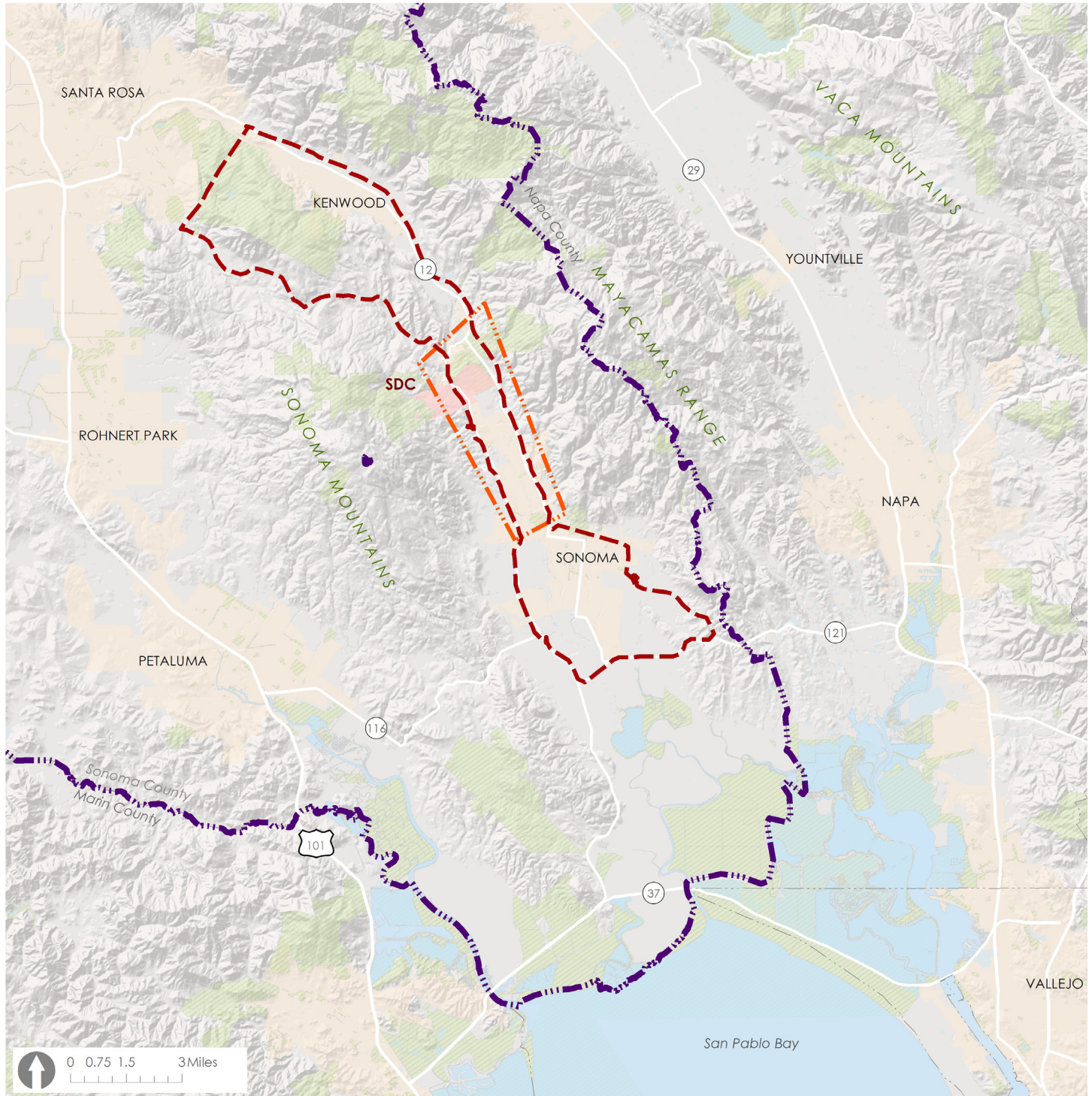


8. ECONOMY + LAND USE



Figure 8-1
REGIONAL ECONOMIC CONTEXT



8.1 Regional Economic Context and Trends

This section considers the socioeconomic factors that influence redevelopment potential at the SDC Site, including population demographics, industries and employment, real estate market conditions, and forecasts for growth. Sonoma County, the northernmost county in the San Francisco Bay Area, has a diverse economy well known for its agriculture-based industries (wine making, dairy, specialty crops), tourism, and hospitality industries. Healthcare, light manufacturing, and government sectors also are major employers. In recent years, the county has seen notable growth in craft beverages and specialty foods, sectors which exhibit promise for continued growth in the future.

SDC, SONOMA VALLEY AND THE REGION

The socioeconomic perspective of this study focuses on three geographic levels:

- The County of Sonoma taken as a whole;
- The Lower Sonoma Valley (Highway 12 corridor from Santa Rosa to the southern end of the Sonoma Valley beyond the City of Sonoma); and
- The immediate environs of the SDC site (Glen Ellen and the Highway 12 corridor proximate to SDC).

Figure 8-1 presents a map of these study areas. Compared to the county as a whole, the Lower Sonoma Valley and SDC Subarea are distinctly lower density, relatively remote from the County's major population and employment centers, and rural, with population and economic trends that are lower than the County's more urbanized locations.

DEMOGRAPHICS

POPULATION AND HOUSEHOLD CHARACTERISTICS

Sonoma County is a relatively slow growth region. Between 2000 and 2017, the County's annualized population growth rate was 0.62 percent, compared to 0.75 percent overall in the nine-county Bay Area, and about 0.94 percent statewide. The Lower Sonoma Valley and SDC Subarea have grown at notably slower rates, indicating that the area around SDC has not been a target location for real estate development in recent history.

The County's population growth has been concentrated in the cities along the Route 101 corridor, where roughly 75 percent of the County population now resides. Growth in the 101 corridor is largely due to the transportation network and services present there. Figure 8-2 compares recent annual population growth rates in the County, Lower Sonoma Valley, and SDC Subarea. Of note, the population growth rate in the SDC Subarea has only been 0.29 percent annually since 2000.

The Lower Sonoma Valley has historically been a more affordable and less affluent area within the County. The median household income in the Lower Sonoma Valley and Subarea is 2 to 5 percent lower than the county overall. This is partially attributable to an older population, with 50 percent of residents in the Lower Sonoma Valley age 50 or older, as compared with 39 percent countywide. The 55+ segment of the population has a lower median household income, \$60,142 compared to \$66,783 for all ages, countywide.

POPULATION AND EMPLOYMENT FORECASTS

Regional planning envisions meaningful growth in Sonoma County, though public data sources predict a slower population growth rate as compared with historical trends. Sonoma County's population is projected to grow to a total of between 560,000 and 660,000 residents by the year 2050, as shown in Figure 8-3. The projections suggest annualized population growth rates between 0.30 and 0.77

percent, compared to the historical annualized growth rate from 1987 to 2017 of 1.20 percent, or the more recent historical growth rate of 0.62 percent since 2000.

Compared to population, total employment in the County is forecast to grow at a higher annualized rate between 0.69 and 1.09 percent, with employment reaching upwards of 440,000 jobs by 2050 according to Woods & Poole¹. Figure 8-4 shows forecasted employment growth through 2050 according to both public and private data sources².

1 Woods & Poole Economics, Inc. is an experienced, small, independent firm that specializes in long-term county economic data and demographic data projections.

2 Note that Caltrans employment data are systematically lower than W&P, owing to reliance on base employment data that exclude many self-employed and agriculture sector workers. Nonetheless, the comparison of the two forecasts reveals variation in anticipated job growth rates in coming decades.

Figure 8-2
POPULATION GROWTH TRENDS 2000-2017

Source: ESRI Business Analyst
 Community Profile

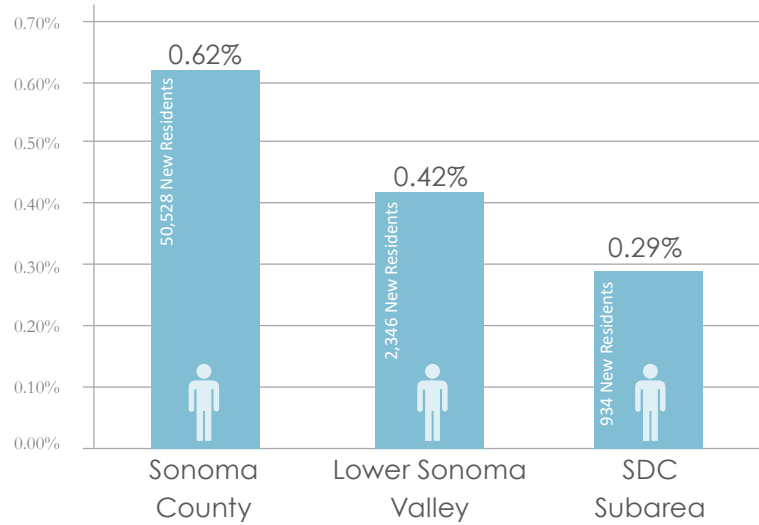


Figure 8-3
POPULATION FORECASTS

Sources: California Department of Finance, Woods & Poole, Caltrans

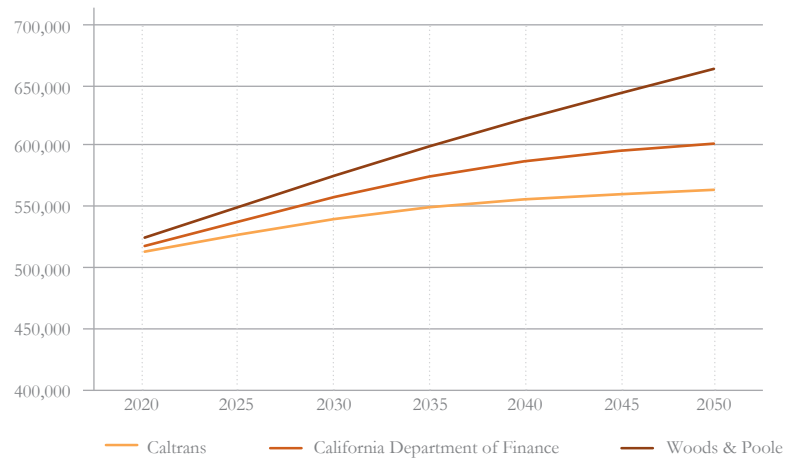
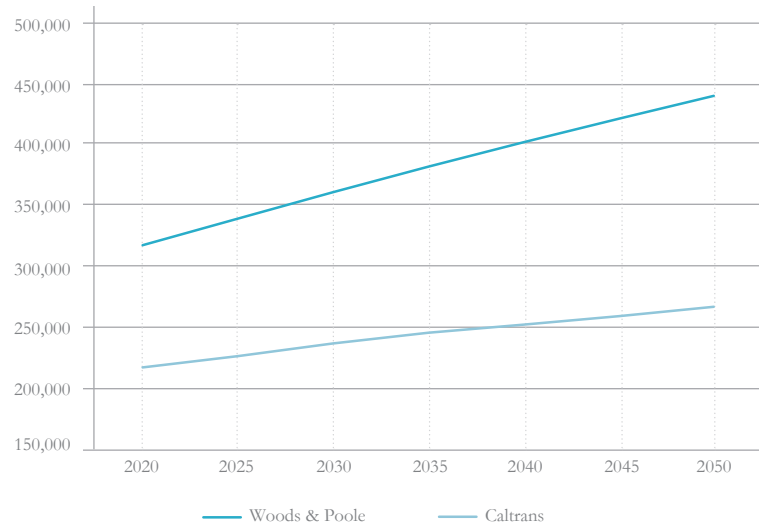


Figure 8-4
EMPLOYMENT FORECASTS

Sources: Woods & Poole, Caltrans



INDUSTRIES AND EMPLOYMENT

OVERVIEW

Sonoma County employment, reflecting the broader Bay Area's service based economy, is concentrated in education, health, trade, including retail and wholesale trade, and accommodation services. Government, real estate, and professional, scientific, and technical services are also significant employers in the county. Sonoma County also is known for its rich agricultural history and robust farm economy. Though the landscape of the County is dominated by agricultural uses, this industry employs only about two percent of workers directly. However, Sonoma County's agriculture has important ripple effects, supporting tourism and food/beverage manufacturing in particular, giving the sector greater economic significance than direct employment data would suggest. Figure 8-5 shows the breakdown of County employment by industry.

EMPLOYMENT TRENDS

Employment in the County comprised of over 300,000 jobs in 2016, concentrated in the education and healthcare, trade, and services sectors, as shown in Figure 8-6. Since 2001, most job growth has occurred in the health, leisure and hospitality, real estate, and professional services. Since the recession, the County has gained approximately 10,000 healthcare and social assistance jobs and nearly 5,000 accommodation and food service jobs. In percentage terms employment in health care and social assistance grew more than any other sector after the recession, with employment increasing 38 percent.

Overall, countywide job growth has lagged in comparison to job growth in the Bay Area as a whole, but there still has been a strong job recovery from the 2008-2009 recession, with about 44,000 jobs added since 2010. Since the pre-recession employment peak in 2007, the county has added roughly 24,000 jobs, as shown in Figure 8-6.

TOP EMPLOYERS - ECONOMIC SECTOR OVERVIEW

Accommodations and Other Services

The accommodations, food, and other services sector makes up 14 percent of total employment in Sonoma County, including jobs in hospitality establishments, restaurants, drinking places, and caterers, as well as a varied assortment of work types includes equipment repair, grant making, advocacy, religious activities, laundry services, personal care, among others.

Healthcare and Education

The healthcare and educational services sector makes up 14 percent of total employment in the County and has been one of the fastest growing sectors since 2000. This sector includes nursing care facilities, hospitals, medical laboratories, and outpatient offices of physicians; community food services, child and youth services, and child day care services; and schools, colleges, universities, and training centers.

Figure 8-5
**COUNTY
 EMPLOYMENT
 BY INDUSTRY**

Sources: Bureau of Economic Analysis

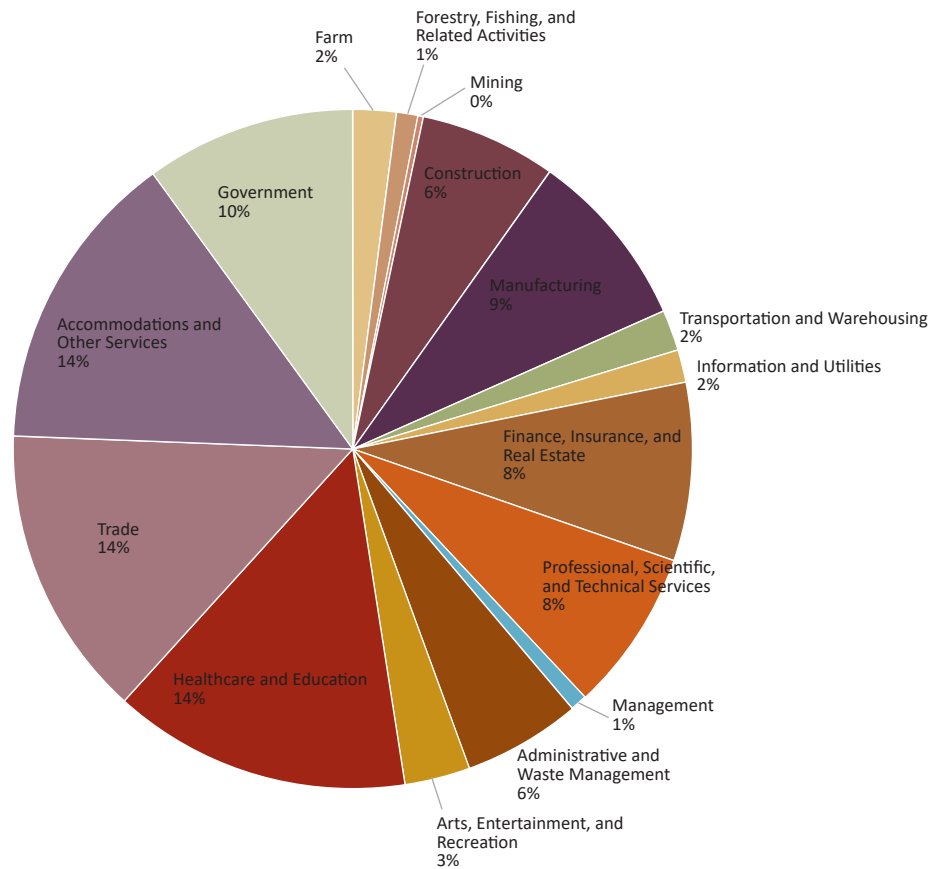
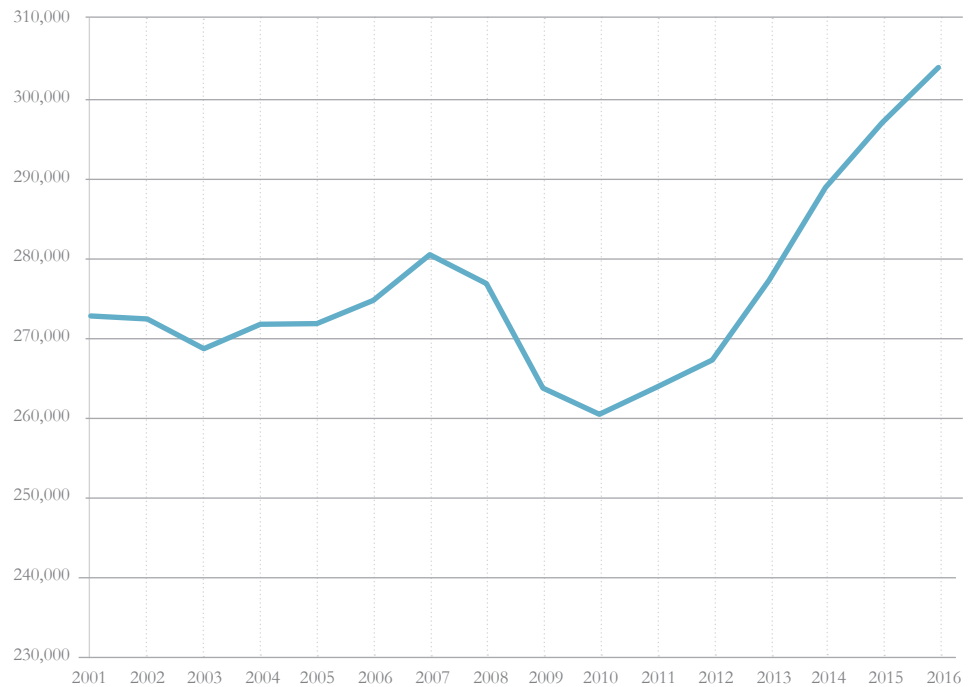


Figure 8-6
**COUNTY
 EMPLOYMENT
 TREND**

Sources: Bureau of Economic Analysis



Trade

The trade sector, including retail and wholesale trade, also makes up about 14 percent of total employment in the County. Wholesalers sell merchandise to other businesses and normally operate out of warehouses or offices. Retail trade stores sell goods ranging from groceries to clothing to automobiles.

Government

The fourth-largest sector, with 10 percent of total employment, is made up of public administration workers at the federal, state, and local level, and government enterprises.

Manufacturing

Approximately nine percent of County employment is made up of manufacturing jobs at establishments engaged in the mechanical, physical, or chemical transformation of materials into new products. The materials that are processed include products of agriculture, forestry, fishing, and mining.

Finance, Insurance, and Real Estate (FIRE)

Finance, insurance and real estate establishments make up eight percent of total County employment.

FOCUS ON AGRICULTURE AND FOOD PROCESSING

The economy of Sonoma County has long been rooted in its agricultural industries beginning in the 19th Century when it served as the “farm shed” for San Francisco and the other urbanizing portions of the Bay Area. During the post-World War 2 period the dominance of the County’s agricultural sector diminished in economic importance as suburban development ensued and industrial agriculture and improved transportation shifted the sources of the Bay Area’s food sources.

Beginning in the 1970s, efforts to preserve the County’s agricultural lands combined with the rapid growth of California’s premium wine industry led to a resurgence of agriculture in Sonoma County. More recently, consumer interest in locally-based “farm-to-table” food production has led to an expansion of specialty agriculture production in Sonoma and throughout the US. In addition to agricultural production and food processing being vital industries in their own right, these economic activities are an integral part of the County’s attractiveness to visitor and its tourism sector generally, but also as a long term lifestyle decision for mobile retirees and self employed. Sonoma County accounts for 20 percent of the agriculture and food sector revenues for the entire Bay Area, but only 10 percent of manufacturing and 5 percent of wholesale, suggesting that there might be some opportunities in these areas ³¹.

1 The Bay Area Food Economy: Existing Conditions and Strategies for Resilience, Produced by Sustainable Agriculture Education (SAGE) and American Farmland Trust (AFT) for the Association of Bay Area Governments Comprehensive Economic Development Strategy (October 2017).

REAL ESTATE MARKET TRENDS

RESIDENTIAL REAL ESTATE

Housing production in Sonoma County has been declining, with a notable dip after 2005. While specific housing permit data for the Lower Sonoma Valley and SDC Subarea are not readily available, population growth trends suggest that there has been little home building in the area. Modest housing production in Sonoma County is a reflection of several factors including modest job growth, limited land supply, growth management advocacy and growth control polices, and environmental regulations. This trend is in stark contrast to other sub-regions of the Bay Area, San Francisco and Alameda

counties for example, where housing permit trends have bounced back to pre-recession levels, supporting continued job growth, household income growth and local economic vitality (see Figure 8-7).

The County has seen some development of new for-sale and rental housing at both market and affordable rates. But while 24,000 jobs have been created since the pre-recession peak, only about 6,000 housing units were built in the same time frame. Assuming an average of 2.6 persons per household, those units accommodate approximately 15,500 people, indicating that housing has significantly lagged behind job creation.

Despite the modest quantity of new housing units, there is strong housing demand in the County as well as in the broader region. The destruction caused by fires in the County in October 2017 exacerbated the prior housing shortage. High demand for housing combined with modest housing production has put upward pressure on prices. Median single-family home values in Sonoma County are up about 90 percent since 2012, as shown in Figure 8-8. The rental market has felt the upward price pressure as well. Asking rents in Sonoma County are up 33 percent since 2012 (see Figure 8-9).

Figure 8-7

NEW HOME PERMITS

Sources: US Department of Housing and Urban Development (HUD)

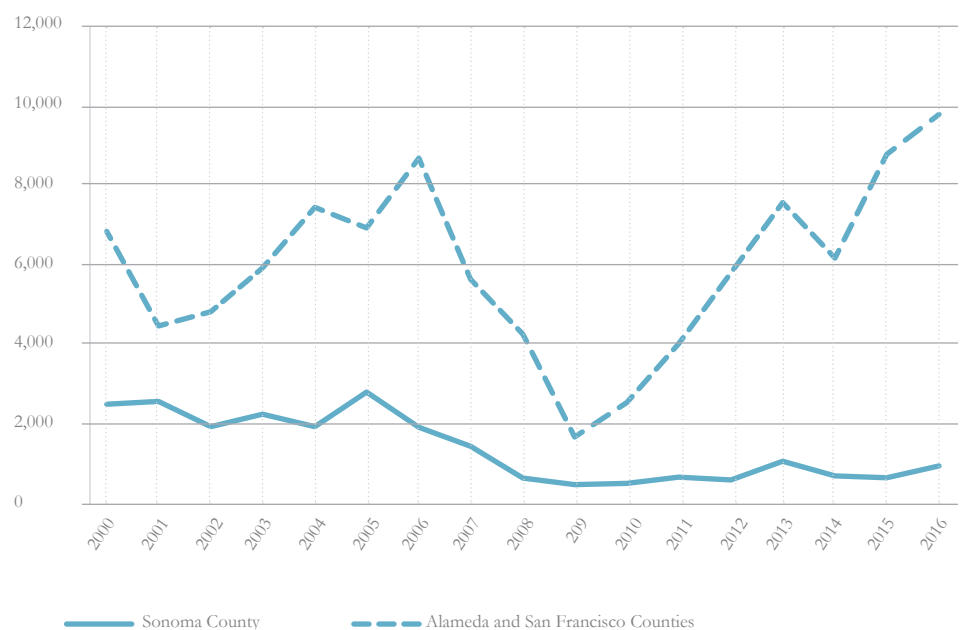


Figure 8-8

SINGLE-FAMILY MEDIAN HOME VALUE

Source: California Association of Realtors

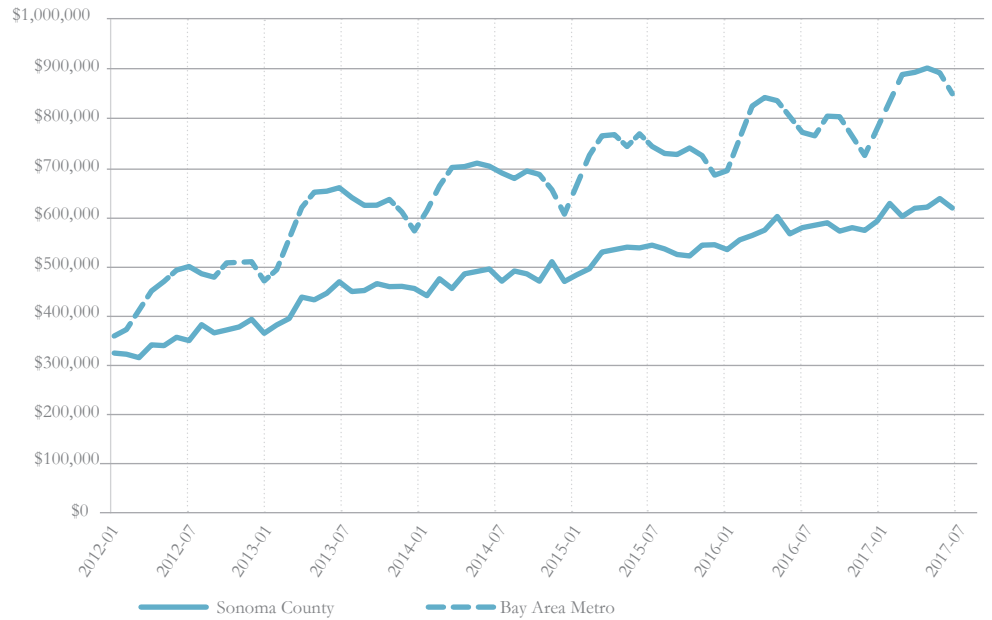
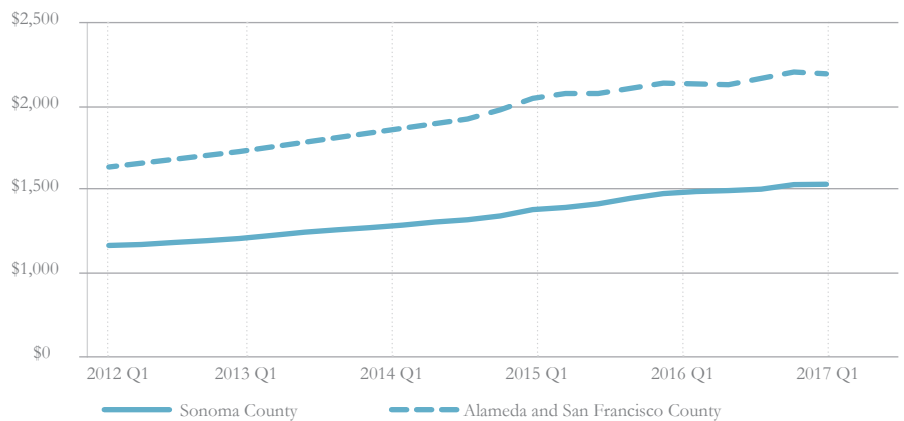


Figure 8-9

FOR-RENT ASKING PRICE

Sources: CoStar Group



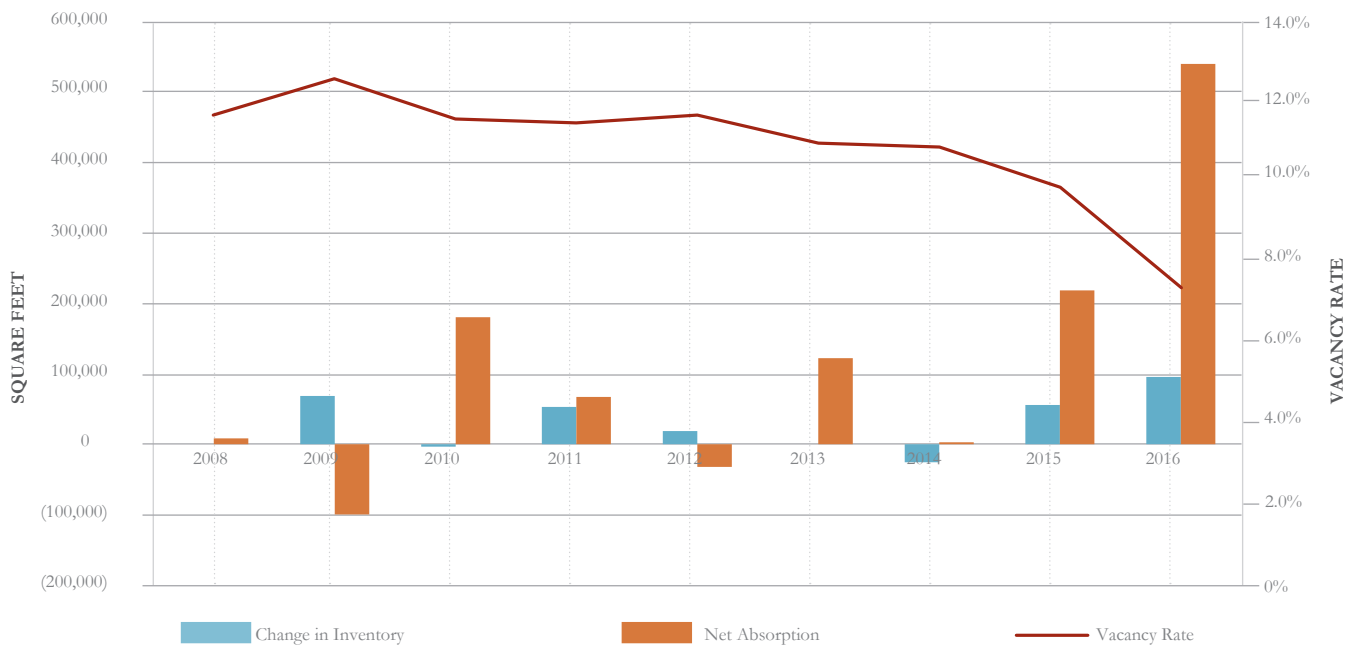
OFFICE REAL ESTATE MARKET

Just 260,000 square feet of net new office space has been added across Sonoma County since 2008, as shown in Figure 8-10. Though very little new space has been developed, the office vacancy rate in Sonoma County has decreased from 11.7 percent to 7.4 percent between 2008 and

2016. At the same time, office lease rates have increased since 2012, but have not yet reached pre-recession levels (see Figure 8-11). In 2016, the average office base rent was \$19.63 per square foot per year, compared to peak rates in 2008 of \$21.74 per square foot per year. Compared to the rest of the Bay Area, Sonoma County has not become a hub for office workers.

Approximately one percent of the existing stock is made up of Class A office space, while 42 percent is Class B office space. Over half of the office stock is less than Class B type space, reflecting the lack of demand for top of the market office space in the County.

Figure 8-10
COUNTY OFFICE MARKET TRENDS



Sources: CoStar Group

Figure 8-11
AVERAGE LEASE RATES

Sources: CoStar Group



Recent, notable development in the County includes (clockwise from top left): new affordable housing in Fetters Hot Springs, professional offices in Sonoma, non-traditional light industrial space in Windsor, and retail in Sebastopol.

INDUSTRIAL REAL ESTATE MARKET

Demand for industrial space (e.g., warehouses and manufacturing spaces) in Sonoma County has increased recently with a low vacancy rate of just under three percent in 2016 (see Figure 8-12). Lease rates surpassed pre-recession rates in 2015 and have continued to rise. Currently,

the average, triple net industrial lease rate is \$9.90 per square foot per year (Figure 8-13). Though lease rates are strong, almost no industrial space has been built in the County in recent years.

Warehouse space makes up 65 percent of all industrial space in the County. Historically warehousing has been a key storage use for agricultural and

manufacturing business, but it is also increasingly important for goods distribution owing to the rise of e-commerce and home delivery.

Figure 8-12
COUNTY INDUSTRIAL MARKET TRENDS

Sources: CoStar Group



Figure 8-13

INDUSTRIAL LEASE RATES

Sources: CoStar Group



FLEX SPACE REAL ESTATE MARKET

Flex space is commonly housed in one-story buildings with high ceilings and loading docks, typically offering a mix of office, light manufacturing, and/or warehouse space. Sonoma County has seen negative net absorption of such flex space since 2013, with a total loss of

approximately 22,000 square feet of tenant occupied space, as shown in Figure 8-14. The 2016 vacancy rate of 4.6 percent is higher than the last few years, but still a relatively low rate. Average flex lease rates have remained relatively steady since 2008, with an average annual (triple net) lease rate per square foot of \$12.55 in 2016 (see Figure 8-15).

Figure 8-14

COUNTY FLEX MARKET TRENDS

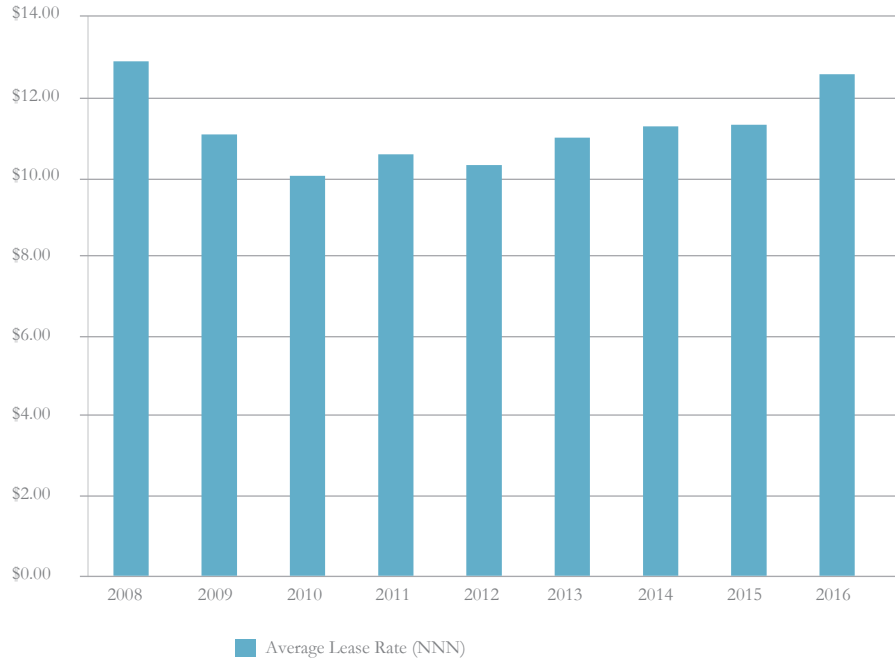
Sources: CoStar Group



Figure 8-15

FLEX LEASE RATES

Sources: CoStar Group



RETAIL REAL ESTATE MARKET

The County has seen a net increase in retail real estate since 2008 along with vacancy rates that declined from 6.4 percent to 3.1 percent from 2009 to 2016, shown in Figure 8-16. Average annual triple net lease rates have been on the rise since 2014, with a large jump from an average lease rate of \$17.93 in 2015 to an average of \$25.53 in 2016 (Figure 8-17). While the retail market has shown modest growth, the majority

of Sonoma County's retail is located in the county's more urban areas.

Eighty percent of the Sonoma County retail is located in the Route 101 corridor, in the county's six largest cities. This demonstrates that retailers have a strong preference for locations in population centers with good access. SDC's rural location would likely prove challenging for new retail development compared to locations in Santa Rosa, Petaluma, or even the City of Sonoma.

Figure 8-16
COUNTY RETAIL MARKET TRENDS

Sources: CoStar Group

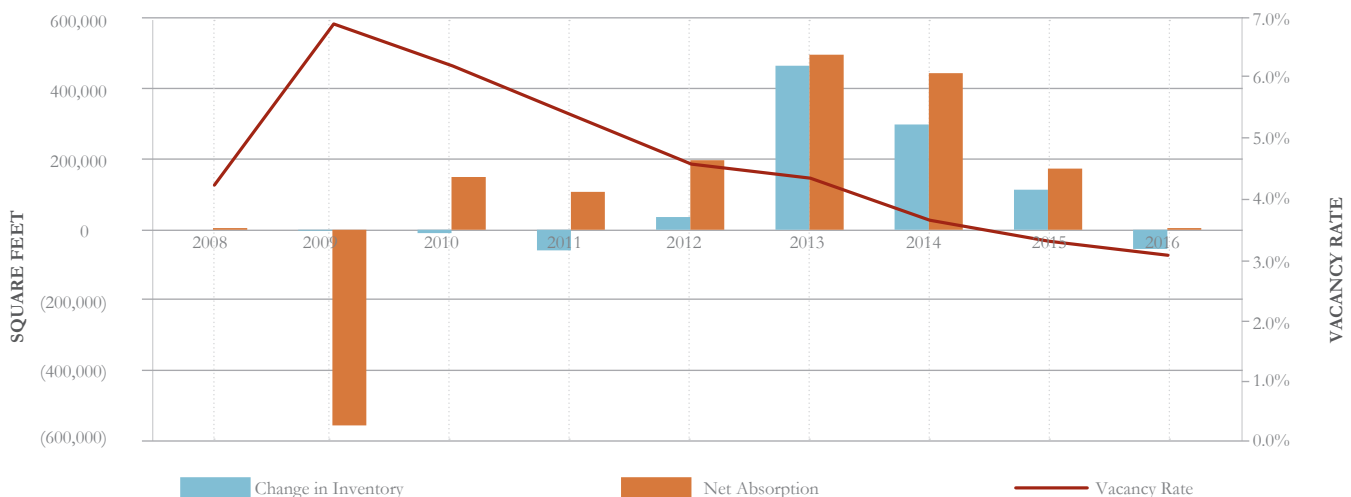
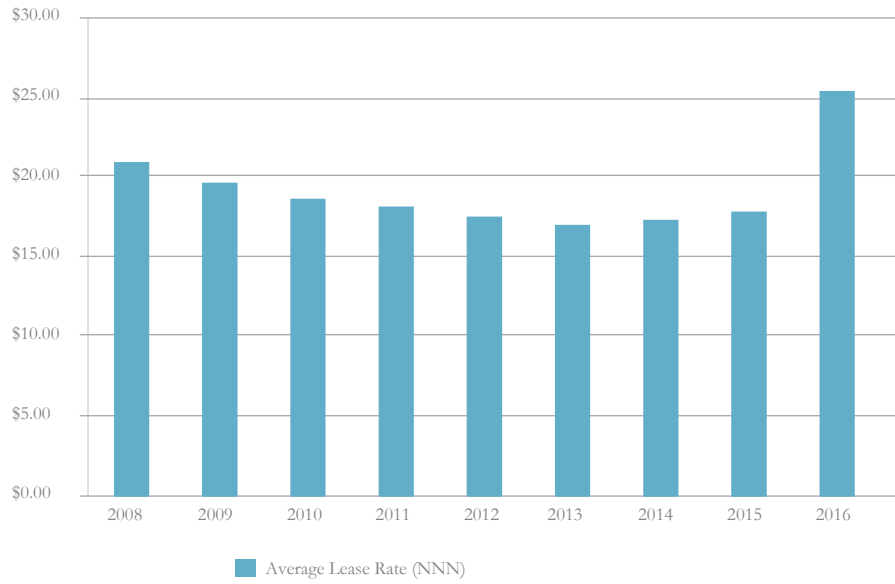


Figure 8-17

RETAIL LEASE RATES

Sources: CoStar Group



HOSPITALITY REAL ESTATE

According to the California Travel and Tourism Commission, Sonoma County's tourism industry has experienced robust expansion. Since 2000, visitor spending in Sonoma County has been on the rise (see Figure 8-18), driving demand for hospitality uses and economic ventures that cater to visitors. With the prominence of the Sonoma Valley as a key destination for visitors, market potential likely exists for hospitality. There appears to be strong demand for hospitality offerings at a range of price points. However, hotels and other hospitality real estate products are relatively risky, and successful projects require expert market positioning, branding, promotion, and operations to achieve financial

feasibility. Stakeholders interviewed as part of this study process have not strongly supported this use for SDC. However, hospitality uses likely could be appropriately scaled to co-exist with other uses on the property and the adjacent community.

According to CoStar hospitality data, there are currently over 180 hospitality properties in Sonoma County (Table 8-1), the majority of which are located along the Highway 101 corridor. Only seven percent of hospitality properties in Sonoma County were built after 2000.

The hotel market in Sonoma County offers lodging across a range of price points. According to Smith Travel Research (STR),

about 13 percent of hotel rooms are luxury, 31 percent are upscale, 31 percent are midscale, and 25 percent are economy scale. The County is well known for its boutique and luxury accommodations at high price points. In addition, private homes and vacation rentals are a growing segment of the hospitality market in Sonoma County.

At least 35 hotels, resorts, bed and breakfasts, inns, motels, and cottages are in the Lower Sonoma Valley, concentrated in the town of Sonoma. There are 11 hospitality properties within a five-mile radius of the SDC site, shown in Figure 8-19.

Figure 8-18

SONOMA COUNTY VISITOR SPENDING

Sources: California Travel & Tourism Commission

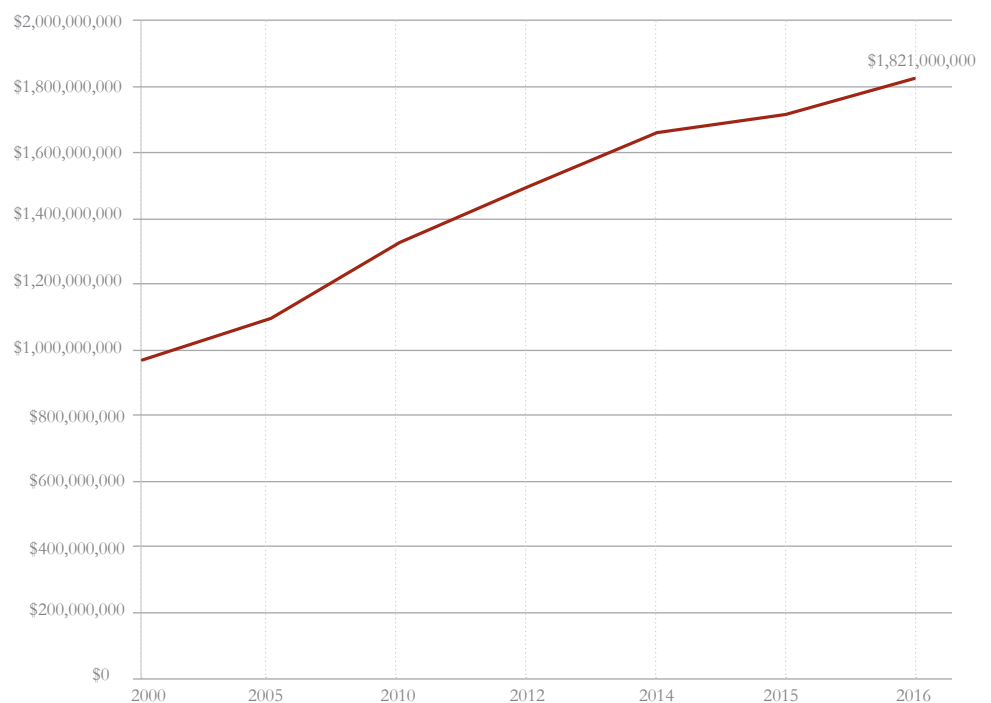


Figure 8-19

HOSPITALITY PROPERTIES WITHIN A FIVE-MILE RADIUS

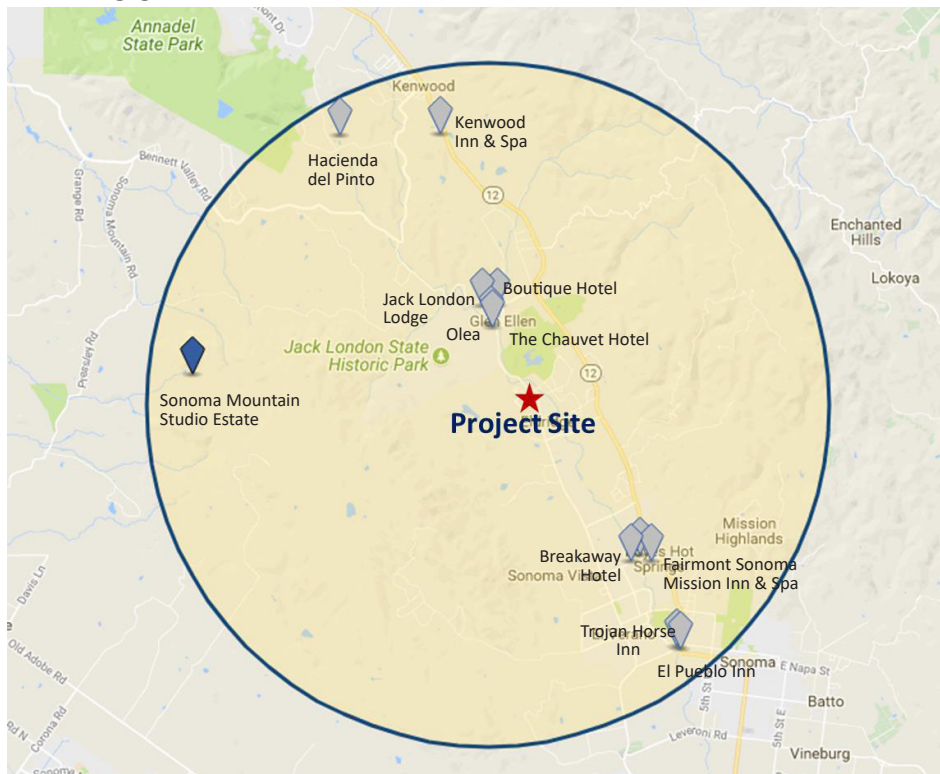


Table 8-1

SONOMA COUNTY HOSPITALITY PROPERTIES

ITEM		PROPERTY COUNT	PERCENT OF TOTAL HOTELS
EXISTING	New (since 2000)	14	7%
	1980 - 1999	22	12%
	1950 - 1979	40	21%
	Older (prior to 1950)	76	40%
	Year built unspecified	32	17%
	Existing Subtotal	184	98%
UNDER CONSTRUCTION	To be built in 2018	2	1%
PROPOSED	To be built in 2019	2	1%
TOTAL		188	100%

Sources: CoStar Group

8.2 Other Real Estate Trends Relevant to the SDC Context

Over the past decade, the real estate industry has undergone rapid changes driven by demographic shifts, the rise of the sharing economy, changing consumer preferences, political constraints to growth and global capital flows which are increasingly disconnected from local markets. In northern California, these trends are pronounced because of the migration of knowledge workers to urban centers which has left more rural and small town communities struggling to retain young professionals and high wage jobs; and the creation of significant new wealth and disposable income in one segment of the population.

As a result, some aspects of the form and financing of local real estate has changed often spawning creative new approaches that seek to create unique places, shared work environments and artisan experiences for wealthy millennials and boomers who are looking for new experiences. The wealth has also led, in some instances, to socially-responsible impact investment in everything from open space conservation to small scale manufacturing due to an alignment of values with some segment of this population. At the same time, these changes have left another segment of the population behind, as they find it harder to find housing they can afford, or work space they can rent.

SDC possesses extremely unique qualities, in a storied location. The site is not a traditional real estate asset, and given its Northern California location, potential exists to leverage these trends if

approached in an intentional manner. If planning resources and economic support was marshalled and directed to strategically build on the changes occurring in real estate and regional markets, a new future for SDC –beyond traditional real estate indicators - may be possible.

After review of current real estate market changes and shifts five overarching trends were deemed worthy of highlighting, for SDC’s ownership and stakeholders to consider as they evaluate potential uses and building adaptive reuse at SDC. The five include:

1. Agri-tourism and the incorporation of agriculture into residential living environments;
2. Low-Impact, Boutique Hospitality that provides a unique guest experience while taking on a larger resource stewardship and education role;
3. Landscape-Scale Open Space Conservation and Stewardship funded through philanthropy or aligned real estate development
4. Education Facilities as a catalyst to create local economic development
5. Small Scale Manufacturing and Artisan Food Processing to serve hyper local markets while incubating new businesses
6. The existing shortfall in housing and the increasing imbalance between job growth and housing production.

AGRITOURISM AND 'AGRICULTURALLY FOCUSED NEIGHBORHOODS'

Rural lifestyles and the idea of living on one’s own farm is not a new concept. The idea of “garden cities,” which dates to the late 19th Century, sought to combine the open space qualities and access to locally grown food as part of a larger framework for dealing with growth of population during the industrial period.

As the world has become more urbanized, re-connecting with the land and knowing where our food comes from is increasingly important for many people. Whether this connection is made through leisure—agritourism—or made through choice of where to live—agrihoods—there are examples over the past two decades where large and small scale agriculture is featured as either a working component of a new community’s broader landscape context, or as focal point and lifestyle amenity for residents or visitors.

Agritourism is the practice of touring agricultural areas to experience the rural landscape and enjoy the products of that landscape. Beyond the wine industry, Sonoma County has numerous agritourism offerings and resources. These include resources such as Sonoma County Farmtrails, Sonoma County Tourism, and California Agricultural Tourism Directory, and numerous wine and food tours like the Cheese Trail and Land Path’s Trek Sonoma, which takes visitors on multi-day

walks through open space and farmlands. Agritourism provides direct revenue to farmers, ranchers, wineries and agritourism providers. It also creates synergy and indirect value to the County's hospitality helping to fill beds and restaurants with aligned visitors who share an appreciation the region's leading techniques and thinking around sustainable agriculture.

Agrihoods, or agriculturally focused residential development, is the practice of incorporating agriculture – of many different scales - into new neighborhoods and residential development. The objective is to create synergy and lifestyle experience so that the residents not only benefit from a more direct connection to fresh produce and farm goods, but also become avid spokespersons for more sustainable land management practices. Those engaged in the food production aspect of these communities can be supported by the adjoining residents through community supported agricultural (CSA) techniques, which help create a ready market for produce and/or subscription based revenue stream to help reduce capital risk and funding challenges for small farmers.

Prairie Crossing, in Grayslake, Illinois, pioneered the contemporary “agricultural focused community” in the 1990s. The residential community created 350 clustered residential units amidst a 300-acre working farm. The residents supported the farm through the community based CSA, receiving a weekly box of mixed produce in return for an annual subscription fee. In addition to the food produced,

the farm has grown into a valuable source for summer employment by the community's youth, and an important part of the community ethos, creating a whole generation of individuals who have a much deeper understanding of food production and the unique landscape requirements of the prairie.

The Cannery, in Davis California, is a recently opened residential village of 100 acres with 550 units, set amidst an urban farm environment has combined the benefits of both residential living and a ‘farm-to-fork’ lifestyle. The project has targeted buyers on the tail end of the baby boomer cohort.

LOW-IMPACT BOUTIQUE HOSPITALITY

Hospitality products and types of facilities have expanded greatly over the past decade, due to a combination of more discerning travelers, the rise of Airbnb, and the need for differentiated products to attract limited capital for new construction.

Conventional hotel/conference models have become less prevalent due to the high capital cost associated with their development, low operating margins, and challenging approvals. As a result, changing consumer attitudes and industry creativity have led to new hospitality formats that are less formulaic and more tailored to the unique qualities of their location – both the site and surrounding community. These solutions include micro-hotels, adaptive reuse of non-traditional building

types, “glamping” (luxury camping), and the use of unconventional accommodation unit types such as mobile homes and trailers.

Northern California has been a pioneer of many new concepts. These include the high-end, small room count Auberge family of resorts in Napa County; the smaller-footprint, dispersed hospitality units epitomized by Carneros Inn in Napa or Duchamp in Healdsburg; the successful redevelopment of a former military base (Fort Baker) into the acclaimed Cavallo Point Lodge which combined adaptive reuse of existing structures with construction of new lodge units; and the collection of Airstream trailers at Autocamp in Guerneville.

What these have in common is a commitment by the operator to eschew chain formulas and create unique, low-impact overnight accommodations that often result in a higher-than-industry Average Daily Rate (ADR). With this higher revenue, many of resorts provide economic synergy with their host site or community, and funding for larger environmental or social education and improvement projects. Cavallo Point provides funding, and meeting space for the Institute at the Golden Gate, a non-profit organization that convenes and focuses on issues surrounding the role of parks in environmental education and resource management. Others support environmental stewardship of local resources or provide opportunities for stewardship education to guests.

This in turn creates more awareness and appreciation for the unique resources of the area.

The range of building types at SDC – including the P.E.C. Building, the historic residential lodges or the grounds and cabins at Camp Via—provide unique raw material for thinking differently about how hospitality could be creatively directed to adaptively reuse existing site structures while creating activity, economic stimulation and long term funding tools for SDC’s site assets. A long-term income stream from hospitality uses, after initial capital costs are recovered, could potentially support other property objectives (resource management and or resident/guest education), and help fund some portion of initial site utility rehabilitation.

LANDSCAPE-SCALE OPEN SPACE CONSERVATION AND STEWARDSHIP STRATEGIES

As the scale of conserved open space systems has grown, the tools by which they are acquired and managed have become more sophisticated. Philanthropy and legacy gifts, local tax initiatives and bargain sales (which take advantage of tax credits to the seller) have helped facilitate extensive acquisition of protected open space throughout Sonoma County. However, the challenge of funding long-term stewardship still persists. Rarely are long-term funding for the operations,

stewardship and management of these resources well established, because the primary effort is to secure the site. Once under control, fundraising can be undertaken to support management, but this becomes an annual, ongoing burden whose success is tied to the cycles of the local economy.

As this challenge has become more visible, another alternative has emerged that combines new development and resource protection into a single, symbiotic relationship. The practice of “conservation development” intentionally leverages private real estate development as an economic engine to fund the long-term-protection of adjoining landscape and natural resource assets. This type of development is often combined with, or becomes, an extension of the agrifood concept described above.

Two California examples illustrate the range of models and associated challenges.

Pepperwood Preserve in Santa Rosa, is the result of the philanthropic model and has created a well-respected 3,200 research field station and landscape preserve that focuses on climate change research and community education around ecosystem sciences. The Preserve was initially funded through one large gift that allowed site acquisition and a capital campaign to build a state-of-the-art research and education facility.

Pepperwood Foundation is a 501(c)(3) non-profit whose sole focus is research and education relating to its property. After

8 years of very successful operation and recognized accomplishments, Pepperwood still works hard to secure funding for each year of ongoing operation and stewardship. Fifty percent of its operating funds come from grants, many of which are at risk given changing governmental positions on climate change research. Another large share of the funding comes from a small but dedicated group of local community supporters. Considerable effort – including dedicated personnel and CEO time – is spent on annual fund raising, to ensure the programs of stewardship and education can be maintained.

At the other end of the spectrum is the **Santa Lucia Preserve**. This Conservation Stewardship Organization or CSO was created to ‘conserve the ecological integrity of the protected lands within the Santa Lucia Preserve’, a 20,000-acre landholding that was privately purchased and developed into 250 homesites, and an 18,000-acre open space preserve. Located in Carmel, California, the development and conservancy were a partnership of private developer and the Nature Conservancy, with the development entity creating for-sale real estate on just 10 percent of the total site area, and gifting 90 percent of the lands to the Conservancy for permanent open space. The Conservancy was endowed with funds that came from initial land sales, and is supported over time with transactional fees included in the sale of each of the private home sites. The limited number of homes allows them to command a significant premium while

reducing the impacts of development on the larger landscape. Every time a home resells, a small percentage of the gross purchase price goes to the Conservancy, creating a long-term funding stream for its continued operations and stewardship. This approach allowed the Conservancy to start with a funding endowment of \$25 million, and continue to do its important work without having to chase donations and grants in order to keep its efforts alive.

A significant part of the SDC site has important ecosystem and open space values that are worthy of protecting. At the same time, the site's campus area holds development potential that is properly structured could create a long-term partnership of a unique, living village, that supports ongoing funding for the management and stewardship of the site's open space assets.

EDUCATION AS A CATALYST USE

As our economy expands from an industrial base to a knowledge and service base, and our population ages, education facilities are increasingly the core economic drivers for new jobs, local economic growth and the long-term re-shaping of communities who are fortunate enough to secure major educational facilities.

Many places have benefitted from investment in new, or expansion of existing, education facilities, both higher education and K-12, either through strong

leadership or as a strategic pursuit of new facilities by entrepreneurial public agencies.

As noted in Section 8.4: Case Studies: Comparable Places in Transition, CSU Channel Islands provides a relevant case study for SDC. This facility converted an existing state hospital into the 23rd Campus of the CSU System, through adaptive reuse and creative infill of open lands. Of further interest is the symbiotic relationship created by CSU Channel Islands to build workforce housing for staff, faculty and local community members, which in turn provided funding for renovation and rehabilitation of the campus.

Another education catalyst with relevance to SDC is Mesa, Arizona's proactive search and securing of a new institution of higher education as a strategy to drive downtown revitalization and investment. The city's redevelopment authority used a competitive RFP process to bring a small liberal arts college from the Midwest to downtown, offering access to a vacated department store to anchor and drive redevelopment of the downtown. Five years after opening, the institution has a growing enrollment, and has attracted private investment to rehabilitate nearby existing historic buildings to serve as student housing,

Closer to home, the Presidio worked with a philanthropic group of local residents to found and secure the Bay School, an independent 9-12 independent high school, located on the Presidio Campus. The school is housed in an historic

office building whose adaptive reuse was funded through a combination of historic investment tax credits, locally raised impact investment dollars and philanthropic donations. Now in its 12th year of operation, the campus hosts approximately 350 students and has created a hub of activity for the Presidio's Main Post.

SMALL MANUFACTURING AND ARTISAN FOOD AS DRIVERS OF UNCONVENTIONAL REAL ESTATE

The growth of the digital economy is being increasingly accompanied by the maker economy. As more time is spent on digital media, and more goods and services are purchased online, individuals are seeking balance by connecting with the craft economy. The rise of craft bars, farm-to-table restaurants, artisan and local manufacturing, create new opportunities for entrepreneurs to start new businesses while helping define unique places. A common thread is the creative, adaptive use of specialty buildings that would not fit conventional norms but whose character, legacy story, or "creative brick and timber" qualities help to add to the overall experience of working or shopping there.

A relevant example that could harness SDC's extensive food preparation infrastructure and its location in the heart of a recognized agricultural center, is LA Prep. This recently-repurposed 45,000 square foot facility has over 50 licensed



The rise of craft bars, farm-to-table restaurants, and local manufacturing create new opportunities for local entrepreneurs while helping define unique places.

Sources: Sonoma Magazine (Top left), Sonoma County Connections (Top right), Sonoma County Economic Development Board (Bottom two)

boutiques, wholesale food production spaces. These are each leased to a single tenant, helping food start-ups avoid the time and cost expense of licensing and permitting for individual spaces they will need to grow their unique businesses. This facility has filled a significant niche in Los Angeles's burgeoning foodie culture by providing small scale food manufacturers dedicated kitchen space where they can work and produce, allowing them to scale operations and meet market demand. By removing start-up costs and centralizing cooler, loading and storage space, LA Kitchen reduces cost barriers for small food manufacturers, creating a localized economic growth around food that supports small entrepreneurs and helps grow the local economy.

A similar model focused on small-scale manufacturing has evolved in Brooklyn over the past decade, under the efforts of the GreenPoint Manufacturing Center (GMC). GMC is a creative non-profit adept in using historic and new market tax credits to secure older industrial and manufacturing buildings, and converting and running them for small, entrepreneurial manufacturers. One of the biggest barriers for small manufacturers is

the instability of their premises, because the most cost-effective locations are often neighborhoods undergoing gentrification, leading to month-to-month leases. As these areas change, small manufacturers are often pushed out by rising rents or the sale of their building for re-development.

Working as a non-profit and long-term landlord, GMC solves this problem by providing long term, below-market, fixed-price space. Buildings are purchased and rehabilitated using a complex capital stack that leverages Historic Tax Credits, New Market Tax Credits, local investment and commercial banks, as well as grants. The resulting buildings provide tenants the certainty of a long term location where they can invest in the build out, manufacturing equipment and other fixed assets that are critical to their business.

Building on the Shared Economy trend, maker spaces and tech shop environments use creative 'brick and timber' buildings to create workshop environments for artisans, makers and small-scale inventors to flourish. They use a membership structure to provide members access to rapid prototyping equipment and 'old school' woodshop equipment that as small independent operators, they might not be

able to buy, or use enough to justify the capital expenditure. Chimera, a North Bay maker workspace, provides 3,000 square feet of enclosed maker space, and a 4,000 square foot exterior workspace. Located in Sebastopol, CA, the membership workspace hosts approximately 110 members.

These kinds of environments provide cost effective manner to 'incubate' small artisan and manufacturers, who as they grow their business, could 'graduate' from the shared space to space, to a need for dedicated space for their business, creating new investment in nearby buildings on the campus.

The large volumes and open floor plans of many of SDC's buildings could lend themselves to a small-scale manufacturing strategy that could grow over time as the ecosystem of makers and crafts grows and gains momentum. It may require 'priming the pump' via a shared maker space, and require subsidies and start-up funds to initiate and support ongoing operations. But it could provide the basis of a long-term incubator for new businesses that would ultimately grow and need additional space, generating new demand that is unlikely to occur on its own.

8.3 Market Potential

Market potential for reuse and redevelopment of the SDC site is a function of real estate market demand, the suitability and capacity of the site to accommodate these uses, and the ability of the ultimate site owner to structure a deal that will accommodate all parties' needs. In addition to strictly market opportunities, the SDC site, by virtue of its setting, physical and biological characteristics, and history, has potential for a range of land uses that must be factored into the overall reuse and redevelopment planning process.

RESIDENTIAL USES

Housing is in short supply throughout Sonoma County and one reason for this shortage is the lack of properly designated and otherwise unconstrained sites for this housing. While lack of proximity to major employment centers may limit overall market potential, the SDC site is positioned to help address the current housing crisis if the involved State agencies and the County can align their interests to deliver much needed mixed income, mixed density housing.

Housing types might include:

- Higher density, small lot or attached single-family development is suitable for infill and redevelopment parcels at SDC. Such development can be configured and built to be “affordable-by-design” – townhomes and smaller units, courtyard configuration and densities of 10 or more units per acre. Such housing could expand “workforce housing” in the lower Sonoma Valley, relieving the existing housing shortage in the area.
- Senior living housing is well suited for the SDC Site, including age-restricted and assisted living communities, as well as Continuum of Care Residential Communities (CCRC). It is possible that certain types of senior living housing could make effective use of existing buildings on the SDC Site, perhaps augmented with new construction on adjoining parcels. Such uses generally provide continuity with the historical use of the SDC as well as create new real estate value.
- Residential Care housing is also suitable for the SDC Site, including housing for special needs residents and innovative vocational training residential care for psychiatric patients. In addition to meeting the needs of underserved populations, such residential facilities would provide a “continuity of care” on the SDC Site reflecting its historical uses. This use also may have potential to make effective use of existing buildings on the SDC site.
- Affordable housing (low and very low-income households) is in very short supply throughout Sonoma County. Such housing is typically built by affordable housing developers with the aid of federal and state tax credits and other subsidy programs, including limited to no land cost. Given the nature of the SDC Site, it is logical and maybe even necessary to provide for such housing by delivering suitable sites at no or low cost to qualifying affordable housing developers. This use also may have potential to make effective use of certain existing buildings on the SDC site that are particularly well-suited to adaptation.
- Rural Estate Housing, typical of existing housing in the surrounding rural residential neighborhoods, could be built on the periphery of the existing Core Campus Area on suitable sites. There is a strong market for such residential property and it would not necessarily require connection to existing or new utility systems; rather, as is common in the surrounding rural homes, be served by onsite well water and septic systems. This is a low impact, high value strategy that could be employed on a limited basis to help underwrite the significant subsidies required by more community benefitting types of uses.

INSTITUTIONAL USES

- County offices and social and health care services are logical uses that could locate on the SDC site given the existing campus design and that many of the buildings align well with the needs of such uses. However, demand for these uses is not readily observable in real estate market data and therefore it is difficult to gauge total potential demand. The relative isolation of the SDC site from the County's primary population centers limits its suitability for institutional uses that provide services to the public including social and health services.
- Educational uses are also a logical use that could readily reuse many of the buildings on the SDC site. It is possible that an existing educational entity – higher education or K-12 – would desire a satellite or expanded campus on the SDC site or that a private educational entity (e.g. private primary or secondary education)

could develop a main campus at the Site. This kind of user could take advantage of many of the existing buildings, and there are several examples in the CSU system where existing state facilities have been converted to successful campuses.

COMMERCIAL USES

- The SDC site location, away from population centers, and small size of the Sonoma Valley economy limit the market potential of office, retail, or commercial services. There may be limited opportunities to lease rehabilitated space if costs can be kept low and as other uses (residential, hospitality and institutional) begin to populate the site. Any retail use will be incidental to the type and scale of primary uses that may locate on the Site.
- Creative industry, craft industry, and art uses are highly compatible with a number of the existing buildings on the SDC site that are currently used for similar purposes as part of current operations. While it is difficult to estimate demand (and related value) for such uses, the arts orientation of the surrounding Glen Ellen community and the potential for such

uses to be linked to visitor-serving uses is encouraging. But to achieve this potential, a deliberate, long term strategy for attracting, curating and growing these uses over time will be required.

- Office uses for local service-oriented businesses are possible although current lease rates and occupancy of existing commercial buildings do not indicate substantial demand.

HOSPITALITY USES

The tourism and hospitality sectors remain strong in Sonoma County and prospects for further expansion exist. The SDC site is well-positioned in the Sonoma Valley, one of the key destinations for visitors to Sonoma County. Potential hospitality uses on the site could include:

- A conference center with supporting lodging could be created. Such facility could adaptively reuse existing iconic buildings for conference space and common areas, augmented with newly constructed lodging units on adjoining parcels. A large meeting hall may need to be constructed to achieve this type of lodging facility, should the rehabilitation of existing structures prove infeasible

- A theme-based boutique hotel (e.g., an “eco” lodge) could be created, linked to recreational activities and attractions found in the surrounding lands and natural areas, including hiking, biking, and equestrian facilities.
- A full-service hotel with food and beverage services suitable for both guests and groups, including restaurants, lounges, and group meeting spaces with banquet facilities, as well as amenities such as a spa and boutique shops.

AGRICULTURAL USES

At the present time, commercial agriculture in the Sonoma Valley is limited to wine grapes, plant nurseries and some specialty agriculture. In an era of increased interest in farm-to-table and locally sourced foods, portions of the site that have historically been used for agricultural purposes have potential for renewed and expanded agricultural production. This could include vineyards, or mixed crop and livestock production/processing. While interest in locally-produced agricultural products is strong, economics of small scale farming may be challenging for potential end users and will likely not provide significant direct

economic value to the SDC site. On the other hand, agricultural operations could complement and add value to the other uses discussed above.

- The portion of the Site that was once the farm site, along with the surrounding low-lying hills is suitable for wine grape production. In fact, this area currently adjoins productive vineyard on its southeastern border. Productive premium grape growing land would garner a premium price requiring little or no additional infrastructure or investment by the State.
- A portion of the original SDC farm area could be used for mixed specialty agriculture similar to other small farms emerging in Sonoma County serving the local residents, restaurants, and lodging sector. Such a farm operation could be operated independently or be connected to the new residential uses on SDC, providing community gardens and/or vocational training linked to residential care facilities.
- The hillside and meadow areas within the eastern part of the site, that are not suitable for tillage, could be used for grazing as part of a holistic land management protocol. Livestock operations could also be integrated

with the vineyard and specialty agriculture operations discussed above.

- Nursery operations, including a native plant nursery, could be accommodated at various locations on the site.
- In all cases, future agricultural uses would need to be conducted in a way that was consistent with other objectives, including the protection of habitat, ecosystem and recreational value.

HABITAT, ECOSYSTEM, AND RECREATION USES

Much of the SDC site is not suitable for intensive development due to slope, vegetation, and ecological and habitat value. It is expected that these areas will be preserved. This should be done in a manner that achieves conservation objectives and at the same time creates value, directly or indirectly, for the developed or developable portions of the site.

- The SDC hillside lands, wildlife corridor, and riparian corridors should be retained and enhanced as permanent, open space for

environmental value and recreation. A mechanism for their initial acquisition and then ongoing stewardship should be considered as part of reuse planning with the objective of ensuring that adequate funding is created to pay for and sustain ecological integrity over time.

- New recreational facilities and linkages to existing recreational facilities including hiking trails, bikeways, equestrian trails, and points of interest can create value for users and add value to new uses located on the SDC site.
- The ample water resources of the SDC site, including both surface water and groundwater supplies confer considerable value to the Site and surrounding portions of the Sonoma Valley that could benefit from additional stable sources of high-quality domestic water supply. Integrating the SDC Site's water supply into the sub-regional systems could provide a source of funding for the needed upgrading to "wet" utilities on the Site (water supply, sewage collection, and storm water management).

8.4 Case Studies: Comparable Places in Transition

Reuse and redevelopment of SDC is not a wholly unique endeavor. There are numerous examples where former federal, state, and local government facilities – ranging from hospitals and care facilities like SDC to military bases and airports – have gone through transition

processes including closure, transfer, and re-purposing. In many cases, they are now successful communities in their own right, with new purposes and value. While there is no perfect “comparable” to SDC, each of the eight examples considered by this report provide valuable lessons to SDC.

Findings from the case studies reveal a variety of approaches to the multi-layered needs and strategies of closure, transfer, repositioning, and now economic sustainability. The case studies also reveal land uses and use mixes that may be considered for SDC.

PINELAND FARMS, MAINE

Forty miles north of Portland, Maine, Pineland Farms is a 5,000-acre working farm, business campus, and educational/recreational visitor destination. The main campus component is about 200 acres set in a rural context. The site was formerly a state campus for the developmentally disabled. Today, Pineland Farms has a mix of uses, including agriculture (dairy, produce), an equestrian center, educational uses (family and adult programs), recreational facilities and programs (trail competitions, tennis, team building), retail, guest accommodations, a business campus, and event space. The farm and educational programs anchor the project. Pineland Farms came to fruition when the Libra Foundation purchased the property in 2000 and extensively renovated it, adding business space, trails, and recreational areas.

Relevance / Lessons Learned

Pineland Farms is an appealing example of a rural reuse project that successfully mixes agriculture, education, office, hospitality, recreation, and other uses. Pineland Farms is particularly relevant because it is a reuse of a State Hospital Campus quite similar to SDC. It also is an example of a private/not-for-profit entity purchasing a historic campus site and undertaking an ambitious reuse endeavor.



The business campus at Pineland Farms comprises 260,000 square feet in 19 buildings (top). The equestrian center (bottom).

Location: New Gloucester, Maine

Size: 5,000 acres

Former Use: State campus for developmentally disabled

Current Uses: Working farm, business center, and visitor destination

Dates: Campus closed in 1996; Libra Foundation purchased in 2000

Final Ownership: Private

CSU CHANNEL ISLANDS

In Camarillo, California, a former state hospital and developmental center was converted to a university when the State of California conveyed the site to California State University (CSU) in 1998, establishing the CSU Channel Islands campus. The site's renovation to educational and housing uses was funded by CSU, the State, and a private donor. The university preserved many of the original buildings and built new housing for faculty, staff, and students on CSU-owned land.

Relevance / Lessons Learned

This CSU project has achieved a successful mix of education and housing uses, relying in part on existing buildings and a site similar in many ways to SDC. The case study suggests that reuse of SDC for educational and housing purposes may be possible. To achieve this outcome at SDC, a major educational institution would anchor the project. Following the CSU Channel Islands example, the educational institution likely would need to lead the reuse and redevelopment process.



The university preserved many of the original state hospital buildings.

Location: Camarillo, California

Size: 634 acres

Former Use: State Hospital and Developmental Center

Current Uses: University, housing, and ancillary uses

Dates: Property conveyed to California State University in 1998

Final Ownership: Public

ALAMEDA POINT

Alameda Point in the City of Alameda, California, an example of a former naval site that is being redeveloped. The City of Alameda initially acted as a master developer of the site once the Navy left, creating a master plan for the site, and eventually selling individual parcels to developers for new mixed-use development projects. Developers are expected to make significant monetary contributions to pay for infrastructure on the former air base.

Relevance / Lessons Learned

In this case study, the Navy transferred land ownership to City of Alameda, which then created a plan to lease and sell sites for development. The project provides an example of successful public agency ownership and management of reuse, as well as an illustration of a “hybrid” disposition that yields public benefits and private-sector investment.



Alameda Naval Air Station , Alameda Point , Alameda, California

Location: Alameda, California

Size: 1,560 acres

Former Use: Former Naval Air Station

Current Uses: Currently being redeveloped as mixed-use district

Dates: Naval Air Station closed in 1997; City began selling parcels to developers in 2017

Final Ownership: Public and private

THE PRESIDIO OF SAN FRANCISCO

The Presidio is a former army military fort in San Francisco, California. In 1994, the military facility was transferred to the National Park Service. In response to activists' lobbying efforts, Congress established the Presidio Trust in 1994 to oversee and manage the majority of the site. Congress mandated that the Trust make the Presidio financially self-sufficient by 2013, which it achieved eight years ahead of schedule. The Presidio now includes residential and commercial uses. The area also provides valued green space for residents and visitors to the City. The Trust generates revenue to maintain the site by leasing land and through public-private partnerships.



The Presidio of San Francisco, San Francisco, California

Relevance / Lessons Learned

In this case study, the US Army transferred a site to new specially-formed Trust to manage reuse and redevelopment. The Trust is a federally-created (multi-interest) entity that holds title and maintains public areas, but also leases existing buildings and redevelopment sites. It is an example of successful Trust model in which the dual goals for retention of public and historical values are balanced with leasing as a source of cash flow.

Location: San Francisco, California

Size: 1,491 acres

Former Use: Army Installation

Current Uses: Residential and commercial uses, as well as parks and other natural areas

Dates: Transferred from Army to National Park Service in 1994; Presidio Trust established in 1996

Final Ownership: Public

STAPLETON

After the closure of the Stapleton airport located on the outskirts of Denver, Colorado, the Stapleton Development Corporation was created in 1995 to lease and sell the land at the site. Through a competitive process, the Stapleton Development Corporation selected Forest City to be the master developer. Over time, Forest City has acquired land from the City and County who jointly serve as a land bank for the project. The site's infrastructure has been funded through property and special tax revenue.

Relevance / Lessons Learned

In the Stapleton case study, the City of Denver transferred a large reuse site to a development corporation that then contracted with a Private Master Developer. The case study provides a good example of a well-conducted master planning process. Furthermore, Stapleton's publicly-created not-for-profit development corporation is a proven approach to managing a major reuse project. The development corporation successfully conducted a competitive developer selection and disposition process. The project also is interesting for its phased land drawdown.



Stapleton (Denver International Airport), Denver, Colorado

Location: Denver, Colorado

Size: 4,700 acres

Former Use: Airport

Current Uses: Residential community with schools and shopping areas

Dates: Airport closed in 1995; development began in 2001

Final Ownership: Private

ASILOMAR HOTEL AND CONFERENCE CENTER

Asilomar is a very popular conference center and hotel located on the Monterey Peninsula, California. The facility was originally built as a retreat for the YMCA in 1913. The State of California Department of Parks and Recreation purchased the property in 1956, and renovated and expanded it. Today, Asilomar includes 313 guest rooms, conference facilities for up to 650 guests, and two onsite restaurants. It is operated under contract to the State by Aramark.

Relevance / Lessons Learned

Asilomar is a great example of a successful conference and lodging facility at a historic California site. The case study provides an example of how an older, smaller facility can be expanded, modernized, and successfully operated in the context of a relatively remote visitor-serving economy.



Asilomar Hotel and Conference Center, Pacific Grove, California

Location: Pacific Grove, California
 Size: 9 acres
 Former Use: YMCA retreat
 Current Use: Hotel and conference center complex
 Dates: Built between 1913 and 1929
 Final Ownership: Public

FORT WARD

Fort Ward, on Bainbridge Island in Washington State, is a 137-acre park with 4,300 feet of saltwater shoreline. The island was formerly owned and operated as by the US Navy and was purchased by State Parks in 1960. In 2011, State Parks transferred the ownership of the site to Bainbridge Island Metro Park and Recreation. Today, the park offers trails, water activities, and outdoor recreation, and is funded through park visitor fees and the City Park budget.

Relevance / Lessons Learned

Fort Ward represents how an obsolete military site can be transferred to a local government for recreation purposes. In this case study, lands with high conservation and recreational value are conserved and operated by a municipal recreation department.



Fort Ward, Bainbridge Island, Washington

Location: Bainbridge Island, Washington

Size: 137 acres

Former Use: Navy fort

Current Use: Public park

Dates: Purchased by State Parks in 1960; transferred to Metro Park in 2011

Final Ownership: Public

KALAUPAPA NATIONAL HISTORICAL PARK

On the Hawaiian island of Molokai, the remote Kalaupapa Leper Settlement was established in 1866, when people afflicted with leprosy were forced into isolation there. The population of the settlement decreased dramatically after World War II, with the innovation of medicines to cure the disease. The resident population further declined after 1969 when the law that forbade residents to leave the settlement was dissolved. Few patients remain today. In 1980, the Kalaupapa National Historical Park was established to preserve the history of the settlement for visitors and to protect the remaining residents. Today, visitors to Kalaupapa National Historical Park can learn about the settlement's history and the culture of the patients who lived there. The park is governed by the State of Hawaii Department of Health and is managed by the National Park Service.

Relevance / Lessons Learned

Kalaupapa National Park is example of a public health site that was transferred to another government entity to be used as a cultural destination. Kalaupapa serves as an example of a national park that recognizes the history of patients at the site and their way of living during, creating a new place “for education and contemplation.”



Kalaupapa Leper Settlement, Molokai, Hawaii

Location: Kalawao, Hawaii

Size: 10,779 acres

Former Use: Leprosy isolation settlement

Current Uses: National Park Service Unit

Dates: Settlement established in 1866, park established in 1980

Final Ownership: Public

8.5 Site Transition at SDC

This Existing Conditions Assessment will inform subsequent phases of the SDC planning process that will result in a Master Plan and Land Use Alternatives for the Site. Concurrent with the preparation of land use alternatives will be determination of the most appropriate approach to “disposition” and “development” of the property. In this context, “disposition” refers to how title to the property (all or in part) will be transferred from the State to selected public and/or private entities; “development” refers to what entity – public or private - will be in charge of the redevelopment process and how the Site will be managed over time to meet the objectives set forth in the Master Plan and subsequent land use policy documents.

The existing conditions identified in this Assessment have a significant impact upon the potential reuse and redevelopment of the Site and also how disposition and development should be approached. This section provides a summary of these influential conditions and presents other considerations that shape subsequent planning, disposition, and development of the SDC Site.

EXISTING CONDITIONS INFLUENCING SITE REUSE AND REDEVELOPMENT

The existing conditions presented and summarized in this Assessment will influence site reuse and redevelopment costs, site value, development feasibility, and transition to new uses in a variety

of ways. The following points highlight key cost implications revealed in this Assessment.

1. As documented in this Assessment, the existing buildings, with notable exceptions, are largely in sound physical (structural) condition. However, reuse of those buildings that are deemed to have reuse potential will require substantial upgrades to meet current building code and life safety requirements and have been estimated to approach or even exceed the cost of new construction. Further, interior (tenant) improvements will be required to meet the needs of potential end-users further adding to costs. The land uses, the scale and timing of development, and the ability to retain existing buildings will all depend upon market demand for the buildings and the ability of future users to pay for the needed building improvements – either directly or through rental rates they can support.
2. The on-site utility systems serving the SDC Site, while still functional, are past their useful life and thus require major rehabilitation and/or replacement further adding to Site reuse costs. The existing “district heating and cooling” system Central Utility Plant is obsolete – both functionally and economically; unless a single campus user is found, the existing district system will need to be abandoned and replaced with decentralized, high-efficiency building-by-building heating and cooling systems. Water and sewer distribution and collection systems have also been shown to require costly replacement that will be a “fixed cost” (not directly proportional to the scale or type of buildings reused or developed. Improved connections to adjoining special districts may allow these services to be improved and sustained as reuse and redevelopment occurs. These site improvements will need to be funded by the reuse or redevelopment end users through fees, assessments, or special taxes.
3. The capacity of public services, utilities, and infrastructure surrounding and serving the SDC Site may limit reuse potential in various ways that will need to be documented during the planning process. Access to the Site and the capacity of the existing road network to accommodate additional traffic will be a matter of particular concern, to both potential end-users and the surrounding community. Any “off-site” mitigation of capacity constraints will further add to reuse and development costs on the SDC Site. At the same time, existing water resources may offer a benefit to water resources in the lower Sonoma Valley, improving the quality and quantity of water available to existing and new water users.
4. Large portions of the SDC Site, as has been documented in this Assessment, are suitable for continuing or expanding habitat conservation, ecosystem service provision (e.g., water resources), and recreation purposes. During the reuse and redevelopment process, it will be important to determine which portions of the Site should be maintained as open space (and potentially retained by the State, transferred to the County, or transferred to other entities

for conservation). Appropriate compensation strategies should be explored and developed to ensure that transfer of land for recreation or open space uses does not increase the cost of site upgrades and redevelopment.

5. There are no obvious or compelling land uses matching the full scale and capacity of the existing buildings and with the ability to pay the likely cost of building rehabilitation. Opportunities do exist for the vacant and underutilized portions of the Site to be converted to new housing, based on current local and regional market conditions. Reinvestment opportunities should be explored. Sonoma County and the Sonoma Valley (surrounding the Site) likely will continue their trend of limited economic and population growth in the coming decades due to policy, land supply, and infrastructure constraints. The one obvious market opportunity is for new housing across the spectrum of affordability. The County has endured a severe housing shortage in the post-Recession period that has been exacerbated by the losses of housing due to the North Bay Fires of October 2017. Other market opportunities include hospitality and lodging as tourism remains one of the County's largest economic sectors, and institutional uses (residential health care, education, etc.) that may match well with the characteristics of existing buildings. Other commercial uses (retail, office, service uses) are limited by the small scale of the existing retail and service market in the Sonoma Valley and the isolation of the Site. It may be that a single large user, such as an educational institution, could be attracted to the

Site, but it is difficult at this time to predict such an outcome.

INSTITUTIONAL CONSIDERATIONS

1. The State Department of Development Services (DDS) is in the process of closing the SDC by the end of 2018, or early 2019. This simply means that all remaining patients will be relocated to community-based care facilities in other parts of the State, consistent with the current pattern of patient care. As this process continues, individual facilities and supporting operations will be closed and cease.
2. The SDC site, located in unincorporated Sonoma County, will require a full land use planning, regulatory, environmental review and development entitlements conducted by Sonoma County (Permit & Resource Management Department). This planning effort may take various forms as it responds to how and to whom property disposition ultimately occurs. No funding mechanism has been identified for this planning process that could take at least three years to complete. The concurrent update of the County General Plan, being initiated during 2018 may provide efficiencies that reduce costs or required processing time. It may be beneficial to integrate the State's master planning process with Sonoma County's (Permit and Resource Management Department) planning process such that the resulting master plan can be subjected to CEQA review and adopted by the County as the required General Plan Amendment, Specific Plan, rezoning, and implementation programs. The County General Plan update is scheduled to begin in 2019 and take at least two years to complete.
3. The Site is already served by the Sonoma Valley County Sanitation District, and will most likely need to be integrated with other service providers as a part of the reuse and development process. It is assumed that the Site will remain unincorporated with municipal and regional services provided by Sonoma County.

OWNERSHIP AND DISPOSITION OPTIONS

While in other locations the State has managed the disposition and development process, it has not been determined that will be the case for SDC. Moreover, the State has not determined how it intends to transfer the Site ownership, and whether it will be to another public entity or private entities. Key options for disposition and development of the Site to be considered by the state include:

- The state could choose to complete a master planning process and subdivide the Site and sell the resulting parcels (or otherwise transfer ownership) to appropriate end-users that may include public entities, private or non-profit developers or individual end-users.
- The state could choose to transfer portions of the Site to an existing public entity as an end-user (e.g., the portions of the Site suitable for parks and open space could be transferred to the Sonoma County Regional

Parks Department or the Sonoma County Agricultural and Open Space District for parks and open space with the sale of remaining developed (or developable) portions of the site to a master developer or single end-user.

- Creation of an entirely new public entity, such as a legislatively created trust or joint powers authority, that would take title to the Site and proceed with planning, entitlement, site improvements, and disposition or lease to third party end-users.
- Sale of the entire Site to a master developer or transfer to a single purpose end-user (e.g., educational institution) who would implement the master plan (under contract) through Site development and investment, cooperation with the involved public entities, and marketing reusable or developable buildings or parcels to end-users.

It is anticipated that these disposition and development options will be further defined and evaluated based on:

- The interests of the State;
- Economic and financial feasibility analysis;
- The interests of the stakeholders and community-at-large;
- The interest of public entities in the Site (all or in part);
- Market conditions; and
- “Lessons learned” from disposition and development approaches of the applicable public facility reuse projects (i.e., the analogs) and other state projects.

While certain portions of the Site are suitable and appropriate for public uses, reuse of existing buildings and redevelopment will require substantial investment of new capital, most likely in the form of risk capital or equity. In other similar situations involving formerly State-owned sites, it has been common that the State or other public agencies will not contribute much, if any funding, for this purpose. Accordingly, achieving the reuse and redevelopment potential of the SDC Site will require the creation of real estate value, either from master developers, equity partners, or directly from end-users. Accordingly, the entire existing conditions analysis, master planning process, and selection of ownership and disposition options ideally should be designed to document costs and minimize related risks, entitle an adequate scale and mix of new development, contain the time necessary to achieve necessary development entitlements, and to attract investors and end-users from the beginning. Key components of value creation to be considered by the state for the SDC Site include:

- This phase of work documents the existing site and building conditions and includes a rough order of magnitude estimate of the major costs for building reuse, utility upgrades, and related site improvements.
- Establishing an efficient, independent, and responsive entity (public or private) to seek end users, market the property, manage reuse and redevelopment, and make strategic investments in the property and

buildings.

- Land use planning, and entitlement, including CEQA review that includes flexible regulations for development types and uses at an appropriate scale will remove the greatest site uncertainty and thus create substantial value for the Site.
- Limited “baseline” market demand combined with the substantial development capacity of the site suggest the need for a “market creation strategy”. This strategy should combine serving existing market trend demand (e.g., housing development), with synergistic combinations of market uses drawing upon the ample assets of the Site, and seeking novel large-scale user(s) to “anchor” the reuse and redevelopment process.
- Integrate portions of the Site dedicated to habitat conservation and recreation uses into the land use plan in a manner that maximizes the amenity values (views, trails, joint-use, etc.) conferred upon the reusable and redeveloping portions of the Site.
- Reuse will require substantial infrastructure investments, building upgrades, and recurring maintenance and operating costs. Given the potentially high cost of these improvements it will likely be necessary to tap a range of public and land-based financing sources (linked to the value creation on the Site). Care will need be taken to assure that cost burdens for such investment fall within a range that does not deter the necessary attraction of private equity to the Site.
- Non-real estate assets or values (e.g., ecosystem services, water supply, etc.)

VALUE CREATION

can be monetized in various ways, including selling water to regional or local water service providers or collaborating in other ways to reduce development costs of the Site.

A comprehensive approach to planning the SDC should include a diversity of land uses including open space and recreation, residential, education, hospitality, health care, affordable housing, agriculture, and other unique uses that may not be readily apparent. Preliminary land use potentials have been identified as a part of this Report in view of current market trends (Section 2, above). The assessment of the reuse capacity of the existing SDC buildings, when combined with the market potentials, indicates a basic mismatch between the suitability of the existing buildings (given their apparent reuse potential) and market demand. This mismatch is illustrated by Figure 8-20.

As shown, SDC reuse and development will need to focus on attracting sources of market demand not fully evident (or anticipated) in the current regional marketplace. Demand for reuse of the site, including users attracted by successful “strategic” marketing, as well as additional demand from unanticipated users increases site reuse potential beyond what market trends reveal. In addition, an effort to attract a “game changer” end user(s) to the site might vastly expand the reuse and redevelopment potential (e.g., a large educational entity).

It also is important to note that potential land uses - including those evident

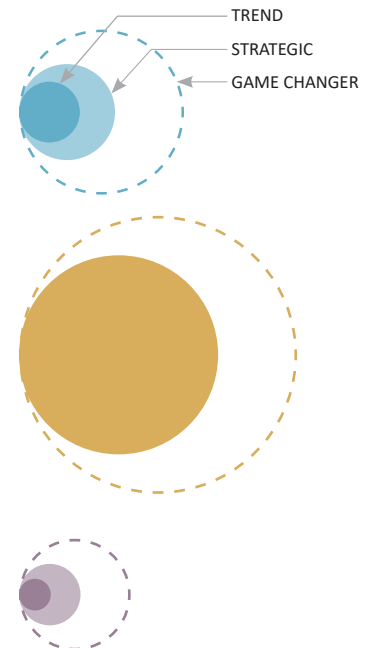
Figure 8-20

MARKET DEMAND ILLUSTRATION

SDC Available/ Adaptive Reuse Space



Market Demand



in the marketplace, strategic market opportunities, and “game changers” - impart a wide and varied range of economic values to the site’s land basis. Figure 8-21 is an illustration of the range of value that might be generated by various potential land uses as SDC. For example,

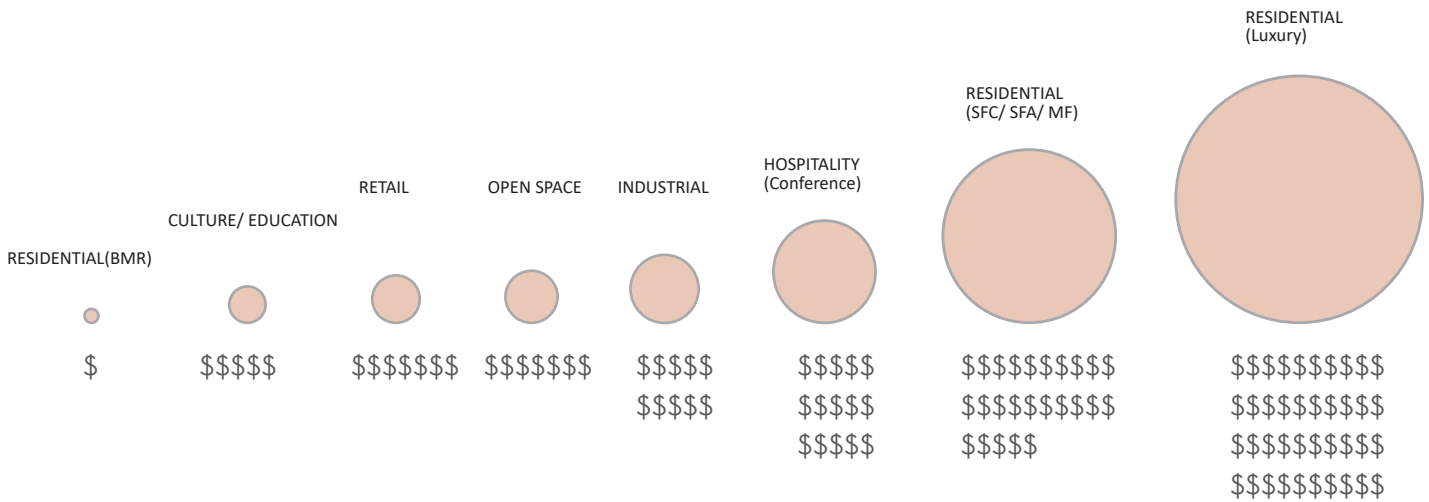
while it is recognized that affordable housing needs to be a component of future redevelopment of the SDC Site, it will generate little, if any residual land value. On the other hand, market rate housing has a demand profile and financial feasibility characteristics that likely would

drive substantial value to the SDC site. The takeaway is that for a masterplan to succeed economically, it must balance value opportunities and public policy objectives in a financially feasible manner.

While financial feasibility analysis has not

Figure 8-21

ILLUSTRATIVE LAND VALUE RELATIONSHIPS

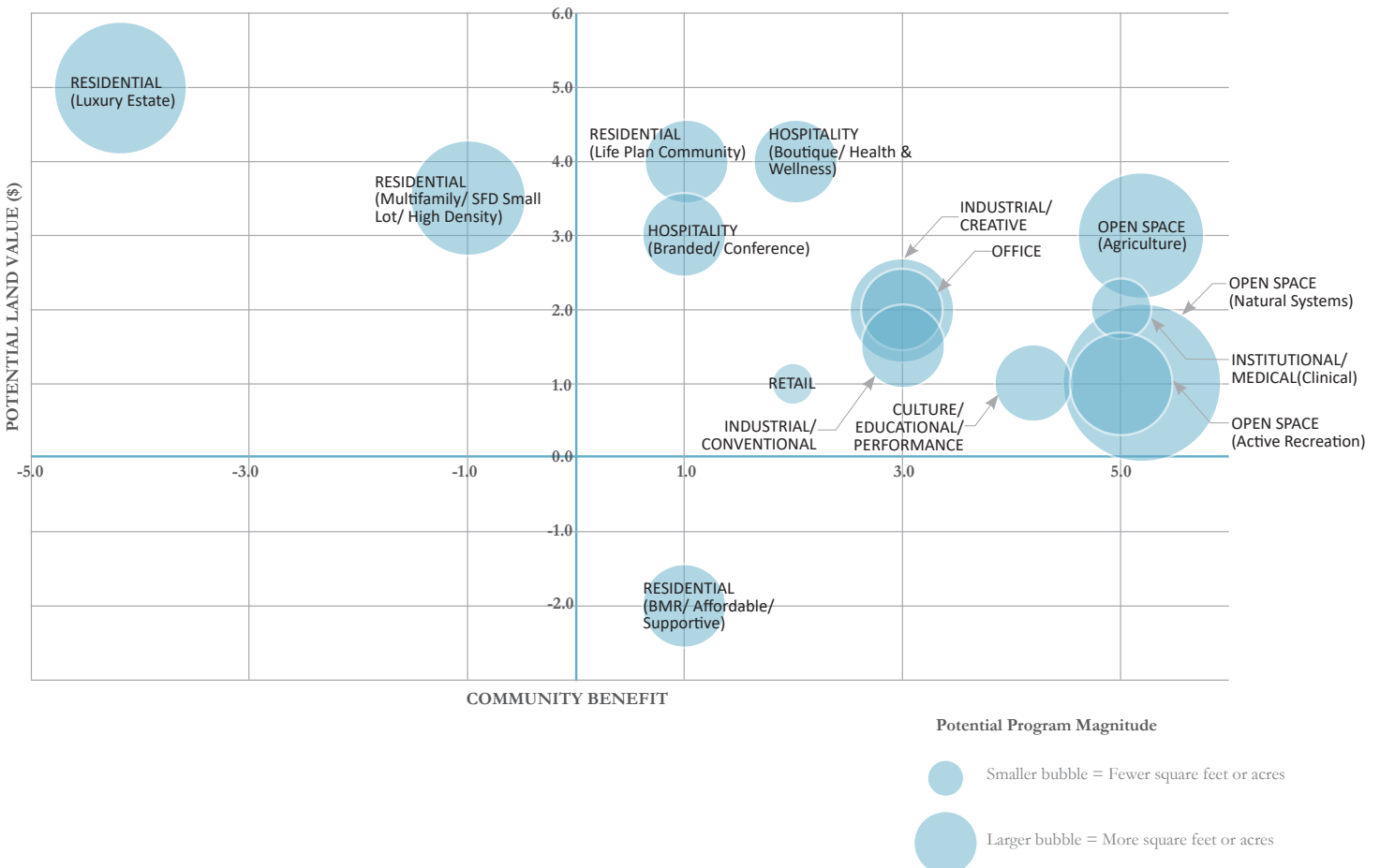


been conducted as part of this Existing Conditions Assessment, the consultant team has created an illustrative diagram of potential SDC uses, scaled by their potential demand, and their economic and community benefit values. Figure 8-22 demonstrates a framework for balancing

economic value creation to fund reuse and redevelopment costs, with market potential and policy objectives. A later phase of work could refine and build on this framework to craft and analyze reuse program alternatives.

Figure 8-22

MARKET DEMAND AND COMMUNITY VALUES



8.6 Land Use Regulatory Context

This summary provides an overview of land use regulations that will be applicable to the SDC when the land is under the County’s jurisdiction. The section summarizes relevant Sonoma County General Plan guidance, zoning districts, and the ballot-measure approved Community Separator.

SONOMA COUNTY GENERAL PLAN

Sonoma County’s General Plan 2020 is the broad policy document guiding conservation, development, and public facilities and services in the County. The Land Use Element and the Open Space and Resource Conservation Element, in particular, provide direction relevant to issues present at the SDC site that will be applicable when the land is under the County’s jurisdiction. Land use issues identified for this Planning Area pertain to growth and traffic congestion, upgrading public services and infrastructure, protection of agricultural landscapes and resources, impacts of tourism, and water resources. Relevant Open Space and Resource Conservation issues include protection of sensitive natural resources; historic, cultural and archaeological resources; scenic resources; open space and recreation.

An update to the Sonoma County General Plan is scheduled to begin in 2018. Specific planning for future private development of the SDC site could be incorporated into this update.

LAND USE ELEMENT

The Land Use Element establishes a countywide policy framework, organized around a set of categories that reflect the County’s priorities. Goals and policies state how the County seeks to:

- Concentrate future growth in existing cities and communities, and maintaining open space separating compact cities and communities from one another;
- Provide opportunities for diverse rural and urban residential environments;
- Use environmental suitability criteria to guide the location of development; and
- Protect water resources; scenic and biological resources; and agricultural lands.

The Element proceeds with more detailed policies for each of nine smaller planning areas, and a land use map for each area. The SDC site is located within the Sonoma Valley planning area. On the land use map, the site is designated as Public/Quasi-Public, a designation that accommodates a range of such land uses (most directly,

the developmental center itself). See Figure 8-23. The Land Use Element has only one policy that directly addresses the site:

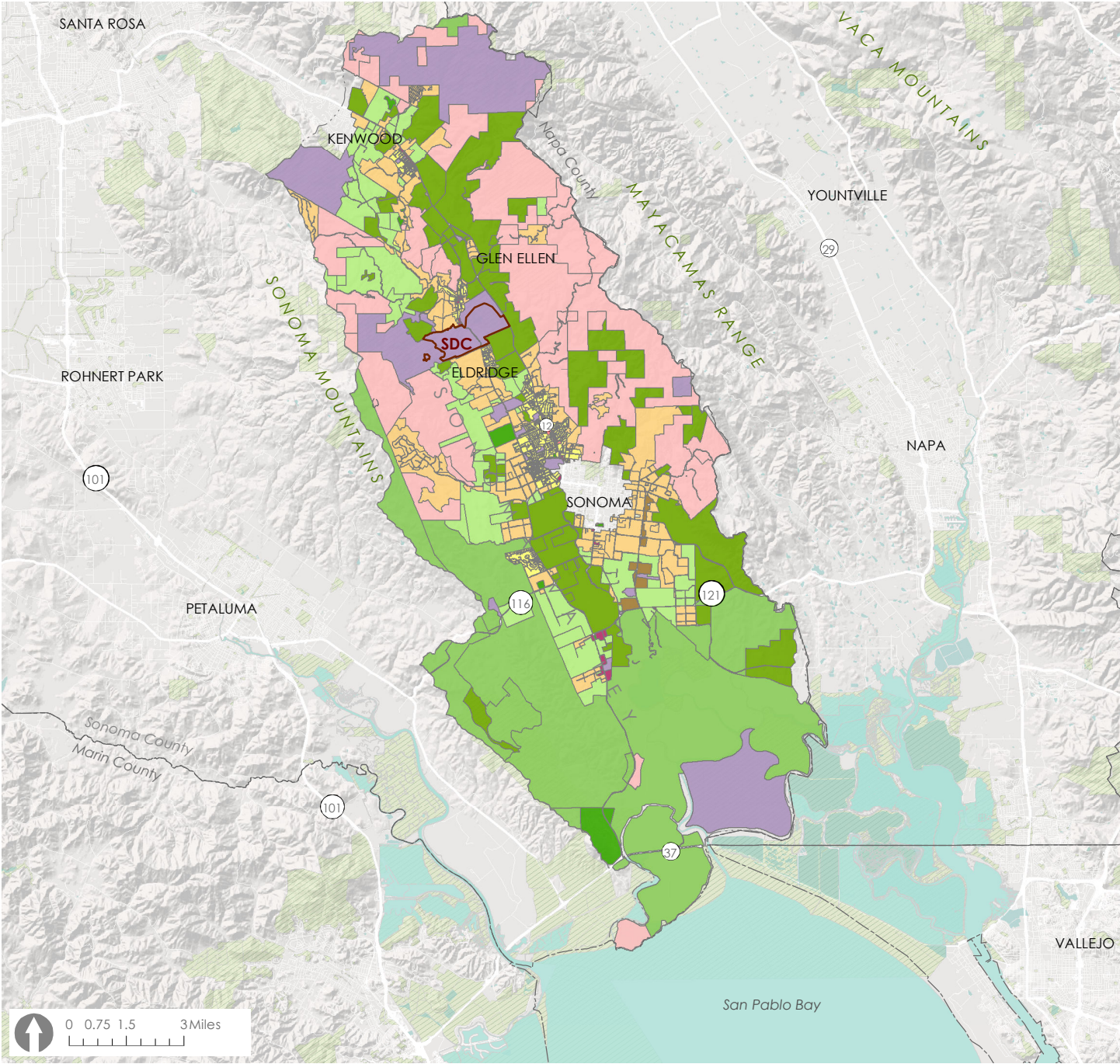
- Policy LU-20ff: Consider future public uses of the Sonoma Developmental Center and Skaggs Island properties as a priority if they are declared surplus and offered for sale to local agencies, particularly park, recreation, and open space uses and affordable housing.

OPEN SPACE AND RESOURCES CONSERVATION ELEMENT

The Open Space and Resources Conservation Element provides a policy framework for:

- The protection and enhancement of scenic resources, including separation between communities, scenic landscapes, and scenic corridors;
- Preservation of “biotic” resources, including sensitive habitat areas and riparian corridors;
- Conservation of agricultural soil (and lands);

Figure 8-23
GENERAL PLAN LAND USE, SONOMA COUNTY



- | | | |
|---|---|---|
| ■ General Commercial | ■ Sonoma County General Plan | ■ Rural Residential |
| ■ Limited Commercial | ■ Diverse Agriculture | ■ Urban Residential |
| ■ Limited Industrial | ■ Land Extensive Agriculture | ■ Recreation/ Visitor-Serving Commercial |
| □ SDC Property | ■ Land Intensive Agriculture | ■ Public/ Quasi-Public |
| □ Sonoma Creek Watershed | ■ Resources & Rural Development | |
| □ County Boundary | | |
| ■ Water | | |
| ▨ Public and Protected Lands | | |

- Energy conservation and renewable energy production;
- Expansion of outdoor recreation opportunities, including bikeways and trails;
- Protection of archaeological, cultural, and historic resources.

The Open Space Map for Sonoma Valley shows several overlapping open space classifications that will be applicable to the SDC when the land is under the County's jurisdiction. Policies with particular relevance for the SDC site are identified below.

COMMUNITY SEPARATORS

Most of the SDC site outside the core campus is located within an area designated as the Glen Ellen/Agua Caliente Community Separator, that will be applicable when the land is under the County's jurisdiction, which "provides expansive views of the Sonoma- Napa mountains and vineyard covered hillsides". Policies to protect scenic quality of the Valley of the Moon include:

- Policy OSRC-1a: Avoid amendments to increase residential density in Community Separators... The integrity of Community Separators cannot be maintained at densities in excess of one unit per ten acres. However, under no circumstances shall this policy be used to justify an increase in density from that designated on the land use map.

- Policy OSRC-1b: Avoid commercial or industrial uses in Community Separators other than those that are permitted by the agricultural or resource land use categories.
- Policy OSRC-1c: Require development within Community Separators to be clustered and limited in scale and intensity.
- Policy OSRC-1f: Unless there are existing design guidelines that have been adopted for the affected area, require that new structures within Community Separators meet the following criteria: [site planning and design criteria not reproduced here.]

SCENIC LANDSCAPE UNITS

The Sonoma Mountains are described as highly valuable scenic lands that provide an important backdrop to the urban plains and the Sonoma Valley. The westernmost portion of the SDC site is located within the County's designated Scenic Unit and will be applicable when the land is under the County's jurisdiction.

- Policy OSRC-2b: Avoid commercial or industrial uses in Scenic Landscape Units other than those that are permitted by the agricultural or resource land use categories.
- Policy OSRC-2f: Identify critical scenic areas within designated Scenic Landscape Units. To the extent allowed by law, consider requiring dedication of a permanent scenic or agricultural easement at the time of subdivision for properties within these critical scenic areas.

- Policy OSRC-2g: Consider voluntary transfer of development rights (TDR) and purchase of development rights (PDR) programs and make Scenic Landscape Units eligible with owner consent.

SCENIC CORRIDORS

Arnold Drive and Highway 12 are both identified as Scenic Corridors which provide experiences of the rural environment which the Plan seeks to preserve.

- Policy OSRC-3c: Establish a rural Scenic Corridor setback of 30 percent of the depth of the lot to a maximum of 200 feet from the centerline of the road unless a different setback is provided in the Land Use Policies for the Planning Areas. Prohibit development within the setback [with specified exceptions, including for the maintenance, restoration, reconstruction or minor expansion of existing structures.]
- Policy OSRC-3e: In conjunction with Section 2.5 "Policy for Urban Design", incorporate design criteria for Scenic Corridors in urban areas.

RIPARIAN CORRIDORS

Abundant vegetation along streams provides food, water, breeding, nesting, cover and shade for wildlife, including critically important habitat for certain species. Riparian vegetation also contributes to water quality by filtering

pollutants, slowing flood flows, and facilitating groundwater recharge. Sonoma, Asbury and Hill creeks are designated Riparian Corridors.

- Policy OSRC-8b: Establish streamside conservation areas along both sides of designated Riparian Corridors as follows, measured from the top of the higher bank on each side of the stream as determined by PRMD:
 - Other Riparian Corridors: 50' [this category includes Sonoma, Asbury and Hill creeks on the SDC site.]
- Policy OSRC-8e: Prohibit, except as otherwise allowed by Policy OSRC-8d, grading, vegetation removal, agricultural cultivation, structures, roads, utility lines, and parking lots within any streamside conservation area...
- Policy OSRC-8f: Develop and/or adopt, where appropriate, revised streamside specific standards, guidelines, and/or best management practices that provide for protection of Riparian Corridors by watershed, stream, or other geographic areas.
- Policy OSRC-8l: In coordination with resource agencies, landowners and the affected public, regularly review Riparian Corridor designations, ephemeral drainages, the requests, approvals and required mitigation for setback reductions, any cumulative effect of the approved reductions, and other protection issues and, if warranted, develop recommendations for County policies that may be needed to ensure appropriate protection of riparian corridors.

- Policy OSRC-8m: Apply the SCWA Flood Control Design Criteria creek setback to development along streams where necessary to protect against streambank erosion.
- Policy OSRC-8n: Work with the Sonoma County Water Agency and other entities to identify all streams with “bed-and-bank” channels and consider Riparian Corridor designation for all such streams.

ARCHAEOLOGICAL, CULTURAL AND HISTORICAL RESOURCES

The Open Space and Resource Conservation Element that will be applicable to the SDC when the land is under the County’s jurisdiction aims to encourage preservation of historic structures and promote rehabilitation and adaptive reuse by maintaining Landmarks Commission review of any new development. There are currently two historically designated buildings on the SDC site within a proposed historic district currently undergoing OHP review. The Element also addresses heritage and landmark trees, and protection for Native American cultural resources.

- Policy OSRC-19a: Designate the County Landmarks Commission to review projects within designated historic districts.
- Policy OSRC-19b: Refer proposals for County Landmark status and re-zonings to the Historic Combining District to the County Landmarks Commission.

- Policy OSRC-19c: The County Landmarks Commission shall review Historic Building Surveys and make recommendations for designation of structures or cemeteries as County landmarks.
- Policy OSRC-19d: Include a list of historic structures proposed for designation as County landmarks in Specific or Area Plans or Local Area Development Guidelines and refer the list to the Landmarks Commission for their recommendations.
- Policy OSRC-19e: Refer applications that involve the removal, destruction or alteration of a structure or cemetery identified in a historic building survey to the Landmarks Commission for mitigation. Measures may include reuse, relocation, or photo documentation.
- Policy OSRC-19g: Pursue grant funding for the preparation and updating of historic resource inventories.
- Policy OSRC-19h: Designate the County Landmarks Commission to administer a preservation program for stabilization, rehabilitation, and restoration of historic structures.
- Policy OSRC-19i: Develop a historic resources protection program that provides for an ongoing process of updating the inventory of historic resources.

SONOMA COUNTY ZONING

Zoning regulations are the rules that any future private development must follow. As such, zoning is the primary means of implementing a general plan’s land and open space policies. A summary of Sonoma County zoning that will be applicable to the SDC when the land is under the County’s jurisdiction. Notably, the zoning designations are in many cases identical or nearly identical to designations in the General Plan—indicating both the level of detail provided by the Plan, and the consistency between plan and zoning.

The SDC site is designated as Public Facility (PF) in the County’s General Plan with the following overlays:

- B7- Combining District
- F2 - Floodplain Combining District
- HD - Historic Combining District
- LG/MTN - Local Guidelines Taylor/Sonoma/Mayacamas Mountains
- RC50 - Riparian Corridor (50’) Combining District

- SR - Scenic Resources Combining District
- VOH - Valley Oak Habitat Combining District

The County’s designation and overlays are shown on Figure 8-24.

PUBLIC FACILITIES DISTRICT

The County’s Public Facilities zoning district permits city or county owned facilities, power production or generation, telecommunication, and shelters. Schools, community centers, libraries, museums, cultural uses, government and public safety facilities, park and recreational facilities, churches, cemeteries, mausoleums, columbariums, crematoriums, public utility and service uses, day care, residential community care, and other compatible uses may be permitted with a special or use permit.

The district has development standards that establish the placement of buildings on the lot and the intensity of those buildings. For land under the County’s jurisdiction, these include:

- Maximum Building Height: 35 feet (exceptions may be granted with a use permit);
- Maximum lot coverage: 40 percent
- Minimum front setback (from a public street): 20 feet









B7 COMBINING DISTRICT

The County’s site has a B7 combining district that will be applicable to the SDC when the land is under the County’s jurisdiction regulates lot subdivision. In the B7 overlay, parcels or lots are not to be further subdivided after approval of a clustered subdivision.

Sonoma County Zoning

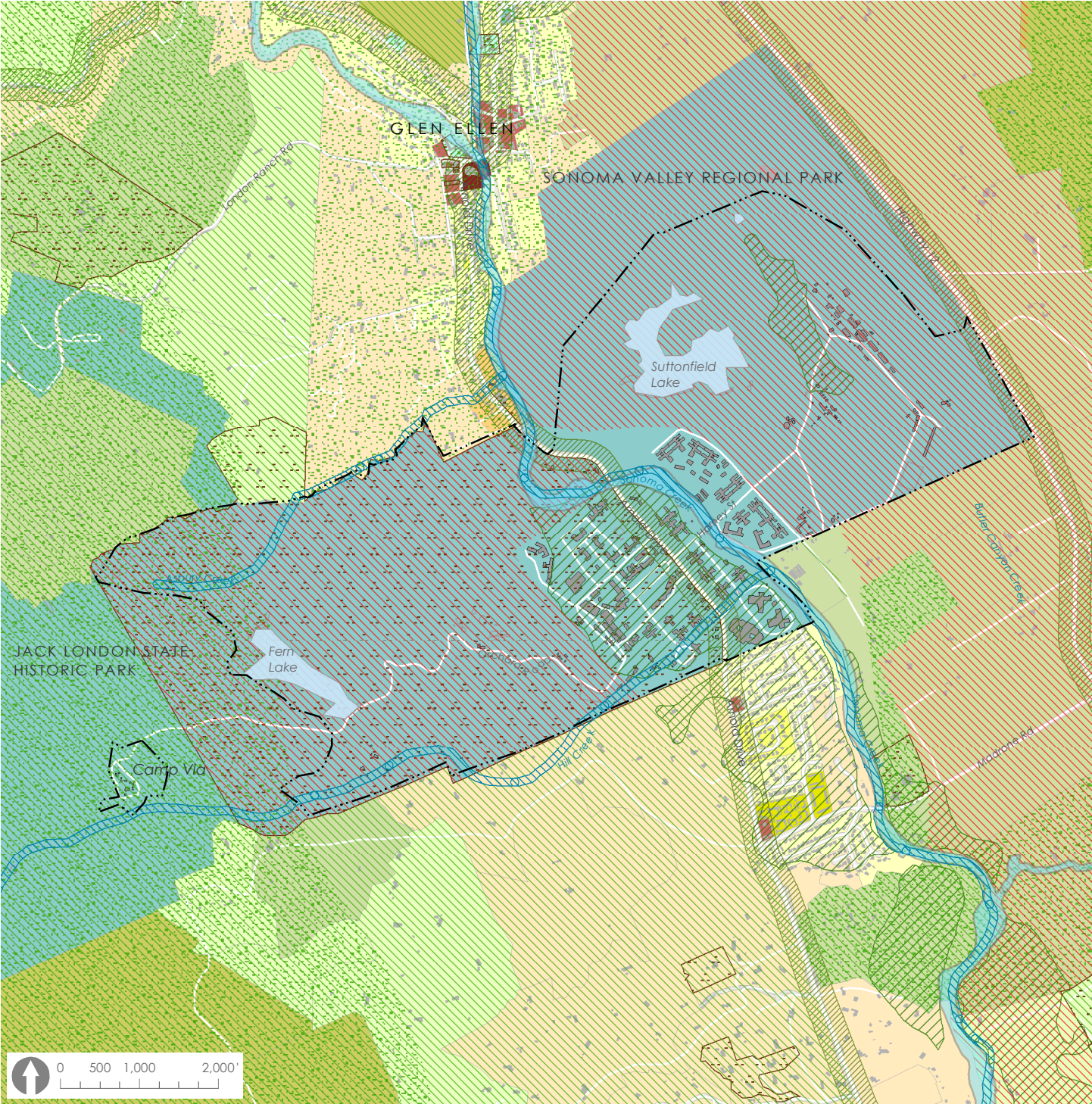
Residential	 Land Intensive Agriculture
 Agricultural and Residential	Resources & Public
 Low Density Residential	 Public Facilities
 Medium Density Residential	 Resources and Rural Development
 High Density Residential	Special
 Rural Residential	 Recreation&Visitor-Serving Commercial
 Planned Community	 SDC Property line
Commercial	
 Neighborhood Commercial	
 Limited Commercial	
Agriculture	
 Diverse Agriculture	

Zoning Overlays

 RC50 Riparian Corridor Combining District
 F2 Flood Plain Combining District
 HD Historic Combining District
 LG/MTN Local Guidelines Taylor/Sonoma/Mayacamas Mountains
 VOH Valley Oak Habitat Combining District
SR Combining District
 Scenic Landscape Unit
 Community Separator
 Scenic Corridor

Source
USGS, GreenInfo Network,
Sonoma Ecology Center

Figure 8-24
ZONING



HD HISTORIC COMBINING DISTRICT

This overlay combining district requires any building modification or demolition of buildings to be reviewed by Landmarks Commission and Design Review. The County's HD overlay appears to apply to all of the SDC site west of Arnold Drive (not including Camp Via) and will be applicable to the SDC when the land is under the County's jurisdiction.

F2 FLOODPLAIN COMBINING DISTRICT

Portions of the SDC site along the creeks fall within the 100-year flood hazard area, and any new development will be subject to land use controls consistent with Article 58 of the zoning code when the land is under the County's jurisdiction. New structures may be permitted if designed, constructed and used in a way that prevents significant damage and complies with the flood protection regulations in Chapter 7B of the Sonoma County Code. The County's F2 Combining District is mapped along Sonoma Creek, based on FEMA flood hazard mapping.

RC RIPARIAN CORRIDOR COMBINING ZONE

The County's Riparian Corridor Combining District (RC) applies within 50 feet of Sonoma, Mill, and Asbury creeks and will be applicable to the SDC when the land is under the County's jurisdiction. Bikeways, trails, parks or other public uses easements, and agricultural uses such as grazing and plantings may be allowed within this zone, and existing non-conforming uses are allowed via a grandfather clause. Any further increase in non-conformity would require a Use Permit and a Conservation Plan that demonstrates environmental enhancements.

SR SCENIC RESOURCES COMBINING DISTRICT

The purpose of the County's Scenic Resources Combining District is to preserve visual character and scenic resources, and to implement parts of the General Plan Open Space Element. The SR District includes three components: Scenic Corridors, Scenic Landscape Units, and Community Separators.

Arnold Drive is designated as a Scenic Corridor and will be applicable to the SDC when the land is under the County's jurisdiction. Any new development along Arnold Drive must maintain a minimum building setback of 30 percent of the lot depth, up a maximum of 200 feet from the centerline of the road.

VOH VALLEY OAK HABITAT COMBINING DISTRICT

The Valley Oak Habitat zone protects valley oaks and valley oak woodlands, and provides mitigation measures for cutting down or removing large valley oak trees or any tree larger than 60 inches in diameter. Mitigation measures include replacement, retaining other trees on the property, and/or fees to be used to plant trees elsewhere. The VOH zone overlays most of the core campus west of Sonoma Creek, and to a portion of the eastern part of the SDC site and will be applicable to the SDC when the land is under the County's jurisdiction.

LG/MTN LOCAL AREA DEVELOPMENT GUIDELINES (LADG)

The County's Local Area Development Guidelines for Taylor/Sonoma/Mayacamas Mountains overlays the westernmost portion of the SDC site. Within this zone, any new development would be subject to standards intended to reduce the visual impacts of development within the scenic landscape and will be applicable to the SDC when the land is under the County's jurisdiction.

COMMUNITY SEPARATOR

The SDC site is located within a local voter-approved Community Separator overlay covering most of the SDC site outside of the core campus area and will be applicable to the SDC when the land is under the County's jurisdiction. The overlay aims to implement the County's General Plan land use goal to "identify important open space areas between and around the county's cities and communities and maintain them in a largely open or natural character with low intensities of

development." Within the Community Separator, any subdivision, change of use, or increase of development intensity to property under the County's jurisdiction will require a General Plan Amendment approved by ballot measure. It may be possible to amend the Community Separator by Board of Supervisors vote if findings can be made that (1) other comparable or better land is added to the Community Separator, or (2) the change would provide a benefit deemed to be in

the public interest, for example affordable housing, an expanded migration corridor, or increased open space.

Almost all of the campus area at SDC is outside local voter-approved Community Separator overlay. However, a small area between Sonoma Creek and Arnold Drive which contains two residential structures is covered in the overlay.

8.7 Considerations for Reuse and Conservation

The economic analysis incorporates (1) assessment of regional and local market demand using industry standard analyses tools, (2) identification of potential “synergies” that might be achieved between potential land uses and development types if they are proactively attracted to the site, and (3) exploration of the potential for very specialized uses which could be attracted to the site. The land use regulatory context is also summarized in this chapter. Land use regulations expressed through the General Plan and zoning in many ways will define and limit the type and amount of future development that can reasonably be permitted on the SDC site when the land is under the County’s jurisdiction.

This section begins with a summary of the significant constraints to development on the SDC site, followed by opportunities that emerge from this analysis. While opportunities are identified and where possible measured, it will be during a subsequent planning phase work that potential land use plan and development program alternatives will be developed.

CONSTRAINTS

- The low-growth local economy limits the site’s ability to support new employment uses.
- Stakeholders and community members may not support tourism-related uses, limiting some of site’s highest value and lowest impact use potential
- Existing infrastructure will require substantial upgrades – a significant first cost to any new development.

- As yet there is no clear strategy for transfer of lands to an entity focused on and responsible for realizing a vision for the property.
- The desire to conserve habitat and preserve the wildlife corridor may limit the availability of land otherwise suitable for agricultural uses.
- Community Separator designation—in addition to habitat and other important considerations—limits the potential for development outside the core campus area when the land is under the County’s jurisdiction.
- The proposed Historic District designation may limit some desired adaptive reuse or infill strategies within the campus core.
- The politically charged and uncertain approval process increases entitlement risk and limits land value and/or potential partners for private development.

OPPORTUNITIES

- SDC is a large, contiguous parcel of land with varied topography, landscape character and existing built form, all under one ownership.
- The campus area’s classic urban fabric would allow for selective infill and intensification without requiring creation of new development sites.
- The site has the appeal of being adjacent to a storied small, bucolic town, and the halo effect of nationally known locational brands (Sonoma Valley, Valley of the Moon, Glen Ellen).
- A Historic District designation for part of campus would provide access to alternative capital structures.
- The site’s extensive water resources

and rights that can be monetized in a water-constrained context.

- Considerable outdoor recreational opportunities both on-site and on adjoining lands create lifestyle opportunities for potential residential and hospitality uses.
- The regional demand and need for housing, coupled with the site’s character and campus form is opportune for significant new residential development as a primary driver.
- The site’s landscape qualities, historic fabric and buildings, within a desirable regional destination setting, provide potential for “boutique and retreat” hospitality uses.
- Portions of the former farm area, along with the surrounding low-lying hills, are potentially suitable for wine grape production; mixed specialty agriculture; nursery operations; and grazing. Agricultural operations could be connected to new residential uses, for example in the form of community gardens or vocational programs. They could also be connected to craft food production or local restaurants.
- The range of building sizes, types of construction and specific formats make residential campus for anchor institution a good potential fit.
- The site planning process can help to inform and shape Sonoma County’s upcoming General Plan update as it pertains to the site.

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