



Downtown Revitalization Project Market and Financial Considerations

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Prepared By:
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- **Downtown Project Advisor – Kosmont Scope of Work**
- **Project Evolution**
- **Market Considerations**
 - Trade Area Demographics
 - Retailer Voids
 - Supply/Demand Constraints
- **Financial Considerations**
 - Proforma Analysis
 - Financing
- **Non-Redevelopment Case Studies**
 - South Gate: “azalea” Retail Center
 - Placentia: Downtown Revitalization
- **Summary**

Downtown Revitalization Project Advisor

Kosmont Scope of Work

1. Review of Developer Financial Pro Forma

- a) Development Costs
- b) Revenue / Value Assumptions
- c) Timing
- d) Accuracy of Calculations
- e) Other Factors as Relevant

2. Review of Developer Market Analysis

- a) Supply / Demand
- b) Vacancy / Lease Rates
- c) Other Factors as Relevant

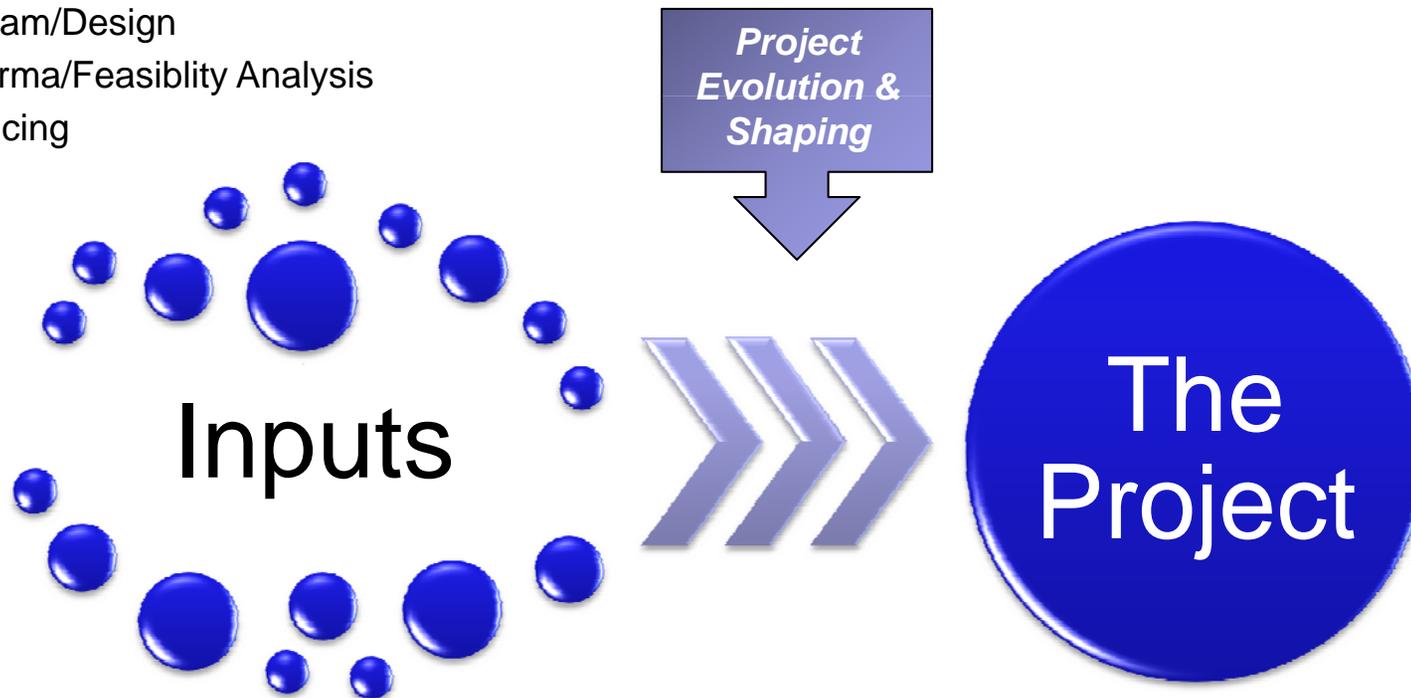
3. Review of Developer Evidence of Financing

- a) Sources
- b) Amounts
- c) Structure
- d) Rates
- e) Other Factors as Relevant

Project Evolution

Micro Variables (partial list)

- Market Conditions
- Program/Design
- Proforma/Feasibility Analysis
- Financing



Macro Variables (partial list)

- Downtown South Pasadena Vision
- Council & Ad Hoc Committee Feedback
- Contested Parcel Status
- Citizens Bank, Other Community Stakeholders

Market Considerations

1. Trade Area and Demographics

- a. Research and define

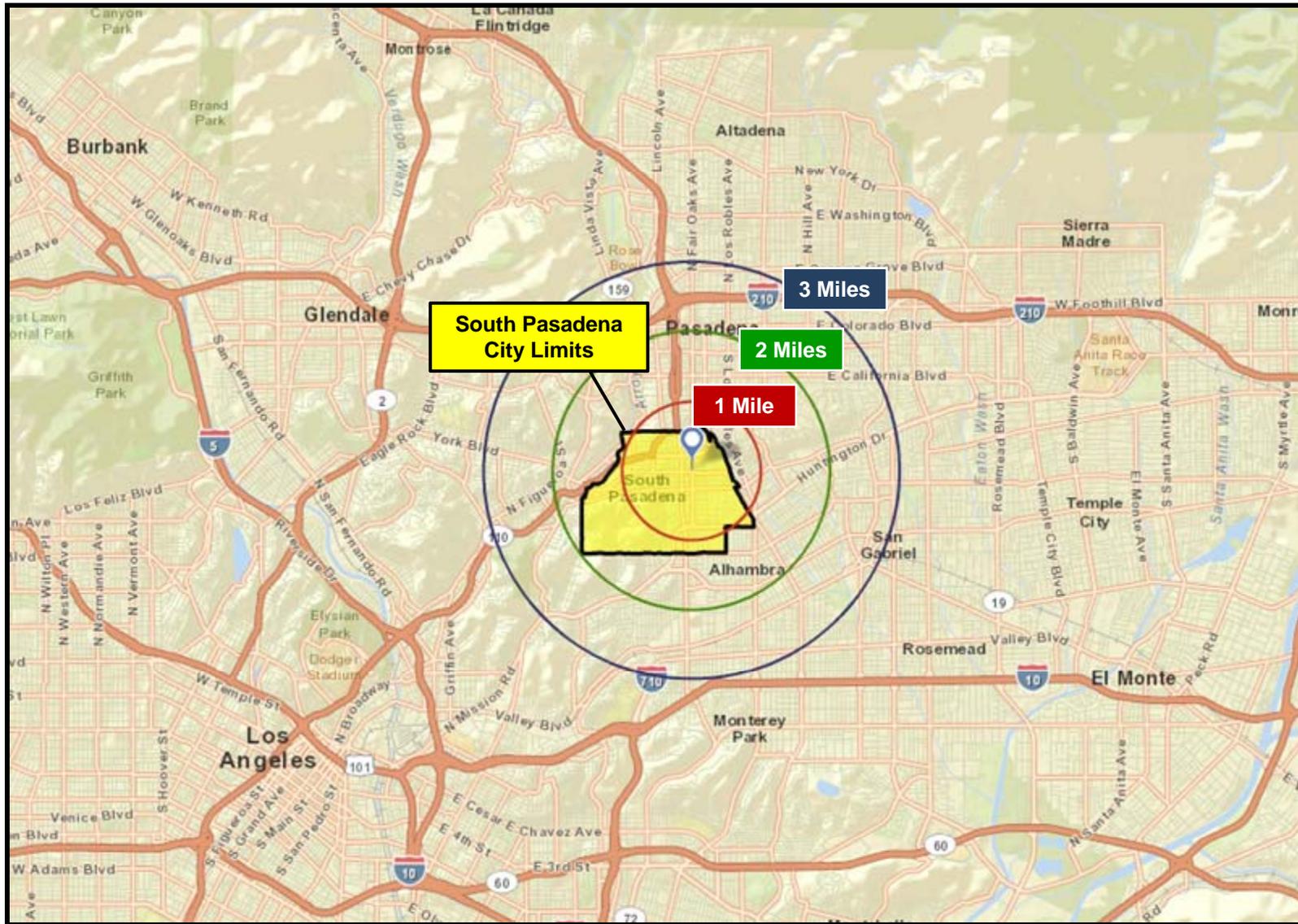
2. Retailer Voids

- a. Presence or absence of targeted retailers based on demographics, location, traffic, project size, trade area image, etc.
- b. Grocers, fast casual/upscale dining/healthy restaurants, personal services are expanding
- c. Barriers to entry
- d. Sales leakage

3. Supply and Demand Constraints

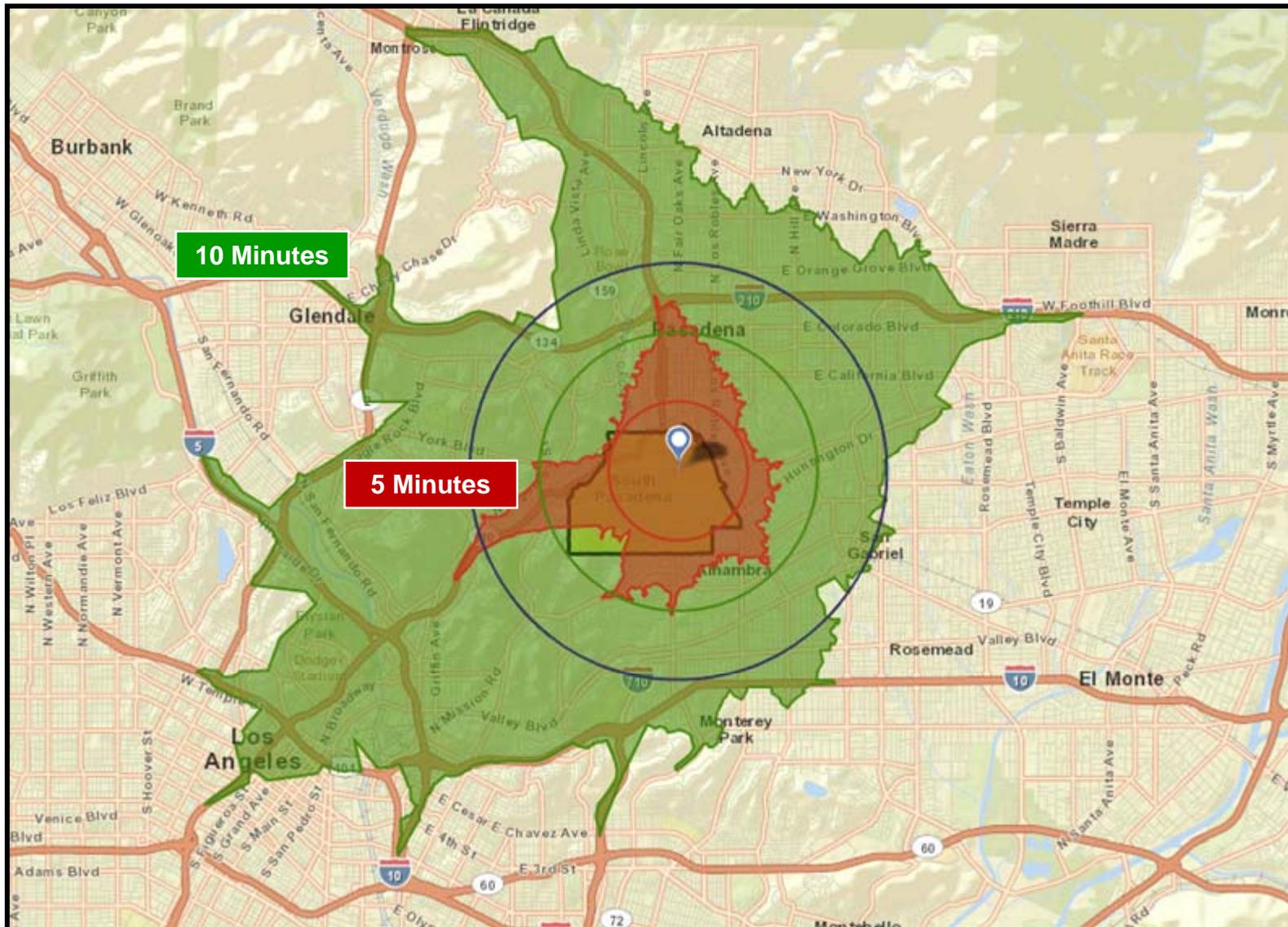
- a. Existing residential – owned and leased
- b. Demand for residential – size, convenience, job centers, community, economics

South Pasadena Trade Area City Limits & Radii (from Mission Street & Fair Oaks Avenue)



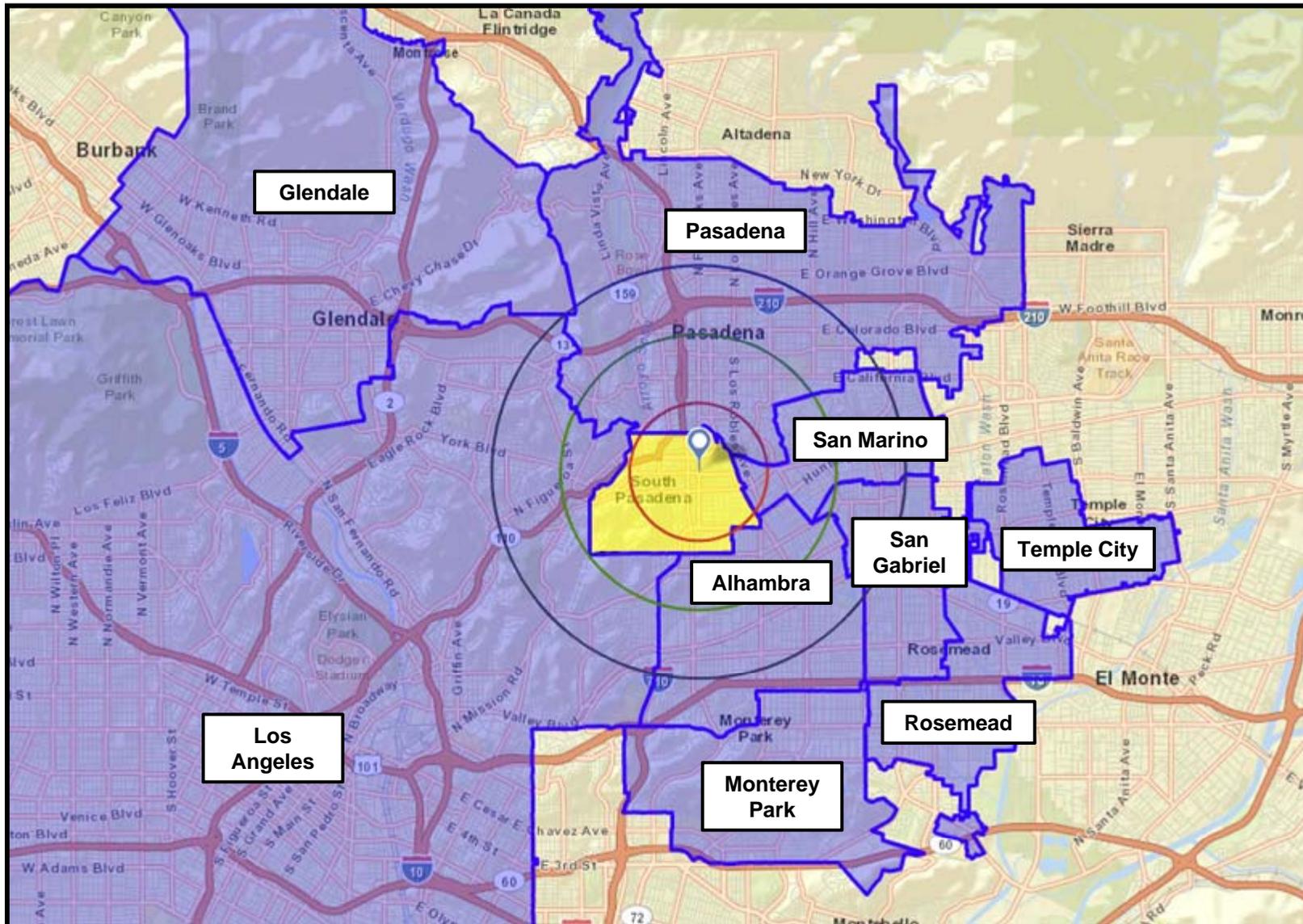
Source: ESRI (2013)

South Pasadena Trade Area Drive Times (from Mission Street & Fair Oaks Avenue)



Source: ESRI (2013)

South Pasadena Trade Area *Comparison Cities*



Source: ESRI (2013)

Population and Income

City & Radii

		Radii (from Mission St & Fair Oaks Ave)			
<u>2012</u>	City	1 Miles	2 Miles	3 Miles	
Population	25,831	22,939	99,741	245,828	
Households	10,513	9,690	41,066	92,121	
Average HH Size	2.44	2.35	2.40	2.63	
Median Age	40.4	40.8	38.9	36.9	
Per Capita Income	\$39,280	\$41,984	\$36,688	\$28,995	
Median HH Income	\$70,357	\$74,703	\$60,790	\$52,151	
Average HH Income	\$96,002	\$100,461	\$88,517	\$76,320	
<u>2012-2017 Ann. Growth Rate</u>					
Population	0.29%	0.11%	0.23%	0.23%	
Median HH Income	3.51%	3.00%	4.10%	3.16%	

Source: U.S. Census Bureau (2010); ESRI (2013)

Population and Income

Drive Times

	Drive Times (from Mission St & Fair Oaks Ave)	
	5 Minutes	10 Minutes
<u>2012</u>		
Population	67,848	535,401
Households	27,230	185,213
Average HH Size	2.46	2.81
Median Age	37.8	36.3
Per Capita Income	\$34,965	\$25,151
Median HH Income	\$58,658	\$47,321
Average HH Income	\$86,100	\$70,189
<u>2012-2017 Ann. Growth Rate</u>		
Population	0.20%	0.33%
Median HH Income	3.90%	3.21%

Source: U.S. Census Bureau (2010); ESRI (2013)

Financial Considerations

Proforma Analysis is iterative and includes review of:

1. Income

- a. Retail/Commercial
- b. Residential Revenue

2. Costs

- a. Hard (buildings, sitework, infrastructure/offsites)
- b. Soft (architecture, engineering, fees, financing)

3. Timing

- a. Entitlements
- b. Phasing

4. Return

- a. Investment Hurdles

5. Financing

- a. Equity and Debt – availability of capital, rates, loan to cost/value, risks
- b. Public Private Transaction Structure/Tools

All roads lead in and out of the mighty proforma!

Non-RDA Case Study: South Gate – “azalea” Retail Center

The Project:

- **372K sf regional retail center (Wal-Mart, Ross, Marshalls)**
- **Public Plaza & Events Center, City Services Annex**
- **Under Construction; Opening Mid 2014**



Tools Used:

- **Utility Bonds for off-sites**
- **Site-Specific Tax Revenue (SSTR)**
- **New Market Tax Credits (NMTC)**
- **EDA Grant**

Non-RDA Case Study: Placentia – Downtown Revitalization

CITY OF PLACENTIA

SEC MELROSE STREET & SANTA FE AVENUE
 PROPOSED DOWNTOWN RETAIL DEVELOPMENT
 Approximately 7,000 Square Feet (Single User or Divisible for Multi-Users)



VACANT LAND OWNED BY INDUSTRIAL COMMERCIAL DEVELOPMENT AUTHORITY OF THE CITY OF PLACENTIA
 IMPROVED PROPERTIES OWNED BY PRIVATE PARTY

FEATURES:

- Downtown Placentia undergoing urban revitalization
- Adjacent to proposed Metrolink Station (est. 2014)
- Activated by proposed approx. 250-space parking structure
- Opportunity for retail and restaurant uses

DEMOGRAPHICS (2011):

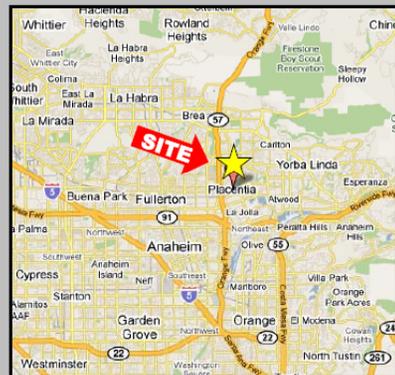
	Population	Avg. HH Inc.
1 mile:	25,515	\$67,107
2 mile:	87,241	\$77,603
3 mile:	187,165	\$82,663

Source: ESRI (2012)

CONTACT:

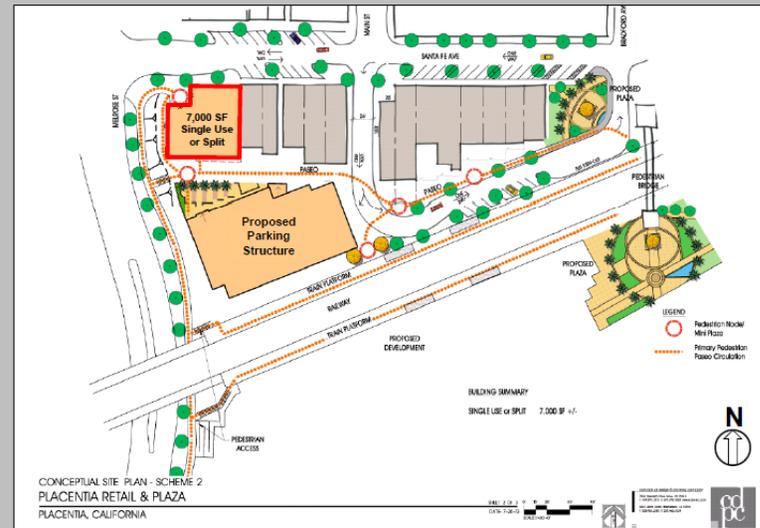
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SEC MELROSE ST. & SANTA FE AVE. PROPOSED RETAIL DEVELOPMENT Conceptual Site Plan



CONCEPTUAL SITE PLAN - SCHEME 2
 PLACENTIA RETAIL & PLAZA
 PLACENTIA, CALIFORNIA

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- Projects take time/evolve and are not easy these days
 - *Downtown South Pasadena is infill with strong demos*
- Market and financial feasibility are critical ingredients to sustainability
 - *Developer proforma review is underway*
- Public and Private sectors need to work together collaboratively with transparency
 - *Progress to date without Redevelopment*
- Revitalization should not just improve but be catalytic for the community
 - *The project has potential to compliment & enhance existing businesses in downtown*