Jump Start Initiative

- Why Jump Start?
  - Imagine Central Arkansas, Jump Start and the Next American Urbanism

- 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 Initiative will:

- Implement the Imagine Central Arkansas’ Regional 2040 Long Range Plan for sustainable and livable communities
- Focus on building local capacity to create positive and sustainable growth patterns
- Building development patterns within the existing fabric 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
Imagine Central Arkansas

- 671,459 Residents
- 22% of Arkansans
“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.”

THE NEXT AMERICAN URBANISM
http://transformplace.wordpress.com/the-next-american-urbanism/
Primary Focus: **align Livability Principles and Regional Goals** to create the evaluation categories

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

*Environmental issues are embedded in Livability Principles 1, 2, 4, & 6.*
WHAT ARE THE ELEMENTS?

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
WHAT ARE THE ELEMENTS?

Development – Conceptualize the Plan
WHAT ARE THE ELEMENTS?

Economics – Test the Concept

Public Investment necessary to catalyze development

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)
### What are the elements?

#### Economics – Test the Concept

**Private Pro Forma Analysis**

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
<th>Year 7</th>
<th>Year 8</th>
<th>Year 9</th>
<th>Year 10</th>
<th>Year 11</th>
<th>Year 12</th>
<th>Year 13</th>
<th>Year 14</th>
<th>Year 15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Operating Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi family</td>
<td>$129,194</td>
<td>$133,070</td>
<td>$137,062</td>
<td>$141,174</td>
<td>$145,409</td>
<td>$149,772</td>
<td>$154,265</td>
<td>$158,893</td>
<td>$163,660</td>
<td>$168,569</td>
<td>$173,626</td>
<td>$178,835</td>
<td>$184,200</td>
<td>$189,726</td>
<td>$195,418</td>
</tr>
<tr>
<td>For-sale Housing</td>
<td>$2,359,790</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>Office/Commercial</td>
<td>$134,795</td>
<td>$296,955</td>
<td>$581,394</td>
<td>$596,507</td>
<td>$953,146</td>
<td>$981,394</td>
<td>$1,126,298</td>
<td>$1,157,407</td>
<td>$1,195,021</td>
<td>$1,232,071</td>
<td>$1,268,539</td>
<td>$1,304,409</td>
<td>$1,346,715</td>
<td>$1,388,386</td>
<td>$1,429,403</td>
</tr>
<tr>
<td>Retail</td>
<td>$131,237</td>
<td>$267,697</td>
<td>$447,753</td>
<td>$459,038</td>
<td>$470,148</td>
<td>$484,735</td>
<td>$495,483</td>
<td>$506,042</td>
<td>$520,064</td>
<td>$533,888</td>
<td>$547,599</td>
<td>$560,923</td>
<td>$574,124</td>
<td>$587,106</td>
<td>$603,520</td>
</tr>
<tr>
<td><strong>Total NOI</strong></td>
<td>$2,755,017</td>
<td>$697,722</td>
<td>$1,166,209</td>
<td>$1,196,719</td>
<td>$1,568,704</td>
<td>$1,616,501</td>
<td>$1,776,046</td>
<td>$1,822,342</td>
<td>$1,878,745</td>
<td>$1,934,529</td>
<td>$1,989,675</td>
<td>$2,044,167</td>
<td>$2,105,039</td>
<td>$2,165,218</td>
<td>$2,228,341</td>
</tr>
</tbody>
</table>

| **Development Costs** |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Multi family        | $1,637,185   | $-           | $-           | $-           | $-           | $-           | $-           | $-           | $-           | $-           | $-           | $-           | $-           | $-           | $-           |
| For-sale Housing    | $2,266,000   | $-           | $-           | $-           | $-           | $-           | $-           | $-           | $-           | $-           | $-           | $-           | $-           | $-           | $-           |
| Office/Commercial   | $1,871,613   | $3,226,780   | $3,983,964   | $3,983,964   | $1,368,563   | $-           | $-           | $-           | $-           | $-           | $-           | $-           | $-           | $-           | $-           |
| Retail              | $1,465,976   | $1,890,358   | $3,983,964   | $3,983,964   | $1,368,563   | $-           | $-           | $-           | $-           | $-           | $-           | $-           | $-           | $-           | $-           |
| **Total Development Costs** | $5,603,589 | $1,890,358 | $3,983,964 | $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 | $1,934,529 | $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) | $(3,983,964) | $(1,368,563) | $- | $- | $- | $- | $- | $- | $- | $- | $- |
| **Net Cash Flow** | $(2,848,572) | $(1,192,635) | $1,166,209 | $(2,787,244) | $1,568,704 | $247,938 | $1,776,046 | $1,822,342 | $1,878,745 | $1,934,529 | $1,989,675 | $2,044,167 | $2,105,039 | $2,165,218 | $23,397,578 |

**NPV @ 10%** = **$7,945,167**

Unleveraged IRR: **22.7%**

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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.
Public Return on Investment

### Fiscal Impact

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

### Return on Investment

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Contribution</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
<th>Year 7</th>
<th>Year 8</th>
<th>Year 9</th>
<th>Year 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>-$5,500,000</td>
<td>$150,392</td>
<td>$224,985</td>
<td>$321,971</td>
<td>$331,236</td>
<td>$345,280</td>
<td>$355,184</td>
<td>$362,424</td>
<td>$372,854</td>
<td>$383,587</td>
<td>$394,633</td>
</tr>
</tbody>
</table>

#### 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.
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
WHAT ARE THE ELEMENTS?

Policy – Public Policy Alignment

- **Infrastructure**
  - Complete Streets
  - Green Streets
  - 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
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.
“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
The first steps are challenging, but the most important:

- Adopt the Zoning and Implementation Plans

- Write and enact 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
HOW DOES IT GET STARTED?

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

<table>
<thead>
<tr>
<th>OUTPUTS</th>
<th>-vs-</th>
<th>OUTCOMES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan inputs</td>
<td></td>
<td>Number of workshop attendees</td>
</tr>
<tr>
<td>Plan outputs</td>
<td></td>
<td>Number of new planned transit stations</td>
</tr>
<tr>
<td>Plan outcomes</td>
<td></td>
<td>Jobs accessible in 30 min. by transit</td>
</tr>
<tr>
<td>On-the-ground</td>
<td></td>
<td>Travel survey respondents using transit</td>
</tr>
</tbody>
</table>
## HOW DOES IT GET STARTED?

### POLICY – Example: Transportation PMs

<table>
<thead>
<tr>
<th>Federal Flagship Sustainability Indicators (FSIs)</th>
<th>Central Arkansas Livability Index Indicators (Metroplan)</th>
<th>Project-Level Performance Measures – Outputs</th>
<th>Supported Regional Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Percentage of workers commuting via walking, biking, transit, or rideshare</td>
<td>• Average VMT per capita</td>
<td>• Implementation of an SRTS program</td>
<td>*Higher percentage of workers commuting via bike/ped/transit</td>
</tr>
<tr>
<td></td>
<td>• Average WalkScore</td>
<td>• Enactment of a Complete Streets ordinance</td>
<td>• *Higher average WalkScore</td>
</tr>
<tr>
<td></td>
<td>• Percentage of population near (0.5 mile) a bike route</td>
<td>• Percentage of projects that consider CS/RTS</td>
<td>• Lower average daily VMT per capita</td>
</tr>
<tr>
<td></td>
<td>• Number of roadway fatalities per 100,000 residents</td>
<td>• Number of walk- or bike-to school events held</td>
<td>• *Decrease in number of roadway fatalities</td>
</tr>
<tr>
<td></td>
<td>• Miles of paved trails per 100,000 residents</td>
<td>• Number of new bike/ped highway and railroad crossings</td>
<td>• *Local only: Increase in number of miles of biking facilities in project area</td>
</tr>
</tbody>
</table>

* Can also be measured at project level
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 act like a business!

- 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

**HOW DOES IT GET STARTED?**

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

*Sources: Christopher B. Leinberger, Arcadia Land Co. and Robert Charles Lesser & Co.*
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
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
Discussion