Jacksonville Downtown Master Plan

Market Analysis
Part One - Residential
Part Two - Commercial

June 1999

Prepared for the
City of Jacksonville
Department of Planning and Development
Jacksonville, Florida

By
URBANOMICS, Inc.
Jacksonville, Florida
with
Development Strategies, Inc.
St. Louis, Missouri

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SECTION 1. EXECUTIVE SUMMARY

INTRODUCTION

Downtown Jacksonville is the business, government, cultural, and entertainment core of a metropolitan area with over one million residents. This region continues to grow at an impressive rate. Indeed, the metro area enjoys nearly full employment and a job growth rate twice the national average. Residential and commercial real estate development are in high gear, with expectations for continued growth far into the future, absent a national crisis.

Downtown drove regional economic growth in the 1980s with a surge of office development, but suburban locations have seen most new economic activity in the 1990s. A change of fortune for downtown, however, is in prospect in the coming decade, led by significant investments in the public and institutional sectors in recent years. Landmark public projects on the Northbank funded by the $250 million River City Renaissance program, including Alltel Stadium, Times Union Center for the Performing, and new City Hall, and expansion of the Baptist-Wolfson medical complex on the Southbank serve as catalysts for future private investment. The new 966-room Adams Mark Hotel under construction on the Northbank riverfront illustrates the return of private investment to downtown.

When coupled with a national awakening of interest in downtowns once again as places to work, live, shop, and play, the next decade (and beyond) holds promise for the re-emergence of downtown Jacksonville as an attractive market for residential and commercial real estate development.

Renewed interest in the downtown housing market has been evidenced by both developers and the public. Several projects have been proposed in the Cathedral, LaVilla, Northbank Riverfront East, and Southbank areas, ranging from high-rise upscale riverfront housing to low-rise market rate and below market rate developments away from the river. Two new downtown projects have been approved recently by the City and are expected to move forward in the near future, as is another project near downtown in the Riverside neighborhood.

HOUSING SURVEY

A December 1998 survey of approximately 7,500 employees in six large downtown employers conducted by URBANOMICS, Inc., indicated a comparatively strong interest in the concept of downtown living on the part of the nearly 1,600 employees who responded to the survey. Earlier housing surveys also have found positive interest. Some 13.2 percent indicated a definite interest, and another 34.4 percent would consider living downtown. These “yes” and “maybe” responses are comparable to, if not higher than, responses to similar surveys in other cities. For Jacksonville, key findings for those “definitely interested” include:

- ***Three of four prefer home ownership to rental***.
- ***Leading housing choices for those preferring ownership*** are, in order: single family homes, lofts, townhouses, mid-to-highrise units, and lowrise garden units.
- ***Leading choices for those preferring to rent*** are, in order: mid-to-high rise units, low-rise garden style units, lofts, and townhouses.

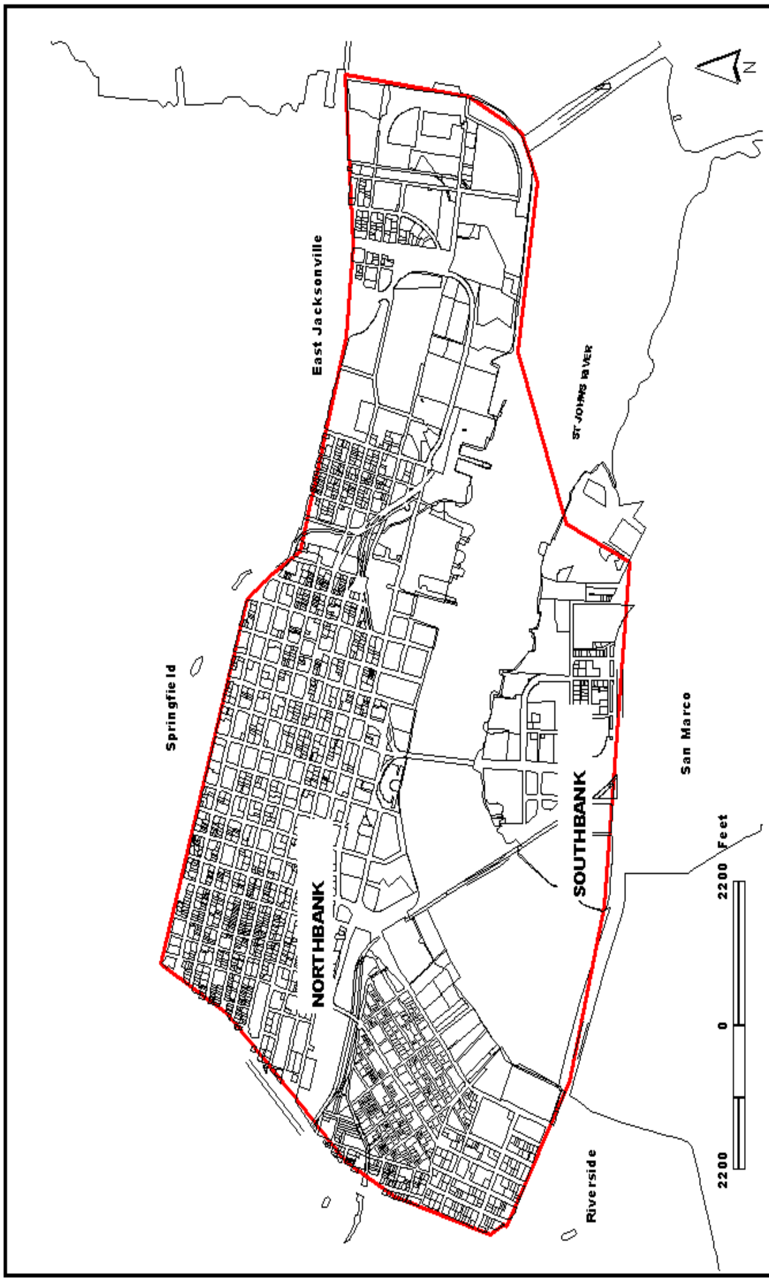

FIGURE 1. DOWNTOWN JACKSONVILLE - AREA OF STUDY

URBANOMICS

- ❐ ***Equal interest in locations north and south of the river***, or no particular preference.
- ❐ ***Primary concerns*** are safety and security, neighborhood attractiveness, and proximity of neighborhood shopping.
- ❐ ***The prospective buyer*** -- 20 percent below market rate, 50 percent market rate, 30 percent upscale. A mix of ages and occupations.
- ❐ ***The prospective renter*** -- 40 percent below market rate, 50 percent market rate, 10 percent upscale. A mix of ages and occupations.

MARKET DEMAND

An indication of the potential readiness of downtown for new housing is the increased resale market for single family homes in two adjoining neighborhoods, as shown below.

Community	Single Family Home Resales		
	Number over $50,000		Percent Increase
	1994	1998	
Springfield	106	275	159
San Marco	127	270	113
Source: Real Estate Strategy Center of North Florida, Inc.			

Low, medium, and high projections of demand of new housing in downtown Jacksonville are summarized below.

Projection	Growth (number of units)	
	1999-2010[1]	2010-2020[2]
Low	1,000	1,500
Medium	1,500	2,250
High	2,000	3,000

[1] Basis for 1999-2010 projections:
Low -- 2% share of annual housing starts in Jacksonville
Medium -- average growth trends in various US metro area downtowns
High -- survey of workers at selected downtown employers, 12/98
[2] Ability to achieve accelerated growth in excess of prior decade will depend on availability and suitability of development sites

Low projections are based on capturing modest shares of total new housing starts in Duval County. Medium projections are based on experiences of a number of other cities. High projections are based on results of the recent downtown employee survey. These projections provide a range of expectations for future downtown development. However, realization of these levels of development will require various public actions to make downtown an attractive and competitive residential address. These actions include various combinations of financial incentives, infrastructure improvements, site assembly, stepped-up community services, and marketing downtown as a safe and inviting alternative.

All three projections indicate that development is expected to proceed more cautiously at first and accelerate thereafter as the downtown market gains acceptance.

MARKET OPPORTUNITIES

Residential development opportunities exist throughout the downtown area, as follows:

- ***Brooklyn/Riverside Avenue*** -- Upscale river-oriented condos, market rate single family homes and townhome projects away from river, with emphasis on for-sale market.
- ***LaVilla*** -- primarily below market rate rental units, including small apartment projects, infill housing, and some rehabs.
- ***Cathedral*** -- Market rate townhomes and low rise condos, conversions of non-residential structures, single family infill and rehab units, with emphasis on for-sale market.
- ***Downtown Core*** -- Market rate loft units, for-rent and/or for-sale.
- ***Northbank Riverfront East*** -- Upscale riverfront redevelopment, for-sale and/or for-rent.
- ***Southbank*** -- Upscale riverfront infill, market rate redevelopment of JEA power plant site after phase-out, with emphasis on for-sale market.

IMPLEMENTATION

Despite numerous indications of renewed interest in downtown as a place to live and invest, it remains a new and unproven market, requiring that the City design and implement programs to minimize investor risk and make the potential resident feel comfortable with living downtown. Such programs are needed to:

- Create marketable locations and sites for development by improving infrastructure and increasing public services as necessary to improve perceptions of downtown as an unsafe environment.
- Keep project costs and revenues generally in line with those in proven locations through financial incentives to project developers and individual buyers.

Investment will go to proven residential locations -- the suburbs, requiring financial assistance to improve prospects of financial feasibility for downtown projects. Incentives, such as those being crafted by the Downtown Development Authority for current housing proposals, are necessary in the early years until the downtown market has established its own momentum.

Given the high priority which the City attaches to downtown residential development, a dedicated funding source -- Housing Development Fund -- should be established for those improvements and incentives needed to leverage development. This Fund would complement existing homebuyer and rental housing assistance available through various state and federally-sponsored affordable housing programs, by enabling the City to partner directly with developers in securing sites, constructing needed project infrastructure, and making general neighborhood improvements.

Committed, cohesive, and proactive private sector leadership is needed to focus debate and take the lead in fostering development. The City should continue to promote the involvement of NationsBank (now Bank of America) in developing and financing downtown housing, as illustrated by the recently approved 63-unit affordable for-sale townhouse project in the Cathedral neighborhood. NationsBank is a leader in urban housing, having led the rebirth of a thriving downtown housing market in Charlotte. Jacksonville is NationsBank's Florida headquarters. Involvement by other financial institutions present in the Jacksonville market should also be encouraged.

SECTION 2. MARKET PROFILE

RESIDENTIAL GROWTH

Duval County has added an average of nearly 5,300 new residential units per year in the 1990s, thus far, according to building permits data (see Table 2-1). The majority of new units are single family homes, averaging 3,900 per year. The remainder consists of attached and multifamily units, mostly rental apartments, which have averaged almost 1,400 new units annually from 1990 through 1998.

Single family home permits have been relatively constant from year-to-year, while multifamily permit activity has fluctuated wildly from less than 500 units permitted in 1992 and 1993 to a high of 3,500 units in 1996. This fluctuation has very little to do with changes in demand, and is mostly a function of the cycles of investment and lender interest in the commercial real estate market.

The Duval County share of the four-county Jacksonville Metropolitan Area housing market is diminishing, having slipped from 63 percent of single family home permits in the early 1990s to around 53 percent since 1995. The metropolitan market is growing overall, which has allowed Duval County to maintain a relatively constant level of activity, despite its diminishing share of regional growth.

Downtown Area

Meanwhile, the downtown area has lost both population and housing in the 1990s (see Table 2-2), largely as a result of acquisition and clearance of substandard housing to provide opportunities for redevelopment. Housing displacements occurred mainly in the LaVilla and East Jacksonville sections. The combined population of the seven Census Tracts which include portions of downtown declined by more than 1,000 from 1990 to 1998.

Housing in the downtown area is mostly rental and occupied by low income households. Home owners were only 20 percent of households in 1990, and household incomes generally were well under the countywide average.

However, downtown residents and those in surrounding neighborhoods still constitute a substantial resident market, which totals some 67,000 persons in 1998 (see Table 2-3). This number is down from more than 71,500 in 1990, but continues to represent a sizeable market for downtown activity. Within this larger downtown area, 45 percent of households were homeowners in 1990, and household incomes were much higher than in the downtown core, particularly to the south.

FOR SALE MARKET

The for-sale housing market in Jacksonville consists almost entirely of single family homes. Owner-oriented attached and multifamily homes, historically, have been minor factors in the local market. Townhouses and condominiums are common in the beach communities, and some older projects are found along the riverfront south of downtown, but otherwise have not been in great demand.

Jacksonville has been and continues to be a price-sensitive housing market, although low mortgage interest rates in recent years have allowed owners to buy up, that is to qualify for higher priced homes than their income levels would otherwise support. The majority of the for-sale market in Duval County, however, continues to be homes priced under $120,000 (see Table 2-4).

TABLE 2-1 RESIDENTIAL CONSTRUCTION TRENDS IN THE JACKSONVILLE METROPOLITAN AREA, 1990 - 1998[1].

Year	Number of Units						Duval County Share (%)	
	Metropolitan Area[2]			Duval County				
	SF	MF[3]	Total	SF	MF	Total	SF	MF
1990	5,981	2,177	8,158	3,755	1,818	5,573	62.8	83.5
1991	5,905	1,462	7,367	3,766	1,102	4,868	63.8	75.4
1992	6,735	545	7,280	4,261	492	4,753	63.3	90.3
1993	7,017	491	7,508	4,325	397	4,622	61.6	60.5
1994	7.176	1,384	8,560	3,991	1,182	5,173	55.6	85.4
1995	6,468	2,122	10,712	3,395	1,118	4,513	52.5	52.7
1996	7,466	3,811	11,277	3,833	3,504	7,337	51.3	91.9
1997	6,965	1,593	8,558	3,668	1,298	4,966	52.7	81.5
1998	5,878	1,383	7,261	3,119	1,135	4,254	53.1	82.1
Annual Average	6,810	1,711	8,521	3,899	1,365	5,264	57.3	79.8

[1] Permit authorized construction through 9/98.
[2] Metropolitan Area consists of Clay, Duval, Nassau, and St. Johns Counties.
[3] Multifamily, includes duplexes.

SOURCE: U.S. Department of Commerce, Bureau of the Census; and URBANOMICS, Inc.

TABLE 2-2 POPULATION TRENDS AND HOUSEHOLD CHARACTERISTICS IN THE DOWNTOWN AREA, 1990-1998

Area and Census Tract	Population			Households[1]		HH Income ($)[1]	
	1990	1998	Change	Number	Percent Owner	Median	Mean
Northbank Area							
East: CT 5[2]	1,509	1,153	(356)	465	47.3	10,783	13,501
CT 10[2]	3,052	3,038	(14)	1,184	6.0	6,711	10,792
Core: CT 9	239	224	(15)	35	17.1	21,500	20,228
West: CT 18[3]	1,000	501	(499)	321	12.8	10,612	10,743
CT 19[4]	1,395	1,310	(85)	683	23.0	10,813	IRR
Subtotal	7,195	6,226	(969)	2,688	18.4	---	---
Southbank Area							
All: CT 8[5]	2,147	2,025	(88)	1,359	21.1	20,239	25,856
TOTAL	9,342	8,285	(1,057)	4,047	19.3	---	---

1 1990 data
2 Extends north of State Street corridor
3 Extends west of I-95
4 Extends into Riverside
5 Extends into San Marco
IRR - irregular estimate, not used

SOURCE: 1990 Census; Jacksonville Planning and Development Department; and URBANOMICS, Inc.

TABLE 2-3 CENSUS TRACT DEMOGRAPHICS FOR DOWNTOWN JACKSONVILLE AND SURROUNDING NEIGHBORHOODS.

Area and CensusTract	Population		Households, 1990		Household Income ($) 1990	
	1990	1998	Number	% Owner	Median	Mean
Downtown East/ East Jacksonville						
4	2,811	2,430	1,077	42.7	9,340	15,073
5[1]	1,509	1,153	465	47.3	10,783	13,501
	4,320	3,583	1,542	44.1		
Downtown Central						
9	239	224	35	17.1	21,500	20,228
10[2]	3,052	3,038	1,184	6.0	6,711	10,792
	3,291	3,262	1,219	6.3		
Brooklyn/LaVilla						
18	1,000	501	321	12.8	10,612	10,743
19[3]	1,395	1,310	683	23.0	10,813[4]	28,944[4]
	2,395	1,811	1,004	19.7		
Southbank/San Marco (part)						
8	2,147	2,059	1,359	21.1	20,329	25,856
San Marco/Miramar/ Englewood (part)						
7	4,043	3,933	1,795	70.4	34,575	76,402
St. Nicholas/Englewood (part)	5,212	5,146	2,388	56.9	21,111	25,649
6						
Riverside/Avondale						
(part)	4,909	4,695	1,984	33.6	21,672	28,759
20	6,222	6,092	3,034	50.7	27,260	38,224
21	11,131	10,787	5,018	43.9		
Springfield (part)	2,794	2,651	985	29.1	11,303	16,579
11	3,148	2,991	1,206	28.7	12,184	17,188
12	5,942	5,642	2,191	28.9		

(continued)

TABLE 2-3 CENSUS TRACT DEMOGRAPHICS FOR DOWNTOWN JACKSONVILLE AND SURROUNDING NEIGHBORHOODS (continued)

Area and Census Tract	Population		Households, 1990		Household Income ($) 1990	
	1990	1998	Number	% Owner	Median	Mean
Durkeeville/Blodgett Area						
16	980	891	427	19.0	7,058	11,171
17	2,049	1,654	894	15.3	5,000	8,275
	3,029	2,545	1,321	16.5		
Northeast Fringe						
2	3,145	2,844	1,081	63.6	15,273	18,931
3	3,136	2,946	1,134	61.7	16,576	22,278
13	4,642	4,453	1,776	46.3	10,167	15,615
	10,923	10,243	3,991	55.4		
West/Northwest Fringe						
15	5,644	5,226	2,290	48.8	12,241	16,318
26	4,648	4,414	1,499	51.8	12,153	16,997
29	8,923	8,428	3,672	59.3	11,709	16,522
	19,215	18,068	7,461	54.6		
TOTALS	71,648	67,079	29,289	45.1	--	--

[1] Downtown East.
[2] Includes Cathedral housing.
[3] Includes part of Riverside.
[4] Data is suspect.

Note: see Figure 2 for Census Tract locations.

SOURCES: 1990 Census of Population and Housing; City of Jacksonville Planning and Development Department; and URBANOMICS, Inc.

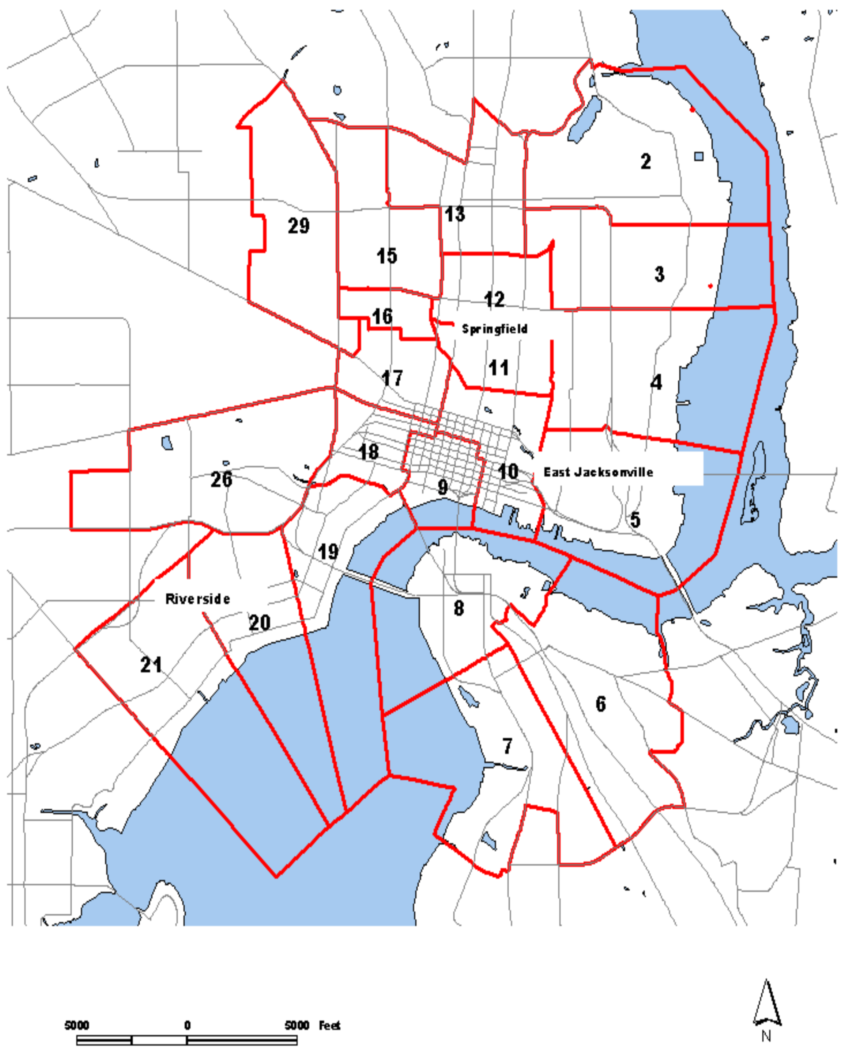

Figure 2. DOWNTOWN AND ENVIRONS - CENSUS TRACTS

URBANOMIC$

TABLE 2-4 ANNUAL SALES OF NEW SINGLE FAMILY HOMES BY PRICE RANGE IN DUVAL COUNTY, 1993-1997

Sales Price ($x1000)	1993		1994		1995		1996		1997	
	No.	%	No.	%	No.	%	No.	%	No.	%
Less than 70	458	12.5	272	8.6	204	7.2	94	3.0	109	3.7
70-90	1,459	39.7	1,140	35.8	882	31.1	746	24.2	554	18.8
90-120	891	24.3	850	26.7	876	30.8	1,173	38.0	1,126	38.2
120-150	433	11.8	477	15.0	467	16.4	507	16.4	569	19.3
150-200	218	5.9	200	6.3	197	6.2	311	10.1	322	10.9
200-250	142	3.9	150	4.7	104	3.7	104	3.4	114	3.9
Over 250	71	1.9	91	2.9	110	3.9	152	4.9	150	5.1
TOTAL	3,672	100.0	3,180	100.0	2,840	100.0	3,087	100.0	2,944	100.0

Note: Numbers of sales do not include new homes built on pre-owned lots. This may be a factor only in the higher price ranges, where lot purchases may be made by owners for later use.

Source: Realty Reporting Services, Inc.; and URBANOMICS, Inc.

However, sales of new homes priced under $120,000 declined from 77 percent of countywide sales in 1993 to 61 percent in 1997. At the same time, sales of homes priced over $150,000 increased from a 12 percent share of the total in 1993 to 20 percent in 1997. The volume of sales over $150,000 in Duval County has increased by 36 percent, from 431 homes in 1993 to 586 homes in 1997.

Most active locations for new home sales in Duval County continue to be south and east of the St. Johns River, which accounted for 79 percent of countywide sales in 1997. Typical prices per square foot are less than $70 for homes priced under $120,000, and less than $90 for homes priced under $250,000. Golf course communities frequently command over $100 per square foot pricing, up to $150 or more per square foot for riverfront locations and $250 or more per square foot for oceanfront homes.

New downtown housing can support pricing over $100 per square foot for riverfront locations, which is common in high-amenity suburban communities. Pricing in the $120-$150 per square foot range is increasingly found in high-amenity locations (i.e., river, Intracoastal Waterway, golf course communities). However, the market for homes away from the riverfront generally will be well under the $100 per square foot price threshold, as is the case with non-amenity suburban locations.

FOR RENT MARKET

More than 8,000 multifamily units have been permitted in Duval County in the past five years, most of which are located south and east of the river. This amount of activity, with more in prospect in 1999, has caused average occupancy rates to decline as increasing demand has lagged an increasing supply. Although apartment communities have had to offer rent concessions to promote lease-up, basic rental rates have not changed significantly. Indeed, highest rates generally are found in the newest luxury-oriented rental communities.

Expectations in the rental housing market are conditioned by the offerings and pricing of the newest developments. Characteristics of rental products built since 1990 in three submarkets of southeastern Jacksonville are summarized in Table 2-5.

Sizes vary from an average of 800+ square feet for one-bedroom units to 1,100+ square feet for two-bedroom units. Average square foot rents range from $0.80+ per square foot for one-bedroom units to $0.70+ per square foot for two-bedroom units. Maximum rents in individual developments can exceed these average rents by up to 20 percent.

These competitive characteristics provide a general framework for considering downtown market-rate developments, except that riverfront locations -- an amenity not provided in suburban projects -- can command the highest square foot rents. Given the general price sensitivity of the Jacksonville consumer, it may be necessary to offset higher square foot rents with smaller unit sizes, such that total rent is reasonably close to that offered in the suburban market.

Locations away from the riverfront generally will favor, at least initially, below market rate rental housing opportunities. Affordable rental housing in these downtown locations can be made competitive with suburban locations with the right mix of financial incentives. Market rate rental housing is also marketable in locations away from the river, provided that projects are distinctive in character and neighborhood amenities.

TABLE 2-5 CHARACTERISTICS OF NEW RENTAL APARTMENTS IN SELECTED JACKSONVILLE SUBMARKETS

Submarket and No. Bedrooms	Unit Size (sq. ft.)	Average Occupancy Rate (%)	Avg. Rent ($/month)		Avg. Sq. Ft. Rent ($)	
			Average	Maximum	Average	Maximum
Beaches/Ponte Vedra1BR						
2BR	870	92.3	731	910	0.84	0.98
3BR	1,176	89.8	883	1,175	0.75	0.91
	1,453	91.8	1,098	1,315	0.76	0.94
Southside Blvd.						
1BR						
2BR	806	89.4	658	815	0.82	0.96
3BR	1,136	85.7	792	930	0.70	0.82
	1,325	85.7	924	1,050	0.70	0.78
Intracoastal West						
1BR						
2BR	868	45.5	715	875	0.82	1.01
3BR	1,162	66.3	821	1,030	0.71	0.80
	1,375	66.7	945	1,405	0.69	0.80

Note: these three submarkets were selected as representative of the higher end of the areawide rental apartment market.

Source: Vestcor Realty Management, Inc., Fourth Quarter 1998 Survey

DOWNTOWN STRENGTHS AND WEAKNESSES

Participants in a downtown planning workshop held on November 12, 1998 in City Hall were invited to list and discuss factors which make downtown Jacksonville an attractive or unattractive place to live -- its strengths and weaknesses. Key strengths noted fall under these headings:

- ❐ Proximity of, views of, and access to the River.
- ❐ Availability and character of old buildings for housing reuse.
- ❐ Central regional location
- ❐ Close to employment and employment opportunities.

Key weaknesses noted are:

- ❐ Lack of shopping, entertainment, and services.
- ❐ Unsafe and unpleasant environment.
- ❐ Lack of quality and affordable housing.

SECTION 3.   HOUSING SURVEY

BACKGROUND

URBANOMICS, Inc., surveyed approximately 7,550 employees in six large downtown area employers by questionnaire in December 1998 as to their opinions about living in downtown Jacksonville. Responses totalled 1,569, for an overall response rate of 20.8 percent. ALLTEL, CSX, Florida Blue Cross & Blue Shield, The Florida Times Union, NationsBank, and University Medical Center agreed to partcipate in the survey. All these major employers are located on the north side of the St. Johns River. Attempts were also made to secure participation by major Southbank employers and by the City of Jacksonville.

Participating employers helped promote the survey through internal newsletters, distributed questionnaire forms to their downtown area employees, and facilitated the receipt of completed forms. Design and distribution of the survey is such that other employers can be included later on, as and if the survey needs to be broadened in the future.

This survey focused on persons working in the downtown area, on the assumption that this segment of the general population is most likely be the principal market for living downtown because of convenience to the workplace. Reverse commuters, empty nesters, and other segments may also provide market opportunities, but they can be identified only through a general household survey of the Jacksonville area, such as that conducted several years ago. This survey of downtown workers instead was designed to focus directly on the most readily identifiable leading market segment.

Employees were asked to respond to 18 questions, including several opinion-oriented questions about living downtown and choices of housing, and a number of others to obtain factual information about their present housing circumstances and household characteristics. This latter type of questions provides the basis for segmenting and analyzing opinions by demographic groups or indicator.

Housing questions related to level of interest in living downtown, rental or ownership preference, preferred type of housing, preferred general location, willingness to pay (monthly payment amount), and other factors affecting a decision to live downtown. Demographic questions related to type of job or occupation of the respondent, household size, household income, length of time in Jacksonville, existing housing tenure (rental or ownership), and current residence Zip Code. In addition, two questions related to current retail activities and preferences of downtown workers. A copy of the survey questionnaire is included at the end of this section.

KEY FINDINGS

Level of Interest in Living Downtown (Question #1)

Survey responses were grouped by level of interest in living downtown. One of three responses were possible--no interest, might consider, and definitely interested. The majority who responded had “no interest,” however, most of these took the time to complete other questions. Only a small number of these answered no other questions.

Results for Question #1 are summarized below:

Interest in Living Downtown	All Responses		Completed Surveys	
	No.	%	No.	%
Little or none	844	53.8	787	52.4
Might consider	520	33.1	516	34.4
Definitely Interested	205	13.1	198	13.2
Totals	1,569	100.0	1,501	100.0

Survey forms were completed in whole or part by 1,501 respondents, or 95.7 percent of those who answered Question #1. More than 93 percent of those who expressed little or no interest in living downtown answered other questions on the survey form. While all responses provide some insight into opinions and demographics of living downtown, those segments which expressed some interest (i.e., “might consider”) or real interest (I.e., “definitely interested”) are most relevant.

Survey results are biased toward those who expressed some interest in living downtown or who were at least interested enough in the survey to respond. Thus, it cannot be assumed that percentages of respondents in the “definitely interested” and “might consider” categories also apply to the approximately 6,000 non-respondents.

Questions related to household income and willingness to pay were included in the survey to test financial realities. Other questions related to the amenities and services which contribute to a marketable living environment were included to indicate the “right circumstances” needed to make downtown a reasonable and conducive alternative. These “right circumstances” under which respondents “might consider” or are “definitely interested” in living downtown are subjective and vary by individual and household.

The survey was careful to ask if respondents “might consider” or would be “definitely interested” in living downtown “under the right circumstances,” to allow respondents to indicate their true level of interest in the concept of living downtown without being unduly influenced by current conditions in and perceptions of downtown Jacksonville.

Rental/Ownership Preference (Question #2)

Home ownership is clearly the preference of survey respondents. Three of four who have some level of interest in living downtown prefer ownership to rental, based on results of this survey. For those “definitely interested” in living downtown, 76 percent would prefer to own.

Interestingly, only 59 percent of these respondents own their current residence. For those who “might consider” living downtown, 76 percent also would prefer to own, versus 69 percent which currently own their residence.

Interest in home ownership, however, is not necessarily a reflection of actual practice. Some who want to own may lack mortgage qualifications and downpayments. Others who would prefer to own may instead find a renting downtown less risky initially in an unproven market.

Housing Type Preference (Question #3)

Definitely Interested: For this segment, housing choices by ownership and rental preference are as follows:

Housing Type	First Choice (%)		Second Choice (%)	
	Own	Rent	Own	Rent
Low-rise garden apartment/ condominium	13.1	**34.9**	15.8	**18.9**
Mid/High-rise apartment/ condominium	**13.9**	**25.6**	**20.0**	**35.2**
Townhouse	**16.1**	9.3	**20.9**	21.6
Duplex/two-family home	2.9	--	7.5	2.7
Single-family home	**36.5**	7.0	8.3	2.7
Loft conversion	**17.5**	**23.2**	**27.5**	**18.9**
	100.0	100.0	100.0	100.0
Total Responses (#)	137	43	120	37

Leading choices are highlighted. Considering both first and second choices, those preferring home ownership also prefer the following housing types:

- ❒ Loft units (45.0)
- ❒ Single-family homes (44.8)
- ❒ Townhouses (37.0)
- ❒ Mid-rise/high-rise units (33.9)

Those preferring to rent also prefer the following housing types:

- ❒ Mid-rise/high-rise units (60.8)
- ❒ Low-rise garden style units (53.8)
- ❒ Loft units (42.1)

Might Consider: For this segment, housing choices by ownership and rental preference are as follows:

Housing Type	First Choice (%)		Second Choice (%)	
	Own	Rent	Own	Rent
Low-rise garden apartment/ condominium	**16.9**	**39.4**	**18.4**	**26.1**
Mid/High-rise apartment/ condominium	12.3	**14.4**	16.3	**23.9**
Townhouse	**13.7**	**15.4**	**21.5**	**22.8**
Duplex/two-family home	2.5	3.9	9.4	3.3
Single-family home	**44.0**	12.5	9.1	6.5
Loft conversion	10.6	**14.4**	**25.3**	**17.4**
	100.0	100.0	100.0	100.0
Total Responses (#)	357	104	320	92

Leading types are highlighted. Considering both first and second choices, those preferring home ownership also prefer the following housing types:

- Single-family homes (53.1)
- Loft units (35.9)
- Low-rise garden style units (35.3)
- Townhouses (35.2)

Those preferring to rent also prefer the following housing types:

- Low-rise garden style units (65.5)
- Mid-rise/high-rise units (38.3)
- Townhouses (38.2)
- Loft units (31.8)

Strength of preferences for single family home ownership in both “definitely interested” and “might consider” categories may be conditioned by living currently in suburban locations. However, this preference also indicates that developers need to be aware of providing some product with characteristics of detached housing.

Location Preference (Question #4)

Participating employers and surveyed employees all are located on the north side of the St. Johns River. However, preferences as to living on the north side or south side of the River are divided. The largest number of responses are in the “no preference” category, as shown below:

Location	Definitely Interested (%)		Might Consider (%)	
	Own	Rent	Own	Rent
North of River	27	25	17	11
South of River	31	23	36	42
No preference	42	52	47	47
Total Responses (#)	143	44	370	119

The weight of the "no preference" answer indicates that respondents view both sides of the River as potentially attractive locations, particularly to those "definitely interested," for which preferences are equally divided. The "might consider" category is more in favor of locations south of the River.

Housing Cost/Willingness to Spend (Question #5)

Respondents were asked to indicate the monthly amount they would be willing to pay for rent or as a mortgage payment to live downtown in the home of their choice. Results for those "definitely interested" in and those who "might consider" living downtown are summarized below, showing a generally consistent cost profile for the two market segments.

Monthly Cost/Payment:	Definitely Interested (%)		Might Consider (%)	
	Own	Rent	Own	Rent
Less than $400	6.9	9.1	6.8	11.9
$400 to $600	29.2	50.0	24.6	47.5
$600 to $800	27.7	25.0	27.0	35.6
$800 to $1,000	15.3	13.6	19.7	4.2
$1,000 to $1,200	9.0	2.3	11.6	0.8
$1,200 to $1,500	5.6	--	6.2	--
Over $1,500	6.3	--	4.1	--
	100.0	100.0	100.0	100.0
Total Responses (#)	144	44	370	118

Generally, less than 10 percent of respondents are in the minimal cost segment (i.e., less than $400/ month). However, the majority of those preferring to rent would not be willing to spend more than $600 per month, but 41 percent would spend more than $600, which is the approximate floor for market rate housing. Those preferring home ownership appear to have a more realistic view of housing costs. Approximately two of five respondents would be willing to spend more than $800 per month to own, including 21-23 percent who would spend over $1,000 per month.

Quality of Life Factors (Question #6)

Respondents were asked to indicate the degree of importance which they attach to various other factors when considering downtown as a place to live. These factors include proximity to neighborhood stores, view of river, private parking, and security. Three choices were given as expressions of degree of importance--"must have" (essential), "would be nice" (desirable, but not essential), and "not a factor" (not particularly important). Degrees of importance for each of 17 factors are shown below for respondents who indicated that they would be "definitely interested" in or "might consider" living downtown. The key "must have" factors are highlighted.

Factor	Might Consider (%)		Definitely Interested (%)	
	Must Have	Would Be Nice	Must Have	Would Be Nice
Near neighborhood stores	***63***	33	***66***	30
Near mall-type shopping	14	54	13	48
Near restaurants	39	51	44	48
Near entertainment	19	50	21	52
Near parks/recreation	32	52	35	56
Near public transit	25	29	33	31
Near schools	25	24	23	24
Near health services	26	53	28	44
Living in an urban environment	11	52	15	45
Walking distance to work	9	55	13	61
View of or close to river	22	64	31	54
Attractive neighborhood	***77***	22	***69***	29
Safe neighborhood	***94***	6	***89***	11
Neighbors nearby	52	38	48	39
Off-street parking	***69***	26	***74***	21
Private garages	51	43	49	45
Security systems	***75***	23	***73***	25

The most important "must have" factors relate to safety and security, off-street parking, neighborhood quality (attractiveness), and shopping conveniences. Several other factors, including proximity to urban facilities and services (e.g., schools, recreation, transit, and health care), the ability to walk to work, a view of or proximity to the river, and living in an urban environment appear to be much less important. These seemingly less important factors are indeed important benefits of living downtown, but basic needs for attractive and safe surroundings are seen as most important.

Relationship to Household Income (Question #17)

Sizeable fractions of respondents in the “definitely interested” and “might consider” level of interest segments appear to have the household incomes to afford market rate downtown housing. For those preferring ownership, 54 percent of the “definitely interested” segment and 64 percent of the “might consider” segment indicate household incomes over $50,000, including 32 and 34 percent, respectively, over $75,000. These income levels will generally support housing prices in the $150,000 and $225,000 ranges, at current low interest rates.

For those preferring to rent, these shares are 33 and 25 percent, respectively. More than one-third of respondents in both segments who prefer to rent indicate household incomes in the $30,000 to $50,000 household income range, which will support market rate rents in the $750 to $1,250 range per month. Indeed, household income levels reflect a greater ability to pay than respondents appear willing to pay as indicated under Question #5. Ability to pay is the better guage for determining supportable pricing of downtown housing.

Household Income	Might Consider (%)		Definitely Interested (%)	
	Own	Rent	Own	Rent
Less than $20,000	3.8	9.5	4.3	13.3
$20,000 to $30,000	12.4	21.6	14.9	26.7
$30,000 to $50,000	20.0	36.2	26.9	35.5
$50,000 to $75,000	29.5	19.8	22.0	15.6
$75,000 to $100,000	18.4	8.6	13.5	6.7
Over $100,000	15.9	4.3	18.4	2.2
Total Responses (#)	370	116	141	45

DEMOGRAPHICS OF SURVEY RESPONDENTS

Individuals and Households

Of those responding to the survey, two thirds (65%) are heads of households. Two thirds of respondents (66%) are female. Ages of heads of households range from under 25 to over 65, with greatest responses coming from the 35-44 age group (33%) and 45-54 age group (28%).

Household size varies from one to over four persons. The majority (61%) are two-person households, followed by one-person households (24%). A majority (54%) have no children (under 18) at home. One fifth (20%) have one child, and a similar proportion (19%) have two children at home.

Household Income

Household incomes are wide ranging, from under $20,000 to over $100,000. Leading groups are $50,000 to $75,000 (27%) and $30,000 to $50,000 (24%). Those "definitely interested" in living downtown have a similar age profile and a somewhat lower household income profile, as shown below.

Household Income ($000)	Percent of Total	
	All Respondents	Definite Interest
Under 20	4.9	6.6
20-30	14.5	18.0
30-50	24.0	30.0
50-75	26.6	21.3
75-100	16.5	12.6
Over 100	13.5	11.5

Occupation

Occupational characteristics among all respondents and those "definitely interested" are very similar. The largest share of responses were received from clerical and administrative support workers (34%), followed by middle managers and supervisors (22%), and the paraprofessional and technical occupations (21%). Professionals and executives accounted for a combined 20 percent of all respondents, but a higher share (24%) of those "definitely interested."

Time Lived in Jacksonville/Thinking About Moving Locally

The vast majority of respondents have lived in the Jacksonville area over ten years ((64%). Only eight percent have lived here less than two years. There are no significant differences in length of time lived in Jacksonville between all respondents and those "definitely interested."

There are, however, substantial differences as to their thinking about relocating in the Jacksonville area in the short term future (five years). Only one third (33%) of all respondents indicated that they are thinking about moving within the area, versus more than half (56%) of those definitely interested." Similar percentages (25-26%) are not sure. Only 19 percent of those "definitely interested" replied "no" to the question, compared to 41 percent of all respondents.

Recalling that 13.1% of survey respondents are "definitely interested" in living downtown, 56% of these (7.3% of all respondents) may be candidates for downtown housing within the next five years or so.

Current Address

Over 80 postal zip codes throughout the Jacksonville Metropolitan Area were reported, including 33 zip codes with ten or more responses and 12 with fifty or more. Leading individual zip code areas are 32210 (6.5%), 32244 (5.3%), 32225 (5.2%), 32256 (4.6%), and 32073 (4.4%). Communities and subareas of greater Jacksonville are represented as follows:

Community or Section	Zip Codes	Percent of Responses
EastArlington/Southside	32224, 32225, 32246, 32256	16.3
San Jose/Beauclerc/ Mandarin/NW St.John	32217, 32223, 32257, 32258, 32259	14.3
Near Westside (incl. Avondale and Ortega)	32205, 32210, 32254	11.0
Orange Park & Vicinity	32065, 32073, 32244	10.9
Near Northbank (incl. Springfield and Riverside)	32202, 32204, 32206, 32208, 32209	9.8
Arlington/Near Southside	32211, 32216, 32277	8.7
Beaches/Ponte Vedra	32228, 32233, 32250, 32266, 32082	6.6
Westside (other)	32215, 32219, 32220, 32221, 32222	5.1
Northside	32218, 32226	4.7
Southbank/San Marco/St. Nicholas/Englewood	32207	4.0

PREVIOUS STUDIES

Downtown housing and living in downtown were subjects of at least three previous market surveys between 1986 and 1995. Downtown workers were surveyed in 1986 and general surveys of the Jacksonville population were conducted in 1993 and again in 1995.

A 1986 face-to-face survey of 500 downtown workers indicated “some level of interest” in the concept of living downtown. This survey was conducted by Clark Parker Associates for the Central Jacksonville Improvement committee of the Jacksonville Chamber of Commerce. Of those surveyed, 83 percent preferred to own, 79 percent were households headed by persons under 45 years of age, and 58 percent had incomes over $40,000 per year. Executives and administrators were a prominent segment in this survey.

A 1993 telephone survey of 409 households throughout Jacksonville, conducted for the Downtown Development Authority (DDA) by ATS/Populus Research, found that 15 percent expressed “willingness to move downtown if housing were available.” For those working downtown, this segment was 23 percent.

More recently, a 1995 telephone survey of 1066 Jacksonville households found that nearly 19 percent would “seriously consider moving downtown in the next three years.” Of these, 75 percent would prefer to own. Only 16 percent of interested households in the 1995 survey had incomes over $50,000, in contrast to the 58 percent over $40,000 in the 1986 downtown worker survey. The 1995 survey was undertaken for the DDA by Jacksonville-based Populus.

What the most recent (12/98) survey and the earlier three surveys have in common are two key findings:

- ❒ The level of interest in living downtown is sufficient to create a viable market.
- ❒ Ownership is strongly preferred over rental, which appears to go against the conventional wisdom that rental market should lead the revitalization of the downtown housing.

As stated previously, interest in home ownership is not necessarily a reflection of actual practice. Some who want to own may lack mortgage qualifications and downpayments. Others who would prefer to own instead may find renting downtown less risky initially in an unproven market. And, if an attractive rental product was offered, home ownership may be postponed. Thus, despite the large percentages apparently preferring to own, the rental market will be a major factor in downtown housing, particularly in the early years.

SECTION 4. DEVELOPMENT STRATEGY

MARKET DEMAND

Despite losses of population and housing stock in recent years, there is renewed interest in the downtown housing market from both developers and the public. In recent months, several projects have been proposed in the Cathedral, LaVilla, Northbank Riverfront East, and Southbank areas of downtown, ranging from high-rise upscale riverfront housing to low-rise market rate and below market rate developments away from the river. Two downtown housing projects have been approved recently by the City and are expected to begin in the near future. Survey of downtown workers in December 1998 and earlier surveys have shown a strong interest in downtown living.

An indication of the potential readiness of downtown for new housing is the increased resale market for single family homes in two adjoining neighborhoods, as shown below.

Community	Single Family Home Resales		
	Number over $50,000		Percent Increase
	1994	1998	
Springfield	106	275	159
San Marco	127	270	113
Source: Real Estate Strategy Center of North Florida, Inc.			

Interest in the concept of living downtown has been shown, but demand cannot be measured by past downtown market activity in the absence of any recent construction, sales, or lease-up history. Instead, other measures have to be used to guage potential demand. Three methods are used in this analysis, resulting in a range of projected demand.

Low Projection

Low projections are based on capturing modest shares of total new housing starts in Duval County. A share of up to 2.0 percent of average annual countywide activity (i.e., approximately 5,000 permitted units) is considered a reasonable expectation of market capture during the 1999-2010 period. The 1990 Mecklenburg residential market study for the Downtown Development Authority projected a smaller 1.0 to 1.5 percent market share. The resultant “low projection” of demand in downtown Jacksonville is for approximately 1,000 new units from 1999 to 2010.

Medium Projection

Medium projections are based on experiences found in a number of other cities. A recent study of downtown growth by the Brookings Institution and the Fannie Mae Foundation covered a broad range of cities and their metropolitan areas in both size and location throughout the U.S. Current downtown populations were estimated and projections to year 2010 were made based on residential projects underway and anticipated. Results for 21 selected cities are shown in Table 4-1.

TABLE 4-1 PROJECTED DOWNTOWN POPULATION GROWTH IN SELECTED U.S. CITIES, 1998 - 2010.

City	Metro. Area Pop., 1998[1]	Downtown Population			Current Downtown Share of 1998 Metro Pop. (%)
		Current[2]	Proj. 2010	Growth (%)	
	<2 Million				
Austin	1,082,200	9,555	14,805	54.9	0.88
Cincinnati	1,605,400	1,952	3,500	79.3	0.12
Columbus	1,460,400	3,800	5,800	52.6	0.26
Denver	1,918,100	3,480	9,250	165.8	0.18
Kansas City	1,715,600	9,200	17,660	92.0	0.54
Memphis	1,087,500	6,210	14,000	12.4	0.57
Milwaukee	1,496,000	9,900	13,500	36.4	0.66
Portland	1,815,100	10,315	14,694	42.5	0.57
San Antonio	1,527,700	20,910	23,600	12.9	1.37
Averages	--	--	--	**55.1**	**0.55**
	2-4 Million				
Atlanta	3,682,100	17,000	25,000	47.1	0.46
Baltimore	2,483,900	13,800	14,600	5.8	0.56
Boston	3,869,300	31,625	34,471	9.0	0.82
Cleveland	2,226,600	6,400	21,000	228.1	0.29
Dallas	3,149,100	3,486	6,429	84.4	0.11
Houston	3,872,400	2,374	9,574	303.3	0.06
Miami	2,133,700	17,065	32,420	95.8	0.80
Minneapolis	2,787,800	19,000	22,750	19.7	0.68
Phoenix	2,914,600	7,114	10,924	53.6	0.24
Pittsburgh	2,361,900	4,500	8,050	77.8	0.19
Seattle	2,292,900	15,236	33,600	120.5	0.67
St. Louis	2,569,900	7,860	10,360	31.8	0.31
Averages	--	--	--	**58.2**	**0.42**

[1] Based on “1998 Survey of Buying Power,” Sales and Marketing Management.
[2] Population estimates as reported by cities..
[3] Based on developments underway, building permits, and anticipated real estate projects only.

SOURCES: The Brookings Institution, Center on Urban and Metropolitan Policy, and the Fannie Mae Foundation, November, 1998; Development Strategies, Inc.; and URBANOMICS, Inc.

The average growth rate for cities with less than a two million metro area population is 55 percent from 1998 to 2010. For cities between two and four million population, this average is a surprisingly similar 58 percent. On average, downtown populations in the smaller cities are 0.55 percent of their metropolitan populations. For the larger cities, the downtown share of the metropolitan population averages 0.42 percent. The current downtown population in Jacksonville is in the range of 0.50 percent of the metropolitan population.

Assuming that downtown population growth in Jacksonville will rival average conditions projected for the smaller cities studied (i.e., 55 percent), downtown population would increase by some 3,000 residents by 2010, requiring approximately 1,500 new residential units from 1999 to 2010.

High Projection

High projections are based primarily on results of the December 1998 downtown employee survey, which indicated that 13.1 percent of those who responded would be "definitely interested" in living downtown. Another 33.1 percent "might consider" the opportunity. The 13.1 percent "definitely interested category represents a smaller 2.7 percent of all those more than 7,500 workers to whom the survey form was distributed. The conservative assumption is made that approximately 6,000 workers who did not respond to the survey have no interest.

Conventional wisdom is that the downtown workforce numbers approximately 60,000. The 2.7 percent "definitely interested" segment would total 1,600+ of this workforce. The "might consider" category represents another 4,100+ of the workforce. The high projection results from adding a modest 10 percent share of the "might consider" group to all those "definitely interested," or approximately 2,000 new residential units from 1999 to 2010.

This projection does not account for others, including reverse commuters, who would choose to live downtown if opportunities were available. Obviously, not all those "definitely interested" downtown workers would be captured, but the assumption that all 6,000± workers not responding to the survey have no interest is very conservative, and allows for demand to arise from these other downtown workers, as well as from those not in the downtown workforce.

Summary of Projections

Low, medium, and high projections of demand for new housing in downtown Jacksonville to year 2020 are summarized in the table below. The three projections provide a range of expectations for future development on the understanding that realization of these levels of development will require various public actions to make downtown an attractive and competitive residential address. These actions include various combinations of financial incentives, infrastructure improvements, stepped up social services, and marketing downtown as a safe and attractive place to live.

All three projections shown to year 2020 indicate that development is expected to proceed more cautiously at first and accelerate thereafter as the downtown market gains acceptance. This applies to the early years of the 1999 to 2010 period as well.

However, capacity for continued growth will depend on the availability of attractive deveopment sites after the currently available more easily assembled prime riverfront and interior sites are consumed. The function of downtown master planning and the public actions to follow is to ensure that locations and sites for future downtown residential development are reserved and enhanced. Concepts and recommendations contained in the Urban Design and Transportation components of this master planning process provide important guidance to the City in this regard.

Projection	Growth (number of units)	
	1999-2010[1]	2010-2020[2]
Low	1,000	1,500
Medium	1,500	2,250
High	2,000	3,000

[1] Basis for 1999-2010 projections:
Low -- 2% share of annual housing starts in Jacksonville
Medium -- average growth trends in various US metro area downtowns
High -- survey of workers at selected downtown employers, 12/98
[2] Ability to achieve accelerated growth in excess of prior decade will depend on availability and suitability of development sites

Previous Studies

In addition to previous housing opinion surveys discussed in Section 2, at least four known downtown housing market studies and strategies were completed from 1987 to 1995. Three reports addressed areawide needs and opportunities; one was site specific.

A 1995 study of project opportunities in the Cathedral neighborhood, conducted for the Downtown Development Authority (DDA) by American METRO/STUDY Corp., recommended a gated rental apartment development with rents in the range of $0.80-$0.90 per quare foot.

A 1990 downtown-wide study by Mecklenburg Associates for the DDA suggested that downtown could capture 1.0-1.5% of countywide housing growth. This study further recommended an orientation to rental housing marketed to professionals working downtown, small families, and “mingles” (shared households). The Cathedral, Southbank, and LaVilla areas were the recommended targets of activity.

The DDA authored a 1988 strategy report, which identified demand for nearly 1,200 units, mostly rental, in five year, with 25 percent targeting the low-moderate assisted housing segment. The LaVilla and Baptist areas were recommended for this low-mod housing. Market-rate housing was recommended for the Cathedral, Prudential/I-95 (Southbank), and downtown core areas. This strategy further recommended establishment of a $10 million housing development fund to leverage between 500 and 1,200 new units.

A 1987 report also involved the DDA. In it, several potential housing reuse and development sites were identified, including the Delcher Building on Riverside Avenue, Jones Furniture Building on Hogan Street, St. James Building (now City Hall), Daniel Building, and the American Heritage Building. Inaction on these to date is likely the result of a lack of market interest and/or financing.

MARKET OPPORTUNITIES

Market Segmentation

The December 1998 downtown worker opinion survey and previous surveys all identified a preference for ownership in approximately the same proportions -- 3:1 versus rental. While responses may be influenced by suburban thinking, survey results make a strong argument for owner-oriented housing. This is contrary to conventional wisdom that rental housing is the best way to jump start the downtown market -- which **is** a safe and sound strategy. Downtown projects proposed and approved in recent months take aim at both the ownership and rental markets.

The same survey also helped segment potential owners and renters by price and cost based on household income. Three general market segments are identified: below market rate, market rate, and luxury.

Below market rate households are those generally below 60 percent of median income, which require some level of direct or indirect assistance to make housing affordable. Market rate households are those which earn up to 150 percent of areawide median income or more, and households able to afford high-priced "luxury" housing are those earning well above 150 percent of median income. Segmentation of these markets, as shown below, generally reflects the income ranges specified in the survey.

Characteristic	Buyer	Renter
Own/Rent Preference (%)	76	24
Segment Price/Cost Mix (%)		
Below Market Rate[1]	20	40
Market Rate[2]	50	50
Luxury/Upscale[3]	30	10

[1] Less than $30,000 income
[2] $30,000-$75,000 income
[3] Over $75,000 income

For both prospective buyers and renters, market rate housing appears to present the largest opportunity, followed by upscale/luxury product for buyers and below market rate housing for renters. Survey results also help identify types of housing preferred by potential owners and renters (see Section 2 for details). These are:

- ❐ ***For owners***, leading choices are, in order: single family homes, loft units, and townhouses, followed by mid-rise/high-rise units. Low-rise garden style condo units are least preferred. Note: Interest in single family homes may be conditioned by suburban living, but also indicates the need for product with some detached housing characteristics.

- ❐ ***For renters***, leading choices are, in order: mid-rise/high-rise aartments, low-rise garden apartments, lofts, and townhouses.

Suggested Locations and Market Orientation

Residential development opportunities exist throughout most of the downtown area, as follows:

- ❒ ***Brooklyn/Riverside Avenue***. This area should be oriented primarily to the for-sale market, including upscale riverfront condos where sites exist or can be assembled, and market rate single family homes and townhouses away from river.
- ❒ ***LaVilla***. Best opportunities are primarily below market rate rental units, including small apartment projects, infill housing (single family and duplex units), and rehabs of remaining housing units.
- ❒ ***Cathedral***. The for-sale market should be the focus of activity here, with market rate townhomes and low rise condos, conversions of non-residential structures, single family infill, and existing housing rehabs, primarily aimed at households with market rate income levels.
- ❒ ***Central Core***. This area is most suitable for market rate loft condos and apartments, both for-rent and/or for-sale.
- ❒ ***Northbank Riverfront East***. Redevelopment of this area can focus on upscale and market rate riverfront and river-oriented housing, both for-sale and for-rent.
- ❒ ***Southbank***. Best opportunities for this area include upscale riverfront infill and redevelopment of the JEA power plant site after phase-out for market rate housing, with emphasis on for-sale product.

Proposed Developments

Significant residential development proposals in downtown Jacksonville include:

- ❒ ***St. Johns Place***: A proposed 63-unit for-sale townhouse project in the Cathedral neighborhood located between Church and Ashley Streets. The developer is a limited liability company formed by NationsBank Community Development Corporation and the Episcopal Church-sponsored Cathedral Foundation. The Cathedral Foundation is contributing land, and NationsBank will also serve as construction lender. The City will provide various financial incentives, including $1.5 million of public improvements and $1.5 million towards project construction, 75 percent of which will be repaid as units are sold. Up front incentives total approximately $30,000 per unit.

  In addition, the City will provide annual grants to buyers for up to 10 years from new property tax revenues generated by individual units. These grants are approximately $650 per year. Second mortgage assistance and low interest rate

  financing will be provided to reduce downpayment and mortgage payment costs. Units are 1,500+ square feet in area with one-car garages, and will be priced at around $129,000. Incentives are designed to make these units affordable to households earning less than $30,000.

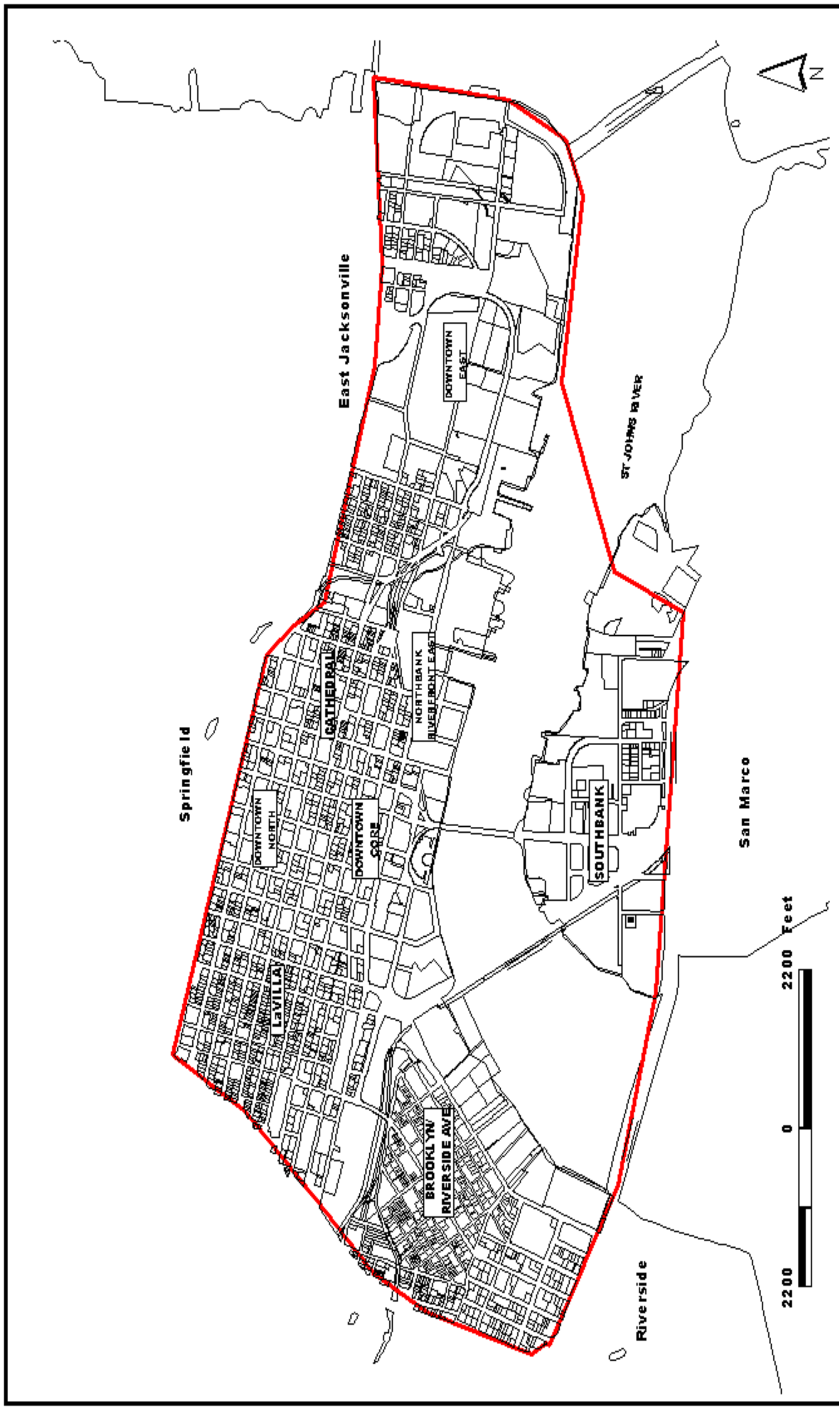

FIGURE 3. DOWNTOWN JACKSONVILLE - SUBMARKET AREAS

URBANOMICS

- ❒ ***Berkman Plaza***: A 426-unit mixed rental/ownership development located on the riverfront just east of the Duval County Courthouse. The project would consist of two, 23-story apartment buildings, each with 200 units, plus 26 for-sale low-rise townhouses. Project developer is Atlanta-based Harbor Companies.

  The two 200-unit towers would be oriented to the rental market. More than half of the units in each tower are planned as one-bedroom units, followed by two-bedroom units. Only a small number of units are larger. Proposed rents are over to well over $1.00 per square foot for all units, which would place this project at the very upper end of the Jacksonville rental market. The 26 townhomes are for-sale product tentatively priced in the $200,000 to $300,000 range.

  The developer, Atlanta-based Harbor Companies, is seeking some $10 million in upfront incentives, including donation of the City-owned site and contributions to defray some of the costs of site preparation and construction. A six-year partial tax rebate, totalling approximately $1 million is also sought.

- ❒ ***Southbank Riverfront Site***: A high-rise upscale project near the Riverplace Tower proposed by Denver-based Frontier Development Co., consisting of two 200-unit towers. The development concept continues to evolve, including its market orientation -- rental, ownership, or mixed.

- ❒ ***Tower Place***: Renovation of an existing 205-unit high-rise apartment building (16 stories) north of the downtown core on Ashley Street as a below market rate rental project for seniors residents and others. The developer is Atlanta-based Southern Development Partners. This building, formerly known as the St. Johns Apartments, was a successful rental project in the 1980s, with occupancy rates well over 90 percent, but had begun to fail several years ago.

Implementation Needs

Despite numerous indications of renewed interest in downtown as a place to invest and live, it remains a new and unproven market, requiring that the City design and implement programs to minimize investor risk and make the potential resident comfortable with living downtown.

To the investor/developer, minimizing risk involves two key factors:

- ❒ Creating marketable locations and sites for development.
- ❒ Keeping project costs and revenues generally in line with those in proven marketable locations.

Creation of marketable locations and sites for development requires that the City do the following:

- ❒ Make the necessary investments to improve infrastructure.
- ❒ Increase public services as necessary to improve market perceptions of downtown as an unsafe environment.

- ❐ Assist in the assembly and acquisition of development sites.
- ❐ Protect the integrity of residential locations.

Investment will go to proven residential locations -- the suburbs, requiring that financial assistance be provided to improve project feasibility in unproven locations. This financial assistance can be provided directly to project developers and/or indirectly to the buyer. The City, through the Downtown Development Authority, has demonstrated the ability to fashion creative incentive packages to help leverage development, as in the case of the proposed St. Johns Place townhouse development in the Cathedral area. Incentives generally in the range of $20,000 to $30,000 per unit -- sometimes more, sometimes less -- are reasonable and necessary expenditures for the City to make to help reduce land costs, provide supporting infrastructure, and reduce costs of financing, particularly in the early years until the market has established its own momentum.

Given the high priority which the City attaches to downtown residential development, a “housing development fund” should be established, as recommended by the DDA in its 1988 strategy report. Such action would provide a dedicated source of funding for those actions and incentives needed to leverage development, much like the City’s current Neighborhoods initiative. Sources of monies which could be considered include refinancing existing bonds or a new bond issue which addresses this and other needs.

To the potential resident, making living downtown a more natural choice, requires that the City address many of the same issues, listed above, which affect the investor/developer. Most important of these is creation of an attractive and safe environment in which the resident can feel comfortable in terms of personal security and making a sound investment.

The greatest need, however, is for committed, active, and cohesive private leadership -- property interests, corporate citizens, and innovative developers -- to help focus debate and take the lead in fostering development. In Charlotte, for example, the rebirth of a now thriving downtown residential market was led by NationsBank (now Bank of America). Inasmuch as Jacksonville is the Florida headquarters of NationsBank, the City should seek to expand the relationship with NationsBank begun with the St. Johns Place project and use this as a model to involve others members of the corporate community in developing and financing downtown housing.

SECTION 5. EXPERIENCES IN OTHER CITIES

BACKGROUND

Successes achieved by other cities in downtown development and revitalization serve as useful illustrations and models of what can be accomplished and how these accomplishments were implemented. Several cities were researched in this regard and case study examples are presented in this section. Much of the information presented is drawn from the experiences and library resources of Development Strategies, Inc., plus interviews with representatives of downtown development agencies and organizations, compilation and review of information from local sources, and review of publications of the Urban Land Institute (ULI) and the Council for Urban Economic Development (CUED). This section presents the information collected. In some cases, information is quoted directly or paraphrased from secondary sources.

In researching examples of cities which have achieved success in re-energizing their downtowns, these characteristics are in common:

- ❐ The need for a healthy central city and its role in creating a healthy region are recognized. These communities and their civic leadership understand that unbridled suburban growth saps vitality from the core.
- ❐ A long-term commitment to a planning and implementation process has been made. This long-term commitment includes sustained funding.
- ❐ The need for a ***mix*** of urban activities, each of which has a sufficient scale or critical ***mass*** and uses that are in close proximity, and are able to ***complement*** each other is recognized.

A number of metropolitan areas much larger than Jacksonville have good examples of vibrant 24-hour downtowns. Chicago, New York, Philadelphia, Boston, Washington D.C., and San Francisco all come to mind. These metro areas, however, are much larger than Jacksonville, and their experiences are much less relevant than those closer in size.

Cities researched and profiled in this report include four which, while larger than Jacksonville, are useful examples for approaches to downtown revitalization. These four are Denver (1.9 million), Baltimore (2.5 million), Cleveland (2.2 million), and San Diego (2.8 million). These communities have some similarities to Jacksonville.

For example, revitalization efforts in Baltimore, Cleveland, and San Diego have focused on their waterfronts, just as the Jacksonville riverfront clearly presents key revitalization opportunities. Denver, Cleveland, and Baltimore have each suffered serious economic difficulties in the past, and have been impacted by corporate mergers and downsizing which add volatility to the local economy
Their successes provide useful examples for Jacksonville to use to bolster its office market and strengthen employment in downtown.

Several other cities closer in size to Jacksonville have also been examined as to their successes with specific components of downtown --- housing, retail, office, hotel, entertainment, recreation/cultural, and riverfront development. Some of these cities present an example of a particular strength, such as Greenville, SC, which is developing an excellent Main Street retail and entertainment district. Other case studies highlight the fact that there is activity in all of the downtown components. The Denver, Cleveland, Baltimore, and San Diego case studies touch on all of these downtown components. Case study locations are summarized below.

Housing	Commercial and Special Uses
Denver, CO Dayton ,OH Memphis, TN Kansas City, MO Baltimore, MD	Greenville, SC Cleveland, OH Indianapolis, IN Baltimore, MD Chattanooga, TN Denver, CO San Diego, CA

HOUSING CASE STUDIES

Interest in downtown housing is increasing around the country. Housing demand surveys conducted in numerous central cities of major metropolitan areas across the country have revealed that there are significant segments of the local population interested in downtown living provided that appropriate housing opportunities are available.

One of the strongest catalysts for strong housing demand is expanding employment opportunities. A concentration of amenities is also vital. Research and analysis of other cities which have achieved success in promoting downtown housing reveal several common themes:

- ❐ Set goals, monitor progress, and change strategies as required.
- ❐ Focus on areas requiring substantial physical upgrading such as extensive streetscaping, parking, and infrastructure improvements.
- ❐ Develop a professional marketing program with sufficient budget. Success requires a long-term, sustained commitment to marketing.
- ❐ Maintain an inventory of development opportunities (buildings and land) that are ready to go for developers and investors.
- ❐ Create an organization or combination of groups to be “in charge” of housing development efforts. This organization will serve as a housing advocate, promote and market housing opportunities, and provide financial and technical assistance.
- ❐ Centralize information and help with permitting and tax issues.
- ❐ Provide special tax treatment. This can be critical, especially to induce the first wave of new residential activity in downtown.

Downtown housing initiatives and strategies for Denver, Colorado; Memphis, Tennessee; Dayton, Ohio; Kansas City, Missouri; and Baltimore, Maryland are summarized below. General characteristics of these case study locations are summarized in Table 5-1, including regional population, city polulation, and downtown population.

In order to provide information that will help Jacksonville implement some of the lessons learned from other communities, case study communities were asked to quantify the level of subsidies, incentives, and required gap financing for their downtown housing programs. While not all communities were able to quantify levels of support provided to develop housing on a per unit basis, it was found that requirements for gap financing can vary significantly from city to city. Communities with strong and growing downtowns and historically low construction costs together with a dynamic and rapidly growing regional economy and population may require little or no gap financing.

In contrast, older, weaker downtowns with high construction costs within slower growing regions can require significant gap financing to make downtown housing economically feasible. In markets such as Cleveland, Louisville, New Haven, Kansas City, and St. Louis, gap financing typically will average $30,000 per unit and can be in excess of $50,000 for some types of development.

TABLE 5-1 HOUSING CASE STUDY COMPARISONS

							Goals (5 – 10 years)			
	MSA Population	Central City Population	Downtown Population	Downtown Population as a share of City	Existing Downtown Housing Units	Units Under Const.	Additional Residents	Additional Units	Annual Downtown Pop. Growth (%)	Characteristics of Housing
Denver	1,918,100	503,000	4,209	0.8%	3,095	1,250	13,600	10,000	26.9	In the CBD, 69% of the existing units are for-rent units and 31% are for-sale units. About 60% are for-sale units and the balance is government-assisted housing.Neighborhoods surrounding Downtown are also an important component of the city's housing program. An estimated 28,900 occupied housing units are located in seven neighborhoods adjacent to downtown
Memphis	1,087,500	586,700	6,210	1.1%	4,566	1,000	8,000	3,820	10.7	The existing downtown inventory is 82% rental and 18% for-sale units. Nearly 65% of the for- sale units are single-family units and the balance are condo/co-op units
Dayton	944,000	169,400	2,736	1.6%	2,012	118	900	500	5.5	Twenty-eight percent of the housing units in Dayton's CBD are market-rate. The vacancy rate for downtown housing is about 5%
Kansas City	1,715,600	442,500	9,200	2.1%	6,765	247	8,460	4,700	7.7	Downtown neighborhoods include Quality Hill, Garment District, River Market, Union Hill, and the West Side
Baltimore	2,483,900	654,200	13,800	2.1%	10,147	710	4,488	3,300	2.7	The downtown overall occupancy is in the high 90% range. Center City neighborhoods include University Center (900 units), Charles Center (650 units) Cathedral Hill/South Mt. Vernon (1,000 units) and Inner Harbor East (400 units)

Sources: Development Strategies; Sales & Marketing Management, *1998 Survey of Buying Power* and data provided by downtown organizations.

DENVER

Goal

10,000 additional units with 13,600 new residents in ten years.

Organization and Incentives

Downtown Denver Partnership's Center City Housing Council and Housing Support Office. The Center City Housing Council functions as an advocacy and leadership group. The group lobbies and advocates for a wide range of issues that influence downtown housing. The Council also has a public relations role, working to improve perceptions of downtown living. The Housing Support Office provides technical assistance to developers and owners.

Incentives used include the National Historic Tax Credits and Low Income Housing Tax Credits. Local incentives include low interest loans for gap financing and private activity bonds.

Gap Financing Requirements

Subsidies for rental units that include federal historic tax credits and low income housing tax credits account for 20% to 30% of the per unit cost. Market-rate and for-sale units are not subsidized.

Trends

Conversion of warehouses leads the current development wave. In early 1998, downtown Denver had an inventory of 3,095 units with 554 under construction and 276 more planned. About 60 percent of the downtown market is market rate and the balance is government-assisted housing. According to the Downtown Denver Partnership, in December 1997 the average monthly rent for market rate units was about $920, and the average sale price per unit exceeded $225,000.

Neighborhoods surrounding downtown are also important components of the city's housing program. An estimated 28,900 occupied housing units are located in seven neighborhoods that are adjacent to central Downtown.

More than 4,200 people live in Downtown Denver and 61,000 more live within five miles of the core. There are 1,250 units under construction and 1,163 units proposed within the nine neighborhoods surrounding downtown. Many of the under construction and planned projects are loft conversions that can be as small as 14 units. The Denver Dry Goods Building is adding 65 for-sale units and Chamber Lofts is being converted to 39 rental units. Larger developments that are under construction or proposed include:

- ***Post Apartments of Uptown*** – A 500-unit, mid-rise apartment and townhome complex on the former site of St. Luke's Hospital in the Uptown Neighborhood. The mixed-use project is under construction with ground-floor retail stores and restaurants planned.
- ***Commons Park West*** – A 340 unit rental project at 15th and Platte.

Project Profile: Denver Dry Goods Building

Description

An adaptive reuse of the historic Denver Dry Goods Building. The landmark building, located in the CBD, was renovated for affordable and market-rate housing, retail, and office uses.

Development Process

It took several years to find a developer, due to developers inability to obtain leasing or financing commitments. Out of these failed attempts, the concept to break the building down into smaller pieces emerged.

The 350,000 square foot building was developed in three phases. Phase I consisted of 51 affordable and market-rate housing units, 73,370 square feet of retail space, and 28,780 square feet of office space. Phase II consisted of an additional 42,000 square feet of retail space, and Phase III will include 77,000 square feet of housing and office space.

Financing

Twenty-three separate sources of funding including pension funds, state bond issues, tax increment bonds, U.S. Department of Housing and Urban Development grants (urban development action grants), and the sale of low-income housing and historic tax credits, loans and equity investments from public agencies, private nonprofits, private bank loans, and developer equity were pulled together during the project's development.

Lessons Learned

Large-scale adaptive reuse projects may not work unless broken down into smaller components.

Housing can be a valuable partner in a commercial project.

Public/private partnership can be most successful when the approach is open on both sides and the parties work by consensus.

MEMPHIS

Goal

Estimated demand by 2010 is 3,120 apartments and 700 single-family units. This would add approximately 7,000 residents to the existing population of over 6,000.

Organization and Incentives

The Memphis City Center Commission. The Memphis City Center Commission's role is to build partnerships and coordinate resources to facilitate complex downtown development projects. The commission can assist developers with tax freezes and development loans, promotions, design review, and other issues relative to developing downtown properties. The commission's role has primarily been one of coordination and promotion for residential development.

Leadership

Jack Belz, of Belz Enterprises was a developer whose vision for downtown has been a major catalyst for downtown revitalization. In 1975 his firm purchased the Peabody Hotel and renovated it for $24 million, reopening in 1981. Beltz then began developing Peabody Place, a mixed-use development that includes office, retail and apartment units, and a Museum and Gallery. The next phase of the development is the Peabody Place Retail and Entertainment Center, due for completion in 2000.

Belz and local developer Henry Turley purchased land at the foot of the Auction Avenue Bridge on Mud Island and laid the groundwork for Harbor Town.

Trends

Throughout the past two decades residential development has consistently been Downtown's strongest market segment. Downtown residential development has occurred in three general areas within Downtown:

- ❒ New construction has focused on Mud Island, where there is capacity for approximately 700 additional residential units. Mud Island has 1,530 units with approximately 2,200 residents. Harbor Town is the largest development on Mud Island.
- ❒ The downtown core has 1,553 units and 2,820 residents. Residential properties are largely renovated rental units.
- ❒ South Main Street/South Bluffs is a mixture of adaptive reuse apartments and newly constructed single-family homes and apartments. There are 678 units, with 1,157 residents in this sector.

Residential developments in 1997 include:

- 245 apartment units in lease-up phase on Mud Island.
- 89 lots in the Harbor View development on Mud Island.
- 21 condominium units planned adjacent to Harbor Town Square.
- 65 units added to South Bluffs Apartments.
- 80 additional single family lots in South Bluffs community.
- 52 units under construction as Central Station on South Main.
- Renovation of Commerce Title Building at 12 S Main into 114 units.
- Goodwyn Institute planned for renovation into 50 apartments or condominiums.
- Orgill Brothers warehouses in South Bluffs district to be converted to 220 loft apartments.

Project Profile: Harbor Town

Project Description

Harbor Town is a 135-acre mixed-use residential community located on Mud Island in the Mississippi River – adjacent to Downtown Memphis. Developed by the Henry Turley Company and designed by RTKL. Design work began in 1987, and construction started in 1989. By late 1992, 345 rental apartments, 171 for-sale homes a private school, streets, open space, the first phase of the marina and other infrastructure was in place.

The project's land plan is based on a gridded pattern of narrow streets, many of which terminate in small parks fashioned after village squares. The plan provides for a broad, highly integrated mixture of housing types, sizes, and price ranges. Over 20 homebuilders have been active in the project so far.

Lessons Learned

Homebuyers are conservative. The development required a large marketing budget to convince people that downtown is a good place to live.

Rental units are most successful. The project rental rates are higher than the Memphis area average.

The developer underestimated the appeal of the project for families with children. The private school and special promotions to families have been factors, but the projects' design proved most important in attracting families.

DAYTON

Goals

- ❐ Create 500 housing units by 2003.
- ❐ Develop the eastern central business district area as an urban, mixed-use residential neighborhood.
- ❐ Link Downtown housing to downtown amenities and riverfront development.

Organization and Incentives

The Downtown Dayton Partnership and City Wide Development Corporation created a $33.7 million downtown housing loan pool. The pool includes the eight largest downtown lending institutions, and will be used to promote the development of increased market-rate housing in downtown Dayton. The new loan pool covers the construction or purchase of multi-family, market- rate rental or condominium housing projects within the CBD. Money from the loan pool is offered at below market rates to developers who wish to build or purchase rental or condominium projects, as well as mixed-use and reuse projects.

Opportunities

The Downtown Dayton Partnership has identified potential sites for market-rate downtown housing including:

- ❐ The Delco Building, a six-story 200,000 square foot building next to the proposed downtown baseball stadium.
- ❐ The McCormick building, a 25,000 square foot building , is also near the proposed stadium.
- ❐ A block of properties on Third Street near Wayne Avenue.

Development

The 134,700 square foot Beaver Power Building is undergoing a conversion into 118-unit loft apartments. The Dayton City Commission approved $650,000 in gap funding, and additional funding came from City Wide Development Corp., and the mortgage was insured by HUD. The loan pool has captured the interest of developers of smaller scale projects.

KANSAS CITY

Goal

Identified a market potential for an additional 8,460 downtown residents.

Organization

The Downtown Council of Kansas City, is a private non-profit organization with a $185,000 operating budget. Income is based on membership dues and a 1997 membership total of 97 property owners. The organization's mission is to "create a business environment competitive with other cities; thus creating an economic, vibrant and healthy Downtown."

The Downtown Council of Kansas City conducted a housing survey in January 1998. The have prepared a marketing brochure.

Gap Financing Requirements

A developer of a planned development that includes LIHTC and market rate units reports overall gap financing requirements of $31,500 per unit.

Support

Kansas City's employment base includes 94,000 employees in the greater downtown and 55,000 in the CBD. Between 1994 and 2000 an estimated 1,074 hotel rooms have been added or renovated, 2,2 million square feet of new office space will be completed, and another 834,000 square feet will be renovated.

Bartle Hall has been expanded and the Power & Light District, a major entertainment district, is planned. Science City at Union Station, a joint redevelopment project of the Missouri and Kansas portions of the region will open by the end of 1999.

Trends

About 9,000 people live in 6,600 units of single-family, townhome, condominium, apartment and retirement communities woven through Downtown in the Quality Hill, Garment District, River Market, Union Hill and West Side Neighborhoods.

Recent development includes 267 units built or rehabbed in 1997 and 1998, and another 247 units planned for 1999. The Downtown Council estimates 567 units will be developed between 1994 and 2000.

Project Profile: Quality Hill

Project Description

Quality Hill is an urban revitalization project that provides mixed-income housing through restoration of old structures and construction of new ones. The development, on the western edge of downtown Kansas City, Missouri, is part of a 25-block neighborhood also known as Quality Hill.

Site

A surge in downtown construction in the early 1980s sparked interest in revitalization throughout Kansas City. Quality Hill had the ingredients to make a major revitalization project work, including a location within walking distance of the growing CBD, an inventory of architecturally significant buildings, designation as a historic area, defined geographic borders, including the bluffs to the west, available land for new construction, and a single property owner who had assembled a large share of the site.

The Development

Phase I included 13 historic and 10 new buildings totaling 366 residential units, and 52,000 square feet of commercial space. One fifth of the rental units are income restricted and funded through the Low-Income Housing Tax Credit (LIHTC) program. Phase II, completed in 1989, included another 133 new and renovated units. Quality Hill's subsidies and low-income housing tax credits will keep the market rents affordable for at least 15 years from the date of completion.

Public improvements provided critical design features, such as landscaped medians to calm traffic, street trees, and period street lighting. Moreover, free parking and a swimming pool are available to all residents of Quality Hill.

Occupants

The project's affordable housing component fosters diversity in this inner city neighborhood that is often hard to achieve. The median household income in Quality Hill is $40,000 per year, with incomes ranging from $1,000 to $180,000.

Non-residential users include the United Way, the American Cancer Society, YMCA fitness Center, and several other not-for profits. There is also a small general store.

Partnership

The current success of Quality Hill resulted from a complex public/private partnership. Neighborhood and city leaders decided to initiate redevelopment of the area to complement the new construction and rehabilitation activity in the CBD. After lengthy negotiations, McCormack Baron & Associates was selected as the lead developer. The Historic Kansas City Foundation played an important role early in the process by rallying public support for the preservation of the Coates House, once a luxury hotel that is now an apartment building with ground floor retail. **Various funding sources, including the Hall Family Foundation (Hallmark Cards) and other philanthropic organizations, played an active role in financing parts of the project**. As it turned out, this cooperative approach was noteworthy, not only because it has to function over a long period of time, but also because some participants had potentially competing interests in Quality Hill's revitalization.

Financing

The financing and investment structure of this development was unique. The public/private partnership built a complex financial framework to support the project.

Development costs for the first phase were over $40 million, and projected revenues would service only $11 million of conventional debt. It took more than three years to secure the additional financing, and the complex arrangement required 10 days to close. Equity/limited partnership funds provided $11 million. Another $4 million came from a consortium of Kansas City businesses, banks and foundations spearheaded by the Hall Family Foundation. The city provided community development funds, mortgage revenue bonds, low-interest loans and tax abatement. Federal Urban Development Action Grants and Community Development Block Grant funds were funneled through the Kansas City municipal government to the project.

The Future

The success of Quality Hill changed the perception of downtown and downtown living in Kansas City, and for that matter, in many other major downtowns which have looked at Quality Hill as a case study. Complementary development has occurred on the north edge of the neighborhood, including Lucas Place, Soho Apartments, and other loft rehabilitation. Land is still available for expansion, especially closer to the bluffs, and there are opportunities for infill development. McCormack Baron will consider future phases once market rents reach the point where new construction is economically feasible.

Lessons Learned

In multiparticipant deals, each group should designate a single advocate or spokes person.

A market niche exists for middle-income downtown housing, but without subsidies, high development costs will drive quality standards below acceptable levels and or raise rents beyond the reach of the market.

The support of the community establishment is a distinct advantage to redevelopment projects in generating necessary financial resources. Local foundations can be a source of significant financing for central city developments that have a social purpose.

To attract financial resources, urban redevelopment projects sometimes need to be large scale to affect an area sufficiently large enough to improve the neighborhood image. The logic of the Quality Hill project was a primary attraction to investors; the development had defined borders, could create something unique that would affect a large area of the downtown significantly, and had an identifiable problem – blight- that could be corrected in a relatively short time.

Historic renovation of the older buildings was more costly and time consuming than anticipated.

BALTIMORE

Goals

- ❒ Create 1,000 additional market rate rental units in downtown over three years.
- ❒ Develop strong downtown neighborhoods.
- ❒ Support the development of commercial and retail businesses that complement downtown housing.

Organization

Downtown Partnership of Baltimore's Downtown Housing Initiative. The Director of the Downtown Housing Initiative serves as the liaison between the City's Downtown Housing Council and property owners, developers, and funding sources interested in residential conversion projects. The director coordinates housing projects that are underway, solicits funds for development projects, monitors the progress and impact of residential development, and coordinates requests for tax relief programs, especially for conversion of Class B or C office buildings to residential projects.

The Downtown Housing Initiative offers the following assistance to developers:

- ❒ Market Assessment
- ❒ Reduce "red-tape"
- ❒ Historic Renovation
- ❒ Financial Assistance
  Technical Assistance

Incentives

The city offers:

- ❒ For conversion rehab projects - property tax abatement program that offers 80% tax credit for years one through five, reduced credits for years six through 10.
- ❒ For new construction and conversions, more aggressive tax credit program is also available. This program allows for no tax payments for 10 years and at year 11 the tax rate is negotiated based on a percentage of gross receipts.
- ❒ The city also offers cash flow loans with an average rate of 4% interest. The value of these loans can be as high as $25,000 per unit.

Trends

Seven developments totaling over 700 units are expected to be under construction or completed by the end of 1999. Several of these projects are conversions including the conversion of a former Hecht Department Store, of Class B office buildings such as the Standard Oil Building, and of a former YMCA building. This total also includes new construction of a 151-unit apartment building is being built atop a city-owned parking garage.