

Highland Hills Community Mall
A Non-Profit Development Proposal
Monthly Lender Forum
Special Meeting, September 22, 1998

THE PROJECT:

Highland Hills Mall is a community-centered, grocery-anchored strip mall planned for South Dallas' Highland Hills neighborhood.

ORGANIZATION:

A non-profit Community Development Corporation (CDC) will be identified to lead the development effort. This will allow the community to access incentives unavailable to the for-profit sector. Senator West and his staff will then coordinate the efforts of a team supporting the non-profit developer. In this capacity, we extend to each of you today, an invitation to join us in this effort.

SITE:

The prospective South Dallas location for the new mall straddles the Bonnie View corridor, between Simpson Stuart Road on the north and Highway LBJ-20 to the south. A site at the bull's-eye of a micro-trade area approximately three miles from the nearest chain grocer, and approximately seven miles from the nearest regional mall. (Please see attached site map, or City of Dallas zoning maps centered at P-8 and P-9.)

STATUS:

This project is currently in the refinement stage with three support activities currently in progress. In the first of these, Ms. Gwendolyn Jones, of Savings of America, has generously agreed to help identify a Dallas-based Community Development Corporation for the role of lead-nonprofit developer. In the second, Mr. Don Williams, of Trammel Crow, has also generously committed staff to provide technical assistance in the form of a preliminary feasibility study. Our third project, to-date, has been an informal survey of the micro-trade area economics, demographics and effective buying income, which was jointly commissioned by Senator West & the Wilmer-Hutchins ISD, (whose jurisdiction also encompasses the micro-trade area).

In addition to the current "soft-cost" efforts, several financial institutions, including Savings of America, Chase Texas and New York's Local Initiatives Support Corporation (L.I.S.C.'s *The Retail Initiative*) have already expressed strong interest.

VISION:

Our strategy is to reduce the risk inherent in this project, by adopting many of the stringent guidelines used by the Manhattan-based Nonprofit development organization, L.I.S.C., in their *Retail Initiative* model, whether, or not, we are able to work directly with this organization. In

order to successfully complete a home-grown version of the L.I.S.C. model, we are seeking assistance from various groups in the form of:

- **Feedback** (on the concept and on the state of the retail market)
- **Technical Assistance** (in market analysis, grant-writing, financing, development and management)
- **Market Assistance** (in qualifying the right tenant mix and with pre-leasing)
- **Incentives** (partnering with the City's Public/Private program)
- **Financing** (construction & permanent, grants, equity, debt)

PROJECT GOALS:

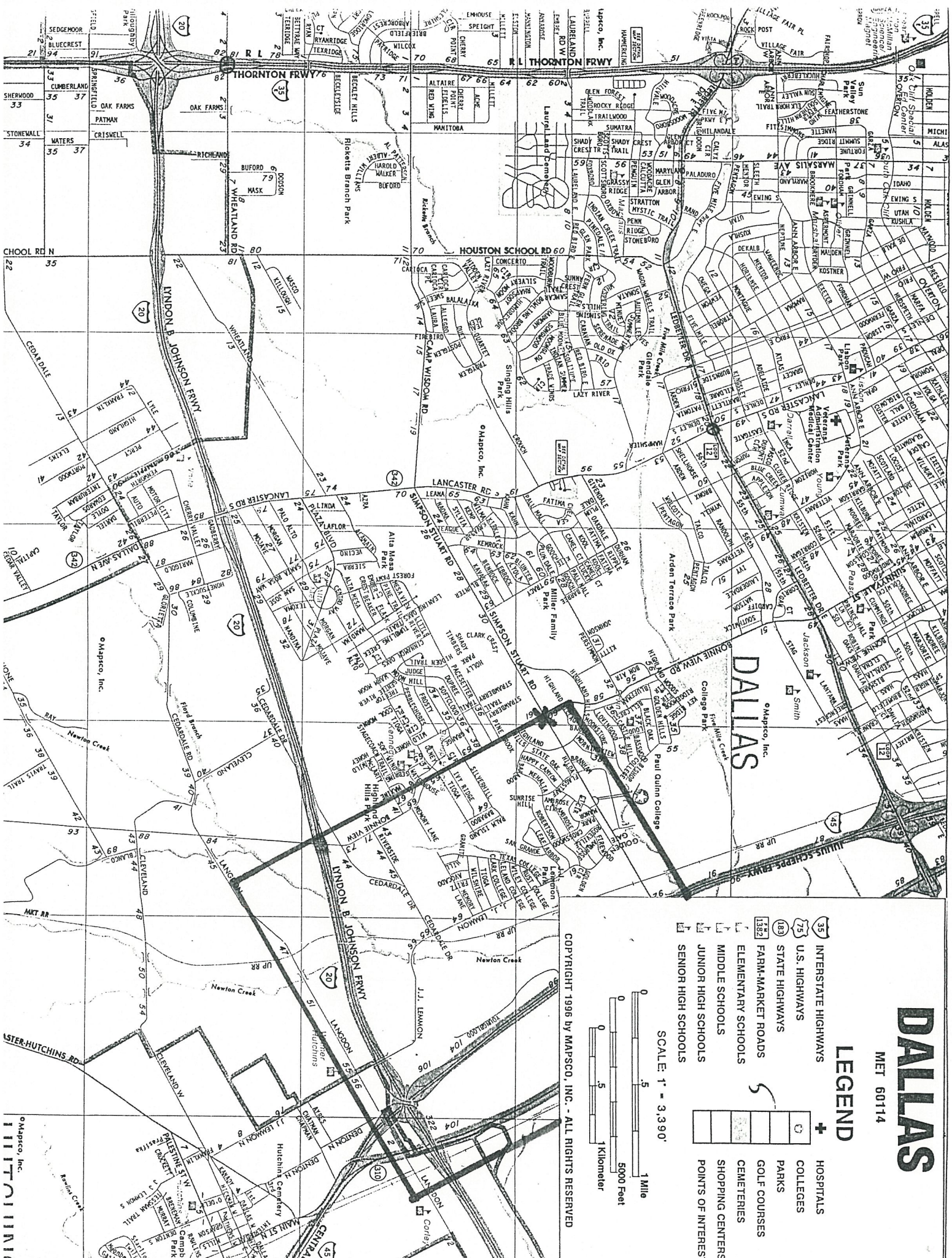
Our goal in sponsoring this project is to help “level the retail playing field” in the underserved Southern Sector of Dallas.

Other benefits of this project will be:

- the creation of a development that produces competitive returns to financial and social capital alike;
- the utilization of a home-grown development team capable of applying a proven retail development model in South Dallas;
- the creation of new jobs in construction and permanent jobs in retail for the host-site community; and
- the facilitation of proactive partnering and leadership in Southern Sector development.

CONTACT:
















Andrew Richard
State Senator Royce West's Office
Law: (214) 941-1881
Senate: (214) 467-0123



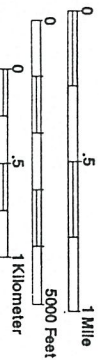
DALLAS

MET 60114

LEGEND

-  INTERSTATE HIGHWAYS
-  U.S. HIGHWAYS
-  STATE HIGHWAYS
-  FARM-MARKET ROADS
-  ELEMENTARY SCHOOLS
-  MIDDLE SCHOOLS
-  JUNIOR HIGH SCHOOLS
-  SENIOR HIGH SCHOOLS
-  HOSPITALS
-  COLLEGES
-  PARKS
-  GOLF COURSES
-  CEMETERIES
-  SHOPPING CENTERS
-  POINTS OF INTEREST

SCALE: 1" = 3,390'



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**LOCAL INITIATIVES SUPPORT CORPORATION (L.I.S.C.)
THE RETAIL INITIATIVE (TRI)
A MODEL OF URBAN RETAIL DEVELOPMENT***

ABOUT TRI:

The Retail Initiative, a subsidiary of the New York-based non-profit, L.I.S.C., is an equity real estate fund which specializes in retail development in underserved urban environments like Harlem in New York city, or South Dallas. It does this by working closely with local community development corporations (CDCs) to provide both equity funding, and technical support.

SITES:

Minimum site of 5 acres with expressed grocery-anchor interest
Site earmarked for public sector funding
Significant community and public support

LEASING:

Substantial pre-leasing prior to construction
Property managers experienced in multi-tenant centers
Satellite tenants including national franchises with a track-record of demonstrated success in urban environments
Supermarket anchor occupying 20-50,000 square feet of Gross Leasable Area
Minimum acceptable lease - 20 yrs
Other tenants occupying at least 75% of the GLA must be:
Supermarket chain or wholesaler meeting equity financier's credit criteria
Drugstore chain rated investment grade by S&P or Moody's
Bank branches, thrift institutions or an established local NCUA member credit union
A federal state or local governmental agency such as the U.S. postal service

DEVELOPMENT:

Experienced shopping center development firms participating as fee advisors or equity partners

RETURNS:

Minimum cash-on-cash return to investors sought: 10% pre-tax
Minimum IRR: 13%

TRI FINANCING:

TRI takes a \$1-5 million equity stake

*From "A Blueprint for Inner City Development," The Retail Initiative, Inc. (An affiliate of Local Initiatives Support Corporation); New York, ca, 1997.

n:

HH MALL -- SURVEY ANALYSIS

		Arithmetic Check	Percent	% Sum Check	Highlights	Q Response Rate	Notes
Total In Responses						30	
29	Yes	5	17%	100%	*	97%	
	No	24	83%				
31	Under 5 minutes	3	10%	100%	*	100%	1
	5-10 minutes	13	42%				
	10-20 minutes	8	26%				
	20-30 minutes	5	16%				
	30 minutes +	2	6%	100%			
27	Yes	25	93%		***	90%	
	No	2	7%				
100	How many?	100	(See below)				
96	Males < 20	18	19%			83%	2
	Males 21-39	15	16%				
	Males 40+	9	9%				
	Females < 20	22	23%		**		
	Females 21-39	19	20%				
	Females 40+	13	14%	100%			3
28	Income < \$15,000/yr	10	36%			93%	4
	Income \$15,000-24,999/yr	12	43%		*		
	Income \$25,000-\$49,999/yr	6	21%				
	Income \$50,000/yr +	0	0%	100%			

- 1) 103%, really, b/c 10 minutes assumed for one ans., so 2 responses.
- 2) difficulty
- 3) May not match due to error. 4.2 mainly a check on grid.
- 4) reticence



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FAX (214) 965-3297

Chris Redmond
Vice President
Community Development Lending

February 3, 1999

Dr. Ray Reed
Paul Quinn Community Development Corporation
3837 Simpson Stuart Road
Dallas, TX 75241

Re: Highland Hills Project

Dear Ray:

As per our conversation today, enclosed is some information that I received at The Enterprise Foundations' annual conference in November concerning the development of new shopping centers. I have also enclosed some information from the latest ULI Shopping Center Report, which gives information on average rental rates, expenses and sales per square foot data.

Please let me know if you are able to locate the surveys for the three tracts of land that we have been discussing. It would be very helpful when we meet with both Trammell Crow on Feb. 19th and when I meet with HEB in early March.

Sincerely,

A handwritten signature in blue ink, appearing to read "CR Redmond".

Chris Redmond

Cc: Gwen Jones
Savings of America