of Citrus Heights, however, a small portion of the city of Roseville is included in the northern portion of the local market area. During the 1990s, the region grew significantly faster than the city and the local market area. During that period, the local market area’s rate of increase exceeded the city’s. Since the 2000 Census, both the city and local market area populations have decreased while the region’s population has continued to grow. This situation is expected to continue over the next five years. Essentially, the city and the local market area are viewed as builtout areas, that should maintain a relative constant population over the next 5 to 10 years. On the other hand, the Auburn Boulevard corridor is a major arterial highway between southern Placer County and eastern Sacramento County, areas of very active growth in the region.

| TABLE 5-1 | | | |
|---|--------------------------------------|-------------------------------|--------------------------------------|
| POPULATION (1990 – 2007) | | | |
| Local Market Area, Citrus Heights, and Sacramento Region | | | |
| | Local Market Area¹ | City of Citrus Heights | Sacramento Region² |
| 1990 Census | 35,043 | 81,776 | 1,481,126 |
| 2000 Census | 37,694 | 85,071 | 1,796,857 |
| 2002 Estimate | 37,563 | 84,846 | 1,849,131 |
| 2007 Projection | 37,408 | 84,564 | 1,985,026 |
| Percentage Growth | | | |
| 1990-2000 | 7.56% | 4.03% | 21.32% |
| 2000-2002 | -0.35% | -0.26% | 2.91% |
| 2002-2007 | -0.41% | -0.33% | 7.35% |
| ¹ Within a one and one half mile radius from Auburn Boulevard and Cripple Creek Round. | | | |
| ² Includes four counties: Sacramento, Placer, El Dorado, and Yolo | | | |

Source: U.S. Census; Claritas, Inc.; Williams Kuebelbeck & Associates, Inc., 2002

Table 5-2 shows comparisons of current (2002) age, race, sex, and per capita income for the three areas. The table shows the local

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market area’s median age of about 35 years to be nearly the same

The local market area and city have a considerably greater proportion of white residents than the region.

The male-to-female ratio is fairly similar for all three comparison areas.

In terms of per capita income, the local market area and the region both have slightly higher per capita incomes than the city.

| TABLE 5-2 | | | |
|---|--------------------------------------|-------------------------------|--------------------------------------|
| POPULATION CHARACTERISTICS (2002) | | | |
| Local Market Area, Citrus Heights, and Sacramento Region | | | |
| | Local Market Area¹ | City of Citrus Heights | Sacramento Region² |
| Median Age | 34.62 | 35.25 | 34.82 |
| Population by Race | | | |
| White | 85.6% | 83.9% | 69.0% |
| Non-White | 14.4% | 16.1% | 31.0% |
| Sex | | | |
| Male | 48.4% | 48.3% | 49.0% |
| Female | 51.6% | 51.7% | 51.0% |
| Per Capita Income | \$24,228 | \$23,245 | \$24,817 |
| ¹ Within a one and one half mile radius from Auburn Boulevard and Cripple Creek Road | | | |
| ² Includes four counties: Sacramento, Placer, El Dorado, and Yolo | | | |

Source: U.S. Census; Claritas, Inc.; Williams-Kubelbeck & Associates, Inc., 2002

Households and Household Characteristics

During the 1990s, the local market area’s rate of increase in households exceeded the city’s and this trend should continue over the next five years. The region’s rate of increase in growth in households exceeded the local market area and city’s over the 1990s and this trend should continue over the projection period (i.e, 2007). Household growth projections are shown in Table 5-3.

| TABLE 5-3 | | | |
|---|--------------------------------------|-------------------------------|--------------------------------------|
| HOUSEHOLDS (1990-2007) | | | |
| Local Market Area, Citrus Heights, and Sacramento Region | | | |
| | Local Market Area¹ | City of Citrus Heights | Sacramento Region² |
| 1990 Census | 12,898 | 31,403 | 556,456 |
| 2000 Census | 14,218 | 33,478 | 665,298 |
| 2002 Estimate | 14,259 | 33,583 | 683,492 |
| 2007 Projection | 14,373 | 33,825 | 730,680 |
| Percentage Growth | | | |
| 1990-2000 | 10.23% | 6.61% | 19.56% |
| 2000-2002 | 0.29% | 0.31% | 2.73% |
| 2002-2007 | 0.80% | 0.72% | 6.90% |
| ¹ Within a one and one half mile radius from Auburn Boulevard and Cripple Creek Round. | | | |
| ² Includes four counties: Sacramento, Placer, El Dorado, and Yolo | | | |

Source: US Census; Claritas, Inc.; Williams Kuebelbeck & Associates, Inc., 2002

The region and local market areas mirror each other in average household size, household type, and median household income. The relationships between these comparison factors are essentially the same as for population characteristics. These comparisons are shown in Table 5-4.

| TABLE 5-4 | | | |
|---|--------------------------------------|-------------------------------|--------------------------------------|
| HOUSEHOLD CHARACTERISTICS (2002) | | | |
| Local Market Area, Citrus Heights, and Sacramento Region | | | |
| | Local Market Area¹ | City of Citrus Heights | Sacramento Region² |
| Average Household Size | 2.60 | 2.50 | 2.65 |
| Household Types | | | |
| Family | 67% | 64% | 67% |
| Non-Family | 33% | 36% | 33% |
| Median Household Income | \$49,796 | \$49,040 | \$51,550 |
| ¹ Within a one and one half mile radius from Auburn Boulevard and Cripple Creek Round. | | | |
| ² Includes four counties: Sacramento, Placer, El Dorado, and Yolo | | | |

Source: US Census; Claritas, Inc.; Williams Kuebelbeck & Associates, Inc., 2002

Housing and Housing Characteristics

Table 5-5 shows the key housing characteristic within the Planning Area. The local market area is more comparable to the region than to the city in housing tenure. The city has a considerably larger

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proportion of renter occupied homes (about 43 percent) than the region and local market area (both at about 38 percent).

The region has a considerably higher median owner-occupied housing value than the city and the local market area. This relationship is reflective of the middle-class character of both the city and the local market area.

| TABLE 5-5 | | | |
|---|--------------------------------------|-------------------------------|--------------------------------------|
| HOUSEHOLD CHARACTERISTICS (2002) | | | |
| Local Market Area, Citrus Heights, and Sacramento Region | | | |
| | Local Market Area¹ | City of Citrus Heights | Sacramento Region² |
| Tenure | | | |
| Number | 14,259 | 33,583 | 683492 |
| Owner Occupied | 62.0% | 57.1% | 61.5% |
| Renter Occupied | 38.0% | 42.9% | 38.5% |
| Median Owner Occupied | | | |
| Housing Value | \$146,784 | \$153,470 | \$179,517 |
| Housing Units by Unit in Structure | | | |
| 1 Unit Detached | 65.8% | 53.6% | 64.7% |
| 1 Unit Attached | 6.8% | 11.1% | 6.3% |
| 2 Units | 2.4% | 2.2% | 2.3% |
| 3 to 19 Units | 11.8% | 17.3% | 13.3% |
| 20 Units or More | 3.6% | 5.0% | 4.8% |
| Mobile Home or Trailers | 0.5% | 0.7% | 0.8% |
| Other | 9.1% | 10.1% | 7.8% |
| Housing Units by Year Built | | | |
| Built 1989 to Present | 12.0% | 10.1% | 21.5% |
| Built 1980 to 1988 | 30.1% | 26.0% | 20.2% |
| Built 1970 to 1979 | 25.3% | 39.0% | 21.3% |
| Built Prior to 1970 | 32.6% | 24.9% | 37.0% |
| Owner Occupied Housing Values | | | |
| Under \$100,000 | 13.4% | 10.6% | 12.4% |
| \$100,000-\$149,999 | 39.1% | 36.8% | 23.6% |
| \$150,000-199,999 | 29.8% | 36.5% | 23.8% |
| \$200,000-\$299,000 | 12.4% | 14.5% | 24.8% |
| \$300,000 & over | 5.3% | 1.6% | 15.4% |
| ¹ Within a one and one half mile radius from Auburn Boulevard and Cripple Creek Round. | | | |
| ² Includes four counties: Sacramento, Placer, El Dorado, and Yolo. | | | |

Source: US Census; Claritas, Inc.; Williams Kuebelbeck & Associates, Inc., 2002

In the local market area almost 73 percent of the housing units consists of detached and attached single family residences. This ratio is slightly higher than the region at 71 percent and significantly higher than the city at about 65 percent. Conversely, the local market area has a significantly smaller proportion of its

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housing in multi-family residences, at about 18 percent, compared to the city at 24.5 percent and the region at about 20 percent.

About two-thirds of the city's housing was built between 1970-1988. However, only one-third of the local market area's homes were in place in 1970. The region had proportionately more houses in place in 1970 than the city and local market area, had less development from 1970-1988, and had more than double its proportionate build out over the city and local market area since 1989 to the present. These numbers illustrate once again that the city and local market area have been largely built out in recent years.

As noted above, the local market area has a lower median owner-occupied housing value, at \$146,784, than the region or the city. The housing value relationships are illustrated in Table 5-5. It is noteworthy that the local market area has 52.5 percent of its owner-occupied homes valued under \$150,000 compared with 47.4 percent for the city and 36 percent for the region. Conversely, the region has a far larger proportion of its homes over \$300,000 in value.

Employment

Table 5-6 shows employment characteristics for residents of the three analysis areas. It should be noted that the employment figures are for residents of each area and not total employment within each area.

| TABLE 5-6 | | | |
|---|--------------------------------------|-------------------------------|--------------------------------------|
| EMPLOYMENT (2002) | | | |
| Local Market Area, Citrus Heights, and Sacramento Region | | | |
| | Local Market Area¹ | City of Citrus Heights | Sacramento Region² |
| Families by Number of Workers | | | |
| Number | 9,613 | 21,515 | 455,057 |
| No Workers | 11.0% | 11.9% | 13.4% |
| 1 Worker | 27.0% | 27.0% | 28.1% |
| 2 Workers | 50.5% | 49.2% | 47.6% |
| 3+ Workers | 11.5% | 11.9% | 10.9% |
| Employed – Population Aged 16+ by Occupation | | | |
| Number | 19,522 | 44,884 | 876,035 |
| Managerial and Professional Specialty | 25.4% | 26.1% | 29.6% |
| Technical, Sales, and Administrative Support | 36.2% | 27.5% | 35.0% |
| Service | 11.8% | 12.4% | 12.6% |
| Farming, Forestry, & Fishing | 1.0% | 1.0% | 1.9% |
| Precision, Production, Craft, Repair | 15.3% | 13.2% | 10.6% |
| Operators, Fabricators, & Laborers | 10.3% | 19.8% | 10.3% |
| ¹ Within a one and one half mile radius from Auburn Boulevard and Cripple Creek Round. | | | |
| ² Includes four counties: Sacramento, Placer, El Dorado, and Yolo. | | | |

Source: US Census; Claritas, Inc.; Williams Kuebelbeck & Associates, Inc., 2002

The table shows little variance between the analysis areas in terms of the proportion of multiple workers by family from 58.5 percent for the region to 62 percent for the local market area.

The occupations of employed residents show that a larger proportion of city and local market area residents are employed in technical, sales and administrative support categories and precision, production, craft and repair than residents of the region. On the other hand, a larger proportion of region employees are in managerial and professional specialty than in the city and local market area.

Education

Table 5-7 shows educational attainment for residents aged 25 years or more. The local market area and city had a larger proportion of their population with high school diplomas while the reverse existed with the region, having proportionately more residents (about one-third) with associate, bachelor, or advanced degrees.

| TABLE 5-7 | | | |
|--|--------------------------------------|-------------------------------|--------------------------------------|
| EDUCATION (2002) | | | |
| Local Market Area, Citrus Heights, and Sacramento Region | | | |
| | Local Market Area¹ | City of Citrus Heights | Sacramento Region² |
| Population Age 25+ Educational Attainment | | | |
| Number | 23,997 | 54,767 | 1,167,448 |
| Less Than 9 th Grade | 3.7% | 3.4% | 5.9% |
| Some High School, No Diploma | 10.3% | 10.8% | 10.6% |
| High School Graduate (or GED) | 28.5% | 27.0% | 24.2% |
| Some College, No Degree | 30.6% | 30.1% | 25.7% |
| Associate Degree | 9.7% | 10.2% | 9.4% |
| Bachelors Degree | 12.6% | 13.6% | 16.6% |
| Graduate or Professional Degree | 4.6% | 4.9% | 7.6% |
| ¹ Within a one and one half mile radius from Auburn Boulevard and Cripple Creek Road. | | | |
| ² Includes four counties: Sacramento, Placer, El Dorado, and Yolo. | | | |

Source: US Census; Claritas, Inc.; Williams Kuebelbeck & Associates, Inc., 2002

EXISTING BUSINESSES AND REDEVELOPMENT OPPORTUNITIES

This section presents an evaluation of existing businesses and assesses potential opportunities for redevelopment of the Planning Area.

Methodology

WK&A reviewed business license data on Auburn Boulevard within the Planning Area. The database included 145 licenses. WK&A conducted a windshield survey of all businesses along the Planning Area corridor.

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As part of the survey, WK&A summarized the Standard Industrial Classification (SIC) categories for each of the business license holders. A breakdown of Existing businesses fall into the following general SIC categories:

Percent of Total Business Licenses

| | |
|--------------------------------|-------------|
| Personal and Business Services | 60% |
| Retail Establishments | 23% |
| Automotive Repair and Services | 10% |
| Amusement and Recreation | 3% |
| Others | 4% |
| Total | 100% |

The businesses under Personal and Business Services included an eclectic mix. This type of business generally consists of local resident-serving commercial and uses small spaces on major arterials in generally lower-rent areas.

In order to assess the potential for retail development in the Planning Area, WK&A obtained current information from Claritas for major retail categories. This information provided actual 2001 retail sales, both taxable and non-taxable, by business category in the three analysis areas.

WK&A conducted an initial assessment of buying power potential that became part of the preliminary retail sales leakage analysis. This type of analysis is a simple assessment that compares potential buying power to actual sales for the city and the local market area. For this type of analysis the region is used as a baseline for comparison, where per capita sales potential is determined from the region's experience. This potential is then related to the actual experience of the analysis areas which, in this case are the city and the local market area. If a retail category shows actual sales less than potential sales, then it can be concluded that there is demand created by the residents of the area being served which is not being captured by stores in that area. Hence, the leakage indicates lost potential which might be recaptured by new stores or more effective marketing of existing stores in the area. If a surplus shows in the analysis, this demonstrates that these stores obtain more than their potential and thereby attract customers from outside the area. Table 5-8 presents the preliminary retail sales leakage analysis for the Planning Area.

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TABLE 5-8

**PRELIMINARY RETAIL SALES LEAKAGE ANALYSIS, LOCAL MARKET AREA
Auburn Boulevard Specific Plan Project Area**

| Business Classifications | City of Citrus Heights | | | | Local Market Area | | | | Business Categories with Potential for Local Market Area |
|---|------------------------|-----------------|-------------------------------|---------------------------|------------------------|----------------|-------------------------------|---------------------------|--|
| | Per Capita Sales | | Leakage or Percentage Leakage | | Per Capita Sales | | Leakage or Percentage Leakage | | |
| | Potential ¹ | Actual | (Surplus) ² | or (Surplus) ² | Potential ¹ | Actual | (Surplus) ² | Or (Surplus) ² | |
| Building Materials/ Garden Supplies/Mobile Homes | \$1,003 | \$1,032 | (\$29) | (2.9%) Surplus | \$1,018 | 351 | 667 | 65.5% Leakage | Yes |
| General Merchandise | 700 | 2,014 | (1,314) | (187.7%) Surplus | 711 | 296 | 415 | 58.4% Leakage | No |
| Food Stores | 1,858 | 1,661 | 197 | 10.6% Leakage | 1,887 | 1,068 | 819 | 43.4% Leakage | Yes |
| Auto Dealers & Gas Service Stations | 3,104 | 1,857 | 1,247 | 40.2% Leakage | 3,152 | 1,299 | 1,853 | 58.8% Leakage | Yes |
| Apparel & Accessory Stores | 226 | 520 | (294) | (130.1%) Surplus | 230 | 192 | 38 | 16.5% Leakage | No |
| Home Furniture/ Furnishings/ Equipment | 2,024 | 1,599 | 425 | 21.0% Leakage | 2,056 | 769 | 1,287 | 62.6% Leakage | Yes |
| Eating & Drinking Places | 1,303 | 1,718 | (415) | (31.8%) Surplus | 1,323 | 908 | 415 | 31.4% Leakage | Yes |
| Miscellaneous Retail | 1,298 | 1,991 | (693) | (53.4%) Surplus | 1,318 | 841 | 477 | 36.2% Leakage | No |
| TOTAL | \$11,516 | \$12,392 | (\$876) | (7.6%) Surplus | \$11,695 | \$5,724 | \$5,971 | 51.1% Leakage | |

¹Potential per capita retail sales equal to per capita retail sales in Four County Sacramento Region adjusted for income differential (median household income) in the city and the local market area.
²Leakage means area stores lose a portion of potential resident sales. Surplus means area stores attract sales greater than potential resident sales.

Source: Claritas, Inc.; Williams Kuebelbeck & Associates, Inc., 2002

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It may be noted that leakage assessment is shown for both the city and the local market area. In Table 5-9, WK&A conducted a secondary analysis of Planning Area retail potential using population serving standards. The assessment shown in Table 5-8 is to determine which retail categories show promise and, hence, are evaluated further in Table 5-9.

The results of the preliminary leakage analysis show that the city is a strong retail center, which enjoys an overall surplus in retail sales. On the other hand, the local market area loses about one-half of its potential sales to stores outside the area. Based upon this preliminary analysis, WK&A then determined which retail categories seem reasonable to evaluate further, the categories where there seemed to be potential for the local market area, marked yes on Table 5-8.

An additional method for determining the need for stores in the Planning Area is by using population service standards. In this case, the current ratio for the region is compared to the actual number of businesses in the local market area to determine whether the local market area stores are equivalent to the regional baseline. This approach is simplistic but serves as a check for the leakage analysis. The business classes previously identified as having potential in the leakage analysis are the only classifications examined in this approach. Table 5-9 presents this analysis.

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TABLE 5-9

**LOCAL MARKET AREA BUSINESS REQUIREMENT BASED UPON REGIONAL
POPULATION SERVICE STANDARDS, 2001
Auburn Boulevard Specific Plan Project Area**

| Business Classifications | Sacramento Region | | Local Market Area | | | Business Requiring Expansion in The Local market area (Level of Need) |
|--|--------------------------------|---|--------------------------------|--|---|---|
| | No. of Business Units Existing | Units Per Thousand Population (Regional Standard) | No. of Business Units Existing | Units per Thousand Population (Actual Situation) | Units Required Based Upon Regional Standard (37,563 Population) | |
| Building Materials/Garden Supplies/Mobile Homes | | | | | | |
| Lumber & Bldg. Materials | 409 | 0.021 | 2 | 0.050 | 8 | Significant |
| Hardware Stores | 71 | 0.038 | 1 | 0.030 | 1 | Neutral |
| Nurseries & Garden Supply Stores | 181 | 0.098 | 2 | 0.050 | 4 | Significant |
| Food Stores | | | | | | |
| Grocery Stores | 714 | 0.386 | 10 | 0.270 | 14 | Moderate |
| Auto Dealers & Gas Service Stations | | | | | | |
| Gasoline Service Stations | 299 | 0.162 | 7 | 0.190 | 6 | Neutral |
| Home Furniture/Furnishing/Equipment | | | | | | |
| Furniture, Home Furnishing Stores | 681 | 0.368 | 11 | 0.290 | 14 | Moderate |
| Eating & Drinking Places | | | | | | |
| Eating Places | 3,178 | 1.719 | 49 | 1.300 | 65 | Moderate |
| Miscellaneous Retail | | | | | | |
| Drug Stores | 174 | 0.096 | 3 | 0.080 | 4 | Moderate |
| Sporting Goods/ Bicycle Stores | 423 | 0.229 | 3 | 0.080 | 9 | Significant |

Source: Claritas, Inc.; Williams Kuebelbeck & Associates, Inc., 2002

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As shown in Table 5-9, there are significant locational advantages in the Planning Area for the following types of businesses:

- Lumber and building materials stores;
- Nurseries and garden supply stores; and
- Sporting goods/bicycle stores.

There are moderate locational advantages in the Planning Area for the following types of businesses:

- Grocery stores;
- Furniture and home furnishing stores;
- Eating places; and
- Drug stores.

Potential Market Opportunities

The Auburn Boulevard Specific Plan corridor generally has locational and market support that suggests greater opportunity than currently reflected in existing vacancies and tenant mix.

The corridor is located as a highly-visible, high-volume traffic corridor that suggests support for convenience shopping such as drugs, food, sundries and personal services. In addition to the “drive-by market”, the area is assumed to a nearby local market area generally within a one and one-half mile radius from the corridor’s mid-point.

The current local market area population is expected to gain about 214 new households over the next five years, however, like the city of Citrus Heights itself, it will have only modest future growth.

Compared to the rest of the region, the corridor’s local market area is an affordable place to live. The local market area has lower-medium household income and lower housing values. The local market area has essentially the same proportion of owner occupied housing as the region but a smaller proportion of renters compared to the city. The local market area has a higher proportion of detached and attached single family homes than both the city and the region.

WK&A’s research found the Planning Area is dominated by personal and business services and retail establishments. The physical character of Auburn Boulevard development is strip commercial with a mix of development patterns reflecting older buildings that require modernization and better overall maintenance.

The leakage analysis demonstrated that the area is well served by Sunrise Marketplace for general merchandise, apparel, and miscellaneous retail items. However, the study revealed opportunities for merchants in other categories including building and garden supplies, food stores, auto dealers, home furnishings, and eating and drinking places.

In addition to the retail sales leakage assessment WK&A determined the need for stores in the local market area using population service standards. Based upon this method, WK&A forecasts significant demand for:

- Lumber and building materials stores;
- Nurseries and garden supply stores; and
- Sporting goods and bicycle stores.

Moderate demand also exists for:

- Grocery stores;
- Furniture and home furnishing stores;
- Eating places; and
- Drug stores.

The real estate market opportunities include retailers that are smaller, can benefit from a convenience location, and offer a high level of personal service. These include:

- Eating places;
- Drug stores; and
- Specialty garden supply, home furnishings, and sporting goods stores that do not compete directly with the “big box” discount stores.

The market study and interviews with brokers did not indicate market demand for new office buildings in the Planning Area. Small office buildings in the area are primarily owner-occupied. A few smaller professional service tenants are conceivable, but not enough to justify a new office building.

Redevelopment Agency Resources

Funding for the redevelopment and revitalization of designated redevelopment projects within the Redevelopment Area is derived from tax increment revenue. When the redevelopment project area is formed, the property tax values on the tax roll prior to formation of the project area become the project area’s “base year.” As

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property values in the project area grow, the values in excess of the base year are the incremental assessed value. The property tax revenues derived from this incremental assessed value are “tax increment” revenues.

The Redevelopment Agency’s received its first tax increment revenue in FY 1999-2000. The Agency has received loans from the General Fund to finance start-up costs.

The Redevelopment Agency has three separate funds: Redevelopment Projects; Redevelopment Debt Service; and Affordable Housing. The Redevelopment Projects Fund is used to account for tax increment revenue and administration and project expenditures for various redevelopment projection areas. Projects in FY 2002-2003 are business development assistance, public improvements, and affordable housing.

The Redevelopment Debt Service Fund accumulates the money necessary to service the debt incurred for redevelopment projects. The Agency has not yet borrowed using tax increment bonds.

The Affordable Housing Fund is used to provide funding to help meet goals for making housing available to low and moderate income individuals and families. Under State redevelopment law, 20 percent of the tax increment received is dedicated to this purpose.

At the beginning of FY 2002-03, the Agency had a \$1.2 million negative balance in the Redevelopment Project Fund. This represents transfers into the fund to assist the start up of the City redevelopment program. The expected tax increment revenue for the FY 2002-03 fiscal year is \$659,000.

Tax increment bonds could constitute a primary source for funding eligible programs and public infrastructure for the Auburn Boulevard corridor.

In addition to tax increment funding, the following programs are worth considering for Auburn Boulevard during preparation of the capital funding program.

Measure A – Construction Fund

This funding source was approved by Sacramento County voters in the form of a ½ cent sales tax in the late 1980s to fund specific transportation projects. When Citrus Heights incorporated in 1997, Measure A funds programmed for County transportation projects within Citrus Heights became available to the City as a funding source for those projects previously under County jurisdiction.

Significant amounts of Measure A funds have been used by the city for such items as handicap ramps, bike and pedestrian paths, neighborhood traffic control, pedestrian safety, and traffic signal improvements.

Measure A funds could be used to fund eligible projects within the Auburn Boulevard corridor.

Capital Improvement Fund

This fund can be used for any project designated by the City Council. It is generally the philosophy of the City to minimize use of the General Fund for the Capital Improvement Program (CIP) projects and to use all other sources of funding first. The CIP is adopted in a separate budget document and updated annually. This source of funding could also include general purpose projects.

The following Federal and State programs have been considered or are under consideration for use by the city in their Capital Improvement Program.

- **Federal**

- HES (Hazard Elimination and Safety): Federal HES grant funds are distributed to local agencies for projects designed to enhance traffic safety. The City staff has requested funds under HES to replace existing substandard and non-reflective advisory and regulatory signs with high visibility signs made from high intensity reflective material.

- **State**

- STIP (State Transportation Improvement Program): STIP funds are generally awarded to local agencies with projects showing regional benefits.

- STIP Augmentation: Distributed using the same criteria as STIP.

- T-03 Provides a large source of transportation improvement project and maintenance funding. Often commingles with STIP funds.

The City has applied for the Housing and Urban Development (HUD) Economic Development Initiative (EDI), which would be used for portions of the utility undergrounding project on Auburn Boulevard. This program is a federal program and is used for gap financing.

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