Valencia Capital Management

Central Meadow Redevelopment Project

Economic Development & Housing Committee
June 19, 2006
Purpose

- Present Valencia Capital Management’s proposed Central Meadow Area Redevelopment Project to the Economic Development & Housing Committee for input and discussion
Central Meadow Area - Today

- The area consists of about 82 acres and currently contains over 2,500 deteriorating 1970’s style multi-family units built and operated in a piecemeal fashion without a pedestrian street network or adequate public open space.
- Redevelopment challenges include significant extraordinary costs for asbestos abatement, building and utility demolition, and bifurcation of the site by the DART line and a major TXU right-of-way.

Aging multi-family

Deteriorated units
Central Meadow - Today

Vacant apartments

DART connectivity needs improvement

Overhead utilities
Central Meadow Area - Today

- Much of the infrastructure in the area is inadequate to support redevelopment
- Approximately 96% of all housing is renter occupied with 35% vacancy in the existing rental units.
- Tax base of approximately $45 million and a residential population of over 5,000 persons
- The Central Meadow Area experienced a 30% higher crime rate than the City overall (based on census tract data showing the rate at 1.5 per 1,000 vs. under 1.2 for the City in 2004)
- There is inadequate park land in the area
Central Meadow - Today

- Currently the area provides needed affordable housing; however, deferred maintenance and environmental issues make the long-term viability of these units questionable.
- There is little modern medical office space north of Walnut Hill.
- The area lacks a successful retail mix.
Central Meadow - Today

- The quality of development in the area does not currently support its major employment generator – Presbyterian Hospital.
- Presbyterian Hospital is the 12th largest employer in the City with approximately 2,900 employees at the Walnut Hill location and celebrates its 40th anniversary this year.
- Presbyterian is a 866-bed facility with over 1,200 physicians on staff.
- Valencia has assembled land in the area but will only commit to a master planned development with significant public support.
Several months ago, Valencia Capital Management submitted a proposal to assist in revitalizing the Central Meadow Area (redevelopment area encompasses the neighborhood north of Presbyterian Hospital east of Central Expressway and up to the DART crossing at Royal Lane).

The proposed redevelopment area contains approximately 82 acres.

The proposed project would replace deteriorating apartment units with a mixed-use community of residential, medical offices, supporting retail development and improved pedestrian connections to the Walnut Hill DART Light Rail Station and Presbyterian Hospital.
Central Meadow Project Plan

- Staff comment on the Project Plan resulted in the inclusion of the following suggestions:
  - Connectivity to the DART Light Rail station at Walnut Hill Road
  - Realignment of Meadow and Rambler Roads to improve traffic operations in the Presbyterian Hospital area
  - Added a commitment to Design Guidelines to provide a mechanism to ensure quality development
  - Added an affordable housing component of at least 10% of the rental units
  - Will modify the mix of residential units in the area designed to increase home ownership and create a more sustainable neighborhood
  - Creates new medical office and retail space to support Presbyterian Hospital
Central Meadow Project Plan

- As a master planned project, the development will include approximately 90,000 square feet of retail, 827,415 square feet of office and 3,587 residential units.
- The proposal, once implemented, will increase the proportion of owner occupied units.
- Three of the seven properties purchased were from lenders who had recently foreclosed on those properties.
Central Meadow Project Plan
Central Meadow Project Plan

Illustrative bird’s eye rendering of conceptual stream improvements
Central Meadow Project Plan

Illustrative rendering of conceptual realigned Manderville Road

Office of Economic Development
BigD-ED.ORG
Central Meadow Project Plan

- Additional taxable value attributed to new private investment is projected to be over $770 million during a 20 year period.
- Requested public assistance totals $27.7 million for infrastructure, demolition, abatement and DART crossing enhancements
Central Meadow Project Plan

Projected Impact on Tax Base

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<tr>
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<th>Current</th>
<th>Future (20 years)</th>
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<tbody>
<tr>
<td>Tax Base</td>
<td>$45 Million</td>
<td>$822 Million</td>
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<tr>
<td>Annual Real Property Tax Revenue</td>
<td></td>
<td></td>
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<tr>
<td>City</td>
<td>$332,558/yr</td>
<td>$6,096,774/yr</td>
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<tr>
<td>DISD</td>
<td>$757,014/yr</td>
<td>$13,876,319/yr</td>
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<tr>
<td>Vickery Meadow Improvement District</td>
<td>$44,837/yr</td>
<td>$822,000/yr</td>
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- Tax base would increase more than 18 times its current amount in 20 years.
- The development of Central Meadow will positively impact surrounding properties, resulting in an even greater increase in tax revenues.

(1) Excludes any personal property, sales, or other taxes.
(2) The Planned Development is for 70 acres. The economic impact is in $2.4 million.
(3) Prepared by Dein Planning and Management.
Proposed Streets and Drainage
Masterplan

- Proposed Connections to 75
- New DART Crossing
- Improved Stream Corridor
- Central Esplanade
Central Meadow Project Plan

This redevelopment project is more complex and costly than standard greenfield development as illustrated below:

- Typical site development project only requires construction of the proposed site improvements and marketing.
- Valencia project requires a significant amount of abatement, demolition of the existing buildings and upgrading the public infrastructure before the typical project sequence can begin.

<table>
<thead>
<tr>
<th>Typical Site-Specific Project</th>
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<tbody>
<tr>
<td>Construction</td>
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<table>
<thead>
<tr>
<th>Valencia Masterplan Project (82.6 acres)</th>
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<td>Project-wide Asbestos Abatement</td>
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<table>
<thead>
<tr>
<th>time</th>
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Construction Timeline Comparison
Central Meadow – Conclusion

- Master planned communities require upfront infrastructure compared to piecemeal development (i.e. The Village vs. Five-Points)
- Public support is needed to build the required infrastructure necessary to achieve a critical mass of redevelopment and ensure a successful transformation of the area
- Attempting to redevelop an area of this scale over several years presents a huge financial challenge given the cost of acquisition, demolition and abatement, construction to a higher standard with enhanced infrastructure, and financing costs
Conclusion

- Valencia has asked for $27.7 million in assistance and we included $9.9 million of eligible bond improvements in the 2006 package. Partnerships with other governmental entities are now being sought to address the remaining gap.