

Just as the challenges or “barriers” to investment are multifaceted, so too must the solutions be. The national trend of stagnating and declining commercial corridors is evident not just in DeSoto and Texas, but throughout the U.S. Facing increasing competition from development on the “fringe”, as well as in revitalizing downtowns, Hampton Road, as an “in between” location, could experience a heightened decline in commercial property values and market share unless specific actions are taken. Together, the public and private sectors face the challenge of revitalizing the Hampton Road Corridor. Before moving forward, the City must accept that its competitive position will continue to be eroded unless there is a significant repositioning of its role in the market, restructuring of its physical layout, recognition of the economic challenges inherent in infill and corridor redevelopment, and, aggressive recruitment of niche opportunities. The City and its leadership must further accept that infill, and particularly corridor areas, are at a distinct economic, social and market disadvantage compared to vacant “Greenfield” sites. To that end, it is their responsibility to “level the investment and regulatory playing fields.” Private investment alone will not fill the financial “gap,” rather, it will move elsewhere. There are several opportunities along the Corridor where these types of “leveraged” investments

can be made. The purpose of these “catalyst investment areas” in advancing the Plan is described in the previous section *Catalyst Concepts*.

Actions for Change

Following identification and analyses of the catalyst investment areas came the challenge of outlining an implementable strategy for promoting investment in the target areas, as well as throughout the Corridor and study area. Webster’s Dictionary defines implementation as “a means for accomplishing an end” or “an action to put into effect.”

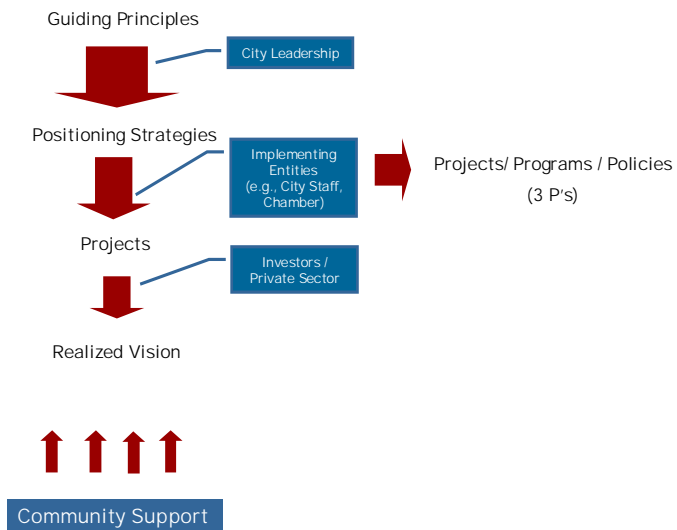
As explained during the Plan process, just as no one project will revitalize the Hampton Road study area, no single action will advance the larger vision. Rather, revitalization and repositioning of the Corridor will be dependent on a series of actions designed to capitalize on market opportunities and overcome barriers - effectively “readying the environment for investment.” Key to the successful implementation of the redevelopment plan will be the continued identification and implementation of actions tailored to the unique issues of the study area and catalyst sites within it. This approach has been proven to build community goodwill;

enhance quality-of-life, provide opportunities for on-going public participation, allow special-interest groups to have a role in the revitalization effort, send a message that the area is successful and making positive strides, and, create an increasingly attractive environment for investment and development. Investors, developers and lenders seek out environments with market

opportunity and prospects for success, devoid of obstacles and sound in sustainability.

Strategy Layers

Implementation Framework



Guiding Principles

The range of actions presented and identified to move the Plan forward were selected based on a foundation of guiding principles. These principles, while general in nature, were considered responsive to market opportunities, catalyst concepts and development programs, and stakeholder input. They include:

- Public-Private Partnerships (TIF, PID, etc.)
- Advocacy Organization Participation
- Holistic Approach to Economic Development
- Programs, Policies and Projects (Action Plan)
- Economic Diversification and Sustainability
- Higher Standards With Off-Setting Incentives
- Prioritized and Phased Improvements (Infrastructure)
- Active Marketing and Promotion
- Acquisition, Positioning and Disposition of Properties
- Open and Community Space Planning
- Regulatory Flexibility
- Financial Creativity

A more detailed description of each is presented in the following discussion.

Public-Private Partnerships

As the entity with the largest and longest-term interest and responsibility, the public sector must have strong involvement and a visible presence, as well as offer continuing leadership, incentives and capital to future projects. The private sector will bring experience, access to private funding, and a willingness to balance risk and return. The roadmap for moving the Hampton Road Corridor vision towards reality is based on the assumption that the City will move forward in partnership with the private sector. Through this approach, the City of DeSoto is in a much stronger position to ensure that development is accomplished in a way that balances private investment objectives with community sustainability. To this end, the City should:

- Acquire, assemble and position strategic parcels which will advance the vision;
- Establish policies in support of tools which allow for acquisition and disposition including land write-downs, land swaps, transfers of development rights, etc.;

- Commit to participating in the cost of infrastructure; and
- Be strategic about public investment, utilizing it to leverage private investment.

Advocacy Organization Participation

The range of actions identified to ready the investment climate on the Corridor is broad and assumes participation by multiple entities or advocacy organizations. While the City is the obvious group to lead redevelopment initiatives, their perspective and resources limit their capacity to implement all of the actions presented herein. Groups including the DeSoto Economic Development Corporation, area employment and neighborhood groups, and others will need to share in the responsibility of implementing the actions and strategies presented here. To this end, the City should:

- Work with property and business owners to evaluate the range of entities which could serve to address physical and marketing deficiencies in the study area;
- Work with the DEDC and other business support and promotion organizations to formalize either creation of an additional entity or expansion of an existing one; and

- Assign actions from the matrix (presented at the end of this section) to all participating advocacy entities for implementation.

Holistic Approach to Economic Development

Economic development “infrastructure” includes physical features (parks, open space, public improvements), service organizations (churches, schools, government offices), mix of employers (retail, service government – large and small users), community perceptions and attitudes. These are the assets which provide the impetus for investment therefore, the City needs to direct equal levels of resources to attraction, expansion, retention, preservation and enhancement initiatives. To this end, the City should:

- Identify and set aside open space and / or places for public amenities, particularly in the vicinity of the catalyst sites;
- Promote and reward these features;
- Define mandates of the DeSoto Economic Development Corporation to include commercial recruitment, community development initiatives, and catalyst project partner solicitation; and

- Establish school programs to encourage participation by students in community and economic development and Corridor redevelopment.

Projects, Programs, and Policies (Action Plan)

Accept that no one effort will create or sustain a community, but rather a series of projects, programs and policies which occur simultaneously and serve to attract the interest of potential economic development partners. Many of these efforts have been identified and are presented in the action plan which follows this discussion. The method by which the City chooses to address these actions will be determined by its elected and appointed officials. Regardless, the approach must be comprehensive, fluid and continually updated. To this end, the City should:

- Host monthly luncheons on key topics with agents of the “delivery system” re: product trends, regulatory impacts, practices in other communities, etc.;
- Complete a regulatory diagnosis and amend where appropriate;
- Coordinate marketing and promotion for the study area and community; and

- Develop a communication program (both internal and external) about efforts to advance the vision.

Economic Diversification

The primary purpose behind economic development is to achieve new gains in the economic growth of the community. Any community dependent on a single industry or source of revenue for its sustainability will experience highly volatile economic cycles. Therefore, economic development initiatives must include the attraction of primary industries, expansion of revenue-generating industries and public support of the “economic development infrastructure.” To this end, the City should:

- Coordinate with private property owners to attract businesses and uses which advance the vision and tie incentives to consistency with the Plan (criteria);
- Prepare targeted marketing materials and promote incentive package;
- Commit to capital plans which provide necessary infrastructure in strategic locations;

- Solicit EDA dollars (hard and soft) for diversification and sustainability;
- Support signature (catalyst) projects;
- Establish a precedence for using economic impact analyses to quantify value and justify use of public dollars to attract investment; and
- Coordinate efforts among the City, DEDC and its advocates.

Higher Standards with Off-Setting Incentives

Higher standards as a component of place-making comes with a price. Development costs are consistently higher in infill mixed-use projects, while project revenues (in early years) are often lower. Placing additional financial burdens associated with design standards on these pioneering initiatives can create a scenario whereby development economics render the project financially infeasible and prevent it from moving forward. Conversely, a declining commercial corridor without minimum standards for development is a highly risky environment where new investment is largely unprotected. The City must establish standards, but also recognize the financial challenges of the private sector and make

available off-setting financial solutions. To this end, the City should:

- Establish a task force of local design, development and business owner professionals to work with a consultant to prepare design standards;
- Prepare a list of tools or incentives to offset impacts of higher standards (comprehensive incentive package) and promote their availability; and
- Support the long-term vision through the City's policies and regulations and recognize the study area as one component of the large community with a unique set of hurdles to overcome.

Prioritized and Phased Improvements (Infrastructure)

Given proposed densities within the catalyst areas, the City will need to better understand the capacity of the existing infrastructure. To the extent that improvements are required (including water, waste water, electric, gas, cable, sidewalks and public spaces), a phasing plan should be developed and funding strategies researched. To this end, the City should:

- Work with property owners in catalyst areas to understand the range of financing mechanisms available to fund infrastructure;
- Develop criteria for selection of task force members to promote creation of a district (if applicable) and prepare a business plan;
- Engage appropriate professionals to assist in quantifying impacts; and
- Lobby for enhanced fiber optics infrastructure.

Active Marketing and Promotion

A carefully designed and administered marketing program for the community and study area should be developed and promoted. Material preparation should incorporate the skills of the project management team and local officials, advocacy and marketing partners, brokers, businesses and property owners. These partner groups need to form cooperative consortiums and maintain autonomy in their objectives. To this end, the City should:

- Define the role of the City (see discussion which follows), DEDC and other organizations such as partners in advancement of the vision;
- Create a well-funded information system to process inquiries, gather marketing intelligence, etc.;
- Establish criteria for solicitation targets; and
- Complete a branding study and prepare materials.

Acquisition and Disposition

Site control is the single greatest advantage a community can have when initiating a redevelopment effort. Through site control, a community can exercise options related to assemblage, consolidation and disposition in order to position properties for private investment. Once acquired, disposition can be implemented by several methods. The City needs to reflect on community interests, long-term goals, limitations and mandates when considering these methods and their application. To this end, the City should:

- Define the role of the City, DEDC and other organizations as partners in the acquisition and positioning of strategic parcels;

- Evaluate effectiveness of acquisition and disposition efforts to-date (if any) as forward actions need to be guided by accepted criteria; and
- Research and understand the range of disposition strategies and applications including land leases, land banking, quick sale, bulk sale, etc. and declare the City's willingness to apply these strategies to select instances.

Open and Community Space Planning

The recommended development concepts for the Corridor include combinations of multi-use commercial, office, residential and civic spaces, supported by formal and informal open and community spaces. As evidenced by other successful redevelopment initiatives, amenities and open spaces are critical as they communicate the identity of the place and enhance property values. The challenge is successfully encouraging private property owners to set aside otherwise income-producing land for non-income generating uses. To this end, the City should:

- Identify open space corridors and other environmentally-sensitive areas;

- Work with property owners and a designated task force to define a program for public spaces;
- Prepare / amend public and open space master plans;
- Assuming formation of a district to fund improvements, use increment or assessment to fund and maintain enhancements; and
- Promote open space and park amenities as economic development benefits and financially incent their development.

Regulatory Flexibility

The vision and objectives identified for the Corridor and study area were developed from a market-based strategy. As markets change, new land uses and products, consistent with the desired outcome, yet inconsistent with prevailing regulations, must be accommodated without time-intensive reform. The safety net for quality and character within projects will be standards. To this end, the City should:

- Establish an overlay zone to transition the study area from current status and allow for market-responsive development;

- Require site plan review prior to building permit issuance and provide time frame and limit revisions (streamlining); and
- Promote uses which encourage transitions, discourage strips of like uses, and encourage nodes (acquire strategic parcels).

Financial Creativity

As demonstrated by the economic analyses prepared for the catalyst concepts and presented in the previous section, financial gaps resulting from the proposed market-supported programs will require multiple tools used in various combinations. The experience of redevelopment projects in other markets suggests project gaps of 20 to 40 percent can be the norm, and that the best strategy to address these deficiencies is through the application of multiple resources, thereby spreading risk and return among the partner entities. Each solution and implementation strategy will be as unique as the project being implemented. The most important quality among these projects will be a willingness on the part of both the public and private sectors to be creative and flexible in their approach. To this end, the City should:

- Review the range of financing mechanisms identified and presented in the attached glossary of tools;

- Identify those the City is most comfortable establishing (in the case of TIFs, PIDs and other funding entities) or making available; and
- Promote their availability to the private sector and test their effectiveness through project monitoring (benchmarking).

“On Tuesday”

A critical step in moving the redevelopment plan forward will be defining the methods by which the City is willing to actively participate in advancing catalyst investment. Within the discussion which follows, several issues are raised for consideration.

As explained earlier, the City has the largest and longest-term interest in the study area. To this end, it must be involved in advancing the vision for the area and where appropriate, participate in new investment and reinvestment. The method by which a City participates in redevelopment efforts can be multi-faceted, ranging from marketing and promotion to financing and development.

In addition to leveraging the City’s control of sites within two of the three catalyst areas, the City should, for the near-term, advance investment through one or more of the following roles: regulator, advocate, marketer / promoter, facilitator, financier, and/or partner. Examples of their application are presented in the action matrix at the end of this section.

The market analysis indicated that the trade area in which the Corridor competes could support between 1.5 and 2.0 million square feet of commercial space, more than 350,000 square feet of office employment space and approximately 23,000 residential units over the next 10 years. Market capture rates, timing and the character of development which occurs in the study area will be largely dependent on the City’s willingness to play multiple roles in the predevelopment and development process.

Experience has proven that, when a market opportunity exists, but investment is not occurring (or occurring in a manner inconsistent with the community vision), barriers must exist. There is a market for new product in DeSoto and on the Corridor. However, should the City choose to do “nothing” or very little to eliminate barriers identified during this process, it is highly unlikely that investment consistent with the vision will occur in any reasonable time frame.

Rather, market share will be lost to other communities in the region that are actively promoting, targeting and incenting investment.

Approach and Outcomes

Two approaches have been identified for the City of DeSoto to consider in advancing the redevelopment plan in general, and catalyst projects specifically. Both approaches presume two key things: 1) the City will work to “ready the environment for investment” in the Corridor by implementing several of the actions identified and presented in the matrix; and, 2) the City will engage in public-private and public-public partnerships for appropriate developments (catalyst projects).

The first approach would be to develop marketing and promotion materials, identify qualified developers with potential for interest in advancing the concepts, contact and meet with these developers, and actively recruit those willing to do the necessary project due diligence to determine if a local partnering opportunity exists. Within this approach the City would engage potential development partners itself and facilitate discussions with local private sector partners directly.

The second approach would be to develop marketing and promotion materials and package them in the form of developer solicitations (RFQ / RFP), identify qualified developers with potential for interest in advancing the concepts, contact and present the RFQ / RFP, and, select developers for further negotiations.

Under either scenario, the City could also elect to retain the services of a real estate expert with established developer relationships to assist the City in preparing promotional materials, advancing implementation actions (optional), preparing developer solicitations, recruiting potential developer interests, addressing select due diligence issues and potentially representing the City in negotiations related to project incentives.

Regardless of which approach the City chooses to pursue in an effort to promote redevelopment of the study area, at a minimum, it should:

- Commit to alignment in vision and action (at a Council level)
- Adopt catalyst project criteria
- Identify audiences and share the market information (in a variety of formats)

- Formalize promotion materials
- Define the range of City roles
- Assign actions to City departments, DEDC and private stakeholders
- Meet with property owners in catalyst areas
- Determine development strategy for each catalyst project area

The development strategy is a critical decision for municipal bodies to make prior to implementing a redevelopment project. The development strategy is the method by which the City will participate in the development and should be a decision that is influenced by the desired product, development entity and outcome, as well as key short- and long-term goals.

Conclusion

The national trend of stagnating and declining “inner ring” suburbs is evident throughout the U.S. Facing increasing competition from not only development “on the fringe”, but from revitalizing downtowns, these “in between” communities are experiencing rapid declines in commercial property values and market share. Together, the public and private sectors face the challenge of revitalizing the commercial corridors that once

represented the lifeblood of their communities. Their competitive position will gradually be eroded unless there is a significant repositioning of their role, recognition of their current target markets, and restructuring of their physical layout, to reflect the more mature nature of the communities that surround them.

The commercial corridors which have undergone revitalization are emerging as regional destinations in cities throughout the nation. In virtually every story of success, redevelopment and new development within these corridors has been the result of a holistic approach involving nurturing and growing each diverse segment of the economy, eliminating barriers to investment, and marketing positive changes through an overall image of vitality. This experience has proven that as varied as the markets are within these corridors, so too are the required solutions. Just as communities can no longer rely on a single economic engine to propel their future, neither can corridors rely on a single project or initiative. Multiple efforts are required, including projects, programs and policies, all designed to “ready the environment for investment.”

The *Hampton Road Redevelopment Plan* is the roadmap to move the City’s and stakeholders’ vision towards reality and to ensure that

redevelopment of the area be accomplished in a way that balances private investment objectives with community sustainability. The attached series of actions / strategies will capitalize on market opportunities and overcome barriers to investment. Ultimately, the City of DeSoto, its Council, Planning Commission, staff and citizenry will have to select a final course of action for change. The information presented here is designed to provide a range of actions for consideration and sound decision-making.