

From: HR&A Advisors, Inc.
To: Cynthia Garcia, Assistant City Manager, City of Waco
Re: **Downtown Waco Opportunity Assessment**
Date: May 11, 2016

INTRODUCTION

This memorandum describes a variety of means to create economic opportunity in Waco through Downtown interventions. It was prepared by HR&A Advisors (“HR&A”) as part of HR&A’s work with the National Resource Network (“the Network”) team convened by the US Department of Housing and Urban Development (“HUD”) to support collective impact economic development programs in Waco on behalf of the City of Waco and Prosper Waco, a local nonprofit seeking to enhance economic opportunity in Waco. Consistent with this mission, the Network’s objective in Waco is to support economic opportunity and prosperity for all Wacoans.

Waco’s economic challenge is defined by a high poverty rate and a large number of young people who are not a part of the workforce. Local economic development experts describe a telling paradox: there are too few jobs for those seeking work and too few qualified employees to meet the needs of current and potential employers. The region’s economic base is stable, but is not positioned to create jobs for existing residents at their skill level or attract and retain talent to fill higher-skill jobs.

To meet this challenge, the City and Prosper Waco have recognized the need for strategies specific to city residents living in poverty (e.g. improvements in school readiness, workforce readiness and health) and strategies designed to increase economic opportunity for all through community, downtown and economic development. This approach can both reduce poverty and grow the local economy in an inclusive and equitable manner. Moreover, many of the strategies have overlapping goals. For example, improving local schools will have the effect of both increasing the competitiveness of at-risk children and making the city more attractive to prospective employers and new residents, who are concerned about school quality. Improved parks and walkability are both critical components of efforts to improve health outcomes and important amenities that can help to attract and retain college graduates.

Downtown is well positioned to become an inclusive economic engine for all of Waco. Downtown shows untapped economic potential, particularly as a regional tourism/entertainment destination and residential/commercial district. However, existing policy and funding support for Downtown is not fully aligned with these opportunities. Strategic deployment of resources can both enable Downtown to achieve its economic potential and fill gaps in Waco’s overall economic and community development landscape. Downtown revitalization can then create a virtuous cycle for regional economic development by:

- Attracting new jobs and investment to Waco, supporting higher employment and incomes for existing residents
- Catalyzing inclusive economic development in adjacent neighborhoods, such as East Waco.
- Delivering new infrastructure, such as public transportation, pedestrian connections, parks, and retail that support quality of life and economic mobility, including connecting Downtown to adjacent ring neighborhoods.
- Creating net new municipal resources that can support investment in adjacent communities (notably East Waco) and the City as a whole.
- Retaining the next generation of talent and innovation.

This memorandum is organized into three sections:

- **Review of existing conditions in Downtown Waco**, including real estate development and tourism opportunities that could attract new economic activity to Waco, given strategic support.
- **Preliminary recommendations** to support Downtown economic growth, specifically: **optimization of public investment** to promote Downtown economic development; **improvement of real estate development incentives** and policies to better attract private investment; **development of a tourism and entertainment district** that can draw new visitors and economic activity to Waco; and **enhancement of Downtown marketing and programming** to improve the productivity of existing tourism resources.
- **Next steps** for HR&A Advisors, in collaboration with the City of Waco, Prosper Waco, and the Network Team, which include additional analyses and meetings leading to a final Downtown and ring neighborhood development recommendations report for this phase of work later in May.

We have also included a full list of potential interventions contemplated for Downtown Waco based on Network Stakeholder engagement and existing Downtown and ring neighborhood plans (Appendix A: Suggested Community Improvements, Page 16).

EXISTING CONDITIONS

Waco's stable economy is unlikely to generate significant new employment or income without a catalyst.

Growth in Waco has been stable for the past 15 years or more, anchored by several local institutions. Waco had 1% average annual population growth between 2000 and 2013, and 30% of employment in the City of Waco is in non-cyclical industries like health and education.¹ These non-cyclical employers supported moderate population growth (14% metro area growth from 2000-2014, compared to 32% in DFW).² Nonetheless, incomes remain low relative to larger areas throughout Texas, with median household income 60% of state median household income.³ The City

¹ NRN City of Waco Assessment Report

² NRN City of Waco Assessment Report

³ 2014 ACS

of Waco has not attracted a major corporate relocation or scaling of existing employers in the past 20 years.

Waco also has a sizeable population in poverty, with 95% of WISD students eligible for free or reduced lunch and a 23% overall (non-college student) poverty rate. This compares to statewide averages of 50% and 17%, respectively.⁴ People in poverty tend to be most concentrated in Downtown and the ring neighborhoods, meaning development in those areas can be especially important to struggling populations.⁵ A report from the Upjohn Center cites bringing jobs and economic activity to people in poverty as one of the most effective ways to lift them out of poverty, yet in recent plans, there are very few explicit steps mentioned to catalyze development Downtown and in the ring neighborhoods that are focused on these goals.

Waco's fiscal approach has not supported catalytic projects that could produce results over and above baseline economic trends. As of this writing, Waco has a 15% general fund surplus and has a debt per person of \$2,300, compared to \$6,000 per person in Dallas, \$5,600 in Houston, \$5,100 in Fort Worth, and, as a point of reference to one of the country's strongest economies, \$14,200 in New York City. While low debt compared to revenues has resulted in strong credit ratings for the City, relatively low levels of public investment could hobble economic development efforts going forward. Specifically, economic development stakeholders in Waco note that Waco's economic development incentives are less robust than in competing cities, which may disadvantage Waco in attracting corporate investment and real estate development. Real estate developers and small businesses cite a lack of public amenities (e.g. sidewalks, street trees, public safety, and public transit) as an obstacle to growth. Despite the City citing Downtown development as a priority in several of their most recent plans, the most recent Capital Improvement Plan for the City of Waco largely focuses on expenditures on utilities, with very little dedicated to improving Downtown.⁶

Debt financing can support economic development investment. Dallas's Economic Vibrancy Initiatives comprise two-thirds of that city's capital improvement plan, with over 20% debt financed⁷. These initiatives have a stated goal of "promot[ing] dense, mixed-use, pedestrian-friendly development, [as well as] developing and implementing economic development, land use, transportation and infrastructure planning activity for neighborhoods [within TIF districts], including retail recruitment, parking, open space, transit and reuse of vacant/underdeveloped buildings".⁸ As of 2015, Dallas had leveraged \$5 of private investment for every dollar of public investment it had put into these goals.⁹ Similarly, the City has a goal of encouraging business development by recruiting new businesses and retention/expansion of existing companies by leveraging private investment in the tax base, and expansion of retail opportunities in southern Dallas.¹⁰ This initiative has also managed

⁴ NRN Final Assessment

⁵NRN Final Assessment

⁶ Waco City Plan, 2015

⁷ Dallas 2014-2015 Capital Improvement Plan

⁸ Dallas 2014-2015 Budget

⁹ Dallas 2014-2015 Budget

¹⁰ Dallas 2014-2015 Budget

to leverage \$5 of private investment for every public dollar spent.¹¹ Other uses of public debt in Dallas are for creating and maintaining transportation infrastructure, especially for pedestrians, and improving neighborhood design and connections from City neighborhoods to the river.¹²

As the locus of recent investments, Downtown Waco exhibits progress toward its potential as an economic engine for the entire city. In particular, recent investments in McLane Stadium, the Brazos Riverfront, and a range of public and private Downtown attractions have brought new attention to Downtown Waco. Over the past 10 years, Waco has added 1,000 new multi-family residential units Downtown and in the ring neighborhoods, and 240,000 hotel nights (the latter due to both decreased vacancy and more hotel rooms coming online).¹³ A historic building stock, proximity to Baylor and the Brazos River, and the convention and visitor economy position Waco for additional success by (1) attracting new visitor activity and spending (including from regional residents) and (2) fostering new real estate development. These outcomes have the potential to be mutually supportive – visitor activity makes Downtown and ring neighborhoods more attractive to residents, and vice versa, while supplying increased employment opportunities for the existing population – yet so far there has not been a major concerted effort to ensure that these aspirations are actually achieved in these areas, with efforts being largely one off and uncoordinated with a broader development vision.

Downtown Waco presents extraordinary real estate development opportunities over the mid- to long-term. Major development sites, including the Riverfront and Heritage Square sites, which are currently the subject of publicly-led solicitations, could attract significant new density, value, and activity to Downtown. These sites have earned significant market interest: multiple private real estate developers have expressed interest in creating high-quality mixed-use projects on the Riverfront site and other major sites in and near Downtown Waco.

Meanwhile, Downtown's "ring neighborhoods," notably East Waco, provide an opportunity for a collective impact approach to community development, leveraging Downtown's economic potential. East Waco is an emerging center of collective impact opportunity, including the reopening of the East Waco library, CDBG-funded work in East Waco Park, and the early visioning for mixed-use and mixed-income development along the Elm Street Corridor. Downtown growth opportunities, as described in this memorandum, could support jobs and income in these communities. Meanwhile, Downtown fiscal impacts could provide a source of funds for major investments. Stronger connections between the neighborhoods – both physical and programmatic – can support the strength of each.

As we understand, these ambitious development concepts are not market-viable in Downtown Waco and its ring neighborhoods without significant public support. At current rents and land values, development margins remain too slim for most actors. Redevelopment to date has been limited to moderate-scale residential projects that are mostly adaptive reuse, undertaken by a handful of

¹¹ Dallas 2014-2015 Budget

¹² Dallas 2014-2015 Budget

¹³ CoStar Multi-family Data (2006-2016)

locals. Larger sites and new product types are likely to require investment over and above current market returns, particularly on sites that also face significant infrastructure needs. Developments supportive of City goals will require future incentives such as abatements, infrastructure investment, and free/discounted land – perhaps over and above the level of public sector funding and engagement on prior development projects.

Downtown Waco is an emerging tourist destination with a cluster of attractions and major events, but lack of visibility and awareness – of both Waco as a whole and individual attractions – limit near-term tourism. Major Downtown investments have attracted new visitors to Waco, including McLane Stadium at Baylor (250,000 annual visitors), Magnolia Market (60,000 visitors in its first three months of being open), and Mammoth National Park (22,000 annual visitors). Several other attractions have expanded or plan to expand Downtown, notably the Texas Ranger Hall of Fame and Museum, Dr. Pepper Museum, Balcones Distillery, the Mayborn Museum at Baylor, and Riverfront Park, which offers summer concerts. Cameron Park Zoo continues to be among the most popular destinations Downtown. Annual local and out of region visitor estimates in Waco are about 1 million per year (5% of population within a four hour drive), based on estimates of visitors to individual major attractions (Figure 1), which does not compare favorably to other cities of similar size in between similar population centers, such as Savannah with 13 million annual visitors (100% of population within a four hour drive), Charleston with 5 million annual visitors (50% of population within a four hour drive), or Galveston with 6 million annual visitors (55% of population within a four hour drive). While those cities have the advantage of being on the ocean, they have also been able to leverage their “small town” status to attract visitors from nearby cities, which is something Waco can emulate. Official tourism estimates are not available for Waco, and it is unclear how many visitors come from out of town or outside the surrounding region.

Figure 1: Tourist Attractions in Waco

Name	Annual Visitors (2015)
McLane Stadium	250,000
Cameron Park	240,000
Ferrell Stadium	200,000
Convention Center	130,000
Mayborn Museum Complex	100,000
Texas Ranger Hall of Fame	62,000
Waco Mammoth National Monument	22,000
Magnolia Market	N/A*
Total	1 M

*Opened in October 2015, estimated to have 60,000 visitors in first three months

Building on this tourism strength will require improvements to both the current tourist offerings and marketing of the City and its individual attractions. Despite positive momentum, Waco has yet to become a major destination for regional or (inter)national visitors. There are missing physical links between existing attractions, and a meaningful walking or transit experience with continuous retail, restaurants, and cultural attractions could do much to improve the streetscape, engage visitors, and increase their time spent in the community. Additionally, marketing for attractions and events that could draw a broader market is disjointed, presenting a missed opportunity to reach potential

visitors or encourage existing visitors to “make a day of it.” Nowhere is this more evident than McLane Stadium, whose facility manager notes that unlike other destination stadiums, Baylor patrons stay just one night in Waco, rather than two elsewhere.

PRELIMINARY RECOMMENDATIONS

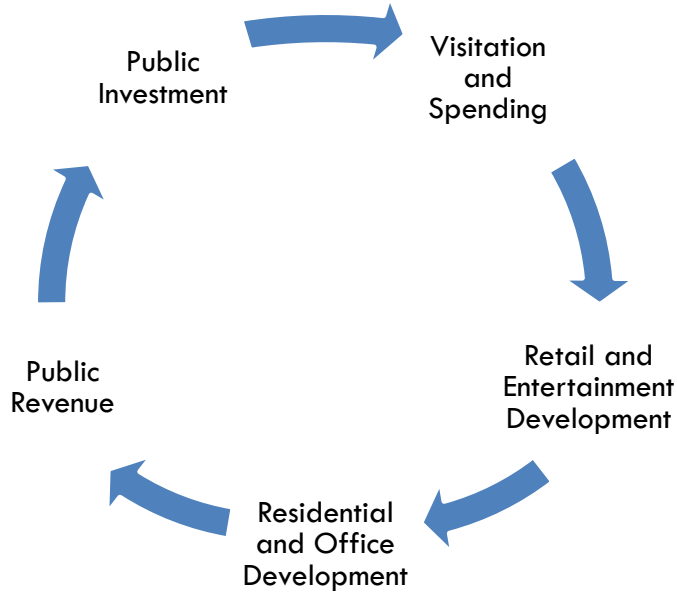
Given limited resources, the City of Waco should focus its initial Downtown and ring neighborhood investments on projects that initiate a virtuous cycle of Downtown and community development. Early successes that generate a high fiscal and economic return on investment can unlock political and economic capital for future projects. Contemplated Downtown and ring neighborhood investments far exceed available resources (refer to Appendix A: Proposed Downtown Investments, Page 16, for a list of proposed investments), and have been prioritized according to the City’s criteria for investment. Consultation with the City and other stakeholders as part of our work plan, Task 2, enabled us to identify the following cross-cutting, high-impact opportunities, which potentially encompass many of the proposed investments in Appendix A.: Proposed Downtown Investments, Page 16.

Specifically, we suggest the following four near-term initiatives to support economic growth in and around Downtown Waco.

- Align publicly-controlled investment around economic goals.
- Enhance and clarify the real estate development incentive toolbox.
- Designate a tourism and entertainment district.
- Streamline and enhance Downtown marketing and programming.

As part of its role on the Network team, HR&A will provide strategic advisory for some or all of these initiatives subject to available resources.

Figure 2: Virtuous Cycle of Downtown and Community Development



Recommendation 1: Align publicly-controlled investment around economic goals.

Downtown Waco has significant resources available for investment, as shown in Figure 1, but these resources are not strategically directed toward economic development. Downtown resources are spread across multiple public and private organizations, including the Downtown Tax Increment Financing District (TIF), which uses the tax increment created by new development in the area to fund additional development, and the Public Improvement District, which allows businesses Downtown to pay into a fund to improve the district. The City of Waco brings significant capital and operating resources to Downtown through multiple departments, most notably Economic Development. In addition, Imagine Waco remains a broadly-embraced vision for Downtown investment and growth. However, few of the resources described above are aligned with this or any other strategy for Downtown in a consistent matter. Coordination among these funding entities is ad hoc.

Figure 3: Annual Downtown Resources for Public Investment*

Source	Budget
Downtown PID	\$.3 M
Waco Chamber of Commerce	\$.5 M
Cen-Tex Hispanic Chamber of Commerce	\$.2 M
Cen-Tex African American Chamber of Commerce	\$.1 M
Downtown TIF	\$5.6 M**
Downtown Development Corporation	\$.3 M
Total	\$7 M

* City capital and operating funds evaluated as part of the overall City budget process

**Amount fluctuates based on tax revenue collected each year, but has generally been trending up

TIF in particular is the most significant of these resources (80% of total), but the process for using TIF funds is not fully aligned with broader Downtown goals. Most project investments are determined based on a matrix that prioritizes historic status and creating a connection to the river, rather than expected fiscal, economic, or community benefits. Investments are typically limited to either façade improvements or on-site infrastructure, rather than district-scale infrastructure improvements that might provide more “bang for buck” in terms of both development feasibility and community benefits. Funding allocations are standardized at 15% of project costs, and do not reflect project need or anticipated benefits. Meanwhile, major projects like Baylor McLane Stadium (\$30M in TIF) and the Rangers Museum (\$500,000 in TIF) are negotiated separately, without a rigorous process to ensure ROI or accountability to aspirations. The TIF Board’s structure and decision-making processes are non-traditional relative to similar entities active elsewhere in the country, with a volunteer board that acts independently of other Downtown organizations and the City. These funds can be rationally re-allocated to provide much greater economic benefit than they currently do by aligning with best practices in other cities.

Many other cities in Texas already use TIF funding to leverage private investment in strategic locations to achieve economic benefit and fiscal return. These cities can provide best practices for Waco (Figure 4). For a more complete comparative analysis of TIF criteria in other cities, see Appendix D, TIF Comparative Analysis (Page 32).

Figure 4: TIF Best Practices

Name	City	Eligible Investments Approved By City Council/TIF Board	Payment Method
Uptown Houston TIRZ	Houston	Public infrastructure capital costs, and, on occasion, maintenance support	City uses bond proceeds to pay for infrastructure. City collects property tax revenues to pay debt service.
Austin Mueller Airport	Austin	Public infrastructure capital costs, and, on occasion, maintenance support	City uses bond proceeds to pay for infrastructure. City collects property tax revenues to pay debt service.
Wichita Falls TIRZ #2	Wichita Falls	Public infrastructure capital costs, and, on occasion, maintenance support	City pays developers direct rebate if they carry out infrastructure work.
Southside	Fort Worth	Public infrastructure capital costs, and, on occasion, maintenance support	City pays developers direct rebate if they carry out infrastructure work.

Name	City	Eligible Investments Approved By City Council/TIF Board	Payment Method
Downtown Waco	Waco	On-site infrastructure, remediation of contamination, façade preservation, demolition, and civic projects	City reimburses project costs at 5-15% of development value.

We recommend undertaking a coordinated funding strategy that aligns resources toward priority Downtown investments. Priority investments are those that most efficiently and effectively deliver economic and community benefits to Waco, which could be measured via some combination of the following:

- Expected fiscal return – i.e., the ability to generate net incremental public revenues, given a public investment. For example, TIF projects typically rely on incremental public revenues created by development to deliver public infrastructure essential to achieving that development.
- Ability to advance key economic sectors, notably Downtown tourism, which can drive broader economic transformation.
- Expected on-site economic value, measured in jobs, ratables, and/or economic activity overall and in relation to contemplated public investment, particularly those that benefit adjacent ring neighborhoods such as East Waco
- Community benefits, including both public enjoyment and specific steps that support equal opportunity. This includes infrastructure connections that link the Downtown with key adjacent neighborhoods.
- Funding leverage – i.e., additional sources of private project funding leveraged by public investment.
- Broader alignment with Prosper Waco goals, such as the creation of jobs that help to increase median income, reduce poverty, and increase employment opportunities for the 16-24 year-old target population.

HR&A will work with the Network and the City of Waco to refine and describe Downtown investment criteria, with which we will identify and budget (sources and uses) priority projects for Downtown and community development.

Recommendation 2: Enhance and clarify the real estate development incentive toolbox.

Waco’s development incentives may be insufficient to bridge the gap between development aspirations and market reality. While the City offers programs such as tax abatements of up to 90% for up to 7 years on commercial property improvements, this program only applies to projects that create over 200+ new jobs, do 100k+ SF of new construction, or spend \$10M+ on construction. Hotels, restaurants, and retail are only eligible in very specific target areas. These typologies are virtually

nonexistent in Downtown, and their effect is to actually push new development to the edge of town. In addition, these typologies do not target the types of businesses that would contribute to Downtown vibrancy, such as retail and restaurants. Similarly, a program that allows for the sale of City-owned lots for \$100 is only for owner-occupied single-family homes, and does not apply to market rate multi-family developments. Recent discussions with local economic development professionals suggest that large-scale redevelopment on the City's major sites is likely to require more significant public supports and interventions.

Center City San Antonio, which HR&A has advised since 2010, provides a helpful template for Downtown Waco. A City and civic partnership established key goals for Center City San Antonio: 5,000 new housing units and more than 13,000 jobs within a decade.¹⁴ The criteria listed in Recommendation 1 can be a starting point to lay out similar goals for development in Downtown Waco over the coming months. To catalyze this development, the City and its civic partners advanced several related initiatives:

- Standardizing incentives for priority development to more effectively attract regional and national investors via a single “as-of-right” policy.
- Enhancing the incentive tool kit by using 10-year 380 agreements that rebate City and County property taxes; waiving City and SAWS permitting fees; creating a competitive low-interest revolving capital fund to reduce financing costs and encourage innovation; and investing in priority supporting infrastructure, such as public spaces, sidewalks and streetscape, and Downtown transportation.
- Marketing the Downtown vision through publication of its physical plans and direct outreach to priority investors and landowners.

We suggest improving project incentives and evaluation criteria based on the investment protocols identified in Preliminary Recommendation 1 and best practices in other communities. For example, Waco could standardize its incentive offer throughout Downtown and deploy additional negotiated incentives for priority projects, such as infrastructure and parking investments, tax abatement, fee waivers below-market land pricing (for City-owned or -controlled parcels), and TIF. Promptness and predictability in public approvals can also enhance development viability.

Recommendation 3: Designate a tourism and entertainment district.

A cohesive and attractive tourism and entertainment district could increase visitation to Waco and improve the Downtown experience for local and regional residents. There are many great assets in and around Downtown Waco that fail to cohere as a single district due to poor connectivity and wayfinding, as well as incomplete amenities and offerings. Sidewalks, signage, and transit could increase connectivity. New retail and restaurants, particularly a diversity of culinary options open to visitors throughout the day and evening, could enliven the street and support longer visits. New

¹⁴ Center City Strategic Framework Plan Implementation, February 2012

and improved cultural attractions and programming could support Waco's emerging brand as a cultural destination.

Strategic public interventions in catalytic projects can help to realize Downtown transformation that can ripple throughout Waco and in particular to adjacent ring neighborhoods. In addition to the investment criteria described in Recommendation 1, we suggest leveraging best practices from other cities that have undertaken similar development efforts, such as St. Louis and Pittsburgh, to inform an action plan for Downtown entertainment. The plan could include retail incentives and supports, a funding plan for Downtown infrastructure (per Recommendation 1) and a strategy to identify and deliver new attractions (Appendix C, Downtown Case Studies, Page 26). Some possible interventions include:

- **Retail and restaurant incubators, incentives, and/or zoning** that can support new retail and dining options in Downtown Waco, particularly at street level along key corridors. Dallas and Detroit offer useful precedents for retail revitalization. Currently, zoning in Waco is quite restrictive and not well suited to mixed-use in many areas, which is something that will need to be corrected going forward to make the above suggestion possible.
- **Celebration of the arts at all scales**, potentially in partnership with Creative Waco in economically challenged parts of town. This strategy could include art events and live music programming throughout Downtown, run in concert with local arts groups to cut down on up-front expenses; designation of subsidized studio and gallery space(s) for local artists; funding for public art and sculpture; and support of new cultural institutions, among other interventions. Chicago and Philadelphia have undertaken relevant efforts to support the arts.
- **New signature events and festivals**, which could augment existing peaks (e.g. home football games) or level troughs in visitation, particularly in economically challenged parts of town. Curated events that reflect specific tourism market opportunities, such as conferences to attract historic preservationists and enthusiasts and Baylor-affiliated events, will have maximum impact.
- **Collaboration with the Convention Center** to reprogram the site and its programming for maximum economic and community benefit.
- **Better activation of public space** by supporting connections between parks and other public space into Downtown and providing more open-space programming in economically challenged parts of town.

In addition to these, other suggestions from existing plans and stakeholders are listed in Appendix A: Suggested Community Improvements (Page 16).

Recommendation 4: Streamline and enhance Downtown marketing and programming.

Several major draws have attracted significant visitation through their individual marketing and programming; nonetheless, every tourist organization HR&A interviewed cited visibility/awareness among their biggest challenges. There are multiple print and online resources on events and attractions, such as the Cultural Alliance publications and Chisholm Crossing, none of which is

sufficiently compelling or complete to address the range of desired visitors. Experts at the Greater Waco Chamber of Commerce note that Waco brand recognition is low outside of the Waco metro area, with little awareness of local events and attractions. Local hoteliers note that visitors to well-attended attractions such as Magnolia Home Store are missing out on other Downtown attractions due to poor information.

Coordinating marketing and programming efforts across organizations could increase Waco's visibility and attendance, while unlocking additional benefits to the City and individual attractions. Increased marketing efficacy could drive both overall visitation to Waco and cross-attraction visitation, increase visitor spending, extend visitors' stays (and spending), and improve retail offerings, street life, and public safety through increased foot traffic Downtown. Efficiencies from coordination could also decrease marketing costs to individual organizations and attractions. Heart of Brooklyn, a non-profit founded by six cultural institutions in Brooklyn to promote the borough as a cultural destination and to attract visitors by making its member organizations more accessible and visible, offers a useful precedent. Heart of Brooklyn's success was built around strong pre-existing cultural and institutional assets that had informally collaborated before, but elected to dedicate specific funding and staff to a joint marketing effort. Waco has similarly strong institutions in its museums and universities, and the informal collaboration already taking place among them provides a promising starting point.

Currently, there are several local organizations that are working on both building a local arts and cultural community and promoting Waco to visitors, but their efforts have so far not been coordinated in a meaningful way. Creative Waco is one organization that has taken a lead in these efforts. Their mission is to grow a strong and vibrant cultural and institutional community in Waco through encouraging local creative talent, and they have been very active locally in both incubating and marketing the artistic community in Waco. The Convention and Visitors Bureau is another entity working on this effort, as it markets Waco and its partners in the region as a destination. However, it is largely focused on drawing conventions to the City. Thus, these two organizations can serve complementary purposes, as Creative Waco can help incubate an artistic community, and the Convention and Visitors Bureau can market that community to outsiders and attract larger groups to visit.

NEXT STEPS

HR&A proposes to work with the City of Waco as a part of the National Resource Network team to refine and advance opportunities for Downtown development in the final months of our engagement. This will include:

- Support for near-term changes in TIF policy as part of a work session with City Council to describe a best practice approach to evaluating TIF-eligible projects deploying TIF resources.

- An overall strategy for Downtown and community investment co-authored by Enterprise and HR&A. This strategy will take the form of a PowerPoint presentation to be delivered in person as part of the Network team's May visit to Waco. This presentation will describe:
 - An investment rationale for Downtown and community development
 - Priority investments for Downtown Waco and adjacent communities
 - A funding approach for these investments
 - Other actions required for successful implementation

The above tasks correspond to Task 3 in the Network Downtown Revitalization and Ring Neighborhood Community Development Project Plan and Timeline completed 1/4/16 and included with this memorandum as Appendix B (Page 23). This memorandum reflects the completion of Task 2, which we have conducted more methodically than initially scoped in order to integrate significant stakeholder outreach. Task 3 will be completed in accordance with the project schedule described in Appendix B: Downtown Revitalization and Ring Neighborhood Community Development – Project Plan & Timeline, Page 23.

The schedule for advancing these analyses through project completion is as follows:

- **April 21st** – At the City of Waco Council Workshop on TIF, HR&A will present best practices on the use of TIF and project evaluation criteria. **Completed.**
- **Weeks of May 1 and 8** – HR&A will collaborate with Enterprise and/or other members of the National Resource Network to refine and coordinate final Downtown and community development recommendations. HR&A and the rest of the NRN team will solicit City of Waco staff feedback on our Downtown and community development recommendations. **Pending.**
- **Week of May 15** – Enterprise, HR&A, and the rest of the NRN team will present final Downtown and community development recommendations in person to the City of Waco and other project stakeholders. We will submit our final combined deliverable within two weeks of this presentation. **Pending.**
- **Ongoing** – HR&A and the Network team will evaluate the opportunities identified in this memorandum collaboratively with the City of Waco.

APPENDIX A: PROPOSED DOWNTOWN INVESTMENTS

HR&A compiled the following proposed Downtown Waco investments from interviews with Downtown stakeholders and City officials as well as relevant Downtown planning documents, notably the Imagine Waco plan. Stakeholders included the Dr. Pepper Museum; Greater Waco Hotel and Lodging Association; Waco Mammoth National Monument; local developers such as Steve Sorrells, RealTex, and Shane Turner; the Mayborn Museum; Waco Downtown PID; and Balcones Distillery.

This menu of possible interventions must be prioritized and phased in light of limited resources; the function of this extended list is to assist in prioritization. We have organized these proposals into four categories for ease of assessment, within these categories, we have organized proposals by increasing intensity and complexity. Our categories are: **Public Realm, Development and Programming, Economic Development Policy, and Implementation**, which describe funding and management activities that can realize the aforementioned strategies.

Public Realm

Public Space Activation

- Continue to support “temporary uses such as food carts and trailers and retail vendors along the river area to increase on-street activity” (Imagine Waco).
- Continue to support Downtown activation through “...riverfront festivals, cultural events and music festivals” (Imagine Waco).
- “Expand opportunities for boating and fishing. Two potential marina opportunities exist. At the end of Clay Ave, just north of I-35, a small inlet on the river creates the perfect location for a small Downtown and adjacent development serving marina. This marina would have paddle boat, canoe and/or kayak rentals. Its close proximity to activity Downtown makes it an easy place for visitors to dock their boats for dinner in town or a night at one of the hotels. The other marina location on the northeast portion of the river would have a regional reach. This marina would provide boat storage, boat rentals, picnic areas, and viewpoints” (Imagine Waco).
- “Provide new parks, plazas, fountains and gathering spaces as warranted by population growth and changing demographics”. This includes a park in front of the Courthouse and another park Downtown (Imagine Waco).
- “Different types of parks are appropriate for different contexts. Ensure that Downtown parks or plazas are designed to enhance the urban environment. These parks have different forms and functions than neighborhood and riverfront parks and playgrounds” (Imagine Waco).
- “Expand the Keep Waco Beautiful adopt-a-park/ street/spot program to help with park maintenance, beautification and civic pride” (Imagine Waco).
- “Add comfort and convenience features to parks. These include restrooms, drinking fountains, benches and shade” (Imagine Waco).

- Create an active, family friendly plaza as the focal point of the Elm Avenue District. It will be bordered by Elm Avenue, Bridge Street and MLK” (Imagine Waco).
 - “Create a water feature in the above plaza that serves as an attracting feature. The water will be designed to come directly out of the ground so that the space is still attractive when water isn’t running and the space may be used for events” (Imagine Waco).
 - “Line both sides of the above plaza with diagonal parking” (Imagine Waco).”
 - Provide seating in the plaza and outdoor dining opportunities” (Imagine Waco).
- Consider locating a dog park in Heritage Square (Community Development Brainstorm)
- Clean up panhandling issues (Community Development Brainstorm)
- Generally encourage retail, and encourage stores to stay open after 5PM (Community Development Brainstorm)
- “Use gateway features such as flags, hanging flower baskets, and pedestrian scale street lights to recognize the Elm Avenue District as a unique place” (Imagine Waco).

Streetscape and Pedestrian Improvements

- “Expand, preserve and enhance the bike and pedestrian trail system to connect easily to the pedestrian bridge and destinations on both sides of the river. Make it convenient and safe for workers, residents and students to reach the urban core, Elm Avenue and the east side, Baylor University, and regional destinations” (Imagine Waco).
- “Emphasize Mary Avenue as a pleasant pedestrian connection by extending the street safely across University Parks Drive to the river, using street pavers, crosswalks or signals” (Imagine Waco).
- ”Create sidewalks, signals, crosswalks and a view to the riverfront on Franklin Avenue to encourage pedestrians to cross University Parks Drive to the river. Franklin will also be an appealing connection for bikes to connect to the river and across the river” (Imagine Waco).
- “Build on the suspension bridge as a great pedestrian asset for Waco by connecting it to trails and the street system on either side of the river. Ensure that as a pedestrian when you land on either side of the bridge there is a safe way to enter Elm Avenue or Downtown” (Imagine Waco).
- “Implement tree planting requirements for new development, including parking lots and building setback areas” (Imagine Waco).
- “Develop a program to facilitate greening of streets and sidewalks by property owners in collaborations with non-profit organizations, the local school systems and private entities” (Imagine Waco).

- “Focus tree planting efforts on streets planned for pedestrian travel such as Mary Avenue, Elm Avenue, Bridge Street, Fourth and Fifth Streets and Franklin Avenue” (Imagine Waco).
- “Install attractive street lamps and street furniture to enhance the aesthetic experience” (Imagine Waco).
- “Expand/reconstruct sidewalk network and ensure new sidewalk construction is wheelchair accessible” (Imagine Waco).
- “Support public art, including Branding the Brazos public art displays” (Imagine Waco).
- “Explore neon and mural opportunities” (Imagine Waco).
- “Light bridges with decorative lighting” (Imagine Waco).
- Remove streetscape hazards such as potholes, sharp objects, and challenging crossings (Community Development Brainstorm)
- Remove above-ground power lines (Community Development Brainstorm)
- Create bike lanes (Community Development Brainstorm)
- ‘Provide outdoor dining opportunities along storefronts on new “alley”’ (Imagine Waco).
- “Create a midblock break in the Franklin facing buildings for pedestrian and bike access” (Imagine Waco).
- Make Downtown design guidelines to standardize facades. Downtown ombudsman will handhold Downtown developers through process (Community Development Brainstorm)

Parking and Transportation

- Develop a Bus Rapid Transit system along Franklin Avenue and build major transit stations in East Waco and Downtown (Community Development Brainstorm)
- “Creating on-street parking slows traffic and gives easy access to businesses” (Imagine Waco).
- “Encourage public shared parking lots in the urban core. Lots should be located in central locations and should be planned to be redeveloped as parking garages with ground-floor retail when demand is sufficient” (Imagine Waco).
- “Create an in-lieu fee program which allows developers to reduce on-site parking by contributing to a public shared parking facility” (Imagine Waco).
- Change Franklin and Washington to two way streets to integrate street design into City design (Community Development Brainstorm)

Development and Programming

Commercial

- “Encourage existing and new arts facilities Downtown” (Imagine Waco).
- “Cluster arts facilities when possible” (Imagine Waco).

- “Infill with new buildings and businesses creates activity and destinations” (Imagine Waco).
- “Build two 3-story anchor buildings on the corners of MLK and Elm and MLK and Bridge to create a gateway into the Elm Avenue District. These buildings will be easy to see from the opposite side of the river and when travelling on MLK” (Imagine Waco).
- “Infill along Elm Avenue and Bridge Street with small scale retail, offices and mixed-use” (Imagine Waco).
- “Infill the parking lot on the north side of Franklin with new buildings” (Imagine Waco).
- “Build an anchor building on the southeast corner of Franklin and University Parks Drive” (Imagine Waco).
- “Maintain surface parking between Franklin and Mary to serve the businesses” (Imagine Waco).
- “Consider integrating structured parking into the upper floors of new building – potentially at SW corner of Franklin and University Parks. Parking is critical for supporting the convention center, area hotels and River Square Center” (Imagine Waco).
- Focus on a catalyst site in East Waco (Community Development Brainstorm)
- Target a couple locations in the urban core for demonstration redevelopment (Community Development Brainstorm)
- Undertake simultaneous development in the riverfront and Elm Avenue areas to catalyze investment (Community Development Brainstorm)
- “Create a cluster of new businesses and amenities around the Hilton and a new hotel on the corner of Franklin and University Parks Drive” (Imagine Waco).
- “Recapture historic loading docks on Mary Avenue as building access-ways and dining opportunities” (Imagine Waco).
- Target Mary Avenue by encouraging anchor uses and infill (Community Development Brainstorm)
- Empower the Downtown Development Corporation to handle development or bulk land sales of City-owned parcels. (Community Development Brainstorm)
- Make Section 108 loans for the right business and pay back loan through TIF collections (attract desired employers Downtown by making loans) (Community Development Brainstorm)
- Use Central library for other purposes – community center/business incubator, etc. (Community Development Brainstorm)
- Start a business incubator/STEM training center Downtown (Community Development Brainstorm)
- “In the medium-term, employers who value proximity to a labor pool of young, upwardly-mobile, well-educated professionals may find a competitive advantage in a Downtown area location that is heavily-populated with this increasingly-competitive and desirable labor force” (Imagine Waco).
- “Create or expand upon clean and safe programs to include activities such as retail tenant recruitment, site selection assistance, and urban management services” (Imagine Waco).

Residential

- “Develop a public-private partnership to identify land to develop a prototype of desired urban housing” (Imagine Waco).
- “On vacant lots in surrounding neighborhoods infill with single-family, townhomes and small multi-family units” (Imagine Waco).
- “Preserve, improve and reuse existing historic buildings, specifically the Empire Seed building and similar structures” (Imagine Waco).
- “Create a private main street environment to access storefronts” (Imagine Waco).
- “Accommodate the growing needs of the educational institutions and supply high quality housing and supporting businesses and services for employees and students within the plans” (Imagine Waco).
- “Convert obsolete office space to residential” (Imagine Waco).
- Encourage more housing options Downtown by changing regulations and integrate housing into Downtown better. Also create new residential amenities to create an 18-hour Downtown (Community Development Brainstorm)
- “Attract these demographic classes, identified below, driving urban housing growth: Students, Young Professionals, Entry-level Professionals, Empty Nesters/Never Nesters. Based upon current housing consumption in the Greater Downtown, these households would be comprised largely of urban young professionals (both singles and couples) who value an authentic urban experience, place a premium on the ability to walk or bike to work, appreciate a variety of urban resources and amenities (such as bars, restaurants, fine arts, cultural events), and for whom multi-family living is appealing” (Imagine Waco).
- “Market Cameron Park and the Greater Downtown area as a mountain bike/ active destination to the young urban population” (Imagine Waco).
- “Coordinate with the colleges and universities to provide student housing that is integrated into the existing neighborhoods” (Imagine Waco).

Implementation

Zoning

- “Review current development regulations in Greater Downtown to identify barriers to achieving desired development and a range of housing options” (Imagine Waco).
- “Align the Brazos River Corridor overlay with the Master Plan” (Imagine Waco).
- “Work with Greater Downtown neighborhoods through a small area planning process to create overlay zoning to preserve existing neighborhood character while allowing appropriate infill” (Imagine Waco).
- Adjust development regulations to encourage housing in Greater Downtown, especially for one and two person households (Community Development Brainstorm)
- Rezone for mixed-use prototypes to demonstrate viability, especially walkability and streetscaping (Community Development Brainstorm)

Financing

- Make different categories for TIF to speed up TIF process as it takes too long for developers now (Community Development Brainstorm)
- Generally restructure the TIF, as it is very hard to access as is, and people must go to council every time if they want to access it (Community Development Brainstorm).
- Investigate getting a Promise Zone or Choice Neighborhood Downtown to remove dependence on the TIF (These are both federal programs that are competitively administered and allow for increased federal funding. Choice Neighborhood is through HUD, Promise Zone is through the EDA) (Community Development Brainstorm)
- Have City undertake land acquisition to execute plan, and pursue funding for redevelopment (Community Development Brainstorm)
- Require affordable housing or contribution to an affordable fund for any property requesting incentives (Community Development Brainstorm)

APPENDIX B: DOWNTOWN REVITALIZATION AND RING NEIGHBORHOOD COMMUNITY DEVELOPMENT – PROJECT PLAN & TIMELINE

December-January – Existing Conditions

- Review existing Downtown revitalization plans.¹⁵
- Assess Downtown real estate market – RFPs, RFP responses, proposed developments, market studies/data where available.
- Review existing development incentives – availability & effectiveness.
- Assess Downtown and regional tourism activity.
- Tour ring neighborhoods to identify housing and community development opportunities aligned with city-owned property, schools, commercial corridors, and connections to Downtown.
- Meet with City community development and housing staff to review information from tour and continue establishment of base map.
- Collaboratively identify and confirm City priorities for Downtown revitalization and ring communities.

January - February

Downtown Revitalization – Opportunity Assessment

- Case studies – catalytic Downtown investments in small to mid-sized cities with strong visitation, and cities that tied ring neighborhoods to their revitalization plans;
- Develop “long list” of real estate and tourism strategies for evaluation. The long list is likely to include strategies from the Imagine Waco Plan, other strategies currently under consideration in Waco, opportunities delineated during the September trip, and best practices from our case study analysis.
- Develop criteria for identifying key projects, based on expected impact, market support, technical feasibility, and alignment with community development goals and target neighborhoods.
- Tour key Downtown developments & development sites, visitor attractors (HR&A day trip)
- Targeted interviews, potentially including:
 - Active Downtown developer(s)
 - Representatives of key Downtown business segments including – the local BID/ merchants, museums/tourism destinations, and emerging cultural nonprofits
 - The Waco Downtown Development Corp & Downtown BID
 - Waco Economic Development staff, regarding incentives and overall economic aspirations
 - Other TBD

¹⁵ Prosper Waco Goals, Imagine Waco, Comprehensive Plan 2040, 2014 Economic Development Strategic Plan, RCLCO market study, available tourism data (Chamber of Commerce and/or individual attraction data, hotel data), Downtown BID budget

- With relevant City representatives, identify priority projects and/or initiatives from the “long list” above based upon the criteria for selection, including targeted projects that advance Downtown revitalization and community development priorities simultaneously. These are likely to include: real estate development opportunities; incentives or other interventions to attract real estate development; tourist segments with market opportunity; and destinations/programs/marketing that could attract key tourist segments.

Community Development – Strategic Advice to City Council and Staff

- Finalize Base Map for use with City Council via conference calls with City Staff.
- Establish criteria to be used to select ring neighborhoods that will leverage Downtown investment
- Identify necessary Con Plan changes and any need for amendments or waivers.
- Schedule CDBG training for City Staff on any identified topics.
- Integrate City Council direction into 2016 Action Plan.
- Investigate current investment plans for infrastructure, with focus on key connection points between Downtown and identified ring neighborhoods.

Deliverables

- Brief memorandum summarizing key Downtown revitalization opportunities for further exploration
- Presentation to City Council on Feb. 2 on new Con Plan requirements tied to Fair Housing rule, leveraging of City assets in ring neighborhoods through policy and process changes, and direction for 2016 CDBG program to align with other City investments in parks, schools, and other City-owned/controlled property.

March-April

Downtown Revitalization – Implementation Support

- Implementation framework: For each of the priority projects above, describe expected cost and potential funding sources. Funding sources are likely to include:
 - Public: City contributions, county / State / federal partnerships
 - Private: Philanthropy
 - Earned income: Many of the opportunities described above are likely to generate private revenue to offset project costs (in part or in whole)
 - Value capture: TIF, monetization of public land value, and other efforts can reinvest public revenues from priority projects
- Next steps: Identify and summarize key critical path next steps for advancing priority projects, including budget, disposition, and partnership considerations.

Community Development – Strategic Advice on 2016 Action Plan and Selection of Ring Neighborhoods, and Community Development Proposal

- Support City in selecting neighborhoods concurrent with selection of Downtown investment through strategic advice in applying criteria to ring neighborhoods.
- Based on neighborhood selection, support program redesign for 2016 Action Plan through strategic advice on best practices, with specific application to Waco.
- Research regarding scoring of overall design community development proposal design in line with federal competitive programs, such as Choice Neighborhoods and Promise Zones, as possible opportunities to leverage additional capital for implementation.

Deliverable

- Coordinated Downtown revitalization and community development contributions to 2016 Action Plan, including implementation considerations, key investment opportunities, and program design considerations.

APPENDIX C: DOWNTOWN CASE STUDIES

Economically Challenged Community Development Strategies: Case Studies

These case studies were compiled to inform economic development projects targeting economically challenged communities. The examples included in this list were selected based on community economic challenge criteria including- low-income levels, disinvestment, vacancy, high unemployment, high-crime rates, etc. Please keep in mind that many of the strategies discussed below are only effective when used in conjunction with other mechanisms and that several of these examples are ongoing cases so 'success' may be difficult to measure. Finally, this list represents merely a collection of creative examples and is not meant to be a complete list of all possible techniques.



St. Louis converted their nearly abandoned Crestwood Court Mall into affordable artist housing

PROBLEM: Crestwood Court shopping mall was virtually abandoned after the recession and remained vacant failing to attract new retailers.

SOLUTION: The owner at the time came up with a plan for adaptive reuse and partnered with ArtSpace to convert the empty storefronts into an artists' colony. Artspace invited local artists to move in at reduced rates and gave them a place to produce their work.

IMPACT: 60 of the mall's storefronts were converted into art spaces (~200K sq ft of the mall's retail footprint). This increased foot traffic to the area enough to retain the remaining tenants at the mall and attract new ones.



Artists turn slums of Brazil into cultural destinations by painting murals on top of the neighborhoods

PROBLEM: The favelas in Rio de Janeiro were the 'slums' of the city and were known only for their extreme poverty, high crime rates, drug wars, and the misfortune that awaited any foreigners who naively wandered into there.

SOLUTION: Haas and Hahn, two Dutch artists launched an experiment to see what it would be like to paint a mural on top of an entire neighborhood. In 2010 they painted an entire square and then in 2013 they launched a kickstarter campaign to complete their goal of painting the entire neighborhood.

IMPACT: The favelas became a famous destination and a booming tourism market now provides tourists from around the world with guided tours of the murals and provides employment options to local residents. The artists have inspired and been commissioned for numerous other projects trying to replicate these results in communities around the world.



Streets of Northern Philadelphia were transformed into a block of murals

PROBLEM: Historic Germantown Avenue in Northern Philadelphia had become a ghost town in the past 50 years. Residents were relocating and business had shut down. The neighborhood was blighted and the vacant building had fallen into disrepair. No one came to that section of the city that wasn't from there.

SOLUTION: The Philadelphia Mural Arts and the artists Haas & Hahn collaborated to start “Painting Philly”- a project that was modeled after their favela project in Brazil. The goal was to employ and train local artists to paint the entire block of Germantown Avenue.

IMPACT: Since the painting started, 5 buildings have been bought and rented. The residents have renewed hope that the neighborhood can change and bounce back to its former glory, and visitors and tourists are already pouring in to see the art creating tourism employment opportunities for locals.

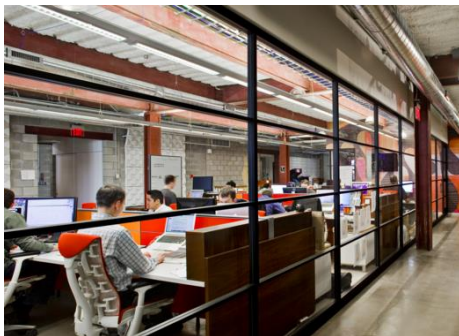


University of Chicago starts arts incubator to revitalize Washington Park

PROBLEM: The Washington Park neighborhood in South Side Chicago is one of the oldest communities in the city and yet had become virtually abandoned.

SOLUTION: The University of Chicago created an arts incubator, Arts & Public Life, in the neighborhood and encouraged the artists to use art to revitalize the surrounding community and give it a sense of place.

IMPACT: “culture was a catalyst” and its first year the neighborhood was transformed and the culture of Washington Park became more evident. This transformation inspired the opening of the Currency Exchange Café as well as several other retail establishments.



Wayne State University partnered with local companies to create an incubator for tech startups

PROBLEM: Detroit was struggling to diversify its stagnating economy.

SOLUTION: Wayne State University partnered with GM and Henry Ford Health System to leverage the university’s resources and create Tech Town Detroit to incubate innovative Detroit businesses. The older, vacant buildings in the area were used to provide affordable space to startups and create new co-working spaces.

IMPACT: Since its inception, Tech Town has produced 1,026 companies, \$107.26M start-up capital and 1,190 jobs in the community. The area has been transformed into a thriving innovation community and has inspired numerous events and programming for the area.



Dallas restaurateurs and developers unite to create restaurant incubator in Trinity Groves

PROBLEM: Trinity Groves, a section of west Dallas on the opposite side of the Margaret Hunt Hill Bridge from downtown, was a forgotten and isolated area of Dallas that was left out of the economic boom.

SOLUTION: A group of Dallas developers and Phil Romano (founder of several successful restaurant chains) partnered to create a restaurant incubator in the area that would create an attractive cluster of new spots to make the place a destination again. Restaurants go through a shark tank process and then receive space, funding and mentoring to get their concept off the ground in exchange for revenue sharing of the profits.

IMPACT: Since it opened in 2013, there are 9 current restaurants and 9 more on the way. The development has also made Trinity Groves into a Dallas hotspot and new developments are booming in the area.



Kansas City creates farmers market to unite residents on both sides of a dividing avenue

PROBLEM: Troost Avenue was the dividing line of racial and socioeconomic tensions in Kansas City and was experiencing high crime rates and struggling to attract developers.

SOLUTION: Troost Corridor Community Association started an open air public farmers market to increase access to healthy foods and at the same time bring together populations from both sides of the area.

IMPACT: People were brought to together over a common activity of food and this helped alleviate tensions, forced intermingling, alleviated crime, and is inspiring a \$1M planned development to bring retail to the four corners of Troost.



Public Library in San Angelo brings WIFI to a neighborhood and sparks interest in redevelopment

PROBLEM: San Angelo downtown was a vacant and low-income section of the city.

SOLUTION: Developers used New Market Tax Credit to enter the economically challenged neighborhood and build a public library. The free WIFI attracted all segments of the surrounding neighborhood and gave them a reason to visit multiple times.

IMPACT: Tom Green public library now serves 45% of the area population, created new jobs and sparked renewed interest in revitalizing the downtown. The library serves as a strong anchor because of its free WIFI (particularly valuable to low-income community members) and the increased traffic is now attracting additional retailers.



Pittsburgh subsidized an anchor tenant to revitalize abandoned neighborhood

PROBLEM: Pittsburgh’s East Liberty neighborhood had become virtually abandoned and was filled with vacant properties.

SOLUTION: The city focused on attracting an anchor to the area to bring people to the community and decided on Home Depot. Because of the uncertainty and risk associated with the project, negotiations were difficult. The city and the Redevelopment Authority shared the risk and subsidized the project to get Home Depot to agree.

IMPACT: After Home Depot arrived, the appeal of subsidies and the presence of an anchor tenant attracted more retailers (Whole Foods, Walgreens, FedEx). Home Depot became one of the highest volume stores in the area and created 250 new jobs. The Whole Foods became the “rookie of the year” store the next year.



Cleveland’s land bank removes blight from neighborhoods and inspires new development

PROBLEM: Cleveland was experiencing aggressive blight and still has almost 8K homes standing empty in need of demolition.

SOLUTION: The Cuyahoga land bank was established to aggregate and manage the abandoned properties which allowed them to focus on areas with the most potential.

IMPACT: Since its inception, the land bank has demolished 2,401 properties, facilitated rehab of 796 properties and with blight gone reinvestment is encouraged and real estate values are stabilized. The land bank also established creative partnerships with nonprofits and to house refugees and artists, renovate homes for veterans and disability groups, and turn demolished lots into parks.



Louisville, KY coined new name for a neighborhood to give it a blank slate for developers

PROBLEM: A neighborhood known as “West Louisville” was a low-income neighborhood full of run-down public housing and abandoned storefronts.

SOLUTION: Developers enacted a rebranding campaign and coined a brand new name for the area to give it a fresh start and a blank slate for investment- Park DuValle. They then built a new mixed income housing development and increased linkages to surrounding wealthier communities it bordered.

IMPACT: FIRST Choice Market opened a 20K sq ft store and provided an anchor to the new Wilson Crossing retail center.



University of Pennsylvania became an active steward of their surrounding neighborhood

PROBLEM: The University of Pennsylvania had independent real estate capacity and the university passively oversaw 1.4M sq ft office space around the university campus. However, tensions were strained with the surrounding community.

SOLUTION: UPenn led a rebranding effort and redid their master plan to not just focus on income benefits to the university but also make improving the surrounding area an extension of their core mission.

IMPACT: The new active steward plan resulted in new public amenities and planned transformation of 23 acres around the area. The real estate income was used not just to benefit the university but the community as a whole.



Local hiring incentives employ local workers in New Orleans

PROBLEM: New Orleans was dealing with high unemployment rates and approximately 52% of the African American men in the community were without work. The city realized that only 21% of construction hours were performed locally.

SOLUTION: The city of New Orleans implemented local hiring requirements in a response to the high poverty and unemployment. The new ordinance requires that for all city-contracted projects over \$150K, they must ensure that 30% of the work hours go to Orleans Parish

residents or that a “good faith effort” was been made and 20% must additionally go to residents that qualify as disadvantaged.

IMPACT: New construction employment positions will go to local residents and bring employment and hiring back to locals who will earn wages and then further drive the economic impact of the activity in the local region.



Detroit Kitchen Connect uses shared real estate to give entrepreneurs practice launching their ideas

PROBLEM: Detroit was struggling to diversify and stimulate their economy. One of the biggest hurdles to launching a business is the start-up cost and for restaurants that cost is mostly in the commercial kitchen.

SOLUTION: Eastern Market partnered with Food Lab Detroit to Launch Detroit Kitchen Connect, a network of kitchen partners (mostly in churches) that made their space available to neighborhood entrepreneurs who were seeking commercial kitchen space to test and perfect their ideas.

IMPACT: Utilizing shared spaces reduced the risk and entry barriers for many entrepreneurs and allowed them to test out their ideas no matter what stage of development they were in. The network also opened access to this resource to many different communities and facilitated knowledge sharing.

Chateau Hough, an urban vineyard and biocellar in Cleveland is growing and employing locally

PROBLEM: One of Cleveland’s oldest neighborhoods was full of idle vacant lots and high unemployment was rampant.

SOLUTION: Mansfield Frazier started Chateau Hough vineyard and biocellar in 2010 as an urban winery to produce food locally, employ and train at-risk youth, and turn the vacant lots into a food-producing plot of land.

IMPACT: Chateau Hough is now training and employing formerly incarcerated youths and has repurposed an abandoned building and acres of vacant property into a wine producing business.



APPENDIX D: TIF COMPARATIVE ANALYSIS

TIF OVERVIEW						
Name	City	Site Description	Year Initiated	Year Extended (Reason)	Duration (Years)	TIF Initiated By
Uptown Houston TIRZ	Houston	1,010-acre corridor bordering the west side of the 6-10 loop, extended to include Memorial Park.	1999	2013 (Extended to include Memorial Park and increase budget)	30	Landowners (majority by value)
Austin Mueller Airport	Austin	700 acre site bordering I-35 in northeast Austin at the former Mueller Airport	2004		40	City Council
Wichita Falls TIRZ #2	Wichita Falls	236 acres formerly industrial land transitioning to commercial in south-central Wichita Falls	2005		20	City Council
Southside	Fort Worth	220 acres directly south of Downtown Fort Worth.	1997		25	City Council
Downtown Waco	Waco	Downtown, centered around the Brazos and Bosque Rivers	1983	2012 (To extend momentum and potentially issue bonds)	30	Landowners in area make individual request to TIF Board, which approves request

FUNDING STRATEGY

TOTAL Capital Budget	Annual Capital Budget	Funding Mechanism	Budgeting Process	Primary Expenditures	Eligible Investments Approved By City Council/TIF Board	Payment Method
\$1.3B	N/A	Upfront bonds	City Council approves project plan developed by TIRZ Board.	Green space: Improvements to Memorial Park. Transportation infrastructure: Feeder roads; Building infrastructure for future BRT	Public infrastructure capital costs, and, on occasion, maintenance support	City uses bond proceeds to pay for infrastructure. City collects property tax revenues to pay debt service.
\$211.9M	N/A	Upfront bonds	City Council approves project plan developed by TIRZ Board.	Utility service: Water and sewer lines Enhanced green space: New parks Enhanced transportation infrastructure: Roads	Public infrastructure capital costs, and, on occasion, maintenance support	City uses bond proceeds to pay for infrastructure. City collects property tax revenues to pay debt service.
N/A	\$0.8M	"Pay as you go" use of incremental revenue from previous years	TIF Board develops plan based on infrastructure needs	Utilities: Water lines Streetscape improvements Flood control through channelization of river	Public infrastructure capital costs, and, on occasion, maintenance support	City pays developers direct rebate if they carry out infrastructure work.
\$90M	N/A	"Pay as you go" use of incremental revenue from previous years	TIF Board develops plan based on infrastructure needs	Streetscape improvements Capital funding for school improvements	Public infrastructure capital costs, and, on occasion, maintenance support	City pays developers direct rebate if they carry out infrastructure work.
N/A	\$5.6 M	"Pay as you go" use of incremental revenue from previous years	Developer submits project funding requests; City & TIF Board evaluate	Major civic projects, Development reimbursement	On-site infrastructure, remediation of contamination, façade preservation, demolition, and civic projects	City reimburses project costs at 5-15% of development value.

FUNDING CRITERIA

Economic Benefit	Fiscal Benefit	Community Benefit	Blight Elimination	Use of "But For" Analysis	Historic Preservation	Green Building (LEED)
Y	Y	Y	Y	Y	N	N
Y	Y	Y	Y	Y	N	N
Y	Y	Y	Y	N	N	N
Y	Y	Y	N	Y	N	N
Y	Y	Y	Y	N	Y	Y