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Written by

Paul Buss | Guest Opinion

Coralville's IRL investment will pay off for the region

OliverMcMillan is proud to be the master development partner with Coralville in creating a new, vibrant urban hub at Iowa River Landing. What has been achieved to date working with Coralville over the past three years is truly remarkable; especially given the current economic conditions in our country.

As it has been designed and is being executed, IRL is a unique and vibrant master-planned urban place, quite unlike anything that would normally be seen in its setting. This vision for IRL was started years ago by the leadership of Coralville and offers not only a great entrance into the community but also provides an urban activity and community gathering location that could not possibly exist without both the vision and financial support of Coralville.

In the language of urban planners and designers, such locations are referred to as “places” in that they are locations where people want to go to, visit, and remember after they have been there.

In fact, “Making Special Places Happen” is OliverMcMillan’s company motto, and it is exactly through public/private partnerships of this nature that we are known nationally for such “place” making. Projects such as the Gaslamp Quarter in downtown San Diego and Glenview Town Center in Illinois are some of our notable projects that have or will transform distressed or stalled properties into places of community vibrancy.

Since OliverMcMillan’s involvement in the IRL, Coralville’s urban “dream” and “vision” has been turned into a viable plan and project which now includes the University of Iowa Hospital and Clinics’ new 150,000-square-foot facility, the Backpocket Brewery and the new Homewood Suites Hotel — which are all under construction — and now the new retail anchor, Von Maur.

Significantly these uses, however, are probably less than one quarter to one third of the future activities and uses that eventually will fill the project. These currently committed uses, however, already create an exciting place for people to visit, work, recreate and live in a location that previously was a truck stop and some other much “seedier” uses.

So why is a public/private partnership such as has been created here necessary to carry off a project of this nature? Simply stated, private debt and equity could not do a project of this quality and mix without the public support for infrastructure, land assemblage, structured parking, and .. yes ... anchor tenants like Von Maur.

To the credit of Coralville and its mayor, City Council, and administration, that longer term view of “priming the pump” to make a greater project possible has been a clearly-understood concept and one that has been embraced with not only thoughtful analysis but creative foresight. Coralville has been able to see the Von Maur deal that OliverMcMillan brought forward as a key piece in the overall puzzle of “place making” and has been responsible in analyzing both the long and short-term payoff of that investment.

In fact, the financial analysis that shows a bond payoff in 2038 is based solely on the existing, already-secured transactions mentioned above without consideration of the nearly three to four times larger project that is envisioned and anticipated for this site.

Such conservative underwriting is prudent and “normal.” Despite that appropriate current underwriting, such analysis historically vastly understates the tax increment and sales and hotel tax income that ends up being generated by something of the quality of IRL.

Far more likely, bonds will end up paid off earlier than expected and not only will Coralville and the surrounding communities be enjoying a wonderful new “place” to visit but the schools and other agencies of the community will be receiving a far larger tax base and increment than they ever would have without the Iowa River Landing project having been envisioned and carried off as well as it is being done.

Together with Coralville, OliverMcMillan is bringing creative solutions to the complexities of transforming this former truly blighted site into an active “place” and economic engine long term for the region. Clearly, that is what redevelopment is all about and Coralville should be applauded for the vision and execution.

Paul Buss is president of the San Diego-based OliverMcMillan.