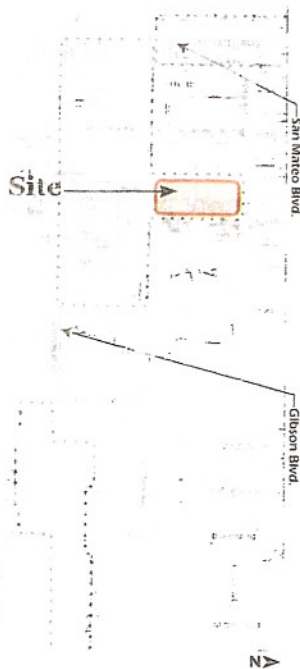


Opportunity Site #1. Eastern Ave./Alvarado St. Corner

The Eastern Ave./Alvarado St. Corner site is a 3.7-acre tract of land donated to the City by Lovelace Healthcare System. Located a block to the north of Gibson Blvd., the site currently accommodates a black-top parking lot and is surrounded by a black wrought-iron fence.



SWOT Analysis:

Strengths/Weaknesses:

- City already owns and controls the property.
- Site is vacant except for the parking lot.
- Site is only a block north of Gibson Blvd. and sits behind the Siesta Hills Shopping Center.
- On-site infrastructure is available.
- Site is a block away from public transportation to the west on San Mateo Blvd. and to the south on Gibson Blvd.
- Impact fee waiver for commercial development in a MRA area.
- Site is not on one of the major corridors (San Mateo or Gibson), so is less desirable for retail.
- Development on the site may have less impact on the area than development on San Mateo Blvd. or Gibson Blvd.

Opportunities/Threats:

- Large parcel could accommodate mixed use development—housing and a public or private use.
- Residents want space for meeting rooms, computers, family recreation, neighborhood café, small business assistance, commercial kitchen.
- Asian-American community is looking for space to construct an Asian-American Center.
- There are financial incentives available for affordable housing, although the existing residents are not in favor of deteriorated, low income apartments.
- There is potential to attract private or non-profit investment.
- Community would like more parks in the area.
- Non-profits in area need room to expand.
- Current economy is uncertain.
- Public or private investment may not be immediately forthcoming.
- Mixed-use projects are more complex to package financially.

Vision, Goals and Objectives

Vision: Eastern Ave. / Alvarado St. site is a new mixed-use project on 3.7 acres that contains a) a public use such as an economic incubator and commercial kitchen, b) office space for non-profit organizations potentially with for-sale housing on the same lot or upper floors, c) an Asian-American Center with garden/plaza, or d) a public plaza with two-story townhomes. Each option includes a public plaza.

Goal 1. Develop a mixed-use project consisting of a public use, such as an economic incubator and or commercial kitchen; office space for non-profit organizations; a café; condominiums or two-story townhomes; a plaza and shared parking.

- **Objective 1.** Secure a public use and potential tenants for the non-profit office space, with funding.
- **Objective 2.** Develop a public-private partnership between COA and a private developer to build for-sale housing on the property.

Alternative Goal. Develop an Asian-American Center with a garden, plaza and possible housing.

Implementation

To achieve this vision, the recommended development strategy is for the City to work with the a City agency or non-profit organization to secure a public or non-profit use—if such a use is to be included in the site program—then develop an RFP to partner with a developer to build for-sale office space and condominiums or townhomes. A zone change may be required to allow an economically feasible, mixed-use project to be developed on this site. The existing O-1 (Office) zoning may have to be changed to SU-1 zoning for specific uses, which would require a site development plan to be approved for the site. The City and the selected developer(s) should enter into a development agreement providing for sale of the property to the developer.

The community also recommends first holding a design charrette and incorporating international elements into the design.

Implementation Steps

- Secure a public and/or non-profit use and/or private housing developer
- Research potential funding sources for feasibility, construction costs, operations
- Research the program, the square footage needed and the type, number, and size of housing units.
- Conduct a project-specific market analysis to determine price points.
- Determine adequacy of infrastructure (water, sewer, utilities) or necessary upgrades
- Prepare site-specific plan
- Prepare RFP package
- Select developer for project through RFP process
- Development agreement

Potential Partners/Tenants

- District 6 Coalition
- St. Joseph's Community Health
- South San Pedro Neighborhood Association
- Southeast Heights Health Coalition
- The Southeast Team for Entrepreneurial Success (STEPS)
- Endorphin Power Company
- First Nations Community Health Source
- The Women's Collective, a Project of St. Joseph's Community Health

Financial Analysis

To give a preliminary sense of financial feasibility and to determine how much public subsidy may be required, the following section presents a financial analysis of a hypothetical redevelopment project for the Eastern Ave./Alvarado St. Corner site.

Table 2. Eastern Ave./Alvarado St. Corner Proposed Building Program

Description	Land Area (SF)	Building Area (SF)
New office space	15,300	15,300
New condominiums	50,331	85,362
Cafe	2,090	2,090
Public Facility	9,522	9,522

• Project Costs

□ Land acquisition

Land was donated to the City so land costs were set at "0" in the pro forma calculations.

□ Site Development Costs

Site development includes demolition and grading, the plaza and patios, common landscaping, and other streetscape elements such as sidewalks, site furnishings, pedestrian lighting, screen walls, specialty paving, shade structures, and bollards. Total site development costs are estimated to be \$835,200.

□ New Building Construction

For this hypothetical project, the following building space would be constructed:

- 15,300 square feet of office space / 76 parking spaces
- 85,362 square feet of for-sale residential space (approximately 77 condominium units) / 115 parking spaces
- 2,090 square feet of café space / 33 parking spaces
- 9,522 square feet of public facility space / 47 parking spaces

residential and a blended rate of \$135 a square foot (including tenant improvements) for the office/commercial/public facility space. Total building construction costs are estimated to be approximately \$3.1 million for the office space and cafe, \$7.2 million for the condominiums, and \$1.6 million for the public building.

□ **Services and Fees**

Professional services and fees, construction interest, water and sewer charges, and permits-- known as "soft costs"—were calculated at 12 percent of hard costs. They are included in the total construction costs for each type of use.

□ **Financing Costs and Interim Interest**

These costs were built into the total construction costs for each use.

Table 3. Estimated Project Costs: Eastern Avenue/Alvarado Street Corner

<u>Land and Building Acquisition</u>		<u>3.7 Acres</u>	<u>\$0</u>
Site Development Costs			\$828,200
Demolition and Grading			\$65,000
Plaza/Patios			\$65,500
Landscape			\$155,000
Other Streetscape elements			\$542,700
New Construction (Hard and Soft Costs)			\$10,049,478
Office and Commercial Space		17,390 SF	\$2,924,000
Residential Space		85,362 SF	\$5,815,000
Public Facility Space		9,522 SF	\$1,309,700
Total Project Cost			\$10,877,678

• **Income and Expense Analysis**

□ **Assumptions**

- Total residential construction costs plus a 10 percent profit allow the condominiums to be sold at \$100 a square foot. The square footage costs include parking construction. Higher prices might generate a subsidy for the office component.
- The public facility construction cost and rent would be contributed by government funds.

□ Feasibility

- Break-even commercial rents for the office and restaurant spaces came to a (blended) rate of \$19.94 a square foot. While this is just below the median rent for the Southeast Heights for the first quarter of 2009, it is still high for this area of town. More realistic lease rates might be between \$10 and \$15 a square foot for new office space, which would require additional subsidies. A vacancy rate of 5% is factored in. Square footage costs cover parking construction.
- This part of the project would deliver a cash-on-cash return of 8% and has a cap rate of about 9.6%.
- Debt service expense assumes a 20-year mortgage at 8.0% on a maximum loan-to-value of 75%.

□ Remaining Costs



- The remaining costs unaccounted for in the commercial rent or residential sales figures are those for demolition and grading, patio and plaza, landscaping, and streetscape elements. The total for these is an estimated \$828,200.

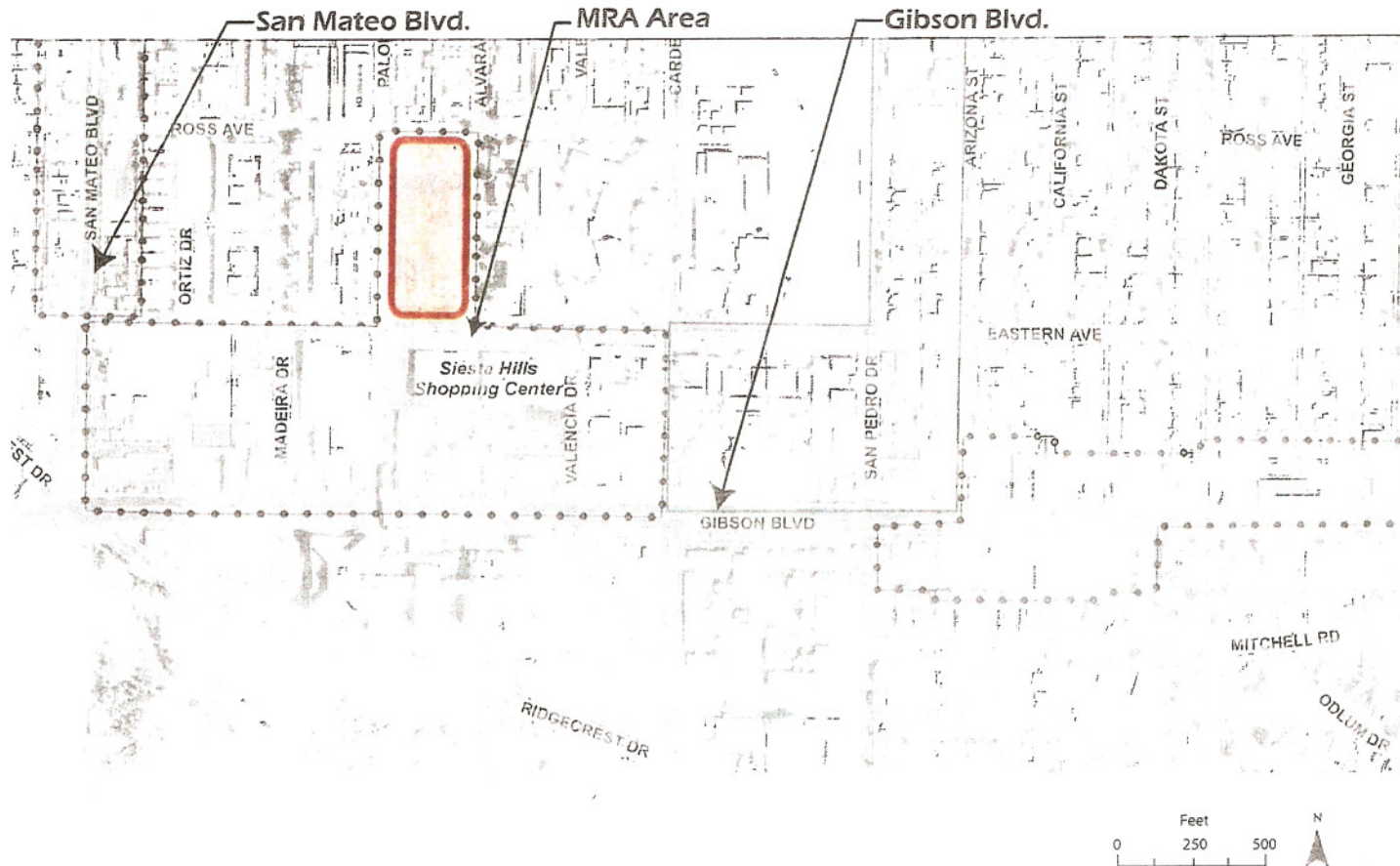
• Benefits

The proposed project for the Eastern Ave./Alvarado St. Corner would further Redevelopment Strategy 4 by helping non-profit organizations and other businesses expand in the area and by drawing on existing residents' special talents to help them create new businesses in the MRA. It also would support Redevelopment Strategy 2 in drawing more residents to the area by providing more home ownership opportunities. The proposed project would bring the following benefits.

- It will provide a lower-cost space for a public use or local non-profit services working with the community.
- It will provide opportunities for home ownership.
- It will add households to the trade area.
- It will increase property values in the MRA, generating Tax Increment Financing (TIF) funds for further improvements in the MRA.

The corner site at the intersection of Eastern Ave. and Alvarado Street provides an opportunity for public/private development that could combine for-sale housing with other potential uses.

 Facility Project Site
 Boundary of MRA expansion area



The Boulevard – Kirkland, WA

The Boulevard is a three story building with a multilayerd front that features small enclosed patios for some units. The design of the building interprets downtown Kirkland's Strategic Plan and combines an existing pedestrian walkway with landscaped plazas and through-ways. The building has 167 condominiums ranging from studios to 2+ bedrooms, a fitness club and business center.

Figure 5. Opportunity Site # 1 Eastern Ave. - Alvarado Street Corner

facility development at the NW corner of Eastern Ave. and Alvarado Street could include a public or nonprofit use, housing, meeting rooms, office space, computer access, family recreation, or all of the above. These photographs represent examples of these types of projects.



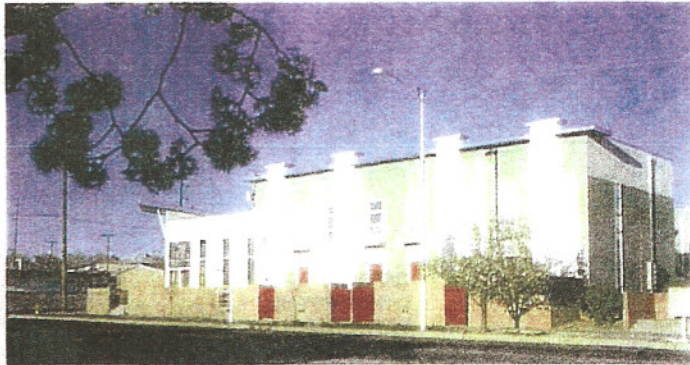
Fruitvale Village, Oakland, CA - The 15-acre Fruitvale Village replaced a BART parking lot in Oakland, CA with 114,510 SF of office space, 39,707 SF of retail space and 47 one and two-bedroom rental lofts and apartments. Anchor tenants were non-profit organizations such as Head Start, a medical clinic, and a senior center.



South Valley Economic Development Center
Albuquerque, NM



Townhomes - South Broadway, Albuquerque, NM



San Diego Science Center - San Diego, CA

