

DEVELOPMENT PROGRAM

TARGETED INVESTMENT AREA

Development Opportunity

The City's overall strategy for this Area is a combination of reuse, re-positioning and redeveloping vacant commercial space and land. Residential development potential will likely be smaller-scale, but this TIA is well-located to attract workforce renters and buyers. New residential development will improve the area's overall image and help to attract the appropriate type of replacement retail. Professional and other smaller-format office users can take advantage of the I-635 access and would also benefit from quality new residential design.

Key Assets of this *Targeted Investment Area* include:

- Vacant land near Wal-Mart development
- I-635 frontage and visibility
- Vacant retail space available for re-positioning (Kroger, Eastgate Shopping Center)

CENTERVILLE MARKETPLACE



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

CENTERVILLE MARKETPLACE

Site and Trade Area



Demographic Profile

	2-mi Radius	5-mi Radius	DFW Metro
2009 Population	64,525	314,391	5,161,544
Annual Growth Rate (2009-2019)	-0.01%	0.12%	2.50%
Median Household Income	\$41,911	\$45,809	\$56,794

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

Market Potential

	Attainable 1	ΓIA Capture
Land Use	5 yr	10 yr
Single Family Attached (units)	15	25
Multi-Family Rental (units)	72	120
Retail (sq ft)	24,000	40,000
Office (sq ft)	36,000	60,000
Employment (sq ft)	0	0

As shown, market potential within the Centerville Marketplace *Targeted Investment Area* suggests support for residential (attached ownership and rental) uses with support neighborhood retail and local service office space. This development opportunity will likely occur incrementally over the next ten years.

Catalyst Program

	Units/Spaces	Square Feet
Retail/Restaurant		40,000
Office/Employment		60,000
Residential (Rental)	120	96,000
Residential (For-		
Sale)	25	45,000
Gross Floor Area		241,000
Project Land Area		392,040
Floor Area Ratio		61%
Surface Parking	324	113,358
Structured Parking	216	75,572

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

CENTERVILLE MARKETPLACE

Development Economics

Estimated Project Value (Stabilized Yr)	
Total Retail/Restaurant Rentable SF	36,000
Rent/SF*	\$16.00
Total Office/Employment Rentable SF	54,000
Rent/SF*	\$16.00
Total Residential Rentable SF	76,800
Rent/SF	\$14.40
Total Parking Spaces (Structured)	216
Rent/Space	\$300
Gross Income	\$2,610,696
Occupancy	95%
Effective Gross Income	\$2,480,161
Operating Costs	\$803,600
Net Operating Income	\$1,676,561
Capitalization Rate	8.0%
Project Value Office/Retail/Rental Hsg	\$20,957,015
Total Housing Units	25
Sales Price/Unit (Wtd Avg)	\$200,000
Gross Revenue	\$5,000,000
Less Marketing Costs	(\$350,000)
Net Sale Proceeds	\$4,650,000
Project Value For-Sale Housing	\$4,650,000
Total Project Value	\$25,607,015
* Retail based on triple net lease; Office based or	n gross lease.

Development Economics (Cont'd)

Development Cost Estimate	
Property Purchase (Acquisition/Demolition)	\$3,528,360
On-Site Improvements (Surface Parking)	\$971,640
On-Site Improvements (Structured Parking)	\$3,886,560
Site Development	\$784,080
Building Construction (Hard Costs)	\$22,774,500
Construction Contingency	\$2,841,678
Soft Costs (% of Hard Costs)	\$4,262,517
Developer Profit	\$3,904,934
Total Project Cost	\$42,954,269
Development Economic Summary	
Total Project Cost	\$42,954,269
Total Project Value	\$25,607,015
Project Margin/"Gap"	(\$17,347,254)
% Project Margin/"Gap"	-40%

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

Strategy Elements

Catalyzing Potential	Medium-High
	Spillover potential
	limited by land
	availability – but
	gateway position
	means success in
	reworking retail mix
	and increasing
	residential presence
	can improve image
Market Opportunity	Medium
	Demographics weak
	for new retail, but LBJ
	location could be
	better exploited in
	tenant mix, including
	compatible higher- density residential
	,
Cost of Failure/Inattention	Medium-High As a visible gateway,
	decline of this area
	could set lower
	quality precedent
Cost to Make Market-Ready	Medium
Cost to Make Mai ket-Ready	Spot infill can be
	difficult to promote –
	likely to need public
	sector money & effort
	to aid assembly and

Strategy Action Items

- 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 retail space.
- Research the application of low-income housing tax credits (LIHTC), New Market Tax Credits and Chapter 380 Loan agreements to encourage workforce housing and mixed-use development.
- Study the feasibility of establishing a BID as a mechanism to fund public improvements and marketing.