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ECONOMIC ANALYSIS

The following pages outline an economic strategy for development of the newly created parcels after the removal of the I-16 exit ramp.

INTRODUCTION

The portion of the Martin Luther King, Jr. Boulevard (MLK, Jr. Blvd.)/Montgomery Street corridor between Alice Street and Waldburg Street has become an area of significant public policy focus. The area provides important opportunities for implementation of the MLK, Jr. Blvd./Montgomery Street Redevelopment Plan and is also the area that will be most impacted by the proposed removal of the I-16 Flyover. This chapter examines the potential for redevelopment of this area and sets out a strategic path for achievement of critical public policies within the area.

PURPOSE

The purpose of this report is to chart a Strategic Path for redevelopment of the overall area impacted by the I-16 flyover removal including the Alice Street to Waldburg Street segment of the MLK, Jr. Blvd./Montgomery Street corridor. The MLK, Jr. Blvd./Montgomery Street Redevelopment Plan and the I-16 Exit Ramp Feasibility Study will guide redevelopment under this strategy.

FINDINGS

Public Policy Objectives

Revitalization and redevelopment of this Strategy Area intends to achieve these public policy objectives:

- To revitalize and redevelop MLK, Jr. Blvd. Boulevard from Charlton Street to Gwinnett Street as a continuous retail mixed-use district, largely with stores providing needed community services. The community-oriented retail focus for this segment of MLK, Jr. Blvd. will be compatible with the larger initiative to revitalize the full MLK, Jr. Blvd. corridor.
- To revitalize and redevelop Montgomery and connecting streets from Charlton Street to Gwinnett Street as a residential mixed-use district.
- To establish new development patterns--physically and in terms of use--that are respectful of the history of the Frogtown/Currietown/MLK, Jr. Blvd. area, both within the overall historic development of Savannah and especially as it relates to the tradition of Savannah's African-American community—specifically the parcels currently encumbered by the I-16 Flyover.
- To develop this I-16 Strategy Area in a manner consistent with the Downtown Master Plan.
- To redevelop Kayton Homes to create a mixed-income, mixed-tenure community connected through road networks to the existing neighborhood fabric of this portion of Savannah.
- To grow the population in this general area to add to the customer base of MLK, Jr. Blvd. businesses.
- To encourage a variety of housing types and pricing to support, maintain, and expand affordable housing in this area as part of a mixed-income community.
- To provide business opportunities through the redevelopment and revitalization process for small and minority-owned businesses and developers, including the opportunity for small parcel redevelopment; and to encourage the expansion of the creative economy in this Strategy Area.
- To have businesses in this Strategy Area benefit from Enterprise Zone incentives.
- Where appropriate and consistent with other objectives, to provide opportunities for office use that expand the range and quality of employment opportunities available to the residents of this area and other Greater Downtown neighborhoods.

Strategy Assumptions

The Strategic Path for Redevelopment of this area will be undertaken within the context and timing of several major investment events. To account for the impact of these activities, this strategy includes the following assumptions:

- The I-16 flyover will be demolished during the 2015-2020 time period, providing several redevelopment sites;
- Housing Authority of Savannah will begin redeveloping Kayton Homes shortly after 2020;
- The redevelopment of Carver Commons;
- The city-owned site at Hall Street and MLK, Jr. Blvd. will be redeveloped within the next five years, depending on the timing of funding; and
- The potential for rail streetcar operations on portions of MLK, Jr. Blvd. will be included within this development strategy.

Target Area and Development Opportunity Sites

The area being analyzed to chart this Strategic Path includes the properties immediately or secondarily impacted by the proposed removal f the I-16 Flyover. This area includes all or portions of 35 current blocks, as well as land to be freed up by the I-16 flyover removal. Taken together, approximately 35 to 40 acres of land are likely to be redeveloped over a 20-year period. The boundaries of this Target Area include:

- On the east, Jefferson Street;
- On the south, Waldburg Lane east of MLK, Jr. Blvd.; Gwinnett Street west of MLK, Jr. Blvd.;
- On the west, West Boundary Street from Gwinnett Street to Jones Street; and
- On the north, Jones Street from West Boundary to Purse Street; Charlton Street from Purse Street to Montgomery Street; and Alice Street from Montgomery Street to Jefferson Street.

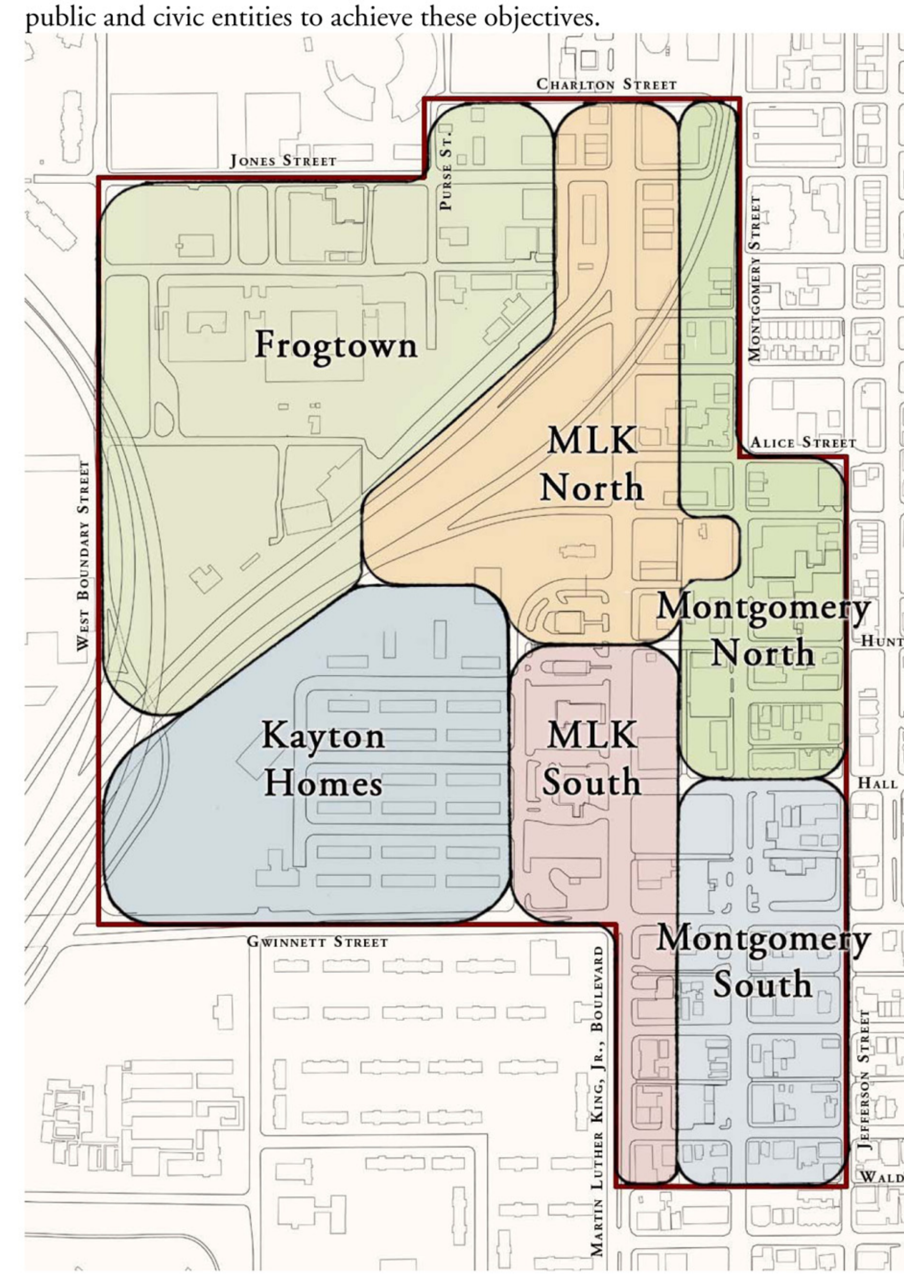
Within this overall Strategy Area are six sub areas that offer varying opportunities for achieving the public policy objectives:

- MLK, Jr. Blvd. North—the MLK, Jr. Blvd. corridor from Charlton Street to Huntingdon Street
- MLK, Jr. Blvd. South—the MLK, Jr. Blvd. corridor from Huntingdon to Waldburg Lane
- Frogtown—generally south of Charlton Street & Jones Street and east of West Boundary Street
- Kayton Homes
- Montgomery Street North—from Charlton Street to Hall Street
- Montgomery Street South—from Hall to Waldburg Lane.

Within each of these sub areas, there are several potential redevelopment sites, some in public ownership, some privately owned. There will be approximately 8.2 acres of developable land freed up from the removal of the I-16 Flyover. In addition, there are another 14.9 acres of land controlled by public sector entities, including the Housing Authority of Savannah (HAS), the City of Savannah, and other state and local governmental entities (see Appendix 3 for detail on available sites).

In terms of potential for redevelopment of privately-owned land, approximately 12.4 acres in these six sub areas are currently vacant or underutilized, in addition to the identified supermarket site in MLK, Jr. Blvd. South. Certain other privately held parcels (automotive facilities, fast food restaurants) may become opportunities for future redevelopment or more intensive development. Finally, 15,000 to 20,000 SF of existing first floor space on MLK, Jr. Blvd. are likely candidates for reoccupation or reprogramming for active retail space.

The approach to achieving the public policy objectives detailed above will vary depending on the nature of the ownership of the property, the specific market conditions for various commercial and residential uses, and the tools utilized by public and civic entities to achieve these objectives.



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Market Opportunities and Constraints

Existing Population and Development Patterns
In 2000, with Kayton Homes vacant and being renovated, the census reported a population of 342 in 144 households for this area. The 179-unit housing stock included 18 owner-occupied, 126 rental, and 35 vacant units. Since 2000, Kayton has reoccupied 164 units and about 70 new market rate housing units have been constructed—40 in the Frogtown development and 30+/- on the west side of Montgomery between Berrien and Alice. As a result, we estimate a current total of 400 to 425 housing units in the Strategy Area.

Approximately 60,000 SF of retail uses are currently active along the MLK Corridor within the Strategy Area. This Corridor is also home to two banks, four churches, a meeting/event facility, and 5,000 to 10,000 SF of office use, while commercial uses scattered along Montgomery include an automotive facility between Gaston and Huntingdon and two used cars lots at Montgomery and Gwinnett. The Frogtown area includes a major public school complex as well as Georgia DOT offices, the Savannah Station event facility, a church, and a few smaller office and general business uses.

Residential Development Opportunities
Building from this base, market opportunities likely to drive development over the next 20 years will mix development encouraged by public policy with purely private development reacting to market forces. The following public policy objectives may be met by residential development:

- Revitalizing and redeveloping the Montgomery Street area as a residential mixed-use district;
- Reconstructing Kayton Homes to create a mixed-income, mixed-tenure community;
- Growing the population to add to the customer base of MLK businesses; and
- Encouraging a variety of housing types and pricing to support, maintain, and expand affordable housing as part of a mixed-income community.

To achieve these objectives, residential development opportunities will serve three sub•markets:

- **Affordable low- and moderate-income housing market**--households with incomes below 80% of the area median requiring sales housing priced below $125,000 for smaller units or $165,000 for family units, as well as subsidized rentals. Affordable senior housing is an important segment of this market.
- **Workforce market**--households with incomes at 80% to 120% of area median affording sales housing in the $125,000-$200,000 range for smaller units or $165,000-$250,000 for family units, or equivalently valued rentals.
- **Market rate housing**—households with incomes above $70,000 able to afford sales housing in the $250,000 and higher range or equivalently valued rental units.

Affordable Housing Market
The public policy of encouraging mixed income neighborhoods throughout this Strategy Area suggests utilizing available publicly-controlled land and other public resources and regulations to encourage the production of affordable housing in all six identified subareas. Kayton Homes currently provides most housing affordable to low- and moderate-income households with 164 units. Redevelopment of Kayton in the 2021 to 2030 period will result in 270 units of affordable housing, including 135 HAS replacement units and 135 units affordable to other low- and moderate-income households, as well as 130 units targeted to the workforce market and, possibly at some locations, to market rate housing. Beyond the Kayton area, another 15 units are currently being rehabilitated as special needs housing and there is interest in developing affordable senior housing, especially on sites convenient to community services such as the Food Lion/Carver Commons development.

Workforce Housing Market
Many development sites provide excellent opportunities for near-Downtown workforce market housing— both sales and rental. The private market acting alone, however, has not yet responded to this opportunity. A public policy of site acquisition and disposition to encourage the production of workforce and affordable housing could be effective in stimulating this market by providing appropriately priced land.

Market-Rate Housing
In the past decade, including boom and bust cycles, about 125 to 130 new market rate units were developed in the eastern portion of Frogtown and along and east of Montgomery north of Alice.

Overall Housing Development Potential
The three markets together support development of more than 1,300 housing units in the Area, more than half tied to the redevelopment of the I-16 Flyover and Kayton Homes. As a result, the pace of housing development will accelerate substantially in the 2021 to 2030 time period. Housing opportunities identified below for the I-16 land are a minimum; under certain redevelopment alternatives, housing opportunities could be as large as 520 units, bringing the total housing development program to more than 1,500 units.

Housing Development Program

	2011-2020	2021-2030 I-16 Land	2021-2030 Other Sites	Total
Affordable Low & Moderate Income Market	125	95	235	455
Workforce Market	140	170	190	500
Market Rate	135	35	180	350
Total	400	300	605	1,305

Commercial Development Opportunities
The following public policy objectives may be met by commercial development:

- Revitalizing and redeveloping MLK Boulevard as a continuous retail mixed-use district providing needed community services;
- Providing business opportunities for small and minority-owned businesses and developers and encouraging the creative economy;
- Where appropriate and compatible with other objectives, providing opportunities for office use that expand the range and quality of employment opportunities available to residents; and
- Encourage and facilitate property owners to take advantage of tax credits available through the Enterprise Zone.

To achieve these objectives over the 20-year planning horizon for this Strategic Path, we expect the development of 500,000 SF of commercial space. Many opportunities (MLK retailing, for instance) will derive from the active pursuit of public policy objectives; other opportunities (hotels) will result from private property owners capturing desirable markets through purely private activity. We anticipate:

- 150,000 SF of new retail development;
- 100,000 to 150,000 SF of new office development; and
- 260 new hotel, extended stay, corporate suite, and B&B rooms.

Retail Opportunities
Public efforts supporting expanded retail development can achieve the policy objective of revitalizing and redeveloping the MLK corridor as a continuous retail mixed-use district, largely with stores providing needed community services. Properties fronting MLK between Charlton and Gwinnett offer the best sites for retail use and can accommodate about 150,000 SF of new stores which, added to the current 60,000 SF, will provide a broad array of predominately community-serving retailing:

- Existing buildings maintain the district's historic character; vacant space provides for 15-20,000 SF.
- Near Gwinnett and MLK, a new supermarket is under construction. With the adjacent corner parcel, this area will accommodate 35,000 SF of new retail stores.
- Other vacant land exists (or will after I-16 redevelopment) on 11 blocks; first-floor retail uses as part of larger multi-story developments will add 90,000 to 110,000 SF.

Office Opportunities
Private property owners could capture office market opportunities in this Strategy Area. Lower cost, conveniently located sites in this Strategy Area could attract new office development over a period of many years. The best sites will (1) allow for 10,000+ SF floorplates, (2) have good regional visibility and accessibility, and (3) be conveniently located near walkable lunch options. In the near term, these sites will be privately-owned and north of Huntingdon. For planning purposes, we assume this Area will capture 100,000 to 150,000 SF of new office development over 20 years.

Hotel/Lodging Opportunities
Private property owners are likely to add new hotel facilities in eastern Frogtown and along MLK north of Taylor. New hotels have located as far south as Charlton St. immediately north of this Area. After 2013, when hotel development should resume, with the MLK corridor at and north of Taylor will be one of several attractive locations. We anticipate 260 hotel, extended stay, or corporate suite rooms being constructed by private property owners over several years.

STRATEGY PATH FOR DEVELOPMENT

Applying these development opportunities to the available sites will require somewhat different approaches for publicly-controlled and privately-owned parcels. Based on the Preferred Concept for redevelopment of the I-16 flyover, 25 acres of publicly-controlled sites will be available for redevelopment. For these sites, we can identify the possible development of 20,000 SF of new commercial space fronting MLK, Jr. Blvd., as well as opportunities for mixed income housing development in five of the six subareas. The total potential housing development program on these publicly-controlled sites is 940 housing units, including 415 units of affordable housing, 410 units targeted to the workforce market, and 115 units of market rate housing. A detailed analysis of potential development on publicly-controlled sites is included in Appendix 3.

Alternative Development Opportunities--I-16 Land

	Concept 3
Affordable Low & Moderate Income Market	140
Workforce Market	250
Market Rate	50
Retail Development Opportunities (SF)	60,000

Similarly applying these development opportunities to the available privately-owned sites, particularly the 12.4 acres of currently vacant or underutilized land, we can identify the possible development of 90,000 SF of new or rehabbed retail space fronting MLK, Jr. Blvd., as well as opportunities for up to 505 units of mixed income housing, 100,000 SF of new office development, and several lodging facilities (north of Taylor Street). Within the past few years, housing development on privately-owned land in and near this Strategy Area has emphasized market rate housing. As noted above, the total demand for new market rate housing on privately-owned parcels in this area during the 2010 to 2030 period is likely to be no more than 250 units. Therefore, effective development of these sites during this time period will require the coordination of private land ownership and public incentives and regulation to produce at least 255 workforce and affordable housing units. A detailed analysis of potential development on privately-owned sites is included in Appendix 3.

CONCLUSION AND IMPLEMENTATION APPROACH

Required Public Sector Efforts

A variety of public sector efforts will be necessary to assure the achievement of this potential development program, including:

I-16 Related Efforts

- The demolition of the I-16 flyover and the redevelopment of parcels released from the flyover in a pattern consistent with this strategy;
- Assuring connectivity between the Frogtown and Kayton Homes sub areas as part of the pattern of reconstruction of I-16 infrastructure;
- Emphasizing public objectives in the redevelopment of I-16 reuse parcels including achieving mixed-income housing patterns in the Area and providing a continuous retail pattern on parcels with MLK, Jr. Blvd. fronting spaces;
- Identification and development of a civic facility to highlight the I-16 flyover redevelopment.

Other Public Sector Efforts

- On-going façade, design assistance, and sprinkler programs for MLK , Jr. Blvd. retailers;
- Completion of the MLK, Jr. Blvd. streetscape enhancement program;
- Implementing mobility enhancements, such as pedestrian street lighting, wide sidewalks, more on street parking, safe crosswalks, bicycle pathways, and enhanced transit service;
- Partnering with owners of publicly-owned parcels in Frogtown to create development packages to offer for effective redevelopment, if available, in part to maximize affordable and workforce housing production in this sub area;
- Redevelopment of the City of Savannah-owned site at Hall Street & MLK, Jr. Blvd.;
- Securing the usual mix of development and financing necessary to successfully redevelop public housing sites such as Kayton Homes;
- Assuring that some privately-owned parcels in the Montgomery Street corridor are utilized for production of affordable and workforce housing, either through strategic property acquisition or through targeted financial and zoning incentives;
- Identifying subsidies for affordable low- and moderate-income family sales units and affordable senior rental housing;
- Assuring that zoning requirements for off street parking are flexible to encourage small parcel retail and small dwelling residential development;
- Assuring that zoning use requirements are supportive of the location of creative businesses in this area;
- Establishing aesthetic requirements for signage, lighting, noise, and use of sidewalks that allow the area to regain its former identity and culture.

Implementation

The overall Development Strategy includes elements which are likely to be undertaken at various times during the next 20 years (or longer). These include:

- Actions undertaken prior to the demolition of the I-16 flyover to maximize the achievement of public policy objectives in this area;
- Actions undertaken independently of the I-16 flyover redevelopment process, including the redevelopment of Carver Commons and the city-owned parcel at Hall Street and MLK, Jr. Blvd.;
- Private sector activities likely to occur independently of public initiatives;
- Public sector activity associated with the demolition/redevelopment of the I-16 flyover area;
- The reconstruction of Kayton Homes;
- Actions to ultimately maximize the achievement of public objectives in the overall Strategy Area.

Private sector activity is likely to continue at a steady, but moderate pace in the Frogtown and Montgomery Street North sub areas. Without other public sector direction/support, these efforts will be largely aimed at the production of market rate housing and lodging facilities. A public/civic strategy to maximize the achievement of public objectives in this area would be implemented over multiple phases to both seize opportunities as they become available and to coordinate this strategy with major investment events such as the I-16 flyover removal and the redevelopment of Kayton Homes. Key phased elements of this implementation strategy include:

Phase 1 (2010 through 2020):

- Continue accelerated planning for and implement I-16 removal/redevelopment;
- Aggressively pursue retail/mixed use development in MLK, Jr. Blvd. corridor;
- Establish partnerships with publicly-owned Frogtown land;
- Start developing affordable and workforce housing in Frogtown, MLK, Jr. Blvd. South, and Montgomery Street South;
- Support private sector office development in MLK, Jr. Blvd. North where it is compatible with other community objectives; and
- Begin detailed planning for Kayton Homes redevelopment.

Phase 2 (2021 through 2030):

- Construct street/public space infrastructure to create desired development patterns after I-16 removal;
- Identify/develop civic facility fronting plaza west of MLK, Jr. Blvd. on I-16 land;
- Market/redevelop parcels available from I-16 removal;
- Redevelop Kayton Homes;
- Complete redevelopment of Frogtown subarea; and
- Private sector redevelopment of parcels previously used as interim parking.

A more detailed implementation strategy is included in Appendix 3.