

Envision
PALMDALE 2045

**General Plan Update
Advisory Committee Meeting #6**

MAY 20, 2020

Agenda

- Welcome
- Pledge of Allegiance
- Zoom Overview
- Approval of Draft Meeting Minutes from February 19, 2020 meeting
- Demographics and the Economy
- Real Estate Trends and 2045 Demand
- Fiscal Health Summary
- Economy Opportunities
- Discussion



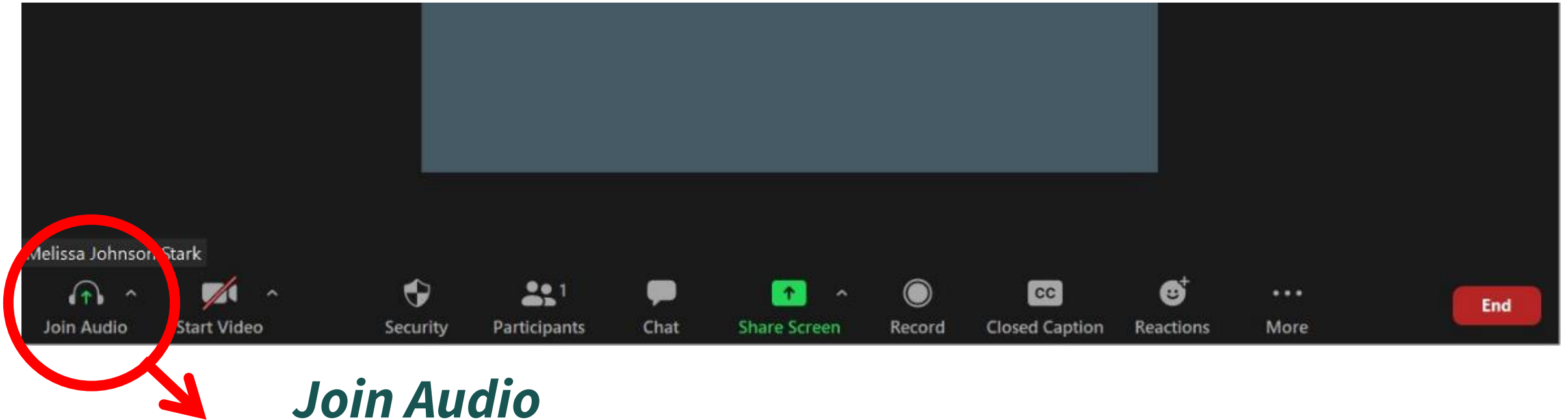
Pledge of Allegiance



*I pledge allegiance
to the flag of the
United States of
America*

*and to the Republic
for which it stands,
one Nation under
God, indivisible,
with liberty and
justice for all.*

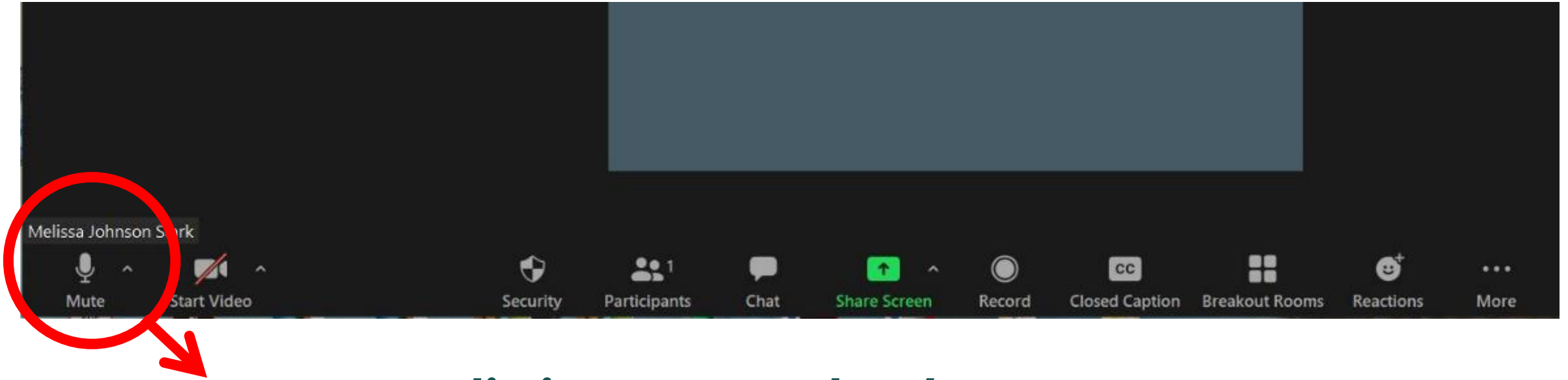
Zoom – *What You Need to Know: Audio*



Join Audio

- Two options (please use headphones if possible):
 - *Use your device's audio*
 - *Call in using a cell phone (recommended for computers)*
 - *Please be mindful of background noise*

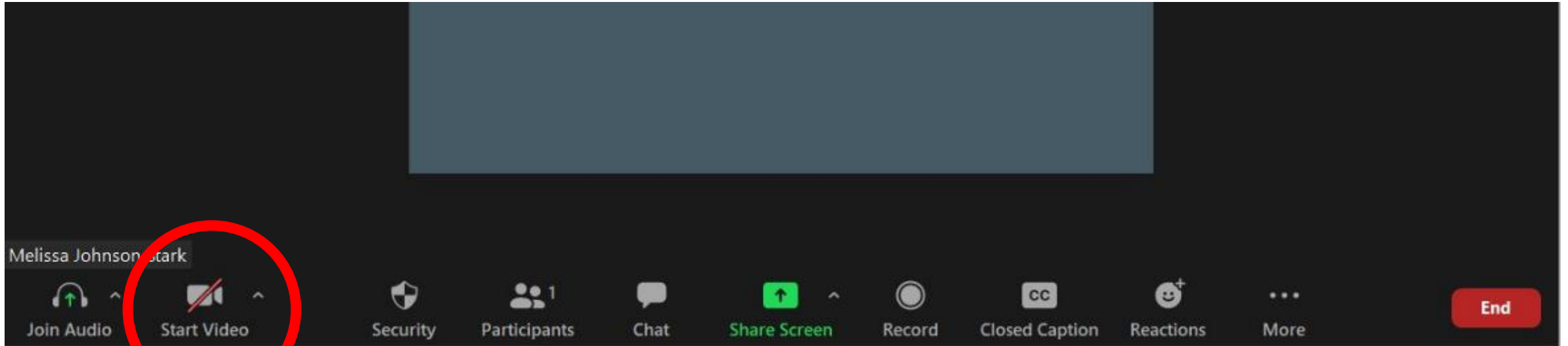
Zoom – *What You Need to Know: Mute*



Once Audio is Connected – Please Mute

- Please mute yourselves when you are not speaking
- To un-mute, press the same button

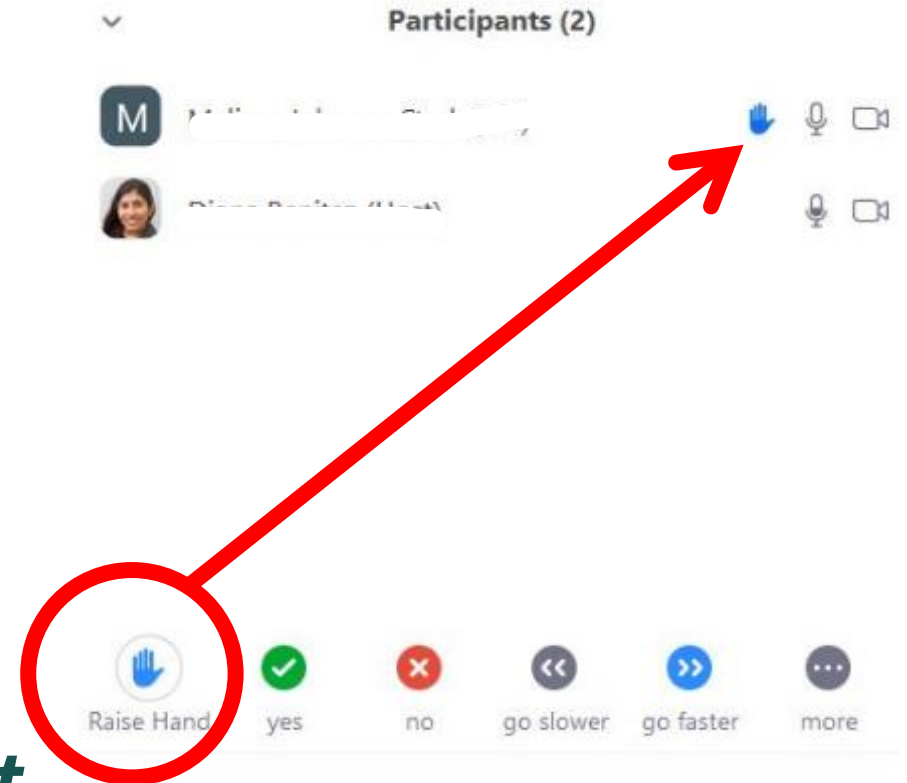
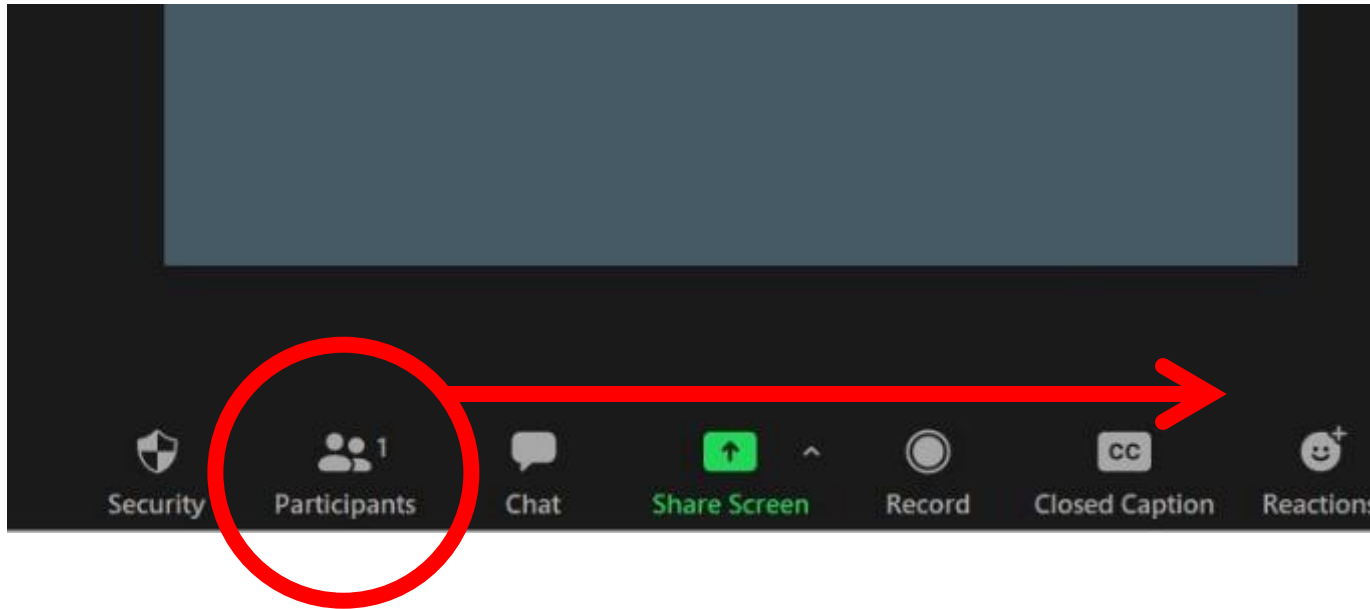
Zoom – *What You Need to Know: Video*



Start Video

- This will turn on your devices web-cam (if you have one)
- Turning your video on is optional
- *Please be mindful of your background and appearance as you would an in-person meeting*

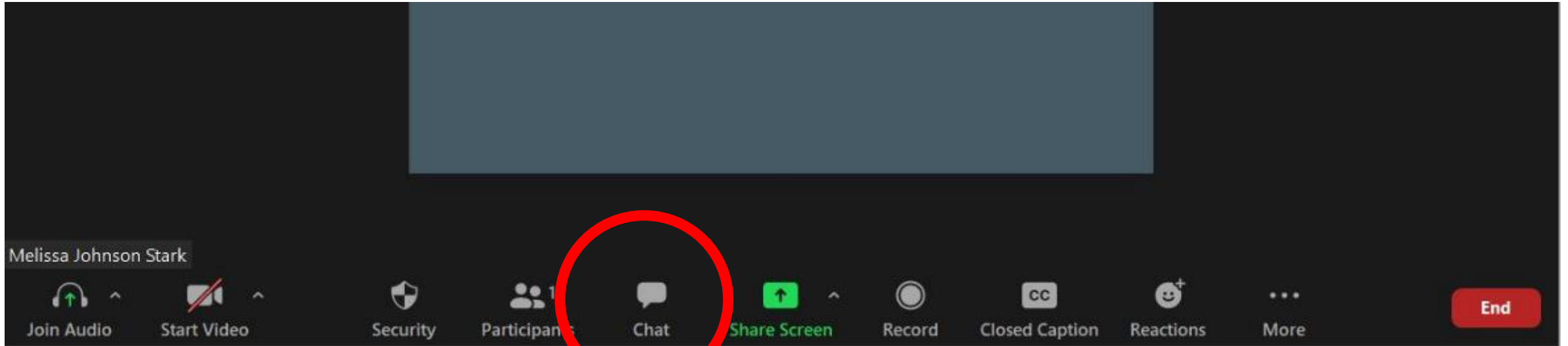
Zoom – What You Need to Know: Non-Verbal Feedback



To ask a question or make a comment

- Please remain muted, and use the non-verbal feedback shown above. The team will call on people individually. Please wait to un-mute your audio until called.

Zoom – *What You Need to Know: Chat Host*



Chat the Host

- If you experience any issues, please do not interrupt the meeting, please chat the host (and/or cohosts)

What You Need to Know: Questions and Comments

Questions and Comments

- We will be pausing during the presentation to answer any questions
- There will be additional opportunity after the presentation to provide comments
- Viewers are invited to submit comments and questions through the forum linked in the YouTube livestream

DEMOGRAPHICS + MARKET

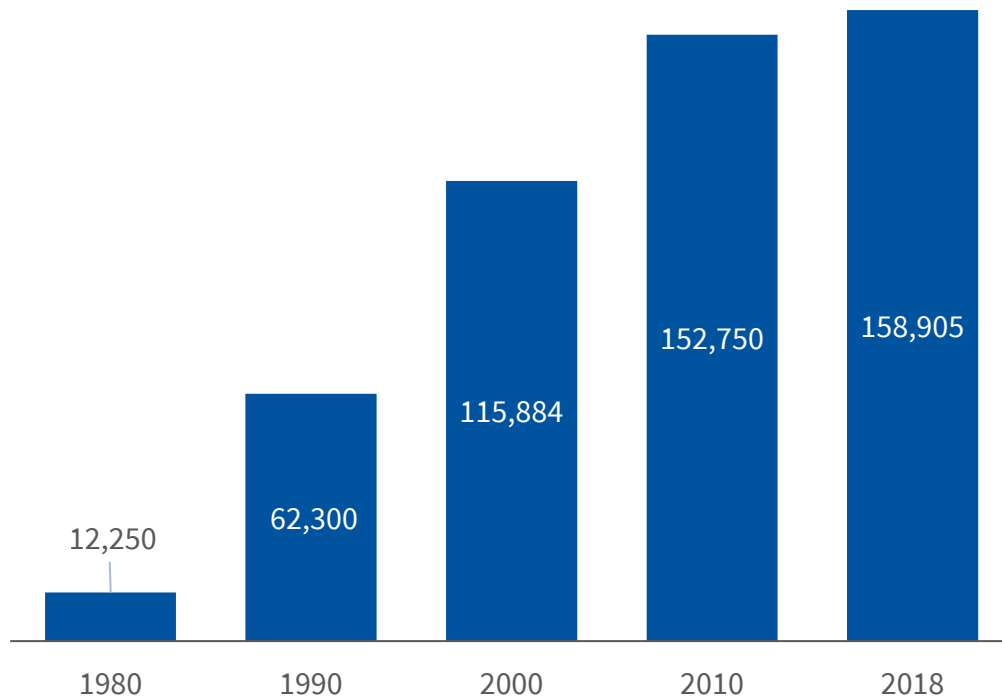
Demographics & the Economy



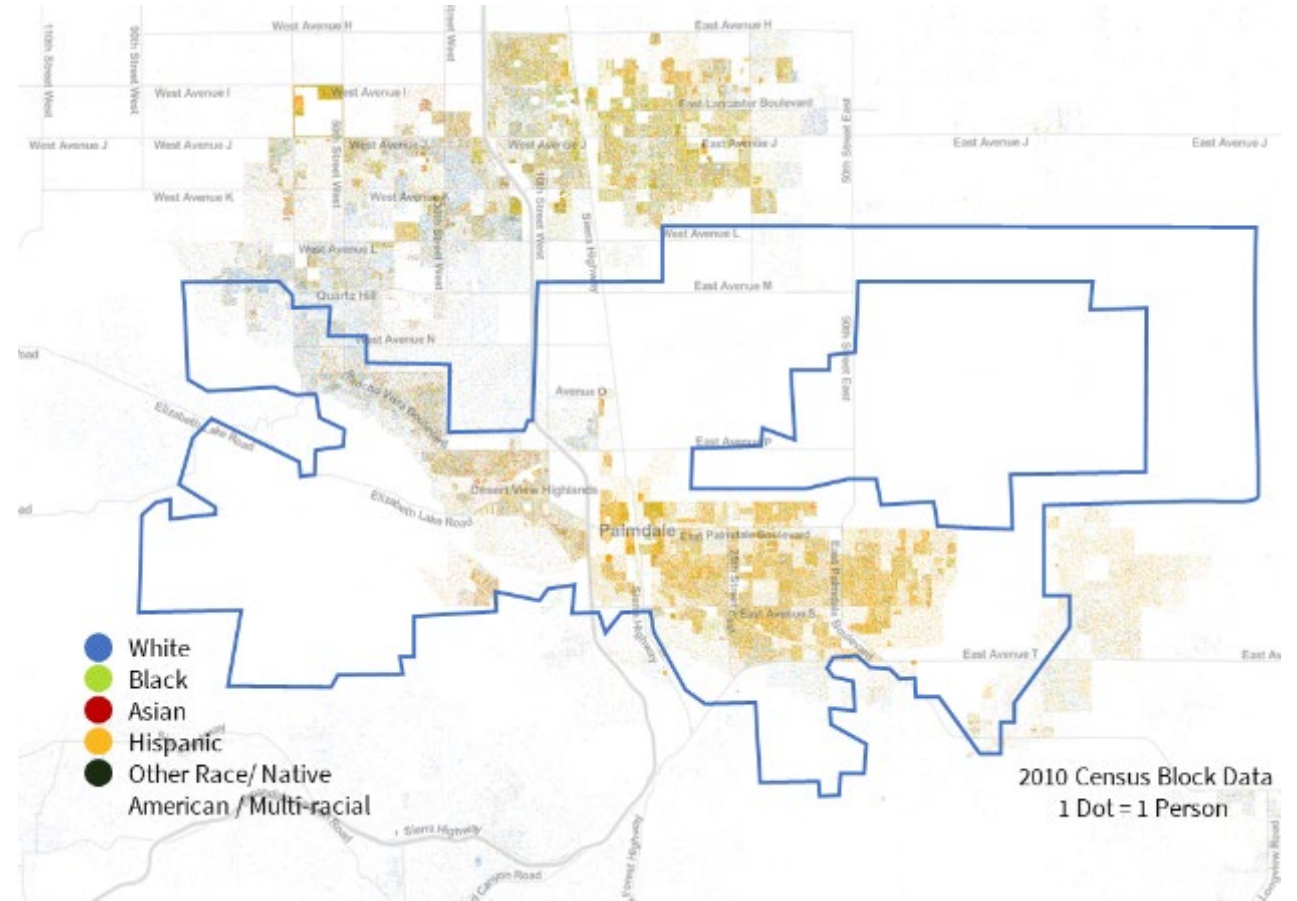
Palmdale Demographics

Population growth has slowed significantly since the Great Recession; Palmdale has become increasingly diverse, albeit spatially segregated.

Palmdale Historical Population Growth



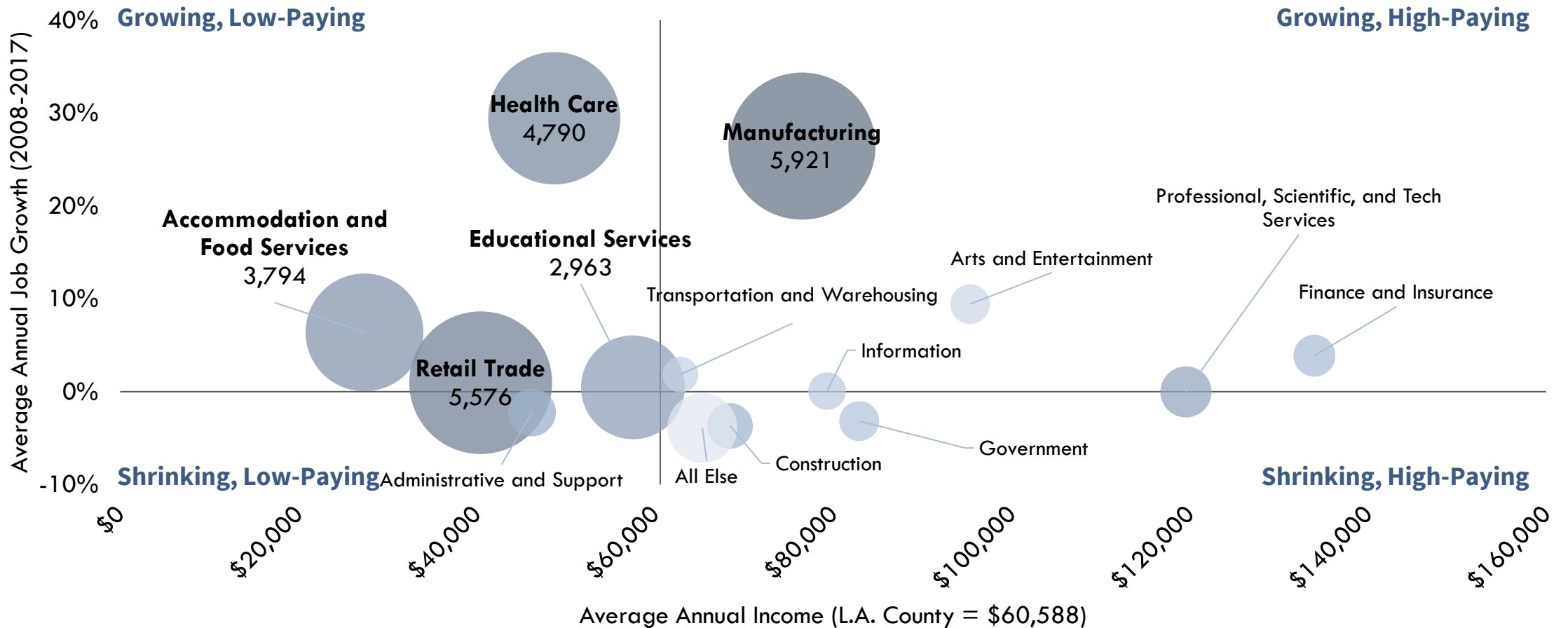
Spatial Distribution of Population by Race



Palmdale Economy

Unlike LA County, manufacturing continues to expand in Palmdale and remains one of the few sources of high-paying jobs in the region.

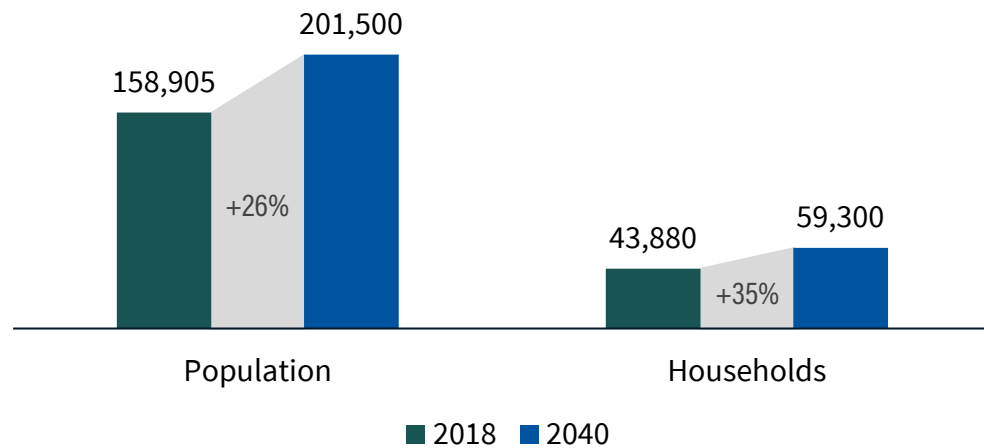
Palmdale Industrial Sectors by Number of Jobs and Average Income



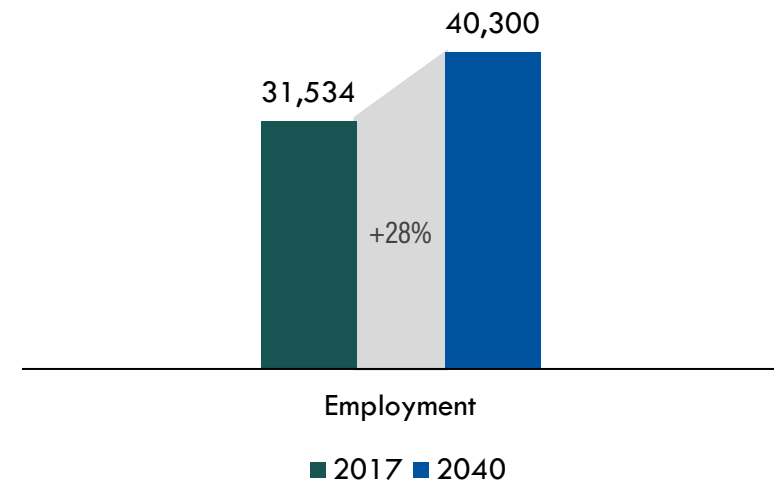
Demographic and Employment Projections

SCAG projects Palmdale’s population and employment will outpace LA County.

SCAG Projected Population and Household Growth



SCAG Projected Employment Growth



	Population Growth (2018-2040)	Household Growth (2018-2040)	Employment Growth (2017-2040)
City of Palmdale	+26%	+35%	+28%
City of Lancaster	+30%	+36%	+37%
Los Angeles County	+12%	+18%	+14%



Questions?

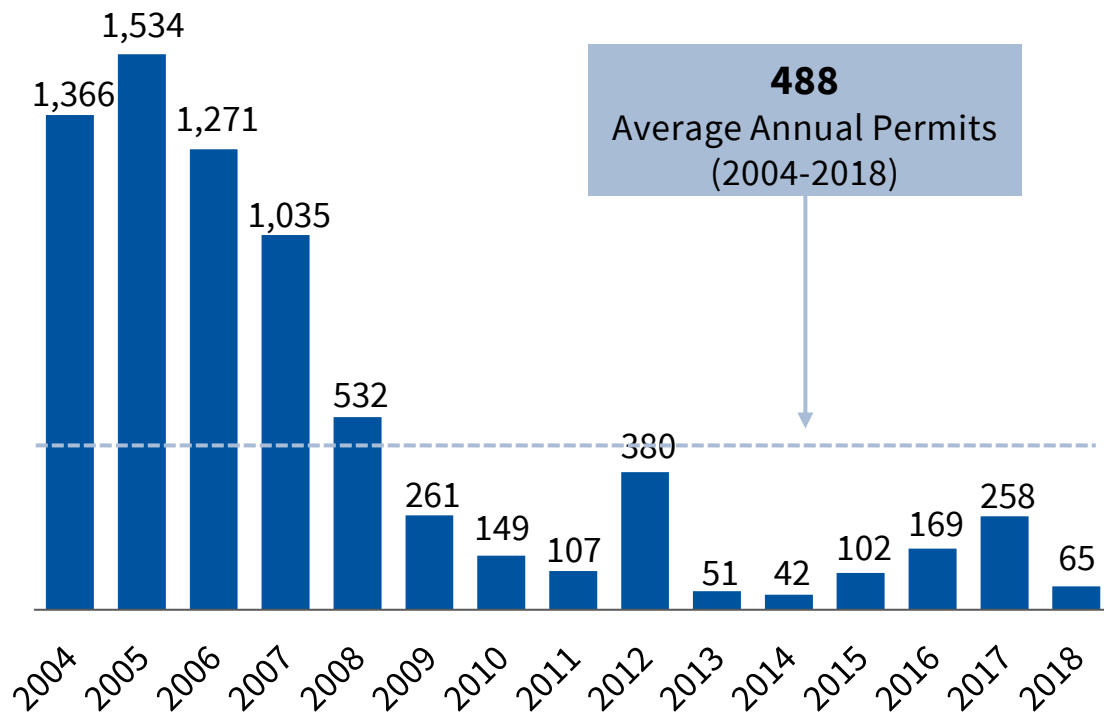
Real Estate Trends & 2045 Demand



Residential Trends

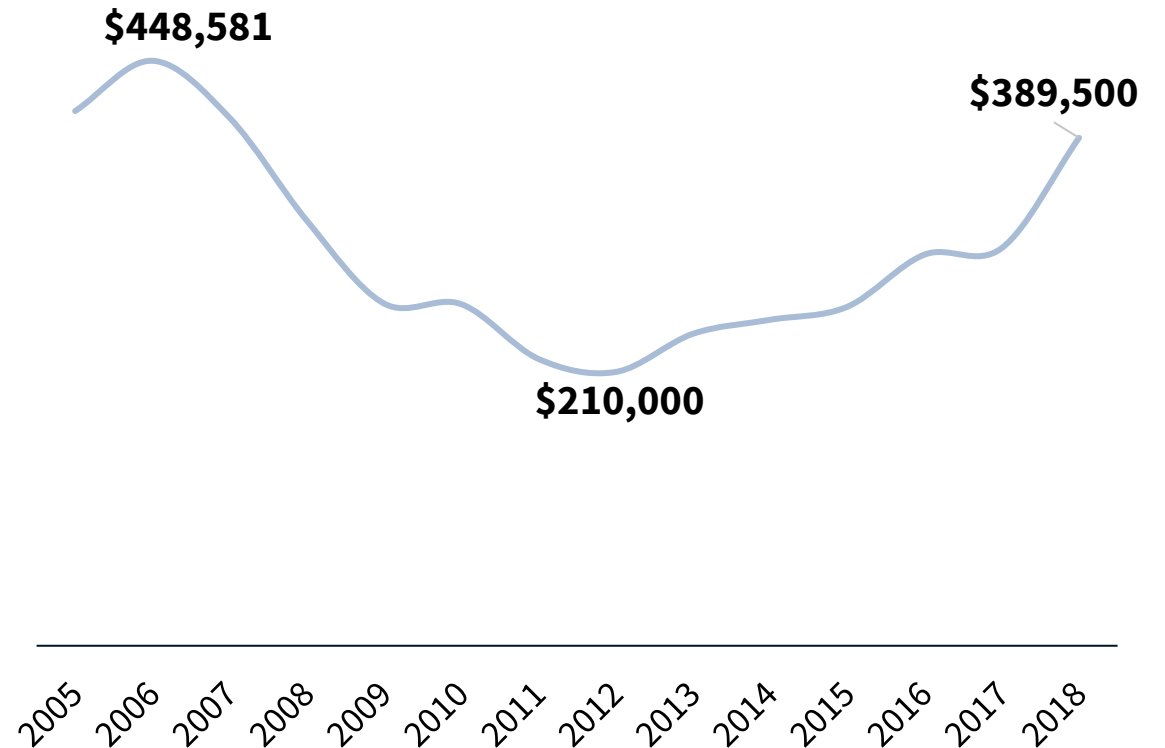
Home values in Palmdale have yet to recover from the Great Recession and new construction lags as high construction costs persist.

Palmdale Permitted Residential Units



Source: U.S. Census Bureau

New Single-Family Homes Median Sales Price

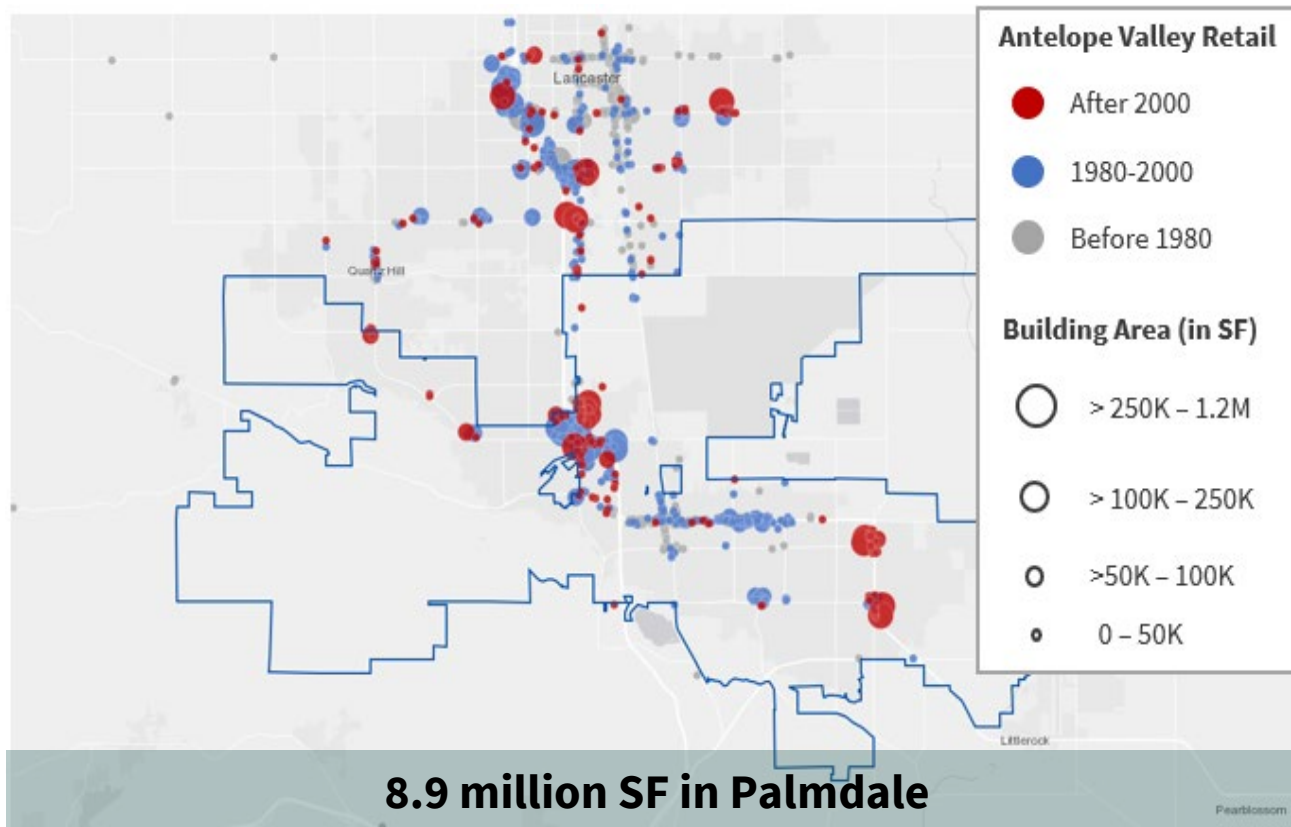


Source: DQNews

Retail Trends

There is a large amount of excess retail, and rents are performing below pre-recession levels, providing little incentive for significant new development.

Retail Inventory in Antelope Valley

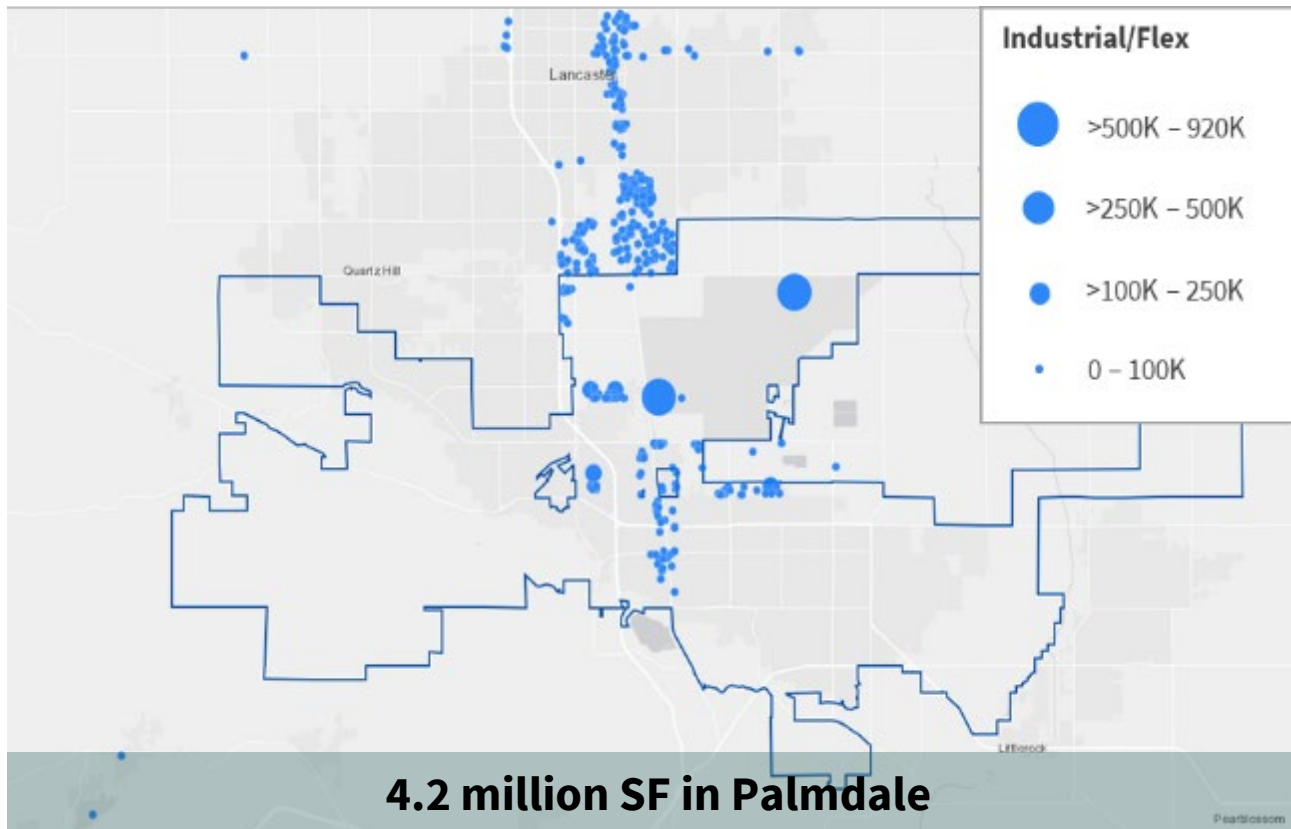


- **Vacancies are low at 3.9 percent**, similar to LA County.
- **However, rents have not recovered from the recession.** From a high of **\$26.68 PSF/year in 2008** rents averaged **\$15.89 PSF/year in 2018**.
- **Rents in LA County fully recovered in 2016.**
- **There has been very little new construction since 2010.** From 2007 to 2009, **920,000 SF** of new retail was delivered. Yet in the 9 years from 2010 to 2018 only **350,000 SF** of new retail space was constructed.

Industrial/Flex Trends

Market fundamentals are strong for industrial space, but lack of adequate infrastructure inhibits new development.

Industrial/Flex Inventory in Antelope Valley

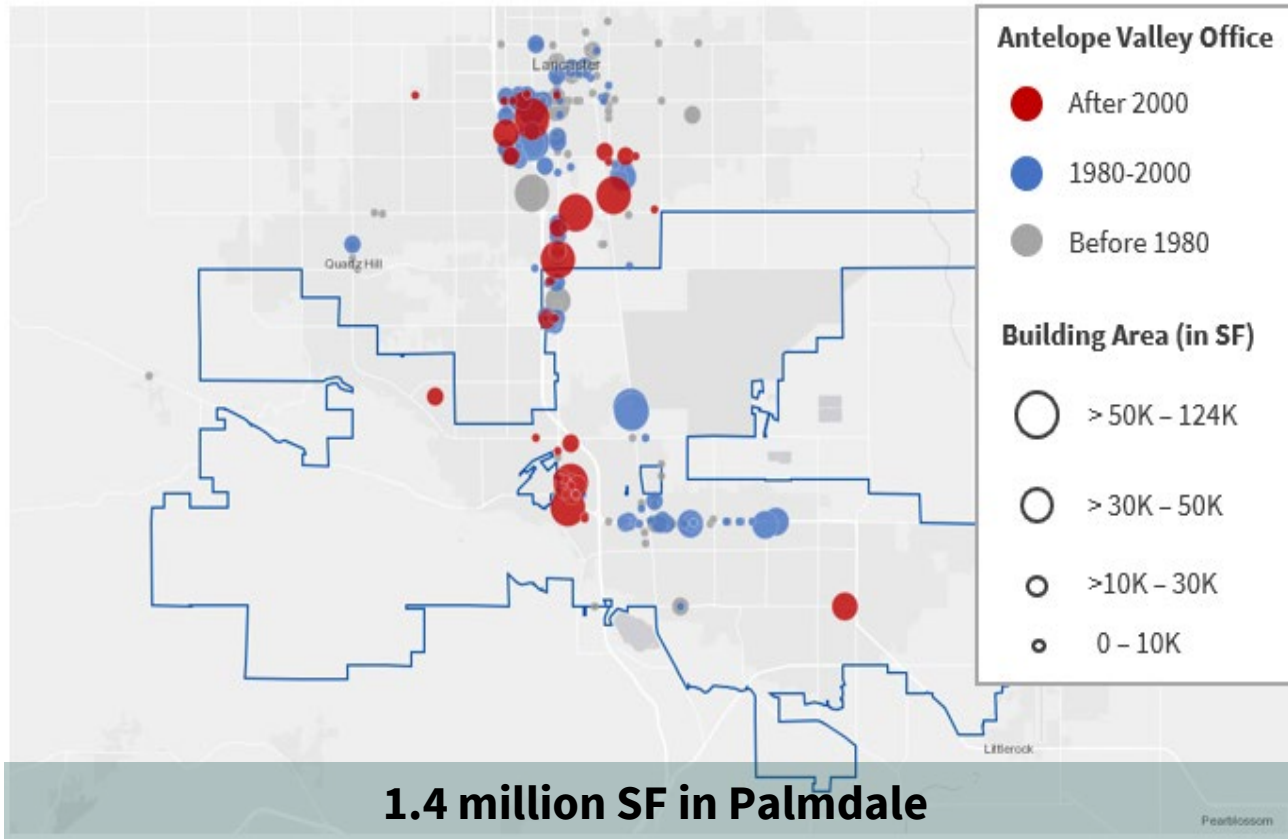


- **Vacancies are extremely low at 1.7 percent**, similar to LA County.
- **Rents have doubled since the recession.** Averaging **\$12.28 PSF/year in 2018** for the Antelope Valley, rents are similar to LA County.
- **There has been very little new construction since 2010.** From 2010 to 2018 only **120,000 SF** of new industrial space was constructed.

Office Trends

The office market has seen little growth in the past decade due to slow job growth and high vacancies following the recession.

Office Inventory in Antelope Valley

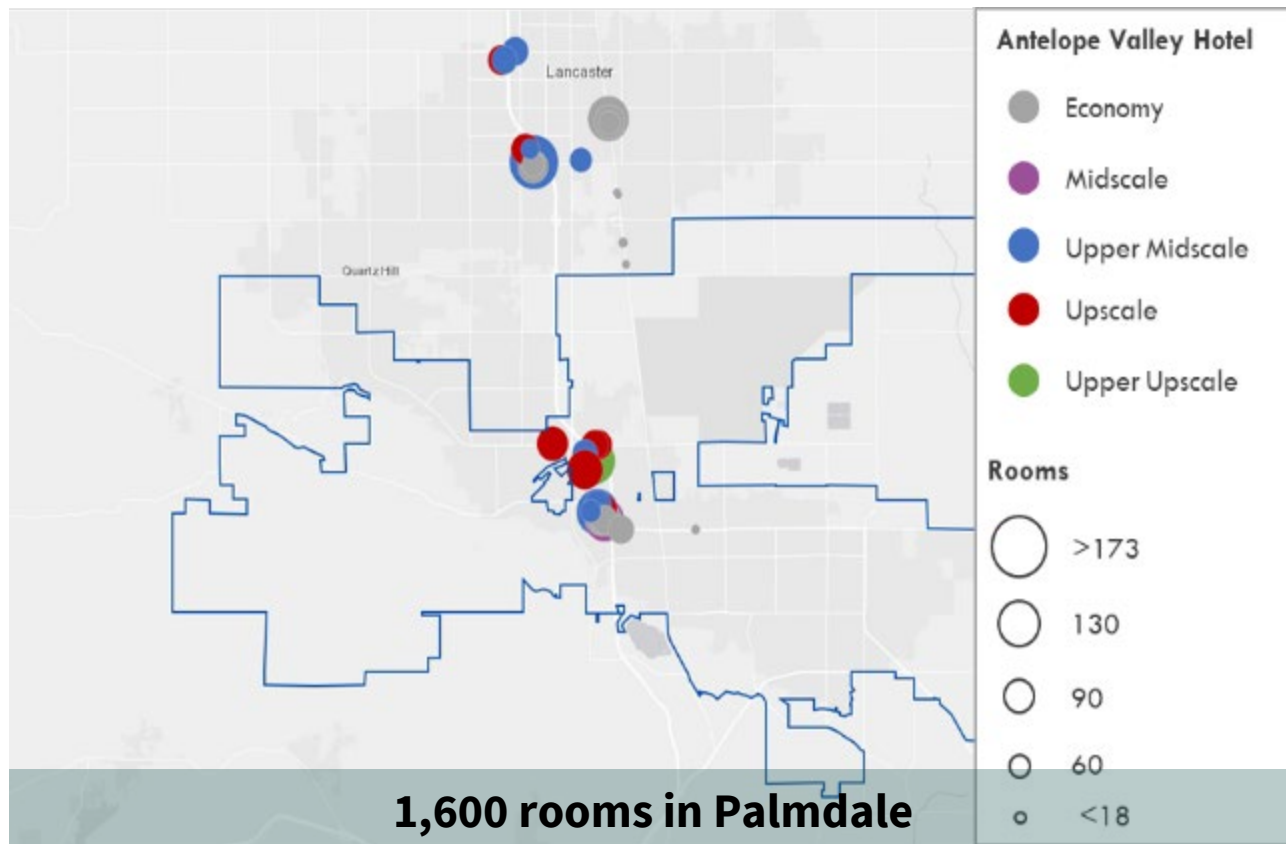


- **Vacancies remain high at 10 percent**, similar to LA County.
- **Rents have not recovered from the recession.** From a high of **\$31.66 PSF/year in 2007** rents averaged **\$20.45 PSF/year in 2018**.
- **Rents in LA County fully recovered in 2015.**
- **There has been very little new construction since 2010.** From 2010 to 2018 only **44,000 SF** of new office space was constructed.

Hotel Trends

The hospitality industry has matured over the past several years with new hotels serving aerospace industry employee needs through extended-stay offerings.

Hotel Inventory in Antelope Valley



1,600 rooms in Palmdale

- **Occupancy rates have increased to 71 percent**, moving closer to the **LA County average of 82 percent**.
- **Average daily room rates have increased faster than LA County**. Room rates showed a **26 percent increase** from 2013 to 2018 versus **21 percent for LA County** as a whole.
- **Palmdale has added many new hotel rooms**. Total rooms in the City increased **15 percent in 2017** alone.

Demand and Vacant Land Capacity

Palmdale can easily support future development for all land uses, given its large supply of vacant land.

Land Use	HR&A Estimated Total Demand (Thru 2045)	Build out Capacity (Vacant Land Under Current General Plan)
Residential	14,000 – 20,000 units	37,000 units
Retail	0.75 – 1.1 million SF (17 to 23 acres)*	6.6 million SF (152 acres)
Industrial	3.1 – 5.5 million SF (71 to 126 acres)*	220 million SF (5,051 acres)
Office	0.95 – 1.2 million SF (21 to 28 acres)*	5.5 million SF (126 acres)
Hospitality	780 – 1,100 keys	Part of Retail and Office land uses for zoning purposes

*Note: Acreage estimates assume all 1-story buildings and do not include space dedicated to parking.

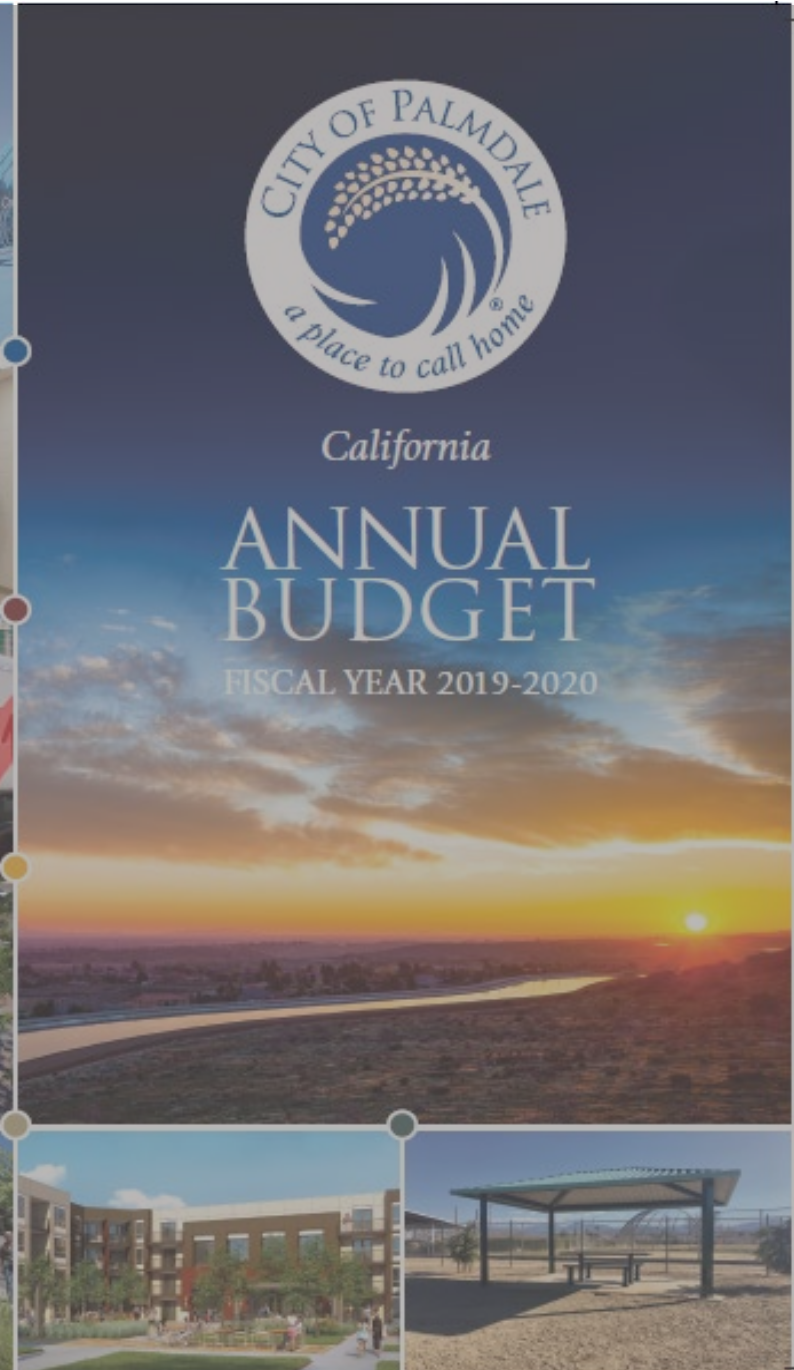
Key Economic Opportunities and Needs

Land Use	Near-Term Opportunity	Long-Term Opportunity
Residential	Single family homes are the only product that is financially viable today; market rate multifamily requires a first mover	Housing choices (i.e., multifamily) and amenities are critical to capturing the economic benefits of job growth
Retail	Significant oversupply of retail suggests limited retail opportunities except to fill immediate gaps	Experiential retail and related amenities meeting shifting consumer preferences should be focused near employment hubs
Industrial	Prioritizing key infrastructure upgrades west of the Plant 42 can unlock pent-up demand	Larger sites to the east can be leveraged for next generation industries building on aerospace and manufacturing strengths
Office	Medical office near the hospital and new housing developments	Professional office associated with high-growth, high-value add industries
Hospitality	Freeway-adjacent long-term stay hotels serving employee population	Centrally-located hotels near core urban amenities and anchors



Questions?

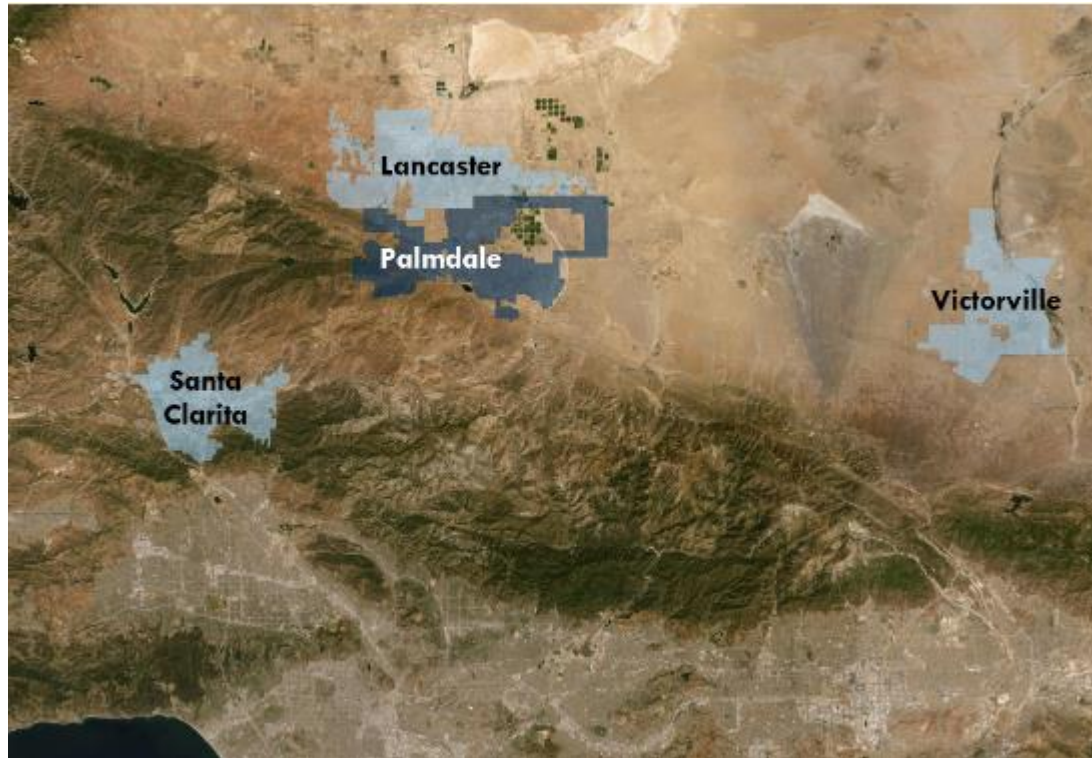
Fiscal Health Summary



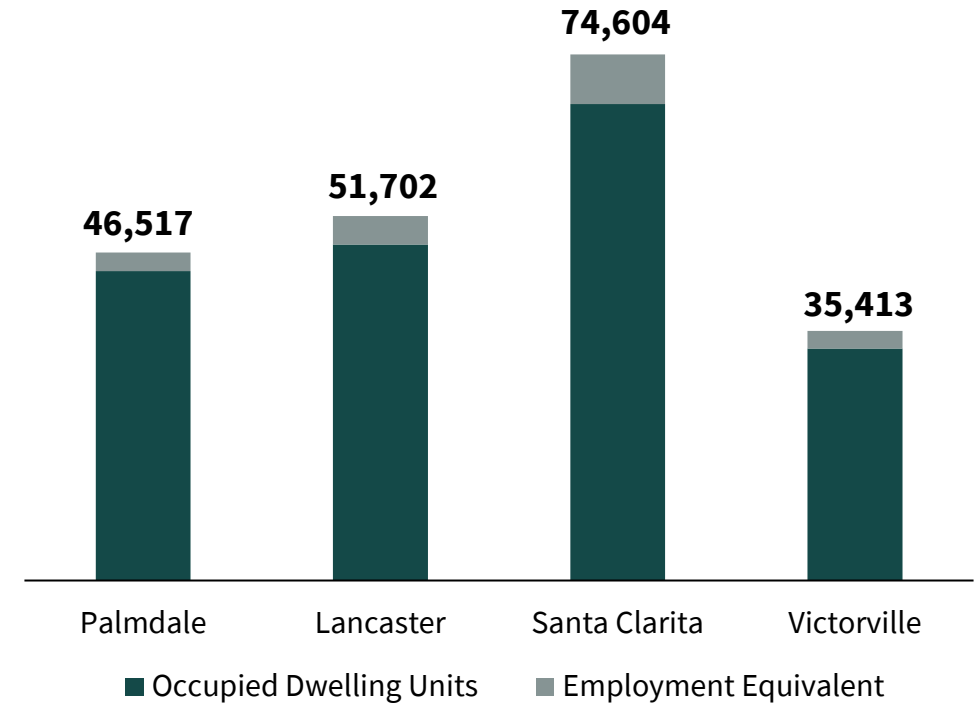
Peer Cities

HR&A evaluated a set of **peer cities** to benchmark Palmdale's fiscal performance.

Peer Cities for Fiscal Analysis



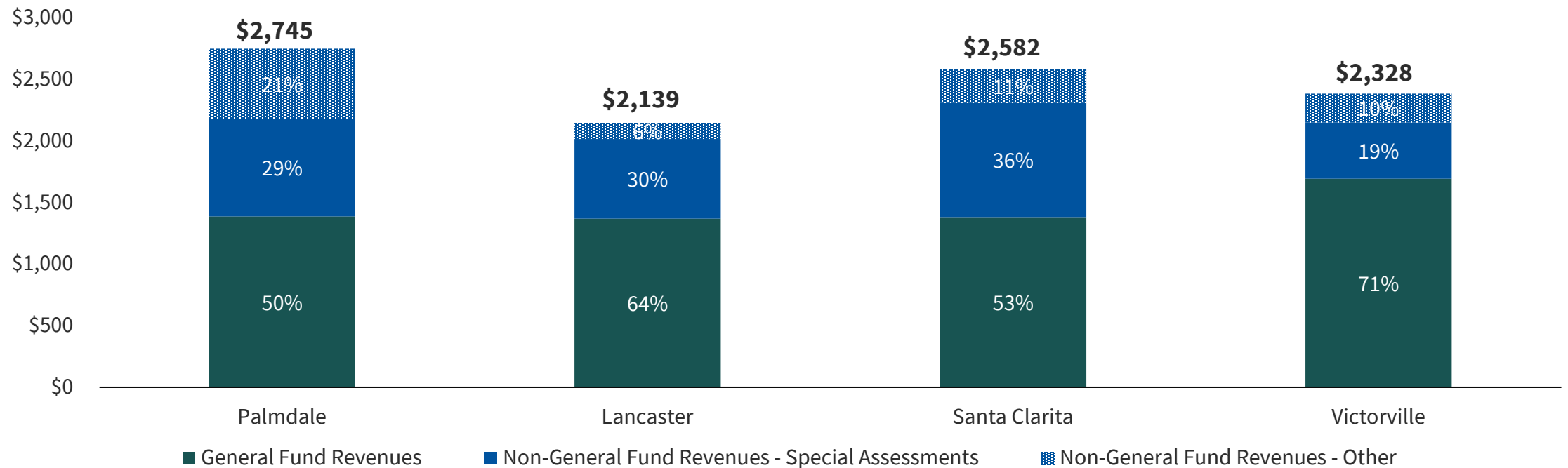
Equivalent Dwelling Units by City



Gross Municipal Revenues

Palmdale is less **reliant on General Fund revenues** than its peers, with **special assessments** offering dedicated and substantial funds for operations and maintenance.

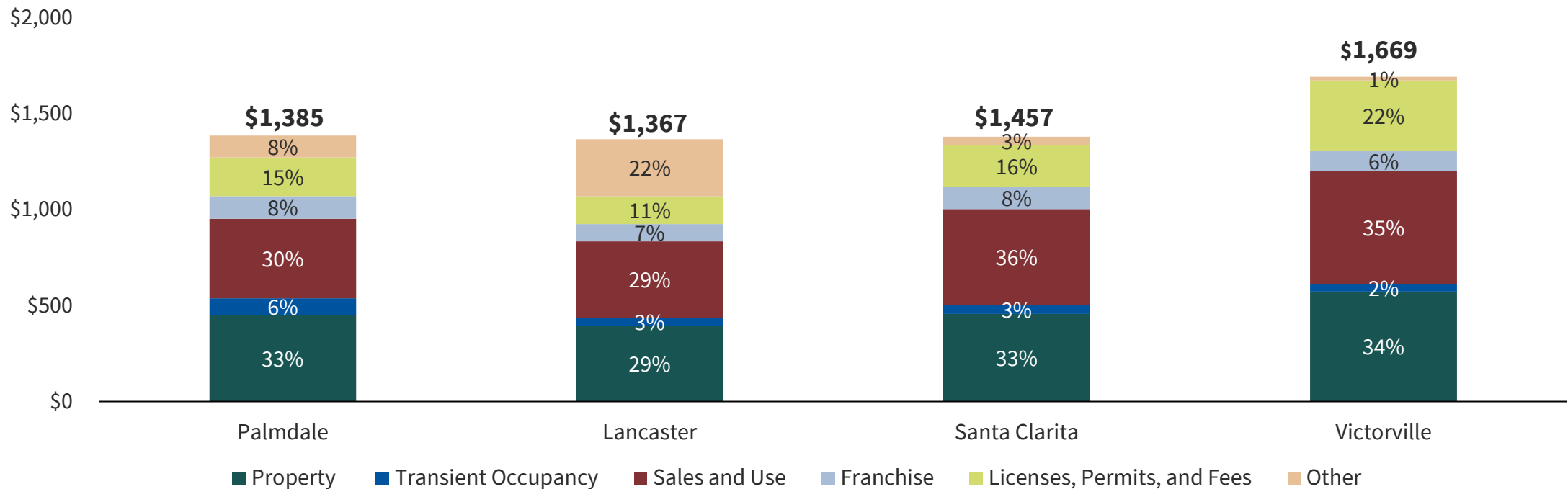
General Fund and Non-General Fund Revenue per EDU



General Fund Tax Revenues

Palmdale is similarly **reliant on Property and Sales and Use taxes** as its peer cities and could benefit from **diversification**.

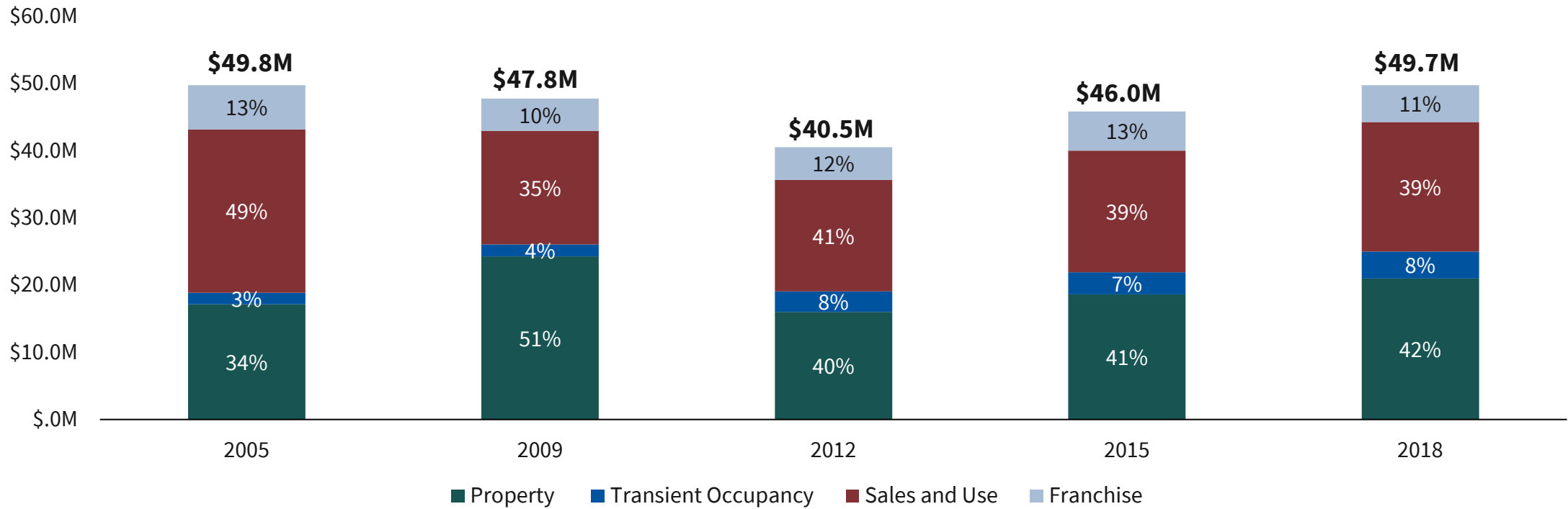
General Fund Tax Revenue per EDU



Great Recession Experience

Property and Sales and Use taxes showed **high volatility** over the Great Recession and were still not fully recovered to previous highs in 2018.

Palmdale Historical General Fund Tax Revenue (2018\$)



Tax Rates

Palmdale is a **low Property Tax city**; other tax rates are similar to its peer cities, with none having a Utility Users' Tax.

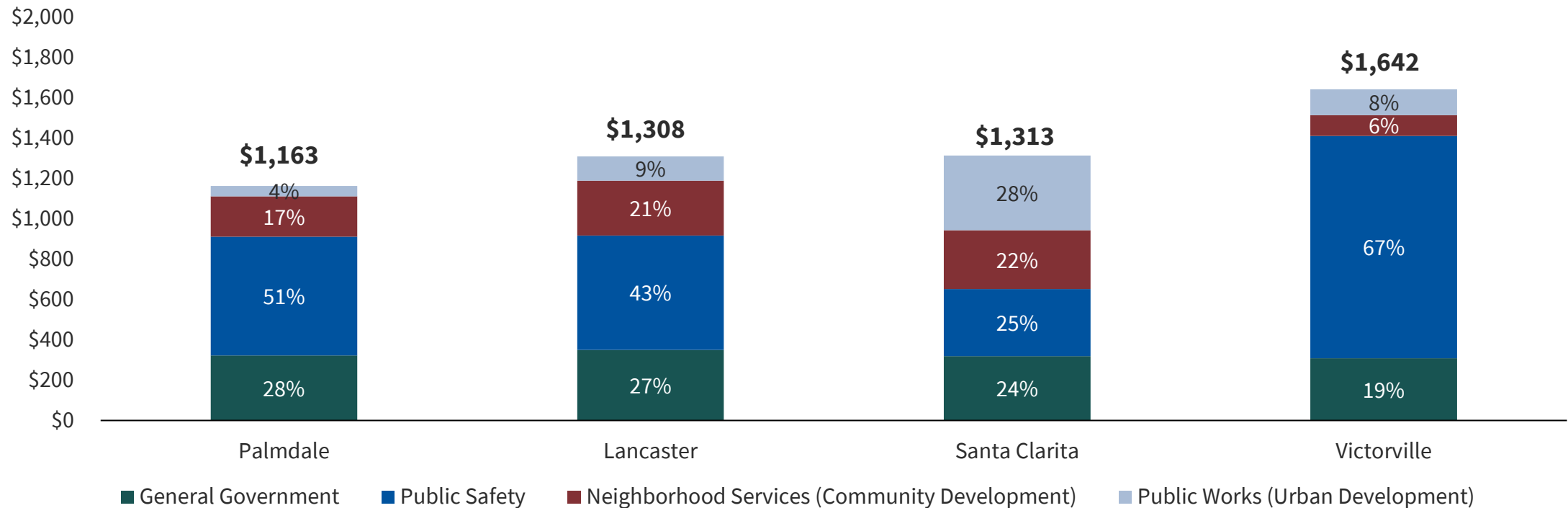
Key Tax Rates

Category	Palmdale	Lancaster	Santa Clarita	Victorville
Property Tax Share of 1 Percent Levy	6.64%	6.59%	5.62%	15.87%
Sales and Use Tax	9.50%	9.50%	9.50%	7.75%
City Share	1.00%	1.00%	1.00%	1.00%
Transient Occupancy Rate	10.00%	7.00%	10.00%	7.00%
Utility Users' Tax	None	None	None	None

General Fund Expenditures

Palmdale has the **lowest General Fund expenditures** per EDU of its peer cities; the City also has one of the **lowest financial risks** in the state.

General Fund Expenditures per EDU



City Employees

Palmdale has the **lowest full-time equivalent (FTE) staff** per EDU of its peer cities; city staff employment remains below pre-Recession levels.

FTE City Employees per 1,000 EDUs by City



Fiscal Health Considerations

- **Expand tax base** for key sectors
 - Examples: promote hospitality industry, attract more households
- **Directing development to existing centers of service**, such as infill sites, to reduce the per EDU cost of providing new services and improvements
- **Executing and right-sizing special assessments and maintenance district agreements** for any large-scale development projects, which shift responsibility for the long-term maintenance of large developments to end users
- **Analyze opportunities to diversify tax regime** in a manner that does not erode the City's competitive position
 - Examples: Sales and Use Tax, Transient Occupancy Tax, Utility Users' Tax



Questions?

Economic Opportunities



Key Economic Strengths and Weaknesses

Strengths

Large and diverse population

Large amounts of undeveloped land available for development (unlike most of the County)

Proximity to the LA metropolitan area

Low cost housing compared to region

Jobs supporting middle-income households

Access via SR-14 and Metrolink

Weaknesses

Distance from core LA region economic nodes

High out-commuter population

Disconnect between resident skills and job opportunities

Lower educational attainment

Lack of job diversity

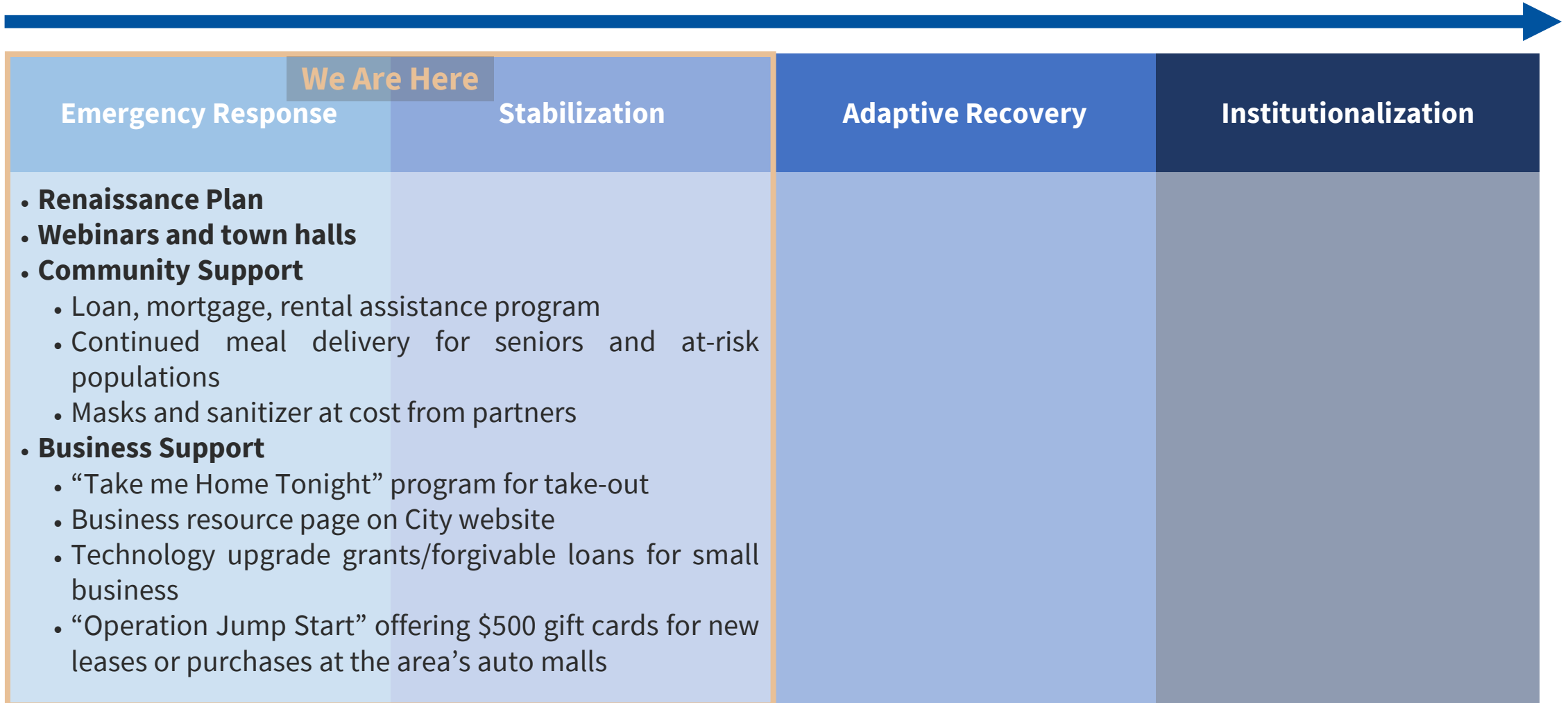
Low jobs-housing ratio

Key Economic Opportunities and Needs



A Resilient COVID Recovery Framework

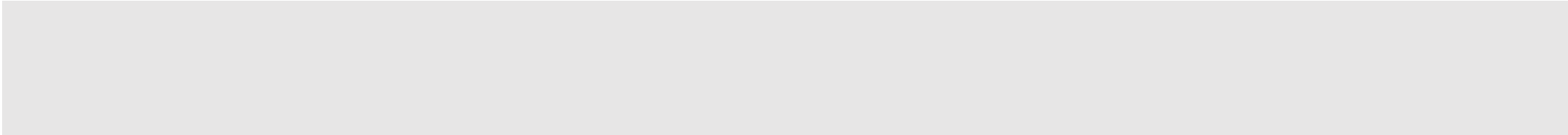
Key City Initiatives To-Date





Questions?

Key Policy Questions for Discussion

- What additional industries should Palmdale attract? What are their needs?
 - What amenities should the City focus on to attract more of Palmdale's workers to also live in the City?
 - How should the City incentivize growth in the areas of change?
 - What strategies should Palmdale pursue to expand its tax base?
 - What additional strategies should be deployed to ensure a just and resilient recovery from the impact of the COVID-19 crisis?
- 

Public Comment

Comments and questions can be submitted through the comment forum on the Palmdale 2045 YouTube Channel. To submit, click the link in the livestream description.

Next Steps

Next Steps

- Discuss three land use and circulation alternatives



Thank you!

City of Palmdale

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