

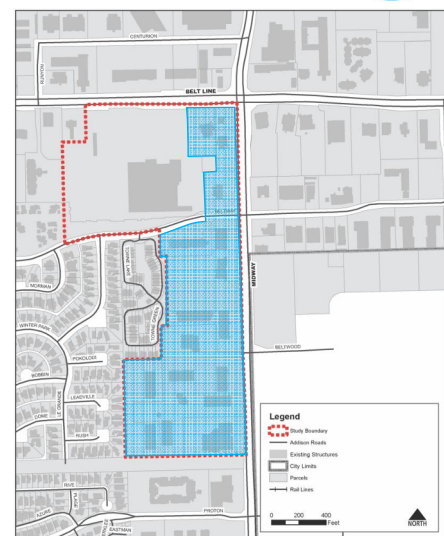
Sam's Club Special Area Study

Council Work Session
November 14, 2017

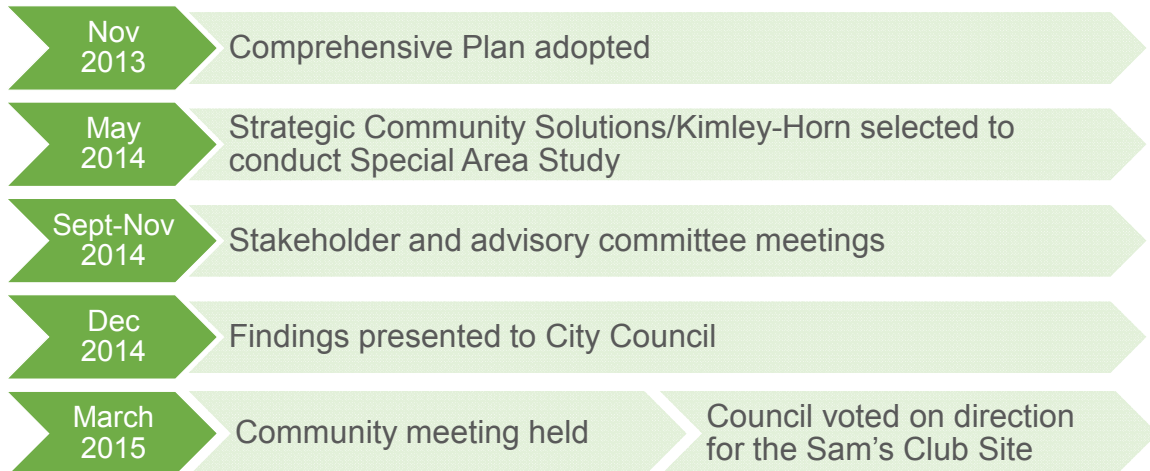


Background

- 2013 Comprehensive Plan calls for a number of special area studies
 - Sam's Club tract and adjoining properties on the south side of Belt Line, west of Midway Road
 - West side of Midway Road, south of Beltway Drive
- 50 acres
- 11 properties
- Current land uses:
 - Retail
 - Restaurant
 - Office
 - Hotel



Time Line

3

Outcome




- Council direction on the Sam's Club property:
 - Liked the layout
 - Encourage the developers to explore a mixed use development with a retail component and that maximizes residential fee simple ownership
- Council provided no direction on other properties

4

How Did We Get There?

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- Background Research/Market Analysis
- Public Input
- Development Alternatives
- Preferred Development Concept
- Community Meeting

5

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Market
Analysis

6

Market Analysis

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- Provides a “reality check” for the planning process
- Ensures that land use decisions are grounded in market and economic reality
- Offers an independent, third-party, “story to tell” to public and private development partners
- Sam’s Club Study analysis was conducted by Ricker Cunningham
- Information from 2014

7

Trade Area

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8

Demographic Overview



- Growth rate 3 times that of the trade area
- Household size lower than trade area
- Population younger than trade area
- Similar income, despite youth and household size differences

2014 Estimates unless noted	Town of Addison	Trade Area
2010 Population	13,056	612,700
2014 Population	16,300	651,600
Annual Population Growth (2010-2014)	5.7%	1.6%
Average Household Size	1.77	2.48
% 1- and 2-Person Households	83%	50%
Percent Renters	75%	41%
Percent Age 25-34	29%	16%
Percent Age 35-54	29%	29%
Percent Age 55+	17%	23%
Median Age	32.7	36.1
Median Household Income	\$57,400	\$59,200

9

Psychographic Overview



- Like demographics, but speak to attitudes, interests, opinions and lifestyles
- PRIZM (Claritas, Inc.)
- 65 market segments
- Retailers interested in a person's propensity to spend across different retail categories
- Residential developers interested in housing preferences
- Addison has high Second Cities segment
 - Indicates higher disposable income
 - Shows a sizeable "pool" of potential urban housing residents
 - Typical suburban community would have less than 25% in Urban or Second Cities

Lifestyle Segment	Area Households	% of Total Households	U.S. Index=100*
Low-Rise Living	731	0.3%	18.4
Big City Blues	476	0.2%	15.2
Urban Elders	468	0.2%	12.5
City Roots	464	0.2%	14.4
The Cosmopolitans	450	0.2%	13.6
Urban Subtotal	2,589	1.0%	--
Boomtown Singles	24,521	9.1%	620.3
Up-and-Comers	20,578	7.6%	553.8
Brite Lites, U'l City	20,408	7.6%	442.2
Upward Bound	16,920	6.3%	346.7
Second City Elite	13,861	5.1%	382.5
Second Cities Subtotal	96,288	35.7%	--
Young Influentials	18,764	7.0%	503.9
Home Sweet Home	13,283	4.9%	277.1
Movers and Shakers	12,251	4.5%	293.8
Upper Crust	8,311	3.1%	213.5
Executive Suites	6,922	2.6%	300.7
Suburbs Subtotal	59,531	22.1%	--
Total Above Segments	158,408	58.8%	--
Total Trade Area	269,439	100.0%	--

* Indicates concentration of this segment relative to U.S. average. A segment index of 200 would mean that this group contains 2 times the concentration of employees/households compared to the average U.S. community.

Source: Claritas, Inc. and Ricker Cunningham.

10

Housing Type, Tenure, Target Market



- Single Family Detached (owner occupied):
 - Married Couples
 - Families

- Single Family Attached (owner occupied):
 - Single Professionals
 - Young Couples (no kids)
 - Empty Nesters (55+)

- Apartments (rental):
 - Singles, Students
 - Young Couples
 - Seniors (65+)

11


Market Demand



- Residential demand for next 10 years
 - Projected steady growth in residential development demand – potentially adding over 39,000 new housing units
 - 59% owner occupied housing
 - 41% rental housing
 - Residential unit growth by type
 - Single Family Detached: 15,100
 - Single Family Attached: 8,100
 - Rental Apartments: 12,900


- Non-residential demand for next 10 years
 - Retail: 5,675,500 square feet
 - Office: 23,184,900 square feet

12



Early Public Input

13



Early Public Input

- **Stakeholder Meetings**
 - Resident Representatives
 - Midway Meadows
 - Pecan and Walnut Square
 - Towne Lake
 - Business Representatives
 - Super 8
 - Wal-Mart

14

Stakeholder Input



- **Housing:**
 - Interest in senior housing or perhaps physical rehabilitation housing
 - Prefer owner-occupied
 - Believe Addison needs more single-family detached housing, but not here
- **Hotel:**
 - Residents concerned about quality of hotels based on past experiences
- **Retail:**
 - Do not want more strip retail centers
 - Like the idea of restaurants, but need to overcome perception about quality restaurants only east of Midway
- **Office:**
 - Interested in office, business park, incubator spaces
 - Perhaps hospital or out-patient clinic

15

Stakeholder Input



- **Buffers and Transitions:**
 - The wall on the Sam's Club site is an important buffer for neighboring residents
- **Mobility:**
 - Want an emphasis on walking and biking
- **Design Issues:**
 - Character along Midway does not fit Addison's image
 - Landscaping is a critical design component
 - May need architectural design standards for future developments
- **Future uses need to appeal to a "next generation" of Addison residents**

16

Public Input

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- **Advisory Committee**

- Chris DeFrancisco, *Council Member*
- Janelle Moore, *Council Member*
- Linda Groce, *Planning and Zoning*
- Ivan Hughes, *Planning and Zoning*
- Chou Crook, *Resident*
- Doyle Roberson, *Resident*
- Alex McCutchin, *Property Owner/Manager of Midway Square*
- Bill Park, *Property Owner of Nate's and Starbucks*
- Dan Stansbury, *Property Owner Office in the Park*

17

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Development
Alternatives

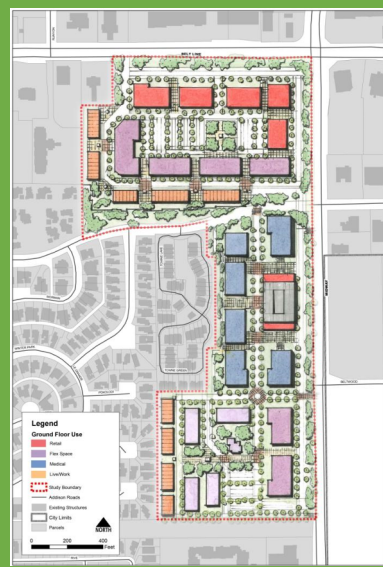
18

Development Alternatives

Scenario 1: Neighborhoods



Scenario 2: Employment District



19

Advisory Committee Direction

- Mixed use on the former Sam's site and Belt Line properties
- In middle section, mix residential with flex, office and wellness
- In bottom section, flip the existing buildings that remain
- Wall does not need to remain, make pedestrian/bike connections from the existing neighborhoods and maybe vehicular as well
- Look at some areas with lower density – use techniques so existing residents retain their back-yard privacy
- Like that development represents an “organic expansion” of the existing neighborhoods
- Indicate potential areas for outdoor dining, particularly on the new internal street in the northern part of the site
- Show more places for people to congregate



20

Preferred Development Concept

Preferred Development Concept



Land Use Type	Trade Area Demand (10-yr)	Sam's Club Study Area	
		Preferred Development Program	Preferred Development Program
Residential (Units):			
Townhome/Rowhouse*	4,860	153	3%
Condominiums/Flats	3,240	385	12%
Urban/Loft Apartments	12,900	577	4%
Non-Residential (Sq Ft):			
Retail/Restaurant	5,675,500	61,500	1%
Office/Medical	3,477,735	124,800	4%
Flex Office/Employment	4,636,980	187,200	4%

* Includes live/work units.
 Source: Ricker | Cunningham.

Feasibility Analysis



- The preferred development concept results in an approximate funding gap of 7%*
 - Equates to \$21 million
 - Reasonable amount for public participation

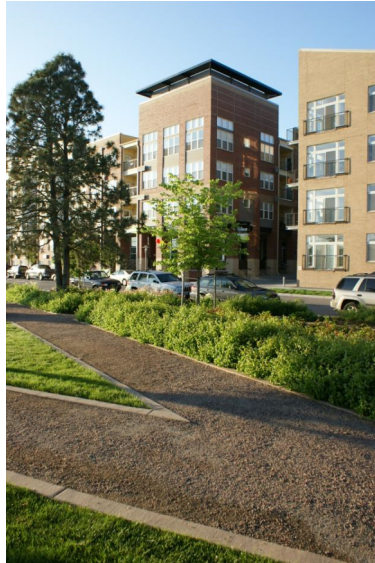
*This has increased due to the decrease in density on the Sam's Club property

Estimated Project Value (Stabilized Yr)		
Total Retail/Restaurant Rentable SF	55,350	90% Bldg. Efficiency Ratio
Rent/SF*	\$25.00	
Total Office/Employment Rentable SF	280,800	90% Bldg. Efficiency Ratio
Rent/SF*	\$20.00	
Total Residential Rentable SF	441,520	85% Bldg. Efficiency Ratio
Rent/SF	\$20.40	\$1.70 Monthly Rent/SF
Total Parking Spaces (Structured)	1,154	
Rent/Space	\$720	\$60 Monthly Rent/Space
Gross Income	\$16,837,849	
Occupancy	92%	
Effective Gross Income	\$15,490,821	
Operating Costs	\$4,643,262	\$5.20 S/SF (Wtd. Avg. All Uses)
Net Operating Income	\$10,847,559	
Capitalization Rate	8.0%	
Project Value -- Office/Retail/Rental Hsg	\$135,594,487	
Total Housing Units	538	
Sales Price/Unit (Wtd Avg)	\$250,000	
Gross Revenue	\$134,441,667	
Less Marketing Costs	(\$9,410,917)	7% % of Sales
Net Sale Proceeds	\$125,030,750	
Project Value -- For-Sale Housing	\$125,030,750	
Total Project Value	\$260,625,237	
* Retail based on triple net lease; Office based on gross lease.		
Development Cost Estimate		
Property Purchase (Acquisition/Demolition)	\$35,105,313	\$16.00 S/SF Land (20% Premium)
On-Site Improvements (Surface Parking)	\$2,955,000	\$2,500 S/Space
On-Site Improvements (Structured Parking)	\$17,314,500	\$15,000 S/Space
Site Development/Infrastructure	\$6,582,246	\$3.00 S/SF
Building Construction (Hard Costs)	\$157,258,034	\$103 S/SF (Wtd. Avg. All Uses)
Construction Contingency	\$18,410,978	10% % of Construction Costs
Soft Costs (% of Hard Costs)	\$18,410,978	10% % of Hard Costs
Developer Profit	\$25,603,705	10% % of Total Costs
Total Project Cost	\$281,640,755	\$185.03 S/SF
Development Economic Summary		
Total Project Value	\$260,625,237	
Total Project Cost	\$281,640,755	
Project Margin/"Gap"	(\$21,015,518)	
% Project Margin/"Gap"	-7%	

Aspirational Imagery



Aspirational Imagery



25



Community Meeting

26

Community Meeting Comments



- Support:
 - Good to have a plan to refresh an aging area
 - The open spaces and parks
 - Walkability and connectivity within the study area as well as with the Town's overall trail system
 - Add more ownership residential units in Addison
 - Most favored the mixed-use character of the proposal
- Mixed Responses:
 - Some supported the overall density, but some felt it was not appropriate
 - Some advocated keeping the wall, while others supported its removal
 - Some felt inclusion of rental residential units was appropriate and necessary for the project's economics, others did not want additional rental units

27

Questions for Council




- What are the Council's thoughts on the remainder of the study area?
- Is the Council prepared to offer direction on the remainder of the Sam's Club study properties?
 - If yes, what is Council's direction?
 - If no, what additional information or input does the Council need to provide direction?

28