

Broken Arrow Oklahoma

An Evaluation of the Viability of Destination Retail

February 4-6, 2004
An Advisory Services Program Report

ULI—the Urban Land Institute
1025 Thomas Jefferson Street, N.W.
Suite 500 West
Washington, D.C. 20007-5201

About ULI—the Urban Land Institute

ULI—the Urban Land Institute is a non-profit research and education organization that promotes responsible leadership in the use of land in order to enhance the total environment.

The Institute maintains a membership representing a broad spectrum of interests and sponsors a wide variety of educational programs and forums to encourage an open exchange of ideas and sharing of experience. ULI initiates research that anticipates emerging land use trends and issues and proposes creative solutions based on that research; provides advisory services; and publishes a wide variety of materials to disseminate information on land use and development.

Established in 1936, the Institute today has more than 20,000 members and associates from 70 countries, representing the entire spectrum of the land use and development disciplines. Professionals represented include developers, builders, property

owners, investors, architects, public officials, planners, real estate brokers, appraisers, attorneys, engineers, financiers, academics, students, and librarians. ULI relies heavily on the experience of its members. It is through member involvement and information resources that ULI has been able to set standards of excellence in development practice. The Institute has long been recognized as one of America's most respected and widely quoted sources of objective information on urban planning, growth, and development.

This Advisory Services panel report is intended to further the objectives of the Institute and to make authoritative information generally available to those seeking knowledge in the field of urban land use.

Richard M. Rosan
President

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About ULI Advisory Services

The goal of ULI's Advisory Services Program is to bring the finest expertise in the real estate field to bear on complex land use planning and development projects, programs, and policies. Since 1947, this program has assembled well over 400 ULI-member teams to help sponsors find creative, practical solutions for issues such as downtown redevelopment, land management strategies, evaluation of development potential, growth management, community revitalization, brownfields redevelopment, military base reuse, provision of low-cost and affordable housing, and asset management strategies, among other matters. A wide variety of public, private, and nonprofit organizations have contracted for ULI's Advisory Services.

Each panel team is composed of highly qualified professionals who volunteer their time to ULI. They are chosen for their knowledge of the panel topic and screened to ensure their objectivity. ULI panel teams are interdisciplinary and are developed based on the specific scope of the assignment. They provide a holistic look at development problems.

Because the sponsoring entities are responsible for significant preparation before the panel's visit, including sending extensive briefing materials to each member and arranging for the panel to meet with key local community members and stakeholders in the project under consideration, participants in ULI's panel assignments are able to make accurate assessments of a sponsor's issues and to provide recommendations in a compressed amount of time.

A major strength of the program is ULI's unique ability to draw on the knowledge and expertise of its members, including land developers and owners, public officials, academicians, representatives of financial institutions, and others. In fulfillment of the mission of the Urban Land Institute, this Advisory Services program report is intended to provide objective advice that will promote the responsible use of land to enhance the environment.

ULI Program Staff

Rachelle L. Levitt
Senior Vice President, Policy and Practice

Mary Beth Corrigan
Vice President, Advisory Services

Nancy Zivitz Sussman
Senior Associate, Advisory Services

Nicholas Gabel
Associate, Advisory Services

Jason Bell
Panel Coordinator, Advisory Services

Yvonne Stanton
Administrative Assistant

Nancy H. Stewart
Director, Book Program

Julie D. Stern
JDS Communications
Manuscript Editor

Betsy VanBuskirk
Art Director

Martha Loomis
Desktop Publishing Specialist/Graphics

Diann Stanley-Austin
Director, Publishing Operations

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On behalf of ULI, the panel would like to thank the city of Broken Arrow and, particularly, Tom Chatterton, council member; Craig Thurmond, vice mayor; and Farhad Daroga, planning director; all of whom played key roles in the organization of the ULI panel and in preparing the materials it needed to do its work.

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ULI Panel and Project Staff

Panel Members

John K. McIlwain
Senior Resident Fellow and ULI/J. Ronald
Terwilliger Chair for Housing
ULI—the Urban Land Institute
Washington, D.C.

Marc McCauley
Vice President
Robert Charles Lesser & Co., LLC
Bethesda, Maryland

David Petta
Principal
ELS Architecture and Urban Design
Berkeley, California

ULI Project Director

Jason Bell
Panel Coordinator, Advisory Services

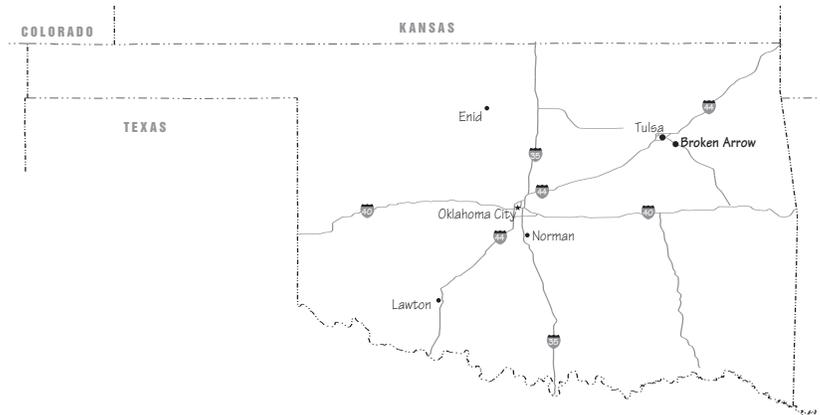
Introduction

The city of Broken Arrow, Oklahoma, asked the ULI panel to give an objective opinion about the viability of a destination retail town center on one of three proposed sites. Broken Arrow is located 15 miles southeast of downtown Tulsa. The city's current population of 85,043 is projected to grow to 105,000 by 2008. Broken Arrow retains very little of its residents' retail dollars, which flow primarily to Tulsa's 71st Street big-box shopping corridor, as well as to two large regional malls in Tulsa.

The Process and the Panel's Assignment

Prior to arriving in Broken Arrow, the panel reviewed briefing materials describing the scope of the assignment and questions to be addressed. Panel members then spent two days with city council members, staff, and local stakeholders, reviewing materials, touring the city, and visiting the proposed sites. The panel also assessed downtown Broken Arrow's potential for redevelopment and the potential relationship between downtown and the proposed destination retail town center.

This executive summary report outlines the panel's recommendations for Broken Arrow. The report addresses the following issues:



- Viability of a destination retail town center;
 - Site location;
 - Tenant and use mix;
 - Design and phasing;
 - Residential component;
 - Financing; and
 - Zoning and approvals.
- Location map.

Recommendations

The panel believes that there is strong potential for a 315,000- to 390,000-square-foot destination retail town center in Broken Arrow. An overview of the local market indicates evidence of a growing demand for a center that can compete with Tulsa's big-box corridor and regional malls.

Site Location

The panel was asked to assess the development potential for a destination retail town center at three sites. Of these three sites, the panel chose the Elm Place site as the most favorable, because it is:

- Located directly facing Interstate 51/Broken Arrow Expressway;
- Close to downtown Tulsa; and
- The site of a proposed Bass Pro Outdoor World shop.

The city also asked the panel to assess downtown Broken Arrow's ability to attract the retail components necessary to make it an active retail destination. The panel believes that with its current tenant mix and surrounding residential neighborhoods, downtown Broken Arrow is not well situated to become a lifestyle center. However, with further design and market study, downtown possesses very good redevelopment potential.

Tenant and Use Mix

The panel suggests that in addition to a destination retail center, there is room at the selected site for the following uses, which could be developed if and when market demand and conditions for them are favorable:

- 200 to 250 single-family houses;
- A full-service conference center;

- One or two hotels, depending on their size, to support the conference center;
- Neighborhood-oriented retail facilities, including, for example, a supermarket; and
- Some civic components, depending on redevelopment plans for downtown.

Design and Phasing

The panel emphasizes that the goal of the proposed development should be to create a vibrant and cohesive pedestrian environment, separate from parking and traffic, with a density and continuity that allow and encourage people to walk rather than drive through a series of shopping, dining, and/or entertainment experiences. A destination retail town center would build on the drawing power of the proposed Bass Pro shop to the best advantage of Broken Arrow, provide a setting that is uniquely different from the one that currently exists along Tulsa's 71st Street big-box retail corridor, and create possibilities for exciting connections with other parts of the region.

Parking and vehicular circulation should not be allowed to surround and isolate the commercial uses from one another, nor to dominate the overall project. The lifestyle-oriented tenants that will support the type of urban mixed-use development Broken Arrow wants to encourage will depend on the foot traffic generated by a closely clustered development with the right mix of tenants.

The vehicular zone and parking fields should be adjacent to and along the Bass Pro Boulevard/ East 61st Street South/Albany corridor. Assembling the parking in one area and coordinating the overall layout and circulation will make it easier to add parking decks in the future and make the most of the site's topography.

Retail uses should be located adjacent and parallel to the Broken Arrow Expressway, to maximize the project's visibility, allow for a service access route separated from public parking, and provide the optimum east/west solar orientation, which would place the public parking and pedestrian zones on the cooler, north side of the buildings.

The proposed residential development should be located on the west side of the site, where it can be connected to existing residential developments and public recreation facilities located to the north, between Elm Place and Aspen Avenue. Within the town center, community- and neighborhood-oriented tenants, including a supermarket, should be located adjacent to the residential development.

The Bass Pro Shop and lake, conference center, and hotels—all of which most likely would be built in the earliest phases of development—should be located together, at the east end of the site. The restaurant and entertainment tenants that serve these regional destinations should be located at the east end of the proposed development. The location and phasing of any future municipal office or other civic components will be determined later, after market analyses indicate a demand for such uses and downtown planning efforts determine that this is the appropriate location for them.

Residential Component

The panel recommends that the proposed project incorporate residential development at a density of eight to ten units per acre. It understands that

this density is higher than what is currently produced and available in the area. Higher residential density creates the critical mass of people necessary for the creation of walkable town centers.

The housing should be marketed to young professionals working in Tulsa who seek an environment that offers a unique lifestyle not currently found in the area. In addition, an appropriate percentage of the residential units should be designated as workforce housing.

Financing

Based on its discussion with city staff and the information it reviewed, the panel suggests that issuing a tax increment financing bond could net approximately \$9 million to \$15 million. The selected development team and the city will need to come to an agreement on how these funds will be allocated. The city also should strongly consider supporting the development by agreeing to maintain its roadways and parking surfaces.

Zoning and Approvals

The panel encourages the city to use flexible zoning, design, and regulatory approvals through all phases of the development process, in order to facilitate the ease with which the development team can move forward.

Conclusion

Although the panel was able to assess the overall viability of a destination retail town center and suggest the most favorable site for such a project, the panel strongly urges Broken Arrow to proceed with further in-depth analysis in the following areas:

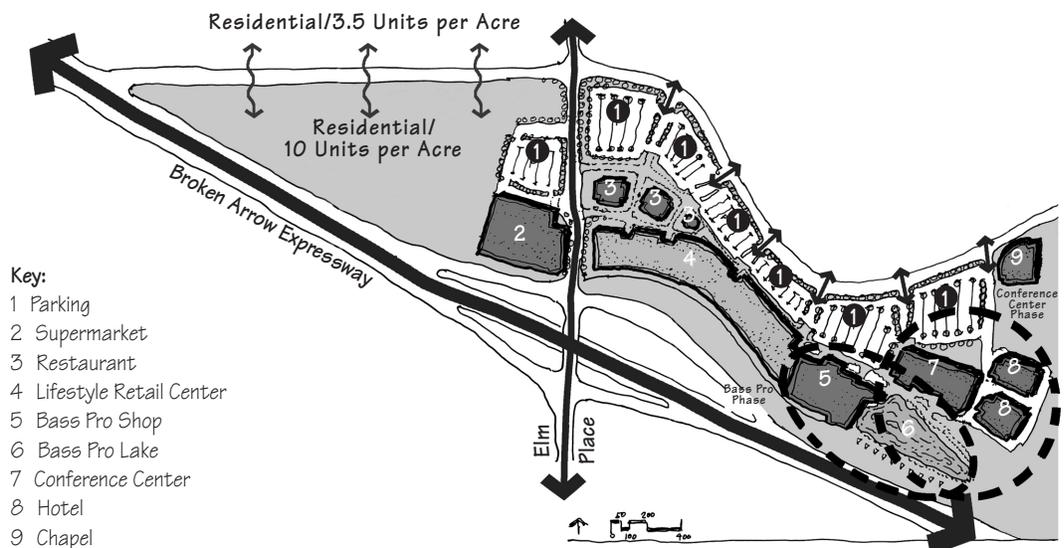
- *Market Analysis.* The panel suggests that a full-scale market analysis be produced to assess the demand and potential absorption for all proposed uses, including retail, office, residential, and hotel/conference center.
- *Cost and Return.* The city should analyze the proposed development's potential costs and return to help it more fully understand the project's economic impact on the city.
- *Site Analysis.* A full environmental study should be undertaken and should include an evaluation of the site's wetlands, soil, and archeological artifacts.
- *Development Team.* The panel encourages the city to assess the experience of any potential development team before agreeing to support

development of the Elm Place site. The team should possess solid experience in developing town centers that include lifestyle retail as well as residential and conference center/hotel components. The team also must possess the financial capacity necessary to develop the project.

Next Steps

Once the city has established a firm vision for the site and a phasing plan has been created, the panel encourages the city or the developer to hire a team of market analysts and planners to provide in-depth market and financial analysis.

A second option the panel recommends is for the city or the developer to further engage ULI's Advisory Services Program for a five-day panel that would consist of a team containing a market analyst, a retail broker, a developer of lifestyle retail centers, a residential developer, an urban planner, a public sector economic development official, and an architect or landscape architect. This team could provide an interdisciplinary vision for the project.



The panel's proposed plan.

About the Panel

John K. McIlwain

Washington, D.C.

McIlwain is the senior resident fellow, ULI/J. Ronald Terwilliger chair for housing at the Urban Land Institute. His responsibilities include leading ULI's research efforts to seek and promote affordable housing solutions, including development and housing patterns designed to create sustainable future environments for the nation's urban areas.

Prior to joining ULI, McIlwain served as senior managing director of the American Communities Fund for Fannie Mae in Washington, D.C. The American Communities Fund is a venture fund founded by Fannie Mae that is dedicated to investing in hard-to-finance affordable housing and retail development. McIlwain was responsible for structuring, underwriting, and closing equity investments in more than \$700 million of residential and neighborhood retail developments in lower-income communities around the United States. He also structured, negotiated, and closed more than \$100 million in historic tax credit and inner-city equity investment funds. Before taking that position, McIlwain was president and chief executive officer of the Fannie Mae Foundation.

McIlwain also served as executive assistant to the assistant secretary for housing/federal housing commissioner at the U.S. Department of Housing and Urban Development. He began his career in housing as assistant director for finance and administration and deputy director of the Maine State Housing Authority.

McIlwain is a past president of the National Housing Conference, an umbrella organization for low-income and affordable housing issues based in Washington, D.C. He also is a past president of the National Housing and Rehabilitation Association. He currently is vice president of the Center

for Housing Policy, a member of the editorial advisory board of *Affordable Housing Finance* magazine, and serves on the boards of the Community Preservation and Development Corporation, the National Institute for Community Empowerment, and the Children's National Hospital Foundation.

McIlwain received a law degree from New York University, where he worked for the NYU Law Review and was a John Norton Pomeroy Scholar. He received a bachelor of arts degree, cum laude, from Princeton University, where he majored in philosophy

Marc McCauley

Bethesda, Maryland

McCauley, a vice president in the Bethesda, Maryland, office of Robert Charles Lesser & Co., LLC (RCLCo), has had broad experience in a wide range of market analysis, metropolitan growth trends, and community revitalization efforts. The firm is the largest independent real estate advisory company in the United States. From four offices, RCLCo works on more than 400 projects each year for regional, national, and international real estate companies; corporations; institutional investors; international and domestic private investors; municipalities; counties; nonprofit organizations; and financial institutions.

Since joining RCLCo in 1998, McCauley has conducted market studies on a full range of real estate product types. His experience has included condition surveys and site evaluations; assessments of demand; recommendations for amenity orientation, product programming, and absorption schedules; revitalization strategies; and financial feasibility analyses. McCauley has particular interest in and experience with some of the more cutting-edge issues facing real estate today, including town center development, mixed-use development, and urban revitalization strategies. He

has had significant experience assessing the demand for retail development in specific market areas and the competitiveness of potential retail sites, including recent projects in eastern Baltimore County, Maryland; Washington, D.C.; south-eastern Fairfax County, Virginia; Loudoun County, Virginia; Charlottesville, Virginia; Philadelphia, Pennsylvania; and Orlando, Florida.

Before joining RCLCo, McCauley worked for Marshall Township in western Pennsylvania, where he initiated and developed a project aimed at revitalizing a historic downtown. In this role, McCauley prepared grant applications to federal, state, and nonprofit agencies in search of funding for infrastructure improvement projects, and presented key findings to the township council. He also reviewed site plans for all types of development throughout the township and regularly presented comments on site plans to the planning commission.

McCauley earned his bachelor of science in political science from Emory University in Atlanta, Georgia, and his masters in urban and regional planning from the University of Pittsburgh. He is currently a member of the Urban Land Institute and sits on the Membership Committee of ULI's Washington, D.C., District Council. He also serves on the retail and housing committees for the District of Columbia Building Industry Association (DCBIA).

David Petta

Berkeley, California

Petta has been a principal of Berkeley-based ELS Architecture and Urban Design since 1992. The practice is well known for designing retail and mixed-use centers that have revitalized downtown areas in the United States and abroad.

Petta seeks out opportunities to create interactive social environments in a diverse, sustainable urban context. His focus is on large- and moderate-scale projects that address both civic and economic goals, requiring collaboration with developers, public officials, and communities to reach consensus. Some of ELS's award-winning commissions include Stonebriar Centre in Frisco, Texas; Park Place in Tucson, Arizona; Pioneer Place in Portland, Oregon; the Shops at Arizona Center in Phoenix, Arizona; and Clarke Quay in Singapore. Petta is currently principal-in-charge for the Victoria Ward mixed-use center in downtown Honolulu, a 75-acre complex that will feature 1.5 million square feet of retail space, 3,500 housing units, and related recreation, entertainment, and community facilities.

ELS also serves as an urban design adviser to a wide range of public and private clients. The firm's strategy for the Kakaako Makai district of Honolulu was honored with a national American Institute of Architects Urban Design Award. Petta has been in charge of built projects that have been honored with one national AIA Design Award and six California Council AIA Design Awards. He is a member of the American Institute of Architects and an accredited Leadership in Energy and Environmental Design (LEED) professional. He received a master of architecture degree from the University of California at Berkeley.