

Panel – The Suburban Downtown

Panelist:

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Good morning. So how's the development community addressing these issues?

My name is John Reekstin. I am senior vice president for development at the Olson Company. My background is in local government. I spent 17 years with the cities of Santa Ana, Huntington Beach, 15 years in Santa Ana, the last four as a redevelopment director, two years in Huntington Beach as a finance director there, and then I left to join the Olson Company about two and a half years ago at exactly the wrong time, as the market started heading into a cooling period. But it's been quite a learning experience. So I guess I can have some fun with this.

In terms of the Olson Company, it was founded in 1987 by Steve Olson and Mark Buckland. And the vision at that time was to partner with cities and redevelopment agencies to provide affordable housing solutions for communities in California. In particular, we focused in San Diego, Los Angeles, Orange, and the Bay Area counties. We have not really ventured out into Riverside, San Bernardino, and some of the outlying exurban counties.

We coin our developments "Walks." The reason we do that is because they are supporting the design and the theory of a self-contained urban village where you can live, work, shop, dine, and enjoy

entertainment. And we've also incorporated both income-restricted and non-income-restricted housing solutions. In other words, most of our communities have both a market rate for sale element as well as an affordability element to them, which involves a partnership with our cities and redevelopment agency partners throughout the state.

Just an example of some of the different types of communities we have built. Everything from single-family detached townhomes, live/work communities, artist lofts, which is the project that was built in downtown Santa Ana, transit-oriented development, as well as transit-adjacent development, which I will talk about in a little bit, mixed use, with a retail element with residential above it or adjacent to it, as well as higher density communities.

And this is just an example of some of our communities in Huntington Beach, in Brea, in the City of Fullerton. Attached product, higher density on the order of anywhere from 15 to 25 units an acre.

In the upper left-hand corner is our Artist Walk project in Santa Ana, which was really instrumental in revitalizing downtown Santa Ana. And as part of our Artist Village concept which came to fruition in the 1990s and then development of these lofts in early 2000 really spearheaded the redevelopment of downtown Santa Ana to the next level.

Here we have a couple of transit-oriented developments in Northern California along BART lines in Richmond and in the City of Hayward, which were partnerships with the city and redevelopment agency in both of those circumstances.

Benecia, a smaller town in Northern California.

Burbank, a newer project. Spectacular podium project right in the heart of downtown. Retail on the ground floor and four levels of residential above that.

The project I want to highlight this morning is in the City of Fullerton. And it's interesting, because when I worked in the City of Santa Ana, I liked to espouse that we were engaged in true urban revitalization. And when I would be with my peers throughout the state, and particularly in Los Angeles, San Francisco, San Diego, they'd laugh and say, "Revitalizing downtown Santa Ana is not true urban redevelopment. It's really suburban redevelopment." And that's very much true. The majority of Southern California we are really talking about is suburban revitalization, suburban redevelopment, and exurban redevelopment now, as referenced earlier.

The City of Fullerton and our Soco Walk project -- and Soco means south of Commonwealth -- is really a wonderful example of how we are addressing some of the disparities that Deepak was talking about earlier in Orange County. NIMBYism is alive and well and has been in Orange County for a long time, but things are getting better. And one of the reasons is first you have a new demographic. You have young people in their twenties and thirties who don't necessarily want to live in a suburban environment and travel an hour back and forth to work each day. They grew up in that environment. They are looking for more interaction. They are looking for more vibrancy and more life. They want to use transit, and they are

open to that possibility. And they still want to live in Southern California in an area that's very expensive to live in.

And one of the reasons NIMBYism is on the wing to some extent is because parents want their kids to stay close. You know, they want to have an opportunity to live close to where they are. They don't want them to have to move out of state. These homes -- the ones I referenced earlier -- you know, they are on the order of 450-, 500,000 as a median-priced home right now. And the income necessary to support that is still \$100,000 plus. So it doesn't terrify folks as much as it used to that, you know, "Gosh, we are going to have a bunch of low-income housing, and what kind of social problems are we going to be creating here?" even though there's still a tremendous need for that housing.

So there's more and more acceptance of higher density in the suburbs than in Orange County. And this is a good example of that. In this particular case, we did partner with the city and redevelopment agency in terms of the design of this project, but we did not partner financially. There's no city subsidy that's involved in this project in Fullerton.

It is on the wrong side of the tracks. It's on the south side of the tracks. There's a bridge that spans the tracks to the depot itself. The good news there is that it's really a wonderful example of suburban revitalization, because we actually jumped the tracks and really put a spark into a neighborhood that desperately needed this new development. And, also, we were able to take advantage of a growing downtown and a downtown that's been very successful

and has had a lot of redevelopment success in the last 25 years.

We are building 120 attached homes in this area on the south side of the tracks immediately across from the depot. Community size, five and a half acres, so the density is 20 units plus per acre.

Just to give you a sense of what this looks like. Square footage is around 1,500. The lofts are a little bit bigger, 17-, 1800 square feet. We have both two-car, side-by-side, alley-loaded garages, as well as tandem garages, and about two parking spaces per unit.

And this is just some renderings and examples of how the project looks. It's very attractive architecturally. The units are functional. Even in this downtown that we have been experiencing, they are still selling very well. In this area immediately adjacent to the depot, they are selling from the low to mid fives and upwards, six, upwards, for some of the better units within the project. Very well received. And we had our first move-ins in the month of December. And the city council, city staff, the community has received this very favorably.

So here you have an example in a very conservative city in Orange County, Fullerton, where you have some density, 20 units an acre, you have a transit-oriented development immediately adjacent to the tracks. And some would argue that even at 20 units to the acre, you know, is that really transit-oriented development, or are we talking higher density development? Well, you know, we could make that argument depending on the community that we are

building in. In this case, in the City of Fullerton, 20-plus units an acre adjacent to the depot is truly transit-oriented development.

And so it was a wonderful opportunity to really achieve several goals, the principal one being providing a solution for the city on a variety of levels; neighborhood revitalization, downtown redevelopment, and providing housing that is affordable to many more people than you will find throughout most of Orange County.

We have projects similar to this that we are currently constructing in the City of Buena Park. Our Founder's Walk project, which is adjacent to a Metrolink station, that is going to be built in the next year or so. We have a 32-unit loft project adjacent to the depot in the City of Orange.

So that's where we, as a company, are focusing; specializing throughout the state along BART, along Metrolink in Orange county.

With that, I look forward to answering your questions when my other panelists have had a chance to speak.

Thank you.

(Applause.)