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Drawing outside the lines

Does Greater Sacramento have enough land zoned to house 900,000 more people? Several land developers are betting the answer is no

Story Mike McCarthy

If it's true that another 900,000 people are will move to Greater Sacramento by 2025, how much land do we need to develop to house them?

About a dozen regional land investors bet that it's more land than the area has set aside now, and a new analysis seems to support their view.

But skeptics say the area has plenty of land zoned for development already if the area's cities and counties would just develop more densely.

The fate of some 50,000 acres of agricultural land hangs in the balance, including more than 40,000 acres outside current development zones. Developers have bought or optioned the land in a bet that they can eventually secure entitlements to develop the tracts. The buyers acquire the land in areas where they think the path of growth is headed, then often do what they can to make growth head their way.

Environmentalists worry over the possibility of so much open space, an area four-fifths the size of the city of Sacramento, being touched by development.

"Our planning is being done by land speculators," growled Ann Kohl, a spokeswoman for Sacramento's open space advocates. They say such development would aggravate traffic congestion and air pollution, and degrade open space.



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Developers and others respond that in the current pro-environment climate, much of the land would no doubt stay open. They say there isn't enough land available for future demand, and that the difficulty of getting entitlements will continue to constrain growth.

No longer a quick buck: Some of the 50,000 acres is designated for urbanization, but its development is still in doubt or contested, making the ventures speculative.

"Raw land" developers can make a bundle, in theory at least. They can buy farmland for \$5,000 to \$10,000 per acre, then get it zoned and mapped to make it potentially worth \$125,000 an acre, said land broker and developer Doug Bayless.

The real estate industry splits land investors into two types -- speculators and land developers. Speculators buy farmland and do little or nothing to rezone it. They just wait for growth to reach them, Bayless said. Land developers buy land and then seek rezoning.

All are gambling that land they own can be rezoned for development -- and it is a gamble. During the past decade, environmentalist and slow-growth opposition has emerged as a powerful constraint on land development, said Cameron Doyel, a spokesman for Northern Territories.

Other inhibitors are increasingly powerful federal and state regulation protecting the environment and driving up the cost of land development, and dramatically higher municipal fees.

"It used to be there was a lot of money in the conversion of raw land to entitled," Doyel said. "Now it's so much longer and expensive to do it, it's not a quick buck."

Some people retain the money, savvy and patience to stay in the game. And their risk is reduced by the fact that most local cities and counties encourage development, and by the strong demand from the growing job sector for more homes and business parks.

A big bet on western Placer: One of the big targets for the land developers is the farmland between the Highway 65 corridor in Placer County and the Highway 99/70 corridor in Sacramento and Sutter counties.

In Placer County, the Highway 65 corridor is dominated by fast-growing Roseville and Rocklin. The corridor's strong business parks have made Placer County the fastest-growing economy in the state, and helped pull the path of growth away from the less-developable foothills and toward the flatlands to the west.

Land developers control more than 17,000 acres designated for agriculture just west of Roseville and Rocklin, said Dave Jarrette, a partner in the Roseville appraisal firm of Giannelli, Jarrette & Waters.

One of the most active land developers is AKT, which owns at least 4,873 acres of land between Baseline and Athens roads.

AKT is lobbying to make its development palatable. Angelo Tsakopoulos has offered to donate some of the land to create a new university. He and other land developers also support the idea of Placer Parkway -- a proposed expressway between Highway 65 and Highway 99/70.

AKT also co-owns Placer Vineyards, a 5,158-acre tract designated for urbanization as a new town in the county's general plan. Tsakopoulos and the other landowners are asking for approval of some 14,000 homes there. The venture has yet to run the gauntlet of public hearings.

One of the biggest land gambits is backed by a partnership between Signature Properties, controlling 1,600 acres, and a partnership headed by Jonathan Cohen, controlling 1,466 acres. They have combined their parcels to create the Westpark

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project. They are seeking annexation to Roseville and entitlements for 7,000 homes.

Also big in the west Placer pack is a Canadian developer. Toronto-based Brookfield Homes has optioned 1,250 acres for 3,500 homes. The Lewis Group of Cos. of Upland is developing the 510-acre Nader ranch west of Lincoln for 1,700 homes and contractor C.C. Myers is also in the running with 400 acres.

North of Rocklin, The Grupe Co. is trying to get 1,000-acre Sunset Ranchos annexed to the city with approvals for some 4,000 homes. The land is already designated for light residential development.

Another speculative project, the 1,954-acre Bickford Ranch owned by U.S. Homes (now Lennar Communities), was recently approved by Placer County for about 1,800 homes. The land, like Placer Vineyards, had earlier been designated for urbanization by the county, but slow-growthers filed a lawsuit against it earlier this month.

Other speculation zones: To the west of Placer County, developers control about 7,000 acres of speculative land in North Natomas in north Sacramento County.

Northern Territories is the main player, trying to get approvals for 6,500 acres that can hold 12,000 homes. Tsakopoulos is trying to get approval for the 510-acre Greenbriar Farms. A group of landowners, the North River Alliance, is trying to get 876 acres approved for an auto mall and other development.

Just across the county line in south Sutter County, land developers are working with the county to develop up to 10,500 acres for commercial development. Bob Leal owns most of the land.

The second major target area is the 30,000 acres or so south of Folsom. The city, in a land development move of its own, last year added 3,584 acres south of Highway 50 to its annexable territory. The environmental impact study for the tract theorized that it could hold 28 million square feet of commercial space -- as much space as 28 regional malls.

It could also hold more than 13,000 homes, using an average coverage of 5.5 homes per developable acre.

AKT owns about a third of that land, and much of the rest is owned by people who want to gain entitlements, Jarrette said.

Another big landowner is the Finn family, with 1,016 acres. GenCorp Inc. of Rancho Cordova owns 900 acres of Aerojet land there and aims to get it developed.

Some of the landowners are organizing an annexation push.

Just to the south, AKT and other investors have lined up approximately 9,000 acres in hopes of one day seeing it entitled for development. AKT itself controls at least 2,750 acres. The family of Tsakopoulos' brother, George, controls 3,917 acres.

A bit to the west, Elliott Homes recently bought 1,100 acres of Aerojet property on Sunrise Boulevard, and is co-developing another 2,800 acres with GenCorp.

Not enough land? One big question raised by all this speculation is whether it fulfills a legitimate demand for land. If demand outstrips supply, new-home building would continue to lag demand, and land and home prices would rise considerably.

Some observers insist there is plenty of land already designated for urbanization to handle growth for at least two more decades.

There may be lots of growth to handle. The Sacramento Area Council of Governments, which analyzes growth so that it can make plans for regional transportation, estimates that the six-county population will increase by 49 percent between 2000 and 2025. The current population of about 1.88 million would increase by 928,029 people to reach 2.81 million.

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The six counties are Sutter, Yuba, Yolo, Sacramento, Placer and El Dorado.

To calculate its estimate, SACOG figured the likely population increase, using historical trends. The agency then matched the trends with areas approved for urbanization. It did not assume the speculative ag land would be available, said Gillian Biedler, a demographer and economist with the council.

Some say there is not enough land for all those people. Economic Planning Systems, a reputable company that consults on growth matters, did a study last year as part of an Urban Land Institute conference that came up with some interesting conclusions.

The study used SACOG projections that estimate a population gain of 829,000 from 2000 to 2020. A small amount of development in Solano County was added to the six counties that SACOG studies.

Economic Planning Systems figured that the newcomers would need 338,000 homes, at 2.45 persons per home.

The analyst found 54 projects proposed on 86,000 acres, and calculated they would generate 223,550 homes, leaving a shortfall of 114,450 homes for 280,402 people.

The study doesn't give a complete picture, said Tom Hutchings, Sacramento County's planning director.

He said the county's unincorporated area alone contains 70,000 acres of open space designated for urbanization. The land is inside the county's growth border -- the Urban Services Boundary. It's more than enough land to house all of the population increase, he said.

But much of that land is constrained in a wide variety of ways, argued Tim Youmans, a principal in Economic Planning Systems. Planners "have a bunch of acres calculated," he said. "But a lot of those acres can't be developed for homes."

Some of the land is under the flight paths of airports, he said, while other pieces are covered with vernal pools and other protected habitat.

Moreover, the future of many projects proposed even in areas designated for urbanization is iffy, and many planned projects will have to set aside unusually large portions for open space, he added.

Even assuming considerable constraints, Hutchings responded, there's still ample land designated for the newcomers.

5.5 people per acre looks light: Environmentalists argue that the region needs to develop far less empty land than it supposes.

Developers can build far more homes per acre than they do now, and there is much more land in existing urban areas than we realize, said Randall Fleming, managing director of the Community Design and Planning Studies program at the University of California at Davis.

His study of the approved projects in the region shows that the average population density is very light at about 5.5 people per acre.

It's possible to get a good quality of life with much higher densities. Davis, for instance, has a density of 8.4 people per acre. Citrus Heights has 9-plus, and midtown Sacramento has 20. Manhattan has 104 and San Francisco has 24. Florence had a density of 75 during the Renaissance, he noted, when the city emerged as a flower of Western culture.

The ancient city of Jericho had a density of 300.

Fleming analyzed the possibility of increasing infill development by looking at land within a 20-minute walk of the region's urban centers. That area contains 250,000 acres, he calculated. About 175,000 acres are within a five-minute walk.

In other words, assuming some aggressive redevelopment, the existing growth

limits have enough land to house the full projected population growth of the next two decades.

"This assumes more intense redevelopment of some blocks, second units with some houses, bigger buildings and taller," he said. "You could put everybody in the urban centers, assuming people wanted to live there and developers were willing to build. You don't have to keep growing on the urban edge."

"That's wishful thinking," said Doug Mull a planner and vice president with Lewis. "When you truly figure what redevelopment will yield in new land supply, it's much less than anybody thinks it is."



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