SHAW AVENUE
CORRIDOR PLAN

Opportunities & Constraints Report

SEPTEMBER 2012

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Abstract

The Shaw Avenue corridor study area contains a large number of retail, restaurant, and service businesses that serve the surrounding community. Over the years, however, Shaw Avenue's performance declined and the vacancy rate currently sits at a little over 10 percent, with vacancy rates as high as 30 percent in some shopping centers. The corridor contains an abundance of undifferentiated retail and it cannot continue to compete with new retail centers planned or built in the local area. Additionally, a lack of reinvestment and maintenance in key properties, low income levels, and real and perceived crime rates are the primary constraints inhibiting new investment in Shaw Avenue.

Nevertheless, the corridor presents many opportunities. Several large anchors remain on the corridor, including Home Depot and Walmart within the study area and Sierra Vista Mall and Fresno State just outside of the study area. Shaw Avenue enjoys good freeway access and performs well as a vehicular roadway. Parcels are generally large, deep, and owned by a small number of individuals. In cases where ownership is fractured (e.g., the Vons Center), consolidation remains a strong possibility. Properties that are performing poorly may be ripe for new housing and mixed-use projects, which can be supported by existing water and sewer systems. Future transit investments through the FAX bus rapid transit service will improve access to transit for students and those who do not own or cannot afford a private automobile.

Introduction

The following report provides an assessment of the Shaw Avenue Corridor's existing conditions, opportunities, and constraints under the following topics:

- Project Boundaries and Context
- Existing Land Use Patterns
- Mobility
- Infrastructure
- Streetscape
- Market Demand

This report was informed by previous studies, interviews with property and business owners, input from local residents, and analysis conducted as part of the current Shaw Avenue Corridor Plan project. This report establishes a foundation of knowledge and information to be used in the development of land use and mobility concepts, refined development standards, capital improvements, economic strategies, and implementation/funding mechanisms.

Project Boundaries and Context

CORRIDOR PLAN AND STUDY AREA

The Shaw Avenue Corridor Plan covers a 2½-mile stretch of Shaw Avenue from State Route 168 on the west to Clovis Avenue on the east. The corridor plan area is generally defined by the parcel boundaries of the nonresidential uses and the overall study area also includes land roughly one-half mile north and south of Shaw Avenue (Barstow Avenue and Gettysburg Avenue, respectively). The corridor plan area defines the land and right-of-way area that may be directly regulated by the resulting Corridor Plan. The study area is included to ensure the overall plan considers the physical, social, and economic context of the surrounding neighborhoods.

As the community's primary commercial corridor, Shaw Avenue links Fresno State and older, economically disadvantaged neighborhoods in the southwestern part of Clovis with Loma Vista, the newly developing community on the east side of the City. Despite needing revitalization, the corridor itself is the City's busiest arterial with over 30,000 average vehicle trips daily (based on traffic counts collected 2002 to 2012).

The study area falls entirely within the City of Clovis, the City of Fresno and the campus of California State University, Fresno (Fresno State) directly abut the corridor, separated only by the freeway. Accordingly, the project is led by the City of Clovis, and additional partners include:

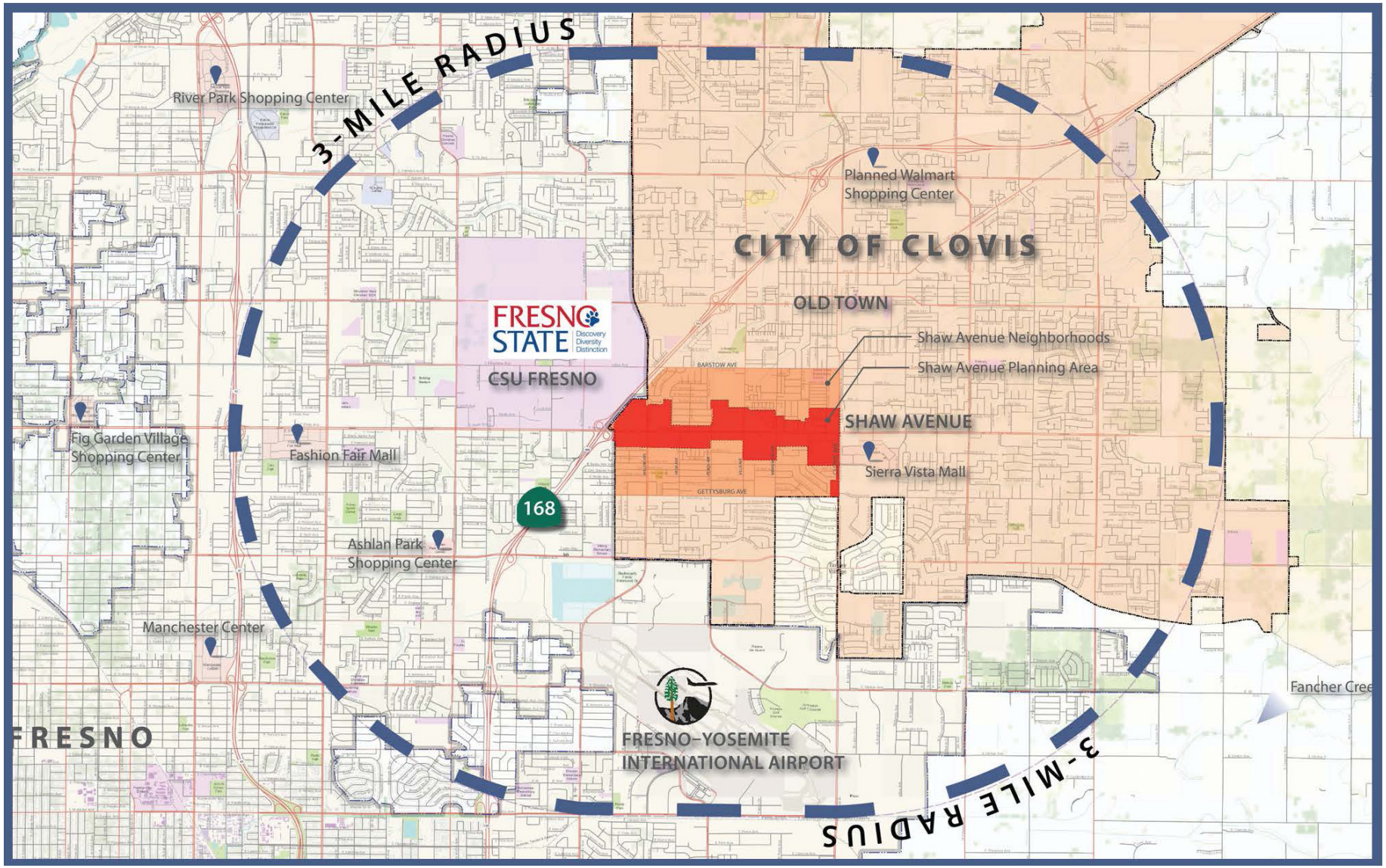
- California State University, Fresno
- Fresno Housing Authority
- Fresno Council of Governments
- Fresno Co. Dept. of Public Health
- Economic Development Corporation of Fresno County
- Clovis Chamber of Commerce

The study area falls within both the Fresno and Clovis Unified school district boundaries. In the Clovis Unified School District, residents send their children to schools in the Clovis and Buchanan areas. The southwestern corner of the City of Clovis and the study area falls within the Fresno Unified School District, and is served by the Viking elementary, Ahwahnee middle, and Hoover high school areas.

REGIONAL CONTEXT

The City of Clovis is in central Fresno County and shares a border with the City of Fresno and unincorporated portions of Fresno County. As shown in Map 1, the City and study area enjoy direct access to State Route (SR) 168, which connects to SR 41, 180, and 99. Shaw Avenue extends beyond the study area east into the Loma Vista Specific Plan area and to the west through the City of Fresno, roughly 10 miles beyond an interchange with SR 99. Located in southwest Clovis, the corridor is centrally located to many areas in both Clovis and Fresno. This includes:

- Sierra Vista Mall – 0.1 mile
- Fresno State – 0.1 mile
- Old Town Clovis – 0.5 mile
- Fashion Fair Mall – 2.5 miles
- Fresno Yosemite International Airport – 2.5 miles
- Downtown Fresno – 6.5 miles
- Amtrak Station – 6.5 miles



Map 1. Regional Context

Existing Land Use Patterns

LAND USES AND VACANCY

Land within the corridor study area was historically one of the primary shopping areas for Clovis and Fresno residents. The land was and continues to be zoned for retail uses, which benefit from the exposure to passing cars along Shaw Avenue. The corridor study area currently contains a large number of retail, restaurant, and service uses. Overall, the corridor experiences a commercial vacancy rate in excess of 11 percent (2012), which is roughly double what is considered a healthy level of vacancy of 5 percent. A medium level of vacancy is anything between 5 and 12 percent, and a high level of vacancy is anything above 12 percent. Maps 2 and 3 show the pattern of existing land uses and vacancies in 2007, 2011, and 2012. The 2012 vacancy rate is slightly higher than the 9 percent rate measured in 2007. As shown in Map 3, parts of the corridor maintained a healthy vacancy rate throughout the past five years while other properties experienced more erratic changes in vacancy rates. The properties that exhibit high vacancy rates over the past five years may have structural issues that were not simply the result of the recent economic downturn.

SR 168 to Willow Ave

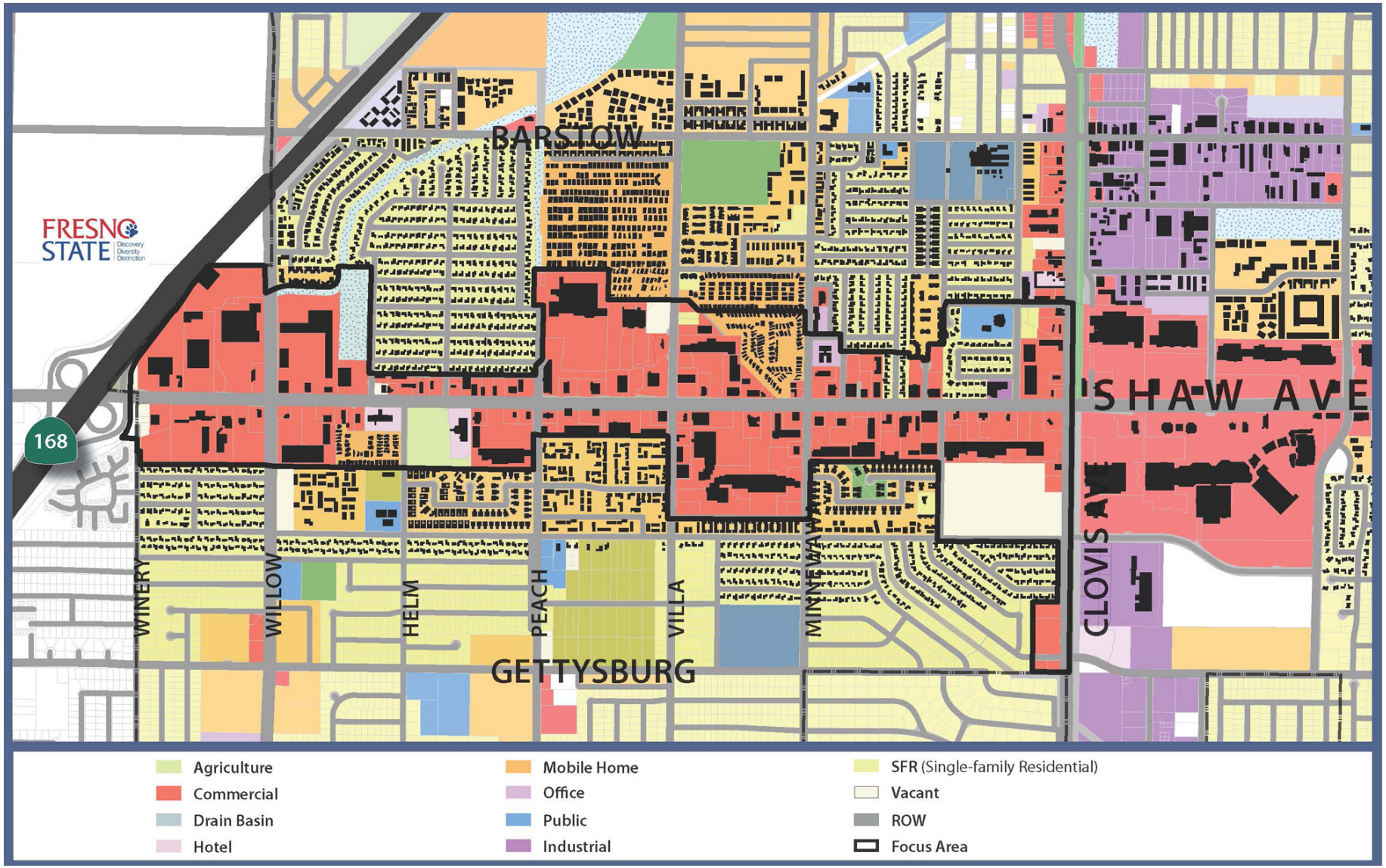
The western gateway is dominated by large new-car auto dealers and Home Depot, with a transition to smaller retail, service, and restaurant businesses in Willow Plaza and Western Village shopping centers. Other anchor tenants include 99¢ Only store, Fresh & Easy, and Bally Total Fitness.

The direct view and access to/from SR 168, and the close proximity to Fresno State and the Save Mart Center make this area a prime location for businesses that seek a regional draw. Additionally, the major anchor tenants and auto dealers draw businesses to the area, thereby benefiting the surrounding businesses. With the exception of a recent uptick in vacancy for the Western Village shopping center (northeast corner), vacancy rates are generally low to moderate in this area. The Western Village shopping Center recently lost a number of tenants, driving the vacancy rate up to near 50 percent.

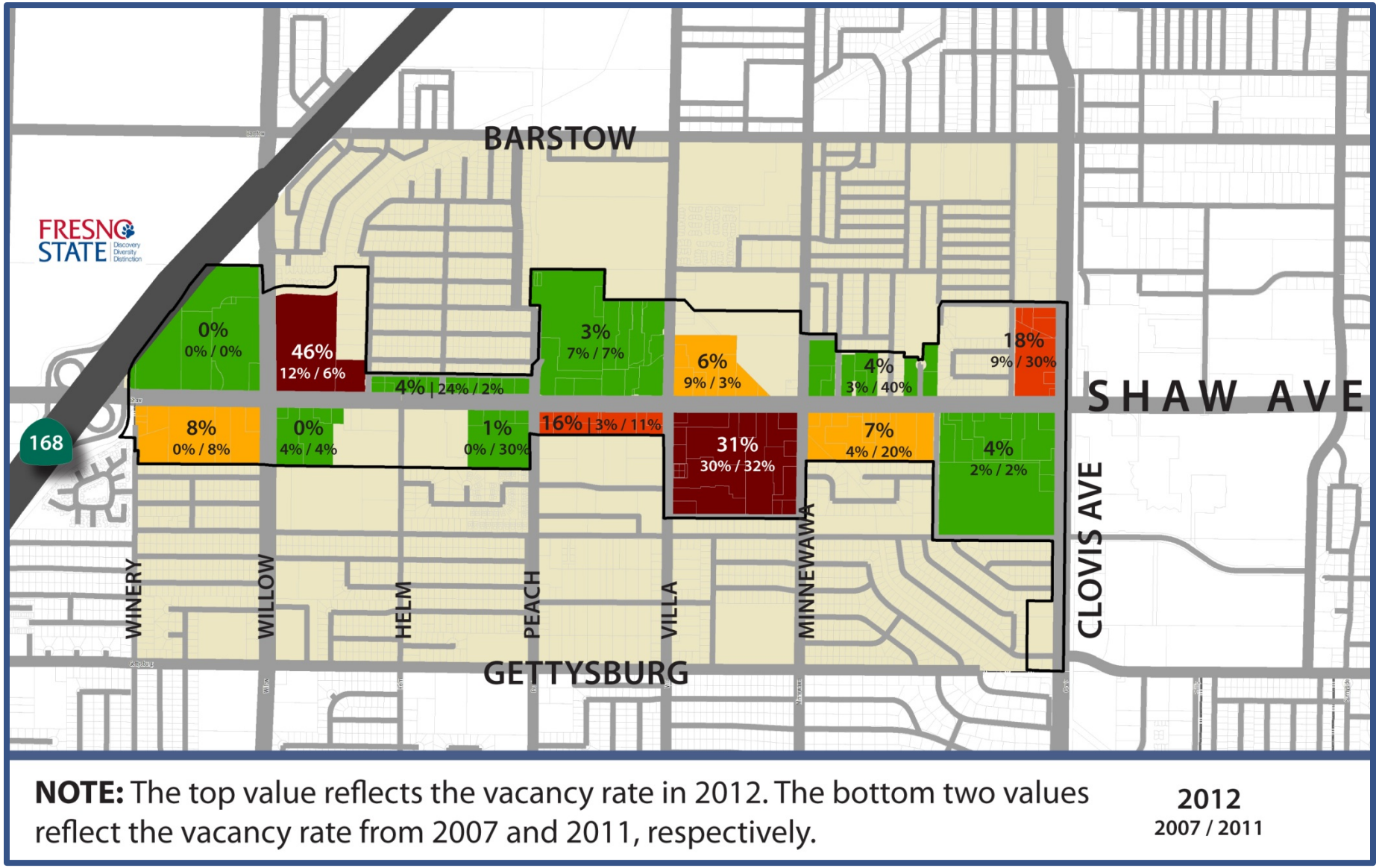
Helm Ave to Peach Ave

Around Helm and Peach avenues, a Holiday Inn Express and Hilton Garden Inn represent some of the latest new development along the corridor in the past few years, with both uses bookending a large (5+ acre) vacant site. The hotel uses have proven very successful. The Shaw-Clovis Mobile Home Park (~60 homes) is directly behind the Holiday Inn on the west side of Helm Avenue. Restaurants and auto service stores front the northern side of Shaw Avenue, while Shaw Village shopping center, anchored by Big Lots!, occupies the southwestern corner of Peach and Shaw.

The Shaw Village shopping center recently constructed façade improvements in 2012 to attract tenants and reduced vacancy from 31 percent in 2011 one percent today. While the improvements refreshed the center's dated look, improvements to the landscaping and parking areas were limited or absent. On the north side of Shaw Avenue, despite the shallow, strip pattern buildings, vacancy in those (mostly chain) stores decreased from 22 percent in 2007 to 4 percent in 2012.



Map 2. Existing Land Use



Map 3. Vacancy Trends 2007 to 2012

Peach Ave to Minnewawa Ave

The Walmart anchors the Sunflower Marketplace on the north side of Shaw Avenue—a use that is frequently mentioned by residents, students, and other businesses. Representatives from Walmart expressed that the store sits too far back from the street, but that otherwise the store is successful and serves the needs of the local neighborhoods. A Walgreens sits on the northwest corner of Shaw and Villa Avenues. Shaw Peach Plaza, on the south side of Shaw Avenue, contains smaller retail and service stores, as well as a former Hollywood Video now occupied by a gymnasium.

East of Villa Avenue are two shopping centers. The center on the north side of Shaw Avenue is anchored by an Orchard Supply Hardware store and experiences a healthy and improved vacancy rate of 6 percent. Looking south is the Village Square Shopping Center. Due to the fractured land ownership and lack of an anchor tenant, the Village Square Shopping Center exhibits the second highest vacancy rate in the corridor at 30–32 between 2007 and today, indicating that the center was having difficulties even before the national downturn in the economy. This center lost Vons in 2006, although they still own the space and are resistant to allowing potential competitors to purchase and lease the site. Roughly half of Bonaventure Park, a ~200-home mobile home park, sits at the northwestern corner of Shaw and Minnewawa Avenues.

Minnewawa Ave to Clovis Ave

Rodeo Plaza on the southeastern corner of Minnewawa and Clovis Avenues is comprised of one main center and several smaller separate centers. The main center contains small businesses and offices, along with a bowling alley, some smaller restaurants, and Kaplan University. Vacancy jumped from 4 percent in 2007 to 20 percent in 2011 but settled to 7 percent in 2012. On the northeastern corner, vacancy also spiked in 2011 but dropped back down to 4 percent in 2012. These spikes were caused by tenants moving to other newer locations in the City.

On the southwest corner of Clovis and Shaw Avenues is a large shopping center, with Petsmart, Marshalls, Long's Drugs, and Big 5 as anchor tenants. This center has maintained strong occupancy rates, with only 2 to 4 percent of space vacant between 2007 and 2012—likely due to the significant exposure at the intersection of two major roadways and the presence of multiple strong anchor tenants. There are also ~20 acres of undeveloped land directly south of the center. This land, combined with the existing center, has great potential for a larger, more modern power center if the property owner is motivated.

Exposure has not helped the Bonanza Shopping Center on the northwest corner, which suffers from an 18 percent vacancy rate (up from 9 percent in 2007). Façade improvements and the presence of a Grocery Outlet anchor helped reduce the vacancy from a five-year peak of 30 percent in 2011.

A few single family homes front onto Shaw Avenue just west of the Bonanza center. Behind these homes is a small tract of roughly 45 homes that then transitions to other residential neighborhoods.

Within and around the Study Area

The non-residential portion of the study area consists largely of residential homes west of Clovis Avenue, with densities progressing outwards from higher density multifamily to lower density single family as one moves north and south from Shaw Avenue. A number of elementary schools, parks, and religious facilities are found within the surrounding neighborhoods. The balance of Bonaventure Park and two other mobile home parks—Villa Park Mobile Home Estates with ~200+ homes, and Arabian Villa & Campus Corral with ~100 homes—are between Barstow Avenue and the commercial shops on the north side of Shaw Avenue.

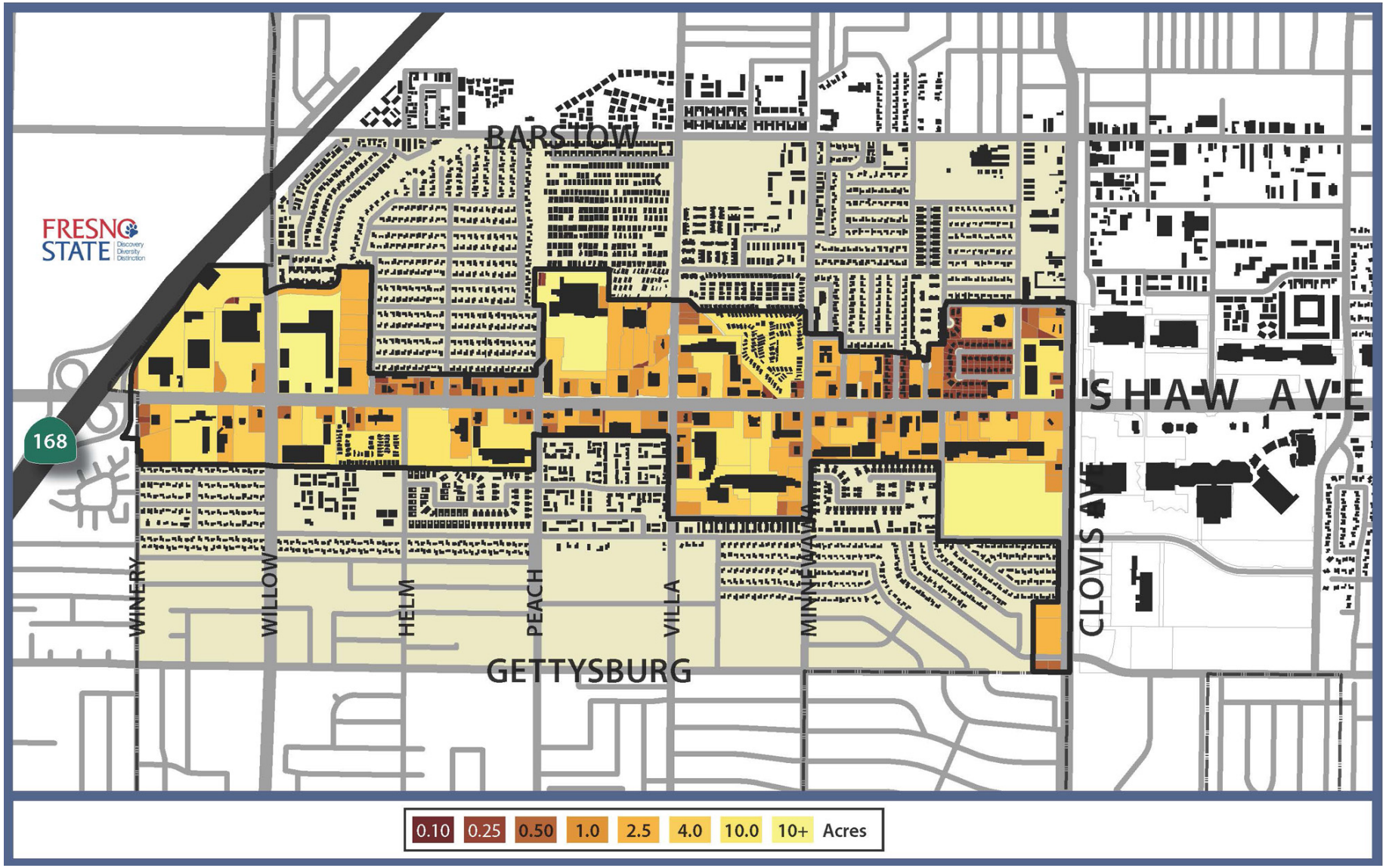
On the eastern side of Clovis Avenue are the Sierra Vista Mall, Lowe's Shopping Center, and Sierra Pavilion Shopping Center. These shopping centers host a 16-screen movie theater, many restaurants and service stores, and large national chains such as Target, Sears, Kohl's, Lowe's Home Improvement, K-mart, Marshalls, Rite Aid, and Pier 1 Imports. North and south of these shopping centers along Clovis Avenue are two areas that contain a mix of light industrial, auto service, and hotel businesses.

INTENSITY, LOTTING, AND OWNERSHIP

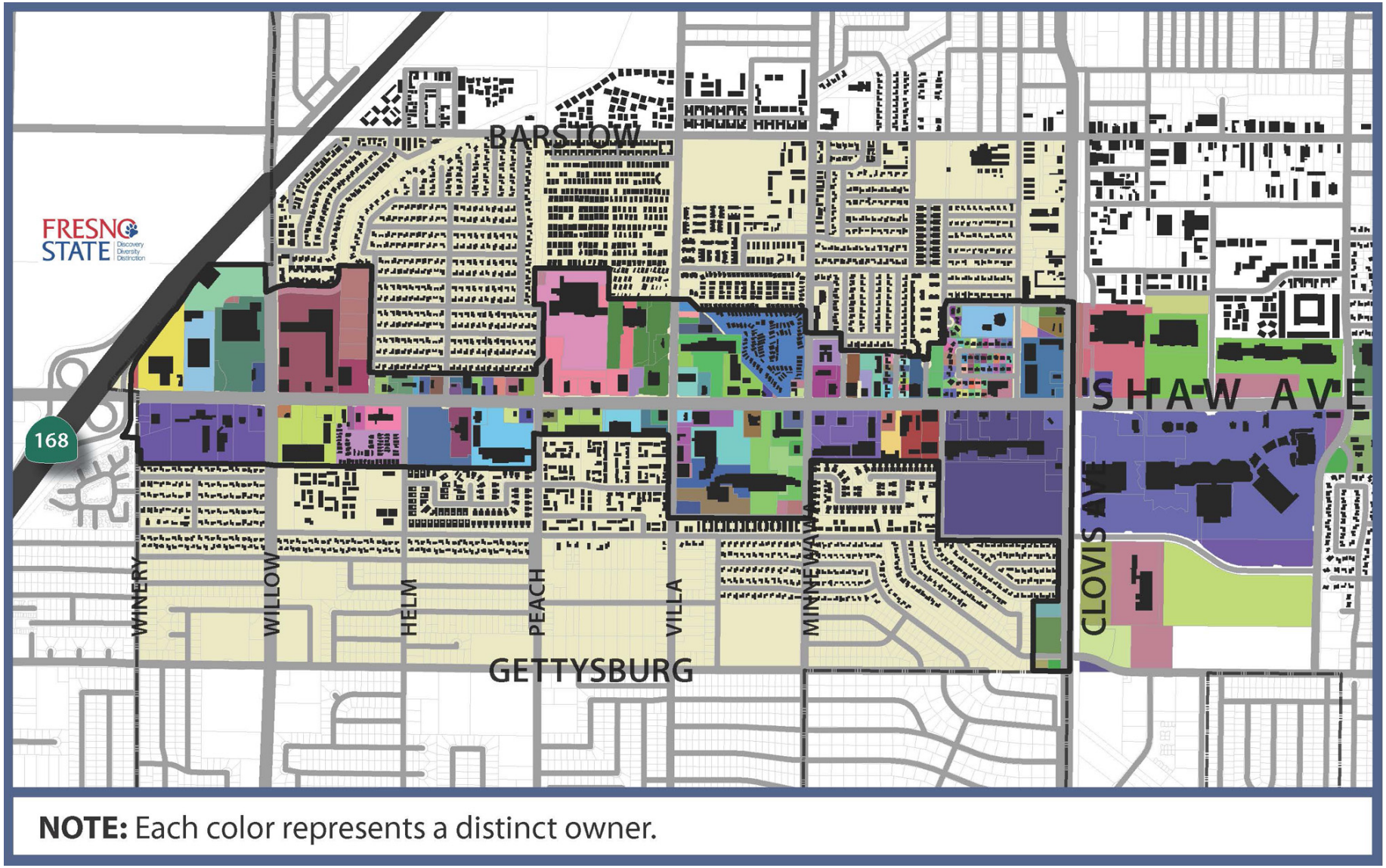
Development intensity is consistent with conventional commercial patterns. Large surface parking lots serve primarily single story buildings and a handful of multi-story buildings (primarily hotels). Lot coverage and floor area ratio generally falls under 0.25, although some of the smaller stand-alone businesses may be as high as 0.35. Pedestrian and vehicular access is generally separate for residential and nonresidential parcels—few mid-block access points are provided. The appearance of most uses as one travels along the corridor is relatively consistent but still largely undifferentiated, both in building treatment and site design.

In contrast with commercial corridors that are often plagued by long strips of small, shallow lots, the Shaw Avenue Corridor Plan area largely consists of lots one acre and greater in size. Map 4 illustrates the size of parcels within the corridor plan area. Overall, lot depths and frontages are desirable, with the smallest parcels still offering ~200 feet of depth and ~100 feet of frontage. This pattern is due in part to the fact that a sizable portion of the corridor is developed through shopping centers. Map 5 illustrates the pattern of ownership within the corridor plan area. With some exceptions (notably the Vons center), the large lots and shopping centers have led to simplified ownership patterns along the corridor. Some properties are subject to special ownership issues, such as the Sierra Vista Mall and adjacent vacant parcel (owned by family trust).

As the community and corridor ages, some uses underperform and cannot survive economic downturns such as the current period. These uses could be redeveloped into new projects and uses. As a general rule of thumb, successful redevelopment efforts need parcels that are at least 20,000 square feet in size on lots that are at least 130 feet deep. Still, a number of parcels are still too small to allow for redevelopment opportunities by themselves and would need to be acquired and/or consolidated with adjoining lots. This could be difficult in certain portions of the corridor where the existing uses are largely well performing businesses that would have less incentive to sell, remodel, and/or redevelop.



Map 4. Parcel Size



Map 5. Ownership Pattern

FUTURE DEVELOPMENT

City of Clovis

A new shopping center is scheduled to open on Herndon Avenue (between Clovis and Sunnyside Avenues), bringing national chain tenants such as a Super Walmart, Ross, Bed Bath & Beyond, Old Navy, and Petco. The Old Navy currently located on Shaw Avenue has expressed plans to move to the new location on Herndon Avenue. Due both to the strong local market and negotiations with the City of Clovis, Walmart will not close its store on Shaw Avenue. Hedrick's Chevrolet has indicated that it may expand along Shaw Avenue in the future, further cementing the presence of auto sales along the corridor. Options to consolidate auto sales into a larger auto center along a single corridor (Herndon Avenue or Shaw Avenue) would likely face strong resistance from the car dealerships.

Fresno State

Fresno State approved a Campus Master Plan in 2008 that looked at the next 10 to 20 years of growth and development on the 360-acre campus immediately adjacent to the study area. Enrollment was projected to increase by over 5,000 by 2018 for a total of nearly 29,000 students, with slower growth occurring over the next 10 years to finish around 31,000 students. Recent discussions with the University indicate that while long term projections are still valid, the timeframe for buildout is expected to be extended due to state budget cuts, priority for local populations, and lower numbers of college-eligible high school graduates. With full buildout of the campus, approximately 5.5 million gross square feet of facilities would be added; roughly twice the building space that exists on campus today. The proximity of the university creates obvious opportunities to cater to the student population along Shaw Avenue—being careful not to create an undesirable atmosphere for the surrounding residential neighborhoods and the City of Clovis.

The Master Plan includes Campus Pointe, a public/private mixed use development project located on university land at the northeast corner of Chestnut and Shaw Avenues across from the Save Mart Center. Campus Pointe (shown in Map 6) is planned for 180,000 square feet of retail and office space, a full-service business hotel (approximately 200 rooms), a 14-screen Megaplex Theater, and 1,000 units of multi-family and senior housing. Construction of the first phase of multifamily housing commenced in May 2008 and was completed in late spring 2009. Construction on the retail, entertainment, Hyatt Place hotel, and senior housing has not yet started.

The Campus Master Plan is driven largely by academic goals but also includes an emphasis on working with the City of Fresno to build a "University Community," with Shaw Avenue as a major feature. Shaw Avenue is the primary window to the university, serving as the main access point for nearly 50 percent of all AM and PM vehicle trips. Other relevant ideas stated in the Master Plan include:

- Enhancement of gateways and visual cues for entry or proximity to the university
- Services (food, venues, drinks, entertainment, Save Mart Center activities, student activities)
- Pedestrian and Bicycle Circulation (how to do without cars)
  - Reduced dependency of cars
  - Park once options

Map 6. Campus Pointe Illustrative Site Plan (March 2007)

Additional thoughts on the opportunities presented by Fresno State activities include:

- Save Mart Center activities
  - "Dinner and a ride" parking, with transit to food before or after the show
  - Possibly stage parking in Clovis for events
  - Utilize BRT to see a show
- Branding
  - Collaborate with Fresno State branding effort for Shaw Avenue
  - Use undergraduate and graduate students to explore ideas/options
- Fresno State has funding to make transit improvements
- Include Fresno State Art Department to create and design public art elements along Shaw Avenue; initial responses indicate strong support of the idea, but not necessarily direct involvement

Mobility

Roadways

The Shaw Avenue Corridor Plan study area consists of Shaw Avenue and the intersecting north–south roadways. The following describes the key roadway facilities within the study area.

Shaw Avenue

Shaw Avenue is a six-lane arterial street with a raised landscaped median along the length of the corridor. It is one of the primary east-west arterial streets in the City of Clovis and the Fresno-Clovis Metropolitan Area, connecting the commercial corridor with Sierra Vista Mall, Loma Vista, Fresno State, Fashion Fair Mall, Fig Garden Village, and retail and employment centers in West Fresno. Shaw Avenue also features freeway interchange connections with SR 168, SR 41 (3 miles west), and SR 99 (9 miles west).

As the name of the plan implies, Shaw Avenue is the primary roadway within the study area. It has a posted speed limit of 45 miles per hour west of Willow Avenue, decreasing to 40 miles per hour east of Willow Avenue. Traffic count data collected between 2003 and 2012 indicates that approximately 30,000 vehicles per day travel along Shaw Avenue. At Clovis Avenue and Willow Avenue, the traffic volume of both east and westbound traffic can reach over 40,000 vehicles. Map 7 shows the amount of vehicular traffic and level of service in the study area.

Signalized intersections are spaced approximately ¼- to ½-mile apart at the following locations: SR 168 westbound and eastbound ramps, Willow Avenue, Sylmar Avenue, Peach Avenue, Villa Avenue, Minnewawa Avenue, and Clovis Avenue.

Willow Avenue

Willow Avenue is a north-south arterial street with a raised, landscaped median in the study area. It travels north to its terminus at Friant Road—connecting the area to Friant and recreational areas at

Millerton Lake. One mile south, it transitions to become Chestnut Avenue and connects the area to Fresno Yosemite International Airport.

North of Shaw Avenue, Willow Avenue is six lanes with a posted speed limit of 50 miles per hour. South of Shaw Avenue, it narrows to four lanes with a posted speed limit of 45 miles per hour. As of 2009, Willow Avenue carried approximately 18,000 vehicles per day north of Gettysburg Avenue and 23,000 vehicles per day north of Barstow Avenue.

Peach Avenue

Peach Avenue is a north-south collector street. In the study area, it terminates north of Shaw Avenue as it becomes the primary access to the Sunflower Marketplace shopping center anchored by Walmart. To the south, it connects the study area to employment areas south of Ashlan Avenue near the Fresno Yosemite International Airport. In the study area, Peach Avenue is a four-lane, undivided roadway with a posted speed limit of 40 miles per hour. As of 2009, Peach Avenue carried approximately 12,000 vehicles per day south of Shaw Avenue.

Villa Avenue

Villa Avenue is a north-south collector street. It connects the study area to the Buchanan High School neighborhood to the north and the Helm Ranch neighborhood to the south. North of Shaw Avenue, Villa Avenue is a four-lane roadway with a center two-way left-turn lane and a posted speed limit of 40 miles per hour. South of Shaw Avenue, the road narrows to a three-lane roadway (one lane southbound and two lanes northbound) with a center two-way left-turn lane and a posted speed limit of 35 miles per hour. South of Santa Ana Avenue, it transitions to a two-lane, residential street with a posted speed limit of 25 miles per hour. As of 2006, Villa Avenue carried approximately 15,000 vehicles per day south of Bullard Avenue.

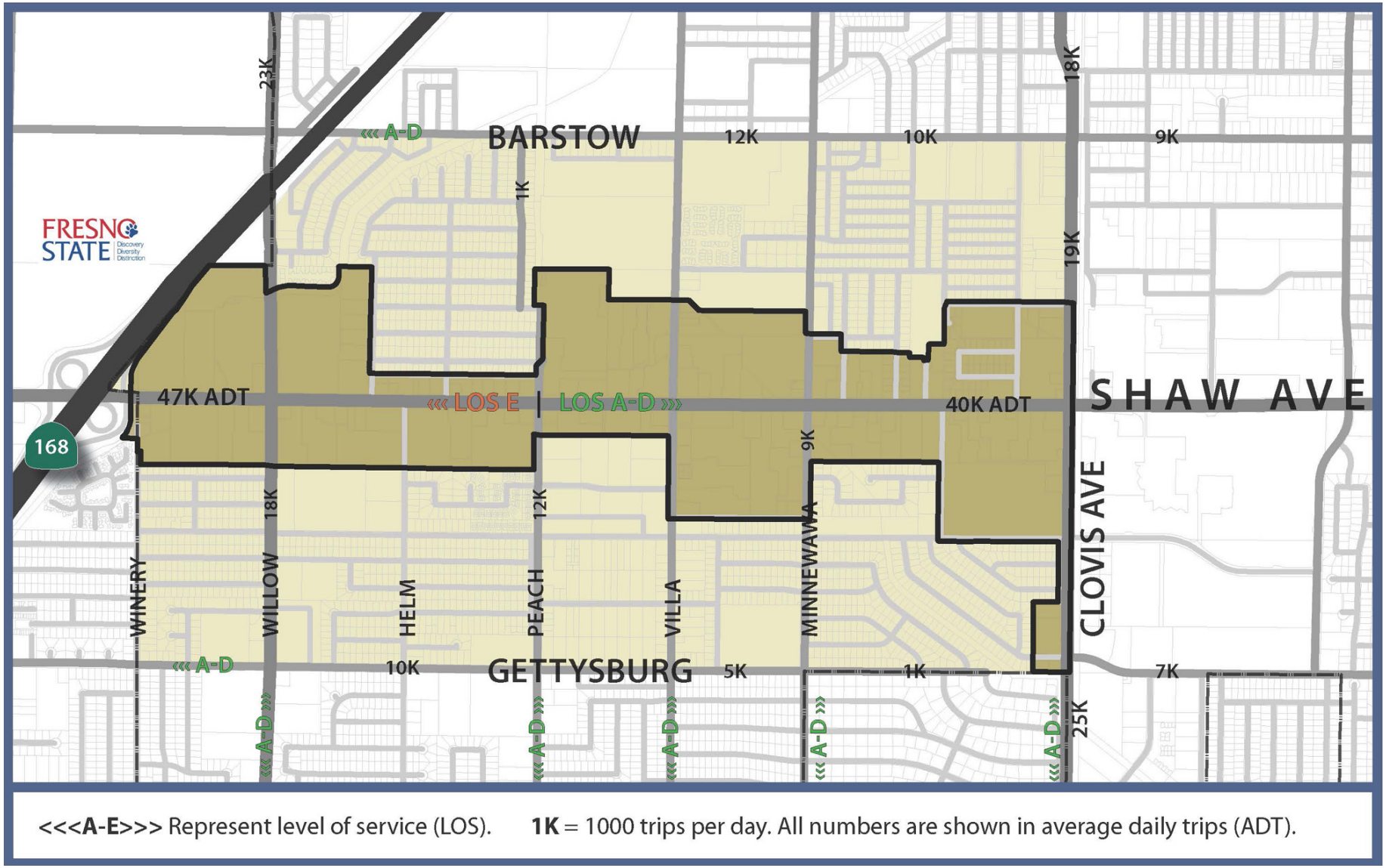
Minnewawa Avenue

Minnewawa Avenue is a north-south collector street. It connects the study area to the western edge of Old Town Clovis to the north and the Tarpey neighborhood to the south. Minnewawa Avenue is a four-lane roadway with a center two-way left turn lane north of Santa Ana Avenue. South of Santa Ana Avenue, it transitions to a two-lane residential street.

It has a posted speed limit of 45 miles per hour north of Shaw Avenue, decreasing to 35 miles per hour south of Shaw Avenue. As of 2004, Minnewawa Avenue carried approximately 9,000 vehicles per day south of Shaw Avenue and 12,000 vehicles per day north of Shaw Avenue.

Clovis Avenue

Clovis Avenue is one of the primary north-south arterial streets in the City of Clovis and the Fresno Clovis Metropolitan Area. It connects the study area to Old Town Clovis and the Buchanan High School neighborhood to the north. To the south, it provides access to the Tarpey neighborhood, employment areas east of Fresno Yosemite International Airport, and the Sunnyside neighborhood in southeast Fresno. Clovis Avenue also features freeway interchange connections with SR 180 and SR 99 to the south, and SR 168 to the north.



Map 7. Existing Roadway Level of Service and Daily Vehicle Loads

In the study area, Clovis Avenue is a six-lane facility with a landscaped median from just north of Shaw Avenue to the south. North of the Lowe's shopping center traffic signal, Clovis Avenue becomes a four-lane divided roadway. It has a posted speed limit of 45 miles per hour south of Shaw Avenue, decreasing to 40 miles per hour north of Shaw Avenue. As of 2008/2009, Clovis Avenue carried approximately 23,000 vehicles per day south of Shaw Avenue and 19,000 vehicles per day north of Shaw Avenue.

Shaw Avenue currently operates at LOS D east end of Peach Avenue and just above the LOS D/E threshold west of Peach Avenue. All of the north-south roadways in the study area are currently operating at LOS D or better.

Connectivity and Circulation

Shaw Avenue generally provides ample capacity and access for automobiles to the commercial developments along the corridor. The north-south streets intersecting Shaw Avenue provide secondary access to the commercial developments and connect the adjacent residential neighborhoods to the Shaw Avenue corridor. The majority of study area residential neighborhoods are in close proximity to the shops and services along the corridor; however, most are separated from these businesses by walls. As the north-south streets that access to the neighborhoods are generally spaced at ¼-mile intervals, residents generally must take long, circuitous routes to access the businesses along the corridor.

Homes immediately adjacent to shopping areas are frequently separated by walls and fences, requiring residents to walk or drive multiple blocks to visit the businesses.

Parking

The Shaw Avenue Corridor is characterized by retail and service establishments that generally each have their own off-street parking lots. Based on a visual survey of the parking facilities, most of the off-street

parking lots are currently underutilized and represent an opportunity for increased activity or redevelopment.

On-street parking is generally prohibited along the length of Shaw Avenue and on the major north-south streets within the study area. On-street parking is more prevalent in the adjacent residential neighborhoods, particularly near the higher density residential uses.

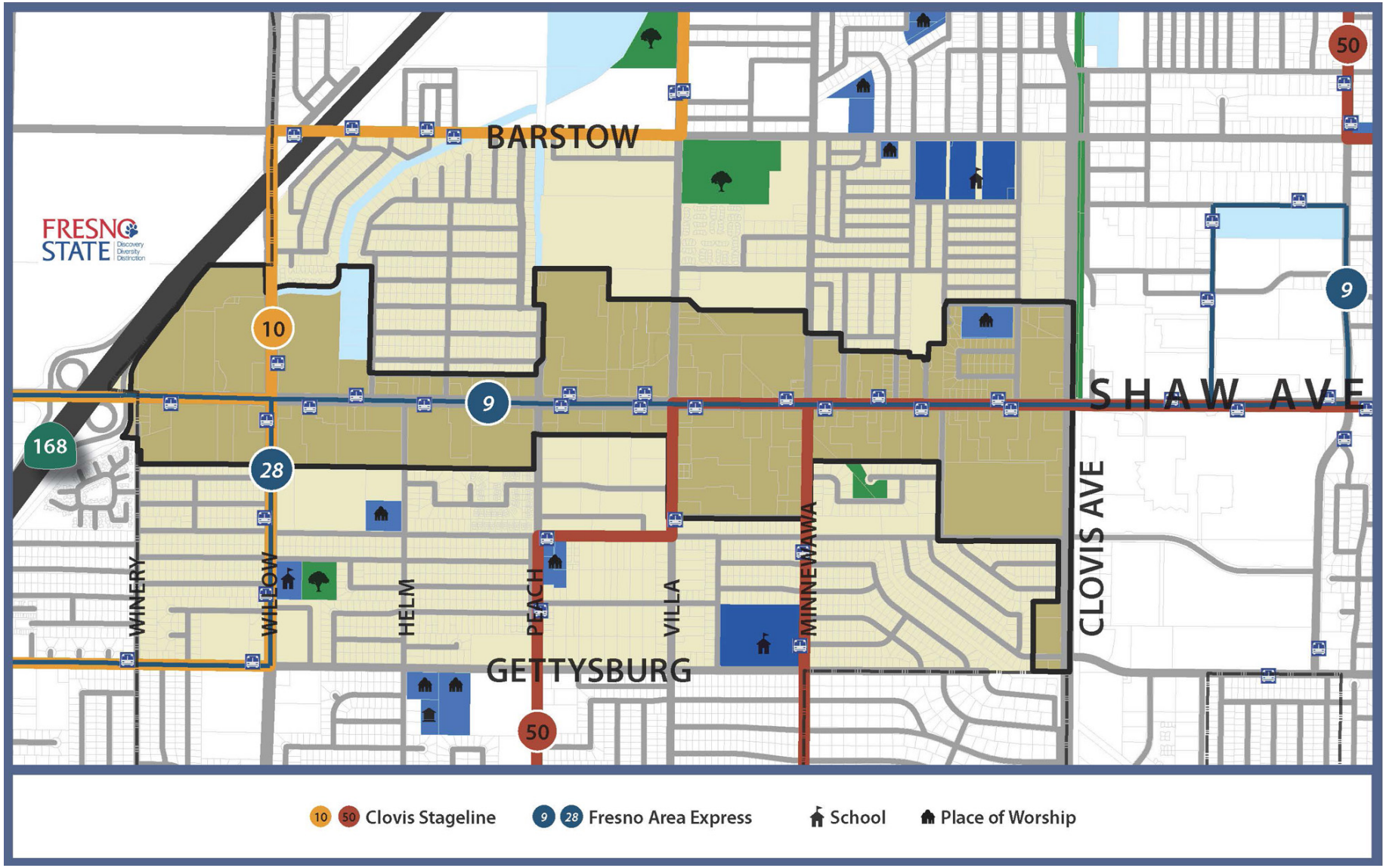
Transit

Fresno Area Express (FAX) and the City of Clovis' Stageline provide fixed-route bus service along the Shaw Avenue Corridor. Bus stops are located at the multiple locations along Shaw Avenue. Map 8 shows the various transit routes serving the study area, along with nearby schools and places of worship.

- FAX Route 9 travels the length of the corridor, connecting the plan area to Sierra Vista Mall, Fresno State, Fashion Fair Mall, Fig Garden Village, and other businesses along Shaw Avenue in Fresno.
- FAX Route 28 serves the western end of the corridor, traveling eastbound on Shaw Avenue before turning south on Willow Avenue, and back west on Gettysburg Avenue.
- The Clovis Stageline Route 10 also serves the western end of the corridor, traveling southbound on Willow Avenue before turning west on Gettysburg Avenue, and traveling eastbound on Shaw Avenue before turning north on Willow Avenue.
- Stageline Route 50 serves the eastern end of the corridor, traveling westbound on Shaw Avenue before turning south on Minnewawa Avenue, and traveling northbound on Villa Avenue before turning eastbound on Shaw Avenue.

In addition to the existing fixed-route bus service, the Council of Fresno County Governments' *Bus Rapid Transit Master Plan*, *Short Range Transit Plan*, and *Long Range Transit Plan* for FAX identify Shaw Avenue as a potential bus rapid transit (BRT) corridor in the future (from SR-99 to Fowler Avenue). Furthermore, the *Long Range Transit Plan* notes that the Shaw Avenue corridor is a primary candidate for high-frequency bus service, and that the area between Willow Avenue and Clovis Avenue has a relatively high population-employment density with the potential for generating strong and consistent transit demand.

BRT lines typically operate with fewer stops and more frequent service than local bus service. Whereas local bus stops are typically spaced 0.1 to 0.5 miles apart, BRT stations are typically spaced a half to over one mile apart. In Clovis, local bus service currently operates on 20–30-minute headways during much of the day and up to 60-minute headways during off-peak hours (headways are the time between bus service at a given station). Meanwhile, BRT service typically operates on 10–15-minute headways throughout the day.



Map 8. Transit Service around Shaw Avenue

BRT service also may utilize higher capacity buses, improved stations, and transit infrastructure to provide a reliable, high-capacity transit service. BRT buses are typically larger than local buses to serve additional passengers and are designed to create a distinct system identity. BRT stations may include features such as off-vehicle fare collection, real-time arrival and departure information, and raised platforms to improve accessibility. BRT stations may be co-located at existing local bus stops and include special signage, furniture, or design treatments to identify the station as a BRT stop.

As depicted on Map 9, the BRT Line on Blackstone/Ventura/Kings Canyon will be the first BRT route in the Fresno Clovis Metropolitan Area, and is slated to open in 2015. This starter line will include termini stations in North Fresno and Southeast Fresno, and include major signature stations at Manchester Center and Downtown Fresno.

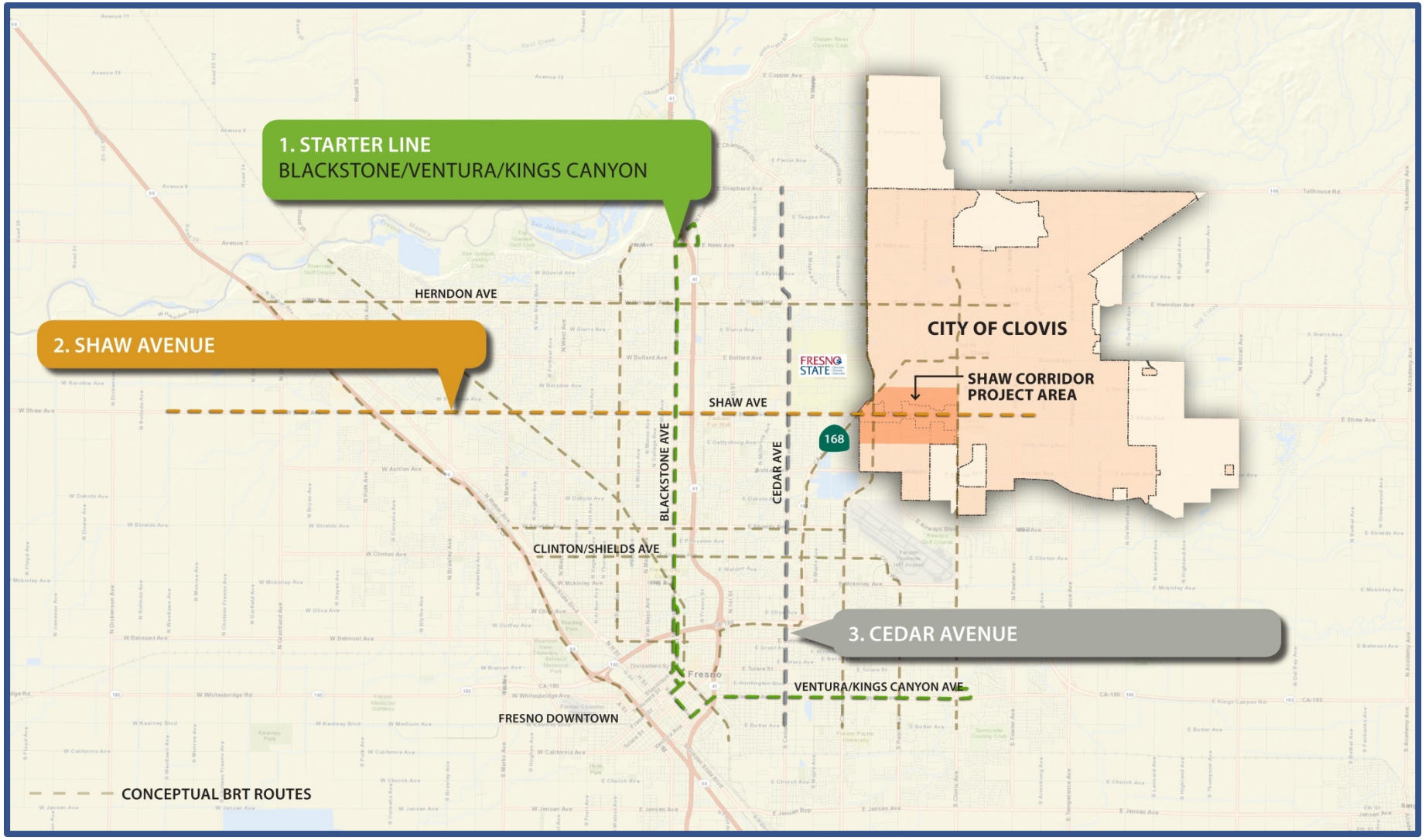
The Conceptual BRT Routes do not have a timeline, although the BRT route on Shaw Avenue is expected to be the next corridor implemented after the Blackstone/Ventura/ Kings Canyon BRT line, followed by the proposed BRT route on Cedar Avenue. While there is no official timeframe for the Shaw Avenue BRT line, it would likely be implemented in the 15 to 25 year time, pending funding. No funding has been currently identified for the Shaw Avenue BRT line.

There are also other conceptual BRT routes shown on Map 9 that may or may not occur in the future. These are from the Fresno BRT Master Plan and are subject to change. The City envisions additional transit service being provided along Willow Avenue and SR 168 (see Map 10).

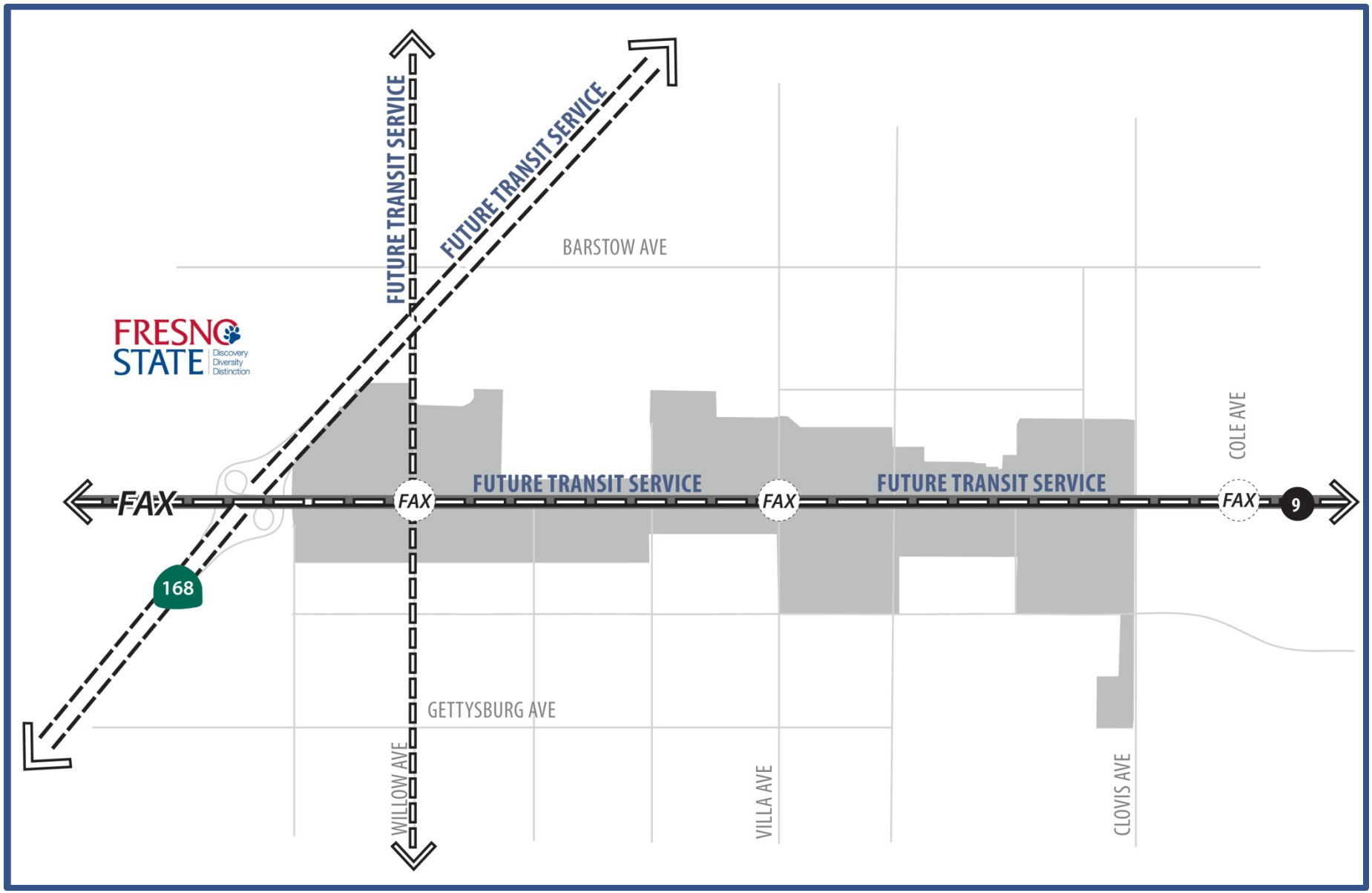
Although the *Long Range Transit Plan* does not yet identify the exact station locations, the three likely locations are the intersections of Shaw Avenue and: Willow Avenue, Villa Avenue, and Cole Avenue (just east of Clovis Avenue). See Map 11 for potential station locations.

The Willow Avenue intersection is identified based on the confluence of three other bus routes: FAX 9, FAX 28, and Stageline 10. The Willow station would also likely be at least ¾ mile from a potential station serving the Save Mart Center. The Villa Avenue intersection contains bus stops served by the FAX 9 and Stageline 50 bus routes. This intersection is roughly ¾ mile from the Willow intersection and is also within a ¼-mile walking distance of the Walmart. While Clovis Avenue is ¾ mile east of Villa and serves as a major thoroughfare and the western boundary of the Sierra Vista Mall, a more logical BRT station location is Cole Avenue another ¼ mile to the east. Cole Avenue is not only the centralized entrance point for the Sierra Vista Mall, it is also the site of the loop connection bus stop for FAX 9.

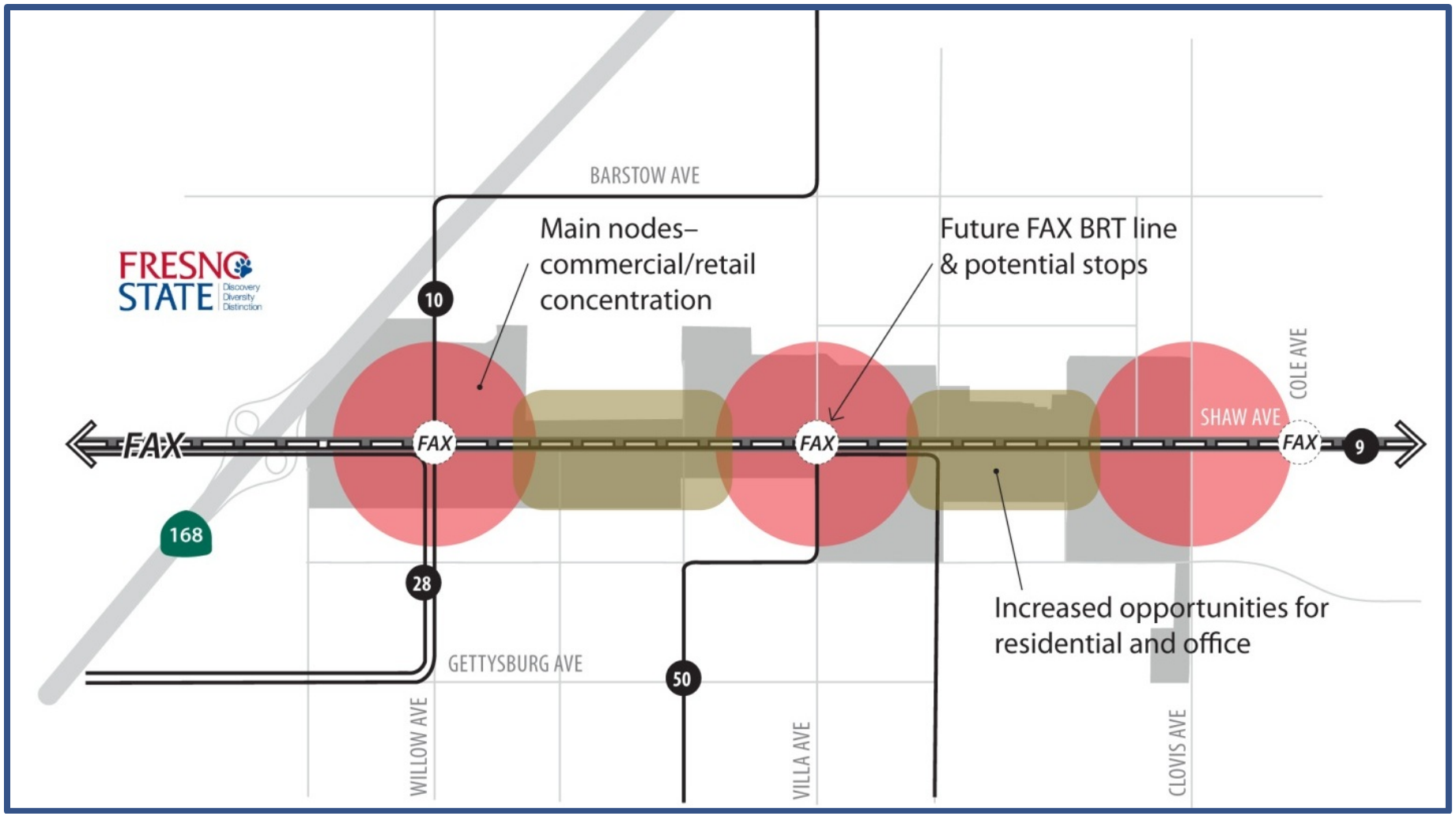
While BRT buses can operate on dedicated bus lanes, it is more likely that BRT service along Shaw Avenue would operate on existing, mixed-traffic lanes—the same as current local bus service. Queue jump lanes and transit signal priority at signalized intersections may be used to improve on-time performance for BRT and decrease average travel time.



Map 9. Potential BRT Routes in the Fresno-Clovis Area



Map 10. Additional Potential Transit Lines around Shaw Avenue Conceptually Envisioned by the City of Clovis



Map 11. Potential BRT stops along Shaw Avenue

Bike

Bicycle facilities can be classified into one of the following three categories:

- Class I Bike Path: off-street pathways exclusively for use by bicycles and pedestrians with minimal cross-flow by motor vehicles. They are often located in a separate right of way.
- Class II Bike Lanes: striped areas on paved streets that are identified with striping, stencils, and signs for preferential (semi-exclusive) bicycle use.
- Class III Bike Routes: on-street routes typically designated by signs or pavement markings and shared with motorists.

Existing bicycle facilities are limited within the study area.

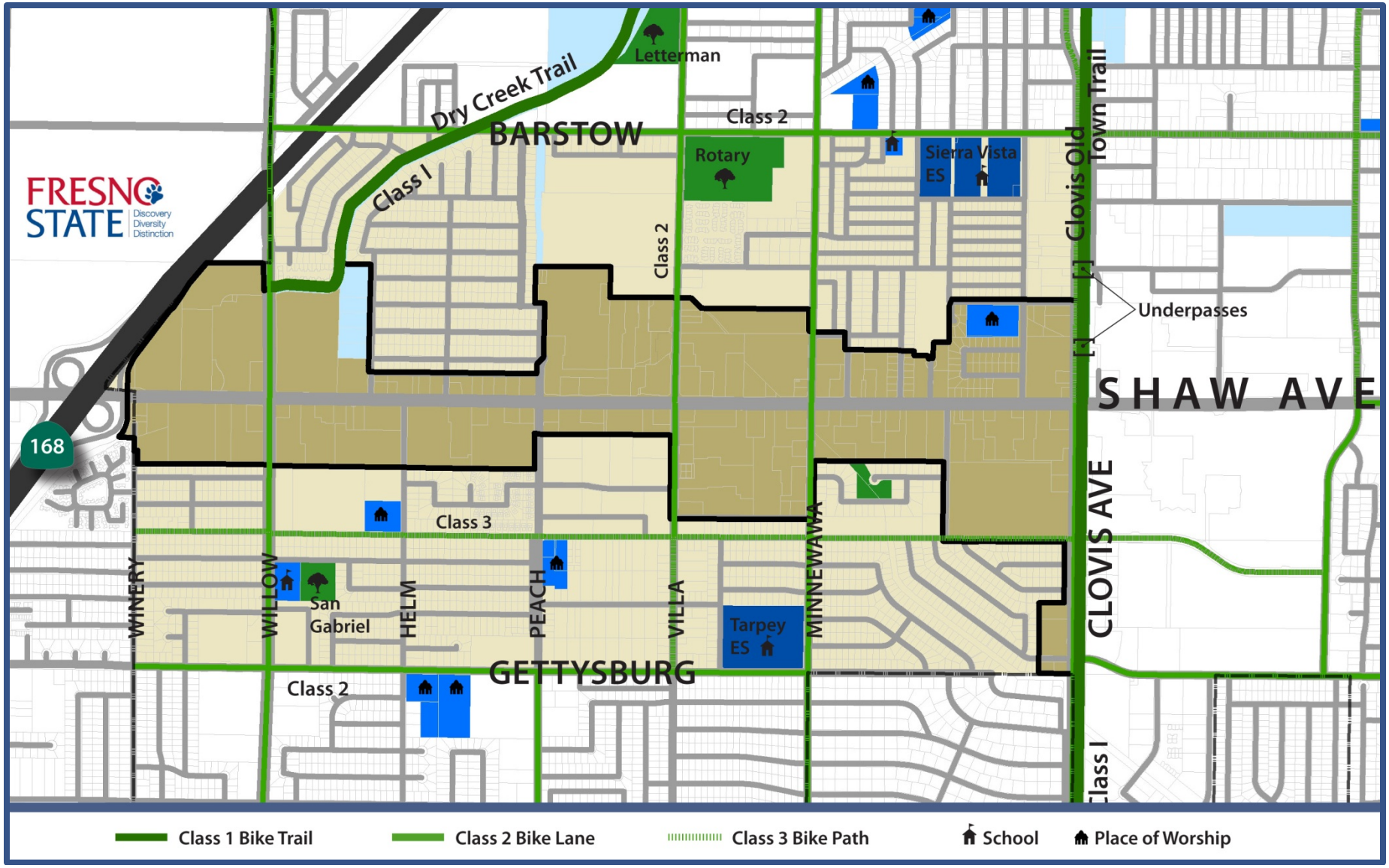
- Old Town Trail – Class I bike path running parallel to Clovis Avenue on the east side of the roadway in a former railroad right-of-way.
- Class II bike lanes on Barstow Avenue from Willow Avenue to near Pollasky Avenue.

No bicycle facilities currently exist within the corridor plan area. However, the 2011 *Clovis Bicycle Transportation Master Plan* recommends future Class II bike lanes on Willow Avenue, Villa Avenue north of Santa Ana Avenue, Minnewawa Avenue, Clovis Avenue south of Shaw Avenue, and Gettysburg Avenue. The *Bicycle Transportation Master Plan* also recommends future Class III bike routes on Clovis Avenue north of Shaw Avenue, Santa Ana Avenue, and Villa Avenue south of Santa Ana Avenue. These bicycle facilities and their relationship to nearby schools and places of worship are shown on Map 12.

On the four-lane roadways carrying fewer than 15,000 vehicles per day, such as Peach Avenue and Minnewawa Avenue, the roadway could be converted to a single travel lane with a bicycle lane in each direction and a center two-way left-turn lane. These roadway conversions generally create a more inviting bicycle and pedestrian environment and result in a safer roadway facility for all users while minimizing additional delay to vehicles for lower volume roadways.

Pedestrian

Within the study area, most streets have adjoining sidewalks and pedestrian crosswalks at signalized intersections. Along Shaw Avenue, the overall pedestrian environment is generally poor, with little landscaping or trees to provide shade and most buildings off the street oriented towards parking lots (rather than the sidewalk or walkways). Some of the more recent commercial developments have incorporated some landscaping along the sidewalks, including a landscaped strip between the sidewalk and automobile traffic on the street. However, for the most part, the sidewalk is directly adjacent to the high-speed automobile traffic and interrupted by several driveways accessing adjacent parking lots between intersections.



Map 12. Future Bike Facilities along and around Shaw Avenue

Freeway Interchange

The Shaw Avenue interchange is a large, partial-clover leaf set of on- and off-ramps for northbound and southbound travel along SR 168. The interchange is heavily used for all types of traffic and features a large underpass with sidewalks and crosswalks at the ramp entrances/exits. While the interchange area is technically accessible by bike and on foot, there are several characteristics that make this area a significant barrier for non-vehicular mobility and connectivity.

Conditions in and around the interchange constitute a substantial barrier for easy and safe access for pedestrians and bicyclists. Tens of thousands of cars travel along at high speeds, with many accelerating or decelerating sharply in the ramp areas. Pedestrians and bicyclists are also subject to a higher level of emissions and noise from the passing vehicles (with the noise amplified by the overpass structures). Moreover, Caltrans has indicated that it may seek to widen or increase the number of lanes in the interchange area, which would accommodate even more automobiles.

A bicyclist under the Shaw Avenue interchange looking east to the SR 168 East onramp

Once these conditions are mitigated sufficiently to create a pleasant environment, there are still the issues of distance and destination. It is not enough to create a nice walking/biking pathway—one must have a reason to walk from one area to another within a reasonable distance. A generally accepted figure for a walkable distance is 1,250 feet (a quarter-mile). Just the interchange—nearly 1,000-feet-wide from end to end—consumes almost all of that distance. Moreover, car dealerships and Home Depot are the first set of businesses that one encounters upon entering Clovis along Shaw Avenue. A person would have to walk roughly a half-mile or more from Campus Pointe and the rest of the Fresno State campus to the restaurants and general retail businesses past the car dealers.

Even in ideal conditions, this distance inhibits pedestrian connectivity between the Fresno State campus and the Shaw Avenue project area. Biking this distance is not as difficult, but the unpleasant and potentially unsafe conditions through the interchange area likely pushes people to choose their automobile over bicycling. A legitimate question is whether students would be more likely to travel bikeways one additional mile along Barstow and then down to Shaw Avenue, or whether the City needs to plan for accommodating bikes safely along the corridor. Busing may be a viable option if service is frequent and well-advertised.

In spite of the fact that the interchange area may not be highly utilized by pedestrians or bicyclists, the area will still serve as a visual gateway (whether good or bad). Ideas on improving the gateway include: electronic or painted murals, safety lighting, focused or vertical lighting, improved signage, and enhanced landscaping treatment.

Despite sidewalks, the Shaw Avenue interchange is a 1,000-foot-wide barrier between Fresno State and the project area. The auto uses just east of the ramps (entry to Clovis) provide little incentive for students and others to travel the long distance on foot or bike.

Infrastructure

WASTEWATER

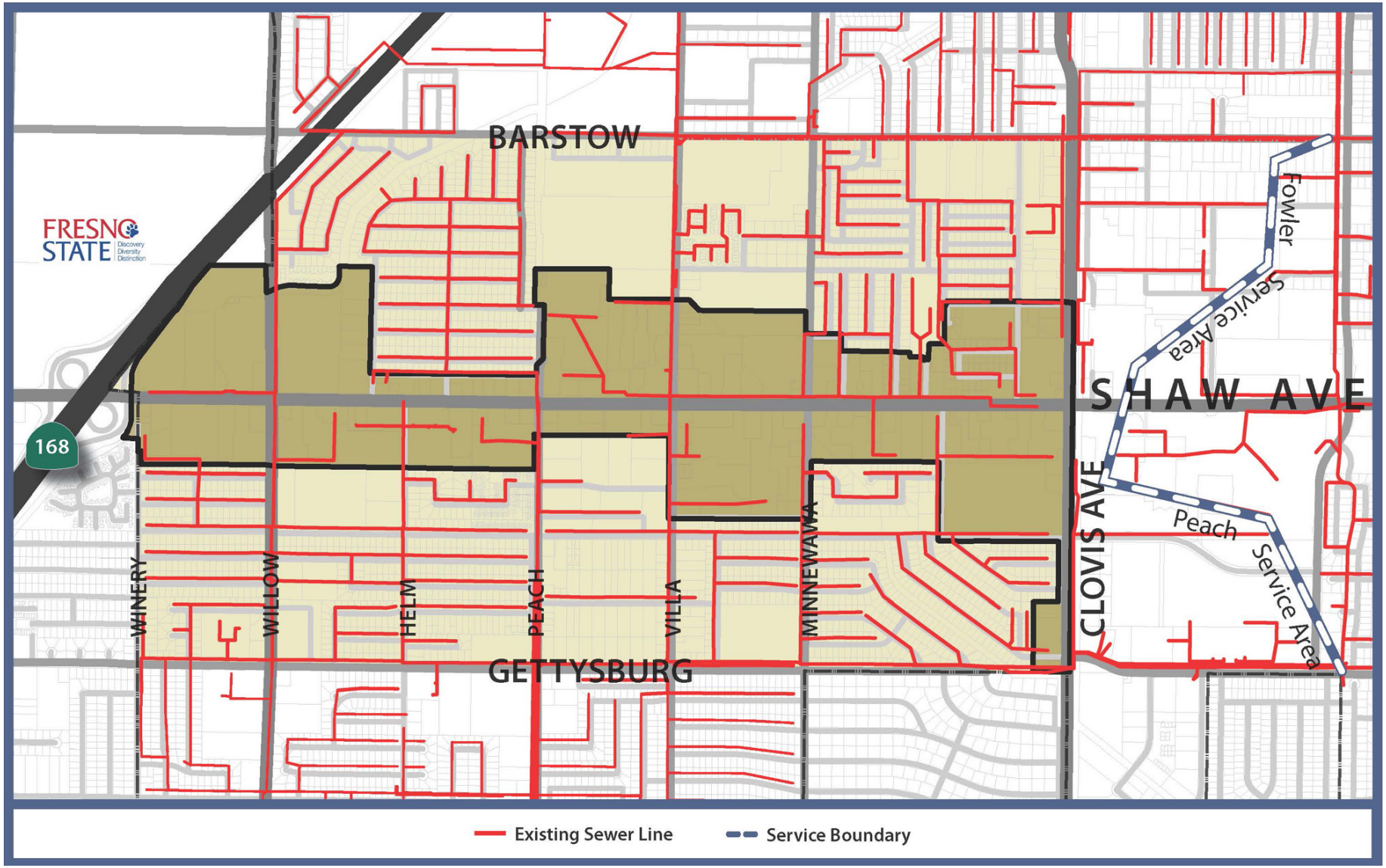
The existing wastewater collection system along this segment of Shaw Avenue was constructed over a number of years in a phased manner as development required. Some parts of the system are over 25 years old and are in need of continued maintenance activity. This is an important factor to be considered as the older system was built using different material and its hydraulic flow capacities are less than the new sewer Standard Dimension Ratio (SDR) 35 pipe material. The Shaw Avenue corridor is serviced by two collection areas: the Peach service area primarily to the west of Clovis Avenue and the Fowler service area to the east of Clovis Avenue. The trunk sewer main flows out of the City of Clovis and is ultimately processed at the Fresno Regional Sewer treatment plant south of the City of Fresno.

The City Engineer conducted an analysis of the wastewater system, based on the current master plan, to evaluate its current capacity and the impact of intensifying development along Shaw Avenue—particularly the addition of residential uses, which generally need more robust wastewater systems. The analysis considered new high density residential development along several vacant and underutilized parcels along the corridor and tentatively concluded that the existing piping system has the hydraulic capacity to support such development. Of course, each redevelopment project will have specific loading requirements that will necessitate additional analysis at the project level. Map 13 delineates the current sewer system around Shaw Avenue.

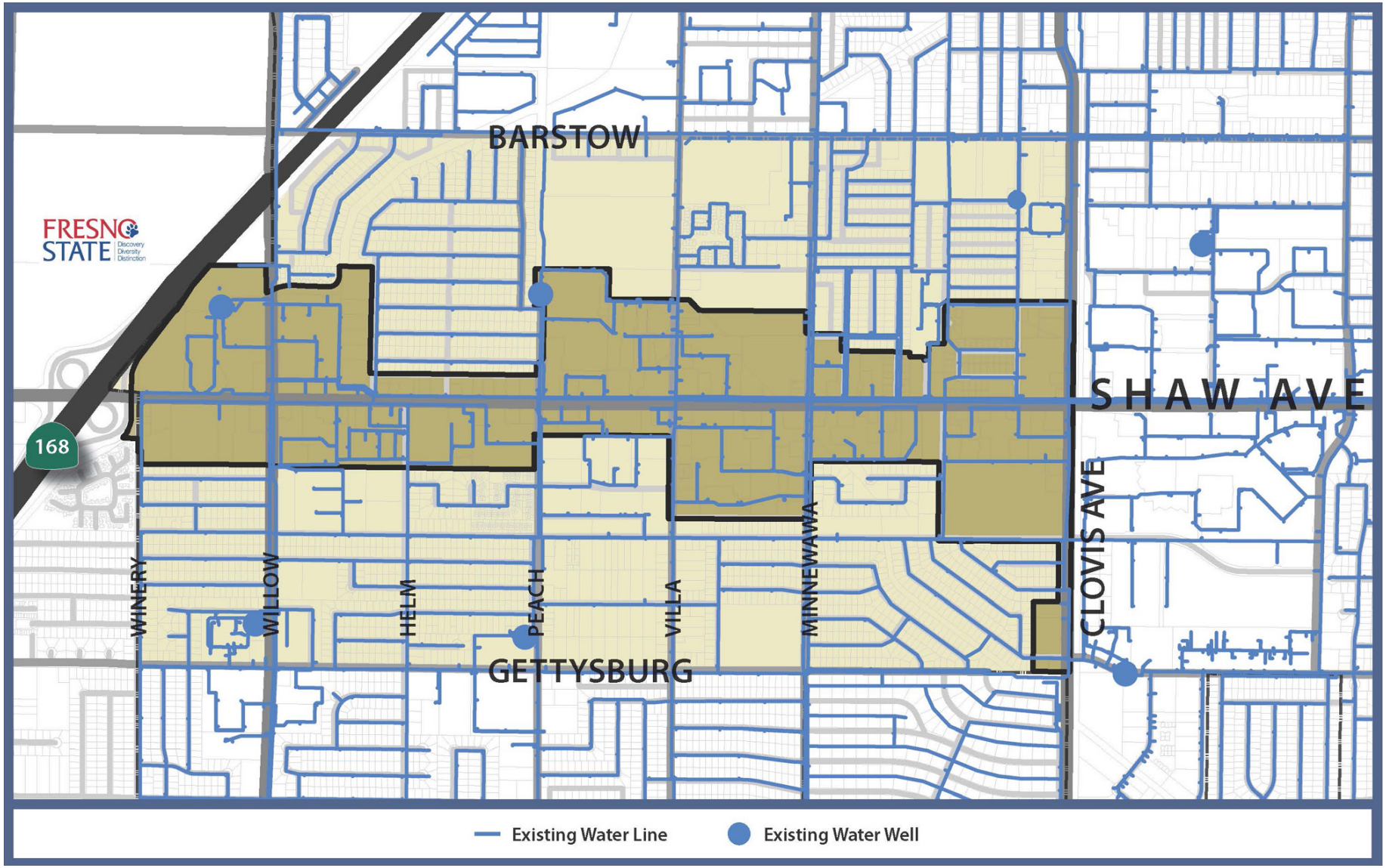
WATER AND FIRE PROTECTION

The City of Clovis domestic and fire protection water system is supplied from two sources of water, a surface water treatment plant, located at the eastern edge of the City and an extensive ground water well field system located throughout the City. This section of Shaw Avenue is within the Fresno Irrigation District service area which is the source of water entitlement for the Surface Water Treatment plant. Both the wells and surface water plant are interconnected via a network of pipes to distribute the water throughout the City to meet the service needs. Water demands are the basis for determining the amount of water to service a specific land use category. The land use water demands are based on the approved Water Master Plan.

The eastern portion of Shaw Avenue is serviced from the surface water plant and well field while the western portion is serviced from existing wells both north and south of Shaw Avenue. This is an important consideration as the existing well field is drawing from a water aquifer that can be impacted by climatic conditions. The attached exhibit shows the existing water distribution piping system and existing municipal wells located in and adjacent to Shaw Avenue. Where the wastewater system is based solely on gravity (slope) and pipe size the water system is a pressure demand driven system. The existing surface water plant and municipal wells utilize pumps to pressurize and convey water into the piping system to meet the system demands. These pipelines are sized based on engineering design criteria to allow for both volume and pressure to be provided to a specific location considering fire flow conditions.



Map 13. Sewer System along Shaw Avenue



Map 14. Water System along Shaw Avenue

The existing water grid (see Map 14) has been designed and constructed to allow multiple points for water to supply the system and are interconnected to allow for pressure stabilization throughout the grid. Shaw Avenue has an existing large 12-inch diameter pipeline throughout its length that acts as a backbone to the grid. The existing commercial development along Shaw draws upon this backbone water main. The existing undeveloped properties will most likely also draw from this backbone main. All commercial projects in excess of 5,000 square feet require a fire protection system. In the City of Clovis fire protection sprinkler systems are based on the City of Clovis Fire Department water curve. This curve is a very conservative design method to ensure the system will function properly in the event of a fire.

Using the same assumptions as in the wastewater analysis, the City Engineer determined that the existing water grid of pipelines, wells and surface water plant in, along and adjacent to Shaw Avenue has the hydraulic capacity to provide water to both the undeveloped properties and any properties which could scrape and rebuild to a higher density. Each project will require a project specific water study to address the individual project water demands for fire protection, domestic use, and landscape use. Fire protection systems design will likely be the main concern that could limit redevelopment.

Streetscape

Building Placement and Access

The existing streetscape along Shaw Avenue represents a conventional auto-dominated, commercial corridor pattern. The corridor is characterized predominantly by single story buildings with the exception of multi-story hotels. While a number of buildings are set close to the street, the large format stores and shopping centers are primarily set far back from the roadway behind a field of parking lots.

The associated surface parking lots fill in the gaps between the street frontage and many of the commercial buildings. Big surface lots ensure accessibility for automobiles, but they inhibit pedestrian and bicyclists access. Moreover, many of the large format stores and shopping centers do not have sidewalks or pathways that connect internally or directly to Shaw Avenue. Walmart, a shop frequented by many residents and students that rely on transit or bicycles, is over 750 feet from the sidewalk and closest bus stop. The driveways along Shaw Avenue also interrupt development patterns and building placement. Well-spaced driveways may not only help with building placement and design, but they may also reduce or even eliminate amount of surface parking. Map 15 symbolizes the signalized and unsignalized intersections as well as the curb cuts/driveways along Shaw Avenue.

Architectural Style and Overall Identity

Buildings within the corridor are not defined by any particular type of architecture. The buildings use simple, common building materials (i.e., wood-framing, concrete, stucco), and generally do not incorporate any specific architectural ornamentation or elements. Interestingly, while there is no unifying element that connects the different developments to one another, there is also nothing that causes a visual break between the different buildings throughout the corridor. Although the buildings

themselves vary in shape and size, they are not necessarily diverse in character. Accordingly, the character one sees when driving along this 2-mile stretch of Shaw Avenue is one of uninterrupted and undifferentiated commercial. The street (roadway) overpowers the streetscape and serves as the prevailing visual element.

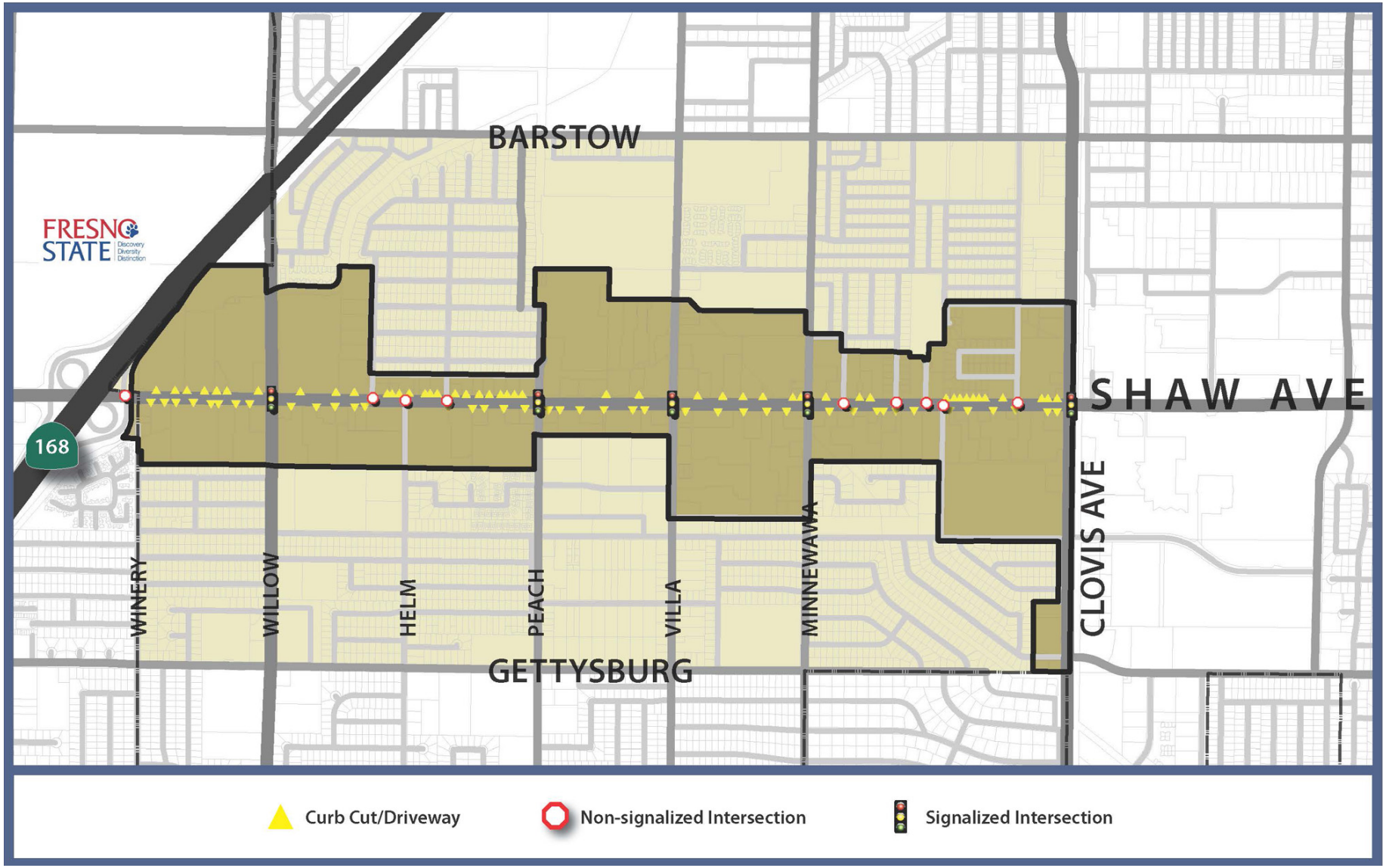
Although architectural uniformity is not a necessity, the presence of key streetscape elements (i.e., sculptures, seating, amenities) and signage may help unify the corridor and give it a clear identity. There have been efforts to create an identity for the corridor through the use of signage. Currently, monument signs and pole banners try to help anchor the corridor, but their success is limited so far. There is also a large amount of multi-tenant signage. The challenge with multi-tenant signage is that it can appear cluttered and may actually reduce legibility. Multi-tenant signage tends to be placed on a single pylon or structure in a given development, which can make it difficult for some tenants to stand out individually. The challenge is to create buildings diverse in character and unify them with the overall context to create a strong identity, while also maintaining visual exposure and keeping improvement costs reasonable.

Landscaping

Shaw Avenue is a six-lane arterial and includes a five-foot sidewalk on both the north and south sides. The east and west travel lanes are separated by a raised landscaped median that stretches throughout the corridor. The street itself has a fair share of trees, shrubs, and vegetation located along the median, sidewalk, and setback areas. However, many of the trees are relatively young and do not yet offer the canopy coverage (shade) and visual presence desired. Furthermore, the landscape elements are not equally distributed along Shaw Avenue. While most of the buildings have a grassed or vegetated setback, the amount and level vary between the different developments. Based on a visual study, the trees and vegetation tend to be more pronounced and clustered around recent developments. The older developments do not show the same amount of landscape treatment. Strategic placement and intensification of landscaping around older developments may help create a positive and unifying visual effect along Shaw Avenue in the short term while an overall landscape master plan may be feasible in the long term.

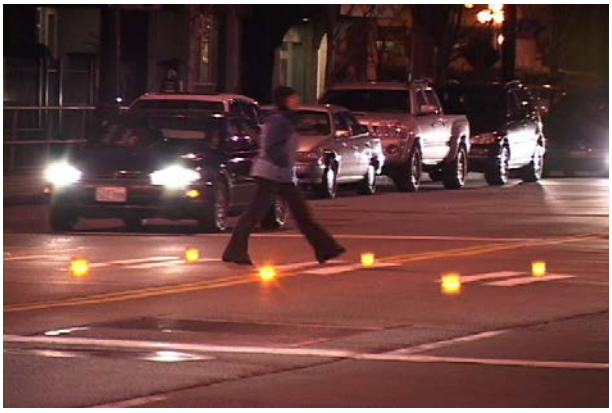
Safety and Accessibility

As a major transportation corridor, Shaw Avenue primarily caters to automobiles. It has good capacity and does well in providing automobile access. However, as mentioned previously, the pedestrian environment is relatively poor. In many cases, sidewalks are placed directly next to the street, where automobiles are traveling at relatively high speeds. Recent developments have tried to provide pedestrian safety measures by placing a landscape buffer between the street and sidewalk.



Map 15. Intersections and Driveways along Shaw Avenue

Lighting and curb cuts are also a concern. Although there are street lights provided along Shaw Avenue, there is not enough lighting at the ground level or on cross streets for residents to safely travel the corridor by foot or bike in the evenings. Improved lighting would not only help create safer conditions along the corridor, the new lighting could help establish an identity and theme. While curb cuts are in place to allow vehicular access, too many within a short distance create unnecessary conflict points. The vehicular driveways not only fracture the streetscape, but they can pose a threat to pedestrians, bicyclists, and automobiles. Some of the shopping centers already centralize access, but certain parts of the corridor suffer from an overconcentration of driveways.




Examples of in-pavement and street lighting designed to improve safety for pedestrians along large roadways and smaller cross streets

Lastly, there are no bicycle facilities within the corridor plan area. Though the 2011 *Clovis Bicycle Transportation Master Plan* recommends future bike lanes within the study area, nothing is recommended along Shaw Avenue. Instead, a connection between Fresno State and Shaw Avenue is emphasized along Barstow Avenue by way of Villa Avenue as a Class II bike lane. Given the amount of students and other residents dependent on bicycles for travel in the area, some attention is still needed to recognize the need to accommodate bikes safely along the corridor.

Pedestrian and bicycle travel along Shaw Avenue looking east to Sylmar Avenue

Market Demand

Retail Market Analysis Overview

When Shaw Avenue developed as the main commercial district in Clovis, SR 168 was Shaw Avenue. Shaw Avenue has since separated from the 168 freeway but still represents a major commercial area in Clovis. The project area (from SR 168 to Clovis Avenue) contains 29 percent of all the city's retail building space. Moreover, when one adds in the area to the east of Clovis Avenue, Shaw Avenue accounts for 45 percent of the retail building space in Clovis.

But all is not well with Shaw Avenue. The project area's retail vacancy rate is 15 percent, higher than the 12 percent retail vacancy rate across the Fresno-Clovis metropolitan area. And while the recession certainly exacerbated problems, the project area experienced a slightly unhealthy vacancy rate even before the beginning of the recession. The City's 2008 survey of all non-residential buildings in the project area found a vacancy rate of 9.1 percent for the project area in 2007.

A retail market analysis seeks to quantify the amount of retail building space that can be supported by the amount of money area residents and visitors spend. Several key concepts warrant a brief discussion before presentation of the market analysis.

Types of Retail

An easy way to understand retail markets is to categorize retail into two groups based on the type of good or service, the need for which necessitates the shopping trip: convenience goods and services, and comparison goods. Table 1 describes the types of shopping centers that typically serve these two groups.

Generally, the goods and services that most people need on a regular basis (convenience goods and services) are close to where people live. For these regular purchases, most consumers have built up knowledge of where to go to get what they want, whether their discriminator is price and convenience or quality. Groceries, medicines, fast food restaurants, and hair care are typical convenience goods and services. Fast-food restaurants, with whose menus customers are usually well-acquainted, also fall into this category. Because convenience goods and services usually have low cost margins and high sales volumes, convenience retailers are located throughout a region, close to concentrations of households. These businesses typically locate in convenience centers and neighborhood shopping centers. A key strategy for small convenience goods and services businesses is to locate in a shopping center with a string anchor (typically a supermarket or pharmacy), which attracts customers to the center on a regular basis.

For items they purchase infrequently or rarely, consumers tend to compare goods across brands and across retailers. This habit of comparing induces competing retailers to locate near each other. It also promotes larger-scale retailers who can stock many different brands of similar products. Clothing, electronics, and furniture are common comparison good categories. Full-service restaurants, which consumers patronize infrequently, also fall into this group. Because comparison goods have higher cost margins and lower sales volumes and because consumers purchase these goods infrequently,

comparison goods retailers tend to locate close to major transportation corridors that give access to a greater number of consumers. These businesses typically locate in community, regional, and super-regional shopping centers. Once again, smaller comparison goods retailers often seek locations in larger shopping centers and malls, to which strong anchors can draw customers from a large area.

Table 1: Shopping Center Types

Shopping Center Type	Building Size Range (sq. ft.)	Trade Area	
		Size (radius in miles)	Population Range
Convenience	< 30,000	½	< 5,000
Neighborhood	30,000–100,000	1½	3,000–40,000
Community	100,000–450,000	3–5	40,000–150,000
Regional	300,000–900,000	8	150,000 or more
Super-regional	500,000–2 million	12	300,000 or more

Source: Beyard, Michael D. et al., Shopping Center Development Handbook, 3rd ed., Washington D.C.: Urban Land Institute, 1999.

A third, hybrid type of retail is experiential shopping. In this type of shopping, the experience of the trip is of equal if not greater importance than the material need for a good or service. The experiential value may accrue from socialization with friends, from entertainment, or from the quality of the place. Downtowns, new town centers, lifestyle centers, and even shopping malls all attempt to enhance the shopping experience and provide a mix of businesses and amenities to create an enjoyable shopping experience. To bolster their competitiveness, many traditional comparison goods retail centers are trying to improve their experiential factor. Even convenience goods and services shopping centers, where easy-in/easy-out has been the typical goal, are creating plazas, sidewalk dining, and other experiential components.

Trade Area

A trade area is the geographic area from which a retail center will draw the majority of its customers. Sophisticated market analysis models for individual retailers often define primary, secondary, and even tertiary trade areas. Generally, though, the primary trade area described in Table 1 should generate the majority of the customer base for an individual shopping center. The radial definition of a trade area based on its scale (Table 1) provides the starting point for defining a trade area. As the Urban Land Institute cautions, however, “A trade area does not lend itself to concentric circles around a potential site.”

Market Demand Methodology

The market analysis quantifies the demand for retail building space currently, in the short term (five years out), and over the long term (20 years out). The Nielsen Company provides estimates of the consumer spending of the trade area’s households, by store type. The analysis uses sales efficiency to convert the dollars of consumer spending into building square footage. Sales efficiency is the average annual sales per square foot of retail businesses. Sales efficiency varies by store type, by individual

business, and among different locations of an individual retail chain. Every two years the Urban Land Institute and the International Council of Shopping Centers conduct a survey of retail locations throughout the country. From that survey, they publish average sales efficiency data by type of store in Dollars and Cents of Shopping Centers / The SCORE. The analysis adjusts those national figures for Fresno County using data from the US Census Bureau's Economic Census.

For the current market demand, the analysis uses data from the Fresno County Assessor to quantify the amount of retail building space in the trade area. For the short-term market demand, the analysis adds in the square footage of planned retail developments in the trade area. For the long-term market demand, the analysis adds in the areas that the Fresno and Clovis general plans designate for future retail development.

For each time horizon (current, short term, and long term), the market analysis calculates the difference between the amount of retail building space that can be supported by consumer spending and the amount of existing and planned retail building space. A positive difference indicates that the market can support additional retail development. A negative difference indicates that there is or will be excess retail building space, which will eventually result in vacancies.

Short-Term Vacancies

Short-term vacancies occur as individual retail businesses relocate, close branches, or fail. These cases, all part of the normal life-cycle of businesses and the normal business cycle, leave store spaces vacant. The owner of that vacant space has a financial incentive to find a new retail tenant.

During a recession or a slow-growth economic expansion, finding a new tenant is more difficult and may take longer, and different property owners can be more or less skilled in leasing retail space. Some owners will lower asking rents in order to fill vacancies quickly. Some owners will take risks on start-up businesses in order to fill vacancies. Still other owners will suffer the decrease in income for a longer period in order to lease to credit-worthy tenants that complement the mix of businesses in their shopping centers. Finally, some owners re-invest in their centers, improving facades, parking, lighting, visibility, and signage to make their properties more competitive in attracting those businesses looking for a new location.

Regardless of individual property owner approaches to vacancies, when consumer spending in a trade area is sufficient to support the amount of retail building space in that trade area it is usually a matter of time to fill vacancies. Because short-term vacancies are a part of the normal retail business cycle – there are short-term vacancies in the best of times and worst of times – these vacancies do not constitute long-term structural vacancies.

Long-Term Vacancies

When consumer spending in a trade area is insufficient to support the amount of retail building space in that trade area, long-term vacancies occur. Put simply, there just is not enough spending to support businesses to fill all of the space. In these circumstances, retail space can stay vacant for long periods and potentially lead to urban blight.

There are four basic options to deal with long-term structural vacancies. The first option is the do-little-to-nothing option. As with short-term vacancies, property owners have a financial incentive to find tenants for their vacant building space. The low level of consumer spending, however, makes finding new tenants difficult. Owners will often find that re-investing in their centers does not make sense because they cannot pass that cost on through rents to new tenants. Most owners are forced to lower asking rents, but this can lead to a downward spiral in the trade area, forcing other owners to also lower asking rents just to maintain their current tenants. The area-wide lowering of lease rates leads to lower operating income for property owners, which in turn usually leads to deferred maintenance and lack of re-investment. In time, this downward spiral will leave some property owners will little choice other than disinvestment, walking away from their properties and leaving vacant building shells.

The second is the repositioning option. Property owners with larger shopping centers strategically located near major transportation routes can seek to reposition their center to become more of a destination that will attract consumers from a larger trade area. Most successful downtown revitalizations in the US have taken this track. Because population centers have moved farther and farther from downtowns and because convenience goods and services retailers have moved to shopping centers close to new housing, downtown populations shrank and were unable to support the retail building space originally constructed to serve most city residents. Old Town Clovis is an example of a successful repositioning, while downtown Fresno is still a work in progress.

The third option is to redevelop some excess retail building space into housing. Phasing out excess retail reduces the competition for retail businesses to a healthy and more sustainable level. New housing adds new spending to provide additional support for retail businesses. Downtowns have used this approach along with repositioning. This approach is increasingly applied to revitalization of aging commercial corridors.

The fourth option is to repurpose retail buildings for non-retail uses. Manchester Center in Fresno, originally a vibrant regional shopping mall, now hosts a variety of non-retail uses including governmental agencies, education providers, and retail services, in addition to a Sears and other retailers. A religious organization and a call center currently operate in former retail buildings on Shaw Avenue. One visible sign of a distressed retail environment is a preponderance of services and other non-retail businesses in commercial strip centers. While one can debate the overall community impact of repurposing, leasing or selling excess retail space is an effective means to avoid the blight impacts of long-term structural vacancies.

Repositioning, redevelopment, and repurposing are all viable reactions to long-term structural retail vacancies that avoid the physical impact of blight. Absent a public commitment, however, an individual property owner in a trade area that suffers from excess retail building space really only has the choice of repurposing or the do-little-to-nothing options.

Trade Area Definition

The market demand analysis includes one analysis for convenience goods and services and a second analysis for comparison goods.

For convenience goods and services, the trade area includes all parcels located within 1½ miles of Shaw Avenue from the 168 freeway to Clovis Avenue. The analysis uses The Nielsen Company estimates for the amount of spending by households in the trade area. The analysis also considers the spending support of the employees working in the trade area, assuming an annual retail spending of $1,250 per worker. The analysis quantifies the amount of retail building space in the trade area and also accounts for the potential of convenience goods and services businesses located within an additional 1½ miles to siphon off consumer spending by trade area residents.

For comparison goods, the trade area includes the area within 5 miles of the intersection of Villa and Shaw. The analysis considers the potential for the major regional shopping destinations—River Park and Fashion Fair Mall—as well as large community centers—Fancher Creek, Clovis Crossings, and the planned retail in the Northwest Urban Village Center—to siphon away consumer spending by trade area residents.

Time Horizon

The analysis quantifies market demand at three points in time. The first, 2012, accounts for the existing retail buildings and number of households in the two trade areas. The second, 2017, accounts for the addition of retail buildings that are currently in the planning pipeline but not yet entitled and developed. The analysis for this time frame also estimates the additional consumer spending supported generated by five years of household and population growth in the two trade areas. The final time horizon, 2035, adds the potential retail building space in areas designated for future retail development.

Current and Projected Retail Market Demand

Table 2 quantifies the current and projected market demand for retail building space in each of the horizon years. The analysis suggests that about 17.5 percent of the project area's retail building space, or about 364,000 square feet, is currently in excess of what consumer spending can be expected to support. Over the next five years, continued growth in households and consumer spending will increase the amount of supportable retail building space. Nevertheless, completion of planned retail developments, most notable Clovis Crossings and Campus Pointe, will overwhelm the increased consumer spending; by 2017, 675,000 square feet of retail building space in the project area could be in excess of the amount consumer spending would support.

By 2035, Loma Vista, a large part of the Northwest Growth Area, and Fancher Creek in southeastern Fresno are expected to build out. The amount of planned retail development in the two trade areas exceeds the increase in consumer spending expected by the growth in households. The analysis suggests that by 2035, 727,000 square feet of the retail building space in the project area, about 27.5 percent, would be excess retail building space.

Table 2: Shaw Avenue Corridor Retail Market Demand (in total building square footage)

	Convenience Goods and Services	Comparison Goods	Total
2012			
Market Potential	371,000	1,344,000	1,715,000
Existing Retail Building Space	446,000	1,633,000	2,079,000
Unmet Market Demand	-75,000	-289,000	-364,000
- Percent of Existing	-16.8%	-17.7%	-17.5%
2017			
Market Potential	378,000	1,387,000	1,765,000
Existing and Planned Retail Building Space	446,000	1,994,000	2,440,000
Unmet Market Demand	-68,000	-607,000	-675,000
- Percent of Existing and Planned	-15.2%	-30.4%	-27.7%
2035			
Market Potential	405,000	1,509,000	1,914,000
Existing, Planned, and Potential Retail Building Space	566,000	2,075,000	2,641,000
Unmet Market Demand	-161,000	-566,000	-727,000
- Percent of Existing, Planned, and Potential	-28.4%	-27.3%	-27.5%

Source: The Planning Center|DC&E, 2012.

Notes to Table 2:

1. Market potential represents the amount of retail building space (in total square feet) that each trade area's consumer spending can support. The amount of spending per household and the number of households in each trade area are estimates from The Nielsen Company. Total spending is converted to building square footage using data from the Urban Land Institute and International Council of Shopping Centers and data from the US Census Bureau. Data for 2012 reflects the number of households in each trade area. For 2017, the data represent The Nielsen Company's projected increase in households in each trade area. For 2035, the data represents the number of households based on general plan buildout through 2035. For all three horizon years, the data reflect current consumer spending patterns and household incomes. That is, the data reflect the total amount of retail building space that could be supported by the number of households if they existed today.

2. Existing retail building space represents the amount of building space used for retail sales and services (including personal services such as hair care) and restaurants. The data for 2012 are based on data from the Fresno County Assessor. For 2017, the data reflect the addition of retail building space currently under construction or approved for construction, including Clovis Crossing and Campus Point. For 2035, the data reflect the buildout of parcels designated for retail development in the Clovis and Fresno general plans, including the town center at Loma Vista, the large retail centers in the Northwest Growth Area, and Fancher Creek.

3. Unmet market demand is derived by subtracting the amount of existing, planned, and potential retail building space in each trade area from the market potential. In all cases, the unmet market demand is negative, indicating that there is or will be more retail building space than can be supported by consumer spending. The unmet market demand as a percent of existing, planned, and potential retail building space is derived by dividing the unmet marketed demand by the amount of existing, planned, and potential retail building space. The percentage data provide a measure of the severity of the problem of excess retail building space.

Implications of Market Demand

In all three time horizons, the market demand analysis suggests that the project area will have excess retail building space. Generally, some level of retail vacancies will always be present. Some level of vacancy is healthy, allowing for space to accommodate new and expanding businesses. And a very low level of retail vacancies can artificially push lease rates higher (inflationary increases) and challenge businesses to remain profitable. Although there is no scientifically calculated appropriate level of vacancies, most analysts would accept something in the neighborhood of a 5 percent retail vacancy rate to be healthy.

At the same time, the analysis of market demand is more of an art and less of a science. Thus, we generally suggest that if market demand is within plus or minus ten percent, the market probably does not have structural problems that warrant public sector intervention. For the project area, however, the market analysis estimates the current amount of excess retail building space at 17.5 percent.

The analysis also finds that the amount of planned and potential retail building space will overwhelm the ability of household growth to ameliorate the structural retail vacancy problems in the project area. It may be that the market will self-correct, and that not all of the planned and potential retail building space will be developed. But it is also quite likely that, as new housing gets built further and further from Shaw Avenue, the market will drive new retail development to areas closer to the new housing. Thus, the projected increase in retail building space may exacerbate the excess retail building space as severely as suggested in Table 2, but there is no reason to expect that the structural vacancies will improve with time.

With a high level of excess retail building space and structural vacancies and with no reasonable expectation that the market will grow out of the problem, the analysis suggests that public intervention is warranted. Because the level of excess retail building space is so high, the change along the corridor will need to include all three types: repositioning, repurposing, and redevelopment.

Shaw Avenue has gradually been repositioning from the major commercial destination in Clovis to one of several commercial districts. However, this is repositioning in the wrong direction. Planning for the project area should define one or two nodes that can be repositioned into major destination that can attract additional consumers from further away. With the addition of the life-style wing, Sierra Vista Mall has repositioned itself as something more than just a standard shopping mall. More repositioning at this end of the corridor and probably one other node can help attract more consumer spending to the corridor.

Likewise, some repurposing is already occurring in the project area. The Well Community Church and the Alorica Call Center are two non-retail uses that have occupied vacant retail space. Additional repurposing will help reduce the amount of vacant retail space. However, not all repurposing is beneficial to the corridor. Non-retail businesses that attract customers who might not have otherwise patronized businesses in the project area is helpful. Businesses that increase employees who might eat out and make other purchase during the work day can be helpful. However, non-retail uses that occupy anchor buildings or that detract from the aesthetics of the corridor are not helpful.

Finally, some redevelopment will be necessary too. Some of the excess retail building space should be removed and replaced. Typically housing is the land use that can most readily absorb the higher costs of redevelopment. Plus, new residents in the trade area bring new consumer spending to the trade area. Planning for the project area should consider the degree to which market demand will support new residential development.

Residential Market Demand

For residential uses, the market analysis focuses on multi-family housing, which includes all attached housing products—townhouses, duplexes through quadplexes, condos, and apartments. The analysis includes single-family detached housing as part of the overall analysis, but such housing typically does not generate enough residual land value to make redevelopment financially feasible.

The residential-market-demand analysis uses data from a variety of sources. The US Census Bureau and the California Department of Finance provide basic demographic, economic, and housing data over time. Nielsen, the leading national provider of market data, provides demographic, economic, and housing data for individual market areas and provides projections for the next five years.

Market Area

The first step in projecting market demand is to define the market area, the area that will generate and attract new households and the area in which the station areas will compete for those new households.

The potential market is defined not by the city boundaries but by the market area from which new households might choose a place to live. The analysis defines the residential market area as the census tracts located entirely or mostly within a 1.5-mile radius of Shaw Avenue, from the 168 to Clovis Avenue. This is a somewhat small market area, but using a larger area would pick up new housing developments and likely overstate the actual market demand that the corridor might capture.

Market Demand for Corridor Housing

The analysis first calculates Fresno County's potential growth in households by type of housing—single-family detached housing, corridor housing (townhouses, apartments, and condos), and other (primarily mobile homes). It then quantifies the Shaw Avenue Corridor residential market area's potential capture of county-wide growth under two scenarios. The base demand scenario (scenario 1) assumes that the market area would capture the same amount of regional growth as it captured in the past 10 years. This scenario inherently assumes that current trends and conditions continue in the future. We would suggest that this is the do-nothing scenario: if public policies and programs for the project area do not change, then this scenario determines the area's likely capture of regional growth.

The market potential scenario (scenario 2) assumes that public policies and programs are implemented for Shaw Avenue and that these make the corridor a more attractive and more lucrative location to develop multifamily housing than it has been in the recent past. Under this scenario, the market area is likely to capture more of the regional increase in renter households than it captured in the past, in the absence of supportive public policies and programs. The analysis assumes for this scenario that the potential capture of market demand is equal to the market area's 2010 share of total households by housing type.

Table 3 derives the potential residential market demand under these two scenarios. The analysis finds that the market area is likely to only increase by 59 households in corridor housing over the next five years, if no new policies or programs are introduced (scenario 1). Of these, four might be new for-sale housing units, and 55 might be rental units. Under the market potential scenario (scenario 2), however,

the market area could possibly grow by up to 1,076 new households in corridor housing over the next five years. Of these, 51 might be owner-occupied, and 778 might be rental units. Using the same analysis with the projected number of households in 2032, suggests that market area's 20-year demand for corridor housing could be from 209 units (under scenario 1) to 2,955 units (under scenario 2).

Table 3: Derivation of Rental Residential Market Demand, Shaw Avenue Corridor Market Area

	Total	Single-Family Detached	Corridor Housing	Other
(1) 2012 Number of Households, Fresno County	292,000			
(2) 2017 Number of Household, Fresno County (projection)	314,000			
(3) Five-Year Increase in Number of Households, Fresno County	22,000			
(4) Share of Households by Housing Type, Fresno County		65.3%	**30.5%**	4.2%
(5) Five-Year Increase in Households by Housing Type, Fresno County	22,001	14,373	**6,701**	927
(6) Market Area Capture (Scenario 1)	1.8%	2.2%	**0.9%**	3.0%
(7) Market Area Five-Year Increase in Households	404	317	**59**	28
(8) Owners, Percentage of Total	66.3%	76.6%	**6.1%**	75.7%
(9) Market Area Five-Year Increase in Owner Households	268	243	**4**	21
(10) Market Area Five-Year Increase in Renter Households	136	74	**55**	7
(11) Market Area Capture (Scenario 2)	8.7%	7.5%	**12.4%**	0.8%
(12) Market Area Five-Year Increase in Households	1,913	1,076	**829**	8
(13) Owners, Percentage of Total	46.1%	76.6%	**6.1%**	75.7%
(14) Market Area Five-Year Increase in Owner Households	882	825	**51**	6
(15) Market Area Five-Year Increase in Renter Households	1,031	251	**778**	2

Source: The Planning Center|DC&E, 2012, using data from the US Census Bureau, the California Department of Finance, and the Nielsen Company.

Notes to Table 3:

1. The number of households in 2012 (row 1) is an estimate by the CA Department of Finance. The number of households in 2017 (row 2) is a projection from the *San Joaquin Valley Demographic Forecasts, 2010 to 2050*, available on the Fresno Council of Governments website. The five-year increase in number of households (row 3) is derived by subtracting the number of households in 2012 (row 1) from the projected number of households in 2017 (row 2).

2. The share of households by housing type (row 4) is derived from data from the 2010 Decennial Census. The data have been adjusted to reflect changes in housing type preference based on the forecast changes in the age of the head of household.

3. The five-year increase in households by housing type (row 5) is derived by multiplying each housing type's share of households (row 4) by the projected increase in the total number of households (row 3). The datum for the total number of households is derived by summing the number of households in each type of housing. Rounding accounts for the slight difference in the total number of households in row 3 and row 5.

4. The market area capture for scenario 1 (row 6) represents the market area's share of county-wide growth in households by housing type from 2000 to 2010. The market area's five-year increase in households (row 7) is derived by multiplying the market area capture (row 6) by the county-wide five-year increase in households by type of housing (row 5) for each housing type. For row 7, the total market area five-year increase in households is a sum of the five-year increase for each type of

housing. For row 6, the total market area capture rate is derived by dividing the total market area five-year increase in households (row 7) by the total county-wide five-year increase in households (row 5).

5. Owners as a percentage of households data (row 8) represents households in the market area for each type of housing, and the data are derived from the 2010 Decennial Census. Market area five-year increase in owner households data (row 9) are derived by multiplying the owners as a percentage of households (row 8) by the market area five-year increase in households (row 7) for each type of housing. Market area five-year increase in renter households (row 10) is derived by subtracting the market area five-year increase in owner households (row 9) from the market area five-year increase in households (row 7) for each housing type. The total five-year increase in owner households (row 9) and the total five-year increase in renter households (row 10) are derived by summing the number of owner households for each housing type and the number of renter households for each housing type. The total owners as a percentage of households (row 8) is derived by dividing the total five-year increase in owner households (row 9) by the total five-year increase in households (row 7).

6. The market area capture for scenario 2 (row 11) represents the market area's share of the county-wide number of households by housing type from 2000 to 2010. The market area's five-year increase in households (row 12) is derived by multiplying the market area capture (row 11) by the county-wide five-year increase in households by type of housing (row 5) for each housing type. For row 12, the total market area five-year increase in households is a sum of the five-year increase for each type of housing. For row 11, the total market area capture rate is derived by dividing the total market area five-year increase in households (row 12) by the total county-wide five-year increase in households (row 5).

7. Owners as a percentage of households data (row 13) represents households in the market area for each type of housing, and the data are derived from the 2010 Decennial Census. Market area five-year increase in owner households data (row 14) are derived by multiplying the owners as a percentage of households (row 13) by the market area five-year increase in households (row 12) for each type of housing. Market area five-year increase in renter households (row 15) is derived by subtracting the market area five-year increase in owner households (row 14) from the market area five-year increase in households (row 12) for each housing type. The total five-year increase in owner households (row 14) and the total five-year increase in renter households (row 15) are derived by summing the number of owner households for each housing type and the number of renter households for each housing type. The total owners as a percentage of households (row 13) is derived by dividing the total five-year increase in owner households (row 14) by the total five-year increase in households (row 12).

Planning for Corridor Housing

The identified ranges of the potential for new corridor housing are very wide. For example, the five-year potential market demand for corridor housing ranges from 59 to 829. As discussed previously, the low end of this range represents the market potential in the absence of public policies and programs to encourage and facilitate new development and redevelopment for corridor housing.

The Shaw Avenue Corridor project is, however, intended to provide such public policies and programs. Thus the planning for Shaw Avenue should accommodate more than the low end of the range. At the same time, the high-end of the market potential range is not likely to be achieved in the next five years, because the types of corridor housing and the locations in the project area represent a new frontier for housing in Clovis and the metropolitan area. The ability to achieve the high-end of the range over the long-term will depend to a great degree on what other areas in the region are planned for similar types of housing, what types of public investments are made to facilitate infill and redevelopment in the project area, and what types of public investments are made to facilitate development in greenfield areas.

Finally, the quantified potential market demand represents the defined market area, and the Shaw Avenue Corridor project area accounts for only a portion of the market area. Nevertheless, underutilized

commercial parcels along Shaw Avenue represent a much larger portion of the market area sites that might actually be redeveloped for new housing. Taking all of these factors into account, Table 4 provides short- and long-term recommendations for the number of corridor housing units that planning for the Shaw Avenue Corridor should accommodate.

Table 4: Potential Market Demand Range and Planning Recommendation for Number of Corridor Housing Units by Tenancy, Shaw Avenue Corridor Project Area, 2017 and 2032

	Low-End	High-End	Recommendation
Total Corridor Housing Units			
- First Five Years	59	829	210
- 20-Year Horizon	209	2,955	1,480
For-Sale Housing Units			
- First Five Years	4	51	20
- 20-Year Horizon	13	181	90
For-Rent Housing Units			
- First Five Years	55	778	190
- 20-Year Horizon	196	2,774	1,390

Source: The Planning Center|DC&E, 2012.

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Appendix

National and Regional Trends Influence Residential Market Demand

Although communities often use a variety of tools and approaches to revitalize aging commercial corridors, attracting new uses that can fill vacant building space and that can feasibly support redevelopment of underutilized properties underlies most revitalization efforts. This section quantifies real estate market demand to provide an understanding of the economic forces that might drive revitalization along Shaw Avenue. A subsequent phase of the project will explore the degree to which the market demand can support private sector redevelopment.

Market demand varies over time with changing economic conditions. This analysis focuses on the demand over the next five years, as this will likely drive the early phases of revitalization. At times, the discussion extrapolates how the five-year market demand might influence the corridor over the next 20 years. Nevertheless, there is inherently less accuracy looking out over 20 years, and an update of the market analysis may be warranted periodically.

Home Ownership Trend

The Long-Term Trend

The portion of households owning their homes in the United States increased from the 1940 Census through the 2010 Census (see figure 1). In contrast, the home ownership rate in California peaked in 1960, declined from there, and only started increasing again after the 1990 Census.

Numerous public policies and social trends fueled the increase in home ownership. Most notable among these, however, were federal intervention in the mortgage market and rising incomes. Beginning in 1938, federally created agencies, such as the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) created a secondary market for mortgages. These agencies bought mortgages from banks, thus allowing these banks to go out and issue new mortgages. This secondary market for mortgages transformed how housing was built and bought and sold in the United States. These agencies funneled vast new sums of money into the housing market, allowing the nation to go from primarily renter households to primarily owner households.

At the same time, economic expansion beginning in the post–World War II era resulted in decades of rising real wages for American workers. In the 1950s, household investment in housing accounted for 5.03 percent of national gross domestic product, the highest of any ten-year period in the post-war period.

The More Recent Trend

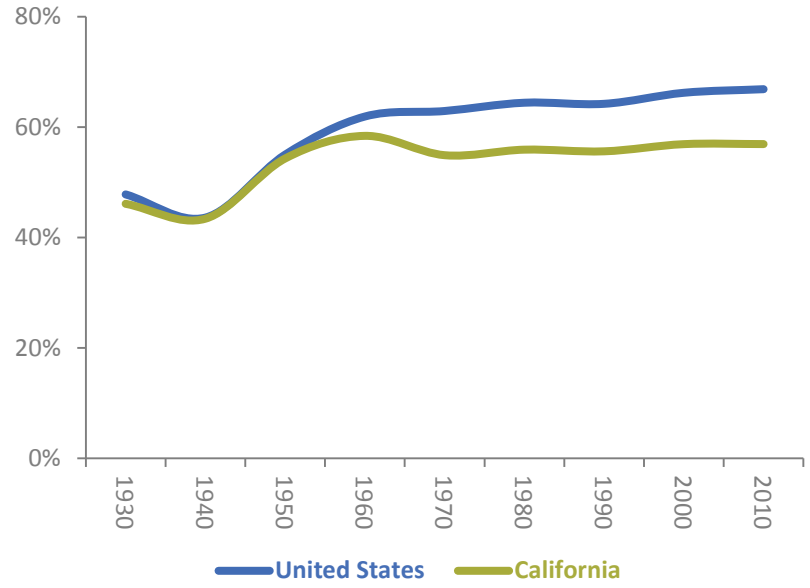
Figure 2 shows the rate of home ownership on an annual basis. Nationally, the generally increasing rate of ownership stagnated in the 1980s, then picked back up again in the 1990s, reaching a peak of 69.0 percent in 2004, and has since declined. As will be discussed in following sections, there are strong reasons to expect the national rate of home ownership to continue declining.

California's rate of ownership peaked slightly later, at 60.2 percent in 2006, but it has also since declined. Over the 28-year period from 1984 to 2011, California's home ownership rate averaged 9.8 percentage points lower than the rate for the nation, 56 and 66 percent. In both 2000 and 2010, Fresno County home ownership rate was lower than California's.

The Trend Going Forward

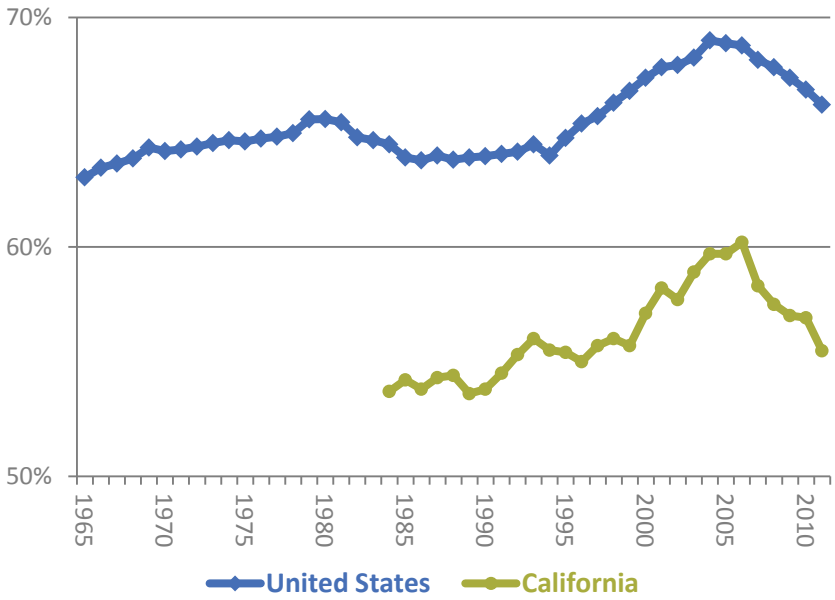
As discussed in following sections, significant factors will likely continue to push the rate of home ownership downwards, and hence, increase the rentership rate. The factors include wages and incomes, housing finance, and demographics.

Figure 1: Home Ownership Rate from the Decennial Censuses, United States and California, 1930 to 2010



Source: The Planning Center|DC&E, 2012, using data from the US Census Bureau.

Figure 2: Home Ownership Rate by Year, United States and California, 1965 to 2011

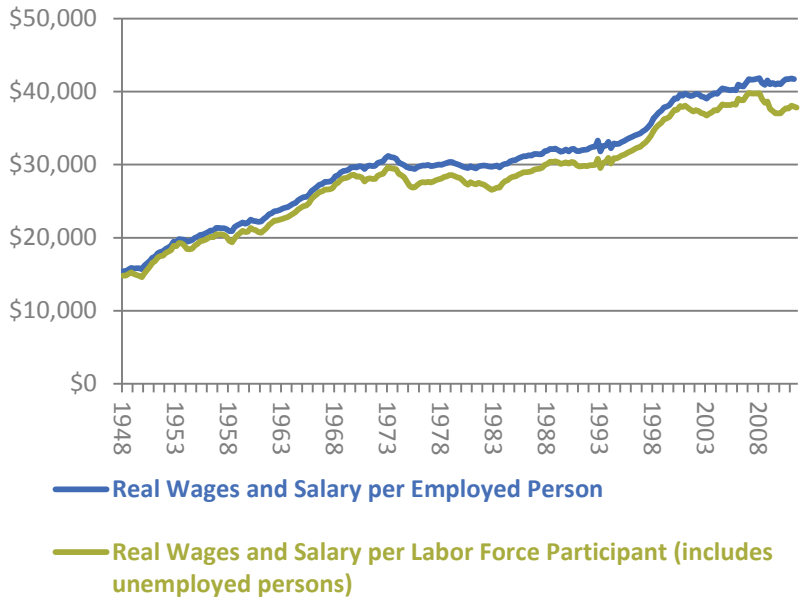


Source: The Planning Center|DC&E, 2012, using data from the US Census Bureau.

Wage and Income Trends

Real (inflation-adjusted) wages and salaries in the US steadily increased from the beginning of the post-war period through the early 1970s, stagnated through most of the 1970s and early 1980s, grew rapidly at the end of the 1990s, and have grown slowly since then. The total real wages and salaries per employed person in the third quarter of 2011, $41,600, was only 4.7 percent higher than that at end of the last major growth spurt, $39,739 in the first quarter of 2001. Considering the effects of high unemployment resulting from the last recession, the picture is even less rosy. Total real wages and salaries per labor force participant in the third quarter of 2011, $37,800, was 0.6 percent less than that in the first quarter of 2001, $38,100. Figure 3 shows the wage and salary data from the first quarter of 1948 through the third quarter of 2011.

Figure 3: Real Wages and Salaries, United States, 1948 to 2011



Source: The Planning Center|DC&E, 2012, using income data from the US Bureau of Economic Analysis and employment and labor force data from the US Bureau of Labor Force Statistics.
Note: Data are quarterly, seasonally adjusted annual rate.

The data suggest that the typical household, including employed and unemployed persons, has no more money for housing payments than they had in 2000. Until unemployment returns to a more normal level, perhaps around 7 percent, real wages and salaries are unlikely to experience any significant growth. The Federal Reserve currently forecasts the economy will not return to full employment until the end of 2014, at the earliest. Thus, wages and salary income offer no prospect for supporting expansion in housing purchases in the short term, and the question of future wage and salary growth suggests a continuing constraint on affording home ownership. Interest rates and down payments affect the monthly payment that household income has to be able to afford for ownership.

Housing Finance

In addition to income constraints, two factors of housing finance are likely to put downward pressure on the rate of home ownership, thus increasing the rentership rate.

Minimum Down Payment

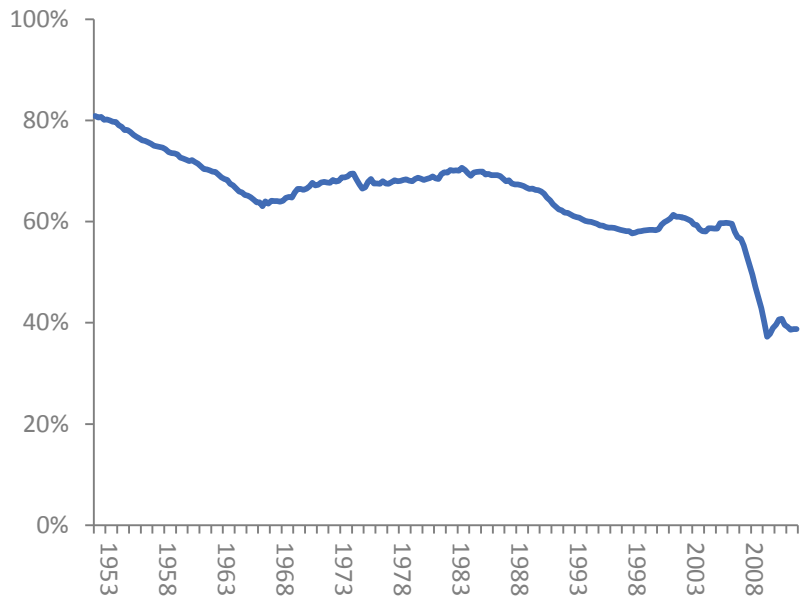
In response to the housing market crash and the near collapse of the financial markets, most lenders increased their lending standards, requiring higher credit scores, lower debt to income ratios, and higher down payments. Of those making a down payment when financing a home purchase in 2009, 26.3 percent provided less than 5 percent down, 47.4 percent provided less than 10 percent down, and only 26.6 percent provided more than 20 percent down.

As part of the overhaul of the housing finance regulatory structure, a group of federal agencies are considering proposed rules that would effectively raise the minimum down payment required to obtain a residential mortgage from five percent to 10 or 20 percent. These rules would institutionalize some of the tighter lending standards that would otherwise likely ease over time.

The National Institute of Home Builders estimates that an increase to 20 percent would disqualify five million potential home buyers, reducing national housing sales by 250,000 per year. The Coalition for Sensible Housing Policy (CSHP) estimates that the increase from 5 percent to 10 percent would exclude 4 to 7 percent of potential home buyers.

CSHP further estimates that a shift from 5 to 10 percent down payment would extend the time it takes the average family to save the down payment from 6 to 9 years; a 20 percent down payment would require 14 years. What is not known is the degree to which the required years of savings would discourage potential home buyers from ever entering the market, perhaps deciding to rent and devote the 14 years of savings to education for their children.

Figure 4: Homeowner Equity as a Portion of Housing Value, United States, 1952 through 2011



Source: The Planning Center|DC&E, 2012, using data from the Federal Reserve.

Decreasing Home Equity

Many of those purchasing housing, however, are not saving for a down payment for a first house; rather, they are using the equity in the current house as the down payment on their next house. The American Housing Survey reports that more than half the number of home buyers who were not buying

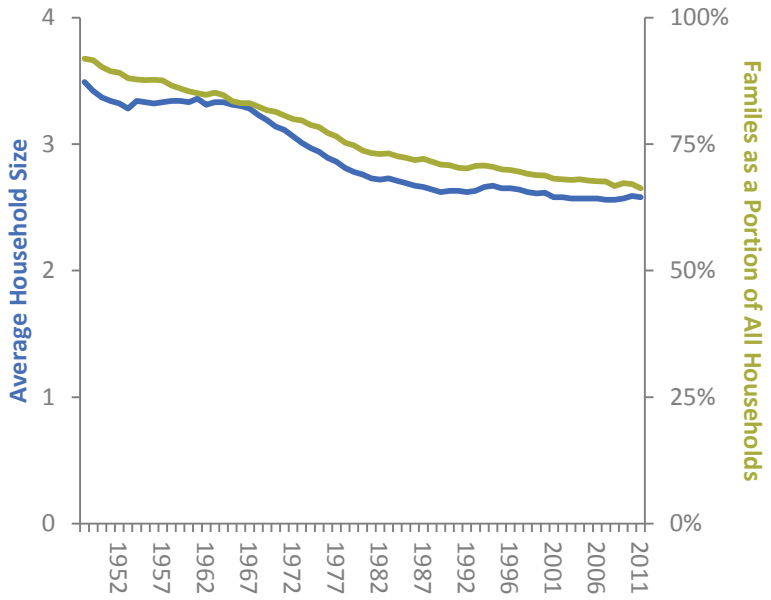
their first home used money from the sale of their previous house as the major source of their down payment in 2009. While the equity the average household has in its existing house has been declining across the postwar period, it declined dramatically with the fall in housing values following the housing market crash. The average equity dropped from 56.5 percent in 2005 to 39.2 percent in 2009. Figure 4 shows home owner equity from 1952 through 2011.

The decrease in home owner equity means that fewer households will be able to fund the down payment to purchase another house using their current equity. Over time, as households pay down their current mortgages and as housing values stabilize and begin to increase again, the steep drop in equity may reverse. Nevertheless, the long–term trend is that home owners have less and less equity, and at some point, the patterns of house purchasing and finance will have to adjust: less home equity financing or less frequent house purchasing.

Demographics

In the 20 years following World War II (1945 through 1964) the fertility rate increased substantially, creating the baby boom generation. Starting in 1965, a few years after the introduction of the birth control pill, the fertility rate declined dramatically, and has remained about the same level ever since. As the oldest of the baby boom generation began moving out of their parents' houses, the average household size began a long steady decline, from 3.36 persons per household in 1961 to 2.62 in 1989. Since 1989, the number of persons per household has averaged 2.61. During this same time frame, families as a portion of total households has steadily declined, from 91.9 percent in 1948 to 66.2 percent in 2011. Figure 5 shows these national household characteristics.

Figure 5: Household Characteristics, United States, 1949 to 2011



Source: The Planning Center|DC&E, 2012, using data from the US Census Bureau.

As the baby boom generation continues to transition from families with children to empty nesters and to move from employment to retirement, some portion will desire to sell their current family-sized houses and relocate to smaller housing units. There are substantially fewer households in the baby bust generation (those born from 1965 through 1973). As previous generations retired and relocated, there were larger generations following them, ready to move into family-sized housing. With the coming generation change, however, there are fewer households that will be looking to buy housing from the baby boomers wanting to move.

The key to the housing market then becomes the echo boom generation, the children primarily of the baby boomers, born after 1973. Current survey research suggests that this generation, however, will have a higher preference for more urban housing and less of a preference for the traditional large-lot single-family detached houses. More importantly, though, lingering unemployment and lack of job growth coupled with changes in housing finance may force the echo boom generation to put off purchasing their first houses.

If there is insufficient demand to purchase housing that baby boomers desire to sell, the market result would be some combination of downward pressure on housing values, reduced selling, renting out existing housing that cannot be sold, and decreased housing production.

The long-term impact is uncertain. The survey research suggests that the housing preferences of the echo boom generation will drive changes to housing and development patterns. However, a precept of economics is to look at what people do, not what they say. No one can say with certainty that the echo boom generation, once they form families and have children of their own, will not emulate their parents and adopt a preference for traditional large-lot single-family detached houses.

Multigenerational Family Housing

Multigenerational family housing is a demographic and housing trend that will influence future housing demand. Multigenerational family housing is defined as a family household that contained at least two adult generations or a grandparent and at least one other generation.

Research by the Pew Research Center[1] found that this extended family living arrangement, which was common throughout our nation's history, began to fall out of favor after World War II. In 1940, about a quarter of the population, 39 million Americans, lived in an extended family household. By 1980, only 12 percent lived in such households. Since 1980, the portion of the population living in multigenerational family households has steadily increased, reaching 49 million people, or 16.1 percent of the population in 2008.

This increase includes all major demographic groups; however immigration from Latin American and Asia has driven a large portion of the increase. These immigrants, like those in earlier immigration waves, are more likely to live in extended family households than are native-born Americans.

While all age groups are more likely now than they were in 1980 to live in multigenerational family housing, it is young adults among whom the percentage increase has been the greatest. In 1980, 11 percent of those aged 25 to 34 lived in extended families; by 2008 the number had risen to 20 percent. The increase in median age at first marriage has been a primary driver of this long-term trend among young adults. However, in recent years the recession has added to the movement of young adults back home. In 2009 37 percent of 19- to 29-year olds were unemployed. A Pew survey that year found that one in eight of those aged 22 to 29 indicated that they had moved back in with their parents as a result of the recession.

[1] See Taylor, Paul, et. al., "The Return of the Multi-generational Family Household." Washington DC: Pew Research Center (March 2010).

Among those aged 65 and older, the portion living in extended family households increased from 17 percent in 1980 to 20 percent in 2008. Among this older generation, women are much more likely than men to live in an extended family, due in large part to women being more likely to outlive their spouse than men are. Among the 25 to 35 year olds, though, men are much more likely to be the ones living in multigenerational family households.

Because younger adults are more likely to rent than to own their residence, the trend of an increasing portion of young adults living in multigenerational family housing should lessen, although not reverse, the trend of increasing rentership and decreasing ownership. At the same time, the increasing movement of older Americans into extended family housing should decrease the total number of homeowners and put more housing on the market. Whether there are sufficient numbers of households in the baby bust and echo boom generations to absorb that housing will determine the degree to which it increases or decreases the ownership rate.

Future Ownership and Rentership

A variety of research considering the factors discussed above and others suggest that the national home ownership rate will continue to decline over the next ten years to somewhere in the low- to mid-sixty percent range[2]. The result is about a four to five percentage point drop.

The data presented in Figure 2 indicate that, on average, California's home ownership rate is 9.8 percentage points below the national rate. Thus a decline in the national ownership rate from 66.8 to 62.8 percent could be expected to result in a California home ownership rate decline to 53.0 percent if the long-term relation between the two rates continues.

For the Shaw Avenue Corridor project area, the change in ownership rates means that much of the demand for new housing will likely be as rentals. It also means that one could expect some of the existing housing in the project area to convert from owner-occupied to renter-occupied.

[2] See for example: McIlwain, J. 2009. *Housing in America: The Next Decade*. Washington D.C.: The Urban Land Institute, and Nelson, A. 2011. *The New California Dream: How Demographic and Economic Trends May Shape the Housing Market*. Washington D.C.: The Urban Land Institute.