

CIVIC CENTER SECONDARY DEVELOPMENT AREA PROJECT OPPORTUNITY

The Civic Center Secondary
Development Area:

The Civic Center Secondary Development Area surrounds a large medical and government complex in central Miami, extending from NW 17th Avenue on the west to NW 7th Avenue on the east, and from NW 20th Street on the north to the Miami River on the south.

This area is the location for a number of health and government oriented functions which exert considerable economic influence on not only the immediate neighborhood, but the city and metropolitan area as well. Major facilities in the area include: Jackson Memorial, Cedars of Lebanon, Veterans, Highland Park and Anne Bates Leach hospitals; University of Miami School of Medicine; and buildings housing Metro Justice, Metropolitan Dade County Public Safety, Dade County Department of Public Health and the Florida State Employment Service. Numerous private institutions are also in the area.

Total employment in the Civic Center area is approximately 21,500. By 1985, total employment should approach 25,000. The major health and government facilities currently generate a combined payroll conservatively estimated at \$215.2 million annually.

Besides employment, the major facilities currently attract a combined total of 25,000 persons into the Civic Center area on a daily visitation basis. By 1985, daily visitors should total at least 28,000 persons.

Although major health and government facilities exist in the Civic Center area, there are limited housing, commercial and retail facilities to support the needs of the employees and visitors. The blocks surrounding the institutions are underdeveloped in terms of uses and densities.

In recognition of the current low economic profile of the surrounding or secondary area of the Civic Center complex, the City of Miami and Dade County, University of Miami School of Medicine, in cooperation with the Public Health Trust commissioned a market and economic study designed to define housing and commercial development opportunities which are supportable by the large employee and visitor base of the area. The results of the market study and details of a specific development project opportunity are described in the following pages.

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Civic Center Area Development
Objectives:

To encourage the redevelopment of the area east of the Civic Center Complex.

To provide new housing opportunities for the existing 21,500 employees of the area and the 25,000 projected in 1985.

To provide support facilities for existing institutions and employees.

To encourage the development of mixed-use projects that will result in better land utilization.

To provide incentives for private redevelopment.

To centralize parking facilities.

Project Opportunity Location:

Directly east of Jackson Memorial Hospital lies the vacant 11.2 acre Highland Park Tract owned by Dade County. Only 5.38 acres would be used for a mixed use development with the remainder being utilized for parking. This site is bounded by the proposed Highland Park Boulevard (N.W. 9th Avenue) on the west, N.W. 8th Avenue on the east, Miami Dade Community College Medical Center Campus on the north and N.W. 18th Street on the south.

Project Opportunity
Description:

A recently completed study by Hammer, Siler, George Associates, economic consultants, has



SITE A
± 5.3 acres

SITE G
± 1.49 acres

SITE C
± 3.7 acres

SITE F
± 3.7 acres

DEVELOPMENT SITES



indicated that the Civic Center Area can support an additional 425 units of middle income housing, 300,000 square feet of office space, 260,000 square feet of retail space, and a 150 room hotel facility by 1985. The accommodation of this land use demand will be distributed among key sites located throughout this large study area. Four sites have been identified as locations for development. The subject development opportunity is identified as Site A on the project area map.

It is anticipated that a major parking structure will be created by Jackson Memorial Hospital due west between 10th and 9th Avenue, thereby creating new development opportunities with or adjacent to this proposed parking facility.

The proposed parking structure would provide 2,661 spaces after Phase III is completed. In addition, Jackson's consultants proposed, for all of Site "A," a surface parking area for 1,001 cars. The mixed use development uses 5.38 acres of this site leaving the northern portion in surface parking (250 spaces).

Hammer, Siler, George Associates has recommended the joint development of this tract for parking, residential, medical office, and

service commercial uses. In addition to the parking garage there would be 240 rental apartments, 55,000 square feet of medical offices and 20,000 square feet of service retail.

Project Opportunity Development
Assumptions:

Inasmuch as the residential units will be highly attractive to Jackson Memorial Hospital personnel, the accommodation of residential parking requirements would be within the hospital sponsored parking structure.

This parking requirement accommodation is necessary in order to make the residential development feasible. Office and commercial parking requirements would be accommodated in a hospital sponsored surface lot.

The development financial assumptions are that the county owned land would be written down, that UDAG funding assistance would be available and that 221-d-4 tandem financing would be used.

A basic description of this project development opportunity, the associated costs, and a pro forma financial analysis follow. The project description and development cost data were compiled by Wallace, McHarg, Roberts and Todd, architect/planners. The pro forma was compiled by Hammer, Siler, George Associates.

SITE A. PROJECT OPPORTUNITY DESCRIPTION AND COST

I. Existing Conditions

- A. Site Area: 5.38 Acres
- B. Present Zoning: R-4
- C. Ownership: Dade County
- D. Present Uses: Undeveloped Surface Parking
- E. Surrounding Uses: North - Warehouse and Manufacturing
South - Institutional
East - Residential/Institutional
West - Institutional

F. Utilities/Easements

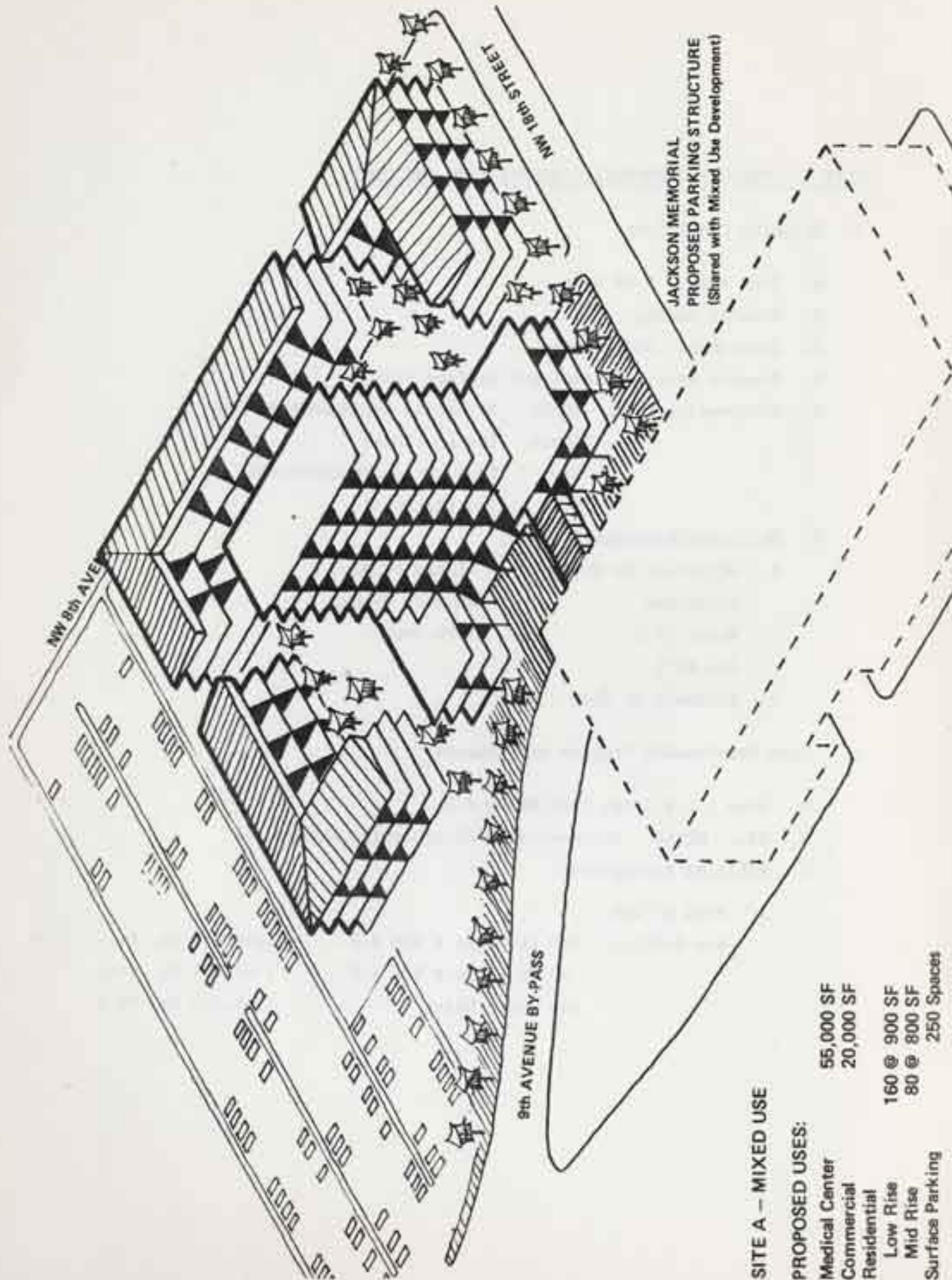
- 1. Utilities in Surrounding Rights of Way:
 - Telephone Sanitary Sewer
 - Water (8") Storm Sewer
 - Gas (6")
- 2. Easement on Site: None

II. Site Development Program and Concept

- A. Area \pm 5.4 Acres (234,800 s.f.)
- B. Use: Mixed - Residential/Office/Service Commercial
- C. Building Arrangement:

1. Area by Use

Residential - 160 Low-Rise @ 900 S.F.	(144,000 Sq. Ft.)
80 Mid-Rise @ 800 S.F.	(64,000 Sq. Ft.)
240 Total Units	(208,000 Sq. Ft.)



JACKSON MEMORIAL
 PROPOSED PARKING STRUCTURE
 (Shared with Mixed Use Development)

SITE A - MIXED USE

PROPOSED USES:

- Medical Center 55,000 SF
- Commercial 20,000 SF
- Residential
 - Low Rise 160 @ 900 SF
 - Mid Rise 80 @ 800 SF
- Surface Parking 250 Spaces

- | | |
|---|-----------------|
| Office - Medical Office Space | 55,000 Sq. Ft. |
| Service Commercial | 20,000 Sq. Ft. |
| 2. Total Floor Area | 283,000 Sq. Ft. |
| 3. FAR: 1.20 | |
| 4. Zoning: Change to R-C to allow Medical Office activities and an increased FAR. | |

R-C Allowable FAR: 1.50

5. Parking: To be shared with Jackson Memorial Hospital proposed parking structure located between N.W. 10th and 9th Avenue (2,661 spaces) and the surface parking area North of the site (250 spaces). Development concept includes a pedestrian bridge over 9th Avenue connecting the parking structure and the mixed use development.
6. Access: Vehicular access is provided for service and maintenance needs off N.W. 18th Street.

7. Land Construction Costs:

1. Land and Site Improvement*	
234,800 s.f. @ \$2/s.f.	\$ 480,000
2. Construction:	
Office @ \$35/gross S.F. (excl. Tenant Impr.)	\$ 1,925,000
Retail @ \$24/S.F. (excl. Tenant Impr.)	\$ 480,000
Residential @ \$40/S.F.	\$ 8,480,000
Total (excluding "soft costs")	\$11,365,000

*Land written down and site work @ \$2/sq. ft.

SITE A: PROJECT OPPORTUNITY PRO FORMA ANALYSIS

The subject parcel represents an attractive market development opportunity of interest to the medical complex facilities, especially Jackson Memorial Hospital and the University of Miami School of Medicine. The overall market potential for commercial and residential uses and land value analyses have been presented in previous documents, especially "Economic Analysis, Civic Center Development Area" recently prepared by Hammer, Siler, George Associates.

This pro forma analysis has been prepared to examine the overall financial aspects of a mixed use development program on Parcel A. The uses deemed appropriate and supportable by the available market base are:

- 1) 240 apartment units marketed to medical personnel at competitive market rents;
- 2) 55,000 square feet of medical office space;
- 3) 20,000 square feet of service retail space.

The pro forma financial analysis examines the relationships between development costs, anticipated income and expenses, and a projected concept of financing and investment to explore the possible financial consequences of project development. At this stage of planning, the pro forma financial analysis provides an opportunity to identify problem areas and provides a point of departure for seeking solutions and exploring alternative methods of development.

It should be noted that the pro forma has the following assumptions built into the analysis:

- 1) Residential parking would be provided as part of the hospital parking garage which will be constructed adjacent to the site and other parking would be shared with the hospital on a surface lot.

- 2) A UDAG of \$3,020,000 would be required to provide for a low interest second mortgage. Of that amount \$2,500,000 would be earmarked for the residential component on a 40-year payback basis and \$520,000 for the commercial on a 10-year payback basis.
- 3) Non-conventional mortgage financing for housing would be required at lower interest, such as that provided by the 221-d-4 program.
- 4) Land, which is owned by the county, would be "written off" and provided at no or nominal cost as a developer incentive. If this were not possible a larger UDAG would be required. UDAG would provide a total of \$480,000 in contributions for site work development.
- 5) The commercial development opportunity is highly attractive whereas the residential development opportunity primarily provides advantages of "tax shelter." These two development opportunities and "returns" when taken together become a very attractive development package. We believe that a single developer for both the residential and commercial development opportunities is required.
- 6) The commercial development will provide an annual net cash flow of \$193,200 on an equity of \$723,000 (26.7%) and the residential will require \$150,000 in equity with a nominal rate of return. On a combined basis the project offers \$195,000 in net cash flow and a combined equity of \$873,000 for a 22.3 percent return.

In summation, within a cooperative private/public venture the Parcel A development represents a potentially exciting mixed-use project which would complement institutional growth in the Civic Center Secondary Development Area.

SITE A: PRO FORMA ANALYSIS

Pro forma for Mixed Use Project

(240 Apartments; 55,000 square feet Office; 20,000 square feet Retail)

- I. This pro forma assumes use of 221-d-4 tandem for residential uses and application of a UDAG second mortgage for residential and commercial uses and a land write down.

II. Residential Building Pro Forma

A. Development Costs

1. Land and Site Improvement Costs (Land written down; site improvement \$2 per square foot for 160,000 square feet)	\$ 320,000
2. Construction Costs (208,000 Square Feet at \$40 per square foot)	8,320,000
3. Soft Costs (19 percent of construction)	<u>1,580,000</u>
Total Development Costs	\$10,220,000

B. Gross Building Income

1. From Apartment Rents (240 units @ average monthly \$375 rent)	\$ 1,080,000
2. Other Building Income	<u>25,000</u>
	\$ 1,105,000

3. Vacancy Allowance (4 percent of Residential Rent)	\$ 43,200
Effective Gross Income	\$ 1,061,800

C. Operating Expenses

(Includes management and administration, insurance, real estate taxes, and miscellaneous. Tenants pay utilities. Calculated at 40 percent of effective gross income).

	<u>424,720</u>
Net Operating Building Income	\$ 637,080

D. Financing

1. Sources

a) 221-d-4 Mortgage ^{1/}	\$ 7,250,000
b) UDAG Second Mortgage	2,500,000
c) UDAG Contribution to Site Improvements	320,000
d) Equity	<u>150,000</u>
Total	\$10,220,000

2. Annual Debt Service:

a) 221-d-4, 40 years @ 7 1/2 percent @ .0790 constant	\$ 572,750
b) UDAG Second Mortgage for 40 years @ .0250 constant	<u>62,500</u>
Total Debt Service	\$ 635,250

^{1/} Based on mortgage value of \$9,198,000 (90 percent of certified costs).

E. Net Cash Flow

a) Net Operating Income	\$ 637,080
b) Total Debt Service	<u>635,500</u>
Net Cash Flow	\$ 1,580

III. Commercial Development Pro Forma

A. Development Costs

1. Land and Site Improvement Costs (Land written down; site improvement \$2/square foot for 80,000 square foot)	\$ 160,000
2. Construction Costs	
Office - 55,000 gross square feet @ \$35 per square foot	\$ 1,925,000
Retail - 20,000 gross square feet @ \$24 per square foot	480,000
Tenant Improvements	
Office @ \$7 per net sq. ft.	308,000
Retail @ \$3 per net sq. ft.	51,000
Soft Costs @ 18% of Construction Costs	<u>484,000</u>
Total Development Costs	\$ 3,403,000

B. Gross Income

1. Office (55,000 gross square feet @ \$10 per square foot)	\$ 555,000
2. Retail (20,000 gross square feet @ \$7 per square foot)	<u>140,000</u>
Total Gross Income	\$ 695,000

3. Vacancy Allowance	
@ 5% of Gross Office Income	
and 4% of Gross Retail Income	<u>33,350</u>
Effective Gross Income	\$ 661,650

C. <u>Operating Expenses</u>	
(Includes management and administration; Insurance, real estate taxes, and Miscellaneous. Calculated @ \$2.75 per square foot for office and \$1.00 per square foot for retail. All other costs "passed on" to tenants.)	
	<u>\$ 171,250</u>
Net Operating Income	\$ 490,400

D. <u>Financing</u>	
1. Sources	
a) 10 3/4% for 25 yrs. conventional mortgage	\$2,000,000
b) UDAG Second Mortgage	520,000
c) UDAG Continuation to Site Improvements	160,000
d) Equity	723,000
e) Total	3,403,000
2. Annual Debt Service:	
a) 10 3/4%, 25 yrs. @ .1155 constant	\$ 231,000
b) UDAG Second Mortgage for 10 yrs. @ .1273 constant	<u>66,200</u>
Total Debt Service	\$ 297,200

E. Net Cash Flow

a) Net Operating Income	\$ 490,400
b) Total Debt Service and Lease	<u>297,200</u>
Net Cash Flow	\$ 193,200

IV. Pro Forma Financial Summary

Net Cash Flow:

Residential	\$ 1,580
Commercial	<u>193,200</u>
Total Net Cash Flow	\$ 194,780

Equity

Residential	\$ 150,000
Commercial	<u>723,000</u>
Total Equity	\$ 873,000

Overall Return to Equity 22.3%