

10-Year Downtown Strategic Action Plan

Davenport, Iowa



Prepared For:

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I. Executive Summary

The 1999 Strategic Plan established a roadmap for the revitalization of Downtown Davenport. The implementation of several catalytic projects that resulted from the River Renaissance, the ongoing improvements to public streetscapes and parks, and other ongoing efforts has helped Downtown meet most of the priorities that were established by the 1999 Plan.

Looking forward, Downtown Davenport must now build off of these initial successes to attract more residents, office and retail-oriented development. The success of these market sectors is dependent on a synergy between downtown housing, daytime office users, and retailers that can meet their needs. While the downtown has experienced growth in all of these sectors, the full potential of a vibrant downtown neighborhood has not yet been realized. In addition, the Riverfront is still evolving as a tremendous recreational resource. The recent announcement of the relocation of the casino away from the river provides a new opportunity to enhance the riverfront for environmental, cultural, and economic purposes.

Recent activities in the market bode well for the future of downtown. Nearly 100,000 square feet of office space is currently planned for conversion to residential units. In addition, the recent announcement of the "City Square" project in the center of downtown at Main Street and East 2nd Street will provide a dynamic mix of uses including retail, office space and a new full-service hotel.

The recommendations set forth in this document seek to build upon this recent momentum and the solid foundation of planning and revitalization that has occurred over the past decade. The following recommendations represent a synthesis of previous planning efforts with current market conditions and development opportunities. The intent of this document is to provide guidance for the creation of a new decade of projects that will have a meaningful impact on downtown life.

This Strategic Plan Update includes the following primary tasks:

1. Market Assessment and Analysis for downtown residential and office property
2. Financial Analysis including review of existing incentive programs and potential new incentive opportunities
3. A Planning Review of previous planning documents and studies
4. A SSMD Property Owner Survey
5. An Office Preference Survey of Quad Cities office users in urban and suburban locations
6. Multiple interviews and focus group meetings with Downtown stakeholders
7. Food and Beverage Comparison for Davenport, Moline, and Rock Island

Based on this analysis, the following Strategic Actions were identified as the keys to additional revitalization:

STRATEGIC ACTIONS

Immediate/Short-Term (Years 1 to 3)

Goal 1: Encourage diverse market-rate housing product

Strategy 1.1: Market opportunity sites to potential developers. The Market Study that was completed as part of this Strategic Plan identifies a very strong demand for market-rate housing over the next ten years. This plan identifies four opportunity sites for new housing in downtown that are each capable of providing 75 to 100 new units. These sites could immediately be marketed to the development community.

Strategy 1.2: Issue development Requests for Proposals as necessary. Strategies for marketing each of the residential opportunity sites should be considered independently by the City and the Downtown Davenport Partnership. The site which is currently owned by the City along West River Drive could be advertised to developers through a Request for Proposal process in the very short term.

Strategy 1.3: Determine development process for YMCA-owned sites. The future relocation of the YMCA impacts two of the residential opportunity sites. The City and the Downtown Davenport Partnership should assist the YMCA in the planning and development strategy of the new location and the marketing and future redevelopment of their existing site.

Goal 2: Focus on improving office occupancy

Strategy 2.1: Establish Interior Improvement Grant and Design Assistance Program. One of the common obstacles to new businesses locating or expanding in the downtown is often the condition of the older building stock. An Interior Improvement Grant will provide an incentive for owners or tenants to improve long-term vacant properties. An Interior Design Assistance Program will assist smaller businesses with visualizing a new space and reduce upfront time and costs.

Strategy 2.2: Review and monitor security measures. Additional police presence is currently being introduced into the downtown. The impact of this on the real and perceived sense of security in downtown should be monitored over time and adjustments should be made as necessary.

Strategy 2.3: Establish ongoing communication with commercial brokers. Commercial brokers are typically providing property information to potential buyers or lessees in a conventional format that focuses on the physical characteristics of the space. The Downtown Davenport Partnership should work with the broker community to develop more detailed or inspirational marketing materials regarding both tangible and intangible benefits of locating in Downtown Davenport. Ongoing communications should also be established (electronically and/or regular meetings) to provide the brokers with up to date information about downtown improvements, incentives, and attractions.

Goal 3: Understand downtown restaurant dynamics

Strategy 3.1 Conduct detailed restaurant market research. Based on Downtown Davenport's current employment, population, and quantity of hotel rooms, there appears to be a significant lack of restaurant sales, particularly relative to other communities within the Quad Cities. To better understand this dynamic and to establish specific action steps and strategies to increase restaurant sales, a detailed restaurant market study should be completed in the short-term.

Near Term (Years 3 to 5)

Goal 4: Maintain understanding of market conditions

Strategy 4.1: Prepare update of Market Assessment. This update should include documenting the progress of action items, results of the detailed restaurant analysis (see Strategy 3.1), and any other significant changes to market conditions.

Goal 5: Finish the River Vision

Strategy 5.1: Conduct Feasibility Study for the Riverfront Pier. This study should build upon previous planning recommendations from other studies and determine the design concept, development program (including parking requirements), budget, implementation schedule, and funding strategy.

Strategy 5.2: Assess surface parking demands. In conjunction with the Riverfront Pier Feasibility Study, determine the long-term surface parking lot strategy for the riverfront. Consider shared parking facilities (day/night, weekday/weekend demands) and overall parking demands and balance these solutions with open space needs.

Strategy 5.3: Complete east-west riverfront park connections. Significant park improvements have been made or are currently being implemented at Veterans Memorial Park, Centennial Park, LeClaire Park, and River Heritage Park. Final phases of these improvements should be prioritized and completed. Strong connectivity between the parks via the Riverfront Parkway should continue to be a priority.

Mid-Term (Years 6 to 10)

Goal 6: Re-assess strategic priorities.

Strategy 6.1: Re-assess Immediate and Near-term Strategic Actions based on results of Market Assessment Update (see Strategy 4.1). Evaluating the priority of the strategic actions is critical in the mid-term. Changes in the residential, office or retail/restaurant markets in positive or negative directions should be considered to determine the need to re-prioritize strategic initiatives going forward.

Goal 7: Encourage new office development

Strategy 7.1: Market Downtown Central Opportunity Sites to potential developers/office users. Two mixed-use opportunity sites have been identified in this Strategic Plan. If noticeable improvements have occurred in the downtown office vacancy rates, these two sites should be more actively marketed to developers and office users. These two sites could become near term opportunities if an owner-occupied scenario exists.

Strategy 7.2: Market other office sites located within one block of existing parking ramps. If downtown office vacancy rates have improved, other existing buildings or sites that are within one block of the three existing parking ramps should be more actively marketed to developers and office users.

Ongoing Projects and Initiatives

Many building renovations are currently ongoing and contribute to the revitalization of downtown. Restoration St. Louis' planned mixed-use development, City Square, is a pivotal redevelopment effort in the downtown because of its prominent location at the Putnam-Parker Block and overall size and scale. City Square has the potential to have a major economic impact citywide and further the successes of other downtown developments, most notably as an addition to the Quad Cities Event Center (RiverCenter, Adler Theater, Blackhawk Hotel, and Radisson Quad City Plaza). The needed modernization of the RiverCenter, as identified in prior studies, should be a high priority for the City to allow residents and businesses to realize the full economic, cultural, and social benefits of the Quad Cities Event Center.

The rich variety of art venues in Downtown Davenport, many of which were components of the River Renaissance, provides a unique and regionally unmatched cultural experience for residents and visitors. This arts culture should continue to be celebrated through diverse events and programs and bolstered by additional arts-related venues. Sustainment of the arts is important to the maturation of downtown as a place to live, work, and play.

The Downtown Davenport Partnership should continue to support the variety of other public and private improvements that are currently occurring in the downtown. Ongoing streetscape and public park improvements continue to enrich the livability of downtown. While many significant improvements to this system of public streets and open spaces have occurred, there is still a great deal of work to be done to complete and maintain the system.

II. Introduction

Team DDA was engaged by the Downtown Davenport Partnership to provide a 10-year Strategic Action Plan for Downtown Davenport that provides an economically-based vision for the continued public/private development of Downtown Davenport, Iowa.

“The aim of this effort is to better link existing and emerging public and private sector priorities with local plans, projects and economic development strategies in a way that will synergize efforts to achieve a common vision over the next ten years.”, Downtown Davenport Partnership

The scope of the project focused on office and rental housing (re)development opportunities.

A successful strategic action plan requires a multi-disciplinary approach blending market realities with vision and facilitating through competitive economic incentives and regulatory programs. Our team methodology is centered around a market data and research approach, informing the downtown strategic action plan with real-world data to create a plan that is viable based on current market conditions.

Market Analysis

Direct market research and analysis is the foundation for the Strategic Action Plan. A comprehensive analysis was completed by DiSalvo Development Advisors, LLC (DDA) based on a detailed inventory of residential and office buildings and uses in the downtown. We identified and analyzed market conditions, economic and demographic factors, and a comparison of downtown with competing areas throughout the Quad Cities.

The results of the market research and analyses were then integrated into an overall planning and implementation strategy. The document also serves as a guideline for developers and financial institutions in assessing market-supported opportunities in Downtown Davenport.

Vision/Planning

Based on the results of the market and economic analyses and vision of prior planning reports, The EDGE Group assisted the team in synthesizing all these documents and data into one relevant strategic action plan for Downtown Davenport.

The benefit of having a market analysis integrated with the planning process is that we understand from a market perspective, the overall marketability of uses is enhanced by the placement and proximity to other existing and/or planned uses. Our team considered this interplay of different types of development and potential links to other significant demand drivers. These potential synergies were considered within the overall planning process.

Incentives/Funding/Regulatory

A critical component to revitalizing Downtown Davenport is the successful development and implementation of financial incentive programs and regulatory policies that will attract and retain development partners. Informed by the results of the market analysis and stakeholder interviews, Brian Parker, principal of BKP Consulting, assisted the team in identifying programs and policies that will enable Downtown Davenport Partnership to assist in funding redevelopment efforts outlined within this plan.

Opportunity Sites

Based on the combined efforts of Team DDA, several Opportunity Sites are identified in this report, including general redevelopment plans for immediate implementation. Six sites were chosen based on marketability, capacity to support redevelopment, ease of acquisition, and overall benefits to the downtown.

For each Opportunity Site, Team DDA has provided the following information:

- Site information
- Capacity and design considerations
- Site plan
- Building elevation model
- Neighborhood context map
- Market data
- Hypothetical Financial pro forma

Uses, Applications, and Assumptions

Although this report represents the best information available in identifying current market status and future market trends, note that most markets are continually affected by demographic, economic, and developmental changes. Further, this analysis has been conducted with respect to a particular client's development objectives, and consequently has been uniquely developed to determine the current market's ability to support those particular objectives. For these reasons, the conclusions and recommendations in this study are applicable only to a site within the downtown with characteristics as outlined in this report.

This study represents a compilation of data gathered from various sources, including prior planning reports, property surveys, local records, and interviews with property managers, government officials, real estate professionals, and the use of secondary demographic materials. Although DDA and its team members judge these sources to be reliable, it is impossible to authenticate all data. The analyst does not guarantee the data and assumes no liability for any errors in fact, analysis, or judgment. The conclusions contained in this report are based on the best judgments of the analysts; DDA makes no guarantees or assurances that the projections or conclusions will be realized as stated.

III. Market Conditions Analysis

A. Apartment Market Conditions

1. Quad Cities Rental Housing Overview

DDA field staff identified and personally surveyed 122 apartment properties with a total of 11,264 units within the Quad Cities. At an overall 98.5% occupancy level, the region's apartment market is strong. As the table below shows, overall occupancy levels are high among all of the Quad City communities.

Quad Cities
Rental Housing Survey
4th Quarter 2012

City	Total Apartment Developments	Total Units Surveyed	Overall Occupancy Rate
Davenport	63	5,190	98.4%
Rock Island	25	1,835	99.1%
Moline	17	1,744	98.1%
Bettendorf	10	1,276	98.7%
East Moline	7	1,219	98.5%
Total	122	11,264	98.5%

Based on the occupancy levels, overall demand for rental housing is high relative to the rental housing inventory. Generally, a well-balanced market has a vacancy of at least 5% to allow for mobility in the marketplace. The lack of available rental housing choices can limit a markets growth, and in some cases, cause renters to seek housing outside of the area.

The high occupancy levels are present among both market-rate properties and affordable housing properties (HUD, Low-Income Tax Credit and Public Housing).

City	Market-Rate Units		Units in Affordable Housing Programs		Share of Market-Rate Rentals
	Total	Occupancy %	Total	Occupancy %	
Davenport	3,388	98.1%	1,802	99.4%	65.3%
Rock Island	358	98.9%	1,477	99.1%	19.5%
Moline	743	98.7%	1,001	97.7%	42.6%
Bettendorf	900	98.3%	376	99.5%	70.5%
East Moline	580	98.1%	639	98.9%	47.6%
Total	5,969	98.3%	5,295	99.1%	53.0%

The cities of Davenport and Bettendorf, at market-rate shares of 65.3% to 70.5%, respectively, have a much higher share of market-rate rentals than the Quad City communities in the Illinois. In contrast, four of every five apartment properties in Rock Island operate under an affordable housing program.

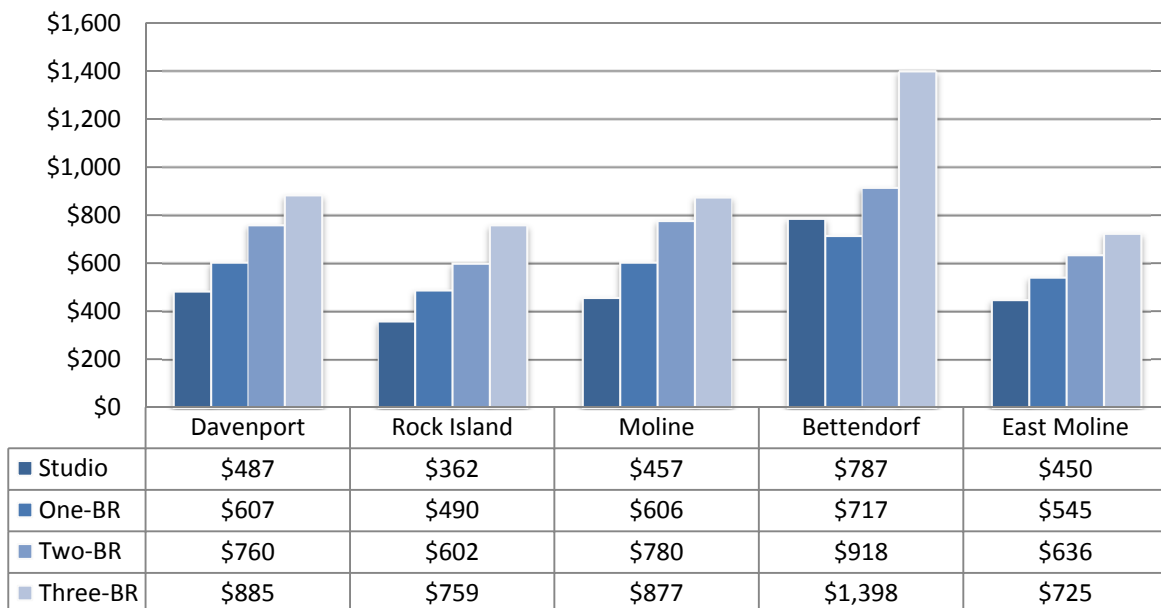
The average collected market-rate rents in Davenport are comparable to market-rate rents in Moline. Market-rate rent levels in Rock Island and East Moline are among the lowest in the Quad Cities area.

Bettendorf leads the area with the highest market-rate rents. The recent addition of the 316-unit Springs at Bettendorf Apartments has escalated average market-rate rent levels.



Springs at Bettendorf

Average Collected Market-Rate Rents



Average downtown market-rate rental housing is priced much higher than the average citywide rental rates. In Downtown Davenport, one- and two-bedroom collected rents are 18% to 27% higher than the citywide rental average.

Downtown Area	Total Downtown Market-Rate Units Surveyed	Average Collected Rent		
		1-BR	2-BR	3-BR
Davenport	318	\$717	\$971	\$1,248
Rock Island	58	\$650	\$759	\$828
Moline	78	\$747	\$996	\$1,250

2. Davenport Rental Housing

Based on DDA's review of mobility patterns and interviews with area apartment managers and realtors, the primary market areas of the Illinois communities and the Iowa communities in the Quad Cities area do not generally overlap. The majority of support for rental housing in Illinois is from Illinois residents and support for Iowa rental housing is largely from Iowa residents. The exception to this rule is transfers who are employed/stationed at the Rock Island Arsenal (area's largest employer) and transplants from John Deere, Trinity, and Genesis Health Systems.

The primary market area for Davenport is the City of Davenport. A small portion of support for housing in Davenport originates from Bettendorf. However, Bettendorf is more of a drain on the Davenport market (drawing more renters from Davenport) than a support.

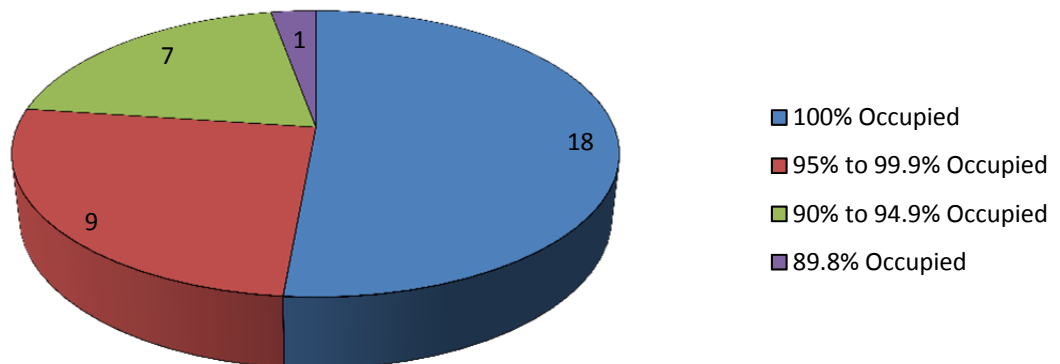
a. Market-rate Rental Housing

DDA surveyed 35 market-rate properties in Davenport totaling 3,388 units. Vacancies were low among all unit types.

Unit Type	Total Units	Vacancy Rate	Average Collected Rent	Average Unit Size (SF)	Average Rent/SF
Studio	136	1.5%	\$487	470	\$1.04
One-BR	1,490	0.8%	\$607	637	\$0.95
Two-BR	1,479	2.8%	\$760	890	\$0.85
Three-BR	283	3.5%	\$875	1,128	\$0.78
Total	3,388	1.9%			

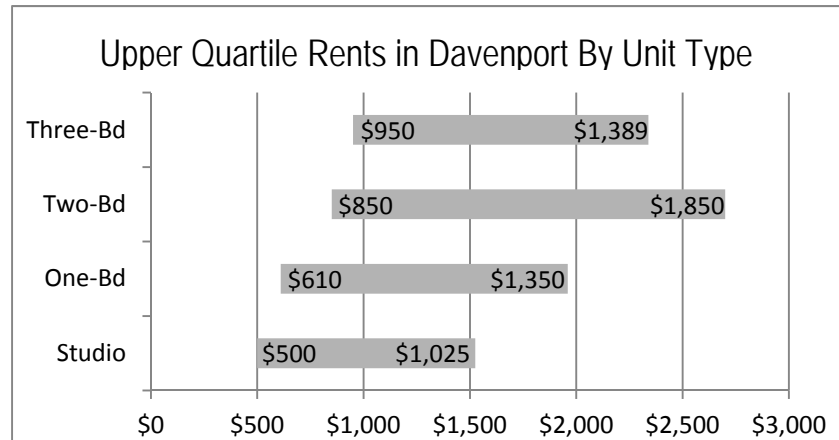
Of the 35 market-rate properties surveyed, more than half were 100% occupied. Only one market-rate property surveyed was below the 90 percentile.

Distribution of Market-Rate Properties by Occupancy Rate



The upper-quartile rents in Davenport are a wide range, reflecting the somewhat limited base of higher-priced product(s).

The upscale or Class A apartment market is underrepresented in the \$600 to \$800 rent range for studio units and the \$800 to \$900 rent range for one- and two-bedroom units.



Note: The above rents represent the actual highest and lowest rents collected among the top 25% of market-rate properties in Davenport.

Average Collected Rent	Total Market-Rate Units by Unit Type and Collected Rent		
	Studio	One-BR	Two-BR
Less than \$500	120	-	77
\$500 to \$599	12	828	59
\$600 to \$699	-	433	539
\$700 to \$799	-	110	433
\$800 to \$899	2	28	36
\$900 to \$999	2	72	199
Above \$1,000	-	9	136

Note: Highlighted areas correspond to upper quartile rent range.

With the exception of one property, the vacancy rate of units with average collected rents of \$700 or more is 2.4%.

Upscale apartments in Davenport, on average, are achieving collected rents per square foot of \$1.33 for studio units, \$1.15 for one-bedroom units, and \$1.02 for two-bedroom units.

Average Upscale Apartments (Davenport)				
	Studio	One-BR	Two-BR	Three-BR
Rent/Sq. Ft.	\$1.33	\$1.15	\$1.02	\$1.03

Downtown Davenport – Market-Rate

DDA contacted every apartment development owner/manager in Downtown Davenport. The summary below is based on responses we received from the properties that offered market-rate units (Note: for this section low-income units were separated from properties that included both market-rate and income-restricted units)

Downtown Survey Participants

- 320 Brady Street Apartments
- Berg Apartments
- Christie Park Apartments
- Davenport
- Davenport/Waterloo Mills (includes market-rate and affordable)
- Dorothea Apartments
- Forrest Block Apartments
- Hotel Blackhawk
- Kerker Lofts (includes market-rate and moderate-income)
- Louis P. Best Mansion Grandview
- Mississippi Lofts (includes market-rate and Tax Credit)
- Perry Hill
- Seig Iron Building (includes market-rate and affordable)

Downtown Davenport Market-Rate Rental Housing Survey 4th Quarter 2012

Unit Type	Total Units	Vacancy Rate	Average Collected Rent	Average Unit Size (SF)	Average Rent/SF
Studio	58	3.4%	\$514	488	\$1.05
One-BR	142	1.4%	\$717	668	\$1.07
Two-BR	115	2.6%	\$971	948	\$1.02
Three-BR	3	0.0%	\$1,248	1,099	\$1.14
Total	318	2.2%			

The average collected downtown rents are significantly higher than the citywide average rents. While the average unit sizes are also larger, the average rent per square foot in all unit types exceeds \$1.00.

The market-rate vacancy in the downtown area, while still very low, is slightly above the citywide vacancy rate (1.9%).

b. Affordable Housing

DDA surveyed 33 apartment properties in Davenport operating under affordable housing programs. As previously noted, vacancy rates among the affordable housing properties, as with market-rate housing, is extremely low. In fact, 14 properties with Low-Income Housing Tax Credit units fill vacancies from their waiting lists.

Property Type	Total Units	Vacancy Rate
Low-Income Housing Tax Credit (LIHTC)	946	0.5%
Rental Assisted (HUD) with LIHTC	235	0.0%
Rental Assisted (HUD Section 8, public housing)	621	1.6%
Total	1,802	0.9%

Downtown Davenport has 415 affordable housing units or 23.0% of the city's affordable housing stock in seven properties, as listed below.

- Davenport/Waterloo Mills – 53 units @ 50% and 60% AMI (20 market-rate units)
- Mississippi Lofts – 52 units @ 50% and 60% AMI (4 market-rate units)
- Seig Iron Building – 36 units @ 50% and 60% AMI (15 market-rate units)
- Riverwalk Lofts – 42 units @ 40% and 60% AMI
- Edgewater on Third – 100 units; HUD Section 202, Seniors (age 62+)
- Heritage – 120 units; HUD Section 8, Seniors (age 55+) and Disabled

LIHTC properties in downtown achieve maximum allowable rents. Based on our review of the most recent HUD utility costs, collected rents, net of general electricity, heating, and cooking costs, maximum allowable one- and two-bedroom rents in Davenport are \$654 and \$781 at the 60% AMI level and \$536 and \$639 at the 50% AMI level, respectively.

Downtown Davenport
LIHTC Rental Housing Survey
4th Quarter 2012

Unit Type	Total LIHTC Units	Vacancy Rate	Collected Rents	Average Unit Size (SF)
One-BR	99	1.0%	\$385 - \$685	723
Two-BR	81	3.7%	\$500 - \$800	974
Total	180	2.2%		

The Davenport, Waterloo Mills, and Seig Iron Buildings, collectively referred to as Crescent Lofts, represent three of the four mixed-income developments in Davenport (the 4th is a senior community, Marycrest II). Kerker Lofts has 12 units available to households at 80% Area Median Income (AMI) but since allowable rent levels are comparable to market-rate rents, these units have not been included in this section.

c. Rental Housing Pipeline (planned and/or under construction)

DDA identified 10 residential projects in the downtown that were in varying stages of formal planning/development.

Building/Project	Total Units	Type	Status
Union Arcade	60 to 70	Market-rate	Early stages of redevelopment
Renwick Building	18	Market-rate	End of redevelopment process
Wells Fargo	30 (est.)	Market-rate	Early stages of redevelopment
Peterson Paper	19	Market-rate	Redevelopment underway
Pershing Hill	50 to 54	Market-rate	Planning stage
Halligan Coffee	45	23-80%AMI; 22-Market-rate	Planning stage; CDGB funding pending with state
5 th Street Lofts	37	19-80%AMI; 18-Market-rate	Planning stage; CDGB funding pending with state
The Democrat	12 to 16	Market-rate	Planning stage
Executive Square	4 to 6	Market-rate	4 complete; 2 more possible
Pershing Lofts	41	Market-rate	Planning stage
Total	316 to 336		

According to a Restoration St. Louis representative, the Putnam Parker Block project, known as City Square, will include a four-star hotel properties with residences (rental housing similar to Hotel Blackhawk), Class A office space, resident common area amenities, and retail amenities including a market with grocery and pharmacy goods.

In other areas of Davenport, there are two LIHTC properties, Jackson School and Harrison Lofts, and a 50- to 58-unit townhome development planned by McNamara Family Property Development at 213 E. Kimberly Road.

3. Rental Housing Demand Projection

DDA has projected overall demand for rental housing as a tool for assessing the market's ability to absorb projects in the downtown over the next 10 years. Several key factors were considered in our projections:

- Vacancy rates
- Recent lease-up experience
- Development trends vs. Renter household growth
- Market drain from competition
- Downtown target market

Vacancy rate – A 1.6% vacancy rate does not allow for resident mobility. Allowing for a 5% vacancy yields an additional 176 units of demand.

Recent lease-up experience – The Springs at Bettendorf is the first large-scale market-rate apartment development to be built in the area in 8 years. Prior to that, Alexis at Perry Pointe, built in 2005, was the newest upscale community. Springs at Bettendorf reportedly attracted many of the same tenants that Alexis at Perry Pointe targets. This newer project in Bettendorf received an extremely positive market response with absorption rates (at the time of our survey) in excess of 30 units per month. Alexis at Perry Pointe lost a few tenants to this newer property, but maintained 100% occupancy and fills vacant units from their waiting list. This indicates that there is significant pent-up demand for market-rate housing in the market.

Development trends vs. Renter household growth – Since 2000, 830 units of market-rate apartment have been developed in the City of Davenport. From 2000 to 2016, there will be an estimated increase of 2,044 renters with household incomes above \$30,000. This represents a deficit of 1,214 market-rate units citywide.

Household Income	Renter Households (City of Davenport)			
	2000 (Census)	2016 Projection)	Household Growth (2000 – 2016)	
			Market-Rate	Low-Income
\$0-10,000	3,054	3,105	-	51
\$10,000-20,000	3,243	3,256	-	13
\$20,000-30,000	2,601	2,757	-	156
\$30,000-40,000	1,780	2,133	353	-
\$40,000-50,000	1,019	1,467	448	-
\$50,000-60,000	799	1,007	208	-
\$60,000-75,000	499	803	304	-
\$75,000-100,000	385	710	325	-
\$100,000-125,000	128	363	235	-
\$125,000-150,000	47	138	91	-
\$150,000-200,000	27	73	46	-
\$200,000+	40	74	34	-
TOTAL	13,622	15,886	2,044	220

Source: ESRI, Incorporated and Urban Decision Group

Taking into consideration the 316 to 336 planned and proposed market-rate rentals in the downtown and 50 to 58 market-rate units outside of the downtown, but within the city limits, there is a net deficit of 820 to 848 units attributable to renter household growth outpacing development. Taking into consideration a 5% stabilized vacancy for this unmet demand accounts for an additional 43 to 45 market-rate units.

Market drain from competition – New development in Bettendorf has slightly outpaced resident growth. DDA has calculated a direct drain impact on the Davenport market of 36 units. This amount will be subtracted from the overall demand projection in calculating net demand on the following page.

Downtown target market – DDA recognizes that downtown or urban living is not for everyone. Based on the results of intercept and email surveys of other downtown markets in Ohio and Michigan, we anticipate that 30% of area residents will be interested in living downtown. As with most downtowns, we anticipate that the majority of households that move to downtown will be one- and two-person households. Davenport has a large base (62.5%) of one- and two-person renter households with incomes above \$30,000.

Demand Factors	Projected Demand Year One through Five (Total Units)
Stabilize vacancy at 5%	219 to 221
Renter household growth v. apartment development (household growth outpacing development 2 to 1)	820 to 848
Citywide Market-Rate Demand (Gross)	1,039 to 1,069
Less market drain from Bettendorf	(36)
Citywide Market-Rate Demand (Net)	1,003 to 1,033
Downtown Capture Rate	30%
<i>Downtown Net Demand for Market-Rate Rental Housing</i>	<i>300 to 310</i>

DDA's demand projection for market-rate housing in Downtown Davenport over the next five years is 300 to 310 units *in addition* to the 316 to 336 units planned and under construction in the downtown (refer to page III-8, Rental Housing Pipeline). We estimate additional demand for the following five years, years six through ten, of 150 to 170 units. The reduction of projected unit demand in the later years assumes that the first five years accommodates the current housing deficit.

Years	Downtown Net Demand for Market-Rate Rental Housing
One through Five	<i>300 to 310 units</i>
Six through Ten	150 to 170 units
Total	450 to 480 units

Over a 10-year period, DDA projects demand for an additional 450 to 480 market-rate units in the downtown above and beyond the 316 to 336 units planned and under construction in the downtown. The ability of any market to optimize absorption is predicated on the variety of product(s) and price points available in the marketplace.

Based on our review of renter household incomes, there is a large enough base of higher income renters (\$50,000+) to absorb 150 to 170 upscale housing units with rents in excess of \$1,000.

An opportunity also exists to target rental housing for graduate students and single military personnel. There are nearly 3,000 graduate students at the nearby

St. Ambrose University and Palmer College of Chiropractic and more than 400 single military stationed at Rock Island Arsenal.

DDA also reviewed other comparable markets in assessing demand for housing in Downtown Davenport. For its population size, Davenport's downtown area leads other comparable communities in market-rate development. Comparable size communities such as Peoria are active with tourist- and visitor-related development in the downtown, but have not seen appreciable housing development. DDA identified only four rental housing developments in Downtown Peoria (referred to as Peoria Riverfront). A recent downtown housing study completed by Tracy Cross & Associates indicated a peak annual absorption of 186 units including condominium and townhouse development.

Downtown Fort Wayne, Indiana was the most comparable to Davenport in terms of downtown households (872 households in 2010). The downtown area has 200 rental housing units in the pipeline and a recently opened 43-unit upscale rental housing project, The Harrison, opened with strong market response adjacent Parkview Field, home of Fort Wayne's minor league baseball team, TinCaps.

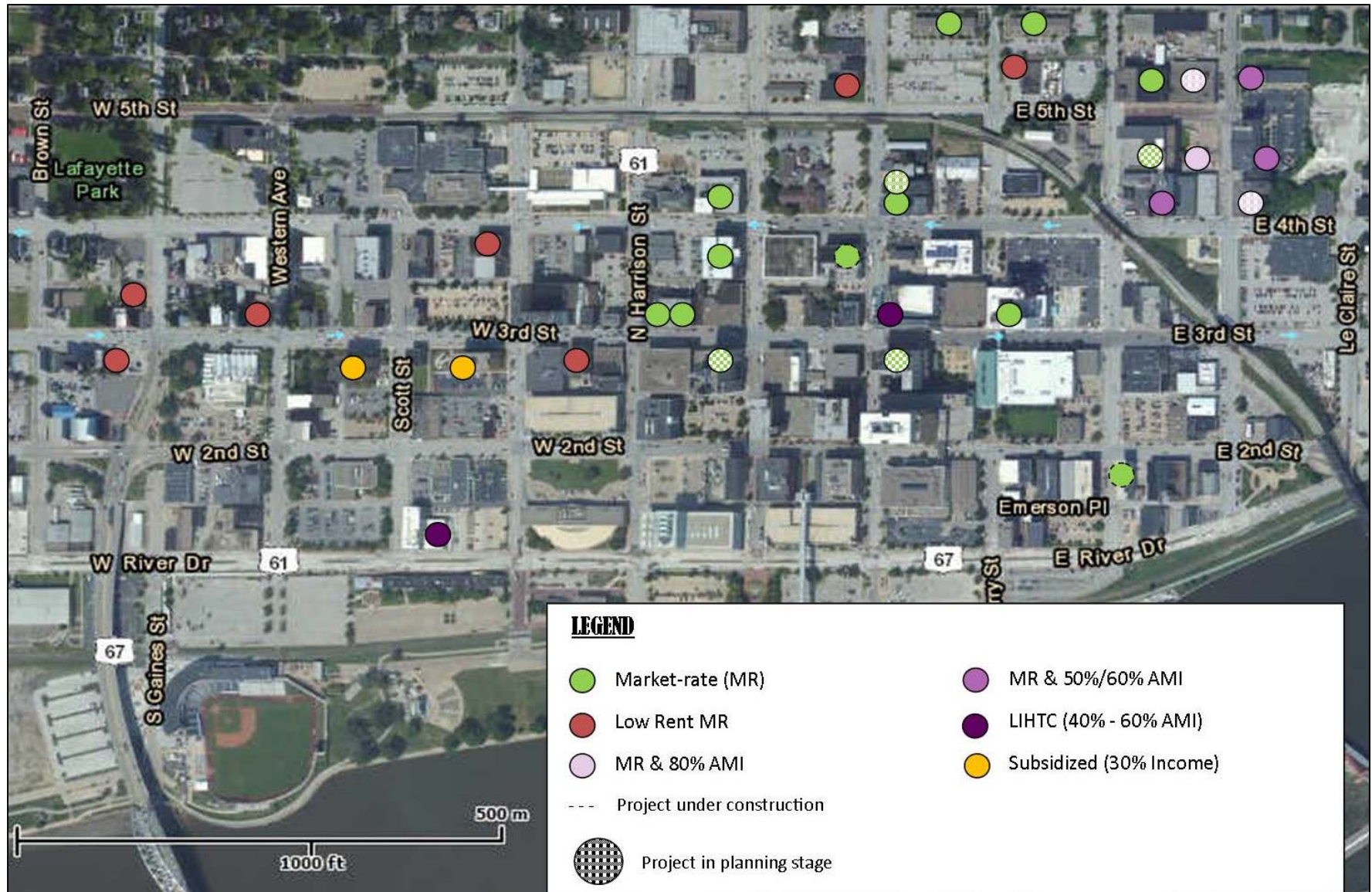


The Harrison, Ft. Wayne, IN, Source: <http://theharrisonbnd.com>

Projected growth among low-income households in Davenport through 2016 is minimal. However, given the extremely high occupancy rates of Low-Income Tax Credit projects and the fact that one-third of the rental housing stock in Davenport was built and open before 1980, additional affordable housing can be supported in the downtown as well. Caution should be taken in placement of additional affordable housing in the downtown. Concentrating too much affordable housing (i.e. low-income residents) in one area may later hinder the marketability of market-rate rental housing and other types of commercial development. In DDA's opinion, the Crescent Warehouse district has likely reached its maximum level of affordable housing if the area is to continue to successfully develop market-rate housing.

The west side of the downtown area, specifically, the area west of Ripley Street would benefit most from the use of an affordable housing program, such as the Low-Income Tax Credit program. As the map on the follow page shows, this area is dominated by lower rent housing and reinvestment has been limited to a few rental properties on this side of downtown. A mixed-income rental housing development, including a share of market rate and affordable housing units, could provide a catalyst for future development in this area.

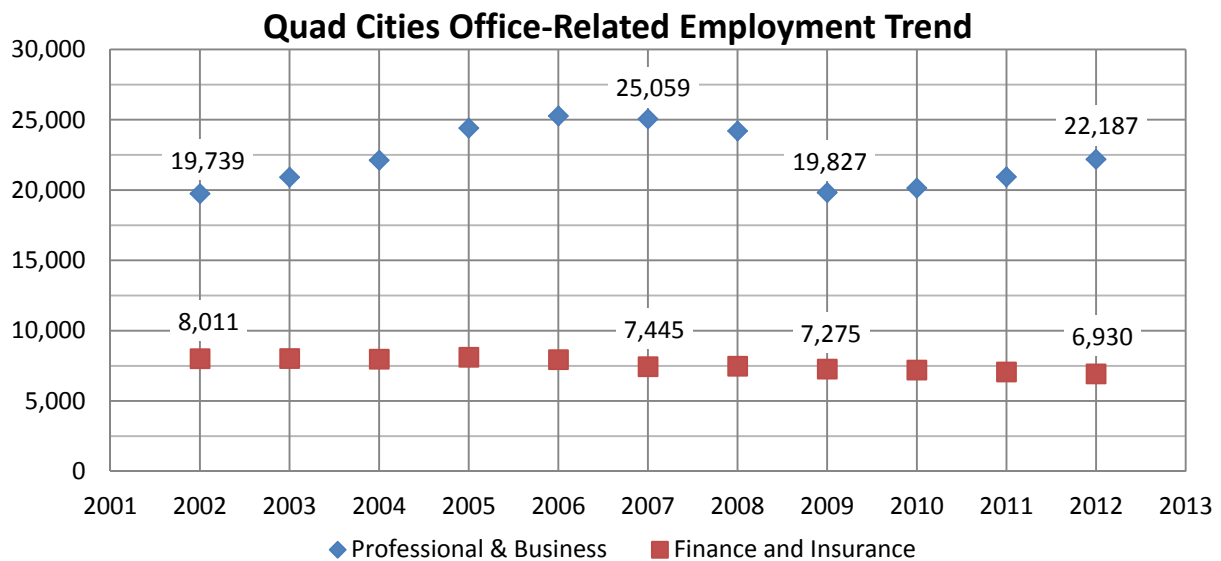
Downtown Davenport Rental Housing Inventory



B. Office Market Conditions

1. Quad Cities Office Overview

The recent recession took its toll on office markets across the country as the professional workforce was drastically reduced. In the Quad Cities area (Rock Island and Scott County), the Bureau of Labor Statistics reports employment among the Professional and Business sector bottomed out in 2009 and has slowly improved each year through June 2012. The Finance and Insurance sector has been slowly declining over the past 10 years. Even with the growth in the Professional and Business sector, the two office-related employment sectors in the Quad Cities combined have declined by 3,387 employees since 2007. Assuming an average of 176 square feet per employee (source: National Association for Industrial and Office Parks – NAIOP), this loss of employees equates to vacating nearly 600,000 total square feet of office space. Certainly not every one of these employees worked in an office building, but nonetheless, the impact is significant.



DDA reviewed published office market reports, searched online listings, and interviewed local brokers to establish vacancy rates and prevailing lease rates for the Quad Cities area. We estimate that vacancies in downtown and suburban areas are at and above 26% and 15%, respectively.

Quad Cities Office Market Conditions 4th Quarter 2012

Area	Vacancy Rate	NNN Lease Rates/SF Available Office Space*
Downtown Davenport/Moline	26% - 28%	\$8 - \$17
Suburban	15% - 17%	\$10 - \$16

*Does not include medical office

Vacancies are high among each of the Quad City communities (downtown and suburban areas) and lease rate abatements and reduced rents are commonplace.

The downtown markets have vacancy rates 11 percentage points higher than the suburbs. Typical CAM fees in both downtown and suburban product are in the \$6 to \$8 range. The average Tenant Improvement (TI) allowance in the Quad Cities is \$30 per square foot.

Suburban office lease rates of \$16 per square foot can be found in office buildings along the East 53rd Street Corridor. Medical office lease rates are topping out at approximately \$20 per square foot.

Build-to-suit office development, although limited, is occurring along the East 53rd Street corridor. In such a soft market this is an indication that the available office space does not have enough of a variety and quality of offerings to accommodate the needs of local businesses.



Build-to-suit building on E 53rd Street

NAI Ruhl & Ruhl Commercial Company's *2012 Global Market Report* cites that the cost of development land for office space in the Central Business District areas of the Quad Cities ranges from \$261,360 to \$348,480 per acre.

DEVELOPMENT LAND	Low/Acre	High/Acre
Office in CBD	\$ 261,360.00	\$ 348,480.00
Land in Office Parks	\$ 217,800.00	\$ 392,040.00

2012 Global Market Report ■ www.naiglobal.com

Not included in the survey is office space at the Rock Island Arsenal. The installation has 141,524 gross square feet of move-in ready office space and an additional 309,939 gross square feet of storage and training space that can be converted into office space. This significantly reduces the opportunities for Downtown Davenport to secure an appreciable amount of additional defense tenants for their available office space.

Raufeisen Development is planning to redevelop the former Docks site along the riverfront. The most recent plans include 64,000 total square feet of which approximately 30,000 square feet is dedicated to office space, 3,700 square feet for conference/banquet space, and 12,350 square feet on the ground floor is intended for restaurants. The remaining space is planned as common area/public space.

2. Downtown Office Market

a. Survey of Downtown Office Buildings

Downtown Davenport and Moline are the only Quad City downtown areas that offer a significant base of large scale multi-tenant for lease office space. Rock Island's largest downtown office on 1st Avenue is owned and occupied by Modern Woodmen of America.

Downtown Moline is divided into several districts. The downtown's newest office buildings, Kone Centre and RiverStation, are within the Riverfront District. The Main Street District includes Heritage Place, the Reliance Building and the Chase Building.

	Total Square Feet Surveyed	Total Vacant Office Space	Vacancy Rate	Range of Collected Lease Rates
Moline Downtown District				
Riverfront District	209,160	42,958	20.5%	\$12.50 - \$17.00
Main Street District	200,534	64,550	32.2%	\$10.00* - \$12.00
Total	409,694	107,508	26.2%	\$10.00* - \$17.00

*Full service

The Downtown Moline office market has a high overall vacancy rate of 26.2%.

The newest multi-tenant property built in the downtown market in 2011/2012 is the KONE Centre. The KONE Centre has the highest lease rate and Common Area Maintenance (CAM) fee in the area at \$17.00 and \$11.10 per square foot, respectively. Original published lease rates were reportedly in the low \$30s per square foot. The high CAM is the bi-product of a large lobby and public area space on the ground floor.

DDA's survey of office space in the Downtown Davenport included 12 buildings totaling 523,828 total square feet. An additional 275,000 square feet of office space in the downtown has been pulled off the market for redevelopment, including Restoration St. Louis' mixed-use redevelopment plans for the Putnam-Parker block (City Square). The Downtown Davenport office market also has a high vacancy rate at 27.6%.

	Total Square Feet Surveyed	Total Vacant Office Space	Vacancy Rate	Range of Collected Lease Rates
Downtown Davenport	523,828	144,406	27.6%	\$5.25 - \$15.75

b. Office Tenant Employment – Fair Share Analysis

DDA reviewed the most recent published employment statistics by establishment size to assess the share of office tenants in downtown (zip code 52801) relative to

employment within Davenport, Scott County, and the Davenport-Moline-Rock Island Metropolitan Statistical Area.

The downtown area was occupied by 20% of Davenport's professional, scientific, and technical establishments (NAICS Code 54), 14% of Scott County, and 7.3% of the Metropolitan Statistical Area. This category represents the largest source of office tenants including accountants, attorneys, architects, interior designers, programmers, consultants, advertising agencies, and other professional, scientific and technical service providers.

Professional, Scientific, and Technical Service Employment by Establishment Size (Total Employees, 2010)

Area	Establishment Size (Total Employees)							Total
	1-4	5-9	10-19	20-49	50-99	100-249	250-499	
Davenport-Moline-Rock Island MSA	481	119	86	38	10	10	0	744
	64.7%	16.0%	11.6%	5.1%	1.3%	1.3%	0.0%	100.0%
Scott County, Iowa	259	57	39	19	6	3	0	383
	67.6%	14.9%	10.2%	5.0%	1.6%	0.8%	0.0%	100.0%
Davenport	173	37	30	15	6	3	0	264
	65.5%	14.0%	11.4%	5.7%	2.3%	1.1%	0.0%	100.0%
Zip Code 52801 (Downtown)	37	3	6	4	2	2	0	54
	68.5%	5.6%	11.1%	7.4%	3.7%	3.7%	0.0%	100.0%

Source: Census County Business Patterns

In 2010, the downtown area captured more than its fair share of medium- to large-size establishments (employment of more than 20 persons). This is likely attributable to the large office space footprints available in the downtown.

The downtown is significantly lagging all other areas of the region in attracting firms with 5 to 9 employees within this employment category. Of downtown's professional, technical, and scientific sector, only 5.6% of the establishments have 5 to 9 employees, well below the 14.0% citywide average.

Finance and Insurance Employment by Establishment Size (Total Employees, 2010)

Area	Establishment Size (Total Employees)							Total
	1-4	5-9	10-19	20-49	50-99	100-249	250-499	
Davenport-Moline-Rock Island MSA	400	107	89	43	9	4	3	655
	61.1%	16.3%	13.6%	6.6%	1.4%	0.6%	0.5%	100.0%
Scott County, Iowa	190	55	37	24	4	0	1	311
	61.1%	17.7%	11.9%	7.7%	1.3%	0.0%	0.3%	100.0%
Davenport	116	34	24	19	3	0	1	197
	58.9%	17.3%	12.2%	9.6%	1.5%	0.0%	0.5%	100.0%
Zip Code 52801 (Downtown)	15	5	1	4	1	0	0	26
	57.7%	19.2%	3.8%	15.4%	3.8%	0.0%	0.0%	100.0%

Source: Census County Business Patterns

Of the city's 264 Finance and Insurance companies, the downtown area captured only 13.2% of this group.

A 20% capture rate of this employment sector would account for 39 finance and insurance companies, 1.5 times the 2010 occupancy of 26 companies. Under a fair share scenario, the downtown would have 8 more companies of 1 to 4 employees; 2 more companies of 5 to 9 employees; and 3 more companies of 10 to 19 employees. The declining workforce within this employment category would reduce today's fair share by approximately 4%.

Although the overall office market is soft, there appear to be opportunities for the downtown to gain office occupancy if the downtown area can attract a fair share of office tenants.

c. Office Preference Survey

An online survey of Quad City office users was conducted to gain a better understanding of why the downtown market is struggling to attract office tenants. A total of 45 office tenants in the Quad Cities with offices in downtown and suburban areas responded to the online survey.

The online survey included a combination of images, open-ended and multiple choice questions and list ranking. The images were used initially to gain a more visceral response to a variety of products and environments. A summary of key findings with relevant local market conditions follows (the full survey results are available in the addendum section of this report).

New v. Old

A group of office building photographs, including a variety of newly constructed and historic buildings, were shown to assess the level of appeal by office users.

The newly constructed office buildings were scored as the most appealing to respondents. The photo on the right was the most appealing as indicated by 53% of the respondents.

Historic buildings were also perceived as appealing by a portion of the respondents. However, one-third of office users rated the photos of the historic buildings as unappealing and slightly less than one-third indicated that the historic buildings were moderately appealing.



Rated as Most Appealing Office Building



Mississippi Plaza

It is likely that the lower rating among historic office buildings was more about tenant's prior experiences with historic buildings in the area (condition and price) rather than the architectural values. Nonetheless, these perceptions are real and indicate that most office tenants prefer newly constructed offices. There are only two new construction buildings in the downtown, the Mississippi Plaza and the New Ventures Building, both constructed in 2004. Of the more than 120,000

square feet between these two buildings, only 9,600 total square feet was available at the time of the survey (not including sublease opportunities).

Environment

Survey respondents found office settings integrated with public space and food and beverage establishments to be the most appealing environment.

This is validated in a later section of the survey where high priority was placed on proximity to coffee shops, restaurants, and the riverfront.

High density mixed-use development with sidewalks as the only access was deemed the least desirable of the photographs.



Rated as Most Appealing Office Environment

Office Interiors

A newer more classic designed office interior was rated as the most appealing by half of the respondents.

Modern designed interior space of historic buildings with columns received the same level of responses among not appealing, moderately appealing, and appealing/ very appealing.



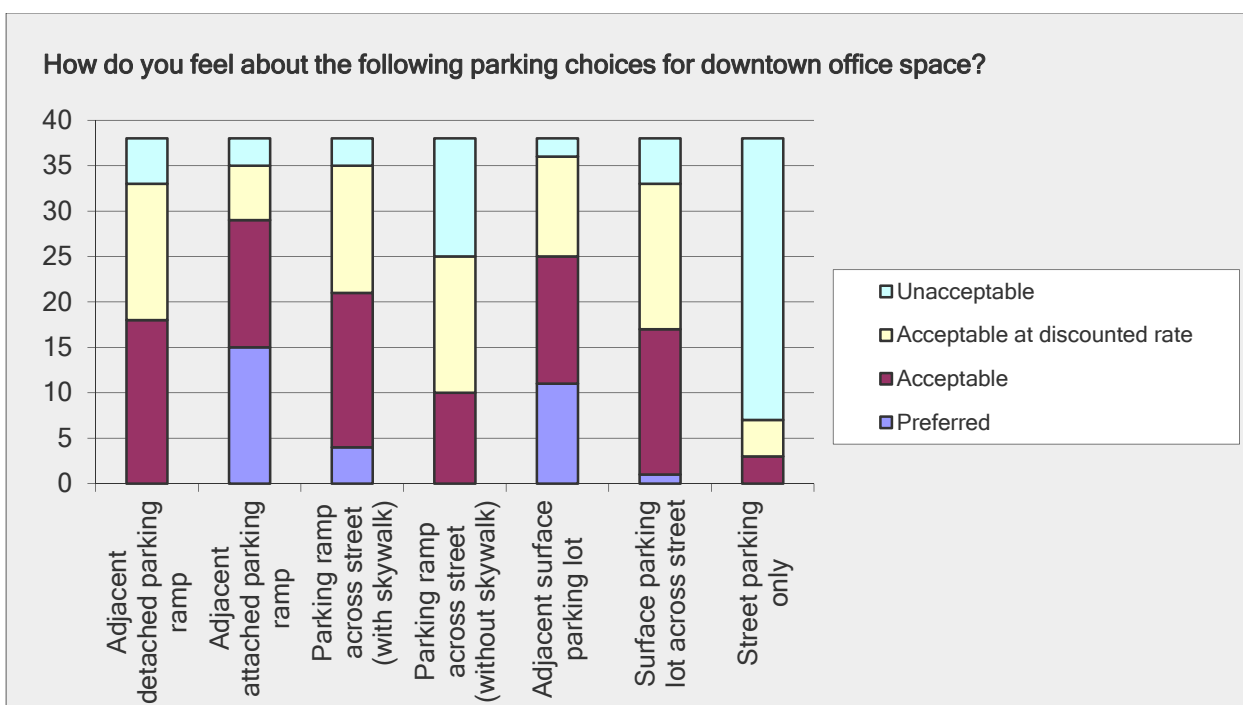
Rated as Most Appealing Office Interior

Rawer industrial-type space with minimal modern finishings and high ceilings was moderately appealing to half of the respondents and was very appealing to only 5% of the office users.

The lack of appeal for remodeled older space, particularly space with columns, represents a significant challenge for much of downtown's vacant space.

Parking

An adjacent attached parking ramp was indicated by respondents as the preferred parking scenario for an office building in downtown. Notably, aside from street parking only options, there is a strong level of acceptability for a variety of parking provisions, albeit some require discounted rates.



Nearly 9 out of 10 respondents indicated that it was acceptable to have employee parking one city block away from the office building. The remaining respondents indicated a two-block limit. The limited acceptable distance from employee parking to the office appears to be largely attributable to security concerns. As the table below shows, 27.3% of the respondents who indicated a preference for parking within one block would accept parking beyond one block if security measures were in place. Another 24.2% of the respondents indicated that they may find it acceptable to have employee parking farther than one block if additional security was implemented.

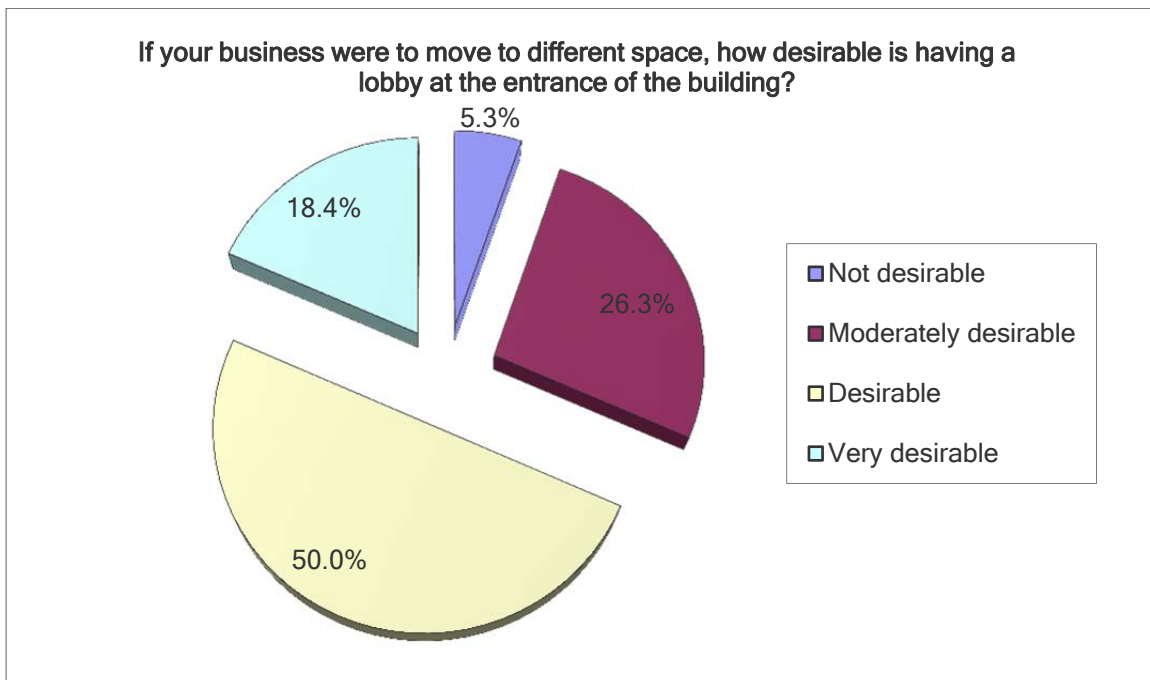
If additional security measures were in place, such as improved lighting and/or security patrols, would it then be acceptable to have office space MORE THAN one city block from employee parking?

Answer Options	Response Percent
Yes	27.3%
No	45.5%
Maybe	24.2%
I don't know	3.0%

Survey respondents indicated that parking located across the street (without a skywalk) from their office was acceptable. However, a larger share of the respondents indicated that this parking scenario was acceptable if at a discounted rate. There are more than 1,400 parking spaces in parking ramps and lots in the downtown that are available for rent. The City of Davenport has a discounted parking program in place for new tenants which includes a tiered rent program for the office tenants with rents reaching their full rate by year five.

Lobby Space

More than three-fourths of the survey respondents find lobby space at the entrance of the building as appealing. Only 5% of the respondents found lobby space unappealing.



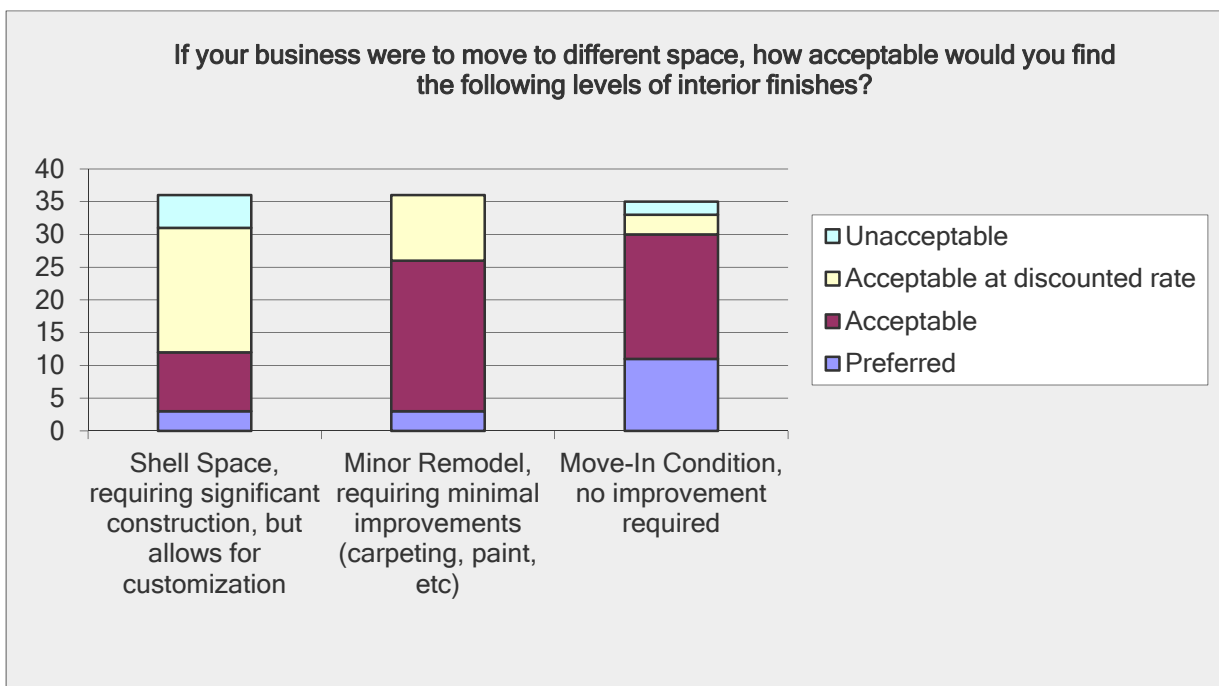
Of the respondents that indicated a lobby would be appealing, 8 out of 10 indicated that a receptionist/security area and seating area were somewhat to very important lobby amenities.

There is no downtown office space in Davenport that includes a building lobby with a receptionist/security area and seating area. Mississippi Plaza and the New Ventures building includes lobby space with minimal seating. Wells Fargo has a potential lobby space, but it is not used as a primary entrance and is not furnished.

Interior Finishes

When asked if their business were to move to a different space, how acceptable would they find the interior space when given various levels of condition, move-in condition space was the preferred and the most acceptable type of space.

Shell space requiring significant construction, but also allows for customization, was the least acceptable type of office space. However, slightly more than half of the respondents indicated that shell space would be acceptable at a discounted rate.



Seven out of ten respondents indicated that shell space was the least likely type of office space they would choose with the major reason being the high cost of improvements. We then asked this same group of respondents if they were more likely to lease shell space if they had a low interest loan, matching grant, and/or interior design assistance.

- Low Interest Loan – less than 10% of the respondents indicated that the availability of a low interest loan would make them more likely to lease shell space.
- Matching Grant – 35% of the respondents indicated that the availability of a matching grant up to \$5 per square foot would make them more likely to lease shell space and 50% of the respondents indicated that the matching grant may make them more likely to lease shell space.
- Interior Design Assistance – The responses to whether interior design assistance would increase the likelihood of renting shell space was evenly split; 32% yes; 32% no; 36% maybe. The group of respondents also included respondents who indicated they were least likely to choose shell space because they were too busy for this type of project.

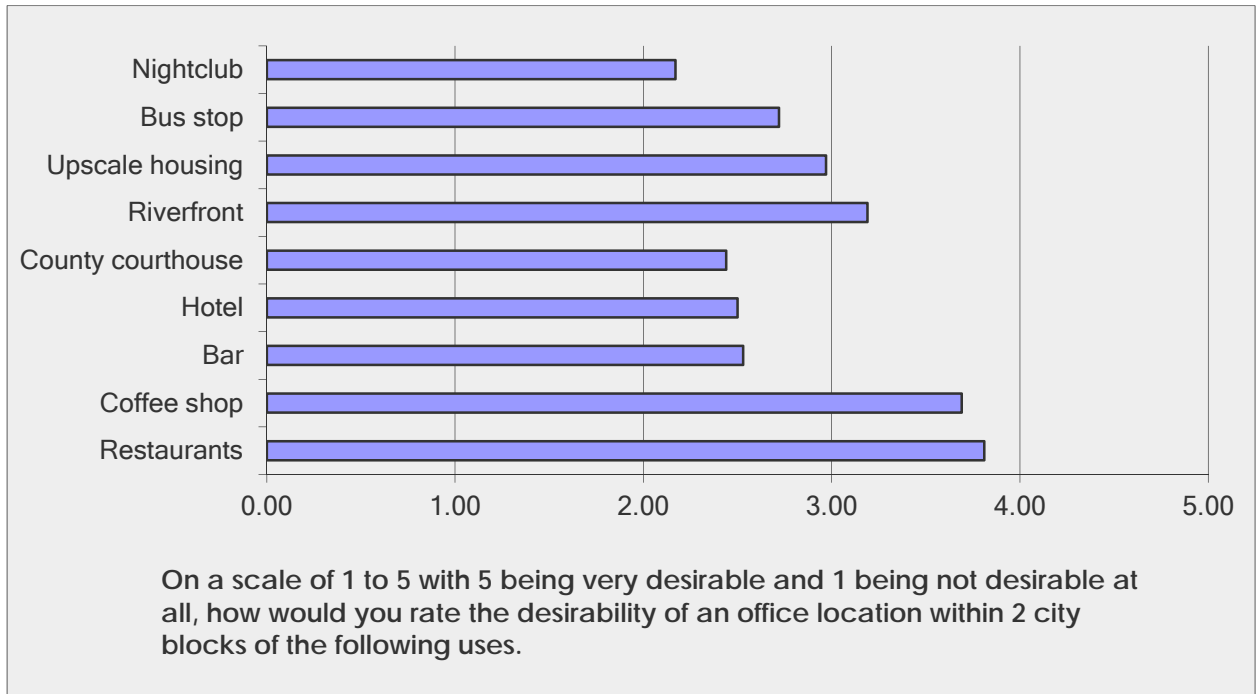
The largest share of available office space in the downtown area is considered shell space. While Tenant Improvement (TI) allowances of \$25 per square foot are the average in downtown for this type of space, average improvement costs in the region are \$30 to \$35 per square foot (source: Patrick Walsh, the region's contracting officer for the General Services Administration (GSA), Real Estate Acquisition Division). The GSA contracting officer noted that it was common practice for the developer to amortize these TI costs over a 5-year period at a rate of \$5 to \$6 per square foot. According to a local interior designer, the interior improvement costs for a recently redeveloped downtown building reached \$65 per square foot because it required new plumbing and HVAC system.

CAM Fees

More than half the respondents surveyed indicated that CAM fees were of little to moderate consideration when choosing space. Based on our review of CAM fees at available office space, downtown CAM fees are relatively comparable to CAM fees in suburban office projects.

Proximity of Office to other establishments

Office users indicated the top preferences for other types of establishments/amenities near their office space are restaurants, a coffee shop, and the riverfront.



C. Food and Beverage Establishments

Food and beverage establishments are key support components to any successful downtown. This issue was highlighted within the Office Preference Survey in which restaurants and coffee shops were noted as the top desired amenities.

These types of commercial uses were not part of the scope for the market analysis. However, given the role that food and beverage establishments play in the marketability of office and housing, a comparison of key characteristics of the Davenport, Moline, and Rock Island downtowns were included to provide a clearer assessment of the potential for additional food and beverage establishments in Downtown Davenport.

Comparison of Support Factors

Support for food and beverage establishments originates from downtown employees, residents, and visitors.

Downtown Davenport is 1.4 to 1.6 times larger than the downtown areas of Moline and Rockford, respectively. Nonetheless, Downtown Davenport has employment and population totals that exceed both downtown areas combined. Also, Davenport's downtown includes significantly more hotel rooms than either Quad City's downtown.

Downtown Community	Square Miles	Employment*	Population	Hotel Rooms
Davenport	0.43	8,822	1,387	351
Moline	0.30	4,166	474	202
Rock Island	0.27	4,359	703	175

*Includes public sector employment

While Moline's downtown includes the i Wireless Center and John Deere Commons, Downtown Davenport does relatively well in attracting visitors with the Quad Cities Event Center, including the RiverCenter, Adler Theater, Blackhawk Hotel, and Radisson Quad City Plaza. A recent event at the RiverCenter, the Iowa/Illinois Regional Auto Show drew 76,000 in attendance. Additionally, the Quad City River Bandits bring Davenport nearly 250,000 in annual attendance at Modern Woodmen Park.

The eventual loss of the riverboat casino in the downtown impacts the overall tourist industry. However, given how separated the casino is from the core downtown area and that most patrons of Rhythm City Casino also ate and drank at the facility, any impact on tourists from the closure of the casino will be minimal.

It is also important to note that Downtown Davenport is a more integrated mixed-use downtown than Moline and provides a more concentrated employment/resident base to support food and beverage establishments. For example Moline's newest office developments in the Riverfront District are separated from the core retail/restaurant area which is west of the Interstate 74 overpass, whereas in the core downtown area of Davenport, restaurants can be found within the same city block of major office buildings or no farther than two blocks.

According to a representative of the Quad Cities Convention and Visitors Bureau (QCCVB), annual events supported by the QCCVB bring nearly 150,000 visitors each year. Davenport hosts 11 of the 17 QCCVB-sponsored events, several of which are shared with the communities of Rock Island and Downtown Moline. A recent riverfront event in Davenport reportedly brought in approximately 20,000 people in attendance.

The high visitor volume in Downtown Davenport also provides the opportunity for suburban households and visitors to get familiar and comfortable with the downtown area thereby increasing the likelihood of them returning to the area for dining.

Based on the amount of employees, residents, and visitor activity, it appears that Downtown Davenport should, at a minimum, reach food and beverage sales levels comparable to the downtown areas of Moline and Rock Island.

Food & Beverage Sales

Downtown food & beverage sales in Davenport lag in sales compared to both Rock Island and Moline. Rock Island and Moline have food & beverage sales that are more than 1.5 times that of Davenport.

Downtown	Food & Beverage Sales (in millions)
Davenport, IA	\$7.2
Rock Island, IL	\$11.8
Moline, IL	\$11.6

Source: Esri, Incorporated

Given that Downtown Davenport has a larger base of residents, employees, and visitors (Moline's visitation is slightly higher), it appears that the downtown area can support additional food & beverage establishments.

The largest opportunity for additional food and beverage establishments is within the full-service restaurant category*. Full-service restaurants sales for the downtown areas of Moline and Rock Island were \$8.2 and \$8.1 million, respectively. The current estimated total annual sales for full-service restaurants in Downtown Davenport are \$3.5 million, well short of restaurant sales in the neighboring downtowns.

*Establishments primarily engaged in providing food services to patrons who order and are served while seated and pay after eating.

Grocery Store Potential

Prior plans for the city indicated that if the current YMCA at West 3rd Street and Gaines Street relocated, the site could be a future location for a grocery store in Davenport. While the traffic counts and visibility of the YMCA site are good for such a use, as pointed out in the planning report, it is unlikely that the market would support a grocery store.

The median size of a grocery store or supermarket is 44,094 square feet with median sales for the region of \$450.44 per square foot (source: ICSC, *Dollars & Cents of Shopping Centers*). The annual sales necessary to support a grocery store is approximately \$20 million.

The primary trade area for a grocery store at this site is limited by a variety of grocer options along Locust Street and Kimberly Road. Extending the trade area beyond a 5-minute drive would assume that shoppers would pass by other grocery stores, such as Greatest Grains, to shop at a downtown location. Total consumer spending on grocery store goods within a 5-minute drive-time of the YMCA site is \$16 million. Not only are consumer expenditures below the required amount to support a grocery store, it is not reasonable to expect any grocery store, in any market, to capture 100% of all expenditures.

Given the lower incomes in the immediate area, the most likely grocery store candidate for the YMCA would be a value-oriented grocer, however, Save-A-Lot and a few smaller independent grocers already serve the area.

It is unlikely that the downtown area can attract a national gourmet grocer, such as a Trader Joe's or Fresh Market. The most likely scenario to attract these grocers is to provide a site that is positioned between the eastern edge of the downtown area and the more affluent areas of Bettendorf.

A review of other downtown markets shows that most downtown residents travel outside of downtown for grocery goods. Des Moines, with downtown employment of approximately 70,000 and resident population of 6,000 has a gourmet grocer on the west periphery of their market near affluent West Des Moines.

The most likely market-supported opportunity for the YMCA site is a small scale convenience retail center visible to passersby with easy ingress and egress.

It is DDA's opinion that the best opportunity for grocery goods in the downtown is likely a boutique grocer located in an area of the downtown that is within walking distance of the highest concentration of employees, market-rate renters, and visitors. Strong consideration should be given to soliciting vendors at the Freight House Farmers Market to provide a small, but high quality variety of groceries. The Freight House Farmers Market is open year-round and popular with area residents reportedly attracting 10,000 to 13,000 patrons each week.



Freight House Farmer Market on West River Drive

IV. Planning Summary

A. Introduction

Over the last several decades, Davenport has made a commitment to the planning and design of its downtown core. The result of these planning efforts includes a walkable system of public streets and open spaces and a wide variety of successful development projects. Since 1999, influential planning efforts have included, but are not necessarily limited to the following:

- The Downtown Davenport Strategic Plan - 1999
- RiverVision – 2004
- Downtown Riverfront Workshop Summary – 2005
- Downtown Design Guidelines – 2007
- The City Livable Report – 2008
- Davenport in Motion – 10 Year Transportation Master Plan - 2009

The 1999 Strategic Plan created the roadmap for the revitalization of the Downtown establishing the following 11 priorities:

1. Create a Museum of Art
2. Construct additional parking ramps
3. Improve the streetscape along 2nd Street & Main Street
4. Make River Drive more pedestrian-friendly
5. Attract new office tenants for major office development
6. Focus on initiatives to retain/recruit specialty retail and small businesses
7. Establish Palmer Chiropractic Museum in Redstone
8. Develop RiverCenter plaza area along 2nd Street and south along Perry
9. Adopt and implement comprehensive downtown design guidelines
10. Continue riverfront development
11. Designate one organization to oversee strategic plan implementation and coordinate activities of other related organizations

In 2000, The City of Davenport partnered with private investors and the State of Iowa to launch River Renaissance. This venture was focused on implementing several significant projects that would provide economic, cultural, educational and recreational benefits. The resulting projects were The Figge Art Museum, SkyBridge, RiverCenter Adler Theatre, The River Music Experience, New Ventures Center and two public parking structures. These projects, in combination with several other ongoing efforts have allowed the City to achieve most of the priorities established in the 1999 Strategic Plan.



River Music Experience (RME)

Most of the priorities outlined in the 1999 Strategic Plan have been fully met. Looking forward the downtown must now build off of these initial steps/amenities to attract more businesses, office and retail-oriented development. The success of these market sectors is dependent on a synergy between downtown housing, daytime office users, and retailers that can meet their needs. While the downtown has experienced growth in all of these sectors, the full potential of a vibrant downtown neighborhood has not yet been realized. In addition, the Riverfront is still evolving as a tremendous recreational resource. The recent announcement of the relocation of the casino away from the river provides a new opportunity to enhance the riverfront for environmental, cultural, and economic purposes.

The recommendations of this document seek to build upon the solid foundation of planning and revitalization that has occurred over the past decade. The following recommendations represent a synthesis of previous planning efforts with market demands and development opportunities. These recommendations will provide guidance to the creation of a new decade of projects that will have a meaningful impact on downtown life.

B. Guidelines

While major projects have a significant impact on the downtown, the incremental impact of ongoing private and public investment is equally important. Quality planning, design guidelines, and review have clearly served the downtown well over the past decade and should continue.

The 2007 Downtown Design Guidelines is a comprehensive reference document that provides direction for the development, enhancement, and preservation of private properties and the public realm throughout the downtown. We do not believe this document requires any significant additions/revisions.



Public streetscape beautification promotes walkability



Dillon Fountain enhances “sense of place”

As the current Strategic Action Plan considers today’s challenges and near term opportunities, we recommend further emphasis on the following planning and design principles. While these topics are addressed in some form by the 2007 Downtown Design Guidelines, additional emphasis on these issues will provide meaningful impact on the vitality of downtown.

Transitional Locations and Uses

Special focus should be given to projects that represent a transition from a vibrant area to one of minimal investment. Successful redevelopment of a “transition” property offers the best opportunity in redeveloping more challenged areas of the downtown. The Capitol Theater is prime example of a “transition” property that when opened and successfully hosting shows/events, will help revitalize the West Third Historic Street District.



Ground Floor Uses

Ground floor uses that promote walkability such as retail, restaurants, residential common areas (fitness center), and other market-supported high-traffic uses can improve the walkability in a corridor and strengthen other nearby operators. Efforts should be taken in all redevelopment proposals to energize these ground floor spaces.

Retail and Restaurants

Retail and restaurant uses should be encouraged for the most visible sites with adequate frontage and in the highest traffic areas. The Downtown Central 2 opportunity site mentioned in *Opportunity Sites*, at the intersection of 2nd Street and Main Street, is a good example of a visible site that represents a desirable redevelopment opportunity for retail or restaurant use.

Retail Signage

Design creativity should continue to be encouraged for signage, especially with less visible retail/restaurants/entertainment establishments. For example, The Blackhawk Bowl and Martini Lounge is an unknown venue to many visitors due to the lack of prominent, creative signage. A well placed pin and bowling ball projecting sign would help this entertainment venue and enhance branding of the area as an entertainment district.

Conversion of One-Way to Two-Way Streets

The planned conversion of 3rd and 4th Streets from one-way movement to two-way movement is a positive step for downtown. Two-way traffic along these corridors will calm traffic, simplify wayfinding, and create more visibility for retailers. Additional recommendations for downtown public streets made by the *Davenport in Motion* study should continue to be planning priorities. These include recommendations for additional on-street parking, traffic calming, and accommodations for bikers and pedestrians.

Streetscape Improvements

Significant functional and aesthetic improvements have been made to the downtown streetscapes over the past decade. “Cobra-head” style light fixtures have been incrementally replaced with energy efficient decorative fixtures with roadway quality illumination along many of the public streets. In addition, flower baskets attached to the decorative light poles have added seasonal color and visual interest to the streetscapes. These streetscape improvements should continue to be a priority and should be implemented throughout downtown as funds become available.

C. The Riverfront

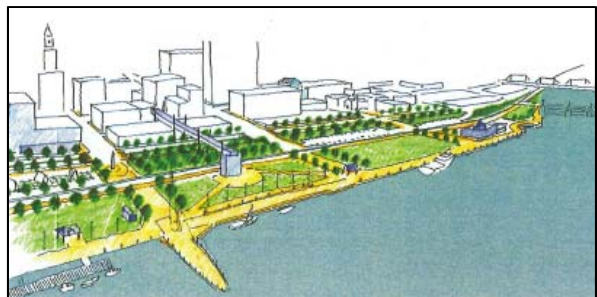
The Riverfront is the “front yard” of Downtown Davenport and should continue to be the focus of downtown recreation and culture. Significant improvements over the last couple of decades make this greenbelt a regional resource – not just a downtown amenity. While the open space system is well connected in the east/west direction, the downtown should continue to be focused on north/south connections to this destination. Streetscape improvement projects, including the recent improvements to River Drive, are enhancing these connections, but more improvements will be necessary.



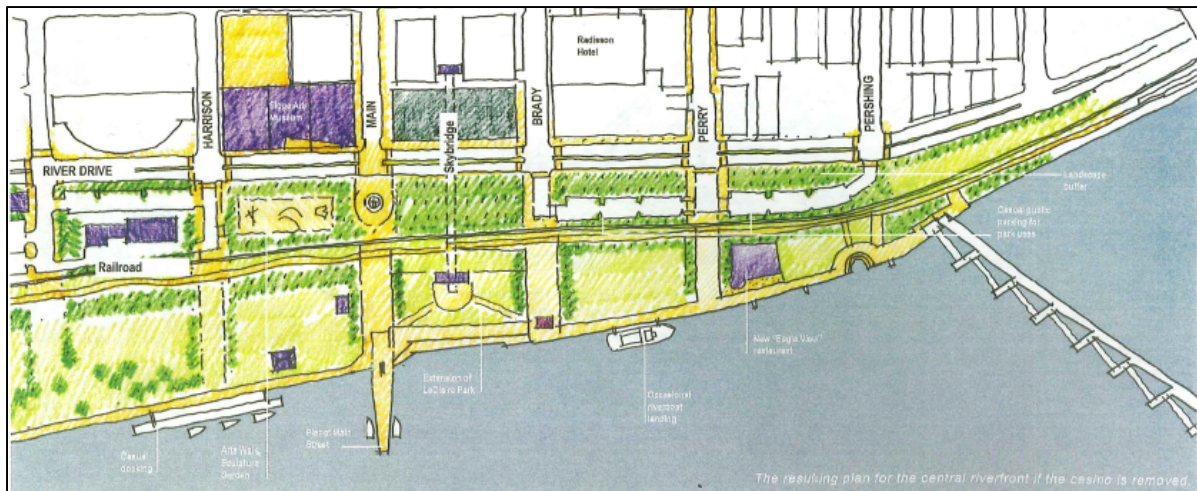
The 2005 Downtown Riverfront Workshop (which built upon principles of the 2004 RiverVision Plan) established several themes for future improvements including:

- reduce surface parking
- improve continuity of the public promenade
- accommodate recreational boating
- improve image of existing casino
- more family activities within park (cafes & concessions)
- minimize uses that require flood protection
- keep casino in city (casino location alternatives including hotel and garage were also discussed)

While some may feel that the relocation of the casino will have a negative impact on the riverfront, its removal actually opens up new opportunities to accomplish the themes discussed above.



The Workshop Summary illustrates the potential for new park improvements including a significant pier, additional recreational boating opportunities, and additional family activities within the park.



This improvement project would provide additional social and recreational opportunities while also providing economic returns from increased tourism as well as concession/vendor sales.

The removal of surface parking along the Riverfront will require further study as the park plans are refined. While the concept of “greening” the riverfront through the removal of unnecessary surface parking lots should remain a planning principle, a reasonable amount of parking spaces should remain to support future activities.

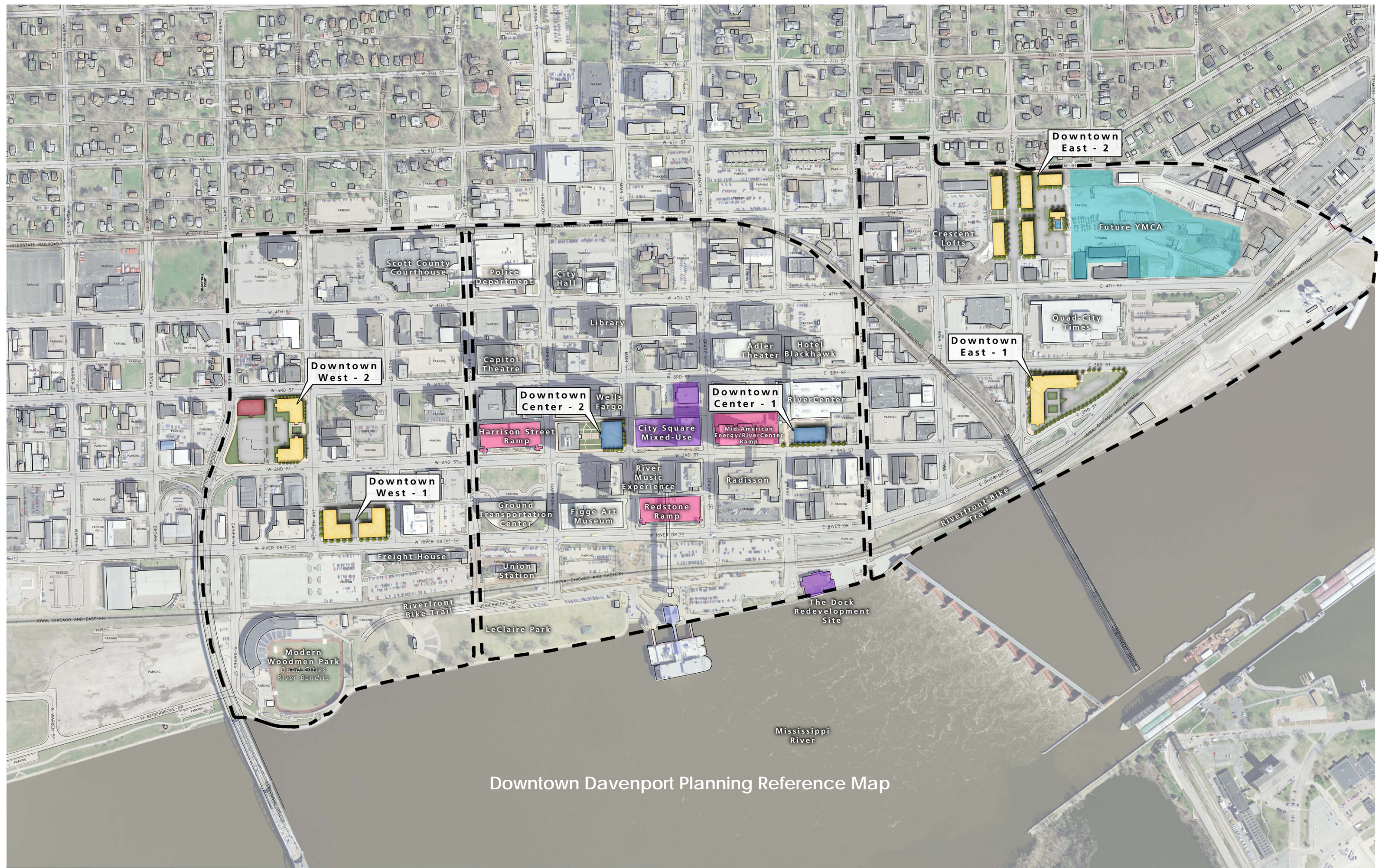


Further studies should consider the availability of on-street parking and parking ramps for large events, including evening and weekend activities.

In the near term, selective removal of some surface parking should be considered to enhance north/south connectivity to the riverfront including the future Dock redevelopment project.

D. Downtown Districts

Previous planning efforts have studied the downtown as a single district, as multiple sub-districts, and as individual streets and parcels. Based on the status of existing development opportunities in the downtown, this plan has been organized as three separate geographic districts – ***Downtown West, Downtown Central, and Downtown East***. Clearly, the continued development of the public realm, including walkable public streets and open spaces, is critical to maintaining and enhancing the linkages between these districts.



Downtown Davenport Planning Reference Map

1. Downtown West

The area west of the downtown core is generally bordered by the Centennial Bridge and Gaines Street on the west, the railroad tracks to the north, Ripley Street to the East, and the Mississippi River to the south. This area is less densely developed than the downtown core, and includes numerous surface parking lots and building heights that range from one to four stories with some exceptions. The county government complex is a destination on the north end with The Freight House, Modern Woodmen Park, and LeClaire Park providing destinations on the south end. As discussed in the Market Conditions section of this report, much of the housing in this district is low-rent, low-quality housing with a large number of subsidized units in two senior rental-assisted high-rise properties.



The county government complex is a destination on the north end with The Freight House, Modern Woodmen Park, and LeClaire Park providing destinations on the south end. As discussed in the Market Conditions section of this report, much of the housing in this district is low-rent, low-quality housing with a large number of subsidized units in two senior rental-assisted high-rise properties.

a) Summary of Previous Planning Recommendations

Previous recommendations for this district have been largely focused on potential development opportunities along River Drive that would capitalize on the proximity to the River, LeClaire Park, Modern Woodmen Park, and the Freight House. For example, the 2004 RiverVision Plan included this area in a



redemption zone that called for "Immediate focus for higher density, market rate residential and mixed-use commercial".

The 2008 City Livable Report was more site-specific and identified an additional parking structure along the north side of West River Drive that would help support additional development south of West River Drive that would include the existing Freight House, additional housing, and a relocated YMCA. The Report emphasized the potential of development associated with the ballpark. It states, "The ballpark is also an untapped real estate goldmine, as many people would be willing to pay top dollar for condos with baseball views, not to mention river views."



We support the notion that this part of downtown has significant redevelopment potential based on the ballpark, the river, and the Freight House. However, the current parking supply in downtown far outweighs the demand and the need for another structure could not be justified without a very large new development project. In today's market, a smaller, yet catalytic, up-scale project could be developed with parking provided by a ground level parking deck with residential units above (see Downtown West 1 below).

The City Livable Report also identified the YMCA site along Gaines Street as an opportunity for a medium size grocery store (see image on the right). While we recognize that this highly visible gateway location provides an attractive commercial opportunity, the market at present would not support a full-service grocer. However, a smaller boutique grocer may be feasible within the central core of downtown as it could be supported by daytime office workers, visitors, and residents. A more likely development scenario for the YMCA site would include housing with some limited convenience commercial uses (see Downtown West 2 below).



Recent activity in Downtown West has included the Riverwalk Lofts - the renovation of an existing building along West River Drive as an affordable housing project. In addition, the recent announcement of the YMCA relocating from its current location to a site in Downtown East has made this site a more realistic near term redevelopment possibility.



Riverwalk Lofts

b) Redevelopment Recommendations and Neighborhood Benefits

While many long-term redevelopment opportunities exist within the district, we have identified two sites considered most likely to have a near term impact based on their size, current ownership, and location. Development scenarios for both of these sites are presented below.

Downtown West 1 Development Scenario:

Location: The first site, referred to as Downtown West 1, is the city-owned parking lot along West River Drive between Western Avenue and Scott Street.

Type: 75-unit upscale market rate rental in three floors above a ground level parking deck and commercial/amenities area. Mix of one- and two-bedroom units.

Parking: Single-story parking deck at ground level providing 87 parking spaces for residents. The parking level also provides an adequate elevation for living units above flood elevations. 10 additional on-street spaces provided along Western Avenue and Scott Street for a total of 97 spaces (1.3 space-to-unit ratio).

Design: Housing to face Western Avenue, West River Drive, and Scott Street and define an internal landscaped courtyard. Courtyard will be placed on roof of parking deck. Ground level parking façade should be well articulated to enliven the streetscape along Western and Scott Street. Welcoming and transparent elevator lobbies should be located at the building corners. Approximately 6,000 square feet of commercial and or clubhouse/fitness area will be available on the ground level along the West River Drive frontage.



Downtown West 1 Building Elevation Model

This development scenario would provide the following neighborhood benefits.

- Provide above market-rate housing options to the west side of downtown.
- Provide additional housing units to increase support for downtown retailers including the Freight House.
- Improve the quality and the walkability of the West River Drive streetscape by providing housing and limited commercial activity at the street.

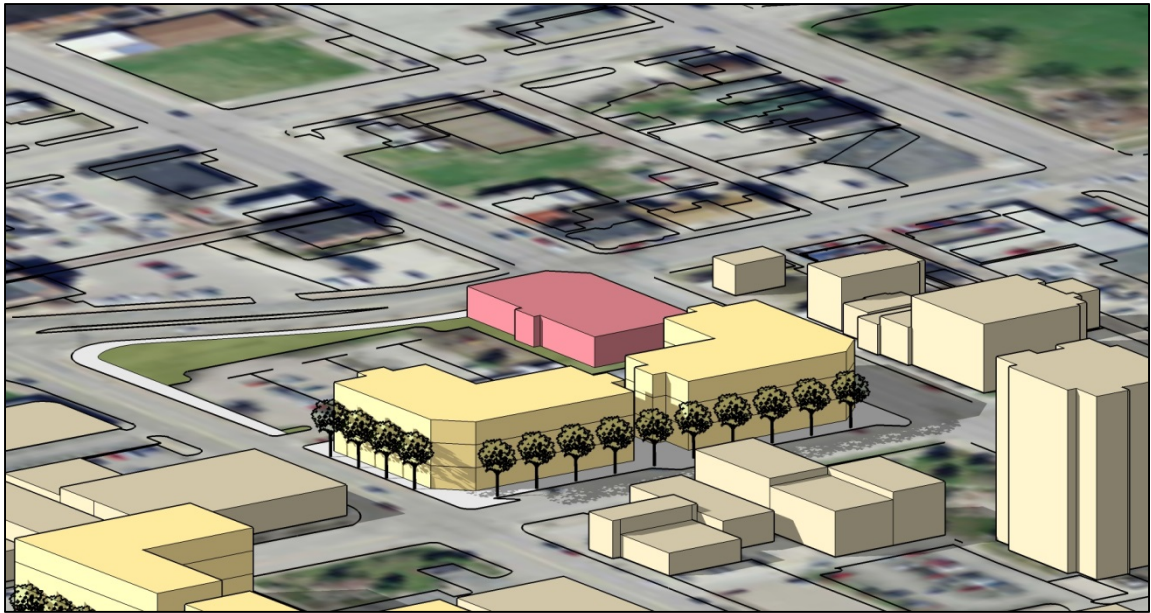
Downtown West 2 Development Scenario:

Location: Downtown West 2, is the YMCA site bound by Gaines Street, W. 2nd Street, Western Avenue, and W. 3rd Street. The YMCA is planning to move to a site in the Downtown East neighborhood (See Downtown East 2 recommendations) which creates a redevelopment opportunity at this highly visible gateway location.

Type: 90-unit mixed income rental in three floors. Mix of one and two-bedroom units.

Parking: Surface parking and on-street parking (along Western Avenue) providing approximately 104 parking spaces for residents (1.16 space-to-unit ratio).

Design: Housing to be placed along Western Avenue to create a residential streetscape with existing angled parking. Buildings should also address the W. 2nd Street and W. 3rd Street frontage and create strong architectural statements at the corners. An alternative that places a building in the southwest corner of the site could also be considered as long as it establishes appropriate gateway architecture and compliments the existing plaza/gateway treatment.

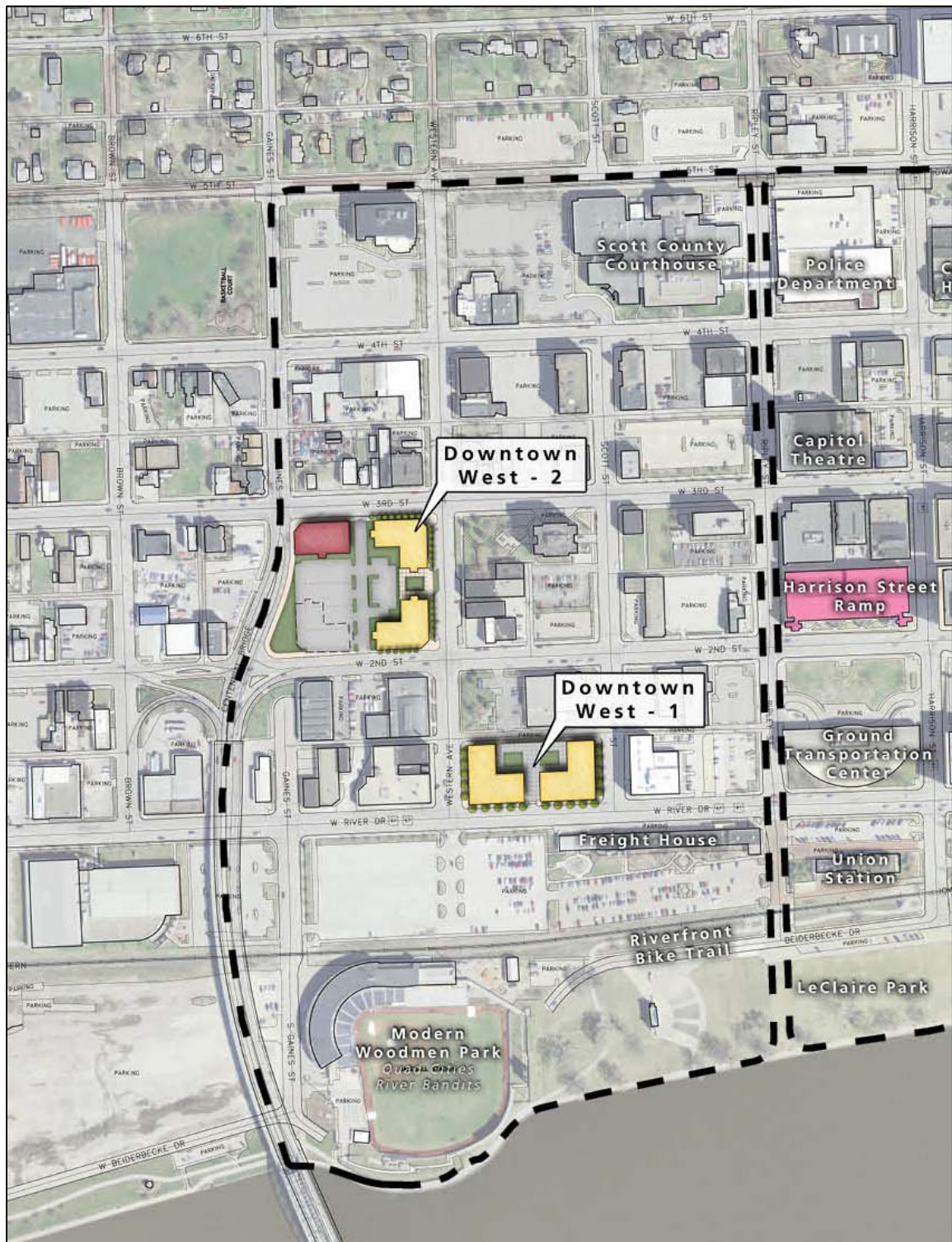


Downtown West 2 Building Elevation Model

This development scenario would provide the following neighborhood benefits.

- Serve as a gateway project that could be the catalyst for redevelopment in the area.
- Provide the area with sorely needed quality housing.
- Reintroduce market-rate rent levels in a low-rent area.
- Provide additional housing units to increase support for downtown retailers and potentially attract new retailers.
- Improve the quality and the walkability of the adjacent public streetscapes by providing housing at the street.

Opportunity Site Map - Downtown West



2. Downtown Central

The central core of downtown is bordered by Ripley Street to the west, the railroad tracks to the north, Pershing Avenue to the east, and the Mississippi River to the south. This area is densely developed and includes a mix of office, retail, entertainment, hospitality, residential and structured parking. Destinations along 2nd and 3rd Street in the central core include the Figge Art Museum, The RiverCenter Convention Facility, The River Music Experience, The Adler Theater, The Historic Blackhawk, Radisson Quad City Plaza and a large-scale mixed-use development, City Square. The Davenport Library and City Hall can be found on 4th Street in this area of downtown as well.



As discussed in the Market Conditions section of this report, a large percentage of the housing in this area is considered market rate. Many of these units are found in renovated buildings with a relatively low number of units. The majority of the office properties are older buildings with limited amenities and/or floor plan flexibility. Three parking structures are located within the district, each having a significant number of parking spaces available. Both of the downtown's major hotels, the historic Hotel Blackhawk and the Radisson Hotel are located in the district.



The historic Blackhawk Hotel



Radisson Quad City Plaza

Recent activity in Downtown Central has included a proposed redevelopment plan for the Putnam-Parker Block referred to as “City Square”. This mixed-use project will contribute significantly to the downtown with addition retail, restaurants, office space and a hotel. It will also provide an adaptive re-use for historically significant structures in the heart of the downtown. The central location of City Square at the intersection of Main Street and East 2nd Street is also significant as it will provide additional vitality to this critical urban block.



City Square rendering, Restoration St. Louis

The RiverCenter serves as the anchor of the Quad Cities Event Center which includes the Adler Theatre, the Hotel Blackhawk, the Radisson Quad City Plaza, and Restoration St. Louis’ planned mixed-use development, City Square. As the primary exhibition space, The RiverCenter must be competitive with other conference and convention facilities in the region. Some recent studies have indicated that the facility may require \$6 million of upgrades to remain competitive in the marketplace. A strategy for implementing these improvements and a plan for ongoing maintenance and enhancements should be a near term priority for the City.



RiverCenter

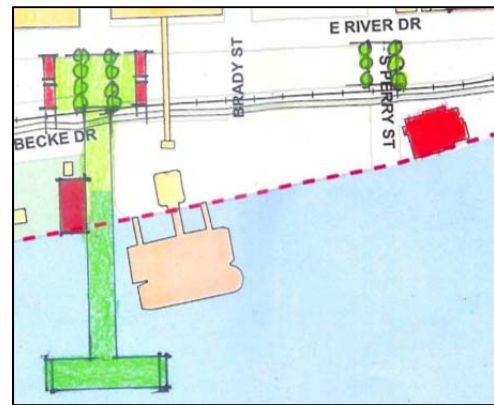
According to Rick Palmer, Executive Director of the RiverCenter/Adler Theatre, additional hotel rooms will allow the Quad Cities Event Center to bid on more and larger conferences. Recently there were 2 to 3 conferences that were not bid for because the downtown did not meet the required threshold number of hotel rooms. The addition of hotel rooms at City Square will accommodate this need.

In addition, several other buildings are either being planned for re-use or are currently being renovated. Many of these are older commercial buildings that are being renovated for market-rate residential units. One local treasure, the Capitol Theatre at the northeast corner of Ripley Street and West 3rd Street represents a significant and unique re-use opportunity. The theater closed in 2010.

a) Summary of Previous Planning Recommendations

Previous recommendations for this district have been largely focused on public realm improvements. These plans have led to significant streetscape improvements over the years. Recent plans for the conversion of one-way corridors to two-way will further enhance walkability, simplify wayfinding, and help access and visibility for retailers. In addition, improvements to accommodate other modes of transportation (e.g. biking) will also create a more vibrant and livable downtown.

The City Livable Report focused on several improvement areas in this district including the “greening” of the Figge Plaza, the mitigation of the riverfront surface parking lots, and the future infill of surface parking lots with new development. The City Livable Report, along with the RiverVision Plan, discussed the potential of a pier at the end of Main Street as a major attraction on the river. This opportunity should have renewed emphasis given the future relocation of the casino. We support those previous recommendations, with a focus on two near term opportunity sites that could have lasting benefit on the social and economic sustainability of the downtown.



b) Redevelopment Recommendations and Neighborhood Benefits

While many long-term redevelopment opportunities exist within the central core of downtown, based on their size, current ownership, and location we have identified two primary opportunity sites that provide significant near term development potential. These two sites represent opportunities for significant “Class A” office uses in the downtown core with existing parking available in adjacent parking structures. These development scenarios would create a major increase in the daytime population which would consequently benefit the retail sector. The following scenarios represent near term development scenarios for both of these opportunity sites.

Downtown Central 1 Development Scenario:

Location: Downtown Central 1 is the city-owned green space along East 2nd Street at the RiverCenter.

Type: 81,600 sf mixed-use building in 6 floors. Predominantly class A office users with retail at ground level.



Green space along E. 2nd Street in front of RiverCenter

Parking: Tenant parking may be provided in the adjacent RiverCenter Ramp although careful coordination would need to occur with RiverCenter events. Additional capacity is available in the Redstone Ramp. 71,600 sf of office use would require 286 spaces at a parking ratio of 1 space per 250 sf.

Design: Building to be placed along the E. 2nd Street right-of-way and should frame the entry plaza to the RiverCenter. Pedestrian space along north side should be maintained allowing day lighting for office users. Off-street loading and service should be located at the east end of the building. Ground level uses should include a generous lobby for office users along with 8,000 to 10,000 sf of retail space.



Downtown Central 1 Building Elevation Model

This development scenario would provide the following neighborhood benefits.

- Provide additional daytime office users to support downtown businesses and catalyze additional redevelopment opportunities on the east side of downtown.
- Provide additional retail/restaurants at the ground level providing convenience for office users and downtown residents.
- Improve the vibrancy and the walkability of East 2nd Street by providing office users and retailers at this prominent location.
- Increased hotel demand provided by increased office population.

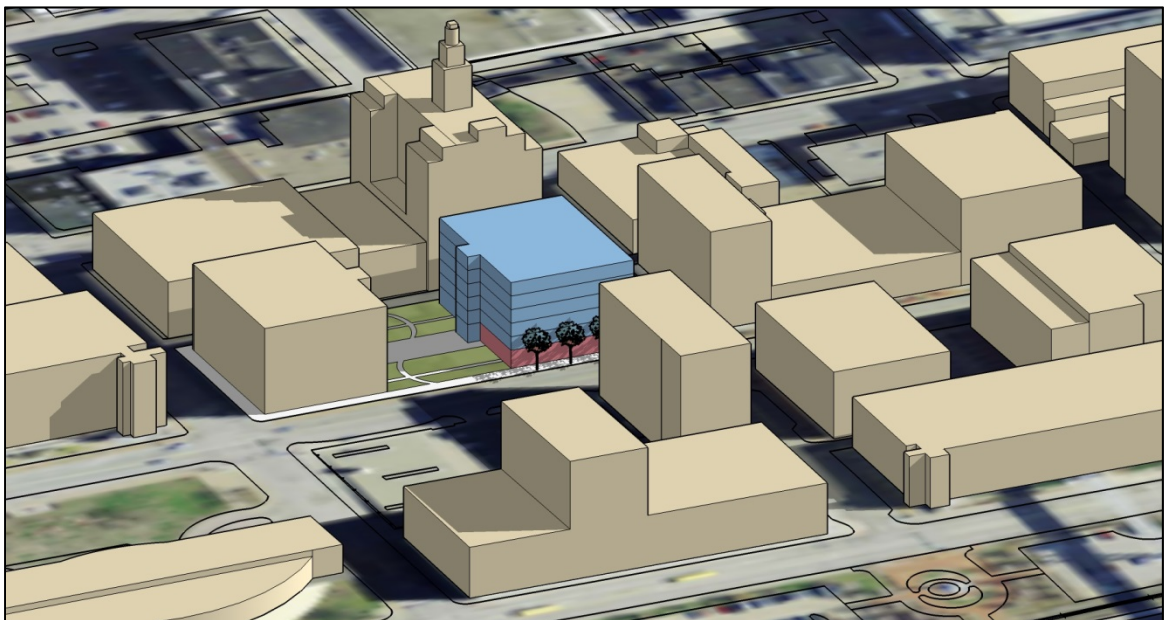
Downtown Central 2 Development Scenario:

Location: Downtown Central 2 is the existing surface parking lot at the northwest corner of Main Street and West 2nd Street.

Type: 99,000 sf mixed-use building in 6 floors. Predominantly class A office users with retail at ground level.

Parking: Office user parking provided in the Harrison Street Ramp and Redstone Ramp. Currently 196 spaces are available in the Harrison Street Ramp and 255 spaces available in the Redstone Ramp. 88,000 sf of office use would require 352 spaces at a parking ratio of 1 space per 250 sf.

Design: Building to be placed along the W. 2nd Street and Main Street rights-of-way and should frame the plaza to the west. Off-street loading and service should be provided from the alley to the north. Ground level uses should include a generous lobby for office users along with 10,000 to 12,000 sf of retail space.

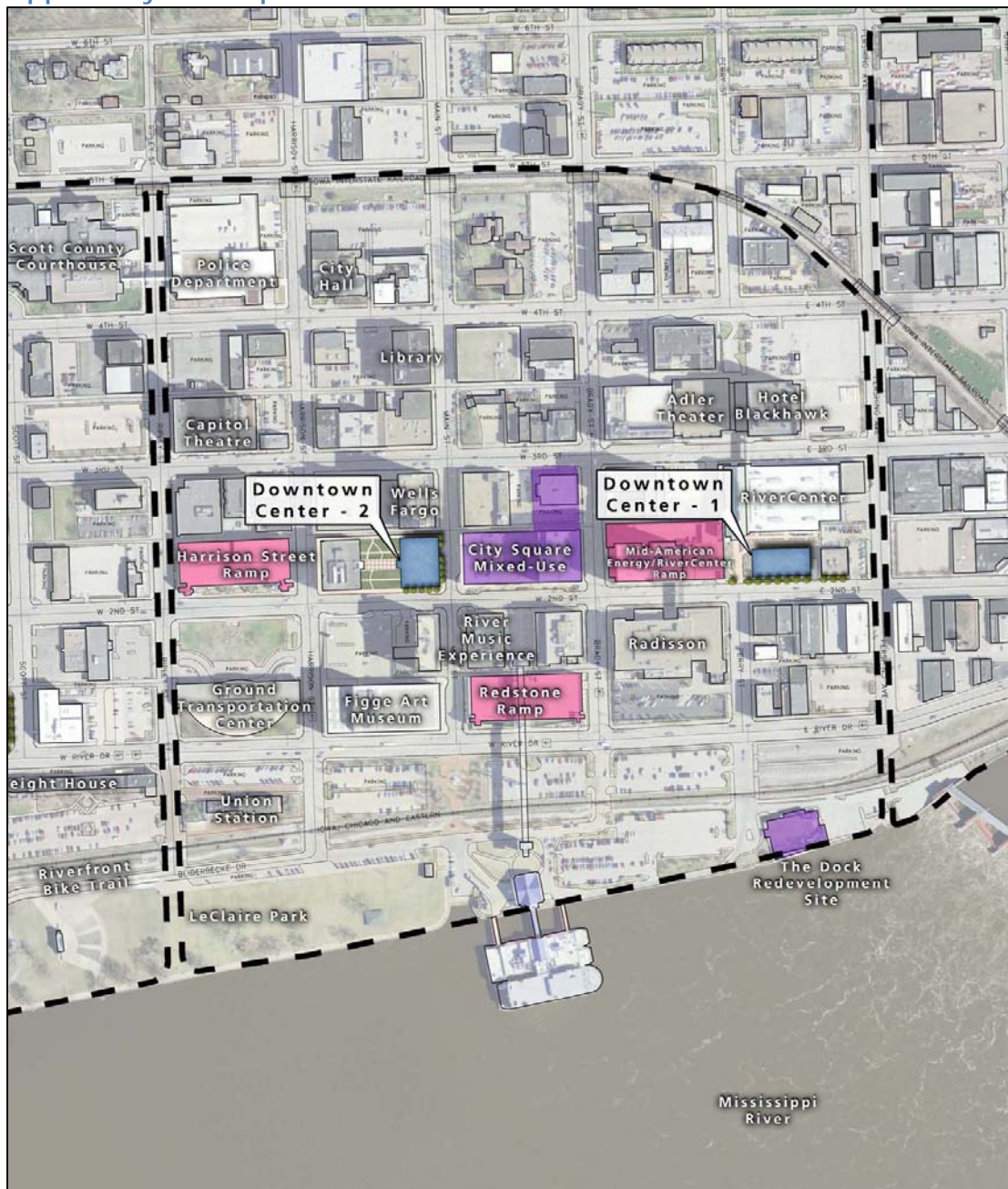


Downtown Central 2 Building Elevation Model

Like the Downtown Central 1 site, this development scenario would provide many of the same benefits including:

- Provide additional daytime office users to support downtown businesses and catalyze additional redevelopment opportunities in downtown.
- Provide additional retail/restaurants at the ground level providing convenience for office users and downtown residents.
- Improve the vibrancy and the walkability of this important intersection in the heart of downtown.
- Increased hotel demand provided by increased office population.

Opportunity Site Map - Downtown Central



3. Downtown East

The area east of the central core of downtown is bordered by Pershing Avenue to the west, Federal Street to the north, East River Drive to the east, and the Mississippi River to the south. This area is less densely developed than the downtown core and includes a variety of warehouse and industrial buildings and surface parking lots. The Quad City Times is the major employer in this part of the downtown. Several warehouse buildings have recently been renovated as loft style rental housing in the area of Iowa Street and East 5th Street.

a) Summary of Previous Planning Recommendations

Previous planning efforts have been less focused on this district which is predominantly “on the other side of the tracks” from the downtown core. The City Livable Report identified part of this area, known locally as the “WG Block” as an area that “must have traditional urban organization of small blocks and streets”. It also stated that “given the site’s remote location, it is considered a lower-priority development zone than any other site in this study”.



The City Livable Report also identified the area on the west side of the tracks north of East River Drive as the “Eastern Anchor”. It recommended the redevelopment of empty or undervalued properties in this area as mid-rise, upscale housing with structured parking that would take advantage of the unique river, bridge, and lock/dam views.

Recent activities in this district have created two opportunity sites that can build upon the basic concepts of the City Livable Report. The announcement of the relocation of the YMCA to the WG Block provides a catalyst for this neighborhood and it quickly creates a “high priority” opportunity in comparison to the “low priority” that this area was considered just five years ago. In addition, the vacant Howard Johnson’s Hotel site at LeClaire Street and East 3rd Street provides a near term opportunity to accomplish some of what was envisioned by the City Livable Report at the “Eastern Anchor”. The Eastern Anchor area will likely be slower to redevelop based on more complex property ownership.

b) Redevelopment Recommendations and Neighborhood Benefits

The eastern end of the downtown offers several long-term redevelopment opportunities. Through this analysis, and based on current market conditions, site size, location and ownership structure, we have identified two primary opportunity sites that provide near term development potential. Development scenarios for both of these sites are presented below.



Former Howard Johnson's Hotel

Downtown East 1 Development Scenario:

Location: Downtown East 1 is the vacant Howard Johnson's Hotel site at LeClaire Street and East 3rd Street.

Type: 96-unit upscale market rate rental in four floors above a ground level parking deck and lobby/amenity area. Mix of one and two-bedroom units.

Parking: Single-story parking deck at ground level providing approximately 55 covered parking spaces along with an additional 51 off-street surface parking spaces. 19 additional on-street spaces provide a total of 125 spaces for residents (1.3 space-to-unit ratio).

Design: Housing to be placed along LeClaire Street and E. 3rd Street right-of-way with "city view" and "river view" units. L-shaped building defines an amenity terrace on the roof of the parking deck.

Ground level parking façade along LeClaire Street should be well articulated to enliven the streetscape. A welcoming and transparent elevator lobby should be located at the building corner (i.e. the intersection of LeClaire Street and E. 3rd Street). The amenity area along E. 3rd Street should be transparent and treated as a commercial storefront.

NOTE: Access to the site is compromised from backup of storm sewer system at Flood Stage 22. New construction would require a 1' elevation (free board). For additional information contact the Davenport Floodplain Management's local FEMA manager, Wayne Willy at (563) 326-6172.

Downtown East 1 Building Elevation Model



This development scenario would provide the following neighborhood benefits.

- Serve as an eastern gateway project that could be the catalyst for redevelopment in the area.
- Provide the area with upscale housing taking advantage of this unique riverfront site.
- Provide additional housing units to increase support for downtown retailers and potentially attract new retailers.
- Improve the quality and the walkability of the adjacent public streetscapes by providing a building at the street with active use areas along the East 3rd Street frontage.

Downtown East 2 Development Scenario:

Location: Downtown East 2 is located at the west end of the WG Block. This site represents an opportunity to create a residential transition from the warehouse loft units to the west to the YMCA and the single family neighborhoods to the east and north.

Type: 100-unit market rate rental in three floors. Mix of one-, two-, and three-bedroom units. Unit type may include a mix of townhomes and flats.

Parking: Off-street surface parking and on-street parking along a re-established LeClaire Street provides a total of 150 spaces for residents (1.5 space-to-unit ratio).

Design: Housing to be placed along LeClaire Street and Federal Street. Angled parking in conjunction with a limited building setback should define a traditional and walkable streetscape along LeClaire Street. Additional surface parking should be primarily screened from major streets by placing it behind the buildings. A clubhouse/amenity area should also be provided. Note: The design of the future YMCA site is currently in the early conceptual stages. All stakeholders should work together to create a development plan for the WG Block that meets the desired building programs and establishes safe vehicular and pedestrian circulation systems in a traditional urban development pattern.

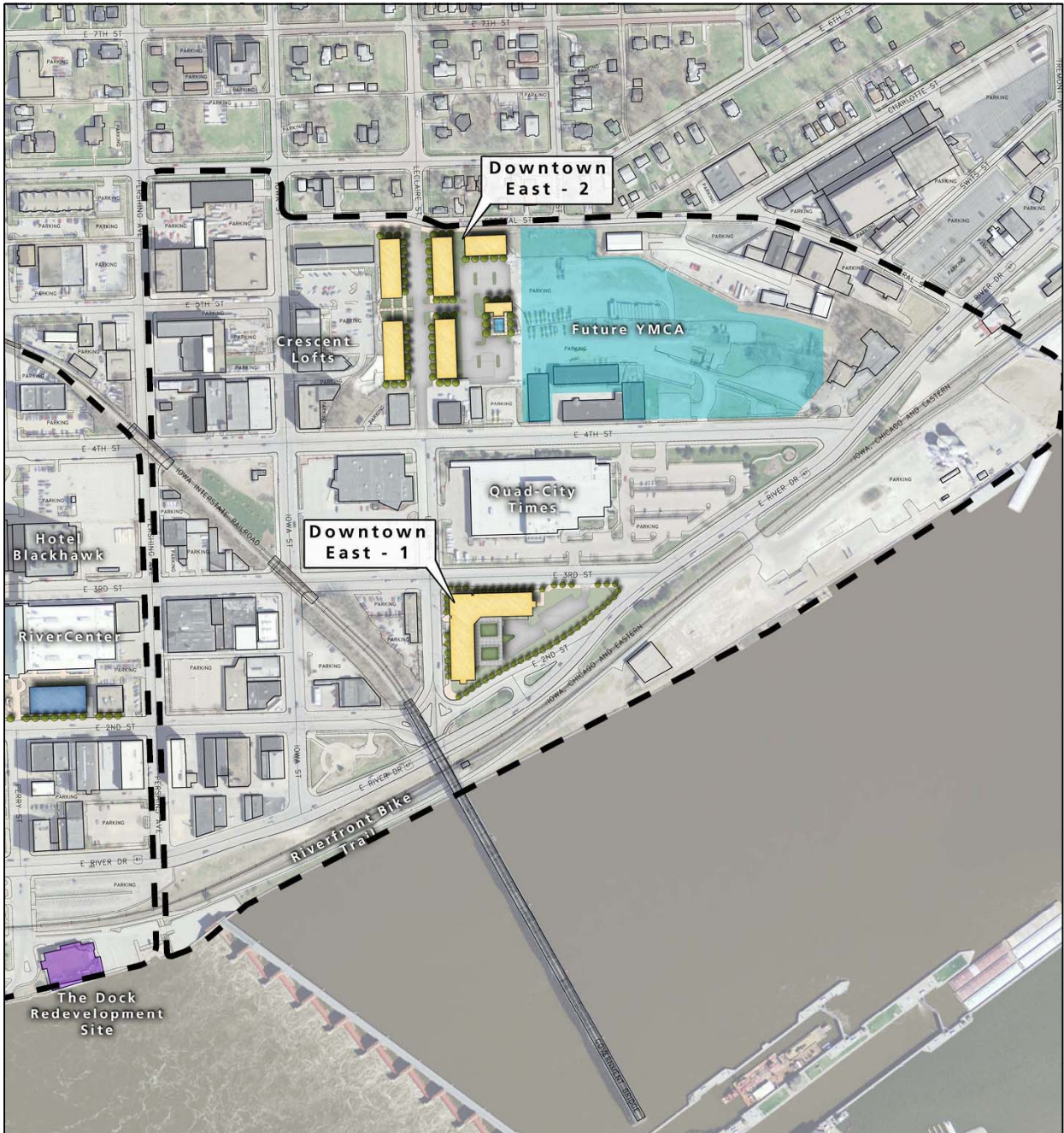


Downtown East 2 Building Elevation Model

This development scenario would provide the following neighborhood benefits.

- Provide the area with more market-rate rental housing and provide a better balance of housing choices.
- Provide additional housing units to increase support for downtown retailers and potentially attract new retailers.
- Reestablish part of the street grid by extending LeClaire Street as a walkable urban streetscape from East 4th Street to Federal Street.
- Improve the quality and the walkability of Federal Street by providing housing at the street.

Opportunity Site Map - Downtown East

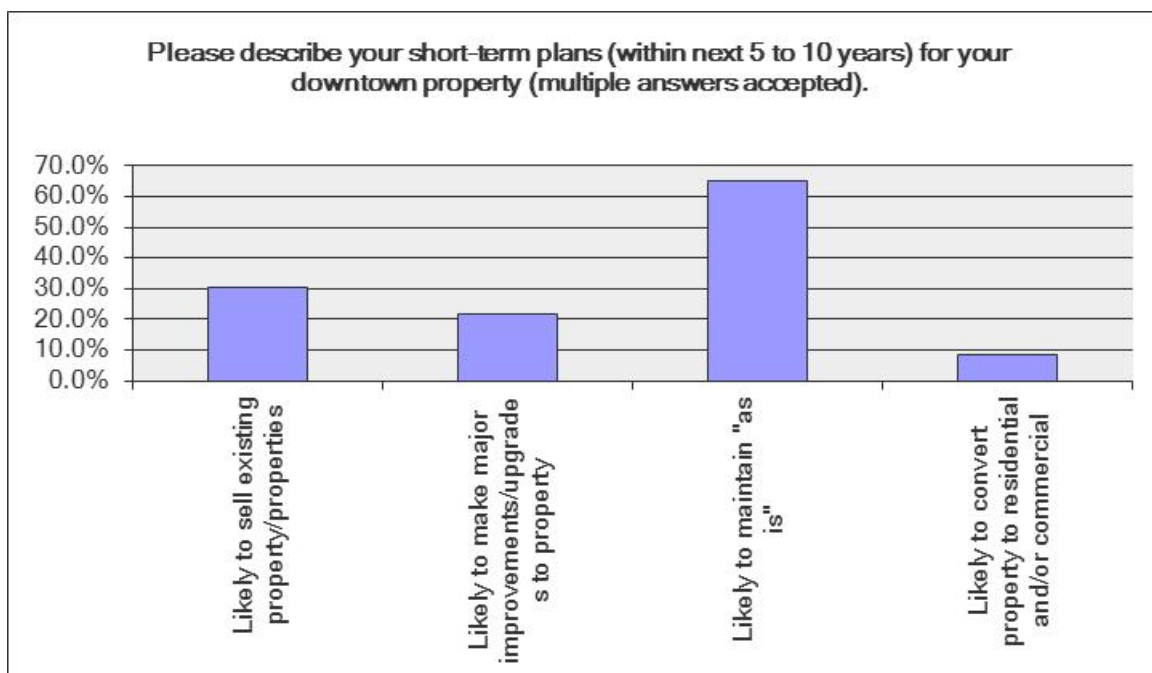


V. Financial Analysis

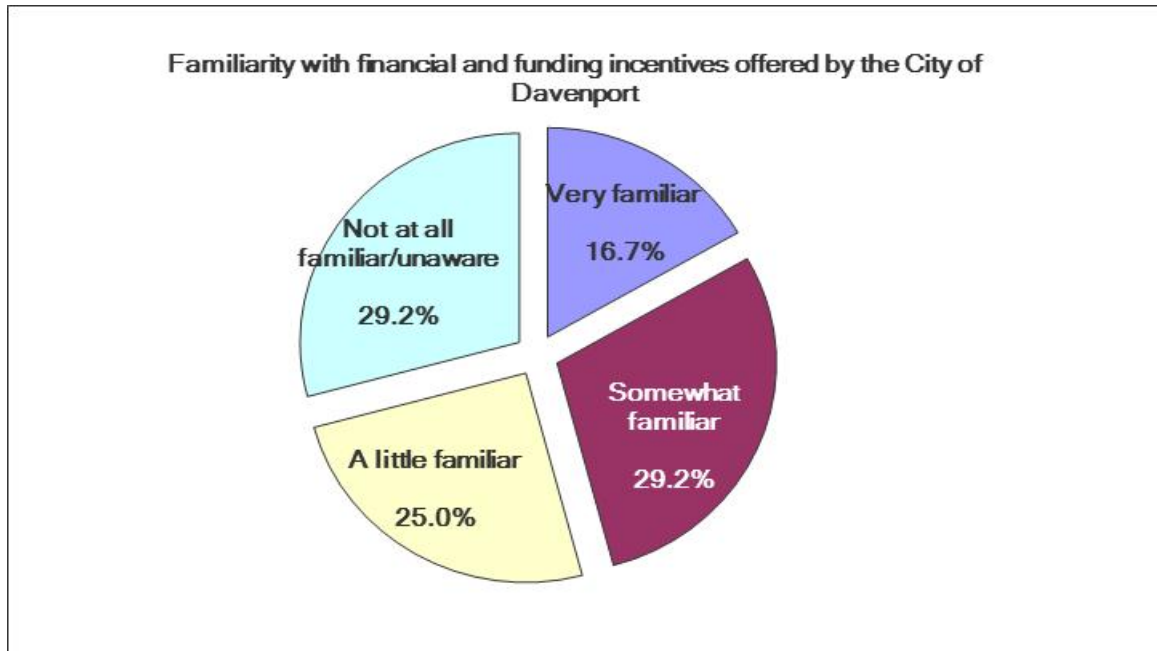
Financial incentives often play a critical role in the successful economic development initiatives of a particular community or area. As part of the Downtown Davenport Strategic Action Plan analysis, we have prepared a summary of existing economic development incentive programs in place in Davenport, including a summary of past usage of these programs and recommendations for improvements. In addition, we have identified other economic development programs in place in other communities that may be beneficial to assist in Davenport's future development initiatives.

A. SSMID Property Owner Survey

As a first step in our analysis, we conducted an electronic survey of existing property owners located within the SSMID. The intent of the survey was to obtain input from SSMID partners as to the state of development in downtown Davenport, the effectiveness of existing incentive programs available in Davenport and other background relevant to development. The survey was sent via email to over 200 SSMID property owners, with 25 responses collected. A summary of key questions addressed in the survey is presented below.



Of the 25 respondents, approximately 65 percent indicated they are likely to maintain their property "as is" over the next five to 10 years, with minimal improvements or upgrades. Approximately 30 percent indicated they are likely to sell their property, while approximately 22 percent are likely to make major improvements or upgrades to their property.



When asked about their familiarity with the various development incentives offered through the City of Davenport or other entities, only 17 percent indicated they were very familiar with the programs, while over 55 percent indicated little to no familiarity. This lack of awareness may be due to the fact that many SSMID property owners are not necessarily “professional” developers accustomed to utilizing development incentives.

When asked if the knowledge of these programs would spur new interest in development or redevelopment in downtown Davenport, 58 percent indicated they would be “somewhat likely” or “highly likely” to pursue new development projects. This may indicate the potential benefit from additional marketing of these programs by the City or the SSMID and the Downtown Partnership to member owners.

The survey asked respondents to describe the most positive attributes/characteristics of owning property in downtown Davenport. While the responses were varied, the central location, historic buildings, ease of access, proximity to the riverfront and progressive attitude towards redevelopment opportunities were common themes. Challenges to downtown property ownership focused largely on parking, including the lack of parking availability, time restrictions on street parking and the cost of parking. Other challenges included annual property tax increases/high property tax rates, lack of foot traffic, lack of other amenities and concerns about safety, particularly after dark.

B. Existing Incentive Programs Available in Davenport

The City of Davenport currently provides a wide variety of development incentives, providing a strong, regionally competitive “tool box” for developers to work from to maximize development potential in the community. The following table provides summary of existing programs in place in Davenport, including Federal, State and Local programs, with additional detail following the table.

Downtown Davenport Planning Analysis			
Summary of Financial Incentives			
Incentive	Development Type		Notes
	Residential	Commercial	
<i>Federal</i>			
Historic Tax Credits	X	X	10%/20% tax credit on improvements of historical buildings
HOME/Low Income Housing Tax Credits	X		4%/9% tax credit on improvements
EB-5 Visa Program		X	Low cost loans for business expansion/development
New Market Tax Credits		X	39% tax credit over seven years on investment
CDBG	X	X	Federal grant program for redevelopment in eligible areas
<i>State/Local</i>			
Iowa Historic Preservation Tax Credits	X	X	25% tax credit on improvements of historical buildings
Targeted Jobs Withholding Tax Credit Pilot (1)		X	Allows up to 3% capture of withholding taxes for new businesses
Iowa New Jobs Tax Credit		X	One-time tax credit on new employees brought to area
High Quality Jobs Program		X	Package of credits, exemptions and other incentives
Redevelopment Tax Credit	X	X	12% to 30% tax credit on investment in brown/grayfield sites
Small Business Loan Program		X	\$10,000-\$20,000 no interest, 5 year loan for small businesses
Enterprise Zone	X	X	Refund of sales tax on construction plus property tax exemption
Urban Revitalization Tax Exemption	X	X	Property tax exemption for private investment in downtown
Davenport NOW	X	X	50% rebate of City property taxes for new/renovation
Downtown Davenport Jobs		X	\$1,000 grant or \$3,000 loan per new job created

(1) The Targeted Jobs Withholding Tax Credit Pilot Program is currently not available in Davenport as Davenport has not been included as a pilot community.

Federal Incentive Programs

The Federal government has instituted a variety of programs geared toward economic development, typically focusing on low-income, disaster affected and/or blighted areas in need of catalytic development projects to spur revitalization. A summary of the primary Federal incentive programs is provided below, including historical utilization and applicability in Davenport.

1. Federal Historic Tax Credits

The Federal Historic Tax Credits program provides a direct tax credit for investment in historically significant structures. The focus of this program is to restore historical buildings to make them attractive for modern uses, whether residential or commercial or a combination thereof. The program provides a tax credit of either 20 percent or 10 percent of the amount qualified invested on a certified rehabilitation project. The National Park Service has identified specific rehabilitation expenditures as “qualified” expenditures.

To qualify for the 20 percent tax credit, the subject property must be listed on, or eligible for listing on, the National Register of Historic Places, or be classified as a contributing property within a registered Historic District. Non-residential properties that have not received historic designation, but were built and occupied prior to 1936 are eligible for the 10 percent tax credit. The credit is generally claimed in the year in which the rehabilitated structure is placed into service, and can be monetized in an effort to attract equity investment in a project.

The Federal Historic Tax Credit is only available for projects in which the rehabilitated structure will be used for business or other income-producing purposes. In order to qualify, the investment in the rehabilitated building must be considered "substantial," which is defined as the greater of \$5,000 or the adjusted basis of the property. Due to the transactional costs associated with the program, an investment of at least \$1 million is typically required to make the incentive feasible to the investor. The project must also meet specific rehabilitation standards set forth by the National Park Service.

The building must remain in service, with no change in ownership, for at least five years after receiving the credit. If the owner disposes of the property before five years, the credit must be repaid on a sliding scale, starting with 100 percent repayment if disposed of within the first year, 80 percent in the second year, 60 percent in year three, 40 percent in year four and 20 percent in year five.

Relevance to Davenport

Several projects in downtown Davenport have taken advantage of historic tax credits in recent years, including the Blackhawk Hotel, Crescent Lofts, Riverwalk Lofts, Mississippi Lofts and Renwick Place, among others. The majority of qualifying historic structures in downtown Davenport are already under private control and have either been rehabilitated previously or are in the planning phases for future renovations.

2. HOME/Low Income Housing Tax Credits

In an effort to bolster community efforts to provide quality affordable housing, Congress has established the HOME Program and the Low-Income Housing Tax Credit (LIHTC) programs, both of which provide financial resources for affordable rental housing developers. The HOME Program was established in 1990 as a block grant program, allocating approximately \$2 billion per year to states and municipalities to create affordable housing for low-income families. The LIHTC program was established in 1986 as a financial incentive that provides tax credits to generate private capital for the development of affordable rental housing.

The HOME and LIHTC programs are often combined to finance affordable housing. Because "affordable" rental rates may not be sufficient to support traditional mortgage financing, a developer can raise equity through the LIHTC program by monetizing the credits generated. However, in some instances the equity raised may not be sufficient to provide the required capital. In these

cases, HOME grant funds can be used to bridge the remaining financing gap for the project. Combining these programs requires compliance with the requirements of both programs, but allows for more diverse housing development.

The HOME program is administered through partnering jurisdictions designated by HUD and provides grants of at least \$1,000 per HOME-assisted unit within a specific project. While HUD has established the minimum grant per HOME unit, the maximum grant amount varies by partnering jurisdiction. To be eligible for HOME funds, beneficiaries (homebuyers, homeowners or tenants) must be low-income (annual gross income less than 80 percent of area median income) or very low-income (annual gross income less than 50 percent of area median income).

The LIHTC program is administered through the IRS, with annual allocations made to each state based on population. Each state establishes additional program criteria and priorities. Tax credits provided through this program are typically monetized to raise cash equity for eligible affordable housing projects. The LIHTC affordability restrictions must be maintained for up to 30 years to avoid any tax credit recapture. There are two LIHTC forms, either 9 percent or 4 percent tax credits. The 9 percent credits are used to subsidize 70 percent of the related low-income unit costs of a project, while the 4 percent credits subsidize 30 percent of the low-income unit costs. The 9 percent credits are allocated based on a competitive application process, typically occurring once per year. The 4 percent credits are non-competitive and are allocated throughout the year.

Relevance to Davenport

Both the HOME program and LIHTC program have been effectively utilized in downtown Davenport in recent years, resulting in a relatively large proportion of affordable housing units in the market place, particularly within the Crescent Warehouse District. We identified six rental housing developments that have used the Low-Income Tax Credit program.

- Davenport Building
- Waterloo Mills Building
- Seig Iron Building
- Riverwalk Lofts
- Mississippi Lofts

3. EB-5 Visa Program

The Iowa Economic Development Authority (IEDA) recently partnered with CMB Regional Centers to expand the use of the EB-5 Visa program in Iowa. The EB-5 program offers foreign citizens the opportunity to receive a permanent US visa in exchange for investment in businesses or projects that will create or save at least 10 new jobs within two years. The program requires a minimum investment of \$500,000 for projects in Targeted Employment Areas (rural areas or areas with unemployment rates greater than 150 percent of the national average) or \$1 million for businesses in non-targeted areas. The investment can be either a direct investment in a specific business, or an investment in a regional center that consolidates individual investments to pursue larger scale projects. Funding from EB-5 investments provides a five year loan to the business owner, with repayment scheduled for the sixth year after initial investment.

Relevance to Davenport

While the EB-5 program has been around since 1990, until recently the program has only been used for large-scale dairy operations. With the IDEA's partnership with CMB, the goal will be to expand EB-5 investment to new areas of job creation. While not specifically a development incentive, EB-5 funding can be very helpful in attracting new businesses to Davenport and may play a role in economic development in the downtown area if such businesses are attracted to the area. EB-5 funding is a complicated process that would require the assistance of specialized consultants to ensure the program's regulations are adequately addressed.

4. New Market Tax Credits

The New Market Tax Credit program was established to attract investment capital to low income communities. Investors in a designated Community Development Entity (CDE) receive a tax credit totaling 39 percent of the original amount invested over a period of seven years (five percent per year in years one through three, six percent per year in years four through seven). CDE's apply for an allocation of NMTCs from the Community Development Financial Institutions (CDFI) Fund. The CDE then seeks taxpayers to make qualifying equity investments in the CDE in exchange for the tax credits. The CDE then uses the invested funds to make qualified investments in or two qualified active low-income businesses (QALIBs) located in low-income communities. Most businesses located within a qualified census tract could qualify for loans or equity investments from the CDE. Funds provided by the CDE can be used for facility improvement/construction, infrastructure improvements, job training programs and other activities that provide quantifiable benefit to the low-income community in which they take place.

Relevance to Davenport

New Market Tax Credits provided a critical funding source for the 2007 renovation of the Adler Theater, providing over \$3 million of the total \$17 million

project cost. The entire downtown area is considered a qualified census tract, opening the opportunity for NMTC investment in a variety of projects. While these funds cannot be used for residential development, there may be an opportunity to utilize NMTC funds to improve infrastructure in the downtown area to attract new businesses, rehabilitate an existing building or construct a new facility to attract businesses to the area or other such sources. As with EB-5 funding, NMTCs are complex and likely require specialized advisors to ensure program compliance.

5. Community Development Block Grants (CDBG)

The Community Development Block Grant program provides grants to selected communities on an annual basis. These grants are distributed via a competitive application process and must meet certain eligibility requirements. The program generally focuses on investment and improvements in public services and facility improvements, but can be used for rehabilitation of publicly or privately owned commercial buildings as well as preservation of historic properties. Funds can also be used for job creation and retention initiatives, as long as the related jobs are made available to low- and moderate-income individuals and other specific requirements are met.

Relevance to Davenport

CDBG funds have been used in a wide variety of projects in Davenport in recent years, including the Crescent Lofts' Seig Iron and Kerker lofts buildings. Depending on the development initiative pursued, CDBGs may be attractive as a potential funding source to close a funding gap or provide improvements in surrounding infrastructure to make the area more attractive for development.

State/Local Incentive Programs

In addition to the aforementioned Federal incentive programs, the State of Iowa and the City of Davenport offer a broad array of development incentives to attract quality investment to the area. The following is a summary of key programs that are available to support downtown development initiatives, including specific state programs that are available but may not currently be in use in Davenport.

1. Iowa Historic Preservation Tax Credit Program

Similar to the Federal historic tax credit program, the State of Iowa provides a state income tax credit of 25 percent of qualified rehabilitation costs related to historic buildings. The program carries similar eligibility requirements to the Federal program, although there is no differentiation between facilities listed on the National Register of Historic Places or other historically significant buildings in that all eligible projects receive the 25 percent state income tax credit. The program can be used for residential properties as well as commercial, mixed-use and multi-family housing projects, as long as the investment is considered "substantial" and the rehabilitation meets the standards for rehabilitation outlined by the Secretary of the Interior. Credits are allocated through an

application process and are reserved using a sequencing and prioritizing system at the state level. Credits that exceed the tax liability of the recipient are refundable or can be credited to the following year's tax liability.

Relevance to Davenport

State historic tax credits have been utilized in conjunction with Federal historic tax credits on a variety of rehabilitation projects in downtown Davenport. This program should continue to be utilized to encourage the preservation of historic buildings in and around downtown Davenport.

2. Targeted Jobs Withholding Tax Credit Pilot Program

The Targeted Jobs Withholding Tax Credit Pilot Program was started in 2006 to allow designated pilot cities to enter into an agreement with either business that is relocating to the pilot city from another state and is creating jobs within an urban renewal area or an existing Iowa business that is creating or retaining 10 jobs or makes a qualifying investment of at least \$500,000 within an urban area. Under the agreement, the pilot city collects and matches, dollar for dollar, up to three percent of the gross wages paid by the business. The collected and matched funds must then be used for an urban renewal project that directly relates to the targeted business and create incentives toward the growth and expansion of targeted businesses within an urban renewal area. The withholding agreement can extend for no longer than 10 years.

Relevance to Davenport

Only five cities are currently considered pilot cities under this program: Sioux City, Council Bluffs, Burlington, Keokuk and Fort Madison. While each of these cities has reported positive business attraction and job growth with the assistance of this program, the State has not elected to expand the program to include other communities as this time. In an effort to continue to make Davenport more attractive to other businesses, particularly business currently located in Illinois, the City may want to consider lobbying the State to be selected to participate in an expanded pilot program. However, due to the matching funds requirements of the program, the City must carefully examine the potential benefits to ensure these costs will be more than offset by the increased economic activity associate with the business growth in the community.

3. Iowa New Jobs Tax Credit Program

The Iowa New Jobs Tax Credit is available to a business that has entered into a New Jobs Training Agreement and expands their Iowa employment base by 10 percent or more. The one-time Iowa corporate income tax credit is based on the wages the business pays and the year in which the credit is first claimed. Unused tax credits may be carried forward for a maximum of 10 years. As with other tax credit programs, these credits can be used to offset the cost incurred institute new jobs training programs (in conjunction with a partner community college) or to locate, modernize or expand an Iowa facility.

Relevance to Davenport

This program is available to qualified businesses located in Davenport and may be a helpful tool to grow jobs in downtown Davenport, particularly when used in conjunction with other existing incentive programs described herein.

4. High Quality Jobs Program

The High Quality Jobs Program is a highly flexible assistance package that provides tax credits, exemptions and/or refunds to qualified non-retail, non-service businesses that meet specific wage requirements. The goal of the program is to offset costs incurred by businesses to locate, expand or modernize an Iowa business facility. Prospective businesses work with the IEDA to determine the most appropriate and effective programs to support the project initiatives. Potential incentives include:

- An increase in the Research Activities Tax Credit
- Local property tax exemption of up to 100 percent of the increased value of the property for a period of up to 20 years
- An investment tax credit equal to a percentage of the qualified investment
- State sales, service or use tax refund of taxes paid to contractors during construction
- For distribution centers, refund of sales and use taxes for racks, shelving and conveyor systems

Relevance to Davenport

This program overlaps several existing incentive programs currently in place in Davenport, including the Urban Revitalization Tax Exemption (URTE) program and the Enterprise Zone (EZ) program. Prospective developers or businesses seeking benefits under the High Quality Jobs program would submit an umbrella application to the State, which would evaluate the most appropriate combination of benefits under the program. The URTE (discussed below) is administered at the local level, and could be combined with the High Quality Jobs or Enterprise Zone program benefits, depending on the type of development being considered.

5. Redevelopment Tax Credit

The Redevelopment Tax Credit is available to businesses or other entities that invest in qualified brownfield or grayfield sites. Credits are awarded based on application to the IEDA. The credit is applied to the recipient's corporate or individual state income tax, and can be carried forward for up to five years. These credits are transferrable and therefore can be monetized to provide equity for specific project funding if desirable and necessary.

The credit provided is based on the type of development, as follows:

- 12 percent of investment in a grayfield site
- 15 percent of investment in grayfield site if project meets “green development” standards
- 24 percent of investment in brownfield site
- 30 percent of investment in brownfield site if project meets “green development” standards

The maximum credit for any one project is capped at \$500,000 currently.

Relevance to Davenport

Given the existence of grayfield sites in downtown Davenport, this program may be very attractive to prospective developers. This program can be combined with other programs (such as the Enterprise Zone investment income tax credit) to further incentivize development in urban areas needing revitalization.

6. Small Business Loan Program

The City of Davenport has established a Small Business Loan Program (SBLP) to provide no-interest loans to assist small businesses or individuals in starting new businesses, providing goods and services to low- to moderate-income neighborhoods, or employing or creating job opportunities for low- to moderate-income individuals in Davenport. The program provides loans from \$10,000 to \$20,000 for five years with no interest. Proceeds from the loans can be used for startup working capital, building acquisition or improvements, inventory purchases, machinery and equipment, professional fees or to leverage other financing sources. To qualify for the loan, the owner must contribute cash equity of 10 percent of total project costs, and may be required to secure additional private, state or other financing. Applicants must also demonstrate financial need for these funds. Priority in approving loan applications is given to service and retail businesses that benefit a residential neighborhood.

Relevance to Davenport

The SBLP has been successful in providing small businesses with necessary funding to start or grow operations, particularly in the downtown area. As redevelopment efforts continue, the SBLP will likely play a significant role in attracting retail and service businesses to populate the commercial spaces recommended in the downtown development plan provided herein.

7. Enterprise Zone – Residential and Business

The State of Iowa’s Enterprise Zone program provides incentives to both residential and commercial developers by targeting specific areas of the City, including downtown Davenport. To qualify for the program, residential projects

must include at least four single family or one or more multifamily components. Qualifying commercial development projects must involve a minimum investment of \$500,000 over three years and create or retain 10 full time jobs over a five year period. Only non-retail businesses that pay wages of at least \$15.60 per hour for the created or saved jobs and provide some level of medical benefits to all full-time employees will qualify. Any project must be located within an existing enterprise zone area to qualify for the benefits.

Both residential and commercial developments meeting the outlined criteria are eligible to receive a refund of the six percent state sales taxes paid during construction in addition to an investment credit of up to 10 percent of the qualifying investment against state income tax liabilities. Qualified commercial developments are also eligible for a local property tax exemption up to 100 percent for 10 years on the improved valuation and may be eligible for increased training funding and research activity funding.

Relevance to Davenport

The Enterprise Zone program is a State program that is administered by the City's Enterprise Zone Commission and has been used for numerous residential redevelopment initiatives in downtown Davenport in recent years. As redevelopment opportunities come to fruition, it is anticipated that the Enterprise Zone program will continue to be an attractive incentive to potential developers and businesses for both residential and commercial opportunities.

8. Urban Revitalization Tax Exemption Program

The Urban Revitalization Tax Exemption (URTE) program was established by the City of Davenport to attract private investment in targeted areas within the city. The program provides an exemption on property tax increases resulting from improvements to property, and is applicable to new construction and renovation of commercial and residential projects. To qualify, projects must meet the City's established design standards, and improvements to the property must increase the assessed value by at least 10 percent. The amount and term of the exemption will depend on the classification of the subject property as determined through the application process.

Relevance to Davenport

The URTE program has played a critical role in several recent downtown residential projects financial viable. As with the other programs noted herein, it will be important to highlight the URTE program as an incentive to developers, particularly when attracting new businesses and commercial development to the downtown area. The URTE benefits can be combined with other programs, such as the Enterprise Zone, High Quality Jobs and Redevelopment Tax Credit programs to provide valuable incentives to prospective developers.

9. Davenport NOW

The City also provides a rebate of up to 50 percent of the City's portion of property taxes for 10 years for any project, including new construction or renovation of residential or commercial buildings, in excess of \$5,000. This program is available for any project within the City limits, and is not restricted to specific geographic areas as the URTE and Enterprise Zone programs are.

Relevance to Davenport

While this program has been successful in attracting residential activity in recent years, the URTE and EZ programs offer a larger tax credit (100 percent of property taxes vs. 50 percent of property taxes) for project located in specifically targeted areas, including downtown Davenport.

10. Downtown Davenport Jobs

The City of Davenport has created the Downtown Davenport Jobs program to incentivize businesses to move or expand operations by locating in downtown Davenport. Eligible businesses can receive a grant of \$1,000 per new job created (maximum of \$150,000 or 150 jobs) OR a five-year, zero interest loan of \$3,000 per new job created (maximum loan of \$500,000 or 167 jobs). To qualify, at least 51 percent of the new jobs created must be made available to low- and moderate-income individuals. The jobs must be created within three years of initiation and maintained for a total of five years. If the jobs are not maintained for the five year minimum, granted or loaned funds must be repaid, with interest.

Relevance to Davenport

The Downtown Jobs Program has been an attractive incentive to a variety of businesses in downtown Davenport. Both the grant and loan option offer significant incentives for businesses to continue to grow and expand by building or renovating commercial space in downtown Davenport.

C. Potential New Incentive Programs

With strong incentives for new construction and rehabilitation of both residential and commercial properties, Davenport is well positioned to move forward with the development plans outlined in this analysis. While there are any number of other incentive programs utilized in other communities, the implementation of such programs often may conflict with existing programs in Davenport. However, through our research, we have identified several potential new incentive programs that might also be helpful to the City in encouraging increased development activity in the downtown area. The following is a summary of general programs that have been used elsewhere, including a summary of steps necessary to implement them.

Interior Space Improvement Grant Program

In an effort to make existing spaces more marketable, several communities in Iowa have implemented some form of interior space improvement incentive program. In general, these programs provide grants of up to \$7,500 to property owners to assist in improving interior spaces. The goal of these programs is to reduce or eliminate vacancies in existing downtown properties, enhancing the overall appeal of the downtown business district.

Relevance to Davenport

While there is potential demand for new commercial space in downtown Davenport, there is a significant amount of vacant space currently in the market. Discussions with property owners indicate a significant challenge is making space in older buildings attractive to potential tenants at a rate that is competitive with other available properties in the area. A commercial interior improvement grant program could provide sufficient incentive to make these improvements. The majority of similar programs in Iowa utilize City funds, often through a TIF program, to cover the costs of these grants. However, given the historic resistance to TIF in Davenport, and based on discussions with the Downtown Partnership, this program could be implemented and funded through the existing SSMID. In implementing such a program, the establishment of specific qualifying criteria will be critical, such as:

- Minimum length of vacancy (recommend at least 12 months vacant)
- Grant amount equal to 20 percent of owner/developer investment, capped at \$5.00 per square foot
 - Example: Owner investment \$20.00 per square foot, grant of \$4.00 per square foot enables \$24.00 per square foot total improvement budget
- Project must be located within the existing SSMID
- Maximum grant amount \$15,000 or \$5.00 per square foot, whichever is less
- Annual budget established by SSMID capping total annual grant amount
 - Competitive application process for owners/developers
 - Downtown Partnership/SSMID establish grant application review committee
- To qualify, tenant must meet one of the following criteria:
 - New business to Davenport
 - Relocating to downtown from outside SSMID
 - Downtown business displaced by property owner at no fault of tenant
 - Business requires additional space due to business expansion
 - Tenant lease must be for a minimum of three years.

Design Assistance Program

The Main Street Iowa program focuses on enhancing the overall social and economic viability of designated communities by capitalizing on historical assets. The program focuses on establishing business development, design, organization and marketing guidelines to revitalize historic urban areas. One aspect of the Main Street Iowa program that may be beneficial in Davenport is the Design Assistance Program. Projects located in communities that have been designated as a Main Street Community are eligible to receive design assistance from Main Street Iowa at little to no cost. The designer works with the property owner to establish viable façade upgrade and maintenance plans for historical buildings within the designated area, providing renderings as well as suggestions for signage, paint schemes and awning design. The assistance provided under this program could be especially helpful for smaller property owners who have limited experience in rehabilitating historic facilities, providing critical information at the earliest stages of the project.

Relevance to Davenport

In order to qualify for the Main Street Iowa Design Assistance Program, the project must be located in a designated Main Street Community. Currently, only the Hilltop Campus Village in Davenport has been designated as a Main Street Community. However, it may be possible to obtain the appropriate designation for the downtown area as well. If for some reason the downtown area does not receive this designation, it may be possible for the City or the Downtown Partnership to provide a similar program, either at a subsidized cost or no cost. The City or Partnership may be able to secure the participation of a local architect to provide these services pro bono, or in exchange for other incentives that could be provided. Based on demand in the marketplace, the focus of any such program in downtown Davenport should be on interior design improvements rather than façade improvements.

Non-Ad Valorem TIF Programs

There are a number of programs nationwide that enable the capture of sales, income or other tax revenue streams. Under such programs, the collected funds can be used to cover the cost of necessary infrastructure or other public amenities to enhance the overall development initiative. Examples of such programs include:

- Texas Economic Development Sales Tax – also called the Type A or Type B sales tax, provides communities with the option to impose a local option economic development sales tax rate of up to one percent, as long as the total local option sales tax rate is less than two percent. The city must establish a Development Corporation to administer the sales and use tax funds. Type A sales tax collections are primarily targeted for manufacturing and industrial development to acquire land, buildings, equipment or related expenses. Type B collections are more flexible and include quality of life improvements in addition to all Type A projects. This program has funded a wide variety of commercial uses throughout the state as well as multiple public amenities, including arenas, ballparks and other entertainment venues.
- Indiana Certified Technology Park (CTP) – the CTP program was created to encourage the attraction and growth of high-technology businesses in Indiana. Designation as a CTP allows for the capture of incremental sales and income taxes within the designated geographic area, with those funds to be used for development of the park. There currently 20 designated CTPs throughout the state, with each in varying stages of development. To receive the CTP designation, specific criteria must be met, including the monetary or in-kind participation of an Indiana institution of higher education, specification of the types of businesses eligible to locate in the CTP and other criteria.

These are just two examples of alternatives to property tax TIF programs. While the uses vary, the goal of reinvestment within a specific area is achieved through the capture of these taxes.

Relevance to Davenport

As the City of Davenport's local option sales tax is already at the State mandated maximum of one percent, implementing any sort of sales tax recapture program would require action at the State legislative level. In addition, political sensitivities must be considered when contemplating this type of program. However, with the anticipated growth and development in downtown identified throughout this analysis, such a program may be worth exploring to offset the likely need for improved infrastructure within the downtown area.

D. Summary

The City of Davenport, through either local, State or Federal programs, offers a comprehensive set of development incentives to encourage development in downtown Davenport. The majority of recent development and redevelopment projects in downtown have taken advantage of at least one of these programs. However, among existing downtown property owners, there appears to be a lack of awareness of these types of incentives. By creating a more effective marketing plan for these incentives to raise awareness among locals and non-locals, the City may realize an increase in downtown development initiatives.

While the City has a strong set of incentives currently in place, the analysis identified several potential new or enhanced programs that could be effective in encouraging increased downtown development. Examples include:

- Interior Improvement Grants – potentially funded through the SSMID, provides incentive for owners of long-term vacant properties to improve the properties to make more marketable.
- Design Assistance Program – partner with Main Street Iowa to provide pro bono or low cost design services to downtown property owners, focusing on historic building rehabilitation.
- Non-Property Tax TIF Programs – capture incremental sales, income or other, non-ad valorem tax revenues to fund infrastructure or other improvements in downtown Davenport. Any such action would likely require action at the State legislative level, but could provide larger scale incentives for business attraction and revitalization efforts.

VI. **Opportunity Site Information Packets**

Introduction

Six Opportunity Sites were chosen based on marketability, capacity to support redevelopment, ease of acquisition, and overall benefits to the downtown.

The Opportunity Site information packets were designed specifically as a site marketing tool for developers and basis for the City of Davenport to issue Request For Proposals (RFP).

The development program identified for each Opportunity Site is intended to present the general framework for the development opportunity. It will be important to allow developers the flexibility of modifying any of the recommended development programs based on their own experiences, site due diligence, and actual construction costs.

Opportunity Site – DT West 1 – Upscale Rental Housing

The 1.1-acre parcel south of the Community Health Care Medical Facility represents a high priority redevelopment site for Downtown Davenport as upscale rental housing.

Site Information

Owner: City of Davenport

Current Use: Parking Lot

Acres: 1.1 (48,000 sf)

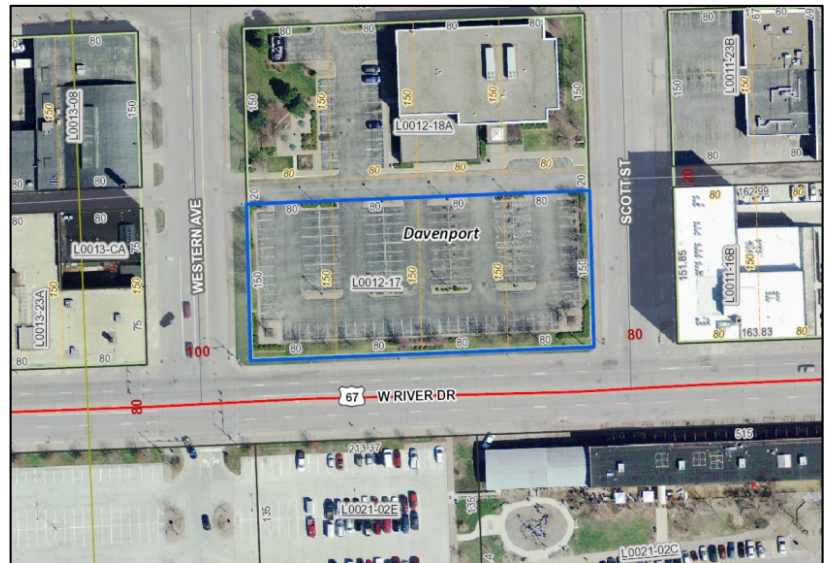
Dimensions: 150' x 320'

Parcel: 0012-17

ADT: 13,200 on W. River Drive
(Iowa DOT)

Assessor Link:

http://parcels.scottcountyiowa.com/pmc/davenport_report2.asp?pid=L0012-17



The following scenario represents a current opportunity based on the status of property ownership, location, and market conditions.

Capacity & Design

Type: 75-unit upscale market rate rental in three floors above a ground level parking deck and commercial/amenities area. Mix of one- and two-bedroom units.

Parking: Single-story parking deck at ground level providing 87 parking spaces for residents. The parking level also provides an adequate elevation for living units above flood elevations. 10 additional on-street spaces provided along Western Avenue and Scott Street for a total of 97 spaces (1.3 space-to-unit ratio).



Design: Housing to face Western Avenue, West River Drive, and Scott Street and define an internal landscaped courtyard. Courtyard will be placed on roof of parking deck. Ground level parking façade should be well articulated to enliven the streetscape along Western and Scott Street. Welcoming and transparent elevator lobbies should be located at the building corners. Approximately 6000 sf of commercial and or clubhouse/fitness area will be available on the ground level along the West River Drive frontage.

Opportunity Site – DT West 1 – Upscale Rental Housing

Building Elevation Model



Neighborhood Context

- The Freight House, occupied by the Freight House Farmer's Market, Front Street Brewery Tap House and Fresh Deli is across the street
- The Union Station Visitor's Center and the Ground Transportation Center are two blocks from the site
- Sippi's Restaurant, LeClaire Park and Band Shell, Riverfront Bike Trail system, and Modern Woodmen Park (Home of the Quad Cities River Bandits) are all approximately one block away
- The Figge Art Museum is two blocks away
- The River Music Experience and a variety of restaurants and drinking establishments are within three blocks of the site (refer to restaurant and shopping map)



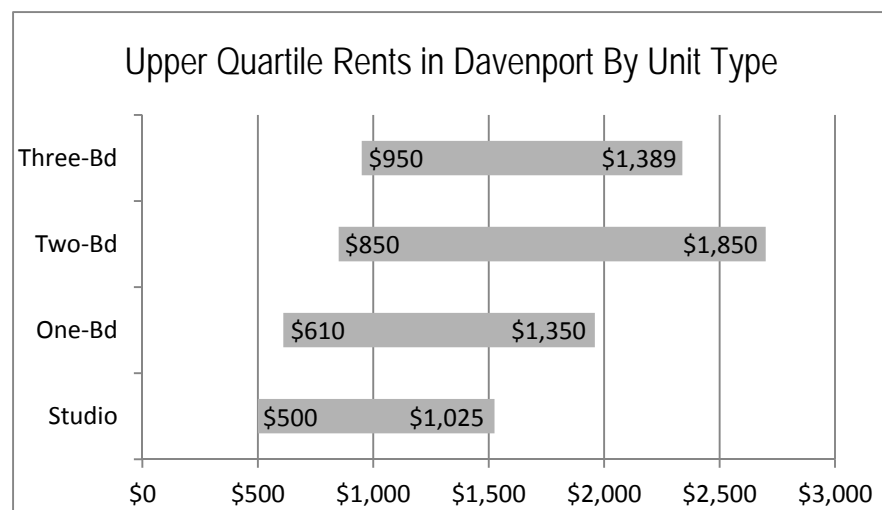
Opportunity Site – DT West 1 – Upscale Rental Housing

Market Conditions

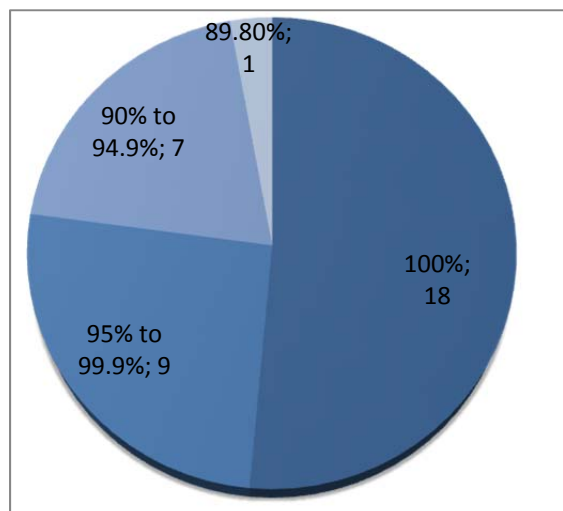
Demand for market-rate rental housing is projected up to 500 units over the next ten years. Market data specific to the development program follows. An overview of the Quad Cities rental housing market is available in the right margin (highlighted in gray). Additional market information can be found in the Downtown Strategic Action Plan.

Recommended Development Program*		
	One-BR	Two-BR
Unit Size (sf)	775	1,000
Collected Rent	\$900	\$1,100
Rent/Sq. Ft.	\$1.16	\$1.00
Unit Mix	50	25

Collected rents are base rents and do not include rent premiums for location or views.



Occupancy Status of Market-Rate Properties in City of Davenport



Occupancy Rate	Surveyed Properties
100%	18
95%-99.9%	9
90%-94.9%	7
Below 90% (89.8%)	1

Unit Type	Occupancy Rate
Studio	98.5%
One-BR	99.2%
Two-BR	97.2%
Three-BR	96.5%
Total	98.1%

4th Quarter 2012 Quad Cities Apartment Survey Overview

11,264 Apartment Units Surveyed

- **Davenport - 5,190 units**
- Rock Island - 1,835 units
- Moline - 1,744 units
- Bettendorf - 1,276 units
- East Moline - 1,219 units

Overall Occupancy Rate - 98.5%

- **Davenport - 98.4%**
- Rock Island - 99.1%
- Moline - 98.1%
- Bettendorf - 98.7%
- East Moline - 98.5%

Total Rental Units in Downtown
(% Vacant)

- **Davenport - 733 (1.5%)**
- Rock Island - 495 (0.8%)
- Moline - 247 (1.3%)

Average Downtown Market-Rate
Rents*

City	1-BR	2-BR	3-BR
Davenport	\$637	\$890	\$1,128
Rock Island	\$650	\$759	\$828
Moline	\$747	\$996	\$1,250

*Collected

Projected Renter Household
Growth (2000 through 2016)

- **Davenport - 16.6%**
- Rock Island - 0.8%
- Moline - 4.0%
- Bettendorf - 13.7%
- East Moline - n/a

Population of Davenport
101,409 (2012, est.)

Opportunity Site – DT West 1 – Upscale Rental Housing

Financial Summary

Project Overview (1):

3 story, upscale market rate residential, over ground floor parking area, face brick, steel joists
 75 total units (1 BR - 50 units, 2br - 25 units)
 115 parking spaces on ground level
 75,000 gross square footage

Project Cost Estimate	Open Shop		Standard Union	
Site Acquisition (2)	TBD		TBD	
Construction Costs: (3)				
Hard Costs/SF	\$99.73		\$107.51	
Soft Costs	\$34.90		\$37.63	
TOTAL	\$134.63	\$11,780,125	\$145.14	\$12,699,750
TOTAL PROJECT COST		\$11,780,125		\$12,669,750

Project Revenues - Annual

Vacancy			5%		5%
Rental Rate (4)	Square Footage	Units	Rent	Units	Rent
1BR	775	50	\$900	50	\$900
2BR	1,000	25	\$1,100	25	\$1,100

RENTAL REVENUES - TOTAL			\$826,500		\$826,500
Operating Expenses (40%)			\$330,600		\$330,600
Net Operating Income			\$495,900		\$495,900

Potential Development Incentives (5)

Residential Enterprise Zone

Refund of 6% state sales taxes paid during construction (6)	\$196,343	\$211,660
10% Credit on qualifying investment (7)	\$1,050,000	\$1,050,000

Urban Revitalization Tax Exemption

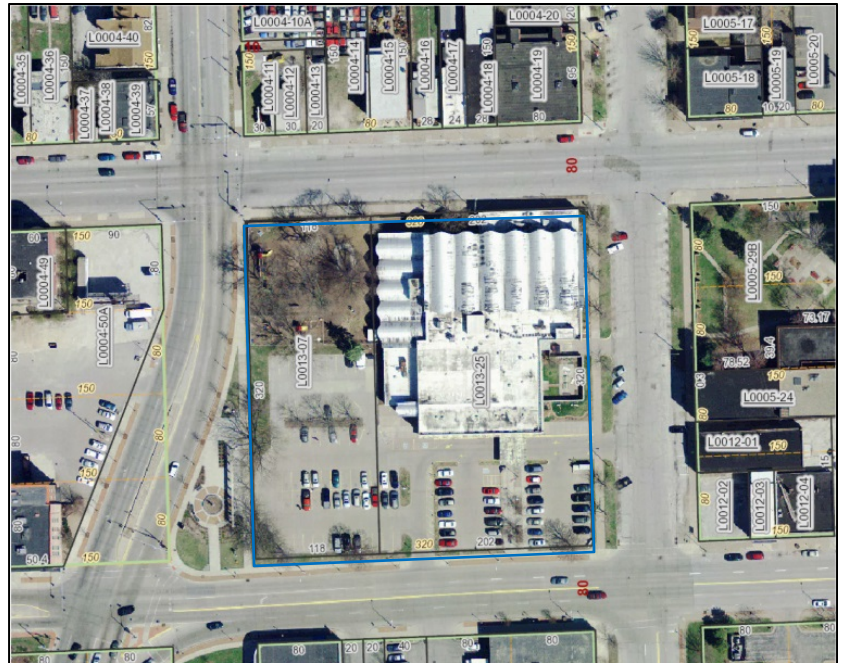
Schedule 4 Exemption - 100% Exemption Cumulative over 10 years (8)	\$3,503,940	\$3,777,285
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Potential Development Incentive Total	\$4,750,284	\$5,038,945
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NOTES:

- (1) All information herein provided for information purposes only. Actual development characteristics, costs, revenues, and incentives will vary from these estimates based on actual market conditions at the time of project initiation.
- (2) Site currently owned by City of Davenport. Acquisition price to be negotiated.
- (3) Construction cost information provided by RSMeans Online, 3 story residential with face brick, concrete block backing and reinforced concrete framing, for both Union and Open Shop cost factors, specific to Davenport, IA
- (4) Average rental rate achieved for Class A apartments in Davenport
- (5) Represents most likely incentive programs currently offered in Davenport for this type of development. Additional incentives may be available.
- (6) Assumes 50% of hard construction costs are materials, with 75% of those taxable
- (7) Capped at \$140,000 investment per unit. Can be used over a seven year period or sold/monetized
- (8) Represents cumulative total exemption over 10-year period. Increased assessment assumed to be equal to hard costs.

The 2.35-acre site occupies a gateway location to Downtown Davenport at the intersection of Gaines Street and West 2nd Street. This site represents a high priority redevelopment site for Downtown Davenport for mixed income housing with limited convenience retail/commercial.



Opportunity Site – DT West 2 – Mixed-Income Rental Housing

An alternative that places a building in the southwest corner of the site could also be considered as long as it establishes appropriate gateway architecture and compliments the existing plaza/gateway treatment.

Building Elevation Model

Mixed-Income Rental
Housing Development
(shown in yellow)

Commercial/convenience
retail (shown in pink)



Neighborhood Context

This redevelopment site is located at the western gateway to Downtown Davenport with close proximity to the following amenities.

- Sippi's Restaurant and The Freight House, occupied by the Freight House Farmer's Market, Front Street Brewery Tap House and Fresh Deli are two blocks from the site
- LeClaire Park and Band Shell, Riverfront Bike Trail System, and Modern Woodmen Park (Home of the Quad Cities River Bandits) are two blocks from the site.
- The Figge Art Museum is three blocks from the site
- The River Music Experience and a variety of restaurants and night life are within four blocks of the site (refer to restaurant and shopping map).



Opportunity Site – DT West 2 – Mixed-Income Rental Housing

Market Conditions

Demand for market-rate rental housing is projected up to 500 units over the next ten years. The recommended development program for the DT West 2 Opportunity Site is mixed-income rental housing providing market-rate and below market-rate rents for low- to moderate-income renter households. Market data specific to the development program follows. An overview of the Quad Cities rental housing market is available in the right margin (highlighted in gray). Additional market information can be found in the Downtown Strategic Action Plan.

Recommended Apartment Development Program		
	One-BR	Two-BR
Unit Size (sf)	720	925
Collected Rent		
Market-Rate	\$730	\$870
LIHTC Units*	\$536 - \$654	\$639 - \$781
Rent/Sq. Ft.		
Market-Rate	\$1.01	\$0.94
LIHTC Units	\$0.74 - \$0.91	\$0.69 - \$0.84
Unit Mix		
Market-Rate	24	12
LIHTC Units	36	18
Total	60	30

*Based on maximum allowable 50% and 60% AMI levels, net of estimated utility costs per HUD utility worksheet <http://www.cityofdavenportiowa.com/egov/docs/13504893002636.pdf>

NOTE: Actual mix of market-rate and LIHTC units and AMI % elections will be dependent on the scoring system established within the 2014 Qualified Allocation Plans.

LIHTC Target Market (City of Davenport, 2016 projection)

- **50% AMI** (\$17,760-\$28,400) – 2,710 Renter Households
 ➔ 18 units/2,710 RHH = 0.7% Capture Rate
- **60% AMI** (\$21,300-\$34,080) – 2,800 Renter Households
 ➔ 36 units/2,800 RHH = 1.3% Capture Rate

Tax Credit Properties (Davenport)

- 20 LIHTC properties, 1,011 units @ 99.4% occupied
- Waiting lists in 14 of the LIHTC properties

Class A Market Rate Rents (Davenport, 4th Qtr 2012)

	Studio	One-BR	Two-BR	Three-BR
Unit Size (sf)	450	760	963	1,182
Collected Rent	\$585	\$876	\$986	\$1,213
Rent/Sq. Ft.	\$1.33	\$1.15	\$1.02	\$1.03

4th Quarter 2012

Quad Cities

Apartment Survey Overview

11,264 Apartment Units Surveyed

- **Davenport - 5,190 units**
- Rock Island - 1,835 units
- Moline – 1,744 units
- Bettendorf – 1,276 units
- East Moline – 1,219 units

Overall Occupancy Rate - 98.5%

- **Davenport - 98.4%**
- Rock Island - 99.1%
- Moline - 98.1%
- Bettendorf - 98.7%
- East Moline - 98.5%

Total Rental Units in Downtown
(% Vacant)

- **Davenport – 733 (1.5%)**
- Rock Island – 495 (0.8%)
- Moline – 247 (1.3%)

Average Downtown Market-Rate Rents*

City	1-BR	2-BR	3-BR
Davenport	\$637	\$890	\$1,128
Rock Island	\$650	\$759	\$828
Moline	\$747	\$996	\$1,250

*Collected

Projected Renter Household Growth (2000 through 2016)

- **Davenport - 16.6%**
- Rock Island - 0.8%
- Moline - 4.0%
- Bettendorf - 13.7%
- East Moline - n/a

Davenport Population
101,409 (2012 est.)

Opportunity Site – DT West 2 – Mixed-Income Rental Housing

Financial Summary

Project Overview (1): *3 story, mixed-income residential, surface parking, brick veneer, wood frame
90 total units (1 BR - 24 Market, 36 LIHTC; 2br - 12 Market, 18 LIHTC))
135 parking spaces on ground level
82,000 gross square footage*

Project Cost Estimate	Open Shop		Standard Union	
Site Acquisition (2)	TBD		TBD	
Construction Costs: (3)				
Hard Costs/SF	\$97.15		\$105.37	
Soft Costs	\$34.01		\$36.88	
TOTAL	\$131.16	\$10,755,120	\$142.25	\$11,664,500
TOTAL PROJECT COST	\$10,755,120		\$11,664,500	

Project Revenues - Annual

Vacancy			5%		5%
Rental Rate	Square Footage				
1BR - LIHTC (5)	720	36	\$615	36	\$615
1BR - Market (4)	720	24	\$730	24	\$730
2BR - LIHTC (6)	925	18	\$734	18	\$734
2BR - Market (4)	925	12	\$870	12	\$870

RENTAL REVENUES - TOTAL	\$721,552	\$721,552
Operating Expenses (40%)	\$288,621	\$288,621
Net Operating Income	\$432,931	\$432,931

Potential Development Incentives (7)

Residential Enterprise Zone

Refund of 6% state sales taxes paid during construction (8)	\$179,242	\$194,408
10% Credit on qualifying investment (9)	\$1,075,512	\$1,166,450

Urban Revitalization Tax Exemption

Schedule 4 Exemption - 100% Exemption Cumulative over 10 years (10)	\$3,198,744	\$3,469,394
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Low Income Housing Tax Credit

9% Credit on investment related to LIHTC eligible units (11)	\$517,112	\$560,836
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Potential Development Incentive Total	\$4,970,610	\$5,391,088
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NOTES:

- (1) All information herein provided for information purposes only. Actual development characteristics, costs, revenues, and incentives will vary from these estimates based on actual market conditions at the time of project initiation.
- (2) Site currently owned by the Scott County YMCA. Acquisition price to be negotiated.
- (3) Construction cost information provided by RSMeans Online, 3 story residential with brick veneer, wood frame and reinforced concrete framing
- (4) Average rental rate achieved for Class A apartments in Davenport
- (5) Average assumes 12 Units at 50% AMI rent of \$536, 24 Units at 60% AMI rent of \$654
- (6) Average assumes 6 units at 50% AMI rent of 639, 12 units at 60% AMI rent of \$781
- (7) Represents most likely incentive programs currently offered in Davenport for this type of development. Additional incentives may be available.
- (8) Assumes 50% of hard construction costs are materials, with 75% of those taxable
- (9) Capped at \$140,000 investment per unit. Can be used over a seven year period or sold/monetized
- (10) Represents cumulative total exemption over 10 year period. Increased assessment assumed to be equal to hard costs.
- (11) Assumes 54 LIHTC units of 90 total, investment eligible for LIHTC adjusted to reflect average cost per unit times 54 units, and includes 89.0381% applicability factor to adjust eligible costs

Opportunity Site – DT East 1 – Upscale Rental Housing

The 1.8 acre parcel south of the Quad City Times represents a high priority redevelopment site for Downtown Davenport as upscale rental housing.

Site Information

Owner: United Central Bank

Current Use: Vacant

Acres: 1.79 acres

Dimensions: triangle-shaped with +/- 500 feet of E. River Drive frontage, +/- 470 feet of E. 3rd Street frontage, and +/- 285' of LeClaire Street frontage.

Parcel: L0015A01

ADT: 11,700 to 12,300 on E. River Drive;
6,200 on E. 3rd Street (Iowa DOT)

Assessor Link:



http://parcels.scottcountyiowa.com/pmc/summary_report.asp?pid=L0015A01

The following scenario represents a near term opportunity based on the status of property ownership, location, and market conditions.

NOTE: Access to the site is compromised from backup of storm sewer system at Flood Stage 22. New construction would require a 1' elevation (free board). For additional information contact the Davenport Floodplain Management's local FEMA manager, Wayne Willy at (563) 326-6172.

Capacity and Design

Type: 96-unit upscale market rate rental in four floors above a ground level parking deck and lobby/amenity area. Mix of one and two-bedroom units.

Parking: Single-story parking deck at ground level providing approximately 55 covered parking spaces along with an additional 51 off-street surface parking spaces. 19 additional on-street spaces provide a total of 125 spaces for residents (1.3 space-to-unit ratio).

Design: Housing to be placed along LeClaire Street and E. 3rd Street right-of-way with "city view" and "river view" units. L-shaped building defines an amenity terrace on the roof of the parking deck.



Opportunity Site – DT East 1 – Upscale Rental Housing

Ground level parking façade along LeClaire Street should be well articulated to enliven the streetscape. A welcoming and transparent elevator lobby should be located at the building corner (i.e. the intersection of LeClaire Street and E. 3rd Street). The amenity area along E. 3rd Street should be transparent and treated as a commercial storefront.

Elevation Model

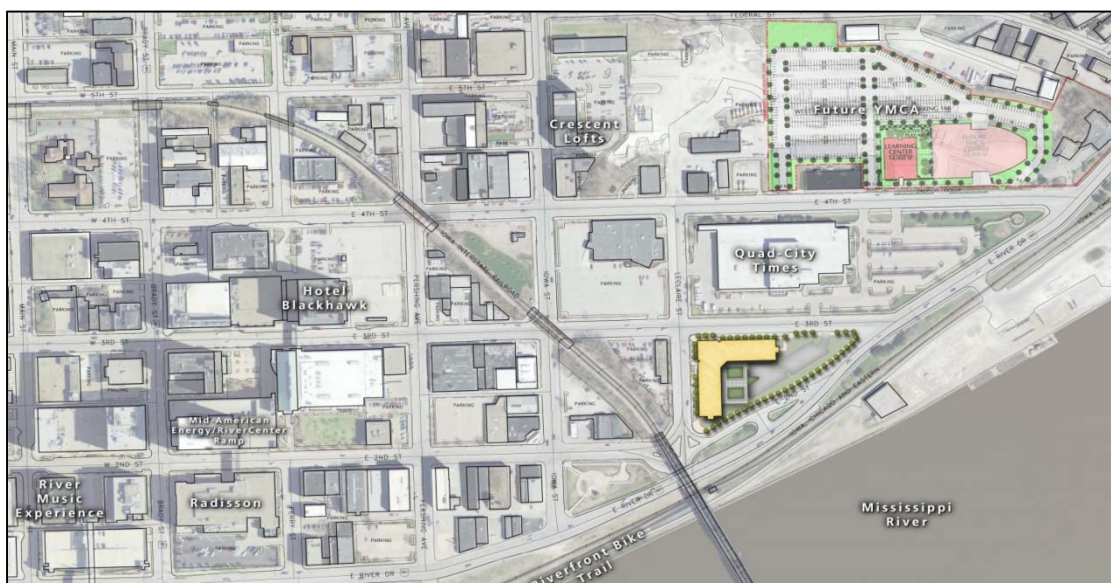
(rental housing in yellow; ground floor commercial/common area space in pink)



Neighborhood Context

This redevelopment site is located at the eastern gateway to Downtown Davenport with close proximity to the following amenities.

- Riverfront Bike Trail system is across the street from the site.
- The Bechtel Park and future YMCA on E. 4th Street are adjacent the site.
- Redband Coffee, Great River Brewery, and the Dam View Inn are within two blocks of the site.
- The Figge Art Museum and River Music Experience and a variety of restaurants and nightlife are within five blocks of the site (refer to [restaurant and shopping map](#)).
- The Rock Island Arsenal is across the Government Bridge from the site.



Opportunity Site – DT East 1 – Upscale Rental Housing

Market Conditions

Demand for market-rate rental housing is projected up to 500 units over the next ten years. The recommended development program for the DT East 1 Opportunity Site is upscale rental housing targeting unaccompanied *military, graduate students, and young professionals.* Market data specific to the development program follows. An overview of the Quad Cities rental housing market is available in the right margin (highlighted in gray). Additional market information can be found in the Downtown Strategic Action Plan.

Recommended Apartment Development Program			
	Studio	One-BR	Two-BR
Unit Size (sf)	450	600	900
Collected Rent	\$600	\$800	\$1,000
Rent/Sq. Ft.	\$1.36	\$1.27	\$1.11
Unit Mix	20	48	28

Military – Rock Island Arsenal (0.3 mile from site)

<ul style="list-style-type: none"> No Unaccompanied Housing on Post 400+ Military Without Children 5,508 Civilian Employees 	2013 Basic Allowance for Housing <ul style="list-style-type: none"> Jr. Enlisted - \$792 NCOs - \$879 to \$1,170 Senior NCOs - \$1,320 to \$1,644 CGOs - \$924 to \$1,650
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Graduate Students – Palmer College of Chiropractic (0.7 mile) Saint Ambrose University (1.7 miles from site)

Saint Ambrose University <ul style="list-style-type: none"> 877 Graduate Students(Fall 2012) No College-Owned Graduate Housing 38.7% of Graduates from Out-of-State 	Palmer College of Chiropractic <ul style="list-style-type: none"> 2,000+ Graduate Students 209 Off-Campus Apartment Units; 20+ Home Conversions Newest Apartment Properties One-BR – 490 to 500 sq. ft.; \$1.26 to \$1.29/sq. ft.
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Other Young Professionals

Downtown Professionals – There are nearly 5,000 downtown employees in the Information, Finance, Insurance, Real Estate, Professional, and Public Administration sectors.

Employee Transfers – John Deere, Trinity, and Genesis Health Systems

4th Quarter 2012

Quad Cities

Apartment Survey Overview

11,264 Apartment Units Surveyed

- o **Davenport - 5,190 units**
- o Rock Island - 1,835 units
- o Moline – 1,744 units
- o Bettendorf – 1,276 units
- o East Moline – 1,219 units

Overall Occupancy Rate - 98.5%

- o **Davenport - 98.4%**
- o Rock Island - 99.1%
- o Moline - 98.1%
- o Bettendorf - 98.7%
- o East Moline - 98.5%

Total Rental Units in Downtown
(% Vacant)

- o **Davenport – 733 (1.5%)**
- o Rock Island – 495 (0.8%)
- o Moline – 247 (1.3%)

Average Downtown Market-Rate Rents*

City	1-BR	2-BR	3-BR
Davenport	\$637	\$890	\$1,128
Rock Island	\$650	\$759	\$828
Moline	\$747	\$996	\$1,250

*Collected

Upper Quartile Rents & Occupancy
by Unit Type (Davenport)

Unit Type	Upper Quartile Rents	Occupancy Rate
Studio	\$500 - \$1,025	98.5%
One-BR	\$610 - \$1,350	99.2%
Two-BR	\$850 - \$1,850	97.2%

Davenport Population
101,409 (2012, est.)

Opportunity Site – DT East 1 – Upscale Rental Housing

Financial Summary

Project Overview (1): *Demolition of existing Howard Johnson site, construct new 4-Story apartment building over ground floor parking area
96 Total units (Studio - 20 units, 1BR - 48 Units, 2BR - 28 Units)
145 parking spaces on ground level parking underneath apartment building
Approximately 75,000 gross square footage*

Project Cost Estimate	Open Shop		Standard Union	
Site Acquisition (2)		TBD		TBD
Demolition Costs (3)		TBD		TBD
Construction Costs: (4)				
Hard Costs/SF	\$113.59		\$122.29	
Soft Costs	\$39.76		\$42.80	
TOTAL	\$153.35	\$13,418,125	\$165.09	\$14,445,375
TOTAL PROJECT COST		\$13,418,125		\$14,445,375

Project Revenues - Annual

			5%		5%
Vacancy			Rent	Units	Rent
Rental Rate (5)	Square Footage	Units			
Studio	450	20	\$600	20	\$600
1BR	600	48	\$800	48	\$800
2BR	900	28	\$1,000	28	\$1,000

RENTAL REVENUES - TOTAL	\$768,360	\$768,360
Operating Expenses (40%)	\$307,344	\$307,344
Net Operating Income	\$461,016	\$461,016

Potential Development Incentives (6)

Residential Enterprise Zone

Refund of 6% state sales taxes paid during construction (7)	\$223,630	\$240,758
10% Credit on qualifying investment (8)	\$1,341,813	\$1,344,000

Urban Revitalization Tax Exemption

Schedule 4 Exemption - 100% Exemption Cumulative over 10 years (9)	\$3,990,901	\$4,296,569
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Potential Development Incentive Total	\$5,556,344	\$5,881,328
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NOTES:

(1) All information herein provided for information purposes only. Actual development characteristics, costs, revenues, and incentives will vary from these estimates based on actual market conditions at the time of project initiation.

(2) Site currently owned by United Central Bank. Current listing price \$1.1 million; purchased for \$625,000 in June 2012

(3) Demolition cost estimated at \$5/sf, assumes 79,000 sf total

(4) Construction cost information provided by RSMeans Online, 4 story residential with face brick, concrete block backing and reinforced concrete framing, for both Union and Open Shop cost factors, specific to Davenport, IA

(5) Average rental rate achieved for Class A apartments in Davenport

(6) Represents most likely incentive programs currently offered in Davenport for this type of development. Additional incentives may be available.

(7) Assumes 50% of hard construction costs are materials, with 75% of those taxable

(8) Capped at \$140,000 investment per unit. Can be used over a seven year period or sold/monetized

(9) Represents cumulative total exemption over 10 year period. Increased assessment assumed to be equal to hard costs.

NOTE: Access to the site is compromised from backup of storm sewer system at Flood Stage 22. New construction would require a 1' elevation (free board). For additional information contact the Davenport Floodplain Management's local FEMA manager, Wayne Willy at (563) 326-6172.

Opportunity Site – DT East 2 – Market-Rate Rental Housing

The 4.3-acre site is part of the properties currently owned by the Davenport YMCA. The YMCA has planned the majority of the site for a future facility. This area on the western edge of the property represents a high priority redevelopment site for Downtown Davenport as market rate rental housing.

Site Information

Owner: Scott County Family YMCA

Current Use: Vacant

Acres: approximately 4.3 acres

Dimensions: 450' x 420'

Parcel: F0063-18C and F0062-20A

ADT: 5,300 E. 4th Street; 20,100 E. River Drive (Iowa DOT)

Assessor Link:

http://parcels.scottcountyiowa.com/pmc/summary_report.asp?pid=F0063-18C

http://parcels.scottcountyiowa.com/pmc/summary_report.asp?pid=F0062-20A

The following scenario represents a near term opportunity based on the status of property ownership, location, and market conditions.

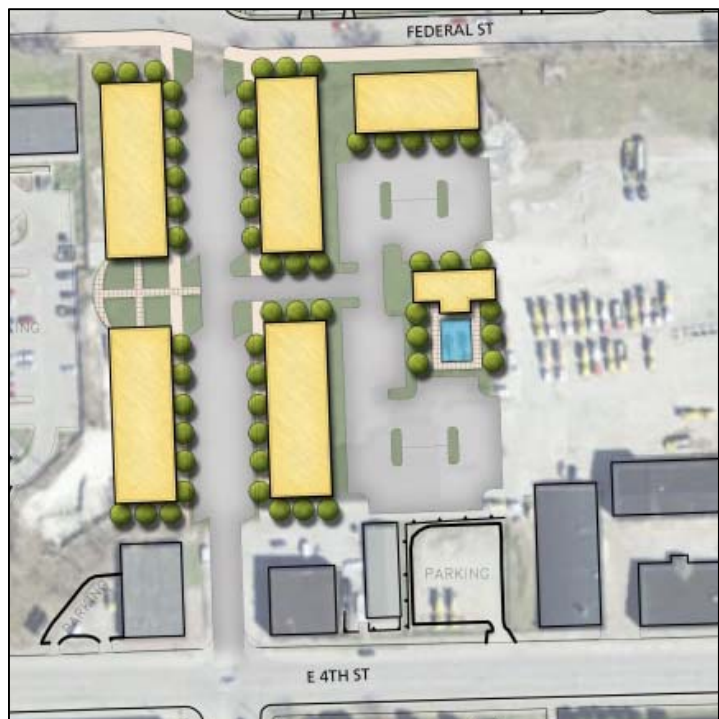


Capacity and Design

Type: 100-unit market rate rental in three floors. Mix of one-, two-, and three-bedroom units. Unit type may include a mix of townhomes and flats.

Parking: Off-street surface parking and on-street parking along a re-established LeClaire Street provides a total of 150 spaces for residents (1.5 space-to-unit ratio).

Design: Housing to be placed along LeClaire Street and Federal Street. Angled parking in conjunction with a limited building setback should define a traditional and walkable streetscape along LeClaire Street. Additional surface parking should be primarily screened from major streets by placing it behind the buildings. A clubhouse/amenity area should also be provided.



Opportunity Site – DT East 2 – Market-Rate Rental Housing

Building Elevation Model

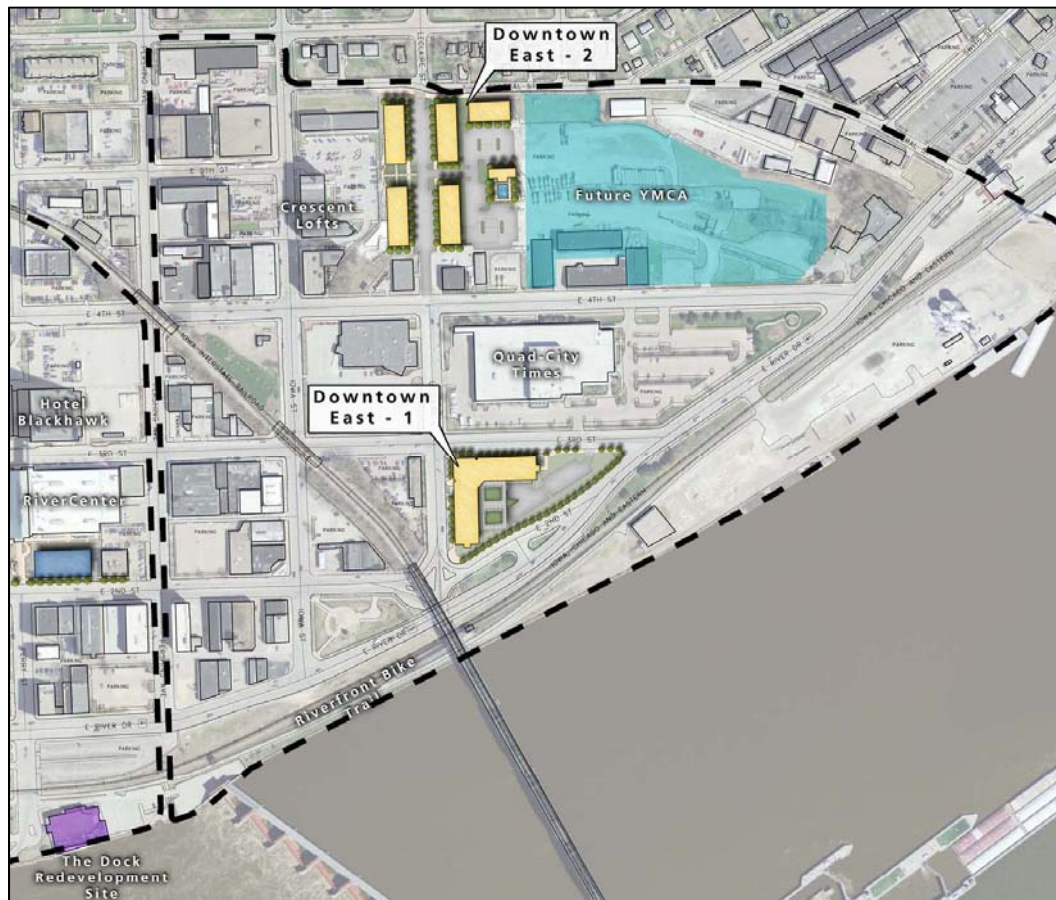


Note: The design of the future YMCA site is currently in the early conceptual stages.

Neighborhood Context

This redevelopment site is located adjacent to the future YMCA with close proximity to the following amenities.

- The Riverfront Bike Trail system is two blocks from the site.
- Redband Coffee, Great River Brewery, and the Dam View Inn are within two blocks of the site.
- The RiverCenter/Adler Theater are three blocks from the site.
- The Figge Art Museum, River Music Experience and a variety of restaurants and nightlife are within six blocks of the site (refer to restaurant and shopping map).

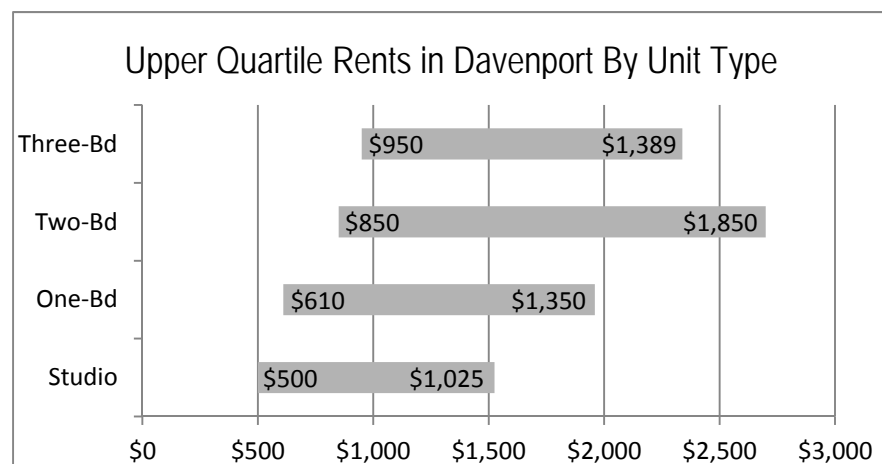


Opportunity Site – DT East 2 – Market-Rate Rental Housing

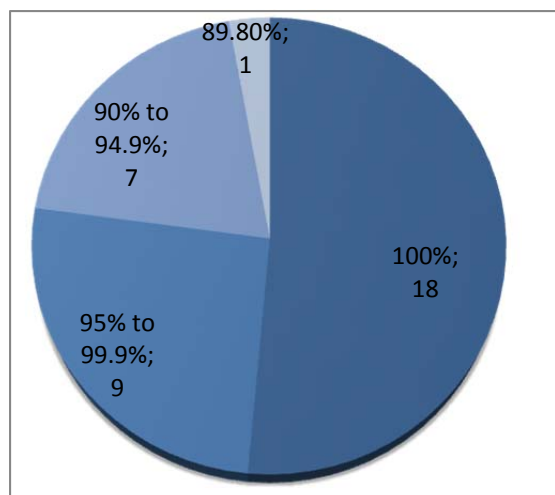
Market Conditions

Demand for market-rate rental housing is projected up to 500 units over the next ten years. Market data specific to the development program follows. An overview of the Quad Cities rental housing market is available in the right margin (highlighted in gray). Additional market information can be found in the Downtown Strategic Action Plan.

Recommended Development Program			
	One-BR Flat	Two-BR Flat	Two-BR Townhouse
Unit Size (sf)	750	940	1,150
Collected Rent	\$850	\$950	\$1,040
Rent/Sq. Ft.	\$1.13	\$1.01	\$0.90
Unit Mix	42	28	30



Occupancy Status of Market-Rate Properties in City of Davenport



Occupancy Rate	Surveyed Properties
100%	18
95%-99.9%	9
90%-94.9%	7
Below 90% (89.8%)	1

Unit Type	Occupancy Rate
Studio	98.5%
One-BR	99.2%
Two-BR	97.2%
Three-BR	96.5%
Total	98.1%

4th Quarter 2012 Quad Cities Apartment Survey Overview

11,264 Apartment Units Surveyed

- Davenport - 5,190 units
- Rock Island - 1,835 units
- Moline - 1,744 units
- Bettendorf - 1,276 units
- East Moline - 1,219 units

Overall Occupancy Rate - 98.5%

- Davenport - 98.4%
- Rock Island - 99.1%
- Moline - 98.1%
- Bettendorf - 98.7%
- East Moline - 98.5%

Total Rental Units in Downtown
(% Vacant)

- Davenport - 733 (1.5%)
- Rock Island - 495 (0.8%)
- Moline - 247 (1.3%)

Average Downtown Market-Rate Rents*

City	1-BR	2-BR	3-BR
Davenport	\$637	\$890	\$1,128
Rock Island	\$650	\$759	\$828
Moline	\$747	\$996	\$1,250

*Collected

Projected Renter Household Growth (2000 through 2016)

- Davenport - 16.6%
- Rock Island - 0.8%
- Moline - 4.0%
- Bettendorf - 13.7%
- East Moline - n/a

Davenport Population
101,409 (2012, Est.)

Opportunity Site – DT East 2 – Market-Rate Rental Housing

Financial Summary

Project Overview (1): *Five building complex, including upscale townhomes and apartments
100 total units (1BR - 42, 2BR - 28, 2BR Townhouse - 30)
150 surface parking spaces
Approximately 130,000 gross square footage*

Project Cost Estimate	Open Shop		Standard Union	
Site Acquisition (2)	TBD		TBD	
Construction Costs: (3)				
Hard Costs/SF	\$100.98		\$109.64	
Soft Costs	\$35.35		\$38.38	
TOTAL	\$136.33	\$15,705,047	\$148.01	\$17,051,154
TOTAL PROJECT COST	\$15,705,047		\$17,051,154	

Project Revenues - Annual

Vacancy			5%		5%
Rental Rate (4)	Square Footage	Units	Rent	Units	Rent
1BR Flat	750	42	\$850	42	\$850
2BR Flat	940	28	\$950	28	\$950
2BR Townhouse	1,150	30	\$1,040	30	\$1,040

RENTAL REVENUES - TOTAL	\$692,835	\$692,835
Operating Expenses (40%)	\$277,134	\$277,134
Net Operating Income	\$415,701	\$415,701

Potential Development Incentives (5)

Residential Enterprise Zone

Refund of 6% state sales taxes paid during construction (6)	\$297,179	\$322,658
10% Credit on qualifying investment (7)	\$1,400,000	\$1,400,000

Urban Revitalization Tax Exemption

Schedule 4 Exemption - 100% Exemption Cumulative over 10 years (8)	\$4,670,924	\$5,071,393
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Potential Development Incentive Total	\$6,368,102	\$6,794,050
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NOTES:

- (1) All information herein provided for information purposes only. Actual development characteristics, costs, revenues, incentives will vary from these estimates based on actual market conditions at the time of project initiation.
- (2) Site currently owned by Scott County YMCA. Acquisition price to be negotiated.
- (3) Construction cost information provided by RSMeans Online, 3 story residential with face brick, concrete block backing and reinforced concrete framing, for both Union and Open Shop cost factors, specific to Davenport, IA
- (4) Average rental rate achieved for Class A apartments in Davenport
- (5) Represents most likely incentive programs currently offered in Davenport for this type of development. Additional incentives may be available.
- (6) Assumes 50% of hard construction costs are materials, with 75% of those taxable
- (7) Capped at \$140,000 investment per unit. Can be used over a seven year period or sold/monetized
- (8) Represents cumulative total exemption over 10-year period. Increased assessment assumed to be equal to hard costs.

Opportunity Site – DT Central 1 – New Office Building

The 0.54-acre parcel occupies a significant location in the core of the downtown adjacent to the RiverCenter. This site represents a high priority redevelopment opportunity in Downtown Davenport for a mixed-use project with class A office and ground level retailers.

Site Information

Owner: City of Davenport

Current Use: Vacant

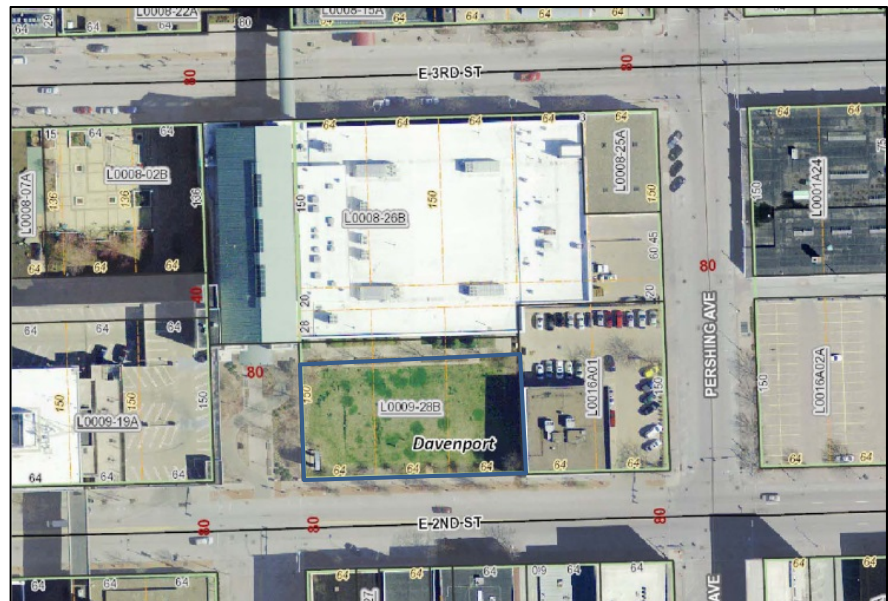
Acres: 0.54 acres

Dimensions: 150' x 192'

Parcels: L0009-28B

Assessor Link:

<http://parcels.scottcountyiowa.com/pmc/summaryreport.asp?pid=L0009-28B>



The following scenario represents a near term opportunity based on the status of property ownership, location, and market conditions.

Capacity and Design

Type: 81,600 sf mixed-use building in 6 floors. Predominantly class A office users with retail at ground level.

Parking: Tenant parking may be provided in the adjacent RiverCenter Ramp although careful coordination would need to occur with RiverCenter events. Additional capacity is available in the Redstone Ramp. 71,600 sf of office use would require 286 spaces at a parking ratio of 1 space per 250 sf.



Design: Building to be placed along the E. 2nd Street right-of-way and should frame the entry plaza to the RiverCenter. Pedestrian space along north side should be maintained allowing daylighting for office users. Off-street loading and service should be located at the east end of the building. Ground level uses should include a generous lobby for office users along with 8,000 to 10,000 sf of retail space.

Opportunity Site – DT Central 1 – New Office Building

Building Elevation Model

(office space in blue; retail/restaurant in pink)



Neighborhood Context

- The RiverCenter and the RiverCenter Ramp are adjacent the site.
- The Hotel Blackhawk is one block from the site.
- The River Music Experience and a variety of restaurants and night life are within two blocks of the site (refer to restaurant and shopping map).
- The Riverfront Bike Trail System with connection to LeClaire Park and Modern Woodmen Park (Home of the Quad Cities River Bandits) is two blocks from the site.
- The Figge Art Museum is two blocks from the site.
- The Freight House, occupied by the Freight House Farmer's Market, Front Street Brewery Tap House and Fresh Deli is two blocks from the site.



Opportunity Site – DT Central 1 – New Office Building

Downtown Office Market Conditions

The overall vacancy rate of office space in the downtown is high at 27.6%. However, based on DDA's survey of office space combined with an online survey of Quad City office tenants, the high vacancy appears to be more of a result of the lack of available newly constructed office space rather than market demand.

Newer Office Buildings (1994)	Older Office Buildings (30 years+)
<ul style="list-style-type: none">• 2 Office Buildings• 124,000 square feet• 7.8% vacancy• \$16/sf	<ul style="list-style-type: none">• 10 Office Buildings• 400,000 square feet• 33.7% vacancy• \$8 - \$15/sf

Key Office Preference Survey Results Quad City Office Tenant

- In the event their business was to relocate, new construction office space was the most preferred type of office building. *As noted above, there are only two newer buildings in the downtown area and minimal space available.*
- There was a higher preference for newer more classic interior design space than open raw space and modern finished historic space with columns. *As with most historic properties, there are numerous columns in the older office stock.*
- Nearly 9 out of 10 respondents indicated that it was acceptable to have employee parking one city block away from the office building. *Parking at this office site can be accommodated at the adjacent RiverCenter parking ramp.*
- More than three-fourths of the survey respondents find lobby space at the entrance of the building as appealing. *The only formal office building lobbies are within the two newer buildings.*
- Of the respondents that indicated a lobby would be appealing, 8 out of 10 indicated that a receptionist/security area and seating area were somewhat to very important lobby amenities. *There is no downtown office space in Davenport that includes a building lobby with a receptionist/security area and seating area.*
- Office users indicated the top preferences for other types of establishments/amenities near their office space are restaurants, a coffee shop, and the riverfront. *This office site is positioned proximate to these amenities.*

Opportunity Site – DT Central 1 – New Office Building

Financial Summary

Project Overview (1): 6 Story tower with ground floor lobby/retail, five office floors
68,000 gsf total office, 13,600 gsf lobby/retail - 81,600 total gsf

Project Cost Estimate	Open Shop		Standard Union	
Site Acquisition (2)	TBD		TBD	
Construction Costs: (3)				
Hard Costs/SF	\$113.05		\$121.05	
Soft Costs	\$39.57		\$42.37	
TOTAL	\$152.62	\$12,453,792	\$163.42	\$13,335,072
TOTAL PROJECT COST	\$12,453,792		\$13,335,072	

Project Revenues -

Annual

Vacancy		5%	5%
Rental Rate	Leasable SF	Rent/SF (4)	Rent/SF (4)
Office	60,860	\$17	\$17
Retail	TBD	TBD	TBD

RENTAL REVENUES -			
TOTAL	\$982,889	\$982,889	
Operating Expenses (25%)	\$245,722	\$245,722	
Net Operating Income	\$737,167	\$737,167	

Potential Development Incentives (5)

Commercial Enterprise

Zone

Refund of 6% state sales taxes paid during construction (6)	\$207,560	\$222,248
10% Credit on qualifying investment (7)	\$1,245,379	\$1,333,507
100% Property Tax Exemption - 10 Year cumulative total (8)	\$3,704,107	\$3,966,229

Potential Development Incentive Total	\$5,157,046	\$5,521,984
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NOTES:

- (1) All information herein provided for information purposes only. Actual development characteristics, costs, revenues, incentives will vary from these estimates based on actual market conditions at the time of project initiation.
- (2) Site currently owned by City of Davenport. Acquisition price to be negotiated.
- (3) Construction cost information provided by RSMeans Online, 6 story office, face brick, steel frame for both Union and Open Shop cost factors, specific to Davenport, IA
- (4) Class A, Triple Net office rental rate in Davenport IA
- (5) Represents most likely incentive programs currently offered in Davenport for this type of development. Additional incentives may be available.
- (6) Assumes 50% of hard construction costs are materials, with 75% of those taxable
- (7) Capped at \$140,000 investment per unit. Can be used over a seven year period or sold/monetized
- (8) Represents cumulative total exemption over 10 year period. Increased assessment assumed to be equal to hard costs.

Opportunity Site – DT Central 2 – New Office Building

The 0.45-acre parcel occupies a significant location in the core of the downtown. This site represents a high priority redevelopment opportunity in Downtown Davenport for a mixed-use project with class A office and ground level retailers.

Site Information

Owner: Putnam Memorial Fund

Current Use: surface parking

Acres: 0.45 acres

Dimensions: 150' x 128'

Parcel: L0010-10B

Assessor Link:

http://parcels.scottcountyowa.com/pmc/summary_report.asp?pid=L0010-10B



The following scenario represents a near term opportunity based on the status of property ownership, location, and market conditions.

Capacity and Design

Type: 99,000 sf mixed-use building in 6 floors. Predominantly class A office users with retail at ground level.

Parking: Office user parking provided in the Harrison Street Ramp and Redstone Ramp. Currently 196 spaces are available in the Harrison Street Ramp and 255 spaces available in the Redstone Ramp. 88,000 sf of office use would require 352 spaces at a parking ratio of 1 space per 250 sf.

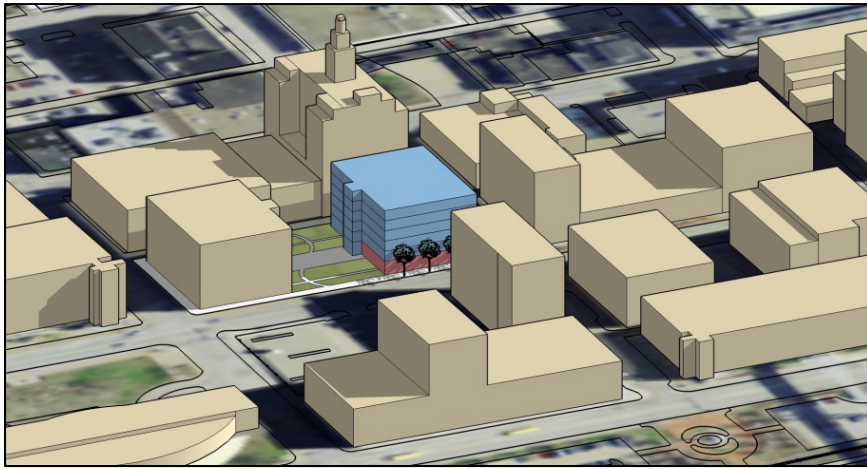


Design: Building to be placed along the W. 2nd Street and Main Street rights-of-way and should frame the plaza to the west. Off-street loading and service should be provided from the alley to the north. Ground level uses should include a generous lobby for office users along with 10,000 to 12,000 sf of retail space.

Opportunity Site – DT Central 2 – New Office Building

Building Elevation Model

(office space in blue; retail/restaurant in pink)



Neighborhood Context

- The River Music Experience, Figge Art Museum, and a variety of restaurants and night life are across the street from the site (refer to restaurant and shopping map).
- The Riverfront Bike Trail System with connection to LeClaire Park and Modern Woodmen Park (Home of the Quad Cities River Bandits) is two blocks from the site.
- The RiverCenter is two blocks from the site.
- The Freight House, occupied by the Freight House Farmer's Market, Front Street Brewery Tap House and Fresh Deli is three blocks from the site.
- The Hotel Blackhawk is also three blocks from the site.



Opportunity Site – DT Central 2 – New Office Building

Downtown Office Market Conditions

The overall vacancy rate of office space in the downtown is high at 27.6%. However, based on DDA's survey of office space combined with an online survey of Quad City office tenants, the high vacancy appears to be more of a result of the lack of available newly constructed office space rather than market demand.

Newer Office Buildings (1994)	Older Office Buildings (30 years+)
<ul style="list-style-type: none">• 2 Office Buildings• 124,000 square feet• 7.8% vacancy• \$16/sf	<ul style="list-style-type: none">• 10 Office Buildings• 400,000 square feet• 33.7% vacancy• \$8 - \$15/sf

Key Office Preference Survey Results Quad City Office Tenant

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- Office users indicated the top preferences for other types of establishments/amenities near their office space are restaurants, a coffee shop, and the riverfront. *This office site is positioned proximate to these amenities.*

Opportunity Site – DT Central 2 – New Office Building

Financial Summary

Project Overview (1): 6 Story tower with ground floor lobby/retail, five office floors
82,500 gsf total office, 16,500 gsf lobby/retail - 99,000 total gsf

Project Cost Estimate	Open Shop		Standard Union	
Site Acquisition (2)	TBD		TBD	
Construction Costs: (3)				
Hard Costs/SF	\$110.21		\$117.94	
Soft Costs	\$38.58		\$41.27	
TOTAL	\$148.79	\$14,730,210	\$159.21	\$15,761,790
TOTAL PROJECT COST	\$14,730,210		\$15,761,790	

Project Revenues - Annual

Vacancy		5%	5%
Rental Rate	Leasable SF	Rent/SF (4)	Rent/SF (4)
Office	74,800	\$17	\$17
Retail	TBD	TBD	TBD

RENTAL REVENUES - TOTAL	\$1,208,020	\$1,208,020
Operating Expenses (25%)	\$302,005	\$302,005
Net Operating Income	\$906,015	\$906,015

Potential Development Incentives (5)

Commercial Enterprise Zone

Refund of 6% state sales taxes paid during construction (6)	\$245,493	\$262,711
10% Credit on qualifying investment (7)	\$1,473,021	\$1,576,179
100% Property Tax Exemption - 10 Year cumulative total (8)	\$4,381,058	\$4,688,340

Potential Development Incentive Total	\$6,099,572	\$6,527,231
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