

MAGNOLIA

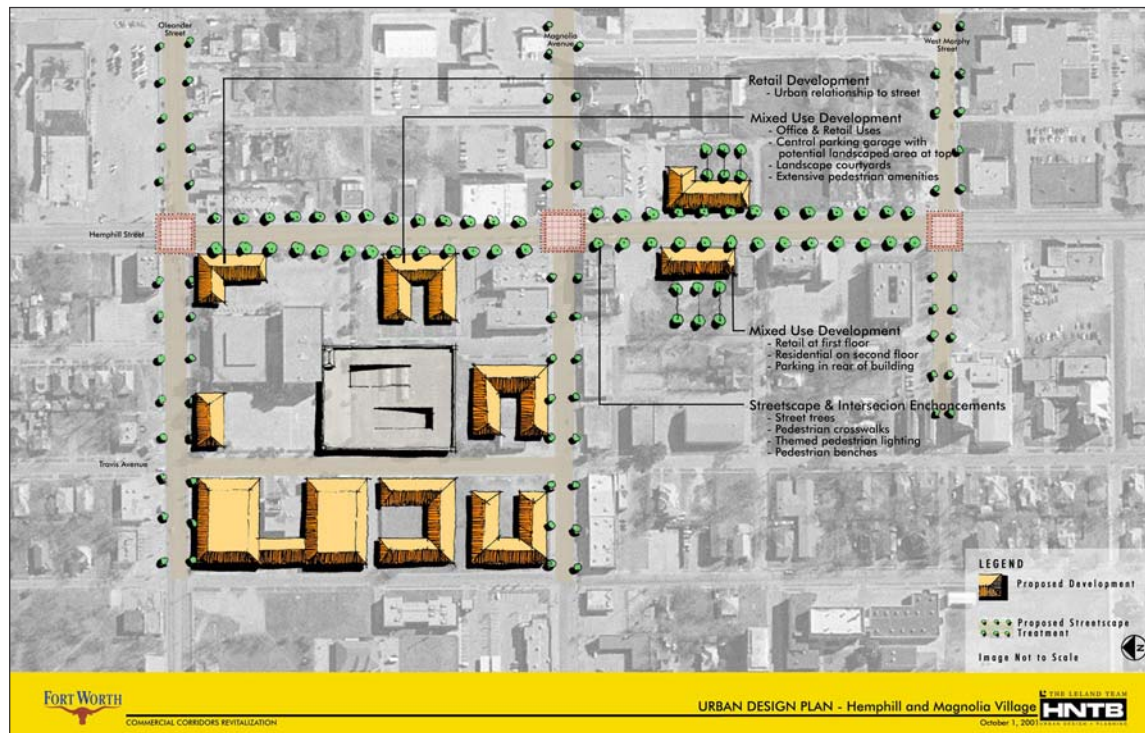
THE VILLAGE

The Magnolia Village is centered on the intersection of Hemphill Street and Magnolia Avenue and extends several blocks west on Magnolia and north to West Rosedale Street. The neighborhood supporting the village is Fairmount Neighborhood Association. Fort Worth South, Inc. promotes business development and investment in the area.

The village area is anchored by the Wells Fargo Bank, Quicksilver Resources, the Paris Coffee Shop, and a mixed-use redevelopment by Daedalus Development that includes loft apartments over office and retail space. This building serves as the home of the Fort Worth National Bank and is located at the intersection of Magnolia and Hemphill. The Hemphill corridor also includes a mix of office, light industry, older housing, schools and churches and underutilized retail sites. In many respects, the transformation of this village into a destination is underway, and the plan advances this progress, encouraging more density, a stronger housing presence, and improved connections to surrounding neighborhoods.

URBAN DESIGN ELEMENTS AND PLAN

- The Fort Worth South urban design guidelines provide a framework for the design of buildings and public spaces within the village.
- Internally located parking garages enable higher-intensity mixed-use development to replace surface parking lots.
- Ground floor retail, with office or residential on upper floors, promotes pedestrian activity along the commercial streets of the village.
- Public parks and plazas, street trees and landscaping, and other public space amenities create a sense of place. Transit stops should also be designed as attractive public spaces.



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INVESTMENT CHALLENGES

- Significant concentrations of bars and boarding houses in the area along Hemphill close to the village have resulted in increased crime rates, excessive noise, poor property maintenance and a negative market perception. Active neighborhood involvement has reduced the number of boarding houses in the Hemphill Corridor; however, a reduction in the number of stores selling alcohol and bars would require legislative reform at the State level.
- As is typical in many older commercial corridors, much of the village's zoning is inconsistent with prevailing market conditions that favor pedestrian-oriented urban environments. With Council adoption of the *Commercial Corridors Revitalization Strategy*, the City should utilize the a petition-based rezoning process in order to allow and encourage redevelopment as depicted in the village plans. Fort Worth South is well into the process of gathering signatures for the rezoning petition.
- Higher insurance rates for residential and commercial properties in the central city can be a significant deterrent to revitalization. Higher rates increase the costs of development (and redevelopment), maintenance, and business operations. Although illegal, this practice is widespread in many of Fort Worth's corridors, including the area surrounding Magnolia Village. Neighborhood advocacy organizations should monitor insurance rate practices and help address any inequities. Another solution is participation by the public sector, through low-interest loans or grant money, to offset cost impacts.
- As with insurance rates, the underwriting criteria of traditional lending sources often do

not favor central city locations. While larger banks are subject to guidelines established in corporate offices often located elsewhere, local and regional banks can be encouraged to participate in a variety of programs that serve to improve the financing environment for central city projects. Through the Commercial Corridors Revitalization Strategy effort, the City was able to engage many of these lending sources in an exchange of ideas for overcoming barriers to financing. This dialogue should be continued.

MARKETING OPPORTUNITIES

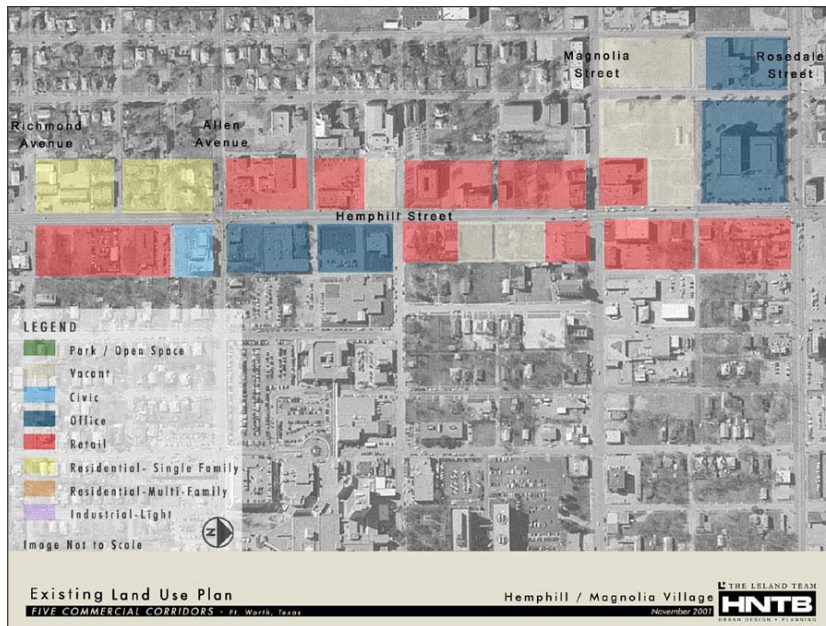
	short-term 1-5 years	long term 5-10 years
Housing		
Rental	■	
Ownership (Mid/Hi-rise)	■	
Senior	■	
Retail		
Neighborhood-Serving	■	
Destination/Entertainment		■
Specialty	■	
Office		
Class A/B	■	
Service/Boutique	■	
Incubator Space	■	
Other		
Hotel		■
Public	■	
Transit Station		■
Parking	■	

DEVELOPMENT STRATEGY

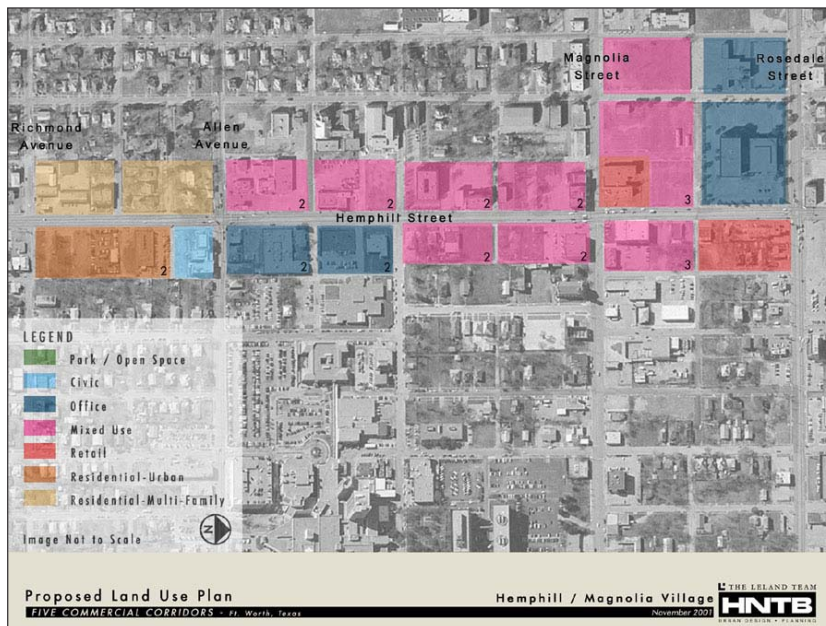
The Magnolia Village will offer destination retail, office space, and housing within the historic "main street" environment of Magnolia Avenue. Developers should expect interest in this emerging live-work environment from employees working in the Medical District. The village will be anchored by higher density infill development supported by structured parking, as well as the adaptive reuse of historic buildings.

Revitalization of the area as an urban village should result in new jobs and increased private investment. At build-out, this village is projected to be a vibrant urban neighborhood in the heart of the Medical District that supports 312 jobs and attracts \$18.5 million of private investment.

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Existing land use



Proposed land use

ECONOMIC ANALYSIS

Estimated Project Value

Total Office/Retail Rentable SF	50,000
Rent/SF*	\$15.00
Total Residential Rentable SF	49,500
Rent/SF*	\$12.00
Gross Income	\$1,344,000
Occupancy	90%
Effective Gross Income	\$1,209,600
Operating Costs	\$199,000
Net Operating Income	\$1,010,600
Capitalization Rate	10%
Project Value – Office/Retail/Residential	\$10,106,000
Total Housing Units	50
Sales Price/Unit	\$180,000
Gross Revenue	\$9,000,000
Less Marketing Costs	\$630,000
Project Value – Ownership Housing	\$8,370,000
Total Project Value	\$18,476,000

Development Cost Estimate

Property Purchase (Acquisition/Demolition)	\$1,800,000
On-Site Improvements (Parking)	\$2,800,000
Building Construction Costs	\$14,000,000
Construction Contingency	\$1,400,000
Soft Costs (% of Hard Costs)	\$3,000,000
Total Project Cost	\$23,000,000
Total Project Value	\$18,476,000
Project Margin/"Gap"	(\$4,524,000)

* Rates based on triple net lease.

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JOB CREATION AND ECONOMIC IMPACT SUMMARY

	short-term 1-5 years
Permanent Employees	312
Annual Income Permanent Employment	\$18,729,000
Construction Employees	390
Annual Income Construction Employment	\$3,900,000

PRIVATE DEVELOPMENT PROGRAM CATALYST PROJECT

	short-term 1 - 5 years
Housing	
Rental	55 units
Mixed-Use (Housing/Retail)	50/10,000 sq. ft.
Mixed-Use (Office/Retail)	30,000/10,000 sq. ft.
Parking Structure	280 spaces

PUBLIC INVESTMENT LEVERAGE SUMMARY

	short-term 1-5 years
Development SF	174,500
Project Value	\$18,500,000
Project Cost	\$23,000,000
Margin/"Gap"	(\$4,500,000)
Public Investment Required	\$4,500,000
Private Investment Leveraged	\$18,500,000
Private/Public Investment Ratio	4.1

PUBLIC INVESTMENT ESTIMATE

Funding/Time Period

	0-2 Years	3-5 Years
Investment Required:		
Streetscape Improvements*	\$1,200,000	\$400,000
Utility Improvements	\$50,000	\$50,000
Street/Access Improvements	\$0	\$0
Parks/Open Space	\$260,000	\$0

* Include pedestrian enhancements (e.g., special paving, lighting, etc.)

COMMERCIAL CORRIDORS REINVESTMENT STRATEGIES			
MAGNOLIA			
Key word presented in bold for reference to glossary.			
Regulatory	Financial	Market	Physical
		Immediate (1) Participate in disseminating housing demand information and participate in focus groups and studies designed to ascertain demand for specific housing products in the central city (1)	
Near Term (2) Initiate education process to clarify the process for designation and implications of establishment of public improvement district(s) in priority areas (2)	Near Term (2) Tax Increment Financing (TIF) District to assist with funding capital projects in the village establish a dedication of TIF income resulting from future investment, thus tax increases, to the project; a reimbursement of funds to the project that the property owner can borrow against) (2) Establish a task force, with lender and insurance company representation, to discuss rate differentials (lending and insurance redlining) and provide public support to off set impacts on operating cashflow (2)		Near Term (2) Adjust level-of-service on roads to encourage pedestrian environment and balance the level-of-service for cars using mechanisms including: median placement, placement of traffic lights and their timing, posted speeds, etc.) (2)
Long Term (3) Retain the services of a code violation monitoring entity to track performance of establishments with liquor licenses ; develop an Intergovernmental Agreement (IGA) with County placing a cap on the number of liquor licenses issued for businesses with revenues from alcohol sales above a certain threshold (3)			

Source: Leland Consulting Group, HNTB & Interstar

Note: Village-specific strategies are to be used in combination with the standard strategies.

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Current Project

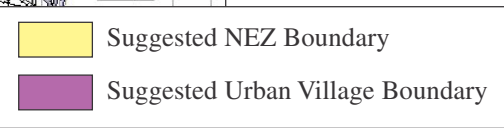
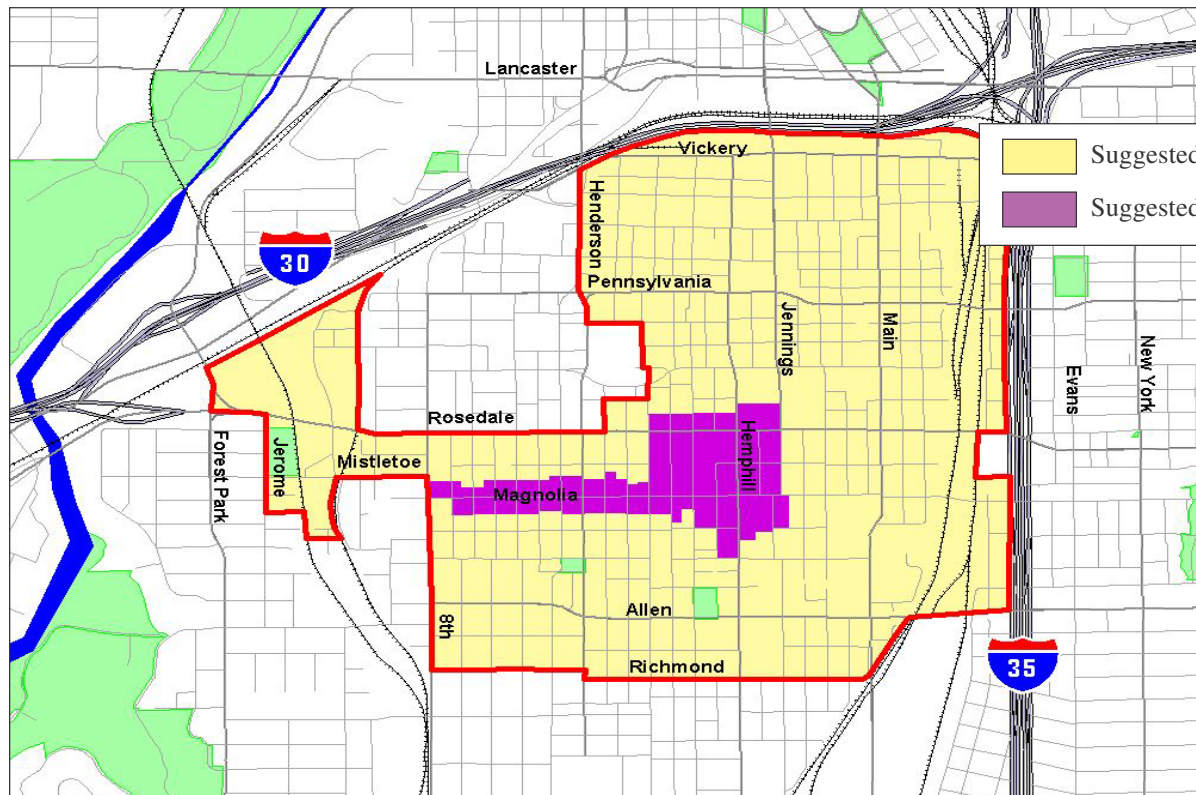
Magnolia Green, mixed-use

Public Funding Secured

\$ 1.0 million EDI

1.2 million CMAQ/STP-MM
Land Use/Transportation
Joint Venture Grant

\$ 2.2 million



Neighborhoods

Fairmount
Fort Worth South
Mistletoe Heights

Suggested NEZ

Population	5,920
Land Area	1.68 Sq. Miles
Percent in Central City	97%
Percent CDBG Eligible	97%