3 POPULATION AND ECONOMY

3.1 POPULATION AND DEMOGRAPHICS

Population and Household Characteristics

Pacifica is a mid-sized community in a large metropolitan region. The City's population is estimated at 39,995 in 2009, up slightly from the 38,390 counted in the 2000 Census (Department of Finance, 2009, US Census, 2000). The City has grown by only 8.5 percent since the current General Plan was adopted in 1980. The City's approximately 14,330 households have an average of 2.78 persons, on par with household size in San Mateo County. As of 2000, Pacifica's Coastal Zone was home to 4,725 people, approximately 12 percent of the total population.

As in much of the state, Pacifica's population has grown older in recent decades. In 1990, the 30 to 44 age cohort was largest, at 30 percent, flanked by 18 percent of the population each in the younger (18 to 29) and older (45 to 61) age groups. By 2007, the American Community Survey estimated 45- to 61-year olds to be Pacifica's largest cohort, accounting for 30 percent of the population, followed by 30- to 44-year-olds. Young adults between the ages of 18 and 29 had fallen to 13 percent of the population. By comparison, school-aged children remained relatively even as a component of the population, falling just one percent in 17 years (US Census Bureau, 1990, 2000, 2007).

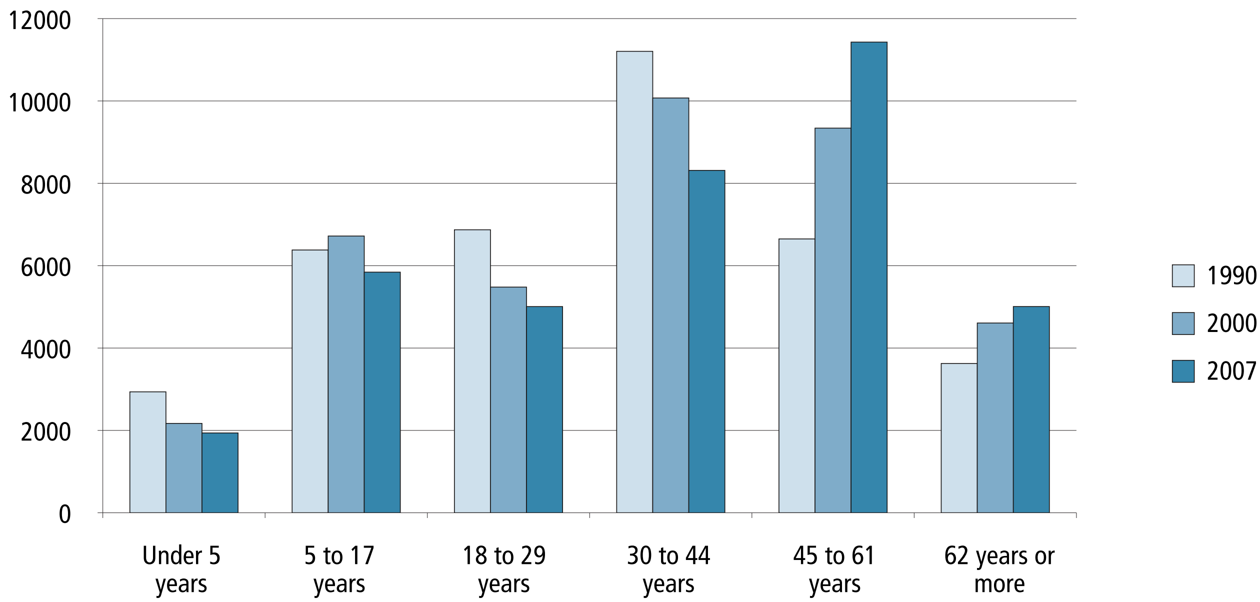
Pacifica, with a current population of approximately 40,000, has grown little since the 1960s but has experienced an uptick during the last decade. Population is projected to reach 42,000 by 2030.

TABLE 3-1: CITY OF PACIFICA POPULATION BY AGE

	1990	Percent	2000	Percent	2007	Percent	Annual Change 1990–2007
TOTAL POPULATION	**37,670**	**100%**	**38,390**	**100%**	**37,539**	**100%**	**0.0%**
Under 5 years	2,937	8%	2,170	6%	1,938	5%	-3.0%
5 to 17 years	6,381	17%	6,720	18%	5,843	16%	-0.5%
18 to 29 years	6,872	18%	5,480	14%	5,007	13%	-2.2%
30 to 44 years	11,205	30%	10,072	26%	8,314	22%	-2.0%
45 to 61 years	6,650	18%	9,340	24%	11,429	30%	2.5%
62 years or more	3,625	10%	4,608	12%	5,008	13%	1.6%

Sources: US Census 1990 and 2000, American Community Survey, 2005-2007.

CHART 3-1: Pacifica Population by Age



Sources: ACS, 2005-2007, US Census 1990 and 2000.

The American Community Survey's 2005-2007 estimate finds that 65 percent of Pacifica's population is white, 19 percent is Asian, 6 percent are two or more races, 6 percent is of other races and ethnicities, and 4 percent is black or African American. Fifteen percent of Pacifica's population identifies Hispanic or Latino origin. Pacifica has a higher proportion of whites than San Mateo County and the Bay Area, with proportionately fewer Asians, African-Americans, and Latinos.

Median household income in Pacifica is an estimated $82,000, higher than the Bay Area median of $72,059 (ACS, 2007). Average income, as estimated by the Association of Bay Area Governments (ABAG), is significantly higher, at $100,900 in 2005; mean income tends to be skewed by households with very high incomes. By ABAG's estimates, Pacifica's households are lower income than those of San Mateo County as a whole ($121,700), but above the Bay Area mean ($97,400.)

CHART 3-2: Race in Pacifica

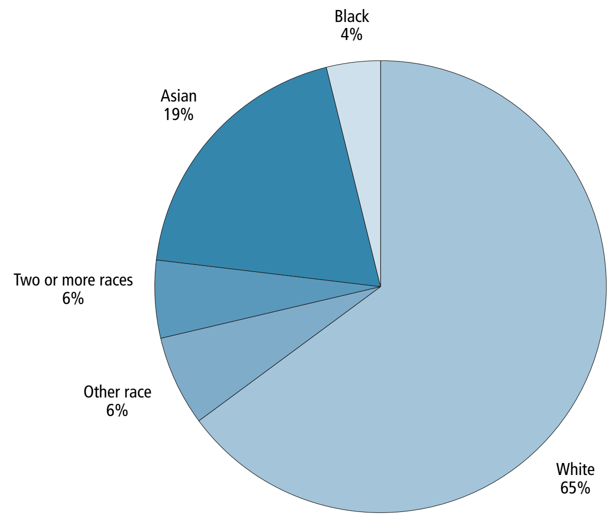


TABLE 3-2: RACE AND ETHNICITY IN PACIFICA, SAN MATEO COUNTY, AND THE BAY AREA

	Pacifica City		San Mateo County		Bay Area	
TOTAL POPULATION	**37,539**	**100%**	**701,985**	**100%**	**4,171,627**	**100%**
White	24,356	65%	424,835	61%	2,321,764	56%
Black or African American	1,449	4%	22,182	3%	368,110	9%
American Indian and Alaska Native	115	0%	2,374	0%	17,378	0%
Asian	7,226	19%	164,909	23%	907,431	22%
Native Hawaiian and Other Pacific Islander	360	1%	9,603	1%	28,032	1%
Some other race	1,946	5%	52,714	8%	377,671	9%
Two or more races	2,087	6%	25,368	4%	151,241	4%
Hispanic or Latino (of all races)	5,667	15%	160,045	23%	825,743	20%

Sources: U.S. Census Bureau, 2005-2007 American Community Survey.

Historic and Projected Growth

Pacifica began as a collection of small communities along the coast. Urban growth accelerated with the expansion of postwar housing developments, and Pacifica incorporated as a City in 1957. Pacifica grew rapidly in the 1950s and 1960s, nearly doubling in size in the latter decade alone, but has grown little since then, gaining an average of 790 persons per decade in the 1970s, '80s, and '90s. By the California Department of Finance's estimate, the City has gained 1,605 persons in the nine years since the 2000 census, indicating an increase in the annual growth rate, as shown in Table 3-3 (US Census Bureau, 2000 and California DOF, 2009). Chart 3-3 illustrates Pacifica's growth trends, including both historic growth and projections, while Table 3-4 provides Pacifica's historic population and household figures, and projections.

ABAG projects Pacifica to grow by an average of 1,500 persons per decade for the next 20 years, reaching 42,000 by the end of the planning period in 2030. This projection seems to follow the trends of the most recent decade, and amounts to a doubling of the numerical growth the City experienced in the decades between 1970 and 2000.

ABAG's 2007 population projection for Pacifica in 2010 (39,000) is below the Department of Finance's estimate of 2009 population (39,995), suggesting that recent growth has outpaced expectations. Pacifica is projected to grow to 42,000 by 2030, using ABAG's long-term forecast, amounting to a population increase of 2,005 from the 2009 DOF estimate. However if we use the DOF estimate as a starting point, and assume ABAG's growth projections of 3,000 between 2010 and 2030, we should expect a 2030 population of 42,995.

TABLE 3-3: HISTORIC POPULATION GROWTH

	1960	1970	1980	1990	2000	2009
Population	20,995	36,020	36,866	37,670	38,390	39,995
ANNUAL GROWTH RATE	N/A	5.4%	0.2%	0.2%	0.2%	0.5%

Sources: State of California DOF 2009, Dyett & Bhatia, 2009.

CHART 3-3: Historic and Projected Growth in Pacifica

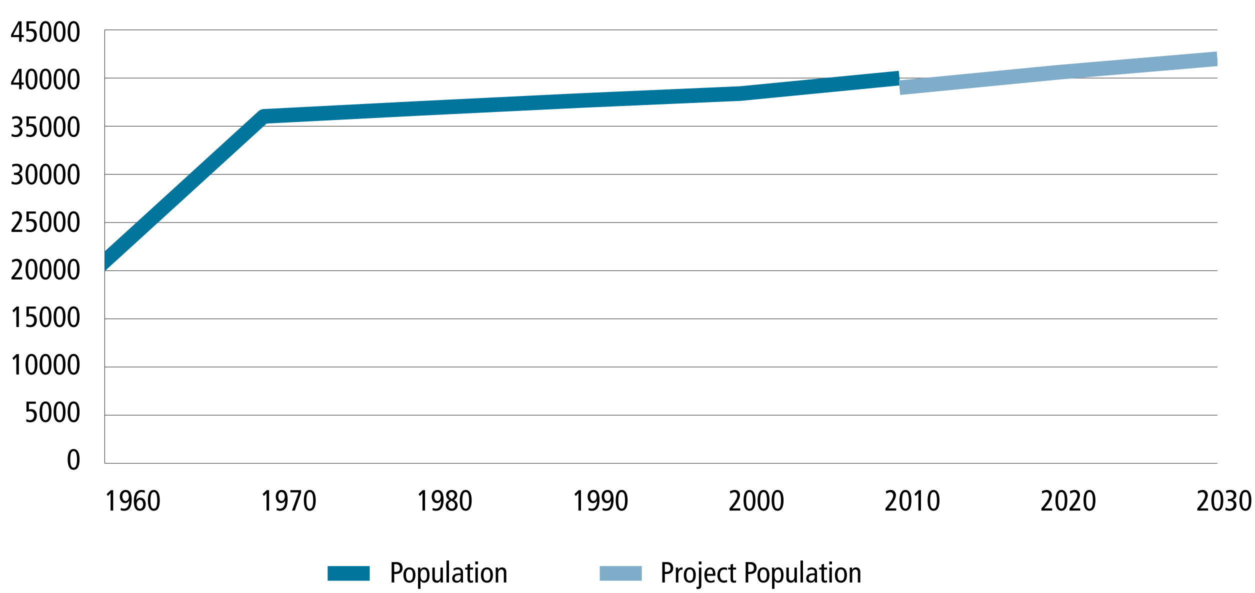


Chart 3-4 compares Pacifica's population growth trends to the countywide average, and trends in Daly City, San Bruno, and Half Moon Bay. Pacifica has grown more slowly than neighboring cities and the county as a whole between 1990 and the present, though it outpaced Daly City in the last nine years. Pacifica's growth is expected to remain slower than its neighbors'; in general, growth rates are projected to decline in Pacifica and the vicinity during the planning period.

Population Growth and Age Profile

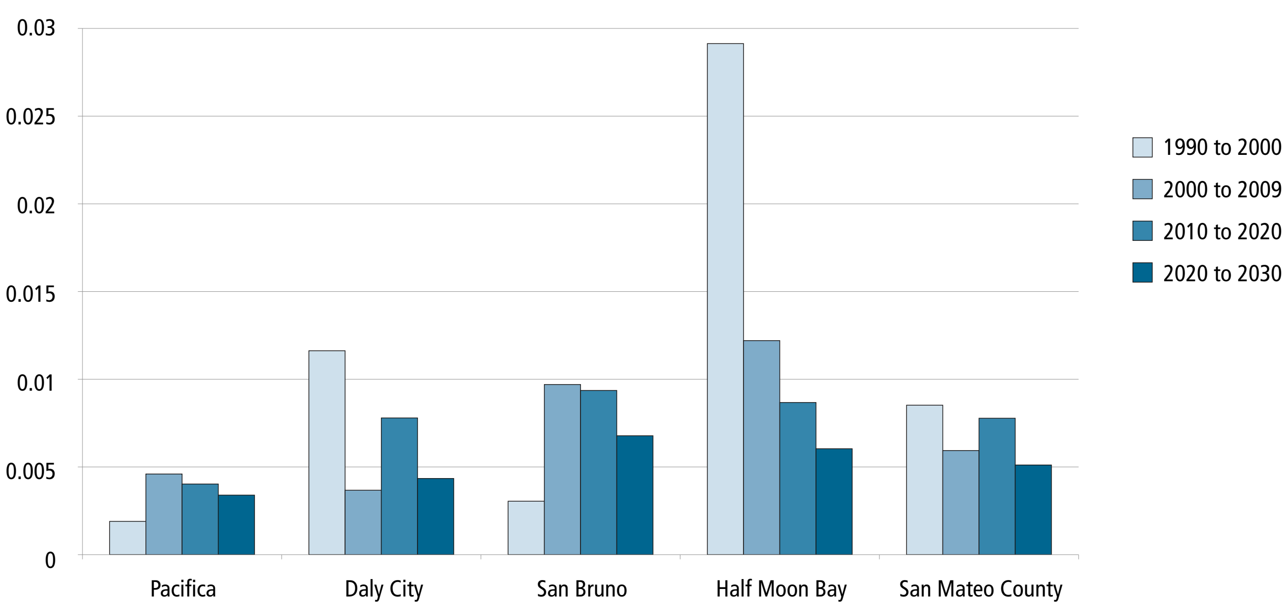
As noted above, Pacifica's population has grown older in recent decades. The proportion of adults between 45 and 61 rose from 18 percent in 1990 to 30 percent in 2007, and those over 61 rose from 10 percent to 13 percent. At the same time, the proportion of young adults aged 18 to 44 fell from 48 percent to 36 percent, and the proportion below age 18 dropped slightly from 25 percent to 21 percent. While a more in-depth demographic exercise would be necessary to project the future profile of Pacifica's population, it appears likely that older adults, especially those over age 61, will be the fastest-growing demographic group during at least the early part of the planning period.

TABLE 3-4: HISTORIC AND PROJECTED POPULATION AND HOUSEHOLD GROWTH

	Historic Population			Projected Population				
City of Pacifica	**1990**	**2000**	**2009**	**2010**	**2015**	**2020**	**2025**	**2030**
Population	37,670	38,390	39,995	39,000	39,800	40,600	41,400	42,000
Annual Growth Rate	0.2%	0.2%	0.5%	0.2%	0.4%	0.4%	0.4%	0.3%
Households	13,340	13,994	14,327	14,320	14,550	14,820	15,140	15,450
Annual Growth Rate	n/a	0.5%	0.3%	0.2%	0.3%	0.4%	0.4%	0.4%

Sources: US Census, 1990 and 2000; Association of Bay Area Governments, 2007; California DOF, 2009; Dyett & Bhatia, 2009.

CHART 3-4: Historic and Projected Population Growth Rates in Pacifica and San Mateo County Jurisdictions



3.2 HOUSING

Housing Characteristics

According to the 2007 American Communities Survey, Pacifica has a total of 14,467 housing units. Single-family, detached houses make up three quarters of these units (10,276), while about 20 percent of the housing stock is in buildings with three or more units.

As Table 3-5 shows, seventy percent of the City's housing is owner-occupied. Significantly more housing units are occupied by renters in the Coastal Zone—65 percent of the total compared with 31 percent for the City overall.

Both single-family houses and the percentage of owner occupancy are estimated to have risen slightly in Pacifica between 2000 and 2007. At the same time, average household size has declined slightly from 2.73 to 2.68 persons per unit (US Census Bureau 2000 and 2007).

TABLE 3-5: SELECTED HOUSING CHARACTERISTICS

	2000 Census	Percent	2005–2007 ACS Estimate	Percent
TOTAL HOUSING UNITS	**14,255**	**100%**	**14,467**	**100.0%**
Housing Occupancy				
Occupied housing units	14,003	98%	14,004	97%
Vacant housing units	252	2%	463	3%
Units in Structure				
1-unit, detached	10,276	72%	10,696	74%
1-unit, attached	775	5%	619	4%
2 units	172	1%	312	2%
3 or 4 units	535	4%	383	3%
5 to 9 units	686	5%	520	4%
10 to 19 units	370	3%	720	5%
20 or more units	1,343	9%	1,185	8%
Mobile home	98	1%	32	<0.5%
Boat, RV, van, etc.	–	0%	–	0%
Housing Tenure				
Owner-occupied	9,605	69%	9,855	70%
Renter-occupied	4,398	31%	4,149	30%
Average Household Size				
Average household size of owner-occupied unit	2.89	NA	2.85	NA
Average household size of renter-occupied unit	2.39	NA	2.27	NA
Average household size	2.73	NA	2.68	NA

Sources: American Community Survey, 2005-2007, US Census 2000.

Note: Percentages are rounded and may not appear to add up.

Housing Prices and Rents

Between 2000 and 2007, the median value of an owner-occupied housing unit in Pacifica nearly doubled, from $366,500 to $708,900. Most owner households in Pacifica spend either less than 20 or more than 35 percent of their income on housing costs, and these categories have both grown proportionately since 2000. Meanwhile, rent has become a greater burden on renters across the board during this period. The proportion of renters spending more than 35 percent of their income on rent grew from 30 to over 40 percent (US Census Bureau, 2000 and 2007).

Over the last few years, housing prices have fallen in Pacifica, as they have across the region and state. The median sales price for a single-family home in Pacifica was $535,000 in 2009, down from $730,000 in 2005, a 27 percent decline, while the median price of a condominium dropped 34 percent to 366,500. Total sales volume declined even more—43 percent for single-family homes and 67 percent for condominiums—as fewer homes were put on the market and sold (San Mateo County Association of Realtors, 2010).

TABLE 3-6: HOUSING VALUE AND EXPENSES

	2000	Percent	2005–2007	Percent
Value of Owner-Occupied Units				
Owner-occupied units	9,005	100%	9,855	100%
Median (dollars)	366,500	NA	708,900	NA
Selected Monthly Owner Costs as a Percentage of Household Income				
Less than 20.0 percent	2,732	30%	3,615	37%
20.0 to 24.9 percent	1,308	15%	1,172	12%
25.0 to 29.9 percent	1,088	12%	1,010	10%
30.0 to 34.9 percent	735	8%	889	9%
35.0 percent or more	2,039	23%	3,116	32%
Gross Rent as a Percentage of Household Income				
Less than 15.0 percent	593	14%	257	6%
15.0 to 19.9 percent	675	15%	432	10%
20.0 to 24.9 percent	624	14%	642	16%
25.0 to 29.9 percent	591	14%	662	16%
30.0 to 34.9 percent	437	10%	396	10%
35.0 percent or more	1,285	29%	1,719	41%

Sources: American Community Survey, 2005-2007, US Census 2000.

TABLE 3-7: RESIDENTIAL SALES IN PACIFICA, 2005–2009

	2005	2006	2007	2008	2009	% Change 2005–2009
Median Sales Price						
Single-Family Residential	730,000	720,000	716,500	605,000	535,000	-27%
Condominiums	557,000	515,000	526,000	458,000	366,500	-34%
Total Sales Volume						
Single-Family Residential	244,113,264	213,573,271	145,070,751	113,226,950	139,408,633	-43%
Condominiums	40,703,011	41,732,999	19,355,000	13,692,100	13,346,500	-67%

Source: San Mateo Association of Realtors, 2010.

Housing Needs

Regional Housing Needs Determination and Allocation

In order to respond to the growing population and household growth of the state, and to ensure the availability of decent affordable housing for all income groups, the State of California enacted Government Code Section 65584 in 1981, which requires each Council of Governments (COG) to periodically distribute state-identified housing needs for its region. The State Department of Housing and Community Development (HCD) is responsible for determining this regional need and for initiating the process by which each COG must then distribute its share of statewide need to all jurisdictions within its region. This statute requires development of a new Regional Housing Needs Assessment (RHNA) every seven years. In June 2008, ABAG released San Francisco Bay Area Housing Needs Plan, 2007-2014, which includes housing targets for 2007-2014 as part of the Regional Housing Needs Allocation Process.

Government Code Section 65584 also requires that a City's share of regional housing needs include the share of the housing needs of persons at all income levels: "Extremely Low Income, "Very Low Income," "Low Income, "Moderate Income," and "Above Moderate Income."

The ABAG Policy Board established housing needs for all jurisdictions within its boundaries for the 2007-2014 planning period by using a "fair share" approach, based on household growth, existing employment, employment growth, and household and employment growth near existing transit. However, the San Mateo County sub-region completed its own RHNA process that paralleled the ABAG process and issued final allocations to all the members of the sub-region, including Pacifica (ABAG, 2008).

According to ABAG's RHNA, the Bay Area overall needs a total of about 214,500 new residential units by 2014 and San Mateo County needs 15,738 units. The San Mateo County sub-region determined that Pacifica has a need for 275 of these units. The distribution of housing units needed between 2007 and 2014 by income level for Pacifica, San Mateo County, and the Bay Area as a whole is described in Table 3-8.

EXTREMELY LOW INCOME HOUSEHOLDS

A 2006 amendment to state housing law requires that each jurisdiction identify the housing need of "Extremely Low Income" households. Jurisdictions may assume that 50 percent of Very Low Income households are in this category, or may use its own methodology. Pacifica has followed the 50 percent rule, and has determined that there is a need for 32 units for Extremely Low Income households, and 31 units for Very Low Income households.

General Plan Housing Element

Each jurisdiction is required by State law to incorporate its housing need numbers into an updated version of its General Plan Housing Element. Pacifica's most recent Housing Element was completed in 1990 and amended in 1992. The City is currently preparing the 2007-2014 Housing Element.

Pacifica's housing allocation for the 2007-2014 period is 275 units, of which 120 are needed for Very Low Income households, 60 for Low Income households, 181 for Moderate Income households, and 305 for Above Moderate Income Households. As Table 3-9 shows, Pacifica has met nearly three quarters of this need, to date, but achievement has been uneven among income groups. While all of the need for Above Moderate Income households and four fifths of the need for Moderate Income households has been met, only 4 of the 108 units needed for Extremely Low, Very Low, and Lower Income households have been provided.

Meanwhile, the City of Pacifica had a RHNA of 666 housing units for the 1999-2006 period. Two thirds of that need was met during the period, leaving a remaining need for 196 units, distributed among household income levels. Table 3-9 shows that altogether, there is a remaining need for 29 housing units for Extremely Low Income households, 141 units for Very Low Income Households, 72 for Lower Income

TABLE 3-8: REGIONAL HOUSING NEEDS ALLOCATION, 2007–2014

	Very Low <50%	Low <80%	Moderate <120%	Above Moderate	TOTAL
Pacifica	63[1]	45	53	114	**275**
San Mateo County	3,588	2,581	3,038	6,531	**15,738**
Bay Area	48,840	35,102	41,316	89,242	**214,500**

Sources: Association of Bay Area Governments, 2008.Dyett & Bhatia, 2008.

Note:

1 Per AB 2634, Pacifica has identified a subset of Extremely Low Income households, and assigned 50% of the Very Low Income housing allocation, or 32 units, to this group.

TABLE 3-9: HOUSING NEED IN PACIFICA, 1999-2014

Income Level	Need[1]	Units Built or Approved[2]	Percent of Need Met	Remaining Need
1999–2006 Period				
Very Low Income	120	10	8%	110
Low Income	60	32	53%	28
Moderate Income	181	123	68%	58
Above Moderate Income	305	313	100%	0
SUBTOTAL	**666**	**447**	**66%**	**196**
2007–2014 Period				
Extremely Low Income[3]	32	3	9%	29
Very Low Income	31	0	0%	31
Lower Income	45	1	2%	44
Moderate Income	53	42	79%	11
Above Moderate Income	114	152	100%	0
SUBTOTAL	**275**	**198**	**72%**	**115**
Total Remaining Need				
Extremely Low Income[3]				29
Very Low Income				141
Lower Income				72
Moderate Income				69
Above Moderate Income				0
TOTAL REMAINING NEED				**311**

Source: City of Pacifica, 2010.

Notes:

1 Housing Need established by ABAG.

2 Includes 31 “second units” in 1999-2006 period and 3 second units in 2007-2014 period.

3 Accommodation for Extremely Low Income households was added to State Housing Law in 2006.

Households, and 69 for Moderate Income Households, for a total of 311 new units by 2014.

The Draft Housing Element for 2007-2014 concludes that the City contains adequate, buildable sites to accommodate the remaining need for 311 units, and identifies thirteen sites which could fulfill housing needs if developed with an appropriate mix of housing affordable at each income level. These sites are shown in Figure 3-1, and detailed in Table 3-10. It is important to emphasize that this represents simply a selection of sites that could be developed for housing, and could satisfy the City's housing needs.

POLICIES AND ACTION PROGRAMS

The 2007-2014 Housing Element features policies focused on maintaining housing; improving housing; and developing new housing. The policies in the Draft Housing Element follow:

Maintaining Housing

- Encourage the upgrading and maintenance of the City's neighborhoods.
- Emphasize fire prevention measures.
- Develop policies and ordinance directed to energy conservation.
- Encourage the continued affordability of existing affordable housing.

Improving Housing

- Encourage commercial and residential code compliance.
- Land use and development shall protect and enhance the individual character of each neighborhood.

Developing Housing

- Place the priority on residential infilling.
- New development shall be compatible with existing development and shall have safe and adequate access.
- Encourage development plans which protect or provide open space. Balance open space, development, and public safety, particularly in the hillside areas.
- Discourage discrimination based on age, race, sex, family size, disability, or nationality.
- Encourage provision of a local shelter (safe housing) for victims of family violence.

For each policy, one or more action programs are proposed to achieve the policy's intentions. Most of the programs identified in the draft Housing Element are continued from earlier housing elements. These include encouraging the preservation of the existing mobile home park as an important source of low and moderate income housing; encouraging designation of historic structures; facilitating the addition of second residential units; encouraging transfer of development rights and other density/ open space tradeoffs; promoting the Density Bonus ordinance for all new multifamily residential development; and encouraging the development of small houses on small lots.

HOUSING INVENTORY AND INCENTIVES

As of May 2008, San Mateo County listed five affordable rental housing buildings in Pacifica, four of which are for seniors, together providing 357 affordable units. The average wait time for Section 8 housing assistance is 1 to 5 years. The City's current inclusionary zoning ordinance, adopted in April 2007, requires that developments of eight or more units, lots or parcels include 15 percent affordable units, restricted for occupancy by Very Low, Lower or Moderate Income Households. Alternatives to provision of the units on-site may include off-site construction, land dedication to the City of greater value than the required units, payment in-lieu of providing a unit to go into a housing trust fund, or some combination of similar alternatives. However, on-site provision of the affordable units is encouraged through a density bonus.

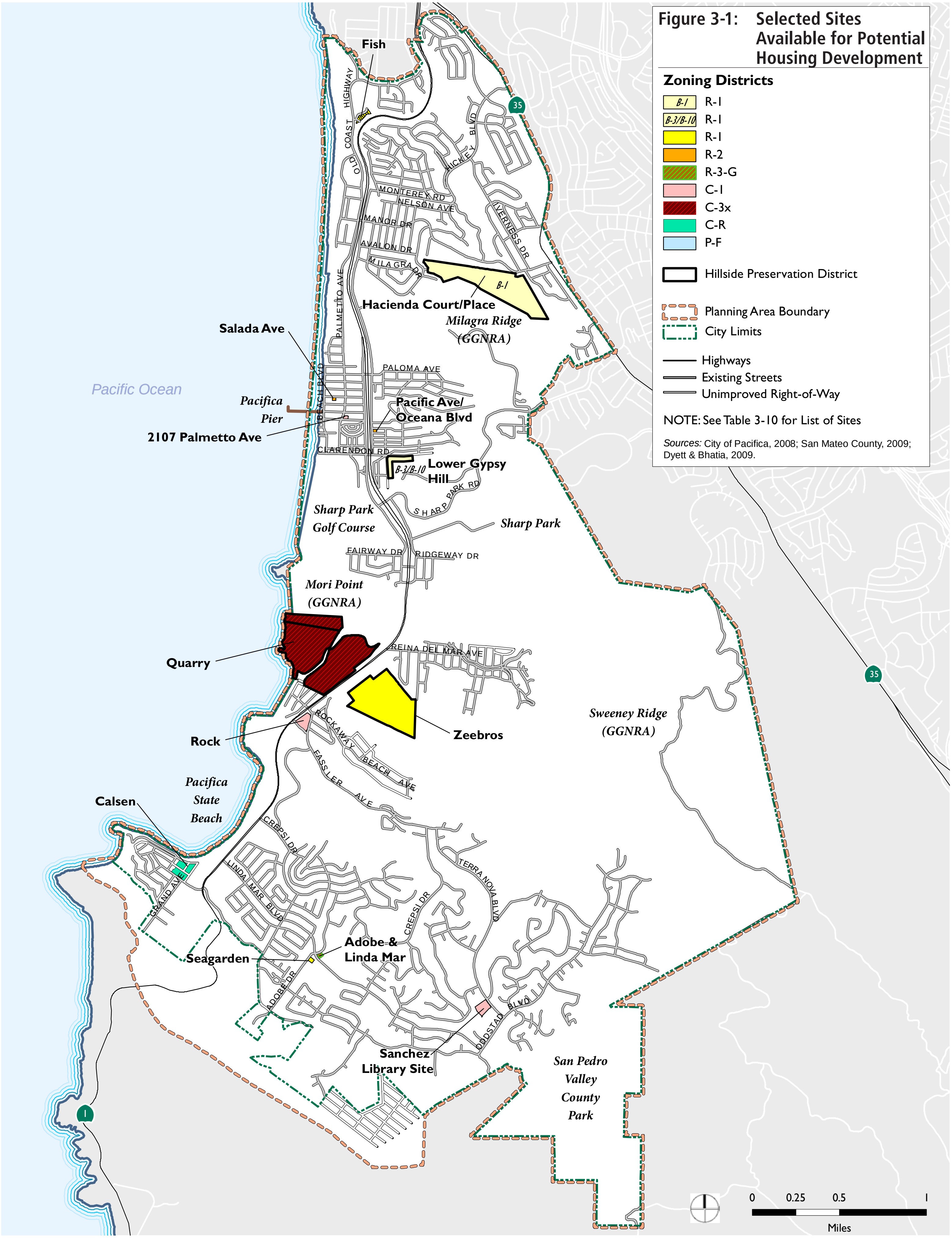


Figure 3-1: Selected Sites Available for Potential Housing Development
Zoning Districts
B-1 R-1
B-3/B-10 R-1
R-1
R-2
R-3-G
C-1
C-3x
C-R
P-F
Hillside Preservation District
Planning Area Boundary
City Limits
Highways
Existing Streets
Unimproved Right-of-Way
NOTE: See Table 3-10 for List of Sites
Sources: City of Pacifica, 2008; San Mateo County, 2009; Dyett & Bhatia, 2009.
Fish
Hacienda Court/Place
Milagra Ridge (GGNRA)
Salada Ave
Pacific Ocean
Pacifica Pier
2107 Palmetto Ave
Pacific Ave/ Oceana Blvd
Lower Gypsy Hill
Sharp Park Golf Course
Sharp Park
Mori Point (GGNRA)
Quarry
Zeebros
Rock
Sweeney Ridge (GGNRA)
Pacifica State Beach
Calsen
Seagarden
Adobe & Linda Mar
Sanchez Library Site
San Pedro Valley County Park
OLD COAST HIGHWAY
HICKEY BLVD
MONTEREY RD
NELSON AVE
MANOR DR
AVALON DR
MILAGRA DR
VERNESS DR
PALMETTO AVE
BEACH BLVD
PALOMA AVE
CLARENDON RD
SHARP PARK RD
FAIRWAY DR
RIDGEWAY DR
REINA DEL MAR AVE
ROCKAWAY BEACH AVE
FASSLER AVE
CRESPI DR
LINDA MAR BLVD
GRAND AVE
TERRA NOVA BLVD
ADOBE DR
ODDSTAD BLVD
35
1
0
0.25
0.5
1
Miles

TABLE 3-10: SELECTED SITES AVAILABLE FOR POTENTIAL HOUSING DEVELOPMENT WITHIN THE SEVEN-YEAR PLANNING PERIOD

Site	Site; Location	Zoning	Allowable Density	Site Area	Potential Units[1]
1	Fish Palmetto near Westline	R-1/CZ Single-Family Residential, Coastal Zone	1 unit per 5,000 sq. ft.	1.03 ac	8
2	Zeebros Coast Hwy & Harvey Way	R-1/B-10/HPD, R-1/B-3/HPD Single-Family Residential, Hillside Preservation District	1 unit per 5 acres, 1 unit per 10,000 sq. ft.	56.03 ac	18
3	Sanchez Library	C-1 Neighborhood Commercial	1 unit per 2,000 sq. ft.	2.77 ac	44
4	Seagarden Adobe & Higgins	R-1 Single-Family Residential	1 unit per 1/2 to 5 acres	6.8 ac	11
5	Adobe & Linda Mar	R-3-G Multiple Family Residential	16-21 units per acre	0.37 ac	8
6	Hacienda Ct/Pl	R-1/B-1/HPD Single-Family Residential, Hillside Preservation District	1 unit per 5 acres	55.25 ac	11
7	Lower Gypsy Hill	R-1/B-3/B-10/HPD Single-Family Residential, Hillside Preservation District	3-9 units per acre; 1 unit per 5 ac	4.4 ac	11
8	2107 Palmetto Ave	C-1 Neighborhood Commercial	1 unit per 2,000 sq. ft.	13,504 sq. ft.	7
9	Salada Ave. Salada Ave. and Beach Blvd./Palmetto Ave.	R-2 Two-Family Residential	1 unit per 2,900 sq. ft.	9000 sq. ft.	3
10	Pacific Ave & Oceana Blvd	R-2 Two-Family Residential	1 unit per 2,900 sq. ft.	11,326 sq. ft.	4
11	Rock	C-1+ Neighborhood Commercial	1 unit per 2,000 sq. ft.	2.87 ac	30
12	Calson San Pedro Ave.	C-R/CZ Commercial Recreation, Coastal Zone	1 unit per 2,000 sq. ft.	5.31 ac	50
13	Quarry	C-3x/CZ/HPD Service Commercial[2], Coastal Zone	Special Area/ Public Vote	115.44 ac	200
	TOTAL				**405**

Source: City of Pacifica, 2009.

Notes:

1 In some cases less than the maximum potential number of units is assumed due to site conditions or other factors.

2 Requires zoning change with development proposal.

TABLE 3-11: PROJECTED RESIDENTIAL LAND DEMAND

	2007	2014	2030
Housing Units	14,518	14,793	15,818
Acres of Land Used for Housing	1,957	1,994	2,132
Units per Acre	7.4	7.4	7.4
Units per Acre	7.4	7.4	7.4
Projected Additional Housing Units		275	1,300
Acres Needed for New Housing		37	175

Sources: California DOF, 2009; ABAG, 2008; US Census, 2007; Dyett & Bhatia, 2009.

Housing Land Demand

Pacifica is projected to add nearly 1,300 new housing units over the next 22 years to accommodate population growth. The Regional Housing Needs Allocation requires that Pacifica demonstrate that adequate sites are available for 275 units by 2014, including 32, 31, and 45 units for Extremely Low, Very Low, and Low Income households, respectively.

The amount of land required for these units will vary depending on the form and density of the new housing. As shown in Table 3-11, if new housing in the Planning Area were to be developed at the current average density of 7.4 units per acre, about 37 acres of land would need to be developed for residential use by 2014 to meet regional housing goals, and about 175 acres would need to be developed to meet projected population growth by 2030.

A more detailed anlaysis of capacity finds that the City has over 1,000 acres of vacant or underutilized land that could be developed with housing under current zones. This could support an estimated 1,500 new units—enough to meet projected demand through 2030, but at a far lower density than the current zoning. See Chapter 4.

Growth Control Ordinance (Limits on Housing)

In January 1982, City Council adopted a Growth Control Ordinance which contains findings concerning adverse effects of rapid residential growth in Pacifica and, as a result, limits new dwelling units to a maximum of 70 units annually. To ensure an equitable distribution of units and to encourage infill, the Ordinance provides that no applicant for development approval shall receive greater than 20 percent of the annual allotment each year. The Ordinance has since been interpreted to allow accumulation of units. Unused allocation in any year carries over to next year's allotment; the 20 percent limitation is calculated on the basis of total available allotment, including unused carry-over from previous years. Certain housing types have have been made exempt from the 70 units per year limitation: (1) individual single-family dwellings on infill lots; (2) accessory dwelling units in the same structure as a commercial use, (3) affordable dwelling units and (4) dwelling units exclusively for the elderly,

According to the Zoning Code, in order to permit phasing of multi-unit projects, where such projects exceed the available annual allotment of residential

Encouraging housing units above commercial space is a way of increasing the supply of housing affordable to moderate- and low-income households, and is a program in Pacifica's General Plan Housing Element.

development allocations, the allocation procedure shall include a procedure for the phasing of such projects over more than one fiscal year by reservation of succeeding year allotments. Such reservations shall be deducted from the number of residential development allocations to be awarded for the fiscal year under consideration.

A competitive evaluation system has been adopted to implement the Ordinance and to allocate permits. Low and moderate income projects receive preference in ranking. The competitive allocation procedure must implement the policies of the Growth Ordinance and include criteria and a ranking process. Criteria includes, but are not limited to, the following: ability of public facilities, utilities and services to meet the demands created by the project, presence or absence of adverse environmental impacts, site and architectural design quality, the provision of private or public usable open space, consistency with neighborhood character, and provision of affordable housing, senior housing and housing for the disabled. When the number of available residential development allocations exceed demand, the City Council may issue residential development allocations without following the competitive evaluation system process.

The Growth Control Ordinance has not been a constraint to the development of housing. The 70 unit per year limit has yet to be reached in any given year, resulting in a current inventory of 767 units as of 2008-2009.

3.3 EMPLOYMENT

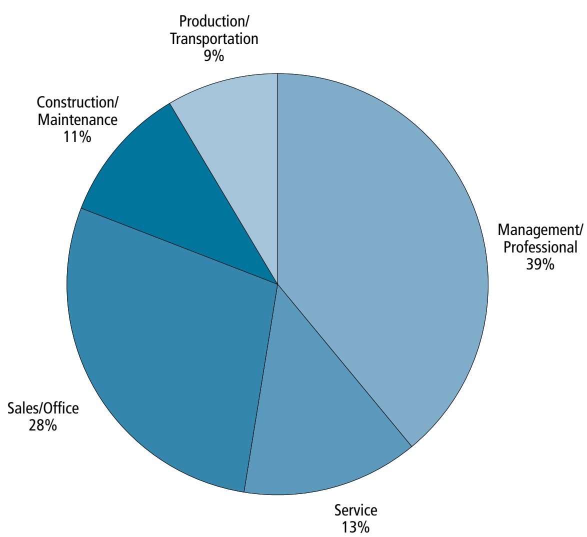
Employment Characteristics of Pacifica Residents

As of 2000, about 70 percent of Pacifica's population was employed, slightly higher than for San Mateo County and the Bay Area as a whole, at 64 percent and 63 percent, respectively (US Census Bureau, 2000). About 40 percent of Pacifica's labor force works in management, professional and related occupations, slightly lower than in the County or region (43 and 44 percent respectively). Sales and office occupations, at nearly 30 percent, are slightly more common for workers who live in Pacifica than for workers in the County or region (27 and 26 percent respectively). The service industry is the third most common occupation, at 13 percent, similar to the countywide and regional shares. See Chart 3-5.

Local Employment

ABAG uses different categories than the US Census to categorize employment, but both reveal the prevalence of professional jobs in Pacifica. As shown in Table 3-12, ABAG forecasts that job growth in Pacifica will be primarily in the financial and professional service job sector and in the health, educational and recreational service sector.

CHART 3-5: Occupations of Pacifica Residents in the Workforce



ABAG projects job growth to outpace population growth in Pacifica; 1,600 additional jobs in the City would represent 26 percent growth, compared to 9 percent population growth projected over the same period. Both population and job growth, however, are projected to be slower than the rates in the County or Bay Area overall, as shown in Table 3-13. Notably, ABAG projects that the number of employed residents will grow more than the total population in Pacifica, suggesting a changing demographic profile, with a larger share of working-age population.

Ratio of Jobs to Employed Residents

A city's jobs-to-employed residents ratio reflects the relative balance between jobs and housing in a community. In theory, a jobs-to-employed residents ratio of 1 would eliminate the need for commuting. More realistically, a balance means that in-commuting and out-commuting are matched, leading to efficient use of the transportation system, particularly during peak hours.

In Pacifica, the ratio of jobs to employed residents was 0.33 in 2005 and is projected to remain low in 2030 at 0.32. This means that there are—and are projected to be in the future—approximately three employed residents for every job in Pacifica. Regional connections to jobs outside the City, then, are an essential component of Pacifica's economic stability. In contrast to Pacifica, both San Mateo County and the San Francisco Bay Area have slightly more jobs than employed residents, a trend that is also expected to continue into the future. See Table 3-14.

Employment Land Demand

ABAG estimated that there were 6,190 jobs in Pacifica in 2005. The land use analysis done for this report finds approximately 121 acres in the planning area currently in commercial use, including retail and services, hotels, auto services, mixed-use developments, and industrial uses, and another 70 acres are in public or institutional use. Taken together, there are about 32 employees per acre of commercial and institutional land in Pacifica today. Assuming

TABLE 3-12: EMPLOYMENT PROJECTIONS

Sector	2005	2030	Increase	% Change
Health, Educational and Recreational Service	2,690	3,490	800	30%
Financial and Professional Service	1,220	1,600	380	31%
Retail Jobs	790	940	150	19%
Manufacturing, Wholesale and Transportation	350	440	90	26%
Agriculture and Natural Resources	70	70	0	0%
Other	1,070	1,250	180	17%
TOTAL	**6,190**	**7,790**	**1,600**	**26%**

Sources: ABAG 2006, Dyett & Bhatia: 2008.

TABLE 3-13: ABAG PROJECTED GROWTH IN PACIFICA, SAN MATEO COUNTY, AND BAY AREA

	2005	2030	Increase	% Change	Annual Growth Rate
Pacifica					
Population	38,800	42,100	3,300	9%	0.3%
Households	14,190	15,480	1,290	9%	0.4%
Employed Residents	18,600	24,170	5,570	30%	1.1%
Jobs	6,190	7,790	1,600	26%	0.9%
San Mateo County					
Population	721,900	842,600	120,700	17%	0.6%
Households	260,070	304,660	44,590	17%	0.6%
Employed Residents	318,600	443,300	124,700	39%	1.3%
Jobs	337,350	487,420	150,070	44%	1.5%
Bay Area					
Population	7,096,100	8,712,800	1,616,700	23%	0.8%
Households	2,583,080	3,177,440	594,360	23%	0.8%
Employed Residents	3,225,100	4,655,500	1,430,400	44%	1.5%
Jobs	3,449,640	4,921,680	1,472,040	43%	1.4%

Sources: ABAG 2006, Dyett & Bhatia: 2008.

Note: Growth is descriptive of the Pacifica sphere of influence rather than the jurisdictional border. Population difference is around 100 greater in sphere of influence for all years.

TABLE 3-14: JOBS TO EMPLOYED RESIDENTS RATIO

	2005	2030
Pacifica	0.33	0.32
San Mateo County	1.06	1.10
San Francisco Bay Area	1.07	1.06

Source: ABAG, 2006.

this intensity were to continue to be the norm, the additional 1,600 jobs projected by ABAG by 2030 would require an additional 49 acres of land to be put into commercial or institutional use (see Table 3-15.):

As with the residential land demand projections, it must be said that these estimates are basic. Not accounted for are differences in current job density between different types of commercial and public employ-ment, estimates of the current employment mix between these types, or how both job density and employment sector should be expected to change in the future.

If commercial and community development becomes more compact, more jobs can be accommodated in Pacifica on a smaller amount of land.

TABLE 3-15: PROJECTED EMPLOYMENT LAND DEMAND

	2005	2030
Employment	6,190	**7,790**
Acres of Commercially or Institutionally Used Land	191	**240**
Employees per Acre	32.41	**32.41**
Projected Additional Jobs		**1600**
Acres Needed for New Jobs		**49.4**

Sources: ABAG, 2006; Dyett & Bhatia, 2009.

3.4 RETAIL, TOURISM, AND VISITOR SERVICES

This section provides an overview of Pacifica's retail sector, focusing on key market demand and supply indicators and their implications for future expansion.

Pacifica's General Retail Position

Description of the Pacifica Trade Area

A retail Trade Area is defined as a geographic region that contains the elements of demand and supply that will determine the performance of a particular tenant or project. A Trade Area is influenced by a variety of factors, including competitive supply, the location and density of the targeted residential and workforce populations, the relative distance or travel time for each of the above, geographic and psychological barriers, and existing commute or shopping patterns.

The retail Trade Area for Pacifica is largely influenced by its accessibility with respect to the major population and employment centers of San Francisco and San Mateo counties. Although Pacifica shares a border with both Daly City and San Bruno, the bulk of its land area is contiguous to the Pacific Ocean and sparsely populated areas of unincorporated San Mateo County. In addition, primary inter-jurisdictional access is provided by Highway 1, and to a lesser extent Skyline Boulevard, with the remaining entry points provided by relatively low-capacity, local streets. The City is not a major employment center and is not located along a major employment commute shed.

Given geographic and transportation constraints described above, for the purposes of this analysis, Pacifica's primary retail Trade Area is assumed to be bounded by the City limits. In other words, consumer demand is currently driven primarily by local economic and demographic conditions (e.g., population, employment, and income). Subsequent sections of this analysis explore the potential for expanding the City's retail sector by increasing local capture and/or by drawing upon market segments external to the Trade Area, such as tourism and regional destination shopping.

It is important to note that Pacifica's Trade Area can be divided into a number of submarkets. Pacifica evolved from several separate beach communities resulting in a number of related but dispersed neighborhoods each with unique characteristics. This growth pattern has also resulted in a string of small shopping centers and commercial areas. Additionally, the City's topography featuring coastlines and hills and valleys create natural boundaries that tend to separate the City into different submarkets. These various submarkets often operate as mini trade areas with a consumer base that represents a subset of the entire City.

By way of example, the Fairmont and Pacific Manor neighborhoods are separated from the Sharp Park and Fairway Park neighborhoods by Milagra Ridge Park and Golden Gate National Recreation Area, effectively creating two separate submarkets with different concentrations of retail. The Fairmont and Pacific Manor neighborhoods are served by the Fairmont Shopping Center and Pacific Manor Shopping Center, while the Sharp Park and Fairway Park neighborhoods are served by the Eureka Square Center. This is an important factor to consider when assessing the viability of different types of retail citywide.

Trade Area Market Demand Indicators

Retail demand can be disaggregated into spending from local sources such as residents and employees and spending from outside sources such as commuters, tourists, and other visitors. Spending from local sources is largely determined by demographic and economic variables such as population, income, and employment. Spending from outside sources, in turn, is determined by such factors as regional commute patterns, local destinations or tourist attractions, and the quality/character of retail supply itself.

As noted, local demographic and economic conditions are currently the primary factors driving retail demand in the City. Pacifica currently contains about 14,000 households (40,000 people) with a median income of about $100,000 (see Table 3-16). The City is not expected to add a significant amount of new residents or jobs, with projected growth rates for both cat-

TABLE 3-16: HOUSEHOLDS, JOBS, AND HOUSEHOLD INCOME ESTIMATES

Area/Item	2000	2005	2008[1]	2010	2015	2020	2025	2030
Pacifica								
Households	13,994	14,160	14,256	14,320	14,550	14,820	15,140	15,450
Jobs	5,580	6,190	6,478	6,670	6,960	7,270	7,550	7,790
Mean Household Income[4]	$114,800	$100,900	n/a	$107,700	$116,300	$125,100	$134,000	$143,300
Median Household Income[5]	$71,176	$62,558	n/a	$66,774	$72,106	$77,562	$83,080	$88,846
San Mateo County								
Households	254,104	260,070	264,366	267,230	277,090	287,470		304,660
Jobs	386,590	337,350	352,776	363,060	391,910	423,100		487,420
Mean Household Income[4]	$136,600	$121,700	n/a	$127,800	$134,900	$142,300		$158,300
Median Household Income[6]	$70,819	$74,546	n/a	$71,568	$75,544	$79,688		$88,648

	2000–2008[2]				2008–2030[3]		
Area/Item	**Number**	**Percent**	**Average Annual**		**Number**	**Percent**	**Average Annual**
Pacifica							
Households	262	2%	0.2%		1,194	8%	0.4%
Jobs	898	16%	1.9%		1,312	20%	0.8%
Mean Household Income[4]	($13,900)	-12%	-2.5%		$42,400	42%	1.4%
Median Household Income[5]	($8,618)	-12%	-2.5%		$26,288	42%	1.4%
San Mateo County							
Households	10,262	4%	0.5%		40,294	15%	0.6%
Jobs	-33,814	-9%	-1.1%		134,644	38%	1.5%
Mean Household Income[4]	($14,900)	-11%	-2.3%		$36,600	30%	1.1%
Median Household Income[6]	$3,727	5%	1.0%		$14,102	19%	0.7%

Sources: Association of Bay Area Governments (ABAG); Economic & Planning Systems, Inc.; U.S. Census.

Notes:

1 Estimated assuming that a constant number of households and jobs are added annually between 2005 and 2010.

2 Growth in mean and median household income from 2000 to 2005.

3 Growth in mean and median household income from 2005 to 2030.

4 In 2005$

5 Assumes the ratio of median income to mean income will remain constant at 62% (average ratio in 2000).

6 Assumes the ratio of median income to mean income will remain constant at 56% (average ratio from 2000-2005).

egories that are well below the County average. Specifically, according to ABAG 2007 projections, Pacifica is projected to grow by only 8 percent in the next 20 years, adding 3,000 new residents by 2030 (compared to 15 percent growth in the County).

In addition to relatively slow population and employment growth, Pacifica has and is expected to continue to function as primarily a "bedroom" community serving employment centers in San Francisco and along the Peninsula. As demonstrated by Census 2000 journey-to-work data, only 13 percent of Pacifica's employed residents work locally, with the rest commuting to other jurisdictions (see Table 3-17). In addition, the City has about four times the number of employed residents (roughly 21,000) as it does jobs (roughly 5,100). Therefore, Pacifica is not receiving a major influx of retail sales from employees or employers. It is worth noting that of the over 5,000 jobs in Pacifica, roughly 54 percent of these jobs are filled by Pacifica residents.

ABAG projects Pacifica will experience an increase in mean household income in real terms over the next 20 years. Specifically, mean household income is expected to grow from $100,900 in 2005 to $143,300 in 2030, or by 42 percent, as shown in Table 3-16. This compares to a projected increase of about 30 percent for the County as a whole during this period. In other words, the incomes of Pacifica households are projected to gradually "catch up" to the average for the County as a whole. If this income growth materializes, the increasing purchasing power of Pacifica households will provide an additional boost in retail demand independent of population growth.

Given the population and employment trends described above and the City's relatively small employment base, supporting additional retail through future population and employment growth in the City is likely to be limited. However, additional retail demand could be generated by a significant increase in household incomes; increased capture of local spending; spending by tourists, commuters, and other nonresident population groups; or a combination of the above.

TABLE 3-17: JOURNEY TO WORK, 2000

	Number	Percent
Pacifica Residents – Place of Work		
San Francisco	7,125	34%
Pacifica	2,735	13%
South San Francisco	1,960	9%
Remainder of County	1,130	5%
Daly City	1,080	5%
Other in County	4,229	20%
Other Outside of County	2,529	12%
TOTAL	**20,788**	**100%**
Pacifica Workers – Place of Residence		
Pacifica	2,735	54%
San Francisco	640	13%
Daly City	395	8%
Other in County	883	17%
Other Outside of County	422	8%
TOTAL	**5,075**	**100%**

Sources: U.S. Census and Economic & Planning Systems, Inc.

Note: Percentages may not add to 100% due to rounding.

Existing Retail Supply Overview

The City's existing retail supply mirrors the conditions described above. Specifically, the City's retail is primarily oriented to serving the residents of Pacifica and various neighborhoods therein rather than regional consumers and/or employees. The City's retail stores are generally concentrated along Highway 1, as well as the northern part of the City along Skyline Boulevard, as shown in Figure 3-2. Most of the supply is located in the traditional community shopping center format. Overall, there are about 11 retail centers for a total of almost 600,000 square feet of leasable space (see Table 3-18).

In addition to the neighborhood serving retail centers, the City also has a cluster of tourist-oriented retail, mainly around Rockaway Beach. These businesses consist of arts and craft stores, specialty retail, lodging, and restaurants and eateries. For the most part these retail establishments are not attractions in their own right but rather cater to "spill-over" traffic from regional tourism and overnight accommodations.

A majority of Pacifica's retail tenants consist of small, independent retailers anchored by one or several national brand establishments. The smaller service-oriented businesses periodically change ownership, but the mix of businesses in the City tends to stay the same. This assessment is supported by Census Business Patterns data, as shown in Table 3-19. Specifically, there was minimal change in either the number or type of retail businesses in Pacifica 2001 to 2006 (the total number actually went down, although food service showed marginal growth). In other words, the market position and orientation of Pacifica's retail has remained relatively static. The lack of diverse retail opportunities limits the City's regional retail draw.

There is a significant discrepancy between Census Business Patterns data, which tracks retails businesses with employees, and State Board of Equalization (SBE) data, which tracks retail business permits, including proprietor-operated establishments. SBE data indicates that the City added about 115 new retail businesses between 2001 and 2006, an increase of 45 percent. This discrepancy suggests that small, family-owned and operating businesses are a significant component of the City's retail sector, accounting for almost two-thirds of the total establishments and almost all of the growth in the number of establishments. However, their contribution to the City's total retail sales is less apparent, as described further below.


Westlake Shopping Center
Broadmoor
Brisbane
Daly City
280 Metro Center
Serra Center
Colma
Serramonte Center
Fairmont Shopping Center
South San Francisco
Pacific Manor Shopping Center
Ramallah Plaza
COAST HWY 1
EL CAMINO REAL
U101 BAYSHORE FRWY
Eureka Square Center
I280
Tanforan Mall
I380
Pacifica
San Bruno
SKYLINE BLVD
Vallemar Center
Rockaway Beach Plaza
Millbrae
Crespi Center
I280 JUNIPERO SERRA FRWY
Pedro Point Shopping Center
Linda Mar Center
Adobe Plaza
Park Mall
N
W
E
S

TABLE 3-18: PACIFICA SHOPPING CENTERS

Name	Location	Gross Leaseable Area (GLA)	Anchor	Other Tenants
Adobe Plaza	Adobe and Linda Mar Blvd.	6,600	–	Liquor Store, Hair Salon, Veterinary Hospital, Real Estate Offices
Crespi Center	580 Crespi Dr.	14,000	–	Convenience store, professional services, and restaurants.
Eureka Square Center	210 Eureka Square	80,000	Oceana Market	Curves, First National Bank, Cleaners, Restaurants
Fairmont Shopping Center	739 Hickey Blvd.	104,281	Luckys, Rite Aid	Subway, Dollar Tree, Starbucks, Fairmont Cleaners, Fairmont Dental, Hair Salon, Restaurants
Linda Mar Center	1380 Linda Mar Shopping Center	156,000	Safeway, Rite Aid, Ross	Starbucks, Denny's, Radio Shack, McDonald's, Nail Salon, Video Store, Restaurants
Pacific Manor Shopping Center[1]	Manor Plaza between Manor Dr. and Aura Vista	–	Safeway, Walgreens	Pet Supplies, Nail Salon, Wash & Dry, Restaurants
Park Mall	Terra Nova Blvd. and Oddstad Blvd.	20,000	–	Restaurants, gasoline station, professional offices, and specialty shops.
Pedro Point Shopping Center[1]	5460 Coast Highway	–	–	Ace Hardware, restaurants, salon, and specialty shops.
Ramallah Plaza[1]	Skyline Dr. and Manor Dr.	–	–	Check Cashing & Loans, Laundry Time, Quick Mart, and restaurants.
Rockaway Beach Plaza	Rockaway Beach Ave. and Coast Highway	170,000	–	Specialty stores, gift shops, restaurants, and professional offices. Visitor-oriented retail.
Vallemar Center[1]	Highway 1 and Reina Del Mar	–	Pacific Food Market	Beacon Service Station, Pacific Lumber, Pacifica Pet Hospital, professional offices, and restaurants.
TOTAL		**550,881**		

Sources: City of Pacifica; 2004 Shopping Center Directory; Loopnet; Economic & Planning Systems, Inc.

Note:

1 GLA unavailable.

TABLE 3-19: RETAIL BUSINESS ESTABLISHMENTS IN THE CITY OF PACIFICA, 2001–2006

							Growth (2001–2006)	
Item	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**#**	**% Change**
Retail Establishments By Sector[1]								
Retail Trade	72	77	69	68	64	60	-12	-17%
Manufacturing								
Retail Bakeries	1	1	1	1	1	1	0	0%
Real Estate and Rental and Leasing								
Video Tape and Disc Rental	1	2	2	2	1	1	0	0%
Accommodation and Food Services								
Full-service restaurants	25	24	31	28	29	32	7	28%
Limited-service restaurants	22	18	21	18	17	17	-5	-23%
Cafeterias	–	1	1	1	2	1	–	–
Snack & nonalcoholic beverage bars	5	5	4	5	7	7	2	40%
Drinking places (alcoholic beverages)	–	6	5	7	5	4	–	–
Subtotal, Accommodation and Food Services	52	54	62	59	60	61	9	17%
TOTAL	**126**	**134**	**134**	**130**	**126**	**123**	**-3**	**-2%**
Retail Business Permits[2]								
Apparel Stores	10	10	14	17	19	15	5	50%
General Merchandise Stores	5	6	6	6	8	7	2	40%
Food Stores	27	28	28	27	27	24	-3	-11%
Eating and Drinking Places	70	75	75	78	76	86	16	23%
Home Furnishings and Appliances[2]	8	10	18	19	17	19	11	138%
Building Materials and Farm Implements	8	9	12	9	8	6	-2	-25%
Auto Dealers and Auto Supplies	3	5	7	7	7	7	4	133%
Service Stations	11	9	10	11	12	12	1	9%
Other Retail Stores	115	129	148	182	201	196	81	70%
TOTAL	**257**	**281**	**318**	**356**	**375**	**372**	**115**	**45%**

Sources: California State Board of Equalization; U.S. Census; Economic and Planning Systems, Inc.

Notes:

1 U.S. Census County Business Patterns. Excludes proprietor-operated establishment (i.e., business without employees.)

2 Source: California State Board of Equalization.

Many of the retail properties in the City are older and underutilized. According to commercial brokers, the vacancy rate for retail properties is about 5 to 8 percent (compared to 3 percent for North San Mateo County), an increase of two to three percentage points from 2003. The vacancy rate has increased over the last few years because of the lack of activity rather than an increased amount of available space. The average asking lease rate is approximately $27 per square foot, which is lower than the $33 per square foot lease rate in North San Mateo County. The lower lease rates limit investments in property improvements, which can contribute to the increasing vacancy rate.

Many of the shopping centers were originally constructed in the 1950s and 1960s. Some centers, such as Eureka Square and Linda Mar Shopping Center, have undergone renovations and/or expansions in the late 1990s. Fairmont Center on Hickey Boulevard was renovated in 1988 and again in 1998.

For the most part, there has been relatively minimal retail development in Pacifica over the last ten years, despite rapid expansion throughout the Bay Area. The most recent retail property improvement is the expansion of McDonald's on Monterey Road and Palmetto Avenue. Additionally, a new 14,000-square foot Walgreen's recently opened at Palmetto Avenue and Manor Drive. Recent projects also include a small mixed-use development on Palmetto Avenue (multifamily rental units over retail).

According to retail brokers active in Pacifica, most of the tenants attracted to the City tend to be smaller, neighborhood-serving establishments. Given the older properties, smaller Trade Area (e.g., small population and employment), and limited accessibility, demand from larger, regional-serving tenants is minimal.

Retail Sales Trends and Capture Rate

According to the City's sales tax data, the City's retail sales grew by about 3 percent per year in real terms from 2001 through 2006, or by 16 percent (see Table 3-20). However, service station retail sales account for nearly all of this increase, which can be largely attributable to a rise in gas prices as opposed to an increase in the number of service station retailers or customers.

If it weren't for the growth in service station sales, the City would have experienced negative sales growth of about 3 percent from 2001 through 2006. Service stations currently account for about 30 percent of the City's total taxable retail sales followed by eating and drinking establishments. Other sources indicate that the City's top 25 retailers include many gas and service stations (e.g., Fairmont Chevron Service Center, Pacifica 76, Pacifica Shell Gas Station), as well as quick service restaurants (e.g., McDonalds, Taco Bell, etc.) and grocery stores. The City's retail sector is dominated by convenience-related shopping venues.

Pacifica has relatively weak per-capita retail sales, likely the result of significant retail clusters in nearby Daly City and Colma. Based on the number of households and the City's median household income, a total of $320 million of potential sales exist within the City for retail goods and services (see Table 3-21). However, the City's retail stores generate $165 million in taxable sales, representing only 52 percent of the retail spending power of the City's households. If retail spending from employees and businesses is considered, the capture rate decreases to approximately 49 percent (see Table 3-22). This indicates that a large proportion of the City's retail sales potential is lost to retailers outside of the City. Pacifica residents travel to other jurisdictions for a significant share of their taxable retail purchases; the City is experiencing retail leakage in nearly all retail categories.

TABLE 3-20: CITY OF PACIFICA TAXABLE SALES, 2001–2006 (2006$)

	Retail Sales in $1,000s[1]					
City	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Taxable Sales[1]						
Apparel Stores	$9,118	$9,320	$9,073	$9,485	$9,712	$8,833
General Merchandise Stores	$36	$62	$80	$105	$20	$144
Food Stores	$27,354	$26,294	$25,419	$25,046	$24,318	$22,334
Eating and Drinking Places	$26,227	$26,351	$26,363	$26,706	$26,999	$26,981
Home Furnishings and Appliances[2]	–	–	–	–	–	–
Building Materials and Farm Implements	$7,291	$8,239	$7,622	$7,228	$6,929	$6,750
Auto Dealers and Auto Supplies	$2,513	$2,372	$3,404	$3,375	$3,992	$4,116
Service Stations	$17,822	$23,188	$26,247	$28,907	$34,371	$37,620
Other Retail Stores	$20,238	$19,996	$19,175	$18,327	$20,341	$21,097
TOTAL	**$110,598**	**$115,821**	**$117,384**	**$119,179**	**$126,681**	**$127,875**

	Growth (2001–2006)		
	Number	**Percent of Total Growth**	**Percent Annual**
Apparel Stores	($285)	-2%	-1%
General Merchandise Stores	$108	1%	32%
Food Stores	($5,020)	-29%	-4%
Eating and Drinking Places	$754	4%	1%
Home Furnishings and Appliances[2]	–	–	–
Building Materials and Farm Implements	($541)	-3%	-2%
Auto Dealers and Auto Supplies	$1,603	9%	10%
Service Stations	$19,798	115%	16%
Other Retail Stores	$859	5%	1%
TOTAL	**$17,277**	**100%**	**3%**

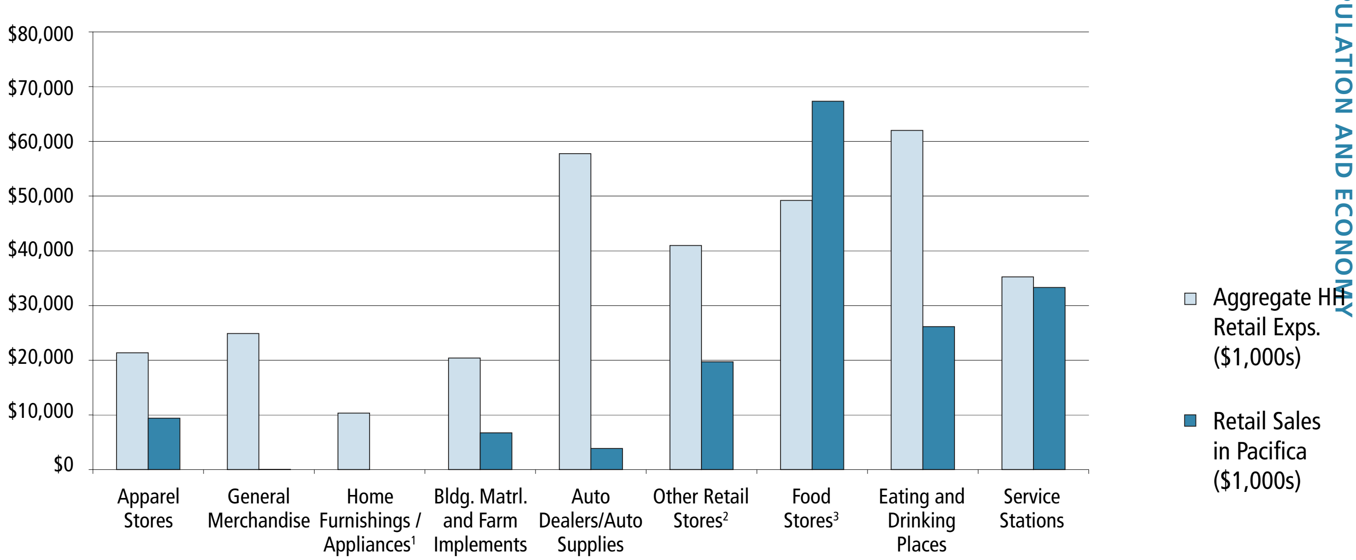
Sources: California State Board of Equalization; HdL Companies; Economic & Planning Systems, Inc.

Notes:

1 In thousands of dollars, adjusted for inflation based on the Consumer Price Index.

2 Sales for this category are not published because of the limited number of retailers. In order to maintain the sales of individual retailers confidential, the sales for this category are included in Other Retail Stores.

CHART 3-6: Retail Sales and Estimated Demand



Notes:

[1] Sales for this category are not published because of the limited number of retailers. In order to maintain the sales of individual retailers confidential, the sales for this category are included in Other Retail Stores.

[2] Includes specialty sotres; packaged liquor stores; second-hand merchandise; fuel and ice dealers; mobile homes, trailers, campers; boat, motorcycle, and plane dealers; and business and personal services.

[3] Typically, only 35% of grocery purchases are taxable. SBE sales tax has been adjusted to reflect total retail sales.

TABLE 3-21: HOUSEHOLD RETAIL SALES AND ESTIMATED DEMAND IN PACIFICA

Retail Category	Average Household Retail Expenditures	Aggregate Household Retail Expenditures ($1,000s)	Actual Retail Sales in Pacifica ($1,000s)	Excess Capture or (Leakage) ($1,000s)	Capture Rate
Apparel Stores	$1,508	$21,349	$9,410	($11,939)	44%
General Merchandise	$1,758	$24,893	$19	($24,874)	0%
Home Furnishings and Appliances[1]	$730	$10,330		($10,330)	0%
Building Materials and Farm Implements	$1,442	$20,418	$6,714	($13,704)	33%
Auto Dealers and Auto Supplies	$4,080	$57,770	$3,868	($53,902)	7%
Other Retail Stores[2]	$2,894	$40,972	$19,709	($21,263)	48%
Food Stores[3]	$3,474	$49,197	$67,320	$18,123	137%
Eating and Drinking Places	$4,379	$62,008	$26,160	($35,848)	42%
Service Stations	$2,488	$35,235	$33,303	($1,932)	95%
TOTAL	**$22,752**	**$322,173**	**$166,503**	**($155,670)**	**52%**

Sources: BLS Expenditure Survey 2005-2006, SBE Taxable Sales 2005, Economic & Planning Systems, Inc.

Notes:

1 Sales for this category are not published because of the limited number of retailers. In order to maintain the sales of individual retailers confidential, the sales for this category are included in Other Retail Stores.

2 Includes specialty stores; packaged liquor stores; second-hand merchandise; fuel and ice dealers; mobile homes, trailers, campers; boat, motorcycle, and plane dealers; and business and personal services.

3 Typically, only 35% of grocery purchases are taxable. SBE sales tax has been adjusted to reflect total retail sales.

TABLE 3-22: ESTIMATED CITYWIDE ACTUAL SALES AND RETAIL DEMAND

	Aggregate Household Retail Expenditures	Aggregate Employee Retail Expenditures[1]	Aggregate Business Retail Expenditures[2]	Aggregate Retail Expenditures	Actual Retail Sales in Trade Area	Excess Capture/ (Leakage)	Capture Rate
Pacifica	$322,173	$14,237	$4,952	$341,362	$166,503	($174,859)	49%

Sources: IMPLAN; BLS Expenditure Survey 2005-2006; SBE Taxable Sales 2006; Economic & Planning Systems, Inc.

Notes:

1 Based on 2000 Journey-to-Work data, employee expenditure estimates exclude the 54 percent of Pacifica jobs filled by Pacifica residents. The expenditure of residents that live and work in Pacifica is captured by the estimate of household retail expenditures. Assumes $20 per day, 5 days per week, 50 weeks per year.

2 Based on IMPLAN average for office and R&D sectors estimated at $800 per employee per year.

The leakage of retail sales potential is likely the result of a lack of diverse retail opportunities in Pacifica coupled with the regional retail cluster in nearby Daly City and Colma, as shown in Figure 3-2. Located directly north of Pacifica, Daly City has a regional shopping mall, Serramonte Center (anchored by Macy's), and regional retail centers with big box retailers such as Office Depot and Home Depot. Located north east of Pacifica, Colma also has a number of regional retail centers with big box retailers such as Target and Best Buy. Additionally, to the east in San Bruno, the Tanforan Mall is another regional shopping center anchored by a Target, Sears, and JCPenney. The large leakage of retail expenditure potential to areas outside of the City highlights the opportunity for new retail to capture more expenditure potential in the City.

As previously discussed, supporting additional retail through increasing population or employment will be constrained by limited expected growth in the City. However, it should be noted that ABAG projects household incomes will increase 42 percent by 2030, which can significantly increase household retail expenditure potential and retail demand. Based on ABAG income projections and growth in population and employment, future retail demand will increase by 32 percent from 2005 to 2030, as shown in Table 3-23. However, to provide a range of possible outcomes, future retail demand was also estimated based on constant or no change in household income. This scenario results in a 10 percent increase in retail demand by 2030.

Market Potential Analysis

The remainder of this section evaluates the opportunities and constraints associated with improving Pacifica's performance in various retail market segments, including (1) local serving retail, (2) regional destination retail, and (3) tourism-based retail. The conditions in the hotel market are also evaluated given its synergistic relationship with tourism-based retail.

Local-Serving Retail

As noted earlier, the City's retail inventory is currently dominated by tenants that cater to the daily needs and convenience related purchases of local residents. However, given the prospect of limited local population and employment growth, future expansion in this category will require increased capture of local resident purchases currently made outside the City. Of course, individual establishments may also succeed by capturing sales from other existing local establishments. The prospects for further expansion of local serving retail are discussed further below for the primary tenant and product types serving this market segment.

Grocery-Anchored Neighborhood Shopping Center

Neighborhood retail shopping centers typically need an anchor tenant to provide the main draw for customers and lend a central and unifying identity to the location. It is very difficult in most environ-

TABLE 3-23: ESTIMATED CITYWIDE RETAIL DEMAND, 2030

	Average Household Retail Expenditures	Aggregate Employee Retail Expenditures[1]	Aggregate Business Retail Expenditures[2]	Aggregate Retail Expenditures	2005 Aggregate Retail Expenditures	Aggregate Retail Expenditures Percent Change 2005–2030
ABAG Projections, 2030[3]	$425,528	$17,917	$6,232	$449,677	$341,362	32%
No Growth in Income[4]	$351,523	$17,917	$6,232	$375,672	$341,362	10%

Sources: IMPLAN; BLS Expenditure Survey 2005-2006; SBE Taxable Sales 2006; Economic & Planning Systems, Inc.

Notes:

1 Based on 2000 Journey-to-Work data, employee expenditure estimates exclude the 54 percent of Pacifica jobs filled by Pacifica residents. The expenditure of residents that live and work in Pacifica is captured by the estimate of household retail expenditures. Assumes $20 per day, 5 days per week, 50 weeks per year.

2 Based on IMPLAN average for office and R&D sectors estimated at $800 per employee per year.

3 ABAG 2007 Projections expect average household income to be $143,300. Median household income in estimated to be $88,846. Median household income derived by assuming the ratio of median income to mean income will remain constant at 62%. Given the rise in household income, assumes households in 2030 will spend a smaller percentage of income on retail expenditures, 31%. Based on BLS consumer expenditure data for various income groups.

4 Assumes household income will not experience real growth above inflation. Therefore, median household income will remain $62,558 (in constant 2005$) and households will continue to spend 36% of income on retail expenditures.

All dollar numbers are in the $1,000s.

Linda Mar Shopping Center is Pacifica's largest grocery-anchored shopping center, at 156,000 square feet. Food stores represent the only retail sector which captures an "excess" amount of sales in Pacifica.

ments to establish a neighborhood shopping center without a significantly-sized grocery and/or drug store anchor. This section evaluates whether Pacifica can support an additional grocery store to help jumpstart additional retail development as part of a neighborhood shopping center. In addition to a grocery and/or drug store anchor, neighborhood shopping centers often include a drug store along with smaller, "in-line" tenants that cater to local residents, such as dry cleaners, salons, food service, and video rental. Typically, this type of retail center requires about 75,000 to 150,000 square feet of space.

There are two ways to assess the demand for grocery stores in the City. A "rule-of-thumb" approach assumes about 5,000 households are needed to support a grocery store. This approach suggests that only three grocery stores are supportable in Pacifica. However, there are currently five grocery stores in the City. This "rule-of-thumb" approach suggests that Pacifica is already well supplied, if not oversupplied, with conventional, full-line grocery stores. The closure of the Safeway in the Park Mall center in 1998 further supports this finding, although other factors such as location may have also played a role.

The other approach to assessing grocery store demand is based on household income and the amount that households spend on groceries compared to the existing supply of grocery tenants. There are four grocery store-anchored centers in Pacifica with the grocery stores occupying about 124,000 square feet of space. According to the U.S. Bureau of Labor Statistics (BLS) data, a typical household spends approximately 7 percent of its income on grocery items. Based on the existing 14,000 households in the City with a median income of $63,000, a total of $44 million of potential sales exists within the City for grocery items (see Table 3-24 below).

A successful grocery store typically requires a minimum per-square foot sales volume of about $550, which translates to approximately 113,000 square feet of supportable grocery square footage. The City currently has roughly 124,000 square feet of grocery stores, indicating the City may currently be slightly over-supplied with conventional, full-line grocery stores. Both approaches suggest that there may not currently be adequate market support for an additional typical grocery store, given current population levels, although future growth will gradually improve these dynamics.

Although an additional conventional grocery store tenant is unlikely to be attracted to Pacifica given current demand and supply conditions, there may be market support for a smaller specialty grocery

TABLE 3-24: GROCERY STORE ANALYSIS

Item	Current	2030
Households	14,160	15,450
Median Household Income	$62,558	$88,846
Aggregate Household Income	$885,821,280	$1,372,670,700
Retail Expenditure on Grocery[1]	$62,007,490	$96,086,949
Required Sales/Sq. Ft./Year for a New Store	$550	$550
Supportable Sq. Ft. of Grocery Store	112,741	174,704
Existing Major Grocery Stores (Sq. Ft.)[2]	124,000	124,000
ADDITIONAL SUPPORTABLE GROCERY STORE (SQ. FT.)	**(11,259)**	**50,704**

Sources: ABAG; BLS; Shopping Center Directory; Economic & Planning Systems, Inc.

Notes:

1 Assumes households spend 7% of their income on grocery items, based on typical household retail spending patterns in the Bay Area.

2 Includes Lucky's (30,000 sq.ft.), Food Town (15,000 sq. ft.), Safeway (34,000 sq. ft.), Safeway (30,000 sq. ft.), and Pacifica Farmer's Market (15,000 sq. ft.).

store, such as Whole Foods or a Trader Joe's, as evidenced by the expected opening of a Fresh & Easy in Pacifica. The 15,000- to 20,000-square foot grocery store was originally scheduled to open in 2009 in the Pedro Point Shopping Center, but the store's opening is now uncertain given the current economic conditions. Again, future growth in population and income is expected to gradually improve the market support for this type of tenant.

Despite the lack of current support for a new grocery store, opportunities exist for the redevelopment of existing neighborhood shopping centers. As previously discussed, many of the existing centers are underutilized with a number of vacancies. Property and infrastructure improvements can help increase the desirability of these properties, attracting new tenants and providing more retail opportunities for the City. However, the redevelopment of existing retail centers/districts may require a significant amount of investment upfront which would ultimately need to be recovered through increased revenues (e.g., lease rates). The financial feasibility of such an investment will depend on a variety of factors including existing uses, ownership patterns, allowable reuse opportunities, and resulting lease rates.

Stand-Alone Retail/Mini Strip Mall

There are some small-scale retailers that prefer to stand alone (i.e., instead of co-locating with other retailers) or locate with a few other stores in a small strip-mall format. Examples of such retailers include small discount grocers or mini marts (e.g., 7-11 and liquor stores), fast food stores, and convenience retail (e.g., video rental, dry cleaners, and nail salons). These types of retailers rely heavily on auto traffic- and convenience-related purchases. Therefore, ease of access, visibility, and immediate parking areas are some of the key factors affecting viability.

Examples of stand-alone retailers in Pacifica are Ramallah Plaza at the corner of Manor Drive and Skyline Boulevard and Taco Bell along Coast Highway. Although Pacifica may have several suitable sites to accommodate this type of retailer, these types of uses are not likely to constitute a significant retail cluster. Stand-alone retailers typically take up less than 1,000 square feet, and mini strip malls take up less than 20,000 square feet.

Pacifica has several small strip centers, typically comprising less than 20,000 square feet and being oriented to convenience purchases and services.

"City Center" Retail Concept

Cities often have clusters of retail surrounding their downtown areas, supported by a concentrated presence of employment, historic or "main street" features, convenient or centrally located transportation hubs, well-traveled thoroughfares, and/or high density of population. Pacifica has no distinct downtown area. As previously discussed, the retail in Pacifica tends to be dispersed within a number of submarkets. Because of Pacifica's natural landscape and evolution from several beach communities, rather than being organized around a town center, the City's retail sector is relatively dispersed within a string of small shopping centers and commercial areas that tend to serve their respective submarkets.

One area that may have potential to expand its function as a traditional downtown retail district is Palmetto Avenue. The City is currently working on a Streetscape Plan along Palmetto Avenue between Clarendon Road and Paloma Avenue which will provide guidelines related to redevelopment. In addition, most of the recent mixed-use projects and proposals in the City have centered along Palmetto Avenue.

Continued public and private investments can contribute to the development of Palmetto Avenue into a downtown retail district. If successful in providing a unique and more diverse shopping experience than currently available in Pacifica, Palmetto Avenue may help the City capture more of the local expenditure potential without drawing sales away from existing retailers. This type of development may be particularly well-suited to capture retail sales in areas where the City is currently experiencing significant leakage, such as restaurants, apparel, and home improvement. However, unlike formulaic retail such as grocery-anchored shopping centers discussed below, this type of retail tends to grow organically and can take many years to fully materialize.

Regional Destination Retail

Regional retail centers are usually anchored by large department stores (e.g., Macy's, Nordstrom, etc.), "big box" stores (e.g., Target, Wal-Mart, etc.), and/or a large movie theater (ten or more screens). These centers are filled with various specialty stores that complete the centers' offering of an extensive selection of general merchandise, as well as a broad range of services and activities. These types of retail cen-

Pacifica has no distinct downtown area, like Burlingame's, above. Palmetto Avenue has the potential to provide a unique and more diverse shopping experience than is currently available in Pacifica, and help the City capture a greater share of local expenditures.

ters draw consumers from a broad trade area and thus rely on both local and regional traffic. As such, regional retailers seek to locate in an area with high traffic volume, freeway visibility and accessibility, and a large population base. In this section, each type of regional retail in or near the Trade Area is discussed, and potential for these uses in the City is evaluated.

Department Store-Anchored Retail

Regional malls are usually anchored by one or more department stores such as Macy's and Nordstrom and are co-located with a number of apparel and specialty stores. As noted, there already exists a regional mall (Serramonte Center) in Daly City, within five miles from the City, anchored by Target and Macy's, a major department store. Serramonte Center has a large concentration of regional retailers, serving a large proportion of the residents south of San Francisco including those from Pacifica.

Department stores often look to locate in an area with high traffic volume and population density (e.g., over 200,000 population within the Trade Area). This is evident in the current location of department stores in the area. Serramonte Center is located off of Interstate 280, in Daly City with a population of over 100,000. While Pacifica does experience relatively high traffic volume (an average of 36,000 trips per day) because of the geography, with hills that divide the City into two separate areas and limited traffic capacity along Highway 1, it does not offer the level of visibility and traffic volume as Highway 280 in Daly City (an average of 181,000 trips per day). Furthermore, the City's population of almost 40,000 is well below the 200,000-plus population density sought by department stores for their trade areas.

Even if Pacifica is able to draw consumers from the cities to the south that do not currently have a department store (e.g., Half Moon Bay, Montara, Pescadero, etc.), the population count is still well below the level desired by department stores. Therefore it would be difficult to attract a national department store to Pacifica.

Big Box Retail

Retail stores in large industrial-style buildings that draw consumers from a large trade area are collectively referred to as "big box" retail. Home Depot, Good Guys, and Costco are examples of successful "big box" retail stores. "Big box" retailers typically rely on auto traffic and a wide selection of discount goods to draw consumers. In addition, freeway visibility and access, ample parking and high traffic volume are critical to big box stores.

Currently, the City does not have any big box stores. However, if this type of use were to be desired, it faces several key market constraints. First, several big box stores are already located within relatively close driving distances from the City. As shown in Table 3-25, there are nine big box stores within seven driving miles of the City, representing many of the national big box chains. These stores primarily draw shoppers from San Mateo County and even San Francisco, many of them sharing the same trade area with each other.

Similar to department stores, big box retailers typically require high population density in the Trade Area. As such, these stores are likely to be already limited by the current competition in the area. Second, the City does not enjoy the visibility and access as Interstate 280. Although the City is located along Highway 1, it does not experience high traffic volume as Interstate 280. Many of the existing big box stores listed above are visible and/or directly off of Interstate 280.

Although the aforementioned conditions limit the City's ability to attract big box retailers, there may be some stores that are less concerned about the existing competition. A prominent example of such a store is Wal-Mart, which often locates in smaller towns and competes based on price and convenience. However, this type of store tends to dominate the market and captures sales from smaller stores by competing on price and broad merchandise categories. While the City could capture more retail expenditure potential through this type of store, some of the City's existing stores will likely lose some of their sales to this type of retailer.

Movie Theater

A retail center anchored by a movie theater can greatly enhance its market draw. As a commonly accepted industry rule-of-thumb, typically movie theaters require about 10,000 people per screen. Although there are currently no movie theaters in the City, this rule-of-thumb would suggest market support for about four screens (given an existing population of about 40,000). Most movie theater operators typically require at least nine screens to build a new Cineplex. Moreover, there is a twenty-screen movie theater in Daly City, within seven driving miles from Pacifica.

There are examples of successful smaller movie theaters, ranging from one to six screens, across the Bay Area. For example, Embarcadero Center Cinema in downtown San Francisco is a five-screen theater built in 1995; the Grand Lake Theater in Oakland, originally built in 1926, was redeveloped and expanded in the 1980s to include four screens. A more recent theater redevelopment project is the Alameda The-

TABLE 3-25: BIG BOX RETAIL

Stores	Address	City	Driving Distance from Pacifica (miles)
Target	133 Serramonte Center	Daly City	5
Target	5001 Junipero Serra Blvd.	Colma	6
Office Depot	307 Gellert Blvd.	Daly City	6
Kohl's	1200 El Camino Real	Colma	6
Bed Bath & Beyond	19 Colma Blvd.	Colma	6
Home Depot	2 Colma Blvd.	Colma	6
Home Depot	91 Colma Blvd.	Colma	7
Best Buy	200 Colma Blvd.	Colma	7
Home Depot	303 E. Lake Merced Blvd.	Daly City	7

Sources: Shopping Center Directory; Respective Retailer Websites; Economic & Planning Systems, Inc.

Pacifica does not have any "big box" retail stores, such as this one in Daly City. They are not likely to locate in Pacifica, given the City's relatively small trade area, lack of major freeway visibility, and competition from the stores in Daly City and Colma.

ater in Alameda, which was redeveloped in 2008 after being closed for over 30 years to include seven adjoining smaller screens and a public parking structure. In addition, some smaller movie theaters have been recently developed to provide moviegoers with a new type of experience by offering amenities such as bars, restaurants, and cafes. These theaters, such as Sundance Cinemas, target a smaller group of film fans with art, independent, and documentary films.

Given the limited amount of population growth expected in Pacifica, existing competition, and the lack of a large movie going population, a new theater is not considered viable. The City does not have the population base to support a large, multi-screen Cineplex. In addition, the smaller successful theaters are typically redevelopments of existing theaters and/or feature independent and foreign films. The City does not have an historic theater or the demographics to support an independent art house (e.g., large number of students and singles).

Tourism-Based Retail

San Francisco and San Mateo Counties are major tourist destinations, attracting domestic as well as international travelers. As shown in Table 3-26, the nine-county Bay Area region accounts for almost 30 percent of the visitor-generated tax receipts in California. San Francisco alone accounts for about 13 percent of the State's total visitor-generated tax receipts at $256.5 million in 2006. Of the counties in the Bay Area, San Mateo County had the third highest visitor-generated tax receipts per household at $239, behind San Francisco and Napa counties at $812 and $564, respectively. Both San Mateo and San Francisco Counties rank well above the statewide per household average of $165.

Located along scenic Highway 1, south of San Francisco, Pacifica enjoys exposure to a number of visitors to the County's coast, State parks, and other attractions. Despite its advantageous position in a highly successful regional tourism market, however, the City does not currently offer a major attraction or an identifiable theme that draws significant tourism and thus tourist related retail spending. In addition, because of a variety of factors and constraints, both real and perceived (e.g., access, competition, climate, policy support, etc), the City has not successfully positioned or marketed itself as a major tourist destination. Several tourism-related retail concepts that may allow Pacifica to better leverage its coastal location and other physical and cultural amenities to establish itself as more successful tourist destination are described below.

"Place-Making"

Tourist-oriented retail districts often succeed by providing a unique mix of small-scale "boutique" stores that offer arts, crafts, and other goods or services with a distinctive local flavor. By definition, this retail strategy is not formulaic and the actual tenant mix and product type will differ depending on the location. However, such districts often include a mix of dining and local eateries, galleries, and independent establishments providing both goods and services (e.g., spa), often with a local flavor.

One of the key characteristics of successful tourist-oriented retail districts is its unique identity or "brand." Oftentimes this brand is centered around one key or anchor attraction (e.g., Yosemite, Hollywood, Disneyland) but it can also be associated with a series of related concepts (e.g., art, wine, nature). For example, Carmel has successfully integrated images of the ocean, culture (e.g., art galleries and dining), architecture, and history into an identifiable brand that attracts tourists worldwide. In a similar manner, Pacifica could potentially build on themes focused on beach/coastal-related businesses (e.g., businesses focused on the City's coastal location for recreation/leisure purposes).

Equally important to the success of tourism-based retail would be the place-making features, such as public plazas and public art features, which can provide aesthetically pleasing and thematic design to the area and physical connectivity to other nearby attractions and amenities. As previously noted, the City has expressed interest in creating a traditional

TABLE 3-26: VISITOR-GENERATED TAX RECEIPTS BY COUNTY

County	2006 Receipts (in millions)	Receipts per Household	Percent of California Receipts
San Francisco	$256.5	$812	12.6%
Napa	$27.5	$564	1.3%
SAN MATEO	**$60.7**	**$239**	**3.0%**
Santa Clara	$91.4	$157	4.5%
Sonoma	$26.2	$149	1.3%
Alameda	$68.8	$130	3.4%
Marin	$10.2	$101	0.5%
Contra Costa	$23.9	$64	1.2%
Solano	$6.7	$49	0.3%
BAY AREA TOTAL	**$571.9**	**–**	**28.0%**
California	$2,042.9	$165	100.0%

Sources: California Travel Impacts by County, 1992-2006, Dean Runyan Associates, Inc.; Economic & Planning Systems, Inc.

The Rockaway Beach district aims to draw visitors by providing a unique mix of stores and services with a distinctive local flavor, together with signage, architecture, and public spaces and amenities. Palmetto Avenue has potential to improve its "place-making" qualities.

Downtown district along Palmetto Avenue. With the completion of the Streetscape Plan for Palmetto Avenue, the City could also incorporate some of these place-making features. In addition, there may be opportunities to more effectively link Palmetto Avenue to other existing or planned amenities (e.g., the beach and golf course).

Unlike local or regional shopping centers, which tend to be more formulaic, tourism-based retail tends to be more fluid and gradual in development. As such, the City is not likely to be able to attract a significant amount of retail space in the short term under this strategy. In addition, this strategy would likely require a multi-dimensional effort that includes marketing, public improvements, and aggressive pursuit of specific opportunity investments, ideally through public-private partnerships. By way of example, this approach could be combined with efforts to recruit a major resort hotel, as discussed further below.

Hotel and/or Resort Opportunities

As noted above, tourism is a significant industry in San Mateo County, attracting both domestic and international visitors. Pacifica's coastal location coupled with the City's accessibility off of scenic Highway 1 provides it with exposure to a number of visitors to the County's coast, State parks, and other attractions. However, the City is not currently a well-known tourist destination and primarily services pass-through travelers on their way to a primary destination elsewhere in the County or region.

The current demand for hotel rooms in Pacifica is served by six hotels with a total of 282 rooms. The establishments are moderately-priced with an average daily rate of $144 (see Table 3-27). A majority of these hotels are clustered around Rockaway Beach.

Transient occupancy tax (TOT) revenues have fluctuated over the past 15 years, with a general upward trend, as shown in Chart 3-7. TOT revenues increased almost 90 percent between FY 97/98 and FY 00/01, likely the result of Chamber of Commerce advertising that began in 1997. Consistent with the economic downturn that caused a dip in the tourism industry in 2001, TOT revenues decreased significantly starting FY 01/02 and rebounding in FY 03/04. Given the average daily rate, the number of rooms, and TOT revenues, a 62 percent hotel occupancy rate is estimated for FY 07/08. This is below the industry benchmark of 70 percent, indicating that the City's hotel sector is currently under-performing. The addition of another mid-level hotel in the City is likely to draw customers away from the existing hotels rather than increase demand. Several other hotel/accommodation market segments that might complement and/or stimulate additional tourist related demand in Pacifica are described below.

Bed-and-Breakfast

A small-scale inn or bed-and-breakfast facility that is successfully operated may also serve as a key attraction and help diversify lodging options in the City. As the County continues to attract more visitors to the area, it is likely that Pacifica can capture some of the increase in tourists. Despite the City's 62 percent occupancy rate, a high-end inn or bed-and-breakfast, if able to successfully distinguish itself from the current hotel supply, may be supportable without drawing customers away from existing hotels.

High-end inns or bed-and-breakfasts typically range in size from four to twelve rooms and often locate in unique or historically significant buildings. It is important to note that the success of these operations depend heavily on the expertise, business acumen, and resources of individual operators as well as the character and location of the facility itself.

Boutique Hotel

A mid-sized hotel that provides uniquely designed accommodations may also attract visitors to the City. These properties are generally owned and operated by individuals or small regional hotel management firms. Boutique hotels tend to be smaller than a resort hotel, but are able to command higher rates than the typical mid-sized hotel because of the emphasis on personal experience and high service levels.

TABLE 3-27: HOTELS IN THE CITY OF PACIFICA

Property	Number of Rooms	Average Daily Rate: In-Season Weekday	In-Season Weekend	Off-Season Weekday	Off-Season Weekend	Average
Best Western Lighthouse Hotel	97	$219	$269	$169	$199	$214
Sea Breeze Motel	20	$92	$92	$92	$92	$92
Pacifica Motor Inn	43	$134	$153	$107	$122	$129
Holiday Inn Express & Suites Pacifica[1]	38	$189	$216	$126	$144	$169
Americas Best Value Inn Pacifica[2]	32	$108	$126	$104	$108	$112
Pacifica Beach Hotel	52	$169	$179	$120	$130	$150
TOTAL/AVERAGE	**282**					**$144**

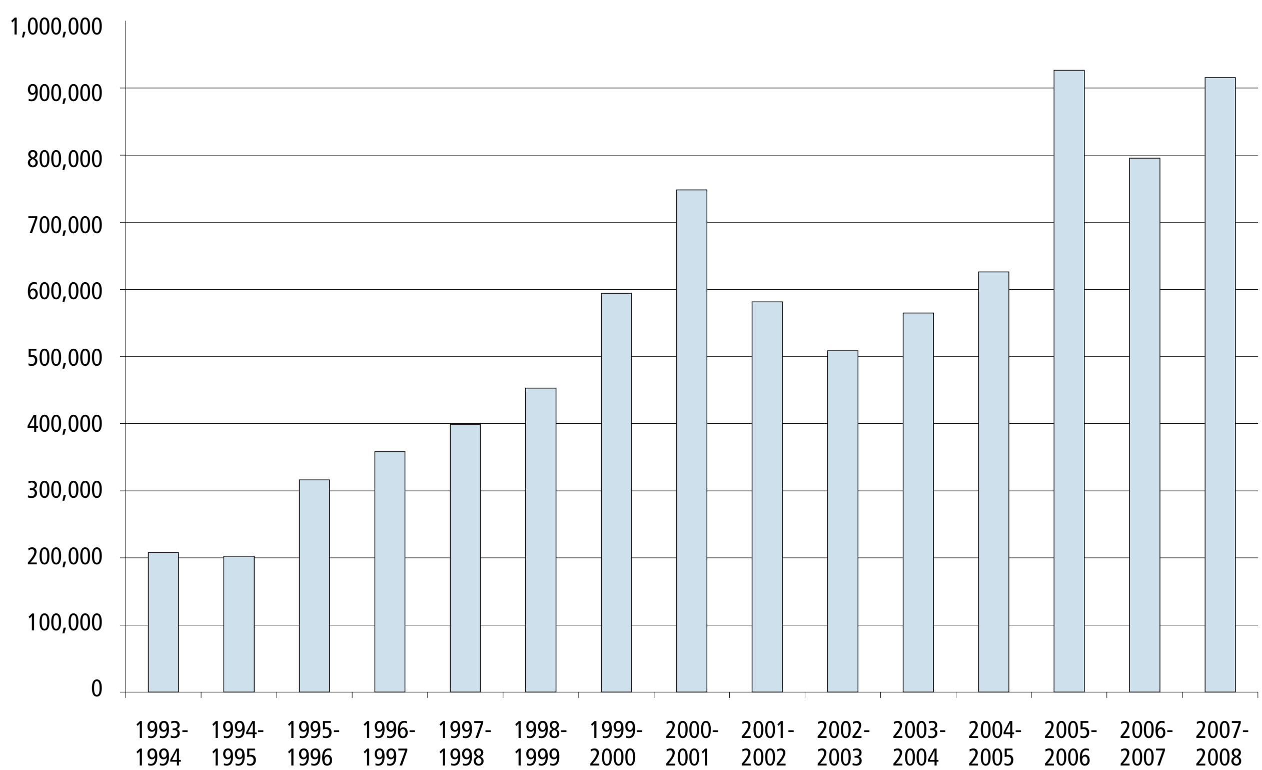
Sources: Respective hotels; City of Pacifica; hotels.com; Economic & Planning Systems, Inc.

Notes:

1 ADR for room with two queen beds.

2 ADR for room with two double beds.

CHART 3-7: Transient Occupancy Tax Revenue Per Fiscal Year



As California's largest boutique hotel company, Joie de Vivre Hotels is an example of the type of boutique hotel that may be successful in Pacifica. Based in San Francisco, Joie de Vivre operates over 50 hotels, restaurants, and spas throughout California. Each hotel property has a unique design with one-of a kind amenities and personalized services. Some of the Joie de Vivre hotels in the Bay Area include Hotel Vitale in San Francisco, Waters Edge Hotel in Tiburon, Hotel Avante in Mountain View, and Moorpark Hotel in San Jose, among others. The starting daily room rates for these properties range from $89 to $299, depending on location and amenities offered.

The City may be able to support a boutique hotel without drawing customers away from existing hotels if the boutique hotel is able to create a unique lodging experience and distinguish itself from the current hotel supply. The boutique hotel may even serve as a destination, attracting new visitors to Pacifica.

Luxury or Resort Hotel

As noted, Pacifica does not currently possess a high-end, luxury or resort hotel. However, the City does offer a number of amenities and attributes that could potentially support this type of development, including coastal access and a strategic location in a strong regional tourist market. Pacifica is an easy drive (less than 15 minutes) to San Francisco and is conveniently located on the coastal route to other well-known destinations such as Half Moon Bay, Monterey, and Big Sur. Consequently, visitors could enjoy the natural beauty of the City and nearby natural areas and the urban attractions of San Francisco in a single day. The proximity to San Francisco would provide a comparative advantage over other coastal hotel destinations in the Bay Area, such as Half Moon Bay, Point Reyes, and even Napa.

The market for a luxury hotel is qualitatively different than Pacifica's current inventory of mid-range hotels. A luxury hotel serves as a destination that attracts visitors who otherwise may not come, let alone stay, to a particular location. Luxury and resort hotels can also have a more synergistic relationship with the retail sector, supporting existing establishments and attracting new ones, including higher-end venues such as restaurants and boutiques. In addition, existing hotels may benefit from the increase in visitors participating in a broader range of tourist related activities and offerings, some of which will demand mid-priced lodging options.

The site selection process of resort or luxury hotel operators are generally multi-dimensional and opportunistic, with a variety of factors at play, including the physical attributes of available site(s), market timing, tourism trends, as well as institutional and policy considerations. The Rockaway Quarry site presents one potential location for the development of a luxury hotel. With immediate beach access, proximity to the Sharp Park Golf Course and the existing visitor-oriented retail at Rockaway Beach, the Quarry site offers a variety of attributes typically sought by luxury hotel operators. Additionally, the development of a luxury hotel at this site may create synergies with the Palmetto Avenue commercial area located about one mile away. With an increase in tourism, the additional visitors to the City could help support the creation of a downtown retail district along Palmetto Avenue.

HALF MOON BAY/RITZ-CARLTON CASE STUDY

The Ritz-Carlton in Half Moon Bay provides useful insight into the potential impacts and performance of a resort hotel in a smaller beach community. Built in 2001 the Ritz-Carlton, Half Moon Bay, has approximately 260 rooms, two championship 18-hole golf courses, a 16,000-square foot spa, fitness center, outdoor whirlpool overlooking the ocean, and six tennis courts. The average daily rate is approximately $370 per night.

Half Moon Bay has long been known as a quaint beach community with a reputation for ample coastline, local art, and unique dining opportunities. However, after the arrival of the Ritz-Carlton, it also became a more high-profile hotel destination. The addition of Ritz-Carlton corresponded with significant retail growth in Half Moon Bay. In the three years before the completion of the Ritz-Carlton (1998-2001), retail sales increased an average of 13 percent per year compared to an annual average increase of 4.3 percent from 1990 to 1998. Retail sales continue to grow after completion of the Ritz-Carlton, albeit at a slower pace. From 2001 to 2006 the average annual growth rate was 1.6 percent. The period of strong retail growth before the opening of the Ritz-Carlton suggests that retailers may have been attracted to Half Moon Bay in anticipation of the large number of visitors generated by the hotel.

Retail growth has occurred in Half Moon Bay associated with the opening of the Ritz-Carlton resort. A resort hotel has the potential to increase tax revenue in Pacifica by an estimated $2.2 million.

Development Implications

Market Implications

As discussed in the previous sections, the City is not likely to be able to support a traditional grocery store or a regional destination retailer (e.g., "big-box or department store) given the competitive supply and/or limitations with respect to required population and traffic volume. Without these types of anchor tenants, it will be extremely difficult to support a significant amount of retail growth in the City within a short time frame. However, Pacifica does enjoy key locational assets that could be leveraged to build and enhance a "place-making" and tourism-based shopping environment over time.

The attraction of a luxury and/or resort hotel could significantly advance this goal by transforming Pacifica into a higher profile travel destination. The City's prime coastal location and natural environment, coupled with the proximity to the urban amenities of San Francisco, make it an attractive location for this type of product. A luxury and/or resort hotel can have a catalytic effect on the City's retail and hotel sector by attracting tenants and customers who might not otherwise regard Pacifica as a destination.

Both the Rockaway Beach Quarry site and Palmetto Avenue represent two potentially complementary opportunities to advance the City's retail and tourism sectors. The two areas are close enough (separated by a golf course) that they could potentially be linked and integrated as a tourism and retail district. Such a district would create a new dynamic to Pacifica and attract a market sector that does not currently flourish in Pacifica. However, the success of such a strategy would require a proactive and concerted effort on the part of the City, local businesses, property owners, and other stakeholders to recruit an operator and implement a variety of "place-making" initiatives (e.g., marketing, design improvements, redevelopment).

Alternatively, Pacifica could continue along its current path as primarily a local serving retail market with a relatively small tourism sector and significant sales leakage. Under this scenario, there are a number of steps that would improve local offerings and stem sales leakage. For example, the upgrade and redevelopment of several existing centers could create an environment more conducive to attracting a broader base of customers and tenants. In addition, local population, employment, and income growth, although modest, will provide opportunities for gradual retail expansion over the long term.

It is important to note that gradual development of retail, as opposed to the formulaic approach that tends to bring in large square feet of space in a short amount of time, may be more challenging from a financial perspective. Redevelopment of existing retail centers/districts may require a significant amount of investment upfront which would need to be recouped in the form of higher lease rates. However, to the extent retail developments occur over a ten-year or longer time period, the ability to finance the upfront investments may be limited.

Strategic Implications

As described above, because of a variety of factors and constraints, both real and perceived, Pacifica has not successfully positioned or marketed itself as a major tourist destination. This analysis suggests that the City could potentially improve the performance of its retail sector through a more proactive and comprehensive strategy designed to raise its profile and attractiveness to visitors, tourists and residents. Such strategies generally require a multi-faceted approach that combines a number of efforts and initiatives designed to work together, including marketing, "branding", tenant recruitment, and investment in public infrastructure and amenities that would include a combination of initiatives. Several commonly used initiatives include those described below.

MARKETING AND "BRANDING"

Cities often use marketing plans to improve their image and attract new businesses and customers through special events, advertising, and other promotional programs. A detailed marketing plan could recommend ways to "brand" Pacifica as a desirable destination (e.g., quaint coastal community, etc.), which can then be presented and packaged through a wide range of marketing tools. While marketing can be extremely useful in promoting economic development, it is unlikely to produce results in the absence of other strategies. To be effective, a marketing plan and business improvement initiative must be integrated with other components of a revitalization strategy, such as infrastructure improvements and development incentives.

INVESTMENT IN PUBLIC INFRASTRUCTURE AND FACILITIES

Revitalization is often catalyzed by public sector investment in infrastructure such as streets, parks, and community facilities. As previously discussed, the City is already in the process of completing the Streetscape Plan for Palmetto Avenue. Additionally, the City could implement a signage program that would highlight some of Pacifica's attractions, such as parks, beaches, and hiking trails, among others. The signs would serve to add color and visual interest to Pacifica's environment, while also highlight what the City has to offer for travelers that may otherwise only pass through. These and other public infrastructure investments represent a valuable asset to property owners and developers, who stand to benefit from improved landscaping, signage, lighting, and infrastructure.

Pacifica Beach Hotel is one of six hotels in Pacifica, all of which are moderately priced. Addition of bed-and-breakfast inns or a boutique or luxury hotel could expand the City's tourism base, and create positive synergies with the development of the retail sector.

TENANT RECRUITMENT

Consistent with the themes identified through a marketing plan, the City can focus on attracting specific businesses or tenants that reinforce or enhance the economic and social vitality of the City. Business recruitment efforts can be implemented by both public and private entities or as part of a coordinated effort. By way of example, the City could seek to identify and recruit a resort hotel operator or several smaller boutique hotels. In addition, the City could lobby to attract the Golden Gate National Recreational Area Visitor Center as a local tenant.

Successful implementation of "place-making" initiatives, such as those described, are generally most successful when implemented as part of a multi-pronged, public-private partnership. It is unlikely, especially for a location such as Pacifica, that there exists a single "silver bullet" (i.e., a particular tenant, policy, or sector) that will transform Pacifica into a successful tourist destination overnight.

Fiscal Implications

The additional retail and hotel development opportunities have the potential to increase General Fund tax revenue for the City. The amount of additional tax revenue will depend on Pacifica's ability to attract new businesses while maintaining the sales of existing businesses. To provide a range of potential fiscal benefits from this type of development, estimates of the tax revenue for two scenarios is described below:

- High Scenario: Assumes the City is able to attract a resort/luxury hotel and three boutique hotels. The additional hotels will likely help facilitate more diverse retail opportunities. As such, the retail capture rate of household expenditure potential increases to 75 per-cent. Additionally, more tourism results in an increase in visitor-generated spending.
- Low Scenario: Assumes the City is only able to attract one boutique hotel. As such, retail capture of household expenditures increases to 60 percent and visitor-generated spending increases only slightly.

Based on the assumptions above, additional tax revenue ranges from $4.3 million for the High Scenario to almost $1 million for the Low Scenario, as shown in Table 3-28. A resort hotel represents the largest potential increase in tax revenue, approximately $2.2 million. This analysis assumes that the new establishments will result in net new sales and not draw customers away from existing establishments. If the new establishments were to take sales from existing establishments, the additional tax revenue would be less than the amounts estimated in this analysis. In addition, a more complete analysis of fiscal impacts would need to account for the potential increase in City public service costs associated with each scenario.

TABLE 3-28: FISCAL IMPACT ASSESSMENT: HIGH/LOW SCENARIO

	Amount	
Tax Revenue Category	**High Scenario**	**Low Scenario**
Potential Increase in Transient Occupancy Tax (TOT) Revenue		
Resort Hotel		
Number of Rooms[1]	250	–
Average Daily Rate[2]	$350	–
Occupancy Rate	70%	–
Annual Room Revenue	$22,356,250	–
Mid-Range Boutique Hotel		
Number of Rooms[3]	150	50
Average Daily Rate[4]	$200	$200
Occupancy Rate	70%	70%
Annual Room Revenue	$7,665,000	$2,555,000
Total Room Revenue	$30,021,250	$2,555,000
TOT Rate	10%	10%
TOTAL TOT REVENUE	**$3,002,125**	**$255,500**
Potential Increase in Retail Sales Tax Revenue		
Resident Households		
2006 Retail Sales Tax Revenue[5]	$1,278,750	$1,278,750
2006 Retail Capture Rate[6]	52%	52%
Increased Retail Capture Rate	75%	60%
Estimated Retail Sales Tax Revenue	$2,416,294	$1,933,035
Additional Sales Tax Revenue	$1,137,544	$654,285
Tourist Spending		
Annual Overnight Visitors[7]	204,400	25,550
Annual Day Trip Visitors[8]	204,400	25,550
Average Daily Spending per Visitor	$50	$50
Additional Sales Tax Revenue	$204,400	$25,550
RETAIL SALES TAX REVENUE SUBTOTAL	**$1,341,944**	**$679,835**
TOTAL ADDITIONAL REVENUE	**$4,344,069**	**$935,335**

Notes:

1 Assumes the resort hotel has 250 rooms.

2 Based on average daily rates at the Ritz-Carlton Half Moon Bay.

3 High Scenario assumes 3 new hotels and Low Scenario assumes 1 new hotel with each hotel having 50 rooms.

4 Assumes the average daily rate will be higher than existing rates in Pacifica.

5 See Table 3-18.

6 See Table 3-19.

7 Based on hotel assumptions above. Assumes 2 guests per room.

8 Assumes that 50% of visitors are day-trippers and 50% stay overnight, based on visitor data from other Bay Area cities.

3.5 PLANNING ISSUES AND IMPLICATIONS

An assessment of Pacifica's demographic and economic profile, and projected change in the coming years, points toward several areas which could be influenced by General Plan policies and decisions about how to allocate public resources.

1. **Accommodating Population Growth**. Pacifica's population has grown minimally since the 1970s, averaging about 800 new residents per decade from 1980 to 2000. According to the population estimate for 2009, this rate ticked up significantly during the last decade, showing a net increase of 1,600 residents. ABAG projections suggest that Pacifica's population will grow by 2,000 to 3,000 residents during the planning period, a relatively slow rate that reflects its environmental land constraints and historical growth patterns.. The City will need to accommodate new housing and commercial space to meet the needs of new residents.

2. **Meeting the Needs of an Aging Population.** In recent years, Pacifica's population has become older, with the 45-to-61 cohort increasing to become the largest in 2007. This trend is likely to continue, and to move into the oldest age cohort (62 and over) over the course of the planning period. There may be a need for more housing suitable for "aging in place," and greater access to medical services.

3. **Satisfying Retail Demand.** At the same time, median household income has grown, and ABAG projects significant income growth in coming years. This could play an important role in bolstering the City's retail sector.

4. **Providing Affordable Housing for Very Low-Income Households.** Only about one quarter of Pacifica's households are renters, but housing costs are a significant burden for these households. Rents have risen faster than incomes, and very little rental housing has been added in recent years. Pacifica met only 8 percent of its share of housing for very low-income households in the 1999-2006 period.

5. **Facilitating Employment Growth.** Pacifica has a low jobs-to-housing ratio, and this is projected to stay stable through the planning period. However, the City may seek to counteract such trends and attract or develop jobs, as a way to ease traffic congestion, lower carbon emissions, and create a more "complete" community.

6. **Shaping Employment Areas.** The location and intensity of employment development will vary depending on its focus—the needs of biotechnology companies, for example, differ from those of tourist-oriented retail development. The City will have an important role in shaping this form through zoning and public investment decisions.

7. **Leveraging Key Locational Assets.** Pacifica's location and setting have the potential to be leveraged to build and enhance a "place-making" and tourism-based shopping environment over time. The attraction of a luxury and/or resort hotel could significantly advance this goal by transforming Pacifica into a higher profile travel destination. Both the Rockaway Beach Quarry site and Palmetto Avenue represent two potentially complementary opportunities to advance the City's retail and tourism sectors.

8. **Improving Shopping Areas, and Recruiting Tenants.** The upgrade and redevelopment of existing shopping centers could create an environment more conducive to attracting a broader base of customers and tenants. Local population, employment, and income growth will provide opportunities for gradual retail expansion over the long term. The City can play an active role in attracting specific businesses or tenants that reinforce or enhance the economic and social vitality of the City.

9. **Investing in Public Infrastructure and Facilities.** Streetscape improvements, a signage pro-

gram, and other public infrastructure investments represent a valuable asset to property owners and developers, who stand to benefit from improved landscaping, signage, lighting, and infrastructure.

10. **Branding Pacifica.** A detailed marketing plan could help Pacifica shape its image as a desirable destination itself through a wide range of methods. Such an effort must be integrated with other strategies.

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