

Transforming the Community Fabric



A Presentation by



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Why Can Infill Be **Difficult to Achieve**?

- **Unclear vision** for development of area by local government
 - Not supported and/or understood by community
 - Regulations do not support infill
 - Lack of leadership
- **Unproven/untested markets** present high development risk
 - Does the developer want to be the first one in?
 - Projected rents/revenue do not justify development costs
 - Can the developer obtain their risk adjusted return?
 - What happens if the area does not develop in the manner envisioned?
 - Timing to assemble land/structure deal

Why Can Infill Be **Difficult to Achieve**?

- Redevelopment often faces **excessive costs**
 - remediation costs associated with environmental issues
 - costs to conform to current building codes
 - inadequate infrastructure



Where Infill **Works Well**

- **Strong municipal policies and actions** as part of public/private partnership
 - clear vision for area (doing your homework up front)
 - public sector investment to help close the finance gap
 - infrastructure to lay the groundwork



Longmont Example

Roosevelt Park Mixed Use Project

- 1.55 acre site in downtown
- Largest available redevelopment site in downtown
- Former gas station and strip retail
- 200,000 SF of new development
 - 115 residential units
 - 11,000 SF retail
 - 1,400 SF arts space
 - 219 parking spaces
- \$20+ million development cost



Longmont Example

Roosevelt Park Mixed Use Project

Vision

- Catalyst for downtown
- Project meets goals in the LDDA's master plan, including new residential
- Project aligns with goals in community-based plans (LACP, Focus on Longmont, Longmont Arts & Entertainment District Plan)

City/LDDA Investment

- LDDA TIF – parking garage and arts space rental
- LDDA Downtown Improvement Program (DIP)
- City reduced / waived development fees (park and public building)
- Rebated Transportation Community Investment Fee as part for infill projects
- Reimburse developer for certain public improvements
- Total net investment of approximately \$3 million



Where Infill **Works Well**

■ **Positive Real Estate Fundamentals**

- Low inventory/high demand
- For example, Roosevelt Park provides:
 - * First market rate multifamily residential in downtown Longmont in several decades
 - * Fills a void in downtown's rental market where vacancy is less than 5%

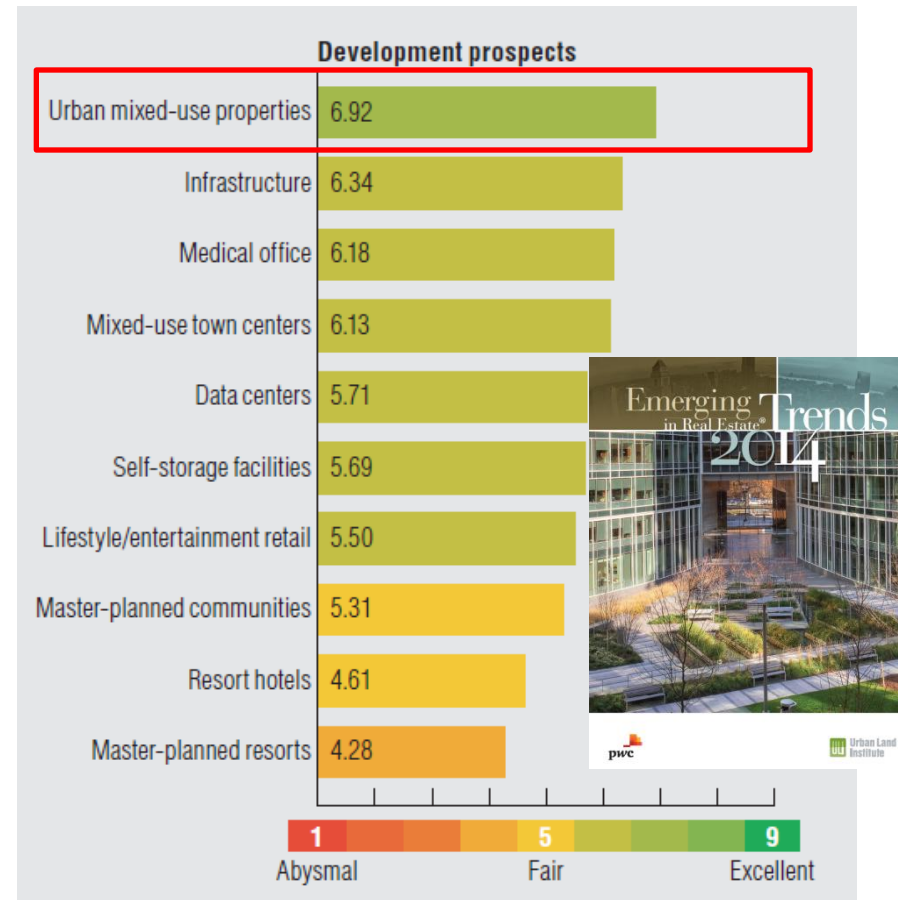
■ **Supportive Demographics**

- Positive economic/demographics in area (e.g. growing population base, increasing wages)
- Demographic shifts and its impact on real estate (e.g. Generation Y = more urban, drive less, more amenities) – will it endure??
- For example, downtown Longmont seeing new retail, entertainment options and developers looking at creative office spaces

In Closing....

- Urban mixed use clear favorite for development prospects (*Emerging Trends in Real Estate 2014*)
- Infill development needs supportive government regulations and actions
- Infill can not, by itself, bend the market
- May take a public/private partnership approach to succeed

Development Prospects for Niche and Multiuse Property Types in 2014



Source: Emerging Trends in Real Estate 2014; ULI and PWC