
Community Redevelopment Agency Meeting

Redevelopment of 1712 & 1714 Hawthorne Road
October 9, 2008



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Background

- Hawthorne Road has been identified as having potential for commercial, office, and mixed use
- At the April 21, 2008 meeting, the CRA approved the purchase of two lots (1712 and 1714 SE Hawthorne Road → "Site") to be redeveloped to encourage commercial and economic development in the SEGRI area
 - On June 9, 2008 the properties were purchased for \$60,000 plus closing costs
- DAG Architects, the AIA 2007 Firm of the Year for the state of Florida, was hired to work with CRA staff to develop deliverables with the assumption of a small dining establishment:
 - Conceptual Site Plan
 - Renderings
 - Interior Building Layout
- Eastside Advisory Board has provided feedback and approved the concept of a small restaurant diner
- Staff has completed a high-level financial feasibility assessment and determined that project is financially feasible for the Eastside Redevelopment Area



The Site – Aerial View



SITE

Currently zoned MU-1 (Mixed-use low intensity) which can include multiple uses, such as neighborhood shopping centers, eating places, apparel and accessory stores.



The Site – Existing Building



The Site – Vacant Lot

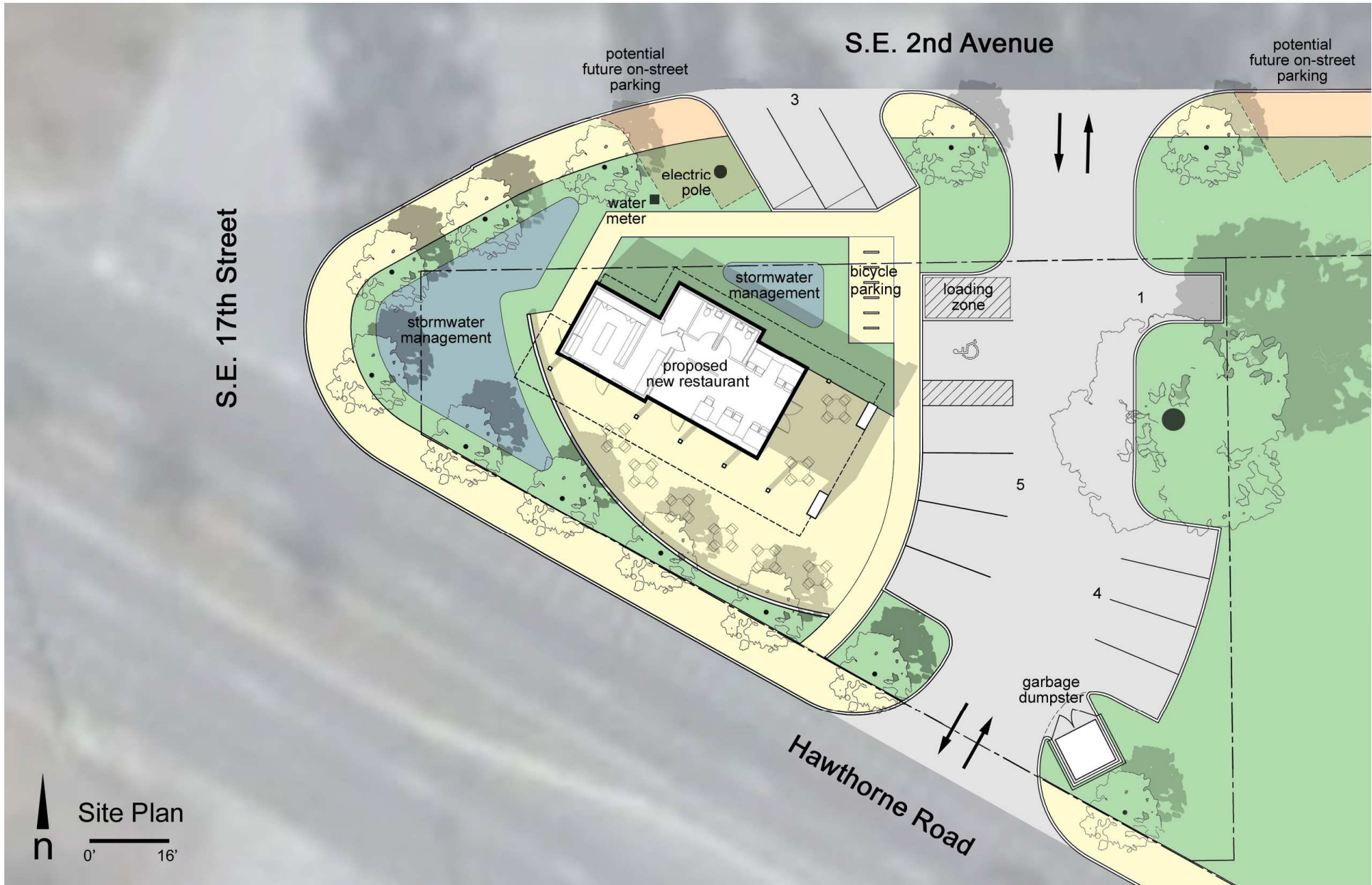


Redevelopment Objectives for Site

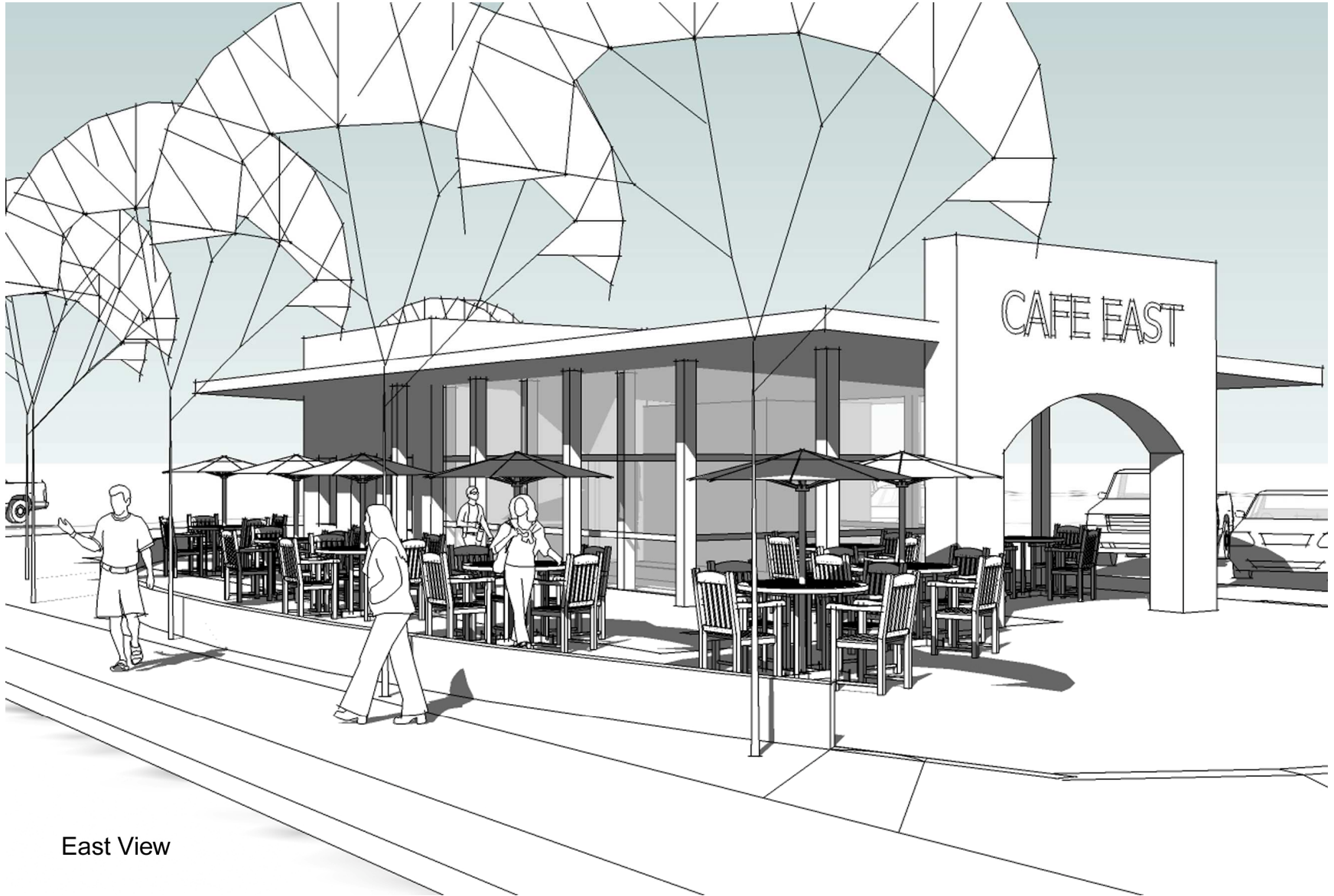
- Guiding Principles
 - Be consistent with the goals and objectives of the Eastside Redevelopment and SEGRI Plans
 - Attract experienced business owners with proven track records or a start-up with a **viable** business idea
- Objectives
 - Create a visually appealing site and serve as catalyst for commercial development along Hawthorne Road Corridor
 - Bring a use to the Eastside that does not currently exist
 - Lease (or sell) the building to a small business



Site Potential – Conceptual Site Plan

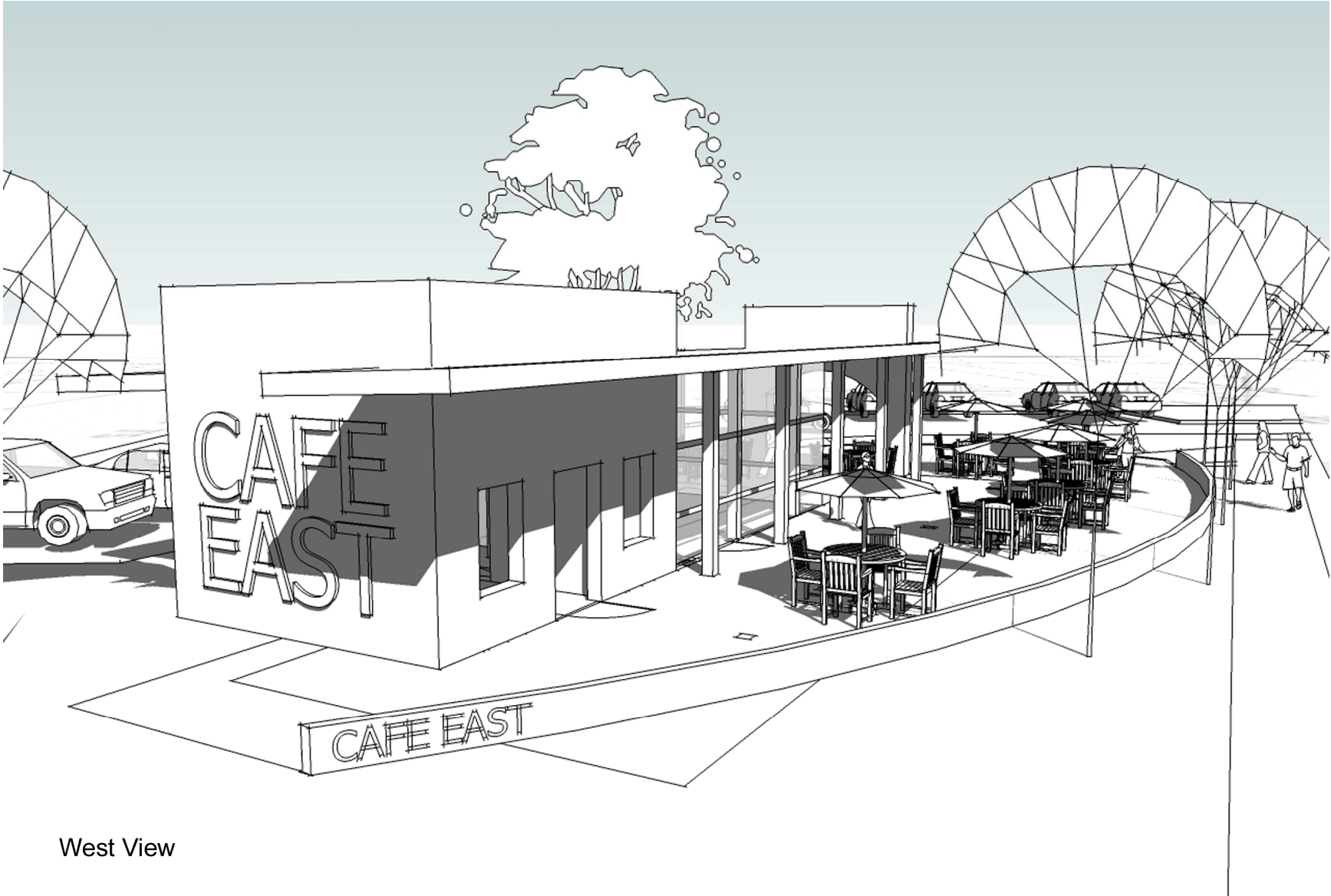


Site Potential – East View



East View

Site Potential – West View



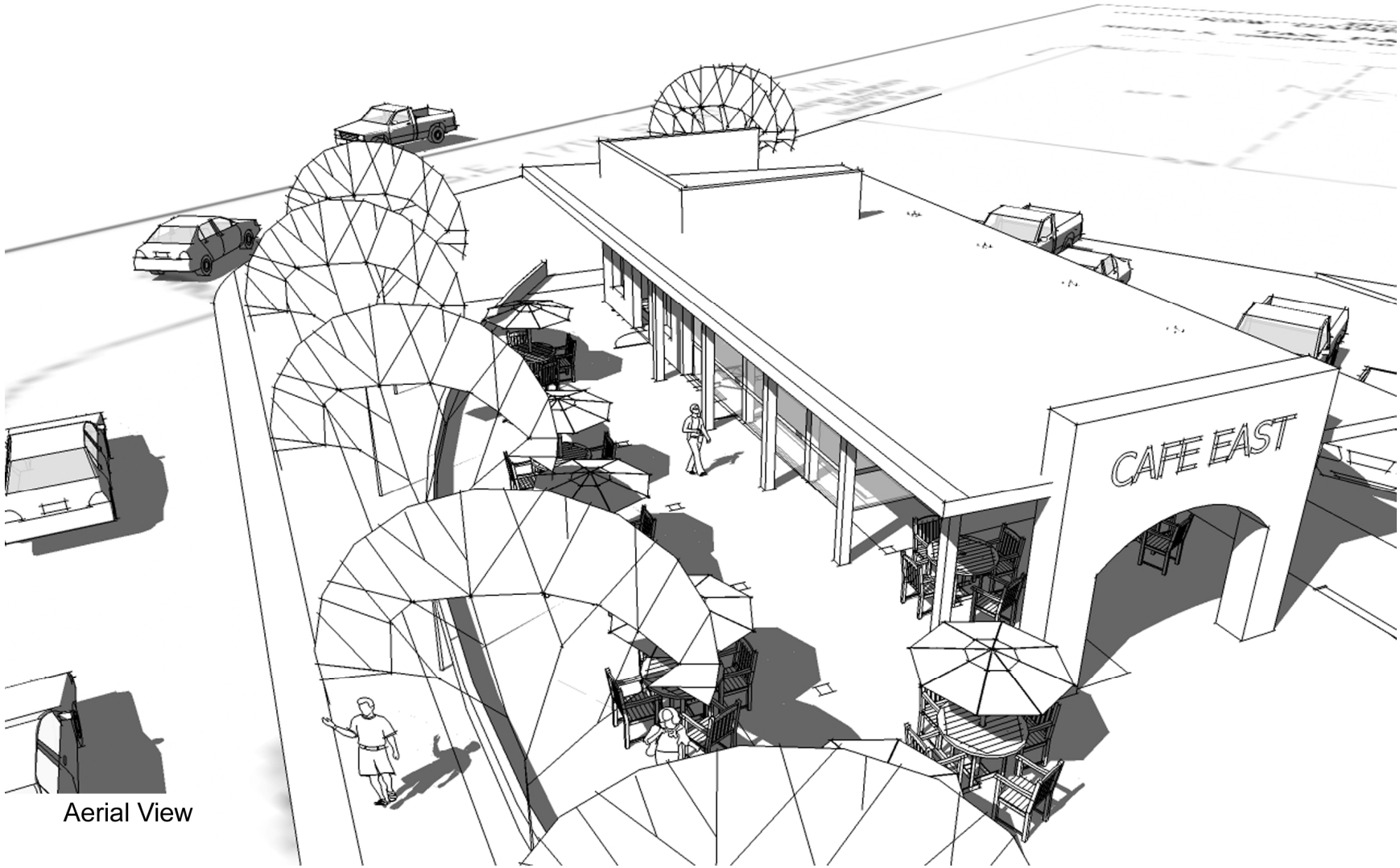
West View

Site Potential – Entry View



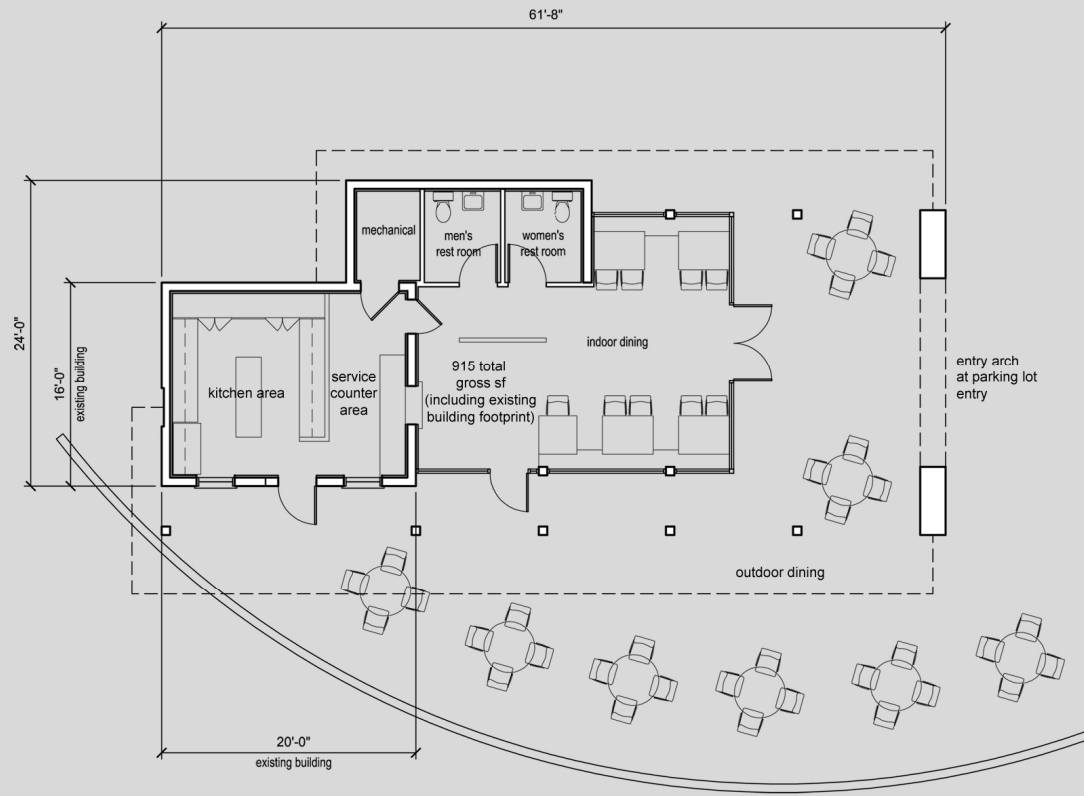
Entry View

Site Potential – Aerial View



Aerial View

Site Potential – Building Interior



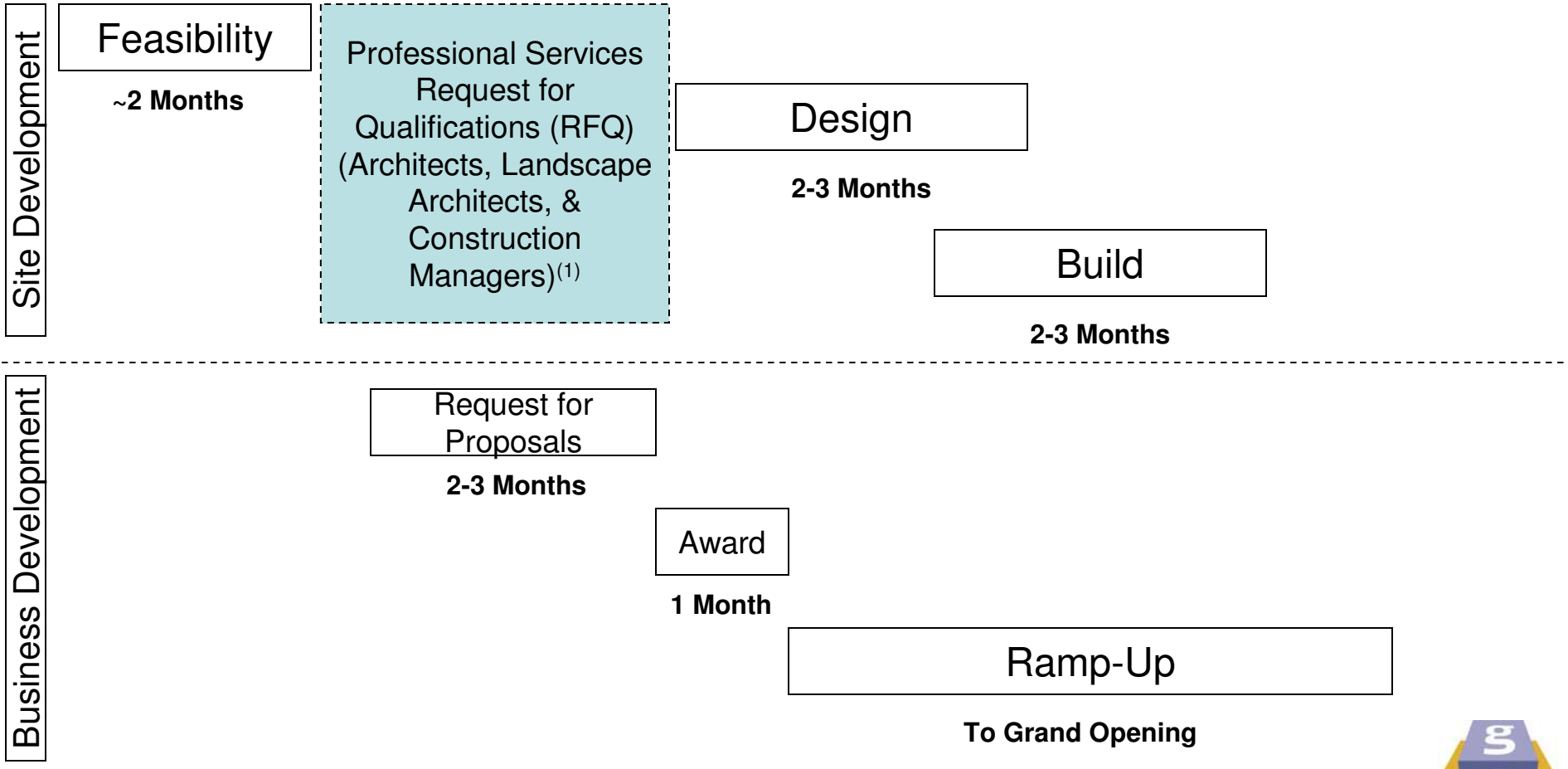
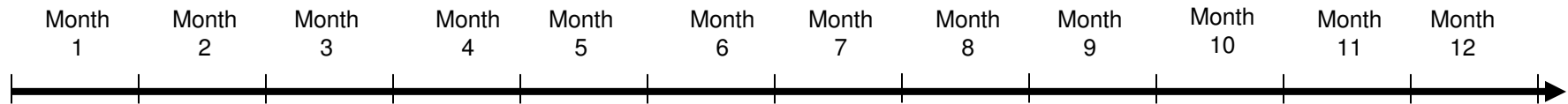
Floor Plan
0' 8'

Redevelopment Approach

- **Development will occur in two parallel tracks**
 - Site Development
 - Business Development/Recruitment
- **Site Development**
 - Phase 1 Feasibility Assessment
 - CRA staff performs financial analysis, including development costs, commercial proforma, and cashflow analysis to understand financial feasibility of project
 - Also includes financing and debt structure, if required, and assumptions
 - Phase 2 Design
 - Procure architectural and engineering services to design detailed site and construction plans
 - Phase 3 Build
 - Formal process to select a Construction Manager to provide construction management services and oversee actual construction
- **Business Development/Recruitment**
 - Phase 1 Request for Proposals
 - Develop, finalize, and issue RFP
 - Includes marketing and directly soliciting targeted businesses for expansion
 - Phase 2 Selection/Award
 - Review of proposals, short-list oral presentations, and awarding of project
 - Phase 3 Ramp-Up/Build
 - Selected business will focus on the pre-opening activities and work with CRA staff to have input into a limited set of design elements, primarily the building's interior



High-Level Development Timeline



⁽¹⁾Note – the qualifications process is not specific to this project. This process is to qualify firms for all CRA projects under \$1 Million or \$50,000 for studies.



General Scope for Request for Proposals

- Desired Uses
 - Sit-down dining / restaurant establishment
 - Other uses may be considered, however the use should be consistent with the uses outlined in the proposed Southeast Gainesville Renaissance Initiative (SEGRI) Special Area overlay
- Interested parties should provide information indicating that they will be able to operate their proposed business as a tenant in the building:
 - Description of the proposed business
 - Hours of operation
 - Types of products sold/services offered
 - Estimated price points for said products/services
 - Target clientele
 - Character and ambiance of the proposed business
- The respondent must provide:
 - Detailed proforma indicating the anticipated sources and uses of funding for the project
 - A 3-year operating pro formas with forecasted revenues, expenses, and financing costs
 - For an existing business, financial statements for the previous 3 years are also required
- The CRA will serve as developer for the project, including design and construction of the site and expansion of the existing building. Architectural renderings of the proposed project and a conceptual site



Preliminary Financial Analysis

Estimated Project/Development Costs*

<u>Uses of Cash</u>		<u>Sources of Cash</u>	
Land (Purchased already)	\$61k	Equity – Land	\$61k
Construction – Soft Costs	\$35k	FY09 Approved Eastside Project Funding	\$228k
Construction – Hard Costs	\$221k	Debt/Add'l Financing	\$49k
Contingency	\$21k		
Total Uses of Cash	\$338k	Total Sources of Cash	\$338k

*Estimates will be refined once Architect and Construction Management firms are hired

Key Operating Assumptions

Item	Assumption	Comment
Rent Rate	\$16 sqft or \$1,220 month	Assumes \$16/sqft is full-market rate and based on final deal structure, tenant would ramp-up to full market rate within 2-4 years.
Lease Type	Triple Net	Assumes tenant is responsible for rent, taxes, insurance, and maintenance
OPEX	\$733/year	Reserves to do building maintenance
Vacancy Rate	8.33%	Equals one month per year

Net Operating Income	Steady State
Gross Rents	\$ 14,640
Less: Vacancy	\$ (1,220)
Less: OPEX	\$ (733)
Net Operating Income	\$ 12,687



Recommendation

- Hear presentation from staff
- Approve the concept of a small restaurant or diner for this site
- Approve general scope of RFP to attract a business as presented

