

Work Session

Agenda Item #	5
Meeting Date	November 24, 2014
Prepared By	Sara Anne Daines, HCD Director Roz Grigsby, CD Coordinator
Approved By	Brian T. Kenner, City Manager

Discussion Item	Overview of Community Benefits and Trade-Offs Related to Takoma Junction
Background	<p>The Council continues its review of its redevelopment options for the Takoma Junction site on November 24 with a presentation by staff on the benefits and costs of development. The presentation is intended to provide the Council and the public with general background information on the financial impact of a sampling of the modifications that have been identified to date during the evaluation period and the factors that influence the financial feasibility of a project. This presentation will provide background and context as the Council engages in a work session discussion later in January on proposal financial information.</p> <p>Presentation materials include a matrix designed to provide general information on construction costs and the offsetting income that might be generated. This information has been compiled from a variety of sources including local property owners, management firms, public databases, and cost estimates provided by various governmental agencies and others. The figures are approximations and will vary as concepts are further refined.</p> <p>A brief report on the November 18 Open House will be provided by staff as well.</p>
Policy	<p>“The City encourages the development of proposals that will act as a stimulus to the commercial district and locally-owned, independent businesses, improve the aesthetic appeal of the district; and are contextually sensitive and environmentally sustainable.”</p> <p style="text-align: right;"><i>Request for Proposals - Takoma Junction Site (January 22, 2014)</i></p>
Fiscal Impact	TBD
Attachments	Redevelopment of Takoma Junction: Community Benefits and Tradeoffs
Recommendation	To review and discuss the presentations
Special Consideration	<p>The developers selected for consideration to provide options for the redevelopment of the Takoma Junction site are The Ability Project, Community Three Development, Keystar LLC / Eco Housing, and Neighborhood Development Company, LLC. Information on each of their proposals has been posted online and can be accessed here:</p> <p>http://www.takomaparkmd.gov/hcd/takoma-junction-rfp</p>



Community Benefits and Tradeoffs for Junction Development

Council Work Session
November 24, 2014



Community Benefits and Tradeoffs

- Overview
- Selected Features Impacting Feasibility
- Fair Value
- Long Term Financial Impact
- Next Steps



Overview

■ What makes a project feasible?

- *Status quo is feasible*
- *Any change at the Junction including any redevelopment must be feasible*

■ Variety of factors impact redevelopment

- *Community amenities*
- *Mitigants to negative externalities (traffic, noise, etc.)*
- *Fair value*
- *Catalyst for other commercial establishments*
- *Support for Co-op*

■ Tradeoffs

- *Different groups will value different factors*



Selected Features Impacting Feasibility

Project Features	Cost	Income	Community Value
Underground Parking	\$40,000 -- \$50,000 per parking space	\$1 -- \$2/hr.	<ul style="list-style-type: none"> • Support for local businesses • Community events
Commercial Space	\$100 – \$120/sq.ft. Excluding leasehold improvements	Lease rates: \$28 - \$50/sq.ft.	<ul style="list-style-type: none"> • Additional customers • Local businesses
Market Rate Residential	\$160 -- \$200/sq.ft.	Lease rates: \$24 – \$38/sq.ft.	<ul style="list-style-type: none"> • Additional customers • Activate streets for safety
Affordable Residential	\$160 -- \$200/sq.ft.	Lease rates: \$16 -- \$25/sq.ft.	<ul style="list-style-type: none"> • Diversity of housing/seniors • Additional customers • Activate streets for safety
Office Space	\$160 -- \$200/sq.ft.	Lease rates: \$18 -- \$24/sq.ft.	<ul style="list-style-type: none"> • Local businesses • Limited demand
Community Amenities	Example (Veterans Plaza) Plaza: \$800,000 Pavilion: \$4 million Ice Rink: \$1.2 million	TBD	<ul style="list-style-type: none"> • Public gathering space • B.Y. Morrison Park • Public good
Sustainability Features	Solar roof Community garden \$160,000 -- \$300,000	TBD	<ul style="list-style-type: none"> • Reduced carbon footprint • Locally grown food • Public good



Fair Value

- Fair Value is important and proceeds can have various uses:
 - *General fund – parks, additional services, reductions in tax rate, etc.*
 - *Reinvested into Junction redevelopment – additional community amenities, sustainability features*
 - *Support for proposed tenants – assistance with build out, etc.*
 - *Address negative externalities – traffic, noise, etc.*



Long Term Financial Impact

- Potential redevelopment of Junction lot:
 - Places previously public land on tax rolls and contributes to tax base
 - Opportunity cost



2014-2015 Junction Timeline

January 6, 2014	Council Discussion of Options for Junction
January 22, 2014	Request for Proposals Released
February 12, 2014	RFP - Informational Meeting
May 28, 2014	Deadline for RFP Submissions
September 23, 2014	Community Meeting -- Presentation of Concept Plans by Finalists
September 29, 2014	Council Discussion of Redevelopment Proposals
October 6, 2014	Council Discussion of Redevelopment Proposals
November 3, 2014	Council Discussion of Redevelopment Proposals
November 18, 2014	Community Open House with Finalists
November 24, 2014	Council Discussion of Community Benefits and Tradeoffs
January 12, 2015	Discussion of Financial Information from Proposals – Work Session
January/February 2015	Series of Public Meetings to Discuss Junction Proposals & Options
Mid - February 2015	Council Discussion of Junction Proposals & Options & Next Steps

