

# IMPLEMENTATION



## Overview

Implementation of the Corridor Plan requires proactive leadership and collaboration of public agencies at multiple jurisdictional levels, including the City of La Crosse and the Northside Community.

Implementation of the plan is also dependent on the full support and participation of landowners, residents, businesses, and the development community. A concerted effort has been made throughout this plan to involve a broad cross-section of the community. Business owners, neighborhood residents, and community leaders have provided input and guidance. Their participation has improved the study and their continued participation and support will be critical in sustaining the community's vision for the Corridor over time. Even with a strong commitment, it will take several years before many of these recommendations take full shape. The magnitude of redevelopment may seem daunting, however change is constant and the vision for the Corridor will be the product of individual site redevelopments and street improvements. Every project is important and should help build toward the long-term vision. The City has an important role to play in this process, but the success of this effort will not be possible without the full support and participation of landowners and development community.

The public improvements associated with the Highway 53 Corridor Plan will act as a catalyst for reinvestment and represent a positive step toward ensuring a vibrant long-term business climate and livability for the Corridor. This section includes actions that should be considered to integrate the improvements into an ongoing and community building strategy and to gain the most benefit from streetscape and other public improvements.

## Redevelopment Approach

Key points listed below should be considered as the community begins the redevelopment process for the Highway 53 Corridor:

- **COMPREHENSIVE.** A single project cannot revitalize the corridor. Only an ongoing series of initiatives can build community support and create lasting progress.
- **INCREMENTAL.** Small projects make a big difference and they demonstrate that “things are happening.” Large projects can set the tone and establish precedence.
- **SELF- HELP.** Local leadership can breed long-term success by fostering and demonstrating community involvement and commitment to the revitalization effort.
- **PUBLIC+PRIVATE PARTNERSHIP.** The redevelopment program needs support and expertise of both the public and private sectors. For an effective partnership, each piece must recognize the strengths and weaknesses of the other.
- **IDENTIFYING+CAPITALIZING EXISTING ASSETS.** One of the projects key objectives is to recognize and make the best use of the Corridor's unique offerings. Local assets provide the solid foundation for a successful redevelopment initiative.
- **QUALITY.** From streetscape and storefront design to promotional campaigns and special events, quality must be the primary goal.
- **CHANGE.** Changing community attitudes and habits is essential to bring about a corridor renaissance. A carefully planned program will help shift public perceptions and practices to support and sustain the revitalization process.
- **ACTION-ORIENTED.** Frequent, visible changes in the look and activities of the commercial district will reinforce the perception of positive change. Small but dramatic improvements accomplished early in the process will remind the community that the revitalization effort is underway.
- **INTERIM STRATEGIES.** Pilot-to-Permanent or Lighter, Quicker, Cheaper (LQC).

Determine which community partners could assist with programming, community events, and grass-roots improvements. Examples include, but are not limited to temporary wayfinding signs, parklets, moveable planters, additional/relocated pavement marking, and open street events.

## Redevelopment Sites

At the four identified pulse nodes, this plan calls for reinvestment in Corridor-wide pedestrian improvements, alternate routing for people biking and walking, and improvements to critical crossings along Highway 53. The Steering Committee recommends beginning with a project that has the greatest potential for the convergence of investment in infrastructure and buildings, both public and private. Pulse Node A: George Street intersection has the greatest potential for this convergence.

### **Pulse Node A: Bridgeview Plaza Economic Analysis**

The Bridgeview Plaza Property has been identified as a potential opportunity for redevelopment of types and scales that could impact market perceptions of North La Crosse and invite subsequent investment in the area. A high quality redevelopment concept has been developed and illustrated for the site, representing one plausible change scenario. Tangible Consulting Services have evaluated the redevelopment concept from a financial perspective and the findings are the subject of this memorandum.

The development concept represents an ambitious redevelopment of the property. It creates a storefront retail corridor of special character and it offers new public park/plaza spaces. The place-making characteristics of the project would result in maximizing the residential and commercial rents that could be achieved in this particular part of the City—with the caveat that development in this location is pioneering, and thus will not bring the level of returns that would be achieved in parts of the city that are already seen as highly desirable locations.

## Findings

The analysis finds that the development concept is challenging but potentially achievable and requires significant public sector financial support. Utilizing a range of assumptions, our model estimated the total development cost to be around \$100 million, when all aspects of the project are accounted for. A developer, with typical financing, could support roughly 77% of these costs. This yields a financial gap of around 23% of project costs.

A good share of these costs could potentially be derived from capitalizing the future property taxes that the development would generate using a tax increment financing mechanism. Tax increment financing is an advantageous first choice for addressing a development financial gap such as this, since it doesn't add to the tax burden on La Crosse citizens or compete with the funding of other city needs. But the analysis suggests that tax increment financing will not be sufficient to meet the financial need. Additional public financial resources would need to be identified and employed to advance the project.

Project performance is highly sensitive to the rents that can be achieved by the development. Those rents can't be projected with a high degree of accuracy, because the prospective project is quite unique in its location, and in the context that would be built around it. There are no other developments in the City of La Crosse that are close comparisons. If future rental costs for the apartment component of the project turns out to be \$1.65 per square foot instead of \$1.75, the public contribution to the project would increase to 26% of project costs. By the same token, if future rents are \$1.85 per square foot, the public financial support that would be 20% of project costs.

## Analysis

This analysis evaluated:

- The cost of the project
- The return of the project (in the form of the operating income that would be generated), and
- The amount of development costs that would be supported by a lender and the developer
- The projected rents that the project generates, after deducting operating costs, were used to estimate both the lender contribution and the developer contribution to the project. The estimated financial gap is simply the part of the total estimated project cost that exceeds the lender and developer contributions.

In reality, a project like this proceeds in multiple phases. To make it manageable, this analysis considered the development as a whole, so that total costs were incurred at a single point in time, and rents from all seven buildings were available after the project was completed.

## Assumptions

The findings of this analysis are dependent on the accuracy of a wide range of assumptions, which are detailed in the last page. There will be errors in the assumptions, since a) the time available to gather information on each variable was not unlimited, and b) it is impossible to make perfect assumptions about costs, market conditions, developer or lender behavior, or what the future will hold. This analysis worked to avoid a pattern of errors, which would have the effect of producing an overly optimistic or pessimistic assessment of the financial viability of the development concept.

### Development Costs:

Acquisition and Site Preparation	\$5,400,000
Development Cost—Streets and Parks	\$1,800,000
Development Cost—Seven Buildings	\$93,400,000
<b>Total Development Cost</b>	<b>\$100,600,000</b>

For the buildings, cost estimates were derived for construction (hard) costs, soft costs, and developer fees of each component (retail, office, or residential) of each of the seven proposed buildings.

### Operating Income:

Residential Gross Rent	\$7,140,000
Retail Gross Rent	\$660,000
Office Gross Rent	\$1,450,000
<b>Total Annual Gross Rent</b>	<b>\$9,300,000</b>

Rental income was also estimated for each component of each of the seven buildings, based on the estimated rent per square foot for residential, office and retail areas in the buildings. The seven buildings combined were estimated to produce around \$9.3 million per year in rents, given typical vacancy rates.

### Net Operating Income:

Residential Net Operating Income	\$4,020,000
Retail Net Operating Income	\$650,000
Office Net Operating Income	\$990,000
<b>Total Net Operating Income</b>	<b>\$5,700,000</b>

The net operating income was derived by estimating operating expenses for each of the three development types. After deducting for operating expenses, the annual net operating income (NOI) for all seven buildings is estimated to be around \$5.7 million.

### Project Finance:

NOI	\$5,700,000
Debt Service Coverage Ratio	÷ 1.25
Debt Service	\$4,530,000
<b>Development Loan</b>	<b>\$69,600,000</b>

The net operating income provides a basis for estimating the size of a loan that project would receive from a lender. This analysis used assumptions for the lender's debt service coverage ratio and loan terms that are somewhat conservative, based on current lending norms. But in the timeframe of this project they could still prove to be overly optimistic, which would result in a greater financial gap.

The equity that a developer would bring to the project is based on a wide range of considerations, including financial return. A developer has choices about where to invest his or her resources and a financial cushion will be built into the project because new development is inherently risky. A key financial metric for developers is the projected cash flow of the development after the debt service has been paid (cash flow after financing). The developer's investment in a project (equity) will be partly based on the project's projected cash flow after financing.

NOI	\$5,700,000
Debt Service	-\$4,530,000
Cash Flow after Financing	\$1,130,000

Given an estimated 15% ratio between developer equity and its annual return, as measured by its cash flow after financing:

Developer Equity	\$7,550,000
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The estimated financial gap that the development faces is simply the remaining project cost, after the development equity and loan amount are accounted for. The financial gap represents around 23% of total project costs.

Total Development Cost	\$100,600,000
Developer Equity	- \$7,550,000
Loan Amount	- \$69,600,000
Financial Gap	\$23,400,000

## Short Term Recommendations

It is important to establish short-term design steps for organizational and planning tools to implement the redevelopment recommendations, which include the following:

### **Build Design Standards into the Zoning Ordinance**

Build design standards into the zoning ordinance for the most effective and legally sound strategy. If design objectives can be visualized and defined in quantifiable terms, they can be expressed in the form of standards that can be incorporated into the Zoning Ordinance. Definitive standards developed in response to reasonable goals and objectives are better for developers, less likely to be legally challenged, and more defensible in the event of legal challenges. This approach would be easiest to administer by the planning staff in the long term. However, in the short term, the formation and authorization of a separate design review committee will work with City Staff to review redevelopment proposals.

There are limitations to the results that can be achieved through zoning. Design standards help achieve a degree of continuity through an area and certainly prevent development that is truly incongruous and incompatible. However, it is also true that good taste cannot be legislated. Although zoning can help a community establish a level of quality and prevent discordant development, it cannot guarantee that development will be aesthetically pleasing.

### **Site Plan Review**

In order for the City to effectively implement the design guidelines recommended by the Task Force and consultants, the City should empower itself to guide development by bolstering the newly adopted Site Plan Permit process for all development along the Highway 53 Corridor. The SPR “ensures developments conform to City goals, plans and regulations; preserves and enhances the natural environment; protects existing uses; enhances the economic, residential and institutional communities; grows the City tax base and beautifies the city.” Some of the factors considered in the SPR process are: consistency with the City’s Comprehensive Plan and Design Guidelines adopted by the City, building setback and build-to requirements, consistent facades, minimum glass requirements, sign controls, minimized curb cuts, parking lot location and buffering, landscape and lighting plans, stormwater management plans, parking requirements and drive-throughs.

### **Develop a Corridor Wayfinding Plan**

Wayfinding signs should be installed throughout the Corridor for those driving, walking, and bicycling to assist with finding destinations. Wayfinding should focus on two specific areas: highlighting destinations off of Highway 53 (for example, the UPTOWNE/Old Towne North business district), and highlighting destinations on Highway 53 for people who are walking or bicycling on a parallel neighborhood street. A wayfinding plan could focus specifically on this Corridor or could address the wayfinding more broadly of North of La Crosse.

### **Organization and Promotion**

Currently, no civic organization and/or public bodies are involved in the management, promotion, and/or development of the Highway 53 Corridor. Organizing a diverse group of people to achieve the work tasks, build public/private partnerships, foster ongoing leadership, and provide a unified voice for the area will be the key to whether this plan succeeds or fails.

This section outlines a strategy for organizing interested residents and business owners into an effective advisory group whose mission is to see that redevelopment is implemented according to the goals and objectives of the plan, to act as an advocacy group for the corridor, and to coordinate promotional campaigns and small projects.

## Corridor - Wide Ongoing Activities

Simultaneously with the phases identified above, the Project Team will undertake the following ongoing activities.

### Coordinate Objectives with City Departments

The planning and engineering departments from both the County and City should refer to this document when considering development proposals along the Highway 53 Corridor. Developers should work with City and County Staff and refer to the plan when generating design concepts to better understand how their property fits into the Corridor Plan and expectations for public/private facilities. Proposed developments should follow the design recommendations in this Plan.

### Develop a Financial Plan

The harsh reality of this Plan is that without viable financing, many of the recommendations will not be implemented. Therefore, it is imperative that the City of La Crosse and La Crosse County, along with the local business community, research and develop practical financing options to facilitate real change. Financing projects can be done by qualifying for grant money, borrowing, or bonding. The City and County should create a master schedule outlining when grant cycles start and are awarded and their relationship to agency capital budget cycles. The funding strategy should be flexible to take advantage of any unexpected opportunities.

### Assemble Land

Pursue the acquisition of tax forfeit, foreclosed, or for sale properties identified as necessary to pursue the redevelopment vision created in this plan for the Highway 53 pulse nodes and could be acquired by the City of La Crosse or La Crosse County. Either entity will be cognizant of the Corridor Plan and the additional right-of-way needs at these intersections.

### **Help People Bike to the Highway 53 Corridor**

Demand for bicycling is expected to increase along and adjacent to the Corridor, especially as redevelopment occurs. While dedicated bikeways are not recommended on Highway 53, additional destinations and anticipated increase in bicycling will generate demand to and along the Highway 53 corridor. Several steps can help people bike through and to the corridor.

- Create a wayfinding system for directing bicycle traffic to the defined pulse nodes along Highway 53. While the wayfinding should direct people to nearby destinations, it should also direct people from the alternative routes to destinations on Highway 53.
- Identify treatments connecting the alternative routes to Highway 53, especially at the four pulse nodes studied in this plan. Many of the people who bike on Highway 53 are trying to reach destinations on Highway 53. Creating safe connections to the corridor will mitigate the additional time, inconvenience, and decreased safety of directing people off Highway 53.
- Ensure that as the Corridor is improved adequate secure bicycle parking is provided at visible, safe and convenient locations.

### **Develop a Private Investment Incentive Fund**

Create an incentive program that recognizes businesses making voluntary aesthetic improvements. Supplements such as painting and landscaping can visually enhance the appeal of an area and are encouraged.

## Redevelopment Tools and Resources

### Public Capital Improvement Programs

- Architectural and Engineering Analysis (A&E) Program
- Redevelopment Authority
- Sale of City owned properties
- City of La Crosse CIP
- Intergovernmental Revenue Sharing
- Lease revenues from City owned properties
- WisDOT Transportation Economic Assistance (TEA)
- La Crosse Area Development Corporation (LADCO)
- La Crosse Industrial Park Corporation (LIPCO)
- La Crosse County Economic Development Fund (LCEDF)
- Wisconsin Economic Development Corporation (WEDC)
- Wisconsin Housing and Economic Development Authority (WHEDA)

### Public + Private Partnership Programs

- La Crosse Promise
- Challenge grants
- City Special Service Districts
- Community benefit agreements
- Parking Benefit District
- La Crosse Neighborhood Development Corporation (LNDC)
- Land Trusts
- Business Improvement Districts
- Transfer of Development Rights
- Business lending or micro-lending
- Crowd Sourced Development Equity
- Corporate sponsorship
- Philanthropic endowment
- Pre-disaster relief

### Community Foundations

- La Crosse Community Foundation
- Robert & Eleanor Franke Charitable Foundation

## Federal Programs

- FEMA Pilot Projects
- EPA assessment and clean-up grants
- Surface Transportation Program (STP)
- Transportation Alternatives Program (TAP)
- Highway Safety Improvement Program (HSIP)
- Congressional Line Item Budget

## Federal Transit Program

- Urbanized Area Formula grants
- Capital investment grants & loans
- Transit Enhancement Activity program

## Property Tax Programs

- Tax Increment Financing (TIF) districts
- Tax abatement
- Special assessments
- State and Federal Historic Tax credits
- Low Income Housing Tax Credits (LIHTC) – probably available through WHEDA)
- Community Development Financial Institutions Fund - New Markets Tax Credit Program

## Housing Programs

- Employer assisted Housing
- Low-Income Housing Tax Credit
- Housing Improvement District
- Ownership Workforce Housing Fund
- Rental Affordable Housing Trust Fund

## Grant Programs

- Floodplain Grant Program
- Community Development Block Grants (CDBG)
- DOT/HUD Partnership for Sustainable Communities, Community Challenge Planning Grant

## Loan Programs

- Upper Floor Renovation Loan program
- Small Business Development Loan (SBDL)
- La Crosse County Micro Lending Fund

## Non-Funding Tools

- Zoning change
- Form based code
- Strategic placement of new infrastructure
- Code enforcement
- Design guidelines
- Land assembly
- Site preparation such as demolition, grading, platting, rezoning
- Land write-down