JUMP START INITIATIVE

Planning for Sustainable Growth

Jump Start Initiative – Central Arkansas

NADO Luncheon

November 19, 2014

GATEWAY PLANNING
A VIALTA GROUP PARTNER

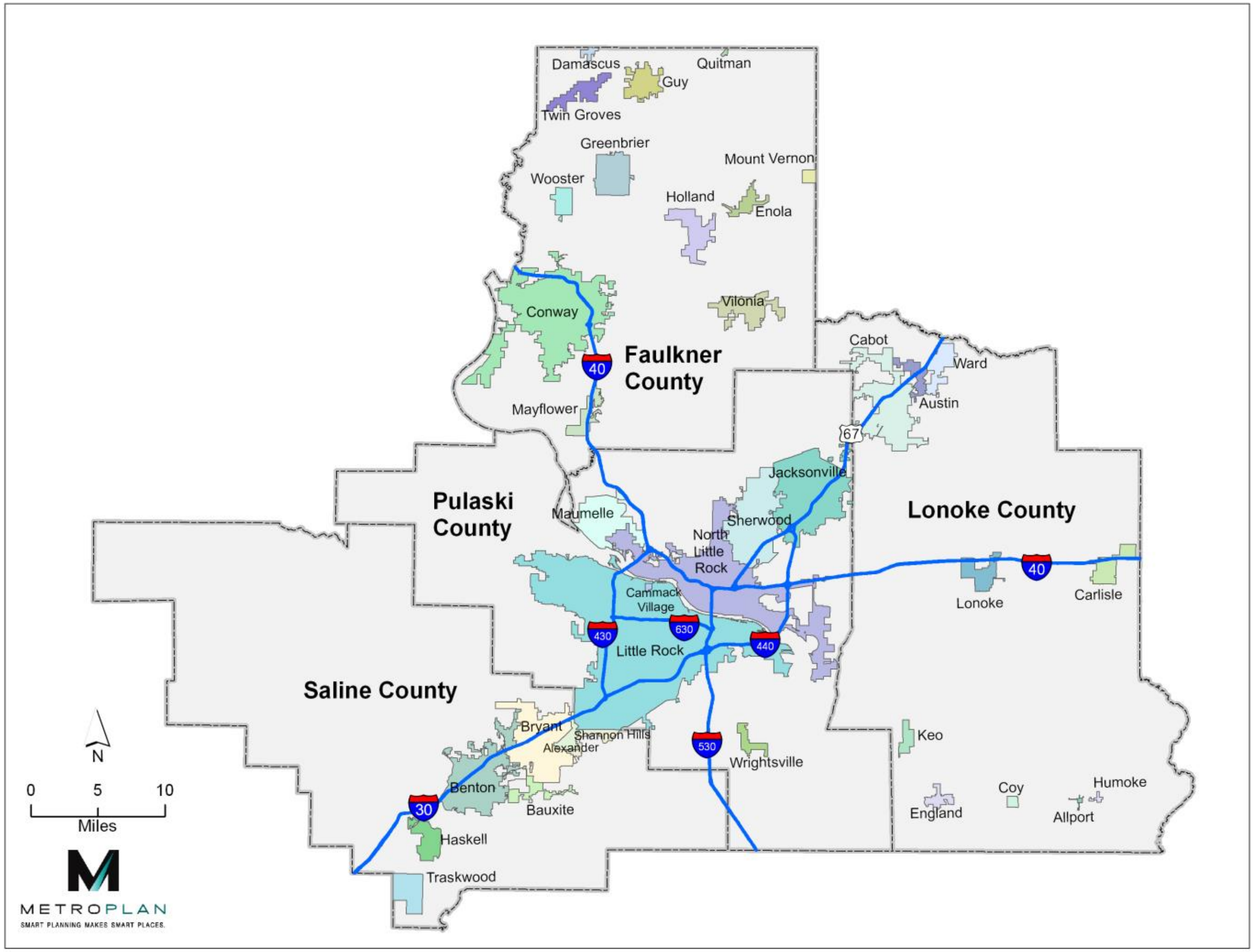
ICF INTERNATIONAL

METROPLAN
SMART PLANNING MAKES SMART PLACES.

IMAGINE CENTRAL ARKANSAS
Plan Smart. Live Smart.

Imagine Central Arkansas

- **671,459 Residents**
- **22% of Arkansans**



IMAGINE CENTRAL ARKANSAS
Plan Smart. Live Smart.

Presentation Overview

- Why Jump Start?
  - *Imagine Central Arkansas, Jump Start*
- What are the elements?
  - *Development, Economics & Policy*
- How does it get started?
  - *Setting the Strategies, Action Items and Performance Measures for successful implementation*

Why Jump Start?

"The United States was founded on a wide open landscape. Today, we find ourselves pioneers once again, but instead of westward expansion, our great riches will be found by capturing the enormous lost value trapped in our existing places."

THE NEXT AMERICAN URBANISM

http://transformplace.wordpress.com/the-next-american-urbanism/

Jump Start and the Next American Urbanism

Jump Start Initiative will:

- **Implement the Imagine Central Arkansas' Regional 2040 Long Range Plan**
- Focus on building local capacity to **create positive and sustainable growth**
- Build development patterns that **promote local and sustainable market factors**
- **Harness and grow local funding** capacity to continue sustainable growth
- **Generate a framework and business model** describing how new development and redesigned infrastructure can generate long-term economic growth
- **Produce a replicable process** that can be utilized in similar contexts and grow the pie for neighboring communities

Steps for Application

- **Letter of Intent from communities (20 projects interested)**
  - Sponsor applicant must be a member of Metroplan/ICAP
- **Technical Advisory Sessions – Application Workshops**
- **Final Application Submission (10 projects submitted)**
  - Council referendum/Commitment
  - 20% Match promise; $10,000 Media match
- **Consultant review and scoring through technical review**
- **ICAP review of applications and selection of projects (5 selected)**
- **Memorandum of Understanding (MOU) Requirement for commencement**

What are the elements?

"Sprawl development patterns are not the problem. [Developers are] merely responding to demand in the marketplace for separated and isolated land uses. But not everyone wants to live in that environment; even in the suburbs, many people want to live in walkable urban neighborhoods."

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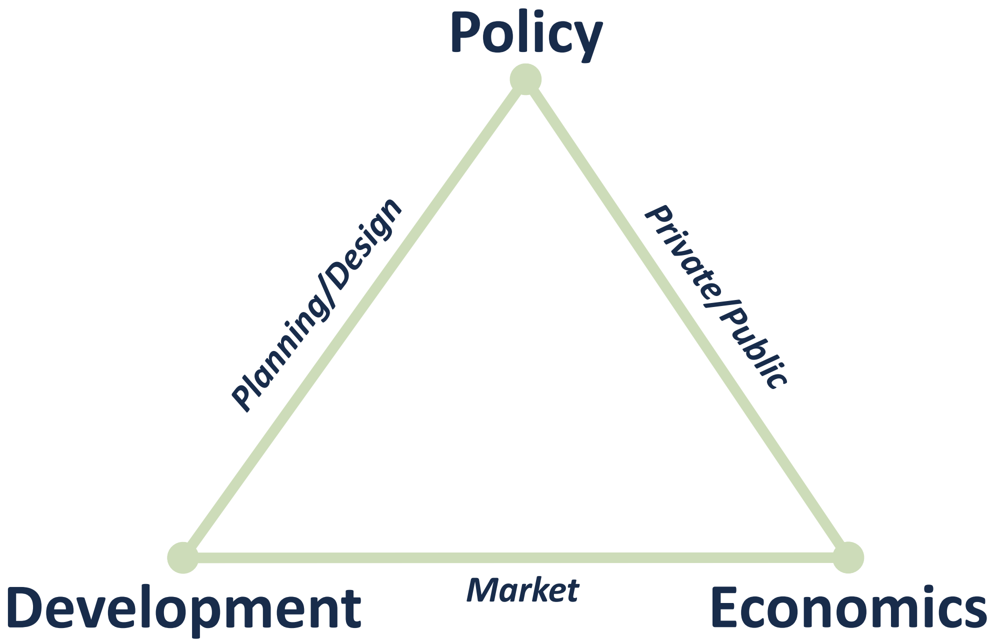
The Golden Triangle of Sustainable Development

- **Development**
  - Physical concepts
  - Catalytic projects
- **Economics**
  - Feasibility analysis
  - Return on investment
  - Public private partnerships (Chambers, local banks, Merchants Associations)
- **Policy**
  - Zoning and regulatory framework
  - Improved decision-making and other processes
  - Minimizing barriers



Innovative Aspects

- **Competitive solicitation,** with Technical Advisory support
- **Local commitment**/fertile groups for success
- **Public involvement used as a basis for keeper of the flames (longevity)**
- **Catalytic site to create a tipping point**
- **Multidisciplinary team** on the ground for solutions
- **Broader implementation plan leveraging** – outside basic transportation funding and an emphasis on capacity building
- **Private development/ROI emphasis** – planned outcomes
- **Cascaded Performance Measures**

Project Application and Selection

Primary Focus: **Align Livability Principles and Regional Goals** to create the evaluation categories

Partnership for Sustainable Communities – Livability Principles	JumpStart Program Elements	Jump Start Evaluation Categories
1. Provide more transportation choices	Efficient Mobility Options Pedestrian Design	**Provide transportation choices and enhance mobility.**
2. Promote equitable, affordable housing	Housing Choice Development Diversity	**Increase housing and development/land use diversity**
3. Enhance economic competitiveness	Educational Opportunity Economic Development	**Enhance economic competitiveness**
4. Support existing communities	Efficient Growth Activity Centers	**Support existing communities**
5. Value communities and neighborhoods	Quality Places; Healthy Communities	**Quality places and healthy communities**
6. Coordinate and leverage federal policies and investment.		*[Local matching of Federal funding]*
Environmental issues are embedded in Livability Principles 1, 2, 4, & 6.	Environmental Stewardship Resource Efficiency	**Support environmentally-responsible development**

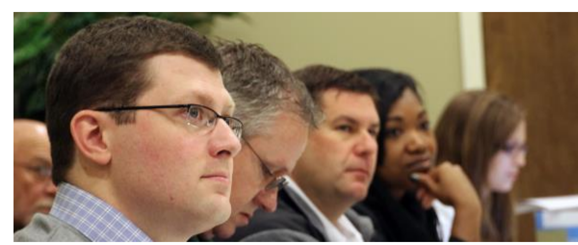
Project Application and Selection

- **Evaluation Factors:**
  - **Scoring System** used by consultant team based on Jump Start evaluation categories
  - **Strengths & Weaknesses Assessment** (from background research, interviews of applicant teams and project application)
  - **Likelihood of Implementation** – based on level of support from City/County and stakeholder groups
- **Imagine Central Arkansas Partners (ICAP)** made final selections

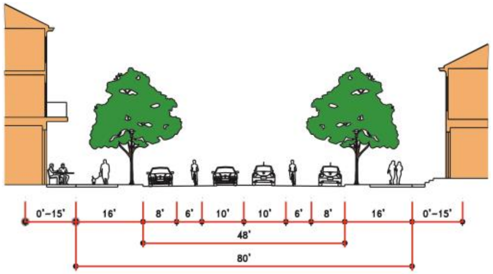
WHAT ARE THE ELEMENTS?

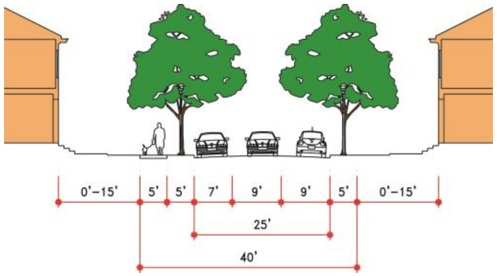
Development – Build the Vision

- Detailed media and public involvement plan
- Facilitator training
- Pre-Workshop Stakeholder meetings
- Visioning Workshop
- Walking audits
- Design workshop
- Concept public meeting
- Open Houses



Development – Conceptualize the Plan





Economics – Test the Concept

Public Investment
necessary to catalyze development

Aligned with

Private Investment
into a catalytic development

Public Investment
$5,500,000

Private Development Potential – 2 Blocks

- 12 Townhomes (2000 square feet each)
- 24 Apartment Units (850 square feet each)
- 12,000 square feet of retail
  (3-4 restaurants at 3,000-4,000 square feet)
- 12,000 square feet of office
  (6 small business offices at 2,000 square feet)

Economics – Test the Concept

Private Pro Forma Analysis

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Net Operating Income																
Multi family		$129,194	$133,070	$137,062	$141,174	$145,409	$149,772	$154,265	$158,893	$163,660	$168,569	$173,626	$178,835	$184,200	$189,726	$195,418
For-sale Housing		$2,359,790	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
Office/Commercial		$134,795	$296,955	$581,394	$596,507	$953,146	$981,994	$1,126,298	$1,157,407	$1,195,021	$1,232,071	$1,268,539	$1,304,409	$1,346,715	$1,388,386	$1,429,403
Retail		$131,237	$267,697	$447,753	$459,038	$470,148	$484,735	$495,483	$506,042	$520,064	$533,888	$547,509	$560,923	$574,124	$587,106	$603,520
Total NOI		**$2,755,017**	**$697,722**	**$1,166,209**	**$1,196,719**	**$1,568,704**	**$1,616,501**	**$1,776,046**	**$1,822,342**	**$1,878,745**	**$1,934,528**	**$1,989,675**	**$2,044,167**	**$2,105,039**	**$2,165,218**	**$2,228,341**
Development Costs																
Multi family		$1,637,185	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
For-sale Housing		$2,266,000	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
Office/Commercial		$1,871,613	$3,226,780	$-	$3,983,964	$-	$1,368,563	$-	$-	$-	$-	$-	$-	$-	$-	$-
Retail		$1,465,976	$1,890,358	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
Total Development Costs		**$5,603,589**	**$1,890,358**	**$-**	**$3,983,964**	**$-**	**$1,368,563**	**$-**	**$-**	**$-**	**$-**	**$-**	**$-**	**$-**	**$-**	**$-**
Annual Cash Flow																
Net Operating Income		$2,755,017	$697,722	$1,166,209	$1,196,719	$1,568,704	$1,616,501	$1,776,046	$1,822,342	$1,878,745	$1,934,528	$1,989,675	$2,044,167	$2,105,039	$2,165,218	$2,228,341
Total Asset Value@	10%															$22,283,408
Total Costs of Sale *(2)* @	5%															$(1,114,170)
Total Development Costs		$(5,603,589)	$(1,890,358)	$-	$(3,983,964)	$-	$(1,368,563)	$-	$-	$-	$-	$-	$-	$-	$-	$-
Net Cash Flow		**$(2,848,572)**	**$(1,192,636)**	**$1,166,209**	**$(2,787,244)**	**$1,568,704**	**$247,938**	**$1,776,046**	**$1,822,342**	**$1,878,745**	**$1,934,528**	**$1,989,675**	**$2,044,167**	**$2,105,039**	**$2,165,218**	**$23,397,578**

Net Present Value @ 10% $7,945,167

Unleveraged IRR: 22.7%

(1) Other Infrastructure costs are not allocated among each of the uses. The project net present value is therefore less than the sum of the net present values for the individual uses.

(2) Assumes asset sale in Year 15.

Economics – Test the Concept

Public Return on Investment

Fiscal Impact	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Retail Sales	$7,575,000	$11,348,250	$16,149,698	$16,634,188	$17,133,214	$17,647,211	$18,176,627	$18,721,926	$19,283,583	$19,862,091
Property Value	$9,383,900	$13,889,578	$20,711,070	$21,125,291	$23,920,366	$24,398,774	$23,333,342	$23,800,009	$24,276,009	$24,761,529
Sales Tax	$132,563	$198,594	$282,620	$291,098	$299,831	$308,826	$318,091	$327,634	$337,463	$347,587
Ad Valorem	$17,829.41	$26,390	$39,351	$40,138	$45,449	$46,358	$44,333	$45,220	$46,124	$47,047
Total	$150,392	$224,985	$321,971	$331,236	$345,280	$355,184	$362,424	$372,854	$383,587	$394,633

Return on Investment	Construction Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Capital Contribution	-$5,500,000										
Net Cash Flow	-$5,500,000	$150,392	$224,985	$321,971	$331,236	$345,280	$355,184	$362,424	$372,854	$383,587	$394,633
Net Cash Flow with Terminal Value	-$5,500,000	$150,392	$224,985	$321,971	$331,236	$345,280	$355,184	$362,424	$372,854	$383,587	$11,951,757

Investment Performance	
IRR	**12%**
NPV	**$3,259,031**

Assumptions	
Fiscal Impact Growth (Year 11+)	0.025
Discount Rate	6%
Sales Tax Rate	0.0175
Millage	1.9

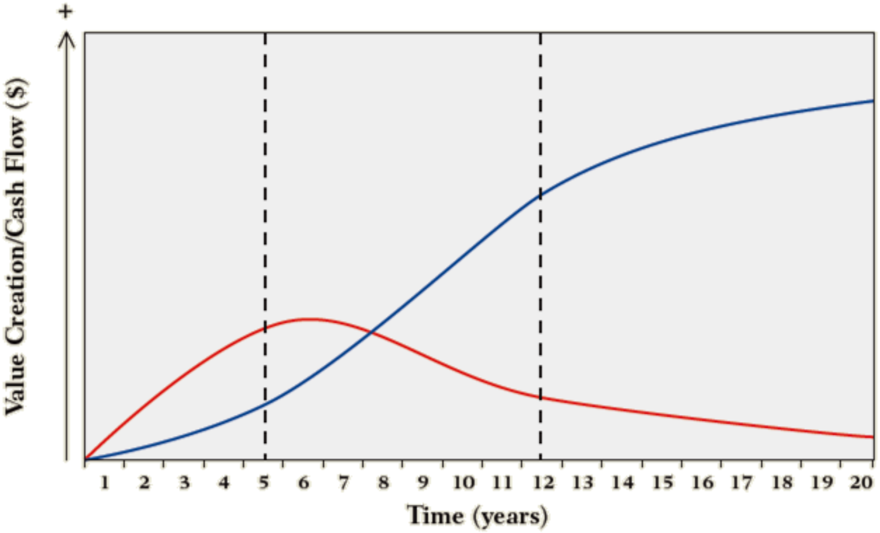
Catalyzed mixed-use development can return investment back to the City over time

Policy – Setting up the Zoning

Key Zoning Policy Attributes:

- Focus on the **Form and Placemaking**
- Successful zoning will create **flexibility for developers,** but establish **predictability for the community**
- **Sustaining value is a key outcome**
- **Be realistic about the market** and what development can sustain

Financial Characteristics of Downtowns with Critical Mass (Blue) versus Suburban Development (Red)



Source: Christopher B. Leinberger, Arcadia Land Co. and Robert Charles Lesser & Co.

Policy – Public Policy Alignment

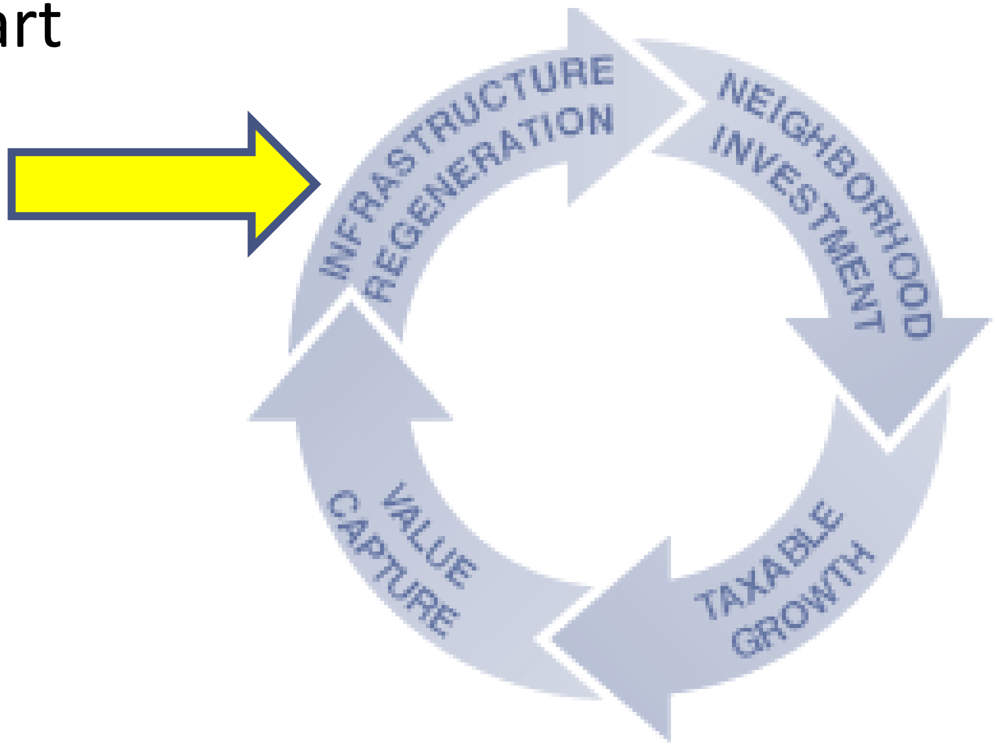
- **Infrastructure**
  - Complete Streets – policies and design guidelines
  - Green Infrastructure Features
  - Safe Routes to Schools
  - Arkansas Highway and Transportation Department (DOT) Standards
- **Housing**
  - Housing diversity
  - Coordinating different funds (CDBG, HOME, LIHTC, etc.)
- **Public/Private Partnerships**
  - Joint Development opportunities
  - Gap financing/Loan Guarantees
  - Façade and Building Enhancement Programs
  - Merchants Associations

Align policies to implement the Virtuous Cycle

With a conscious effort to align our implementation and redevelopment efforts with this **Virtuous Cycle of Reinvestment,** sustainable economies will thrive.

Mayflower and Vilonia Process

- Jump Start Initiative functions as a tool to implement sustainable growth
- Recovery, whether from Disaster or Long-Term Neglect, is the essence of Jump Start



Mayflower and Vilonia Process

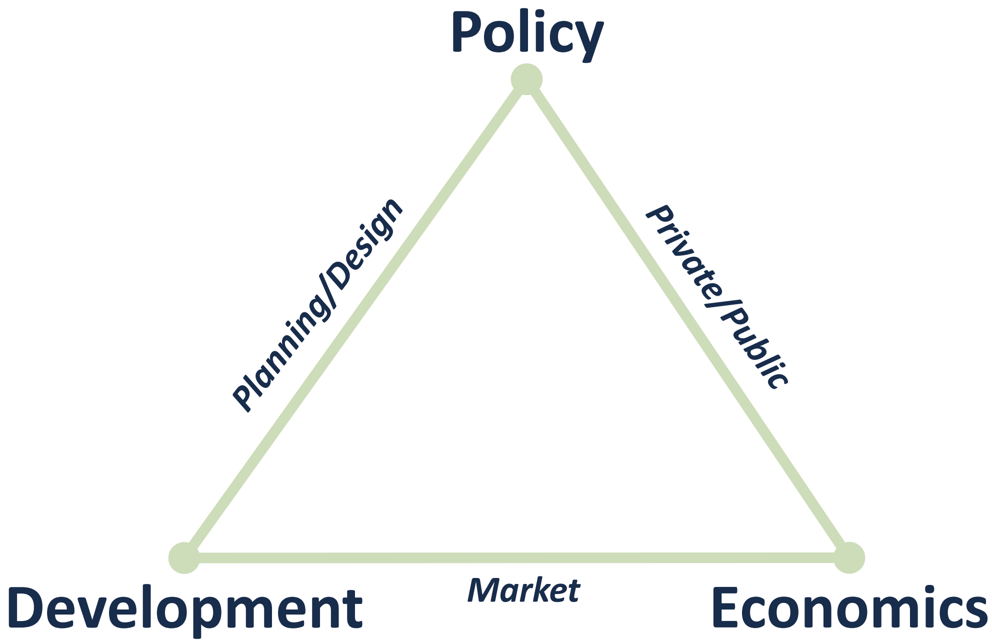
- Outreach
- Existing Conditions
- Visioning
- Design Workshops
- Concept Plans

Completed or In Process

- Policy and Regulations
- Implementation and Action Plan

Through Jump Start Process

How does it get started?



"In order to affect change in the way the built environment is created, one must first understand the relationships that exist between the governing elements that control how the built environment comes together."

Michael Hathorne

http://transformplace.wordpress.com

POLICY – Adopting Key Policies and Plans

The first steps are challenging, but the most important:

- **Adopt the Zoning and Implementation Plans**
- Write and enact city-wide legislative policies that will **guide sustainable development**
- **Create relationships** with key local, regional and federal groups that will help source funding
- Focus on one area to make it completely successful, then move on to adjacent areas, **grow the pie incrementally**
- **Ultimately: TRACK PERFORMANCE**

POLICY – Performance Measures (PM)

PM Framework

- Customized framework for each plan
- Connects federal (FSI), regional, and project goals
- Implementation strategies connected to performance measures
- Variety of output and outcome measures

OUTPUTS	VS. OUTCOMES
Local government's ability to influence is greater	Reflects completion of investments and on-the-ground changes
Examples: • Adoption of the mandatory form-based code • Creation of a loan guarantee program	*Examples:* • Amount of private investment in mixed use development • Change in mode share

POLICY – Example: Transportation PMs

Federal Flagship Sustainability Indicators (FSIs)	Central Arkansas Livability Index Indicators (Metroplan)	Project-Level Performance Measures – Outputs	Supported Regional Outcome * Can also be measured at project Level
• Percentage of workers commuting via walking, biking, transit, or rideshare	• Average VMT per capita • Average WalkScore • Percentage of population near (0.5 mile) a bike route • Number of roadway fatalities per 100,000 residents • Miles of paved trails per 100,000 residents	• Implementation of a SRTS pilot program • Enactment of a Complete Streets ordinance • Percentage of projects that incorporate complete streets features • Number of walk- or bike-to school events held	• *Higher percentage of workers commuting via bike/ped/transit • *Higher average WalkScore • Lower average daily VMT per capita • *Decrease in number of roadway fatalities • **Local only:* Increase in number of miles of biking facilities in project area

DEVELOPMENT – Local Investment First

Key strategies to activating a place:

- Look **local first**
- Align the plan and the policy to **reflect reality** - get local, experienced developer buy-in
  - If you are looking to create mixed-use or small lot development, seek out a developer that has actually built that product.
- **Don't expect a "silver bullet" option**, synergy between all parts is necessary for success in any development
- **Start small and build momentum**
- **Don't discount any option**, thoroughly test it before you dismiss it

DEVELOPMENT – Public Investment

Cities are incorporated, so they should make business-like decisions

- Conduct due diligence process before investment is made in a project
  - Check **references**
  - Ask for **pro-forma** analysis
  - Expect a reasonable **return on investment**
  - Prepare a **business plan** for every investment made and an exit strategy in case of failure
- Stay on track for value creation and the Virtuous Cycle of Reinvestment

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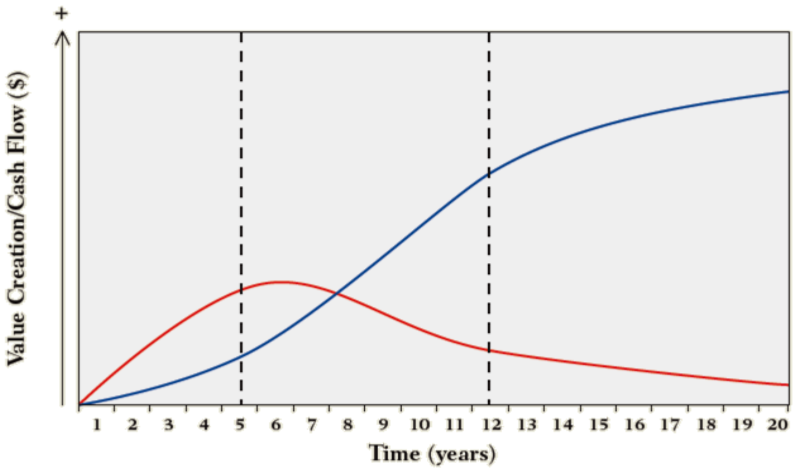

Source: Christopher B. Leinberger, Arcadia Land Co. and Robert Charles Lesser & Co.

ECONOMICS – Build Partnerships

Strategic Partners are already in your town:

- **Local banks will support local development, if the City does too!**
  - Local infrastructure investment
  - City gap financing
  - City good-faith and credit support for loan guarantees
- **Cities need regional support:**
  - Establish a sustainable communities effort in your MPO region
  - Get support or organize comprehensive planning processes
  - Help implement those plans that are ready to go
    - Help apply for state and federal funding
    - Assemble projects to create a greater impact in your region

ECONOMICS – Build on the local market

Don't focus on what you don't have; focus instead on what you do have!

- **All planning processes should have market assessments**
  - Find the base absorption with the understanding that place builds greater markets for the area
  - Find your local anchors and support their success

Jump Start and the Next American Urbanism

Jump Start Initiative will:

- Implement the Imagine Central Arkansas' Regional 2040 Long Range Plan
- Focus on building local capacity to create positive and sustainable growth
- Build development patterns that promote local and sustainable market factors
- Harness and grow local funding capacity to continue sustainable growth
- Generate a framework and business model describing how new development and redesigned infrastructure can generate long-term economic growth
- Produce a replicable process that can be utilized in similar contexts and grow the pie for neighboring communities

Jump Start is not a project with a beginning and an end –
It's a proof-of-concept initiative to demonstrate the profitability and benefits of more sustainable development.

Questions and Discussion

Additional Information:
Brad Lonberger
Direct: 817-269-1863
brad@gatewayplanning.com

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