

CITY OF BURLINGAME

# General Plan and Zoning Ordinance Update



Community Advisory Committee #3  
September 30, 2015

## Meeting Agenda



- I. Welcome and Updates
- II. Community Workshop #1 Preparation and Promotion
- III. Presentation and Discussion: Economics of Land Use in Burlingame and the Greater Bay Area
- IV. Next Steps and Adjourn

## Community Workshop #1



## Workshop #1 Preparation



**What:** Open House Community Workshop

**When:** Saturday, October 24, 10am -2pm

**Where:** Burlingame Recreation Center



## Workshop #1 Preparation



### Purpose

- Introduce Envision Burlingame to the broader community
- Provide information on the project and a summary of work to date
- Solicit input directly from residents and other stakeholders
- Engage people in an interactive way
- Build excitement and engagement



## Workshop #1 Preparation



### Outcomes

- Gather feedback through multiple mediums:
  - Mapped assets, challenges, and opportunities
  - Written ideas on display boards
  - Responses on comment cards
  - Q + A with staff
- Identify major urban design, land use, mobility, and sustainability objectives
- Expand list of involved community members



## Workshop #1 Preparation



### Workshop Format

- Four-hour open house workshop. Participants can drop in at any time.
- Overview presentation given every hour to orient newcomers
- One large map of Burlingame on the floor
- Stations set up around the map based on different areas and corridors in the city, facilitated discussion by staff
- Venue set up to bring guests in front door and from park



## Workshop #1 Preparation



### Workshop Format (Continued)

- Youth engagement station
- Large vision board for general comments and ideas.



## Workshop #1 Promotion



- Postcards to each resident
- Flyers
- Social media
- Email and newsletter content for stakeholders to share
- Website and e-blast
- "This week in Burlingame" e-newsletter
- Media release
- Others?



## LAND USE ECONOMICS



## Key Economic Questions



- What is the market potential for new housing and commercial development?
- How can the city provide a balance of regional and local-serving retail uses?
- How does new development affect the city's fiscal health?
- What are the opportunities and trade-offs for different land uses?

## Topics for Discussion



- Land Use and Fiscal Health
- Overview of Economic and Market Conditions
- Retail Trends
- Opportunities and Constraints

## Land Use Economics: Fiscal Health

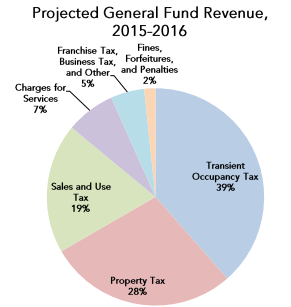


How do land use and fiscal health interact?

## General Fund Revenues



- Hotel tax provides Burlingame's largest revenue source
- Property tax and sales tax are the next largest
- Together, these sources are projected to provide 86% of General Fund revenue in 2015-2016



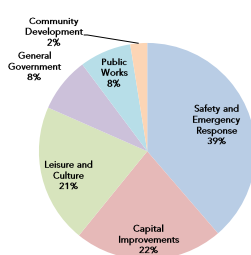
Source: City of Burlingame Adopted Budget, 2015-2016  
<https://www.burlingame.org/modules/showdocument.asp?documentID=12117>

## General Fund Expenses



- Safety and emergency response are the largest city expense, with 39% of total expenditures
- Capital improvements and leisure and culture each represent just over 20% of expenditures

Projected General Fund Expenses, 2015-2016



Source: City of Burlingame Adopted Budget, 2015-2016  
<https://www.burlingame.org/modules/showdocument.asp?documentID=12117>

## Fiscal Implications of Land Uses



Different land uses have different fiscal impacts

- Revenue drivers: property values, densities, retail sales, hotel rates
- Cost drivers: on-site population, existing service capacity, infrastructure needs
- Holistic approach is more appropriate than project-by-project analysis (not every project has to be a fiscal winner)
- BUT need a good mix of uses citywide (retail, office, residential, hotel) to have a healthy overall budget

## Land Use Economics: Market Potential

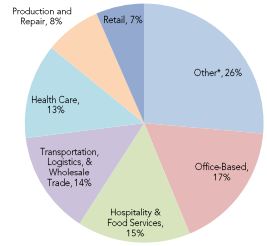


## Burlingame's Jobs



- Steady number of jobs from 1998 to 2012
- SFO drives Burlingame's non-household-serving industries
- Relative to the county, Burlingame has strengths in hospitality & food services, transportation & wholesale trade, and health care
- Small share of "office-based" industries like technology and professional/business services compared to county

Employment by Industry Group, 2012



\*Includes business and administrative support services, education, and public administration  
Source: County Business Patterns, ZIP Code Business Patterns, 2012; Strategic Economics, 2015.

## Industrial Potential



Area	Rentable Area (SF)	Vacancy Rate	Average Monthly Rents*
Burlingame	4,028,015	5.8%	\$0.95
Market Area	28,497,991	3.5%	\$0.90
San Mateo County	42,407,466	3.2%	\$0.88

\*Market Area\* includes Burlingame, Belmont, Foster City, Hillborough, Milbrae, San Bruno, San Carlos, San Mateo, and South San Francisco  
Source: CoStar Q1 2015; Strategic Economics, 2015.

- Highly valuable location for construction, logistics, and airport-related businesses
- Very low vacancy and strong demand
- Industrial businesses are very price-sensitive and other uses compete for the space
- Very few sites in Peninsula can accommodate industrial users
- Typically positive or neutral fiscal impact to City

## Office Potential



Area	Rentable SF	Vacancy Rate	Average Monthly Rents*
Burlingame	2,953,931	9.6%	\$2.58
Market Area	26,256,744	10.7%	\$3.65
San Mateo County	48,439,504	8.9%	\$3.76

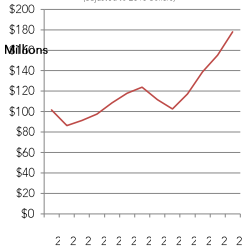
Source: CoStar Q1 2015; Strategic Economics, 2015.

- Small inventory of office, mostly airport-related users
- Lower cost relative to other Peninsula cities
- Strongest locations are Downtown and Bayfront areas
- Burlingame Point, if built, could help to change market perception
- Office generates positive or neutral fiscal benefits to City, but may take time to get built

## Hotel Potential



**Taxable Hotel Revenues, Burlingame, 2002-2014**  
(adjusted to 2015 dollars)



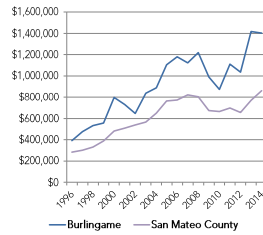
- Existing hotels are performing very well
- Excellent location, proximity to SFO
- Short and long-term opportunities to add more hotel rooms
- Competition from nearby communities
- Hotels are competing with other uses for land
- Major contributor to city's budget, but revenues fluctuate

Source: City of Burlingame, Strategic Economics, 2015.

## Housing Potential



**Median Home Sales Price**



- Strong regional demand for new housing development
- City is well suited for multi-family housing because of location and transit access
- Strong potential for both rental and ownership housing types
- New development projects are currently targeting very affluent households
- Fiscal impact typically positive or neutral (because of high property values)

Source: Zillow, 2015; Strategic Economics, 2015.

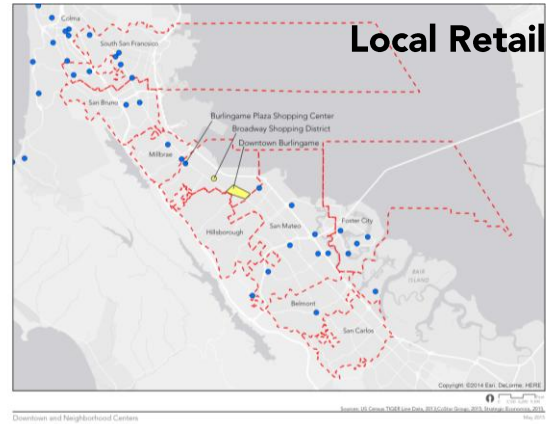
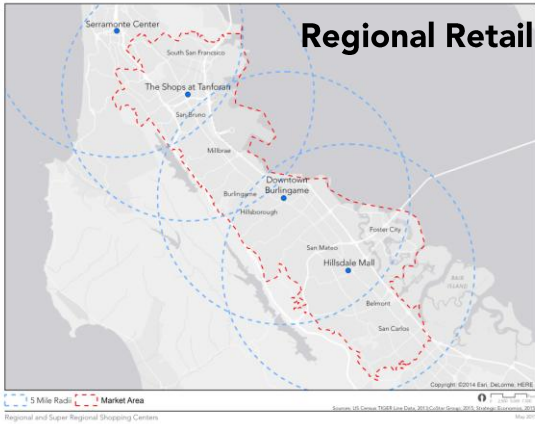
## Land Use Economics: Retail



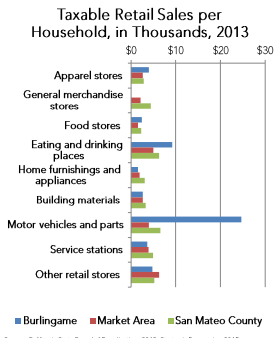
## National Trends in Retail Sales



- Internet sales growing 3X faster than brick-and-mortar
- No new major shopping center development in last two decades
- Little new construction of retail occurring in Bay Area
- Fastest growth in restaurants, grocery stores, personal and business services



## Retail Potential



Source: California State Board of Equalization, 2013; Strategic Economics, 2015.

- New households will drive demand for new retail
- Downtown Burlingame is well-suited to compete for restaurants and regional retail, but has limited capacity (sites and parking)
- Broadway and Burlingame Plaza may require reinvestment and upgrades to remain competitive
- National retail trends make it more challenging for local “mom and pop” retailers to compete
- Retail climate is currently more favorable to restaurants, bars, and cafes

## Summary of Market Conditions



- Strong market demand for nearly all land uses
- Some uses can outcompete others due to higher value and Burlingame’s unique strengths
- Burlingame has limited sites to accommodate new growth
- Need to consider overall City priorities
  - How do different land uses foster economic development goals?
  - What is the right balance of land uses to create a complete community?
  - What are the appropriate locations for new development?

## Location Matters



- Some locations are more attractive to certain types of uses
  - **Office, hotels, and regional retail** – freeway access and visibility; nearby restaurants; transit is a plus.
  - **Multi-family housing** – nearby amenities like transit, parks, community facilities, and neighborhood retail/restaurants; proximity to job centers.
  - **Neighborhood retail** – locations with a high number/density of households; visibility from street; walkable environment.

## Q & A



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