

# A CASE STUDY: For Potential Redevelopment



**Trellistate**

LAREDO INNER CITY HOUSING

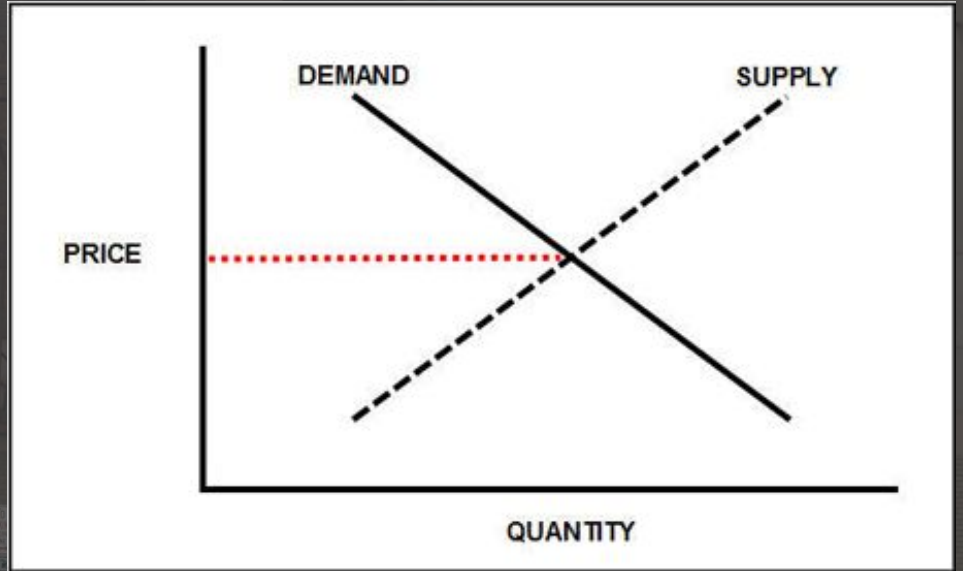
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M. LITTLE BLDG.  
ERECTED 1917

**SUPPLY?**

**DEMAND?**



M. LITTLE BLDG.  
ERECTED 1917

DEMAND?





# WHO IS OUR TARGET DEMOGRAPHIC?



LAREDO INNER CITY HOUSING

# CITY PROFILE



**28.3**

**MEDIAN AGE**

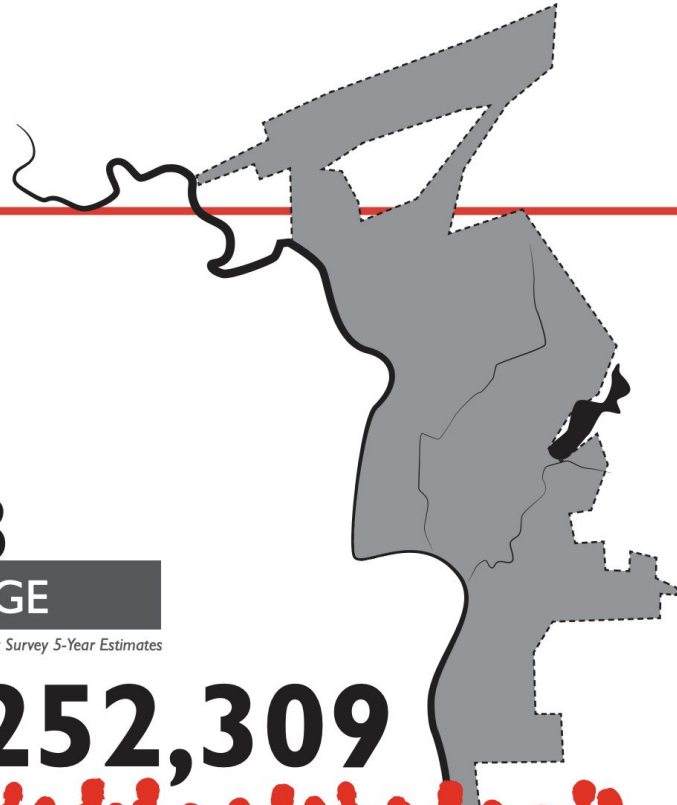
*\*based on 2010-2014 American Community Survey 5-Year Estimates*

**252,309**

**PEOPLE  
LIVE IN LAREDO**



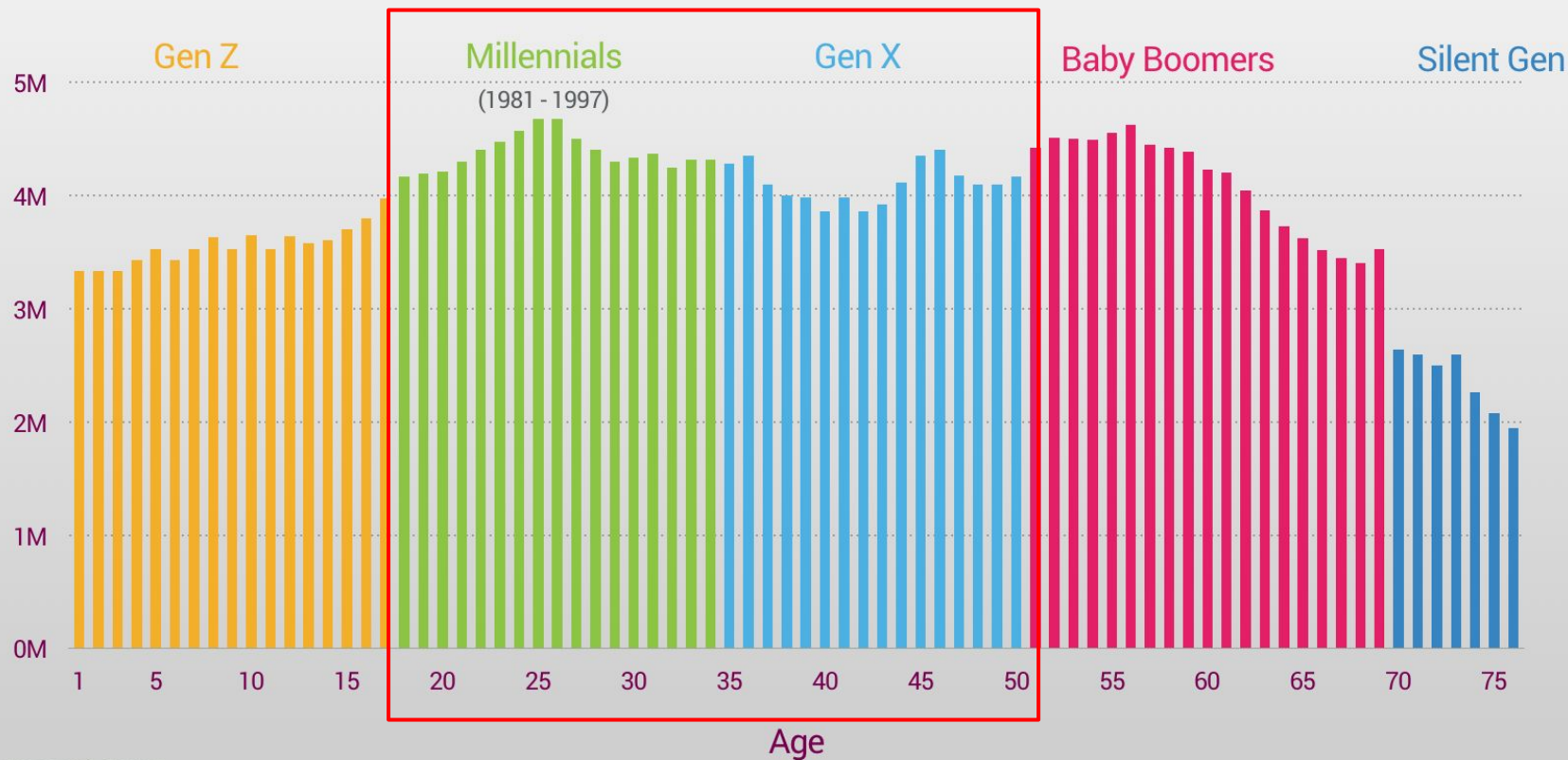
*\*based on 2014 Population Estimates*



**\*Viva Laredo Comprehensive Plan**

**LAREDO INNER CITY HOUSING**

Millennials are the largest generation in American history & currently largest generation in workforce.



Source: Pew Research Center



# WHERE MILLENNIALS LIVE



Source: GlobalWebIndex "Millennials" report, Quarter 1, 2016. Millennials are aged 18 to 32.

© World Newsmedia Network 2017

"What do you consider to be the biggest opportunities for housing in Laredo?"

TOP TWO RESPONSES

**64%** Mixed-use buildings

**60%** Downtown redevelopment through new housing options



# SURVEY RESULTS

Local Data *in progress*



YES I WANT TO LIVE  
DOWNTOWN

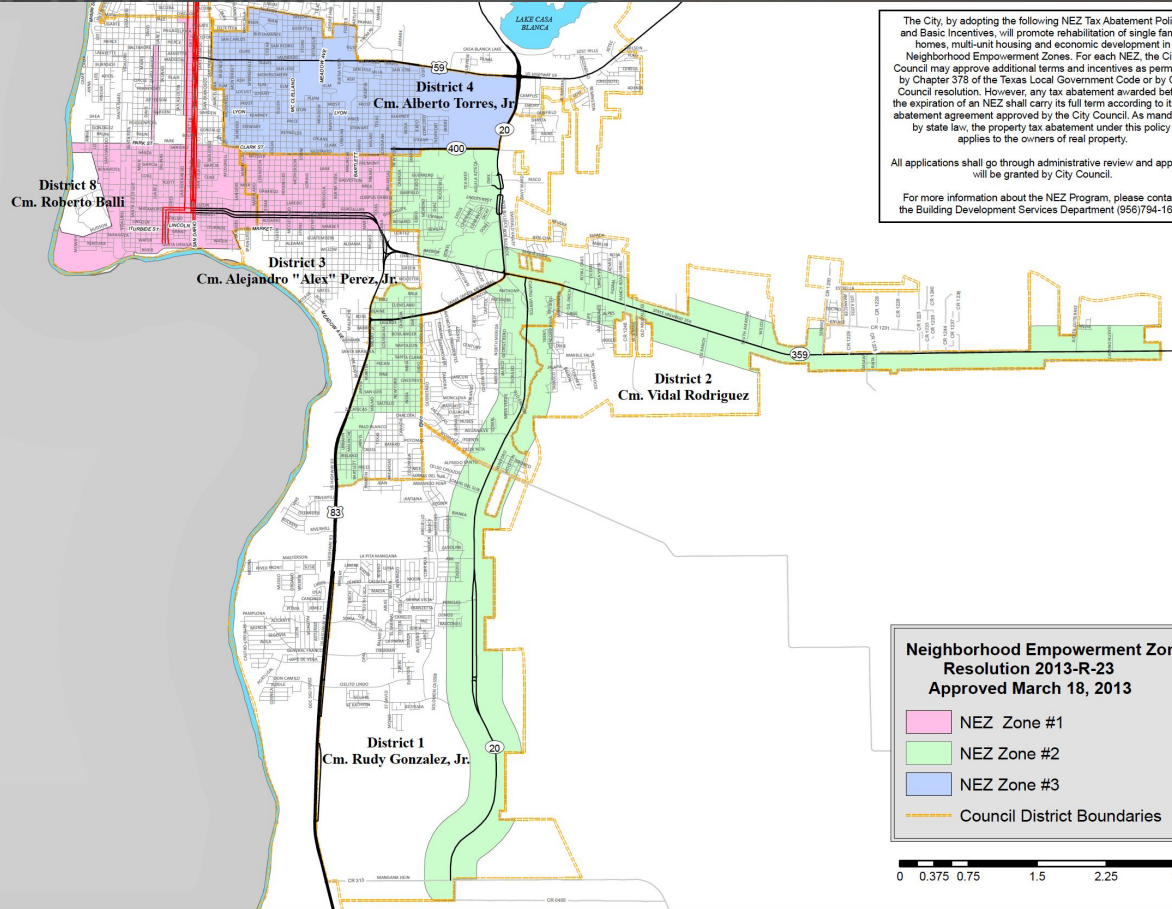
NOT  
SURE



PRIVATE APARTMENT

SHARED SPACE IF  
LOWER RENT

# SUPPLY?



The City, by adopting the following NEZ Tax Abatement Policy and Basic Incentives, will promote rehabilitation of single family homes, multi-unit housing and economic development in Neighborhood Empowerment Zones. For each NEZ, the City Council may approve additional terms and incentives as permitted by Chapter 378 of the Texas Local Government Code or by City Council resolution. However, any tax abatement awarded before the expiration of an NEZ shall carry its full term according to its tax abatement agreement approved by the City Council. As mandated by state law, the property tax abatement under this policy applies to the owners of real property.

All applications shall go through administrative review and approval will be granted by City Council.

For more information about the NEZ Program, please contact the Building Development Services Department (956)794-1625.

**Neighborhood Empowerment Zone Resolution 2013-R-23 Approved March 18, 2013**

- NEZ Zone #1
- NEZ Zone #2
- NEZ Zone #3
- Council District Boundaries

# Tools

## URBANIZING.ORG

– List of vacant lots in Laredo

Address...

By Tax Appraisal Value  Any  US \$0,000 – US \$30,000  US \$30,001 and up

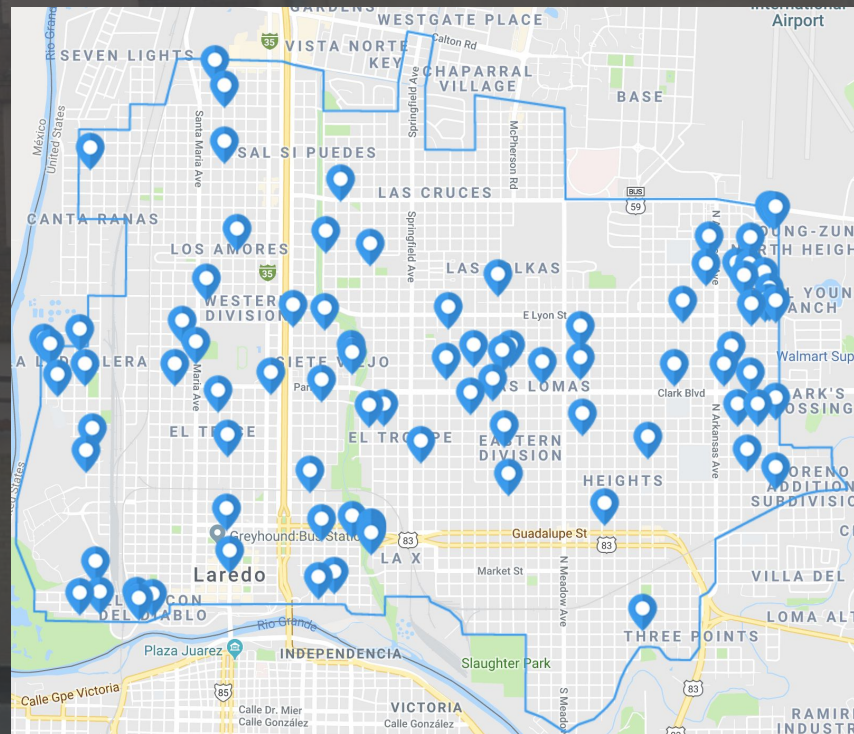
City Council District  Special District

By Neighborhood Empowerment Zone  Any  NE1  NE2  NE3

Government Ownership

Zoning Designation

Qualified Census Tract




LAREDO INNER CITY HOUSING




# Tools

## OTHER TOOLS

- Loopnet
- Crexi
- Webb CAD
- Your car 

### Search Commercial Properties for Sale



2805 San B [Download Flyer](#)

28,000 SF  
Laredo, TX

Asking Price: **\$850,000**



2702 Santa Marina Ave

25,768 SF  
Laredo, TX

Asking Price: **\$599,000**

### Webb CAD

#### Property Search Options

Enter one or more search terms. Click "Advanced" for more search options.

Property Search:  [Search](#)

[Advanced >>](#)

Results Display Tax Year: 2019

LAREDO INNER CITY HOUSING



**“IF YOU BUILD (IN) IT,  
(THEY) WILL COME.”**



# Potential Redevelopment

## CASE STUDY

- 1219 Lincoln Street
- Mixed-Use Project
- First floor live/work
- Second floor living











ONE WAY

P  
↑  
PARKING

ONE WAY

No Right Turn

Salinas AVE  
700

Lincoln ST  
1200

No Right Turn

EL COMPAÑE

Kajim Home Fashion

CASA BONITA

Beauty  
Barber Supply  
Nails

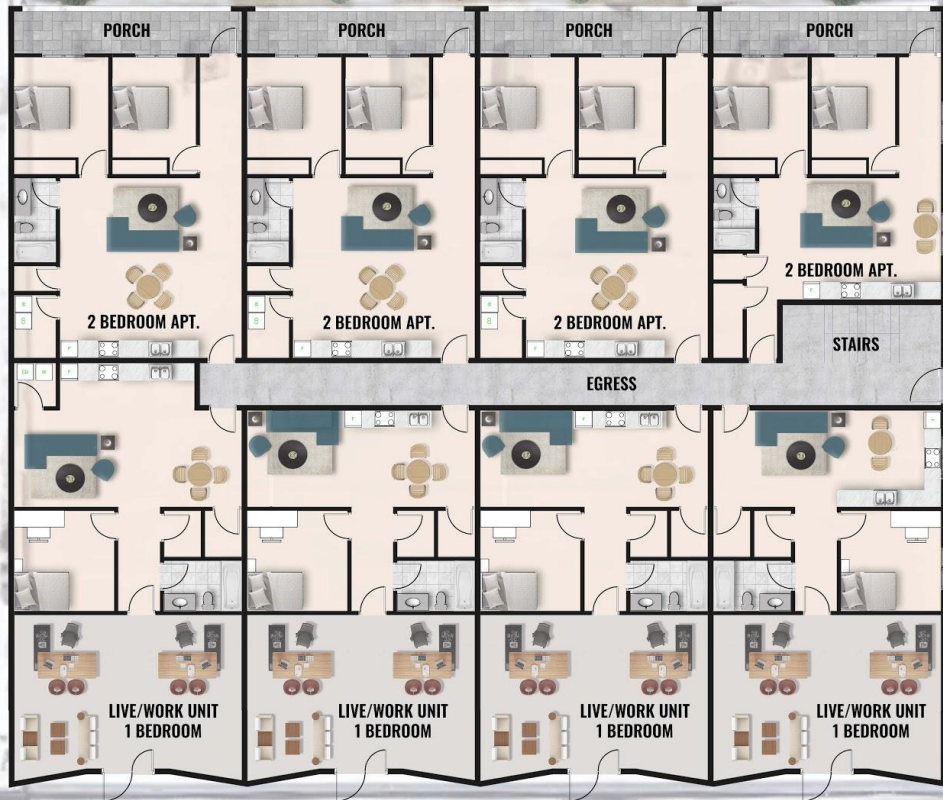
STREET VIEW





**CURRENT CONDITIONS**





SALINAS AVE.



SALINAS AVE.

LINCOLN ST.

2ND FLOOR 





ONE WAY

P  
↑  
PARKING

ONE WAY

NO RIGHT TURN

Salinas AVE  
700

Lincoln ST  
1200

EL COMPAÑE

KJIM Home Fashion

CASA BONITA

Beauty  
Barber Supply  
Nails

EXISTING





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PROPOSED



# The numbers

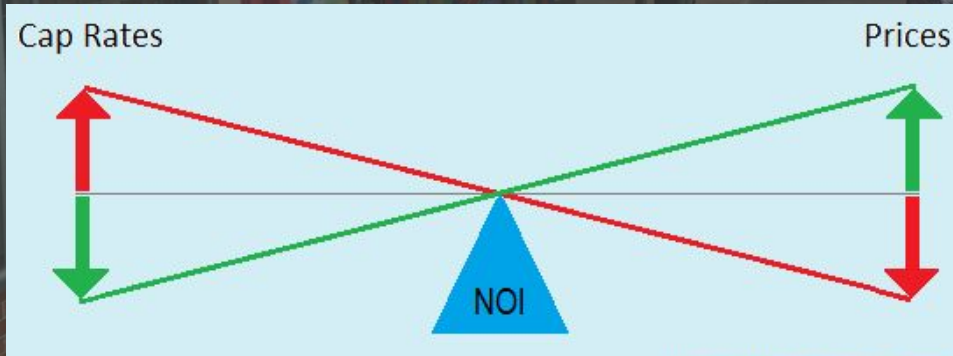
## Things to determine

- Total Acquisition costs
- Redevelopment cost
- Income potential
- Annual Vacancy Rates
- Operating Expense



# The numbers

How do we measure return?  
– Capitalization Rate

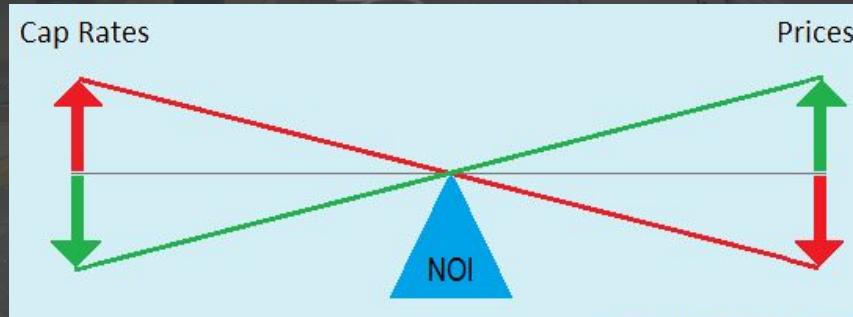




# The numbers

What is Capitalization Rate?

$$\frac{\text{NOI}}{\text{Value}} = \text{Cap Rate}$$



# The numbers

## What is Capitalization Rate?

$$\frac{\text{NOI}}{\text{Value}} = \text{Cap Rate}$$

Net Operating Income	\$5,000
Price Paid	\$100,000
<b>Cap Rate %</b>	<b>5.00%</b>

Net Operating Income	\$10,000
Price Paid	\$100,000
<b>Cap Rate %</b>	<b>10.00%</b>



# Determining Feasibility- Cap Rate

## Rentable Square footage

- 1st floor residential- 4,405
- 1st floor live/work- 4,993
- 2nd floor residential- 9,397



# Determining Feasibility- Cap Rate

## Rentable Square Footage Rate:

Floor	SF	Rate
1st residential	4,405	<b>\$1.00</b>
1st live/work	4,993	<b>\$1.60</b>
2nd floor residential	9,397	<b>\$1.10</b>





# Determining Feasibility- Cap Rate

## Total Potential Income:

Floor	Month	Year
1st residential	\$4,405	\$52,860
1st live/work	\$7,989	\$95,866
2nd floor residential	\$10,337	\$124,040
	<b>Total:</b>	<b>\$272,766</b>



# Determining Feasibility- Cap Rate

## Net Operating Income:

Floor	Year
Potential Rental Income	\$272,766
Annual Vacancy Rate	10%
Operating Expense	30%
<b>Net Operating Income</b>	<b>\$171,843</b>





# Determining Feasibility- Cap Rate

## Total Redevelopment Cost:

Total Square Footage	18,795
Cost of Construction	\$45
<b>Total Cost:</b>	<b>\$845,775</b>

X



# Determining Feasibility- Cap Rate

## Total Project Cost:

Cost of Construction	\$845,775
Purchase Price	\$820,000
<b>Total Cost:</b>	<b>\$1,665,775</b>

+





# Determining Feasibility- Cap Rate

## Capitalization Rate:

Net Operating Income	\$171,843
Price Paid	\$1,665,775
<b>Cap Rate</b>	<b>10.32%</b>

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# END



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