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Thousands of new residences seen at downtown Sacramento railyard project

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More than a year after a collapse of two big residential tower projects in downtown Sacramento, a still more ambitious generation of downtown living is coming into view.

Much depends on the economy and other variables in the next 20 to 30 years. But serious plans exist for up to 15,000 residential units north of downtown at the railyard and nearby Township 9.

If all goes as hoped, the first of these homes, condominiums and townhouses may open in a rebounded housing market – and one also shaped by high-priced gasoline that discourages long commutes.

Up to 12,000 residences are planned just north of the existing downtown on the 240-acre railyard. Given favorable conditions, the first projects could rise about 2012.

"We plan on developing housing as part of the first phase," said Suheil Totah, vice president of Atlanta-based Thomas Enterprises, the railyard owner. "But the majority of the housing will be built over years as we create the place and the market begins to justify the high-density and high-rise housing."

Totah said groundbreaking is set for next summer on \$200 million worth of infrastructure work that includes new streets and a new rail alignment for Amtrak trains.

Most of the money was secured this year from public sources, including state housing and transportation bonds.

Township 9 plans up to 3,000 residences north of the railyard, between Richards Boulevard and the American River. Demolition of a cannery complex on the 65-acre project will come later this year. The first homes could be rising in mid-2010, said Township 9 Chief Executive Officer Scott Syphax.

Those are likely to be built by Sacramento-based St. Anton Partners. It has a preliminary agreement with Township 9 to build the project's 15 percent share of affordable housing required by the city.

When these thousands of downtown homes do rise, in buildings from six to possibly 25 stories, they'll have to compete with the single-family homes that have long defined life in the region. Besides those in existing suburbs, that includes developments in the Sunrise-

Douglas corridor of Rancho Cordova, open spaces in Elk Grove, Lincoln and, when the levees are eventually updated, Natomas.

But downtown will compete over the long run, said Dean Wehrli, a Sacramento-based vice president of Sullivan Group Real Estate Advisors.

Wehrli holds that sentiment despite the demise last year of two Capitol Mall condominium projects – the 39-story Aura tower and the twin 53-story Towers project with 800 residential units. Both died for lack of adequate financing, though Towers did sell reservations for 402 condos and Aura 196 out of 268.

"It's a 30-year time frame," Wehrli said. "The Aura and the Towers proved there was a lot of demand for that. You had older couples, the dual-income-no-kids. ... There's quite a bit of that in Sacramento and they work downtown. I would be fairly bullish about the housing."

Kathryn Boyce, a Sacramento-based analyst with Hanley Wood Market Intelligence, said a 25-year build-out means about 480 sales a year: "There will probably be 10 builders in the project, and that's 40 houses sold a month. Four houses a month is a normal market for any builder."

That's what the railyard and Township 9 are banking on. Both paint colorful portraits of areas featuring entertainment, retail stores and workplaces. But at the core is housing for people who crave a downtown lifestyle and don't want to drive.

The railyard, especially, will buck the suburban pattern of building homes first, followed later by stores, offices and restaurants. The railyard will do the opposite: provide a lively ambience that will then attract housing.

"The idea is to put this place on everyone's cognitive map," said Richard Rich, railyard development director. That means creating a destination that people in Davis, Roseville or elsewhere think of when they ask each other, "Where do you want to go?"

On a recent tour of the site, Totah and Rich talked up plans for a farmers marketplace in an old railroad shop. The industrial buildings offer landscapes for plazas and walkways, for entertainment and people watching in an authentic historic setting.

"That's what this site has that no other has," said Rich.

Totah said housing should follow as it has in San Diego's historic Gaslamp Quarter.

"You have the amenities, and the housing started to be built over the years. Then the high-rise housing became very successful," he said.

But Totah tried to steer the focus off expectations of 12,000 mid- or high-rise homes. A large number fuels skepticism in a region that develops along suburban lines.

"If you are focused on the full build-out plan, it becomes hard to imagine," he said. "That's how we approach it, and we've been successful thus far. ... All we know is what we're working on right now."

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