

DEVELOPMENT PROGRAM

TARGETED INVESTMENT AREA

Development Opportunity

The City's overall strategy for this Area is to facilitate a potential assemblage of vacant big box retail space for redevelopment. Such an assemblage will provide opportunities for urban residential products with support retail and local service office in a mixed-use environment. While the potential for residential development is relatively modest over the next ten years, well-designed workforcerange attached housing could begin to add life to this Area and provide proof-of-concept for *Envision Garland Comprehensive Plan* principles for similar areas.

Key Assets of this Targeted Investment Area include:

- Adaptive reuse of vacant big box retail
- Crossroads of major thoroughfares
- Stable adjacent neighborhoods
- Cluster of medical office space

BROADWAY / CENTERVILLE



Market Opportunities

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

Site Location





MARKET POTENTIAL

TARGETED INVESTMENT AREA

BROADWAY / CENTERVILLE

Site and Trade Area



Demographic Profile

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	2-mile Radius	5-mile Radius	DFW Metro
2009 Population	60,978	292,181	5,161,544
Annual Growth Rate (2009-2019)	0.22%	0.14%	2.50%
Median Household Income	\$49,135	\$49,179	\$56,794

The Broadway & Centerville 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)	12	20
Multi-Family Rental (units)	36	60
Retail (sq ft)	36,000	60,000
Office (sq ft)	0	30,000
Employment (sq ft)	0	0

As shown, market potential within the Broadway & Centerville *Targeted Investment Area* suggests support for limited residential (attached ownership and rental) uses with support retail (primarily neighborhood-oriented). This development opportunity will likely occur incrementally over the next ten years.

Catalyst Program

	Units/Spaces	Square Feet
Retail/Restaurant		60,000
Office/Employment		30,000
Residential (Rental)	60	48,000
Residential (For-Sale)	20	36,000
Gross Floor Area		174,000
Project Land Area		435,600
Floor Area Ratio		40%
Surface Parking	430	150,465
Structured Parking	0	0

The Catalyst Program reflects a "Phase 1" development that could take advantage of the potential market opportunity within the next 7 to 10 years. The program's development economics begin to form the framework of a potential public-private partnership.



IMPLEMENTATION STRATEGY

TARGETED INVESTMENT AREA

BROADWAY / CENTERVILLE

Development Economics

Estimated Project Value (Stabilized Yr)	
Total Retail/Restaurant Rentable SF	54,000
Rent/SF*	\$16.00
Total Office/Employment Rentable SF	27,000
Rent/SF*	\$15.00
Total Residential Rentable SF	38,400
Rent/SF	\$13.20
Total Parking Spaces (Structured)	0
Rent/Space	\$0
Gross Income	\$1,775,880
Occupancy	95%
Effective Gross Income	\$1,687,086
Operating Costs	\$414,000
Net Operating Income	\$1,273,086
Capitalization Rate	8.0%
Project Value Office/Retail/Rental Hsg	<i>\$15,913,575</i>
Total Housing Units	20
Sales Price/Unit (Wtd Avg)	\$200,000
Gross Revenue	\$4,000,000
Less Marketing Costs	(\$280,000)
Net Sale Proceeds	\$3,720,000
Project Value For-Sale Housing	\$3,720,000
Total Project Value	\$19,633,575
* Retail based on triple net lease; Office based on gross lease.	

Development Economics (Cont'd)

Development Cost Estimate	
Property Purchase (Acquisition/Demolition)	\$2,831,400
On-Site Improvements (Surface Parking)	\$1,289,700
On-Site Improvements (Structured Parking)	\$0
Site Development	\$871,200
Building Construction (Hard Costs)	\$17,441,934
Construction Contingency	\$1,960,283
Soft Costs (% of Hard Costs)	\$2,940,425
Developer Profit	\$2,733,494
Total Project Cost	\$30,068,437
Development Economic Summary	
Total Project Cost	\$30,068,437
Total Project Value	\$19,633,575
Project Margin/"Gap"	(\$10,434,862)
% Project Margin/"Gap"	-35%

The Broadway & Centerville *Targeted Investment Area* represents a more <u>challenged</u> opportunity, as evidenced by a substantial economic gap.

Strategy Elements

Market Opportunity	Medium
,	Demographics don't support much net new retail, but better, leaner tenant mix is achievable while well-designed niche residential could draw from wider area
Cost of Failure/Inattention	Medium-High High vacancies are a blight on this area and surrounding neighborhoods – unchecked, area could decline beyond easy recovery
Cost to Make Market-Ready	Medium Spot infill can be difficult to promote – likely to need public sector money & effort to aid assembly and attract investment.

Strategy Action Items

- Use Chapter 380 loan agreements to provide funding for facade improvements for older retail structures in this TIA.
- Acquire and position strategic properties for private investment (land swap, land write-down, density bonuses, transfer of development rights, etc.).
- Utilize bond issue funds to facilitate land assemblage for shorter-term redevelopment.
- Research the application of state and federal funding programs for Area infrastructure improvements.
- Establish a tax increment financing district to foster redevelopment of vacant big box retail space.
- Research the application of low-income housing tax credits (LIHTC) and New Market Tax Credits to encourage workforce housing and mixed-use development.
- Provide pre-development assistance to advance a catalyst project.