

DEVELOPMENT PROGRAM

TARGETED INVESTMENT AREA

DOWNTOWN CATALYST AREA

Development Opportunity

The City's overall strategy for this Area is to leverage the momentum created by the DART light rail station and adjacent TOD to make Downtown Garland an active focal point for the community. The Downtown TIA offers the potential for: a robust transit-oriented development in an authentic, historic, small-town, urban setting; an expanded educational component with complementary retail and residential space; live-work and other urban residential products; and lively, well-programmed public spaces.

Key Assets of this *Targeted Investment Area* include:

- Garland's government/educational hub
- DART light rail station and 5th Street Crossing
- Historic building stock for potential reuse
- Performing Arts Center and civic uses



Market Opportunities

	Short-Term (1 - 5 years)	Long-Term (5 - 10 years)
Housing		
Rental	X	
Ownership (Attached)	x	
Retail		
Neighborhood	X	
Regional/Specialty		X
Office/Employment		
Class A		X
Local Service	X	
Other		
Public	X	
Parking	X	
Public		

Site Location





MARKET POTENTIAL

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Site and Trade Area



Demographic Profile

	2-mi Radius	5-mi Radius	DFW Metro
2009 Population	59,478	302,775	5,161,544
Annual Growth Rate (2009-2019)	-0.04%	0.39%	2.50%
Median Household Income	\$48,319	\$53,500	\$56,794

The Downtown Garland Trade Area profile suggests an established concentration of lower- to middle-income households, expected to grow at a modest rate over the next 10 years.

Market Potential

	Attainable	TIA Capture
Land Use	5 yr	10 yr
Single Family Attached (units)	72	90
Multi-Family Rental (units)	88	110
Retail (sq ft)	96,000	120,000
Office (sq ft)	64,000	80,000
Employment (sq ft)	0	0

As shown, market potential within the Downtown Garland *Targeted Investment Area* suggests support for office space, supported by retail and residential ownership and rental uses. Much of this redevelopment opportunity could occur in the near-term (1 to 4 years).

Catalyst Program

	Units/Spaces	Square Feet
Retail/Restaurant		40,000
Office/Employment		40,000
Residential (Rental)	100	80,000
Residential (For-Sale)	90	90,000
Gross Floor Area		250,000
Project Land Area		217,800
Floor Area Ratio		115%
Surface Parking	0	0
Structured Parking	478	167,125

The Catalyst Program reflects a "Phase 1" development that could take advantage of the potential market opportunity within the next 4 years. The program's development economics begin to form the framework of a potential public-private partnership.



IMPLEMENTATION STRATEGY

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Development Economics

Estimated Project Value (Stabilized Yr)	
Total Retail/Restaurant Rentable SF	36,000
Rent/SF*	\$12.80
Total Office/Employment Rentable SF	36,000
Rent/SF*	\$12.00
Total Residential Rentable SF	64,000
Rent/SF	\$15.60
Total Parking Spaces (Structured)	478
Rent/Space	\$480
Gross Income	\$2,120,400
Occupancy	95%
Effective Gross Income	\$2,014,380
Operating Costs	\$624,000
Net Operating Income	\$1,390,380
Capitalization Rate	8.0%
Project Value Office/Retail/Rental Hsg	\$17,379,750
Total Housing Units	90
Sales Price/Unit (Wtd Avg)	\$250,000
Gross Revenue	\$22,500,000
Less Marketing Costs	(\$1,575,000)
Net Sale Proceeds	\$20,925,000
Project Value For-Sale Housing	\$20,925,000
Total Project Value	\$38,304,750
* Retail based on triple net lease; Office based on gross lease.	

Development Economics (Cont'd)

Development Cost Estimate	
Property Purchase (Acquisition/Demolition)	\$5,445,000
On-Site Improvements (Surface Parking)	\$0
On-Site Improvements (Structured Parking)	\$8,595,000
Site Development	\$435,600
Building Construction (Hard Costs)	\$26,010,000
Construction Contingency	\$3,504,060
Soft Costs (% of Hard Costs)	\$5,256,090
Developer Profit	\$4,924,575
Total Project Cost	\$54,170,325
Development Economic Summary	
Total Project Cost	<i>\$54,170,325</i>
Total Project Value	<i>\$38,304,750</i>
Project Margin/"Gap"	(\$15,865,575)
% Project Margin/"Gap"	-29%

The Downtown Garland *Targeted Investment Area* represents a more <u>challenged</u> opportunity, as evidenced by a significant economic gap.

Strategy Elements

Catalyzing Potential	High-Very High
	Spillover potential limited by
	land availability – but overall
	image of Garland stands to
	greatly improve with successful
	mixed-use TOD
Market Opportunity	Medium
	Demographics weak currently, but
	community college, light rail and
	existing city services provide
	excellent potential for synergy
Cost of Failure/Inattention	Medium-High
	Although in decline for years,
	failure to capitalize on new TOD
	and community college
	momentum
	would be setback
Cost to Make Market-Ready	Medium-High
	Small properties with very
	fragmented ownership;
	cumbers ome legacy
	infrastructure; need for high
	aesthetic standards add up to
	significant costs

Strategy Action Items

- Work with business and property owners to evaluate the need for an "umbrella" advocacy entity to coordinate and organize Downtown activities.
- Explore creation of a downtown business improvement district to fund maintenance of public improvements and marketing/promotion efforts.
- Review downtown design regulations (both new construction and renovation) to facilitate redevelopment.
- Explore the creation of an historic preservation ordinance.
- Encourage the use of federal historic preservation tax credits for the renovation of eligible historic buildings.
- Provide one-on-one technical assistance to downtown small businesses in their plans for growth.
- Provide predevelopment assistance in assembling and positioning strategic properties for private investment (land swap, land write-down, density bonuses, transfer of development rights, etc.).
- Research the application of low-income housing tax credits (LIHTC) and New Market Tax Credits to encourage live/work housing and mixed-use development.
- Carefully evaluate competitive projects outside of Downtown.
- Redesign the Plaza as a catalyst for redevelopment.

