

4.3 POPULATION, EMPLOYMENT, AND HOUSING

This section documents the existing population, employment, and housing conditions in the City and County of Sacramento and assesses changes to those conditions that could result from implementation of the 1215 O Street Office Building Project. This section also characterizes the population, employment, and housing changes that could trigger adverse physical effects in the city or the region.

4.3.1 Regulatory Background

FEDERAL PLANS, POLICIES, REGULATIONS, AND LAWS

No federal plans, policies, regulations, or laws related to population, employment, and housing are applicable to the project.

STATE PLANS, POLICIES, REGULATIONS, AND LAWS

Capitol Area Plan

The 1997 Capitol Area Plan (CAP) is the statutory master plan for development on State-owned land surrounding the State Capitol, in accordance with Government Code Section 8160 et seq. The CAP envisions State offices, housing, neighborhood commercial, parking, and multimodal streets creating a vibrant urban district in the heart of Sacramento. Per the 2015 CAP Progress Report, the State's portfolio in the Capitol Area includes 33 office buildings that provide over 9.3 million gross square feet (GSF) of office space, as well as sites that are identified for future office development. The CAP identified plans for 2.8 million GSF of state office development within the Capitol Area. As of January 2015, 1.5 million GSF of office development was completed and an additional 1.3 million GSF of development remained to be constructed (DGS 2015:4).

The following CAP objectives are relevant to population, employment, and housing.

State Offices. To provide offices and related services to meet present and future space requirements for the State of California near the State Capitol and in the context of metropolitan Sacramento, in the most cost effective manner.

Development of the Community. To stimulate the development of a community within the Capitol Area which is attractive and comfortable to work in, live in, and visit, which is integrated into the fabric of the rest of the City of Sacramento, and which is physically and economically viable over the long term.

Principle 1: Provide commercial and service facilities to meet the needs of residents, employees, and visitors in the Capitol Area.

Principle 2: Incorporate ground floor commercial into new state office and parking facilities and housing developments as feasible and appropriate, consistent with principles and land use designations, market demand, and other development considerations.

LOCAL PLANS, POLICIES, REGULATIONS, AND LAWS

The 1215 O Street Office Building Project is located on State-owned property, has been authorized and funded by the State of California through the State Projects Infrastructure Fund (SPIF), and would be implemented by the Department of General Services (DGS). As explained in Section 4.2 "Land Use" of this DEIR, under Section 4.2.1 "Local Plans, Policies, Regulations, and Laws," State agencies are not subject to local plans, policies, and zoning regulations. Nevertheless, in the exercise of its discretion, DGS does

reference, describe, and address local plans, policies, and regulations that are applicable to the project. This evaluation is also intended to be used by local agencies for determining, as part of their permit processes, the project's consistency with local plans, policies, and regulations.

Sacramento Region Blueprint

The Sacramento Region Blueprint was initiated in 2002 by the Sacramento Area Council of Governments (SACOG). The Sacramento Region is defined for the purposes of SACOG and the Blueprint as including El Dorado and Placer Counties (minus the Tahoe area) and Sacramento, Sutter, Yolo, and Yuba Counties. In December 2004, the SACOG Board of Directors adopted the Preferred Blueprint Scenario, a vision for growth that promotes compact, mixed-use development and more transit choices as an alternative to low-density development. The Sacramento Region Blueprint depicts a path to growth through the year 2050 that is generally consistent with principles of "Smart Growth" that encourage a variety of housing close to employment, shopping, and entertainment and provides options for walking, biking, or taking public transit. The following Blueprint Growth Principles are applicable to population, employment, and housing (SACOG 2007).

- ▲ **Mixed-Use Developments:** Building homes, shops, entertainment, office, and light-industrial uses near each other can encourage active, vital neighborhoods. This mixture of uses can be arranged vertically or horizontally. These types of projects function as local activity centers where people would tend to walk or bike to destinations. Separated land uses, on the other hand, lead to the need to travel more by auto because of the distance between uses.
- ▲ **Compact Development:** Creating environments that are more compactly built and use space in an efficient but aesthetic manner can encourage more walking, biking, and public-transit use, and shorten auto trips.
- ▲ **Housing Choice and Diversity:** Providing a variety of types of residences where people can live creates opportunities for the variety of people who need them. This issue is of special concern for people with very low, low, and moderate incomes. By providing a diversity of housing options, more people would have a choice of where to live.
- ▲ **Use of Existing Assets:** In urbanized areas, development on infill or vacant lands, intensification of the use of underutilized parcels, or redevelopment can make better use of existing public infrastructure. This can also include rehabilitation and reuse of historic buildings, denser clustering of buildings in suburban office parks, and joint use of existing public facilities such as schools and parking garages.

The preferred Blueprint scenario proposes an even mixture of jobs and housing growth; emphasizes infill development; and proposes balanced housing growth between large-lot single-family units, small-lot single-family units, and attached multifamily units consistent with demographic trends and market conditions.

2016 Metropolitan Transportation Plan/Sustainable Communities Strategy

The Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS) is a long-range plan for transportation in the region following SACOG's adoption of the Blueprint. The 2016 MTP/SCS covers the period from 2012 to 2036. SACOG is required by federal law to update the MTP at least every four years. SACOG uses the MTP/SCS to identify, in collaboration with cities, counties, transit agencies, near-term (20 years) growth and transportation investment priorities. The City of Sacramento and the other cities and counties in the region have been updating general plans and development codes to allow and encourage Blueprint-friendly development and transit districts. The City's proposed 2035 General Plan buildout assumptions, population projections, and transportation assumptions are based largely on information provided by SACOG for the 2012 MTP/SCS. In the city, the Preferred Blueprint Scenario provides for higher densities, increased infill development, and a greater variety of housing types, as generally described above.

Long-term population and employment projections that were used in preparation of the 2012 MTP/SCS were prepared by the Center for the Continuing Study of the California Economy in March 2005 for SACOG. For the 2016 MTP/SCS, SACOG conducted a minor refinement of the growth projections based on an assessment of

the long-term economic trends for the region. The differences between the growth forecasts are as follows (SACOG 2016:21 – 22):

- ▲ The 2036 population growth projections are expected to reach 811,000 people, whereas the 2012 MTP/SCS reported an estimate of 871,000 people in 2035.
- ▲ The 2036 housing growth projection of 285,000 homes identified in the 2016 MTP/SCS was also lower than the 2012 estimate of 303,000 new homes in 2035.
- ▲ While the total employment projection for 2036 is the same total employment forecast for 2035 in the previous MTP/SCS, the employment growth shown in the 2016 MTP/SCS shows a greater change as a result of the recovery of jobs lost during the recession.

City of Sacramento 2035 General Plan

The following goals and policies in the Land Use and Urban Design and Economic Development Elements are relevant to the analysis of population and housing effects.

Goal LU 1.1 Growth and Change. Support sustainable growth and change through orderly and well-planned development that provides for the needs of existing and future residents and businesses, ensures the effective and equitable provision of public services, and makes efficient use of land and infrastructure.

- ▲ **Policy LU 1.1.5 Infill Development.** The City shall promote and provide incentives (e.g., focused infill planning, zoning/rezoning, revised regulations, provision of infrastructure) for infill development, reuse, and growth in existing urbanized areas to enhance community character, optimize City investments in infrastructure and community facilities, support increased transit use, promote pedestrian- and bicycle-friendly neighborhoods, increase housing diversity, ensure integrity of historic districts, and enhance retail viability.
- ▲ **Policy LU 2.1.7 Good Neighbors.** The City shall encourage businesses located within and adjacent to residential developments to conduct their business in a courteous manner by limiting disturbances and nuisances from operations and patrons, and to act as members of the community by making themselves available to respond to complaints and by participating in neighborhood/community meetings.

Goal LU 2.8 City Fair and Equitable. Ensure fair and equitable access for all citizens to employment, housing, education, recreation, transportation, retail, and public services, including participation in public planning for the future.

- ▲ **Policy LU 2.8.6 Jobs Housing Balance.** The City shall encourage a balance between job type, the workforce, and housing development to reduce the negative impacts of long commutes and provide a range of employment opportunities for all city residents.

Goal LU 7.1 Employment Centers. Encourage employee-intensive uses throughout the city in order to strengthen Sacramento's role as a regional and West Coast employment center and to encourage transit ridership and distribute peak hour commute directions.

- ▲ **Policy LU 7.1.1 Employment Intensive Uses.** The City shall encourage employee intensive uses such as medical and professional offices, light industry, research, and skill training.

Goal ED 3.1 Land, Sites, and Opportunity Areas. Retain, attract, expand, and develop businesses by providing readily available and suitable sites with appropriate zoning and access.

Policy ED 3.1.3 Key Infill and Opportunity Areas. The City shall facilitate and promote economic development projects in key infill and opportunity areas.

4.3.2 Existing Conditions

The 1215 O Street Office Building Project site is located in downtown Sacramento, within the Central Business District (CBD). The existing citywide and countywide data and future trends regarding population, employment, and housing are presented below.

POPULATION

The SACOG 2016 MTP/SCS projections estimate that the region's population will reach over 3 million by 2035, resulting in the addition of approximately 810,000 new residents more than the region's population in 2010. (The region includes El Dorado and Placer Counties [minus the Tahoe area] and Sacramento, Sutter, Yolo, and Yuba Counties.)

During the 10-year period from 2000 to 2010, the population of the City of Sacramento increased from 407,018 to 466,488, or 14.6 percent (U.S. Census Bureau 2001, 2011). Population as of January 1, 2016, is estimated to be 485,683 (California Department of Finance 2016). Between 2010 and 2016, the estimated average population growth rate in Sacramento was less than 1 percent per year ($[(485,683 - 466,488) \div 466,488 \times 100] \div 6 \text{ years} = 0.69 \text{ percent}$), a rate that was slightly lower than that of the county and region but almost half of the growth rate projected for the city. As shown in Table 4.3-1, population growth in the city is projected to continue at an increasing rate between 2020 and 2035, and most growth is expected to occur in the central city (City of Sacramento 2013:H 3-6). City of Sacramento population projections indicate that the city may have about 640,000 residents by 2035, an increase of approximately 174,000 residents, representing 21 percent of the region's total population (Table 4.3-1).

Table 4.3-1 Population Estimates for the City of Sacramento, Sacramento County, and Region

	2010	2020	2030	2035	2040
Central City ¹	32,367	71,436	-	109,312	-
City of Sacramento ¹	466,488	528,866	-	640,381	-
Sacramento County ²	1,421,236	1,554,022	1,730,276	-	1,912,838
Region ³	2,268,138	2,472,567	-	3,078,772	-

Note: "-" = Source does not provide data for this year.

¹ Provided by the City of Sacramento 2013-2021 Housing Element.

² Provided by the Department of Finance State and County Population Projections.

³ Provided by the 2016 MTP/SCS.

Sources: City of Sacramento 2013:H 3-4 through H 3-6, DOF 2014, SACOG 2016:22

The project site is located in downtown Sacramento, generally defined as a 4.5 square mile area. The City's Housing Element estimated that this area had 32,367 residents in 2010, and projected that, by 2025, the central city area would have a total of 109,312 residents (City of Sacramento 2013:H 3-5 and H 3-6).

HOUSING

SACOG estimates needs for housing production based on income and affordability to ensure that regional housing needs are addressed throughout the region. The 2013-2021 Regional Housing Needs Plan (SACOG 2012) anticipates that 24,101 new housing units would be required in the city during the Regional Housing Needs Assessment planning period (2013-2021) to meet regional housing needs.

Data from the 2015 American Community Survey reflect Sacramento as a community with growing housing values, low vacancy, and relatively small households. The number of housing units in the City of Sacramento

has increased from 191,000 in 2010 to 193,298 in 2015 (U.S. Census Bureau 2011, 2016). The city's housing growth rate was approximately 1.2 percent between 2010 and 2015.

According to real estate and housing professionals, a housing vacancy rate of 5 percent is considered balanced (City of Sacramento 2013:H 3-23). Vacancy rates below 5 percent indicate a housing shortage in a community. The U.S. Census Bureau reports that the city had a vacancy rate of 1.6 percent for owner-occupied units and 5.2 percent for rental units in 2015 (U.S. Census Bureau 2016). Similarly, the county had a vacancy rate of 1.7 percent for owner-occupied units and 5.6 percent for rental units in 2015. These rates indicate that both the city and county have a tight housing market and a housing shortage.

According to the U.S. Census, an average of 460 units were added in the city each year between 2010 and 2015 (see Table 4.3-2). In order to meet projected housing demand for the city and the region, over 68,000 new housing units would need to be constructed between 2012 and 2035 (about 3,000 new units per year), which is a greater pace of housing growth than occurred between 2010 and 2015. As of 2013, 42,362 new housing units were approved and planned in the city, which is 16 percent of the projected 2035 housing units (City of Sacramento 2014a:3-5 and 3-6).

Table 4.3-2 City of Sacramento Housing and Job Growth Forecast (2010 - 2035)

Item	2010	2012	2015	2035
Jobs	197,900	299,732	213,700	386,215
Housing Units	191,000	192,352	193,298	260,699
Jobs/Housing Index	1.04	1.56	1.11	1.48

Source: City of Sacramento 2014a:3-5; EDD 2016a, 2016b; U.S. Census Bureau 2011, 2016

EMPLOYMENT

Employment growth is one of the primary determinants of housing demand. Working age individuals often will choose a place to live based on employment prospects in the local area. Therefore, employment trends are an important indicator of housing demand. The rate of employment growth, and the types of jobs most likely to be created, would determine how much housing would be needed by type and cost. For example, an economy based on seasonal tourism will generate different housing needs for local workers than economics based on government, education, research, or technology.

Sacramento County

As shown in Table 4.3-3, there were an estimated 564,000 jobs in Sacramento County in 2000 and an estimated 615,600 jobs in 2015 (EDD 2016a, b). In 2015, the unemployment rate for the county was 6.0 percent. The county labor market is dominated by government employment, education and health, and professional and business services. Of the total employment, 26 percent in government, 16 percent was in education and health services, 14 percent in professional and business services, and 12 percent in retail and wholesale trades. Among all employers (public and private), the California Employment Development Department (EDD) found that government agencies, health care and related services firms, manufacturing, educational establishments, and utilities are among the major employers in Sacramento County (EDD 2017).

Table 4.3-3 Employment by Industry in Sacramento County 2000-2015¹

Category	2000	2010	2015	Percent Change (2000 - 2015)
Educational & Health Services	55,800	86,400	98,500	76.5%
Professional & Business Services	81,300	76,700	87,800	8.0%
State Government	81,600	85,300	87,400	7.1%

Table 4.3-3 Employment by Industry in Sacramento County 2000–2015¹

Category	2000	2010	2015	Percent Change (2000 – 2015)
Local Government	62,500	68,400	65,300	4.5%
Federal Government	11,300	10,600	10,000	-11.5%
Wholesale & Retail Trade	77,400	69,700	76,700	-0.9%
Accommodation & Food Services	38,000	41,200	50,300	32.4%
Financial Activities	40,400	32,100	32,800	-18.8%
Construction	32,400	23,500	30,700	-5.2%
Manufacturing	27,000	19,400	20,900	-22.6%
Other Services	19,100	20,100	20,700	8.4%
Transportation, Warehousing & Utilities	13,000	11,900	13,700	5.4%
Information	14,600	13,200	10,100	-30.8%
Arts, Entertainment & Recreation	6,100	7,300	7,900	29.5%
Total Farm	3,200	2,600	2,600	-18.8%
Mining and Logging	300	100	200	-33.3%
Total²	564,000	568,500	615,600	9.1%

¹ Employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

² EDD notes that the employee total from the industry totals reflected herein are not directly comparable to the EDD employment totals in Table 4.3-2.

Source: EDD 2016c

City of Sacramento

The city is the workplace for over 30 percent of all the jobs in Sacramento County and was estimated to have roughly 213,700 employees in 2015 (see Table 4.3-2). In 2015, the unemployment rate for the city was 6.4 percent (EDD 2016b). The SACOG growth forecast used for the 2035 General Plan estimates that the city's employment is projected to reach 386,215 by 2035, resulting in the addition of approximately 172,515 new jobs over the next 20 years. The city's projected employment would represent approximately 30 percent of the total jobs in the region (1,327,323 jobs) projected in the 2016 MTP/SCS (SACOG 2016:22).

Government jobs likely will continue to drive the city's employment base, particularly in the central city area, although growth in other sectors will help to diversify the city's economy. The number of employees in the central city accounted for nearly half of the city's total jobs in 2011, with about half of those jobs within government (City of Sacramento 2014b:2-221). Additionally, although difficult to quantify, a significant portion of private-sector jobs are likely associated with lobbying and other government service businesses.

JOBS/HOUSING BALANCE

The concept of jobs/housing balance presumes that the environment and quality of life in a given area benefit when the area has a balance between its housing supply and employment base. An area that has too many jobs relative to its housing supply is likely (in the absence of offsetting factors) to have substantial in-commuting, relatively rapid increases in housing prices, and intensified pressure for additional residential development. Conversely, if an area has relatively few jobs in comparison to the number of employed residents, many of the workers are required to commute to jobs outside their area of residence. Commuting results in more traffic congestion, air quality degradation, and noise generation.

The simplest measure of jobs/housing balance is an index based on the ratio of employed residents (which is influenced by the number of homes) to jobs in the area, with an index of 1.0 indicating an ideal balance of housing and jobs. An index below 1.0 would indicate that the area has more housing than jobs and may

suggest that many residents are commuting outside the area to their jobs. An index above 1.0 indicates that the area has more jobs than housing and may suggest that many residents are commuting to jobs from outside the community.

It should be noted that jobs/housing indices are more useful for examining the potential for “self-containment” at the regional level than for determining whether this self-sufficiency actually exists in a given community. Even if communities have a statistical balance between jobs and housing, they are still likely to experience in-commuting and out-commuting, given the variety and dispersed nature of employment and residential opportunities elsewhere in the region and the high level of mobility offered by automobiles and regional and subregional public transit, such as Sacramento Regional Transit buses and light rail.

Region

In order to plan for and build a transportation system that meets the needs of the region over the next two decades, SACOG updates the MTP/SCS to include a regional growth forecast for population, housing, and jobs, and the anticipated locations of job-generating development and residences. The 2016 MTP/SCS and its growth forecast was developed in coordination with the local agencies and incorporated the most recent local plans and policies for El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba counties and the 22 cities within those counties (excluding the Tahoe Basin) (SACOG 2016:14).

A goal of the MTP/SCS is—between baseline and target years of 2012 and 2036—to move communities closer to the regional ratio of 1.2 jobs per household (SACOG 2016:42). As shown in Table 4.3-4, the Sacramento Central Business District (CBD)/Riverfront area, which includes downtown, as well as the county and region are expected to essentially reach the regional jobs/housing index goal of 1.2 in 2036.

City of Sacramento

The anticipated trend in the jobs/housing index for the City of Sacramento, based primarily on data from the City, EDD, and the U.S. Census Bureau, is shown in Table 4.3-2. The jobs/housing index for the City of Sacramento increased from 1.04 in 2010 to an estimated 1.11 in 2015. This increase indicates that the relative imbalance between housing and jobs in the city increased from 2010 to 2015, with employment growth slightly outpacing housing growth. These indices show that Sacramento continued to have more jobs than housing units in 2015 and that the city supports a net in-commuting population. The jobs/housing index for the City of Sacramento is projected to further increase through 2035, indicating continued increase in growth rate of jobs relative to growth in housing. Based on assumptions by the City as part of its 2035 General Plan Update, the jobs/housing index would be approximately 1.48 in 2035 (see Table 4.3-2). Although there would be a greater number of jobs than housing in 2035 compared to 2015, the jobs/housing balance of 1.48 in the City of Sacramento is projected to be somewhat balanced.

Table 4.3-4 Jobs and Households in the Region, 2008 and 2036

Area	Jobs		Households		Jobs/Housing Index	
	2008	2036	2008	2036	2008	2036
Sacramento CBD/Riverfront ²	72,043	86,612	38,548	56,434	1.41	1.22
Sacramento County	626,155	831,171	511,402	699,811	1.22	1.19
Region	969,838	1,327,279	819,277	1,140,202	1.18	1.16

¹ As described in the 2016 MTP/SCS, a base year of 2008 is used here because it reflects a more normal year in the regional economy than 2012 as that was during the recession.

² The Sacramento CBD/Riverfront employment center includes downtown Sacramento and adjacent areas. Jobs and households for the Sacramento CBD/Riverfront employment center also include those within a 4-mile radius shed, which is split with neighboring employment center 4-mile radius sheds.

Source: SACOG 2016:220, 226

EXISTING SITE-SPECIFIC CONDITIONS

The existing CDFA Annex is 115,000 square feet and four stories. The building has been vacant since November 2011. The existing surface parking lot directly south across O Street from the building site is a State-owned CalVet employee parking lot.

4.3.3 Environmental Impacts and Mitigation Measures

ANALYSIS METHODOLOGY

This examination of population, employment, and housing conditions is based on information obtained from review of the plans for the project; review of available population, employment, and housing projections from the City of Sacramento, SACOG, the U.S. Census Bureau, and other sources; and review of applicable elements and policies from the City of Sacramento 2035 General Plan, the CAP, and 2015 CAP Progress Report.

THRESHOLDS OF SIGNIFICANCE

A population, employment, and housing impact is considered significant if implementation of the 1215 O Street Office Building Project would do any of the following:

- ▲ induce substantial population growth in an area, either directly (by proposed new homes and businesses) or indirectly (for example, through the extension of roads, other infrastructure, or provision of additional employment);
- ▲ generate a substantial demand for new housing, the construction of which could cause significant environmental impacts; or
- ▲ displace substantial numbers of existing people or housing, necessitating the construction of replacement housing elsewhere.

ISSUES OR POTENTIAL IMPACTS NOT DISCUSSED FURTHER

The 1215 O Street Office Building Project would replace a vacant office building with a new, larger office building; therefore, it would not displace existing housing or residents. The project would not necessitate construction of replacement housing elsewhere and this issue is not analyzed further in this DEIR.

ENVIRONMENTAL IMPACTS

Impact 4.3-1: Population growth and housing demand during construction

Development of the 1215 O Street Office Building Project would generate a temporary increase in employment in the city of up to 225 construction jobs during the peak construction period. The number of existing construction personnel in the region is sufficient to meet the demand associated with the project; therefore, this temporary increase in employment would not generate any substantial new population growth in the area or generate the need for substantial additional housing for construction workers. This impact would be **less than significant**.

Construction activities for the 1215 O Street Office Building Project are estimated to begin in 2018 with completion estimated for 2021. A greater number of construction workers would be employed during peak construction periods and fewer workers would be employed during nonpeak periods. It is estimated, based on prior analysis of similar projects, that the project would generate approximately 175-225 construction

jobs during peak construction periods. According to the latest labor data available from EDD (2016), 30,700 residents in the county are employed in the construction industry (see Table 4.3-3). Based on the 2015 unemployment rate of 6.0 percent for Sacramento County, approximately 1,800 construction employees could be available in Sacramento County to work on the proposed project. This existing number of residents who are in the construction labor force (labor force is defined as all of those people that are employed or are looking for employment), coupled with those of other areas within commute distance (e.g., Yolo, Placer, and El Dorado counties), would be sufficient to meet the demand for construction workers that would be generated by the project. Additionally, it is the nature of the construction industry for construction contractors to bid and work on projects based on their availability and need for work. As existing construction projects near completion, contractors may seek out new construction projects to maintain employment for the same workers. Therefore, it could be reasonably assumed that the project-generated demand for construction workers would not necessarily draw new workers to the area, but would provide continuation of employment for contractors and workers already in the region. Because construction workers serving the project can be expected to come from the local labor force in the City of Sacramento, Sacramento County, and surrounding areas, no substantial population growth or demand for new housing in the region as a result of these jobs would result. Therefore, the project would not generate the need for substantial additional housing in the city during construction. The impact related to population growth and housing demand associated with construction of the project would be **less than significant**.

Mitigation Measures

No mitigation is required.

Impact 4.3-2: Increased employment opportunities and housing demand from project development

The 1215 O Street Office Building Project would facilitate relocation of about 1,000 existing State employees in the Bateson Building. In addition, the new O Street office building would support an additional 200 new employees, including approximately 12 new employees in the proposed ground-level food court and a projected increase in State employees. The net increase in employment of 200 employees would be insignificant compared to citywide employment of 213,700 jobs in 2015. The 200 new jobs would be filled by local residents and these jobs are consistent with State and local plans for job growth. The project would not generate new employment that would induce population growth such that there would be additional demand for housing that could not be met by existing supply or by planned housing development. This impact is **less than significant**.

It is anticipated that approximately 1,000 employees from the California Health and Human Services Agency (CHHS), the Department of State Hospitals (CHS), and the Department of Development Services (DDS) occupying the 1215 O Street Office Building would primarily be relocated from the State-owned Bateson Building at 1600 9th Street (Exhibit 3-2). After the Bateson Building is vacated, it would remain vacant until additional studies are completed to evaluate the potential need for rehabilitation and future re-occupation of the building.

The 1215 O Street Office Building would include a food court on the ground level that would serve the tenants of the office building as well as the public. Development of this commercial use as part of the project is estimated to generate approximately 1 job per 500 square feet of commercial space. Based on approximately 6,000 square feet of commercial space for the food court and an employment generation rate of 1 job per 500 square feet of commercial space, this would generate up to 12 full-time equivalent employees. Between now and 2021 (the target year for occupancy of the new O Street office building), there is also a projected increase of approximately 150 employees with CHHS, DSH, and DDS. The new O Street Office Building would be sized to accommodate this growth. The new office building at 1215 O Street would provide space for 1,200 employees, so the project would accommodate an additional 200 employees.

The addition of about 200 new employees in the City of Sacramento would increase the number of jobs in the city by approximately 0.09 percent of the total number of jobs in 2015 (see Table 4.3-2). As discussed under “Housing” in Section 4.3-2, above, the vacancy rates indicate the housing market for homeowners has a limited supply, but the rental market is balanced. The jobs/housing index further supports the limited housing supply in the city. However, the jobs/housing index for Sacramento County and the region indicate that the number of jobs, and amount of housing necessary to meet the demands associated with employment opportunities, is generally balanced. SACOG projections for jobs and housing, which take into account local agency land use plans, indicate jobs/housing index in the region and the county will become more balanced through 2036 (see Table 4.3-4). Furthermore, construction of a new office building in downtown Sacramento on a currently underutilized site is consistent with the CAP and the City of Sacramento 2035 General Plan. In 2015, the unemployment rate in the city was 6.4 percent and the unemployment rate in the county was 6.0 percent, so it can be anticipated that the 200 new jobs created by the project would be filled by existing residents.

As of 2015, 1.3 million GSF remains to be constructed of the original CAP goal of constructing 2.8 million GSF in the Capitol Area. Although the 1215 O Street Office Building was not identified as an opportunity site for office development in the CAP because it was already occupied by the CDFA Annex, the CAP suggests examination of underutilized State properties, including the 1215 O Street site. Replacement of the CDFA Annex was identified as one of the initial projects in Governor Brown’s 20016 Five-Year Infrastructure Plan (a study of State office infrastructure in Sacramento), and as described in the 2015 CAP Progress Report, DGS completed a feasibility study in 2010 for the CDFA Annex that concluded that renovation of the building would not be not cost effective. Rather, the feasibility study recommended replacing the existing structure with a new 397,400 GSF, 11-story office building with tenant parking, at an estimated cost of \$234 million (DGS 2015:9). The 2015 CAP Progress Report determined that this approach would maximize office space while still conforming to the Capitol View Protection Act. As evaluated in Impact 4.2-2 of this DEIR, the project is consistent with State and local plans to intensify office space use on underutilized sites through renovation or redevelopment of existing buildings. In addition, the project would provide commercial space to serve employees, residents, and visitors in the Capitol Area.

The proposed project was anticipated in State, City, and regional plans. The 200 new jobs would likely be filled by the existing resident labor pool. For these reasons, the project would not generate new employment that would induce population growth such that there would additional demand for housing that could not be met by existing supply or by planned housing development. This impact would be **less than significant**.

Mitigation Measures

No mitigation is required.