

The Subject Property

Various parcels of vacant land owned by the Town of Gilbert (“Town”) located within its “Heritage District” (“District”) as shown on the attached exhibit (“Parcels” or “Parcel”).

Overview

The term “suburb” can refer either to any outlying residential area of a city or town or to a separate municipality or residentially developed unincorporated area outside a town or city. While the suburbs had originated far earlier; the suburban population in North America exploded during the post-World War II economic expansion. As of July 2011, the United States Census Bureau estimated that the growth of American suburbs has slowed to less than that of urban areas for the first time since the 1950’s. Phoenix came of age in this era. In the past 30 years the areas around the City of Phoenix have grown substantially causing small farming towns such as Avondale, Glendale, Chandler, Gilbert and Queen Creek to grow into suburban communities. As growth has continued to push the urban fringe outward, many of these suburban communities have become substantially built out creating opportunity for in-fill development reflective of more urban character.

The Subject Land for this assignment is located within the Town of Gilbert (“Gilbert”). In the past 35 years Gilbert has matured from a predominantly rural, agricultural community to almost fully developed suburban community. Gilbert is a relatively young, affluent community. Incorporated in 1920, Gilbert has a total area of approximately 76.0 square miles. Although a relatively new community, Gilbert has seen tremendous growth during the past three decades increasing in population from 5,717 in 1980 to 208,453 as of a 2010 Census Bureau estimate. Gilbert is currently considered the most populous incorporated town in the United States. Gilbert has a reputation as a good place to live and offers generally a high quality of life.

Objectives and Problem

This assignment is designed to teach students how to assess opportunities for residential and commercial property in areas that have current and future opportunity, work with jurisdictions, define business strategies for pursuing development opportunities, establish a competitive position in a defined sub-market and work with design professionals and organize and manage a team. In this assignment, each MRED Team will be a separate company competing to be the Master Developer of the Parcels. This assignment expands upon what you have learned in Synthesis #1 but requires application of considerable project organization and Team Management skills. The time period is short so work must be focused on making decisions and drawing conclusions. MRED Teams will work with Masters of Urban Design students (one per team) to prepare a master development plan for the District and all the Parcels. This aspect adds a real coordination problem to your assignment and a complexity but also a resource. This assignment requires Teams to:

- Organize a Team, a scope of work and an operational plan to carry out that work in a very short time period.
- Incorporate a design Team members into your work.
- Prepare a master development plan for the District.
- Assess the overall development opportunity of the District.
- Assess development opportunity of each Parcel within the District.
- Create a written proposal to the Town to become the Master Developer of the District including financial and economic rationale.
- Define specific constraints to development such as the availability of utilities to support any particular types of development and other characteristics of the site(s) that may be constraints, such as poor soil

conditions, potential for waste from previous development, potential for flooding, etc.

- Identify appropriate uses for all Parcels within the District.
- Determine needed entitlements to support the identified use(s) for each Parcel.
- Determine timing of development for each Parcel.
- Establish the amount that can be paid to the Town, to purchase each Parcel and terms and conditions for each purchase of each Parcel (release prices and contingencies).
- Determine any incentives from the Town necessary to support developing the Parcels. This shall including why they are needed, how they will be applied and the economic benefits to the Team and the Town.
- Establish an organizational structure necessary to fulfill the Teams obligation as Master Developer.
- Define the amount and type of financing needed to be the Master Developer and to develop each Parcel.
- Prepare a financial plan as the Master Developer for developing the Parcels and support that plan with appropriate financial analysis.
- Define a specific business plan as the Master Developer including operating, financial and organizational plans.

Team Assignment

1. Determine if the current zoning supports development compatible with current and future market demands and if not, what zoning changes you will require and what is the strategy and cost of requesting your proposed changes;
2. With MUD students, prepare concept plan(s) that define the District and maximize each Parcels value;
3. Make a specific offer to the Town to become the Master Developer including:
 - a. Respondent's overall vision for the District
 - b. Anticipated primary uses and markets for the District
 - c. Proposed financing types and sources
 - d. Development phasing
 - e. Proposed involvement of the Town and other stakeholders.
4. Based on the Master Plan, prepare a financial analysis to determine how much can be paid for each Parcel and the Parcels in aggregate, given defined investment criteria, assumptions, terms and conditions;
5. Prepare a bound analysis ("Project Report"), including the description of strategic investment and development alternatives;
6. With the MUD students, make a presentation of the Master Developer proposal to the Town.

Each Team must recognize what best supports the Town's objectives, is legally, financially, politically and economically feasible and convince the Town that it has the best idea, best approach and organization to fulfill its obligation as Master Developer. For the Town, its decision making is much more then achieving the highest price, it is interested in leveraging the growth and vitality of the Town and in particular its downtown. Things to remember in developing the Team's analysis and offer:

- Town has many alternates. How do you convince the Town and the MRED faculty why your plan, vision, strategy will achieve the Towns objectives as well as meet your goals and objectives, with a high probability of success.
- With this in mind, the Team's analysis needs to include sufficient information to be able to evaluate the depth to which you have studied the area and Parcels and what assumptions you have made in developing your plans and proposal.

- Each Team's approach must be financially viable and able to attract necessary capital based on defined risks and rewards. Your offer/proposal needs to be a very specific offer that is financially feasible and is attractive to the Town.

Assignment Deliverables

Prepare an offer to the Town that includes:

1. **Executive Summary** - Summary of your analysis, plan and recommended alternatives (no more than 2 pages).
2. **Specific proposal/offer to the Town defining all terms and conditions for implementing the Teams proposed plans.**
3. **Contents of Project Report, including but not limited to:**
 - Company/Team Name and list of all Company/Team Members and their roles and responsibilities;
 - Legal structure of the Master Developer entity;
 - Business Model for acquiring, owning and disposing of the Parcels.
 - Acquisition strategy and the legal structure used to implement the proposed Master Plan.
 - Predevelopment Budget and scope of work.
 - Site and area analysis of the Subject Property;
 - A complete market analysis that directly supports the development plan is used as input assumptions for the financial analysis. This report shall define the target user(s), the land uses, product types and characteristics, product pricing and absorption;
 - Site development plan;
 - Development Implementation and zoning strategy;
 - Implementation program;
 - Development budget and Parcel take down schedule;
 - Financial analysis;

DELIVERABLE and PRESENTATION

Each Team is required to:

1. Submit a bound Offer and Executive Summary to MRED Faculty by 5:00 p.m. on February 27, 2013;
2. Make a maximum 15 - minute presentation to Town of Gilbert officials and MRED faculty on March 1, 2013. Teams should include their rationale for determining the proposed uses, the purchase price for the Parcels, why your organization should be the Master Developer and an overall strategy for achieving success.

This is a Team grade, adjusted based on peer feedback. Faculty will assess each Team's ability to organize, carry out and work program, how complete they address each objective and the quality of their written and verbal presentation. The Team that is selected by the Town as the most desirable will receive an extra 15 points for their grade.