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Project Goal & Context

Priority Projects

Funding Toolkit

Action Plan

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## **Project Goal & Context**

Priority Projects

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Action Plan

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**Project Context** | Over the past year, the NRN Team has supported Prospect Waco's collective impact approach to economic development.

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**JOBS FOR THE FUTURE**

**D Vaughan Consulting**

**Marquez Community Strategy**

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**Project Goal** | Integrate community and Downtown development through a focus on the relationship of downtown and the ring neighborhoods.

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**Neighborhood enhancements**

**Physical connections and alignment of jobs and workforce**

**More - and more strategic - public investment**



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**Project Scope** | HR&A, Enterprise, and Marquez Strategy collaborated to develop an integrated strategy for Downtown and ring neighborhoods.

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Assess **EXISTING CONDITIONS**, including market, public policy, and physical

Identify **DOWNTOWN OPPORTUNITIES**, considering local aspiration and national precedents

Advise on **COMMUNITY DEVELOPMENT POTENTIAL** based on current plans and available resources

Support **IMPLEMENTATION**, including sources and uses, next steps for priority investments

Support **COMMUNITY DEVELOPMENT**, including program redesign with additional funding opportunities for priority neighborhoods

Deliver **DOWNTOWN AND RING NEIGHBORHOOD REVITALIZATION INITIATIVES FOR 2016 ACTION PLAN**

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**Our Premise** | Smarter and more sustained investment in Downtown & ring neighborhoods is essential to increasing citywide economic competitiveness.

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Economic opportunity exists in both Downtown and East Waco.

Market failures require attention, including public "pump priming."

Public investment will leverage private.

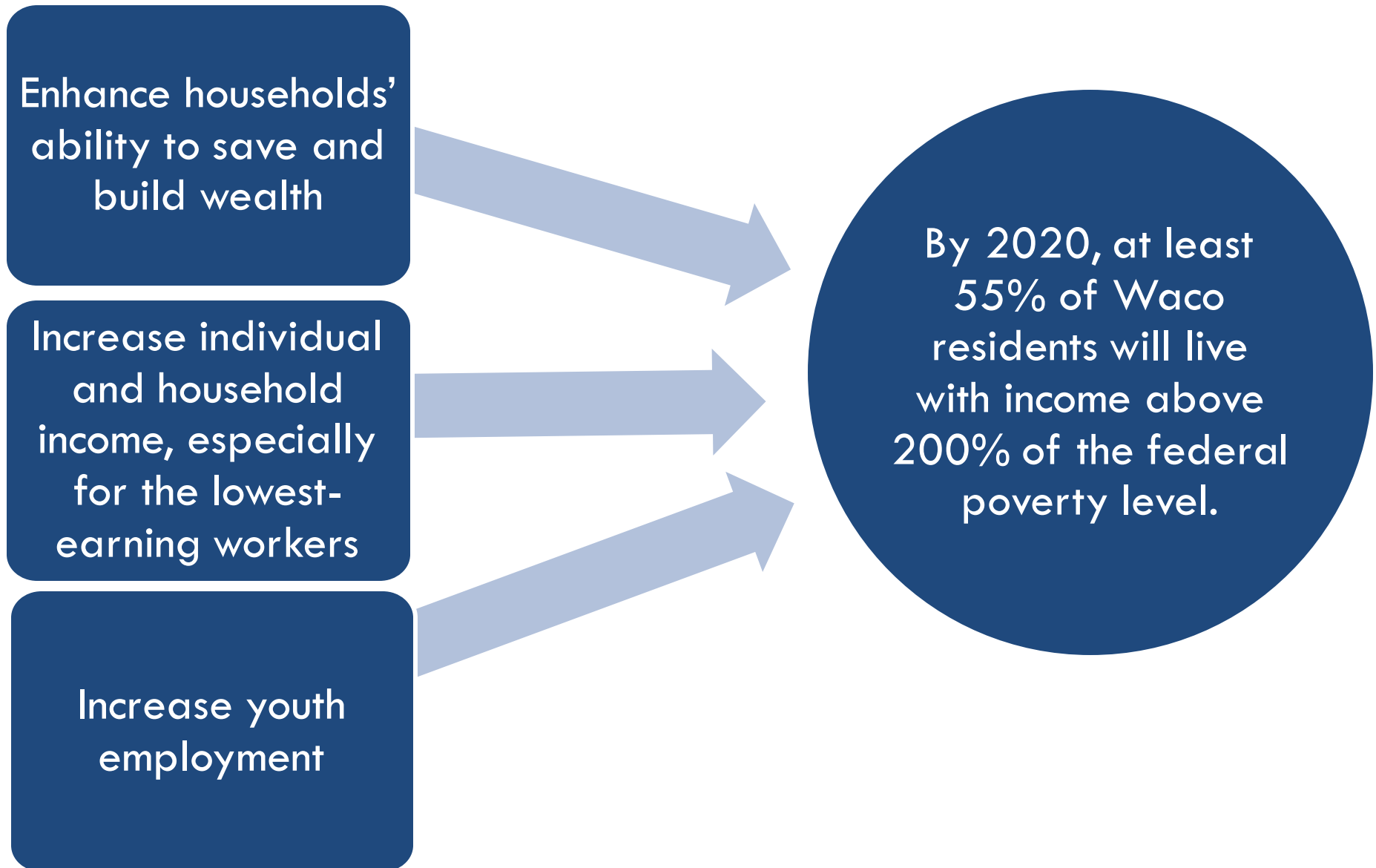
An integrated Investment Strategy should prioritize ROPI.

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**Our Premise** | Investment in Downtown and ring neighborhoods will advance Prosper Waco's Financial Security goals.

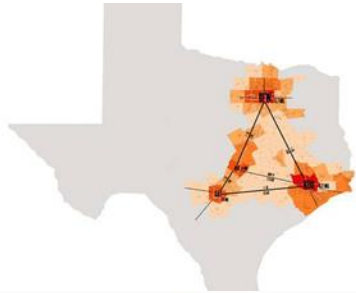
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**Downtown Opportunity** | Downtown is poised to become an economic engine for the ring neighborhoods and the city as a whole.

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**Regional Economic Strength** | State GDP growth of 4% annually, concentrated in the TX triangle



**Real Estate Development** | 1,000 new multi-family residential units in past 10 years



**Emerging Tourist Destinations** | 1M annual visitors



**Locus of Recent Investments** | Tens of millions TIF and City since 2010

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## Ring Neighborhood Opportunity | East Waco has untapped assets and opportunities for cultural preservation, housing and development.

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**Direct Connection to Downtown |** Bridge to Elm provides entrance and connection to historic commercial strip



**Leverage Public Assets |** Existing investment in park, library, fire station, schools, YMCA, housing, health clinic – all connected with clear passageways



**Build from Early Success |** Economic development along Elm Ave already demonstrates promise



**Revitalize without Displacement (Intentionality) |** Infill opportunities allow for integrated, cultural preservation and revitalization

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## Market Obstacles | Challenges to Downtown & ring neighborhood development require a strategic, well-timed, catalytic response.

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**Tourism** | Lack of place-making + limited marketing = unrealized potential for diverse destinations that could easily constitute a full day trip.



**Community Development** | Collective Impact should leverage recent library reopening, CDBG spending, and community visioning.



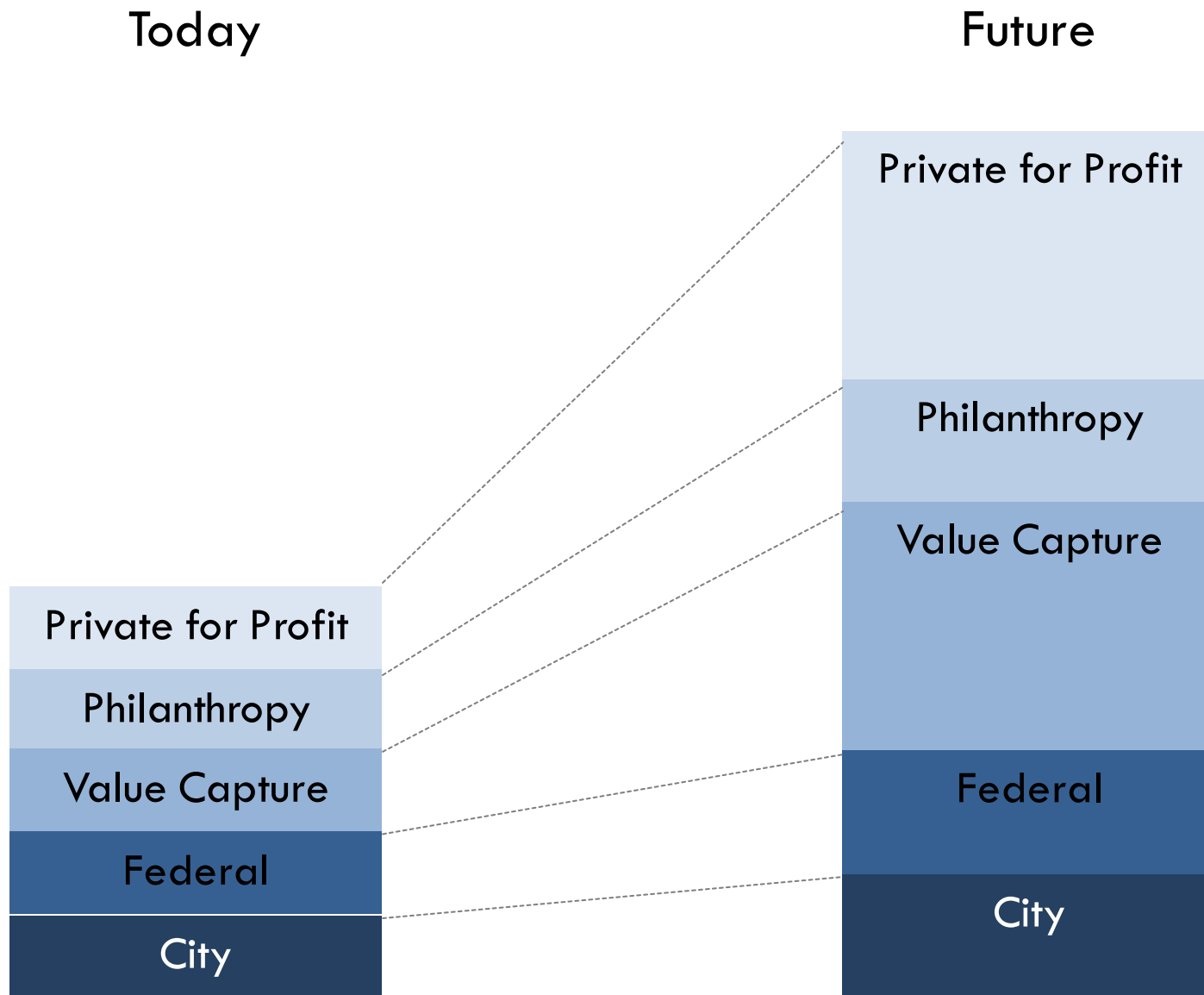
**Real Estate Market** | Market economics support moderate-density adaptive reuse residential, but not higher density or new construction.

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**Investment** | Public investment has the potential to catalyze private investment: 3<sup>+</sup>:1 leverage ratios are plausible.

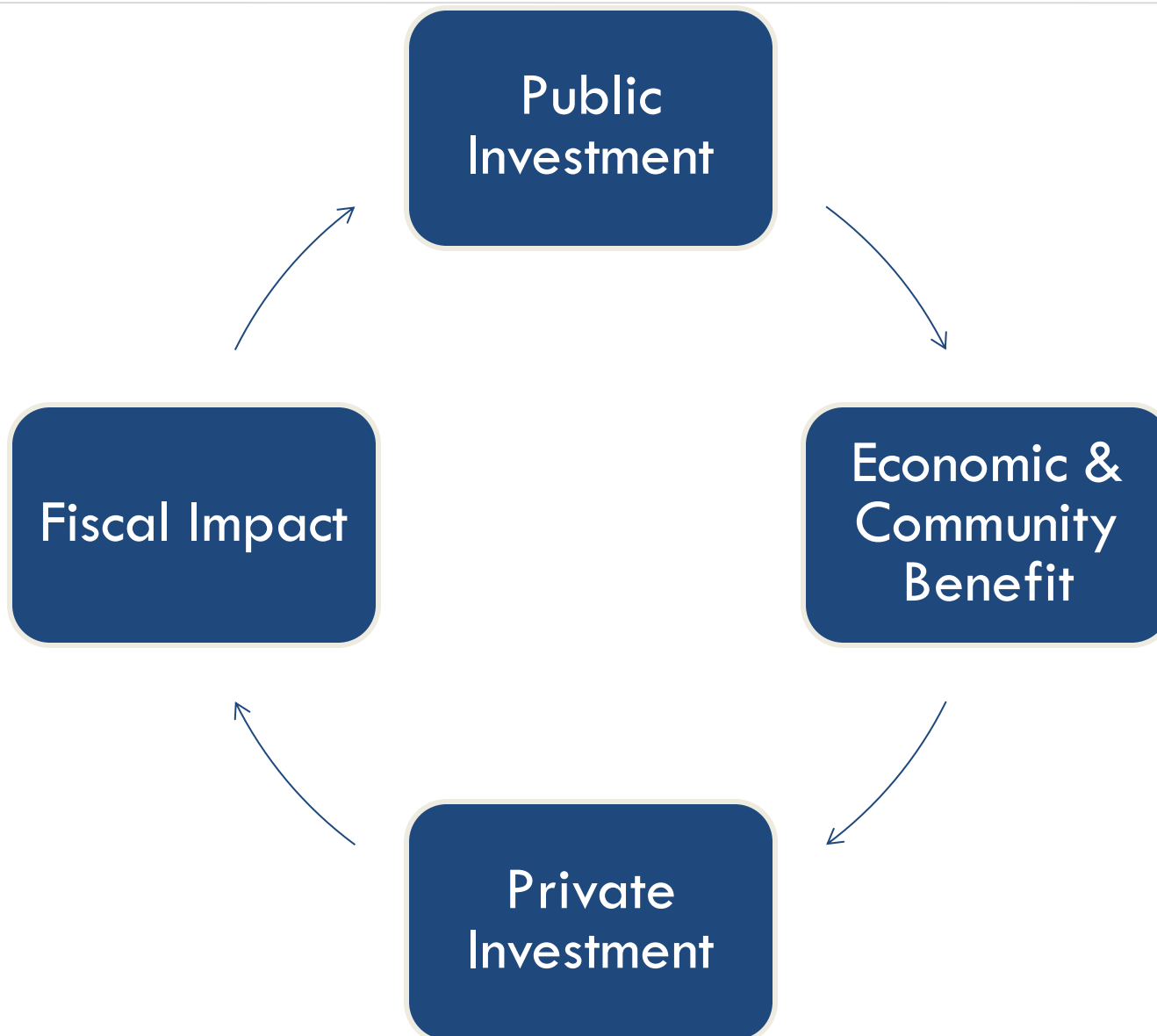
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**Investment** | The public sector may need to make the first move in this virtuous cycle.

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**Preliminary Opportunities** | We identified five catalytic opportunities for Downtown & ring neighborhood development.

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**Align publicly-controlled investment** with economic goals

Enhance and clarify the real estate development **incentive toolbox**

Designate a **tourism and entertainment** district

Streamline and enhance Downtown **marketing and programming**

Designate a cultural, mixed-use preservation district as **ring catalyst**

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**Proposed Initiatives** | Our assessment suggests a focus on 5 investment types, from among which priority projects should be chosen.

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***Streetscape and Connectivity:***

- Improve pedestrian connectivity and experience in Downtown and to/from key ring neighborhoods

***Parking and Transportation:***

- Improve transit, both within and to Downtown

***Real Estate Development***

- Leverage relative residential market strength, high community impacts in ring neighborhoods, and federal funds
- Support commercial experimentation, including live/work, micro-enterprise, incubation and nonprofit space

***Arts and Culture:***

- Create a cultural, mixed-use district along Elm Ave

***Public Space:***

- Target capital investment in programmed parks and gateways
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**Development Strategy** | Today, we describe specific projects that advance goals given opportunities, along with an implementation plan.

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## Priority Projects | Catalytic investments can support revitalization.

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**Context** | Realizing existing plans for Downtown and ring neighborhoods will require hundreds of millions of dollars of capital investment.

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<b>Project Type</b>	<b>Contemplated Projects</b>
Streetscape & Connectivity	23
Parks	7
Private Development	43
Arts and Culture	5
<b>Total</b>	<b>78</b>

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**Context** | Aspirations almost certainly exceed available resources.

Funding Source	2015 Budget
<b>Downtown Development</b>	<b>\$6,850,000</b>
PID	\$975,000
DDC	\$280,000
Downtown TIF	\$5,600,000
<b>Other Community &amp; Economic Dev.</b>	<b>\$15,250,000</b>
CVB	\$4,440,000
WMCEDC	\$1,500,000
City of Waco	\$1,240,000
HOME	\$480,000
Section 108 Loan (Authority)	\$6,500,000
CDBG	\$1,030,000
African American Chamber	\$70,000
Hispanic Chamber	\$70,000

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**Context** | The TIF's major (\$100k+) Downtown investments have been ad hoc.

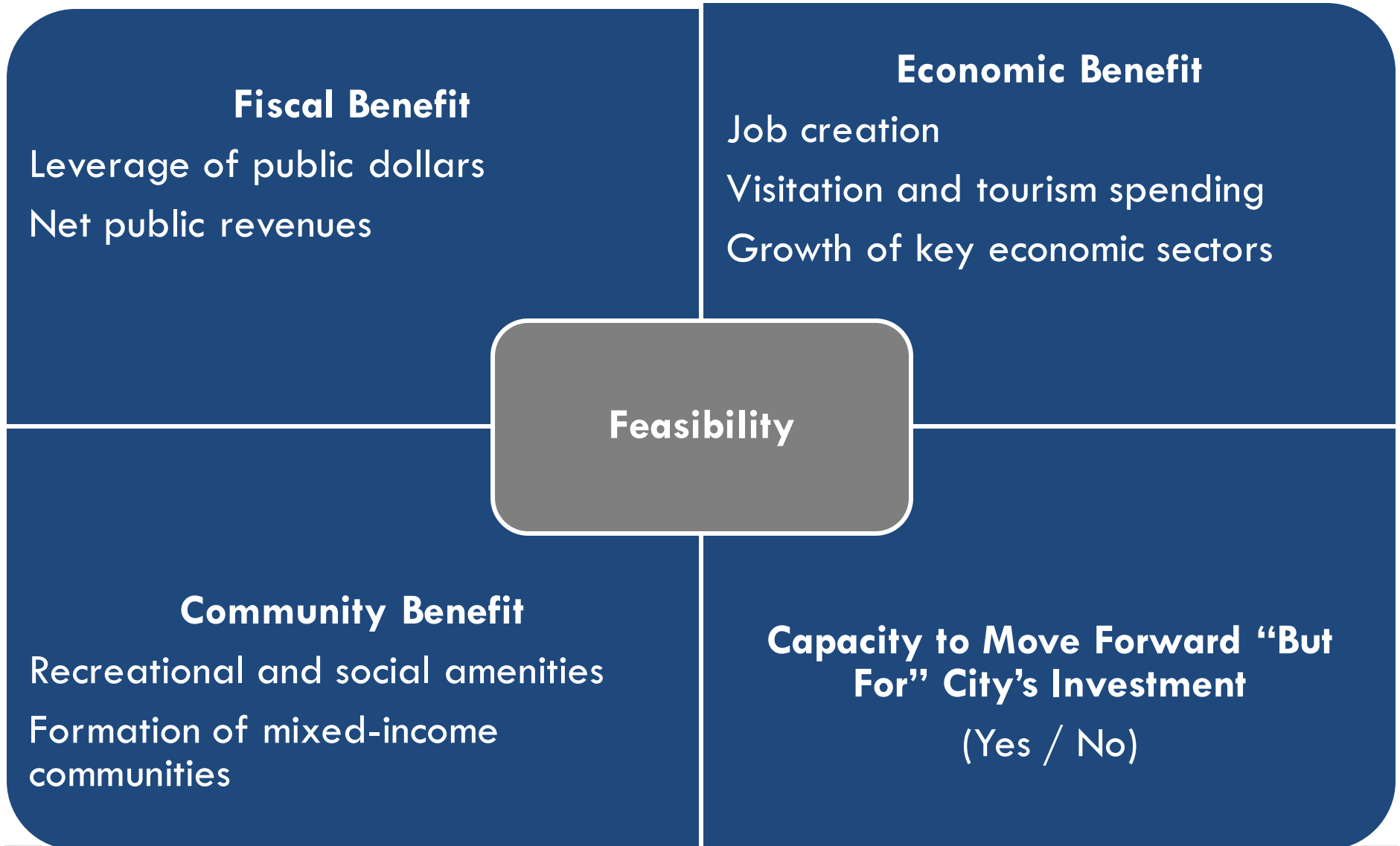
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**Approach** | Four sets of performance-based, publicly disclosed investment criteria can maximize the impact of limited resources.

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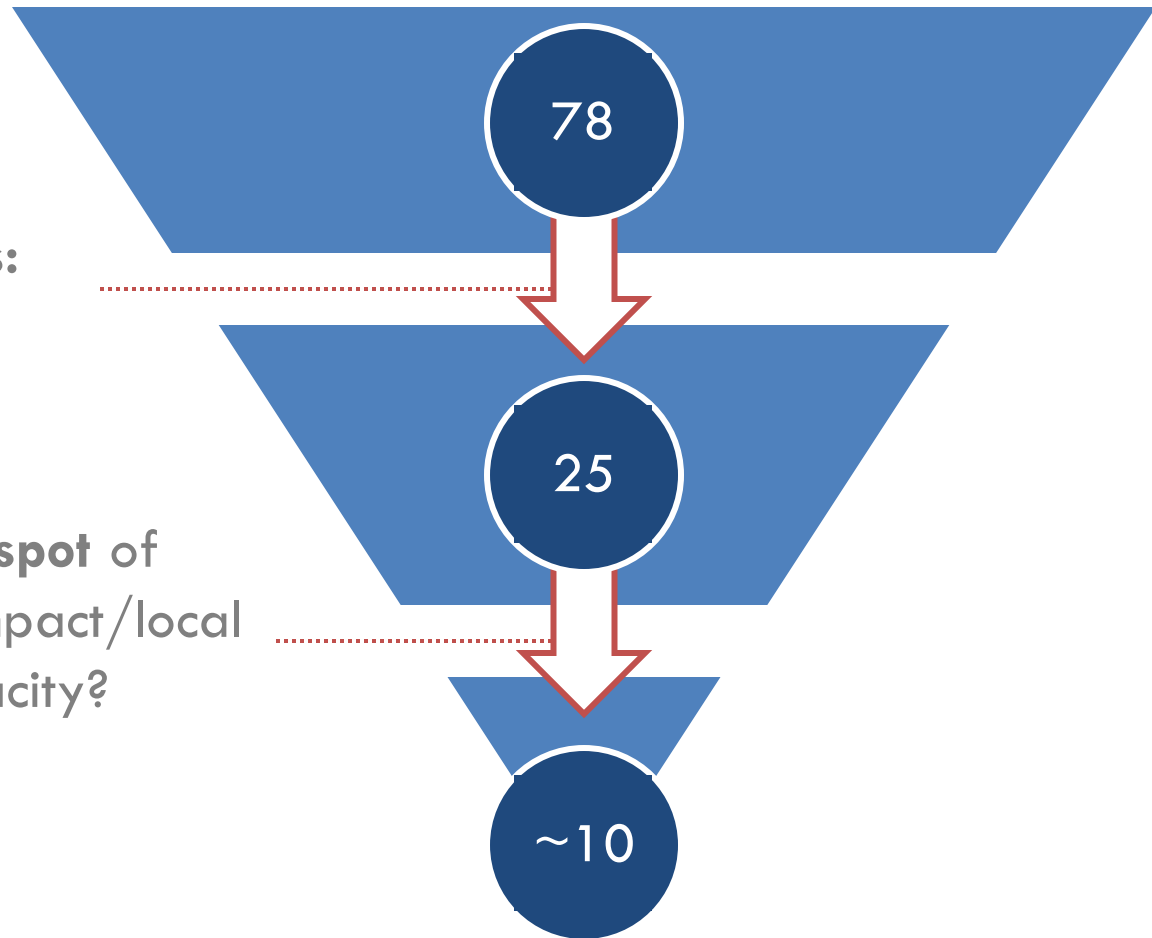
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**Approach** | We applied the 4 investment criteria to contemplated Downtown and ring neighborhood investments to identify priorities.

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**Contemplated Investments:**  
Do projects meet criteria?

Where is the **sweet spot** of  
greatest potential impact/local  
implementation capacity?



**Key Investments & Investment  
Strategy**

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**Key Investments** | Of 78 contemplated investments, these ~10 offer the highest net impact.

	Econ	Community	Fisc	Net Impact
<b>Streetscape and Connectivity</b>				
Downtown sidewalk network	High	High	High	High
Pedestrian connect to E. Waco	Medium	High	Low	Medium
<b>Parks</b>				
Riverfront	Medium	High	Medium	Medium
Downtown	Medium	High	Medium	Medium
East Waco	Low	High	Low	Medium
<b>Parking and Transportation</b>				
BRT along Franklin Avenue	Medium	High	Low	Medium
<b>Real Estate Development</b>				
Heritage Sq and Riverfront	High	Medium	High	Medium
Mixed-income in E. Waco (Elm)	Low	High	Low	Medium
<b>Arts and Culture</b>				
Public art	High	Medium	Low	Medium
Downtown cultural institution	High	Medium	Low	Medium
E. Waco Cultural	Medium	Medium	Medium	Medium

**Investment** | These early moves can generate momentum to support ongoing revitalization..



**Greensboro, NC**



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**Funding Toolkit** | Priority projects will require new and/or reallocated funds.

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**Development Resources** | The City currently employs a range of funding tools for Downtown & ring neighborhood development.

**Current Downtown & Ring Neighborhood Funding**

Incentive	Community Develop	Infrastruc	Civic / Cultural	Real Estate Develop
HOME	Red	White	White	White
Section 108	Red	White	White	White
Tax Foreclosures	Red	White	White	White
CDBG	Red	Yellow	Yellow	White
TIF	Yellow	Red	Yellow	Yellow
Direct City investment	Red	Red	Red	Yellow
Below-Market Land Sale	White	Yellow	Red	Red
Property Tax Abatements	Red	White	White	Red

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## Development Resources | There may be opportunities to increase access to Downtown resources.

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Access public/TIF revenues up-front via **bond financing** to invest in future growth

Tap into **public land value** (e.g., proceeds from sale) for infrastructure and real estate development

Solicit **patient capital** from key businesses and institutions to support accretive investments

Extend the **TIF boundaries** to encompass additional development potential

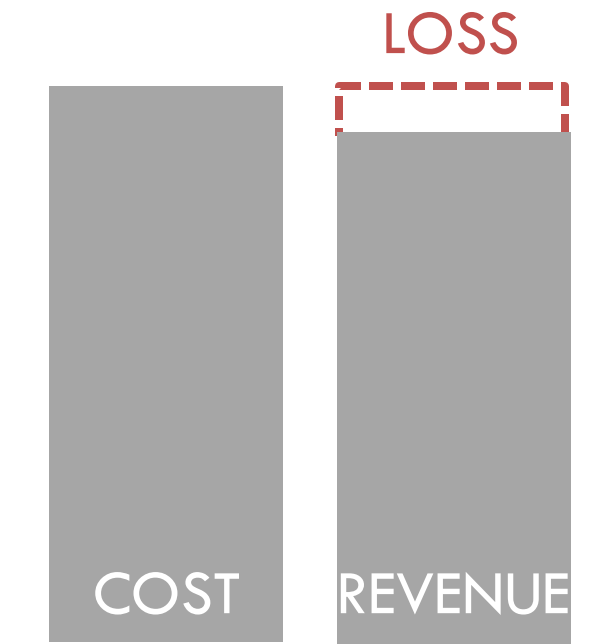
Pursue **additional community development** resources: Federal Competitive, Foundations, Tax Credit (LIHTC/NMTC)

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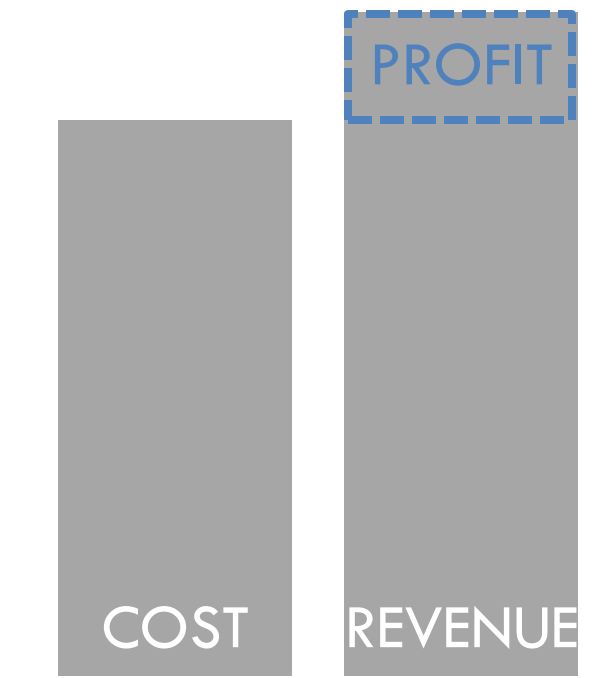
## Real Estate Development Incentives | Efforts to attract private development must address the development feasibility gap.

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### INFEASIBLE



### FEASIBLE



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# Real Estate Development Incentives | Incentives address this gap to reduce developer costs or increase revenues.

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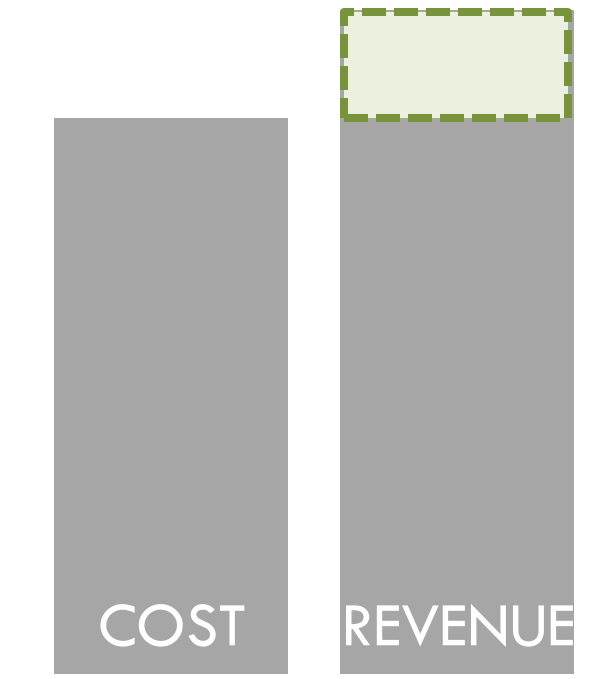
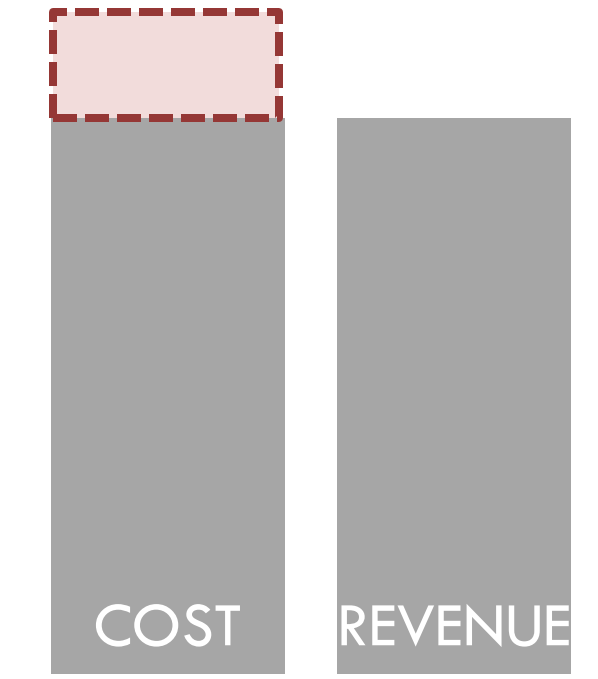
## REDUCE COSTS

*(CAPITAL, OPERATING, and TRANSACTIONAL)*

*Subsidy (Grant or Low-Interest Loan)  
Tax Abatements or Incentives*

## INCREASE REVENUES

*Incentive Zoning  
(Greater Density, Reduced Parking Requirements, etc.)  
Infrastructure Investment*



**Real Estate Development Incentives |** The City’s existing tools have varying impacts on development feasibility.

Incentive	Reduce Cost		Reduce Risk	Increase Revenue
	Capital	Operating (incl. debt)		
TIF (Project Reimbursement)	■			
Direct Grants	■		■	
Neighborhood Infrastructure			■	■
Property Tax Abatement		■		
Below-Market Land Sale	■	■	■	

**Real Estate Development Incentives** | Public sector risk tolerance > developer's (discount rates) = up-front incentives are most impactful.

Incentive	Reduce Cost		Reduce Risk	Increase Revenue	Developer Impact (per \$1 incentive)
	Capital	Operating (incl. debt)			
TIF (Project Reimbursement)					<\$1
Direct Grants					>\$1
Neighborhood Infrastructure					???
Property Tax Abatement					<\$1
Below-Market Land Sale					>\$1



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## Real Estate Development Incentives | Both direct incentives and process improvements can provide high net impact to developers.

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### Eliminate obstacles

- Encumbrance of off-site infrastructure increases project costs > City's infrastructure cost
- Poor public infrastructure limits development feasibility

### Streamline process

- Transparent City goals and availability for funds
- "As of right" incentives in priority development areas, contingent on project need

### Explore new tools

- Low-interest revolving loan fund to reduce risk and financing costs?
- 380 agreements to provide predictability for reimbursement?

**Funding Strategy |** Align new and existing funding sources with optimal uses to maximize efficacy of Downtown investment.

Incentive	Community Development	Infrastructure	Civic / Cultural	Real Estate Development
HOME				
Section 108				
Tax Foreclosures				
CDBG				
<b>Federal Competitive</b>				
<b>LIHTC/NMTC</b>				
<b>Foundation</b>				
TIF				
Direct City investment				
<b>Below-Market Land</b>				
<b>Patient Capital</b>				
Prop. Tax Abatements				
<b>380 Agreements</b>				

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**Action Plan**

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**Action Plan** | New/modified policies and capacities can support implementation of priority projects.

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**Action Plan** | Three interventions are essential to near term success.

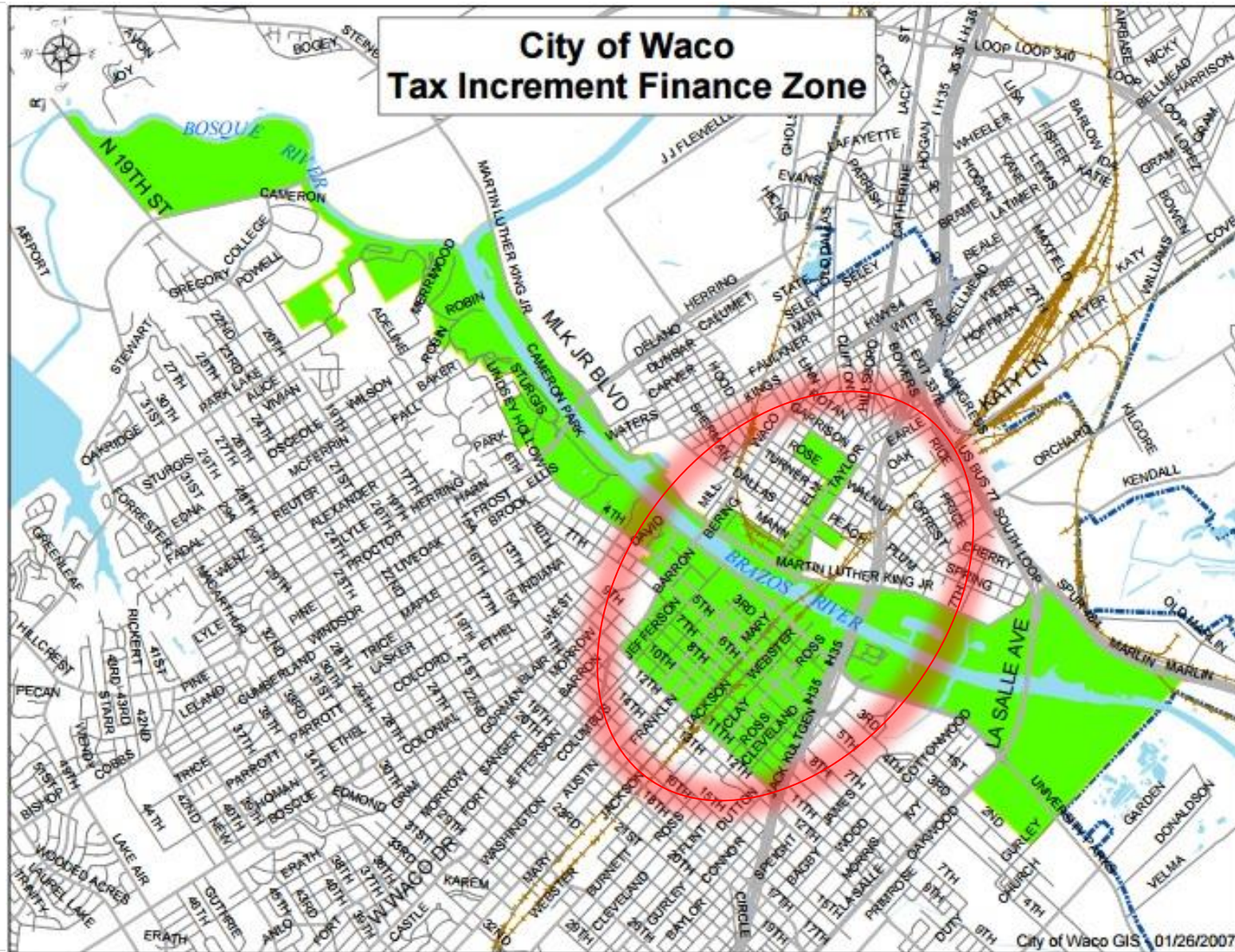
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Modify **TIF** to support district-scale infrastructure investment.

Facilitate collaboration and **leadership** for Downtown development and activation.

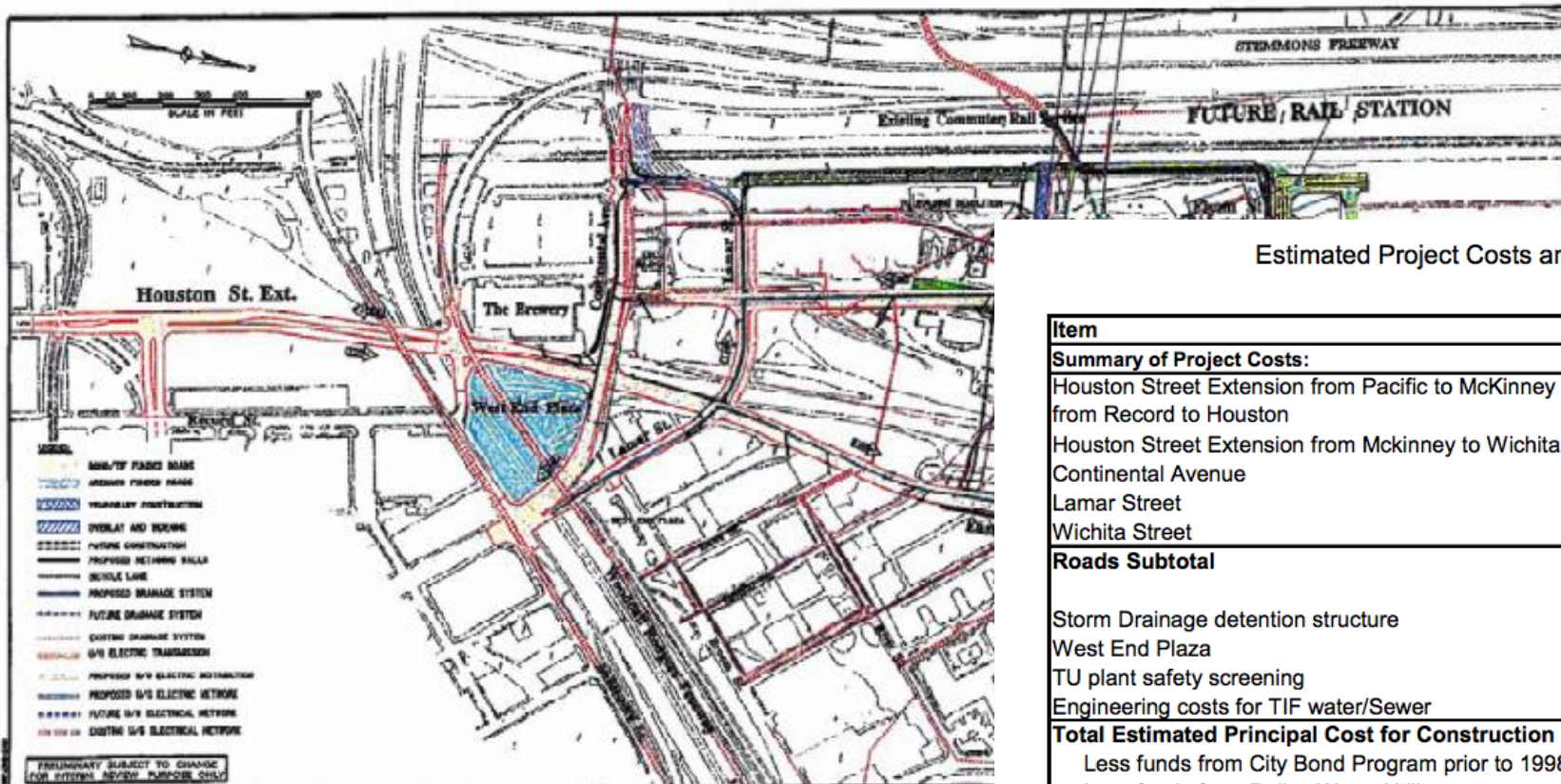
**East Waco** preservation, engagement, and empowerment strategy

**TIF** | An expanded geography can better support investment throughout Downtown/ring neighborhoods and leverage additional increment.



**TIF** | In other TX cities, a Project Plan clarifies and advances a capital investment strategy. It also provides certainty to developers.

## Victory / West Dallas Project Plan

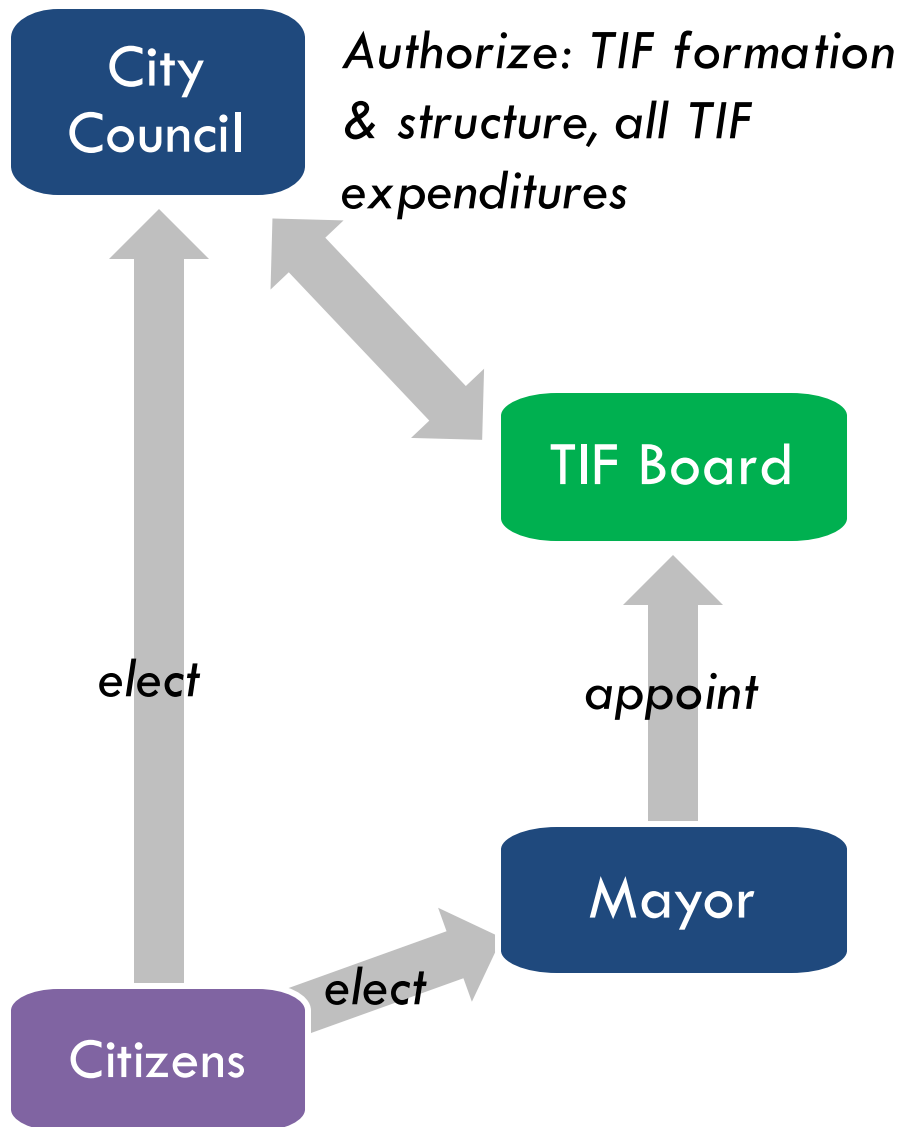


Estimated Project Costs and Interest

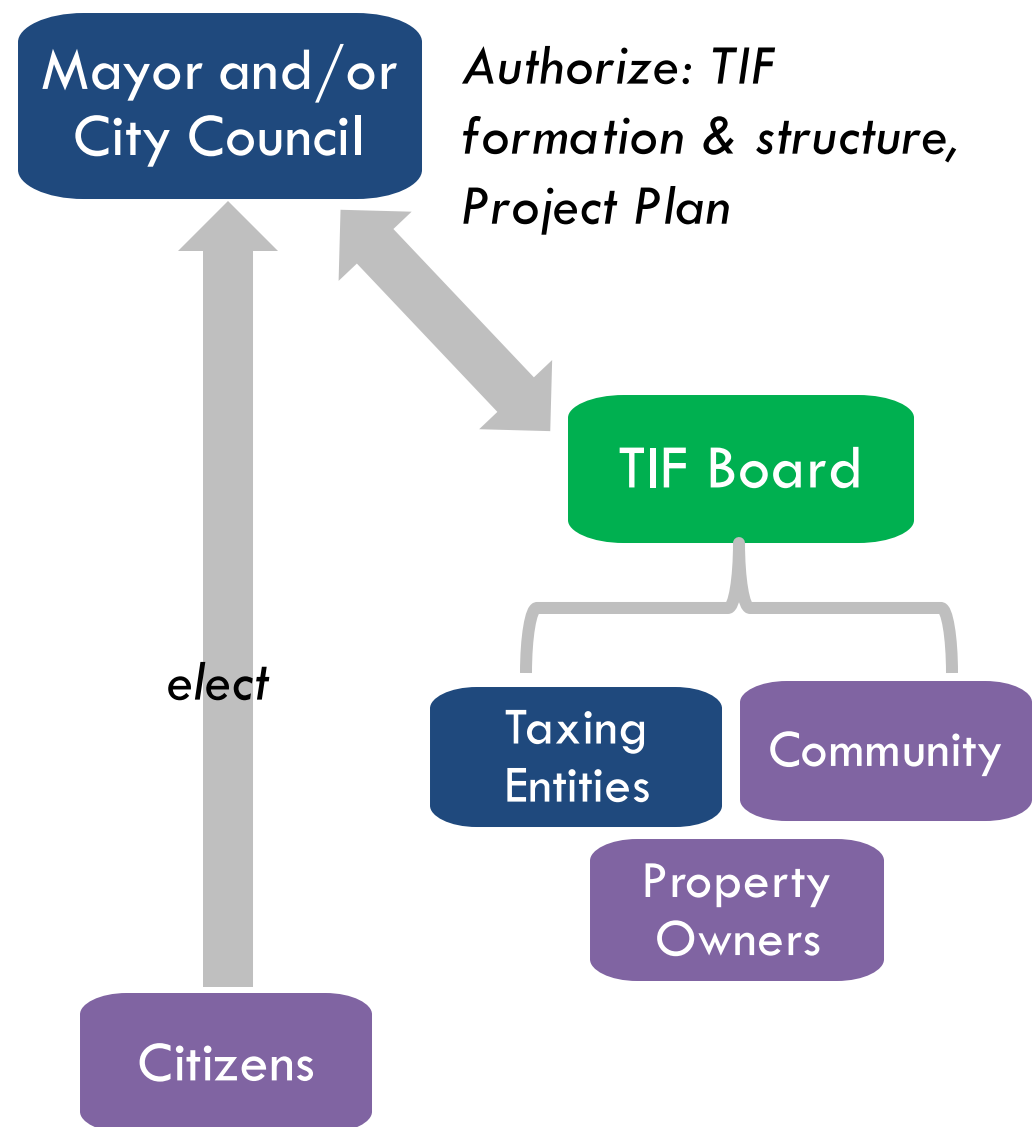
Item	Cost
<b>Summary of Project Costs:</b>	
Houston Street Extension from Pacific to McKinney and Ross	
from Record to Houston	\$6,681,638
Houston Street Extension from Mckinney to Wichita	\$16,556,413
Continental Avenue	\$4,068,398
Lamar Street	\$1,745,577
Wichita Street	\$3,886,568
<b>Roads Subtotal</b>	<b>\$32,938,592</b>
Storm Drainage detention structure	\$1,834,950
West End Plaza	\$2,000,000
TU plant safety screening	\$569,400
Engineering costs for TIF water/Sewer	\$143,347
<b>Total Estimated Principal Cost for Construction</b>	<b>\$37,486,288</b>
Less funds from City Bond Program prior to 1998	\$750,000
Less funds from Dallas Water Utilites	\$538,200
Less funds from May 1999 City Bond Program	\$11,210,000
<b>Net Principal Cost paid by Developer, Reimbursed by Fund**</b>	<b>\$24,988,088</b>
<b>Administrative Fees to City</b>	<b>\$510,000</b>
<b>Estimated Interest Expense (as of 09/30/2011)</b>	<b>\$14,927,193</b>

**TIF** | With a City-approved Project Plan, the TIF can streamline approvals, precluding slowed development.

**Current Approvals**



**Potential Approvals**





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**Leadership** | Effective implementation of priority projects requires diverse capacities.

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Planning

Design Oversight

Developer Engagement &  
Entitlements

Community Engagement

Clean & Safe

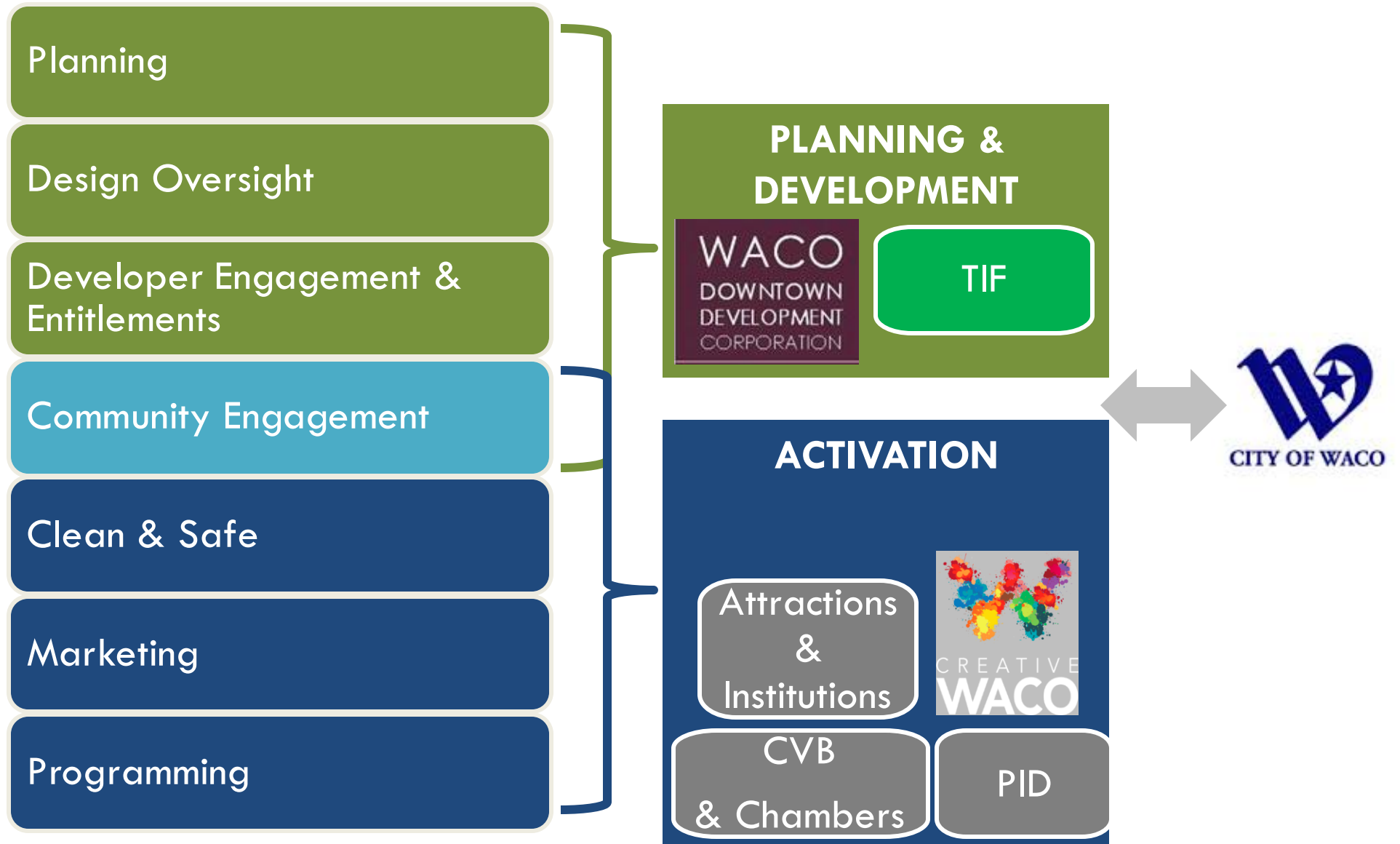
Marketing

Programming

**Leadership** | Currently multiple organizations support Downtown – but some capacities are missing.



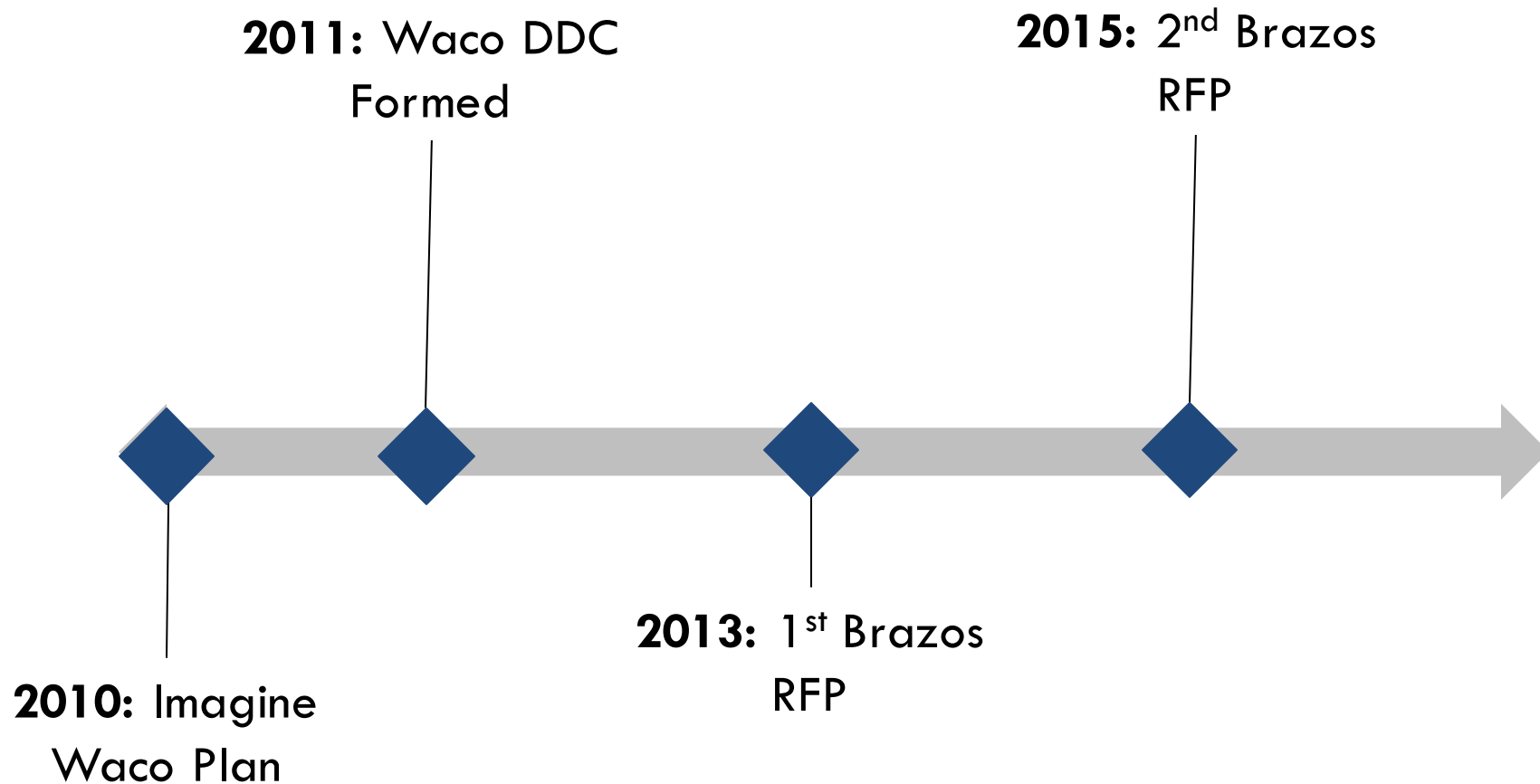
**Leadership** | Effective collective impact requires clarity of roles, especially to leverage City resources.



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**Leadership** | The ultimate success of thoughtful planning efforts requires empowered implementation entities.

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**Leadership** | An empowered *Downtown* leadership entity does not currently exist.

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**Current**

			
CAPITAL PLANNING			
INFRASTRUCTURE DEVELOPMENT	<b>LEAD</b>	stakeholder	
DEVELOPER ENTITLEMENTS	<b>CO-LEAD</b>	stakeholder	<b>CO-LEAD</b>

**Leadership** | Improve DDC Capacity in Capital Planning, consistent with its mission, to fill this gap.

**Potential Concept**

			
CAPITAL PLANNING	Oversight	<b>LEAD</b>	Fund
INFRASTRUCTURE DEVELOPMENT	<b>LEAD</b>	Oversight	Fund
DEVELOPER ENTITLEMENTS	<b>CO-LEAD</b>	<b>CO-LEAD</b>	Fund

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**Leadership** | Center City San Antonio employs a similar model, with great success.

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**Capital Planning:** Planning, design oversight, advocacy

Developer Engagement

Marketing & Programming

Clean & Safe



CENTER CITY DEVELOPMENT &  
OPERATIONS DEPARTMENT

**Infrastructure Development**

**Developer Entitlements:**  
Application review, approval,  
funding

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**Leadership** | Currently there is not enough programming Downtown to make it into an actively used area.

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**Leadership** | Clear leadership and enhanced collaboration could support more effective marketing and activation of Downtown.

**Current**

					
CLEAN & SAFE	Base City Services	<b>CO-LEAD</b>	<b>CO-LEAD</b>		
PROGRAMMING	<b>LEAD</b>	Stakeholder		Related Activities	Related Activities
MARKETING	Related Activities	<b>CO-LEAD</b>	<b>CO-LEAD</b>		Related Activities

**Leadership | Multiple structures could channel resources toward more effective activation.**

**Option 1: Typical Structure**

		 		
CLEAN & SAFE	Base City Services	<b>LEAD</b>		
PROGRAMMING		<b>LEAD</b>	Supportive Programs	Supportive Programs
MARKETING		<b>LEAD</b>	Coordination	Coordination

**Leadership** | Multiple structures could channel resources toward more effective activation.

**Option 2: Formalize & Support Collaboration**

					
CLEAN & SAFE	Base City Services	Support	<b>LEAD</b>		
PROGRAMMING	Support	Support	Support	<b>LEAD</b>	Support
MARKETING	Support	Support	<b>LEAD</b>	Support	Support

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**Leadership** | The Heart of Brooklyn successfully advanced a collective impact model for 10 years.

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**Leadership** | Effective leadership requires alignment of the stars.

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Responsibility

Authority

Capacity

Accountability



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**East Waco** | To move forward, the City needs to organize its efforts around three levers, with planning as overarching foundation.

### Evaluation & Planning

- Full 360 Assessment – what efforts are underway?
- Evaluate infrastructure needs and opportunities for efficiencies
- Assess neighborhood-serving commercial opportunity in East Waco

### Financing

- Consider untapped resources

### Policy & Regulation

- Zoning to support mixed-use & mixed income district

### Coordination & Governance

- Activate neighborhood engagement and empowerment

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**Next Steps** | Downtown/ring stakeholders must engage with their individual and collective functions in order to implement priority projects.

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**Capital Investment Strategy:** Imagine Waco Strategic Update / TIF Project Plan

**Downtown Activation Strategy:** Programming Calendar, Marketing Plan

**Governance Update** (as needed): TIF, DDC

**Strategic Partnerships:** Creative Waco, East Waco anchors, Downtown attractions

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**Expected Results** | The Action Plan will result in feasible advancement of Prospect Waco goals.

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**Fiscal Benefit**

Leverage of public dollars  
Net public revenues

**Economic Benefit**

Job creation  
Visitation and tourism spending  
Growth of key economic sectors

By 2020, 55% of Waco residents will have income 200+% of the federal poverty level.

**Community Benefit**

Recreational and social amenities  
Formation of mixed-income communities

**Capacity to Move Forward “But For” City’s Investment**



# National Resource Network, Waco Downtown and Ring Neighborhood Development Strategy 5/19/16



May 18, 2016