



## **Build-Out Analysis**

### **I. Background and Data Sources**

The City faces many policy questions relating to future development and its location and type within the Downtown. To inform this discussion, the Planning Department relies on a number of data sources to analyze existing and future land use trends and possibilities. This “build-out” analysis is an important tool to estimate and describe the amount and the location of future development that may be allowed to occur within Downtown Santa Monica in accordance with the proposed Downtown Community Plan regulations. It is important to note that this build-out analysis is not a prediction of the future, but a reasonable forecast of the growth that is expected to occur. For the purpose of evaluating the environmental impacts of the Downtown Community Plan, a net new of 3.2M square feet was forecasted. This is the amount of potential development that could reasonably occur within the next 15-20 years while still achieving the City’s goal of No Net New P.M. Peak Hour Trips (see section III for more information on the development cap).

The results of the analysis were used as a geospatial tool for understanding possible future development patterns in the Downtown. Further, a real estate market outlook was developed to understand the potential future demand for office, residential and retail/hospitality uses in Santa Monica’s Downtown. Below are data sets and reports utilized to conduct the build-out analysis.

<b>Data</b>	<b>Source(s)</b>
Building Square Footage	Assessor’s Office
Parcel Square Footage	Assessor’s Office
Year Built	Assessor’s Office
Public Facilities and Utilities	City of Santa Monica GIS
Landmarks and Historic Resource Inventory	Planning Department
Places of Worship, Institutional	Assessor’s Office, Google Street View
Market Demand	RCLCo 2012 Market Demand Study, 2015 AECOM Economic Peer Review
Long-Term Leases	CoStar, Housing and Economic Development Department, Interviews

## II. Market Demand for Net New Land Uses

To verify that the potential build-out is aligned with reasonable market absorption and economic activity, the analysis was compared to a real estate market outlook study, which was conducted by RCLCo. This study utilized a wide range of information sources, including demographic, economic and market data real estate industry publications, as well as interviews with real estate industry experts to forecast the square footage amount of typical Downtown uses (hotel, office, housing and retail) that could be reasonably expected to be absorbed in the Downtown over the life of the Plan. The market outlook findings were peer reviewed by AECOM as part of the 2015 4CO (City-owned TOD site) planning efforts. The AECOM analysis confirmed the market outlook findings.

- The real estate market outlook forecasts the development potential available for capture/location in Downtown Santa Monica as a whole over the next 15 years, assuming an unconstrained development environment.
- The analysis considers all of the major private sector land uses that comprise the existing built environment within Downtown: retail (local- and regional-serving), commercial office, residential (rental apartments and condominiums), and hotel.
- The analysis builds on current and forecasted demographic data and other key regional demand drivers and considers the Downtown’s competitiveness vis-à-vis existing and potential locations in the West Los Angeles area.

The following table summarizes the findings of the 2012 market outlook report.

LAND USE CATEGORY	ABSORPTION POTENTIAL (KSF)
Regional Retail	100-200
Local Retail	43-58
Office	400-500
Residential (units)	1,750 – 2,500 Units
Hotel	1,500 Rooms

### III. Cap on Future Development

Based on the results of scenario testing using the City’s Travel Demand Forecast Model, 3.22 million square feet of net new floor area represents the maximum development that could occur in the Downtown while achieving its LUCE citywide goal of No Net New P.M. Peak Hour Trips by 2030. This 3.22 million square foot “cap” on development Downtown reflects the City’s commitment to managing and monitoring change by ensuring that new projects are balanced with circulation investments, Transportation Demand Management (TDM) mechanisms, programs, and congestion relief measures that will enable the City to achieve the citywide goals of No Net New P.M. Peak Hour Trips. Any project proposal that would result in exceeding the maximum cap of 3.22 million square feet would not be able to be approved consistent with the Downtown Community Plan until it is determined that the project would be consistent with the No Net New P.M. Peak Hour Trips goal of the LUCE.

The following land use totals were studied in the DCP Environmental Impact Report (EIR).

LAND USE CATEGORY	NET NEW SQUARE FOOT (KSF)
Residential	2,326 (2500 units)
Retail/Restaurant/Entertainment	199
Creative Office	209
Office	204
Hotel	283 (974 rooms)
<b>Totals</b>	<b>3,221</b>

#### IV. Assumptions – Evaluating Potential for Change

Assumptions were developed about the likelihood of change on each Downtown parcel within the 15-20-year time horizon of the Downtown Community Plan. These assumptions, or “filters,” are described below:

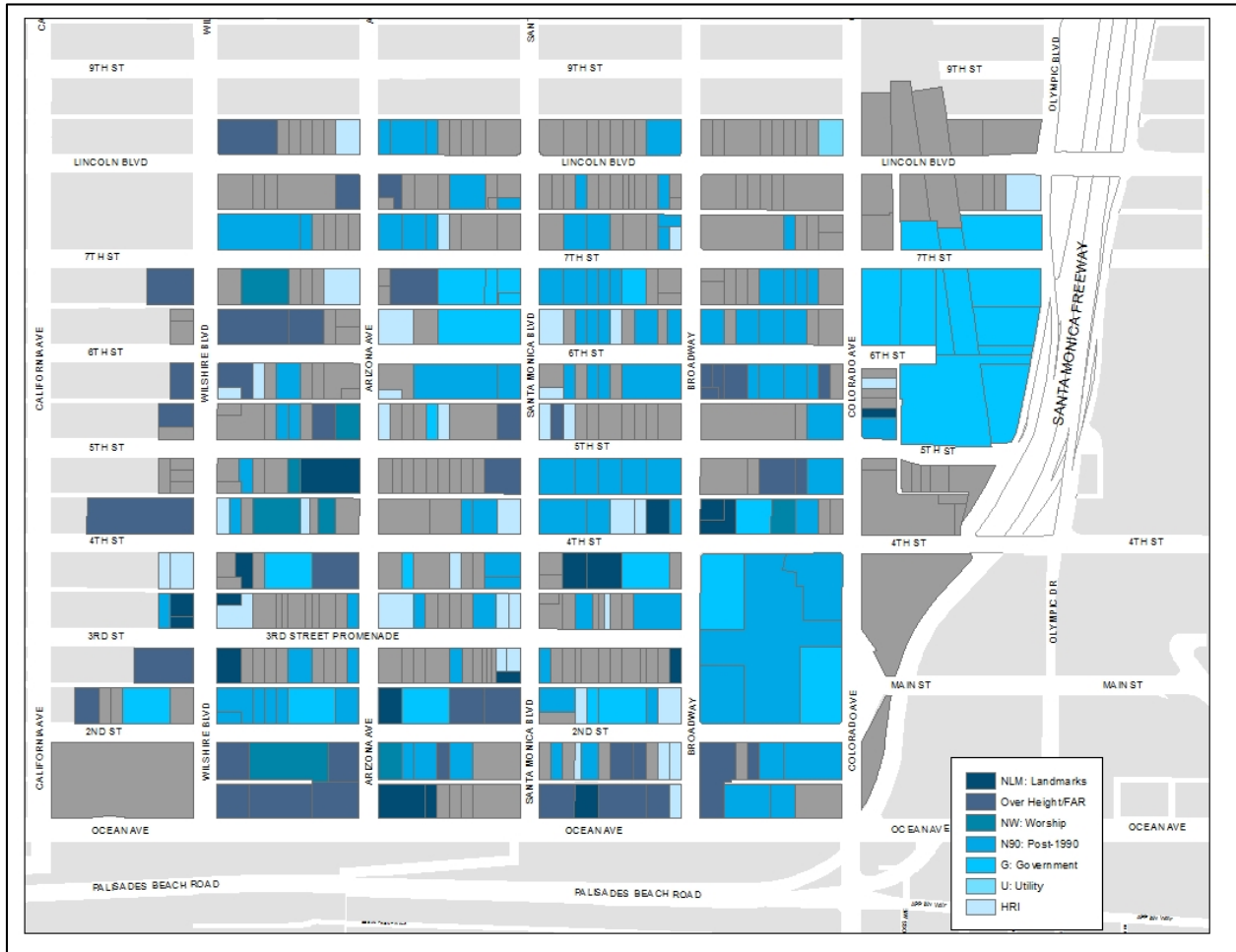
SITES NOT CONSIDERED TO HAVE BUILDOUT POTENTIAL (60% of total Downtown Land Area)			DATA SOURCE
Properties Containing Landmark Structures	Sites containing designated City Landmarks are unlikely to change due to protections provided by Landmark designation.	Planning Department	
Properties with Buildings that Exceed Current or Proposed Height and Floor Area Ratio Limits	Parcels containing existing buildings that exceed current or proposed zoning standards for height and floor area ratio are not anticipated to change.	Assessor’s Office, Field Study	
Places of Worship and Institutional Properties	Existing religious institution-owned properties are unlikely to change. Similarly, some institutional entities, such as the Salvation Army, are unlikely to change.	Assessor’s Office, Field Study	
Properties Developed or Significantly Redeveloped Since 1990	Parcels that have experienced new development or significant investment in improvements within the past 25 years are not likely to experience substantial additive change.	Assessor’s Office, City GIS, Field Study	
Government-Owned Properties	City- and State-owned properties, such as most Downtown parking garages and the Big Blue Bus site, are not likely to experience development as they provide valuable services to the community.	Assessor’s Office, City GIS	
Utility-Owned Properties	Utility owned parcels, such as the Edison sub-station at Lincoln and Colorado are unlikely to change.	Assessor’s Office, City GIS	
Properties Containing Structures Identified on the Historic Resources Inventory	Many sites containing buildings on the HRI are unlikely to change due to protections included in the DCP and/or their value as unique commercial properties.	Planning Department	

SITES CONSIDERED TO HAVE UNLIKELY POTENTIAL FOR CHANGE (20% of Total Downtown Land Area)			DATA SOURCE
Properties with Limited Future Development Potential	Sites that contain existing buildings with a FAR that is equal to 75% of the DCP's proposed FARs are considered to have limited development potential.	Assessor's Office	
Single Lot Properties under Sole Ownership	The development of single 7500 SF parcels is challenging in the Downtown due to parking and other on-site requirements. While some exceptions are likely to exist, by and large it is not anticipated that the majority of single lot parcels under single ownership will significantly change.	Assessor's Office	
Commercial Properties	Commercial office is increasingly scarce in Santa Monica. The assumption is that most existing commercial office and long-standing retail spaces are not likely to change.	Field Study, Assessor's Office	

SITES CONSIDERED TO HAVE POTENTIAL FOR CHANGE (20% of Total Downtown Land Area)			DATA SOURCE
Pipeline Projects (Entitled)	Projects that have received entitlements since 2013.	Planning Department	
Pipeline Projects (Proposed)	Projects that are currently proposed but have yet to receive entitlements.	Planning Department	
Properties with at least 2.0 FAR remaining within proposed building envelope	Sites that could achieve an increase in FAR of 2.0 or more over existing conditions through redevelopment or the addition of new square feet.	Assessor's Office, Proposed Zoning Regulations	
Properties that have low improvement/land value ratio	Sites that have an existing improved value that is 50% or less than the overall assessed value of the site.	Assessor's office	

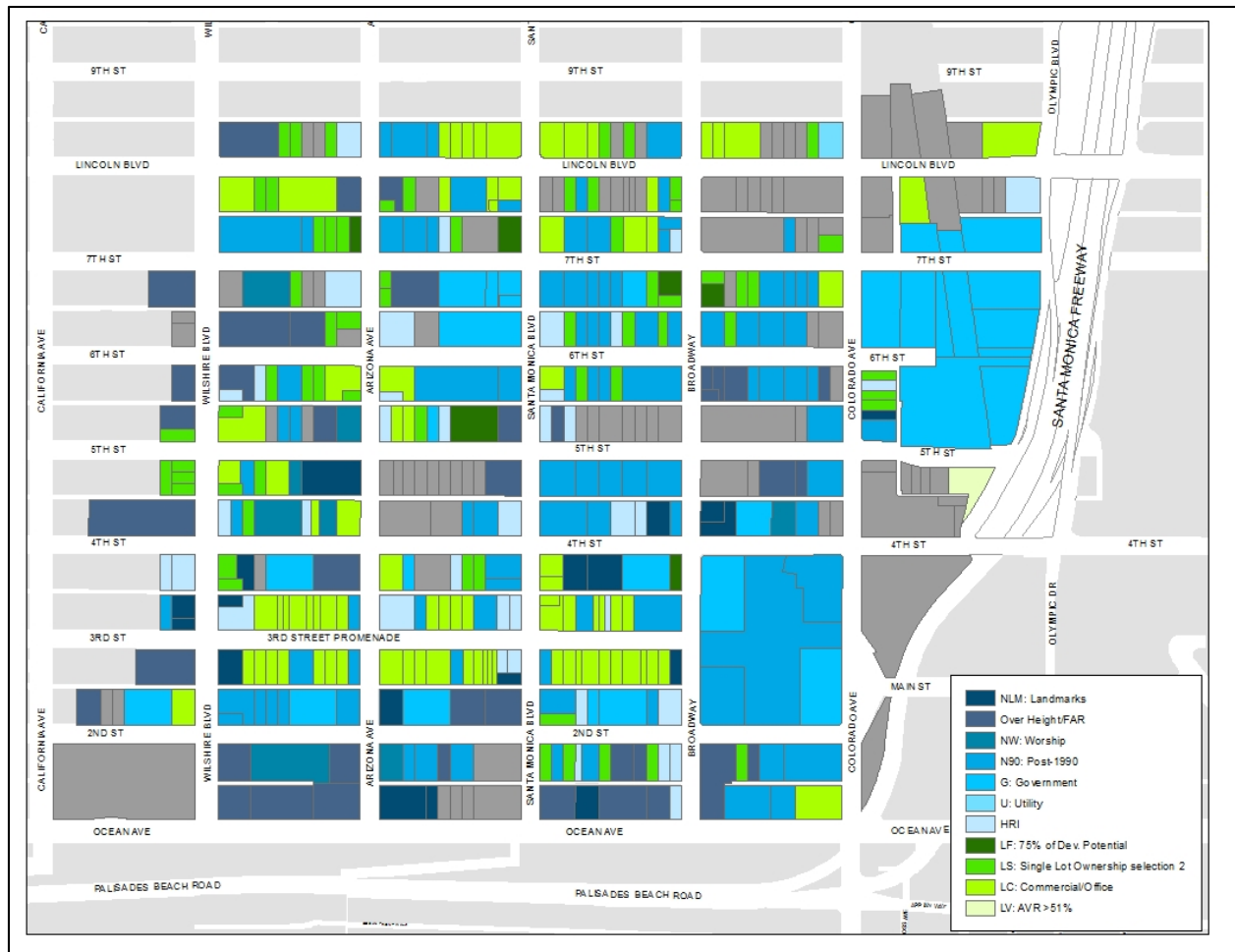
## V. Build-Out Analysis

### A. Sites Not Considered to Have Build-Out Potential



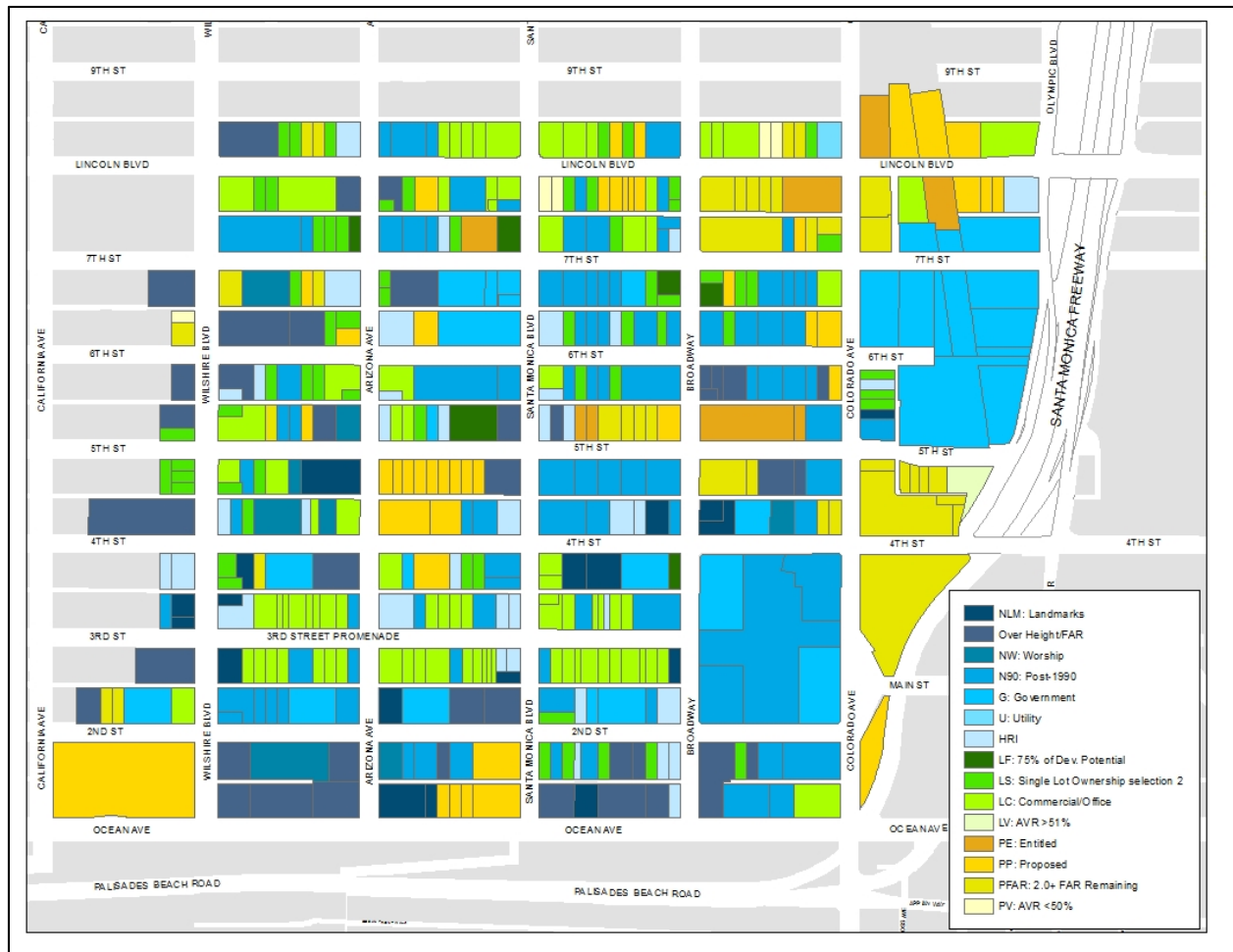
Code	Assumption	Land Area	% of Downtown
NLM	Properties Containing Landmark Structures	241,968	3.13%
OHFAR	Properties with Buildings that Exceed Current or Proposed Height and Floor Area Ratio Limits	1,257,551	16.29%
NW	Places of Worship and Institutional Properties	176,414	2.28%
N90	Properties Developed or Significantly Redeveloped Since 1990	1,711,991	22.17%
G	Government-Owned Properties	988,469	12.80%
U	Utility-Owned Properties	15,006	0.19%
HRI	Properties Containing Structures Identified on the Historic Resources Inventory	374,049	4.84%
<b>Total</b>		<b>4,765,448</b>	<b>61.70%</b>

## B. Sites Considered to Have Unlikely Potential to Change



Code	Assumption	Land Area	% of Downtown
LF	Properties with Limited Future Development Potential	101,926	1.32%
LS	Single Lot Properties under Sole Ownership	425,240	5.51%
LC	Commercial Office Properties	864,525	11.20%
		<b>Total 1,391,691</b>	<b>18.03%</b>

### C. Sites Considered to Have Potential to Change



Code	Assumption	Land Area	% of Downtown	Development Potential (Net New)
PE	Pipeline Projects (Entitled)	203,643	2.64%	535,510
PP	Pipeline Projects (Proposed)	723,707	9.37%	1,591,393
PFAR	Properties with at least 2.0 FAR remaining within proposed building envelope	601,756	7.79%	1,834,694
PV	Properties that have low improvement/land value ratio	35,006	0.45%	57,646
		<b>Total 1,564,112</b>	<b>20.25%</b>	<b>4,019,243</b>

\*The 3.22M Square Foot development cap would limit potential change (see Section III for more information).