



Halcyon Ltd Development Advisors

Whitepaper

Interim Uses for Vacant Urban Sites

Note: This whitepaper is the product of Halcyon Ltd's original concept and UTA's Center for Metropolitan Density (CfMD) and UTA Advanced Design Studio sponsored by a gift from Cityplace Developers.

Interim Uses for vacant urban land are typically parking lots as the default Highest and Best Use. While providing useful accommodation, parking lots are not significantly contributors to the tax revenues of the City, nor to its image. This White Paper explores some of the issues and challenges for this new form of urban occupancy, the need for new regulatory approaches by the Host City.



Interim Uses proposed by the UTA Advanced Design Studio included Shipping Containers for an Urban Mercado and Media Tower shown at left, along with a Solar Market fabric tensile structure covering Interim Boutique and Pop-Up Cafes shown at right in both day/night images.

Short History of Interim Uses

From the seasonal Medieval Fairs to weekend Town Square marketplace, Interim Uses were used to host gatherings on a regular, episodic basis and were use that at that time had no permanent facility as the operator / tenant entities did not exists. The limitations of the small farmer for the market or the part-time craftsman for the Faire meant that temporary events with low cost of occupancy were important

Beyond the use of vacant land for parking lots, one can trace Interim Uses to temporary facilities an event such as carnivals, church fairs, and civic events. The rise of Street merchants selling food primarily from carts has grown from the original hot dog stands of New York to Hull I'll food vendors in Manhattan, and specialty Mexican food stands in Los Angeles. Recently, an explosion of street food as occurred in the guise of food trucks, which allow wider variety of

preparations and hence the operators can now experiment with different regional foods and offer more targeted menus.

Combined with the recent trend in very colorful Food truck super graphics, these operations have become not only an urban trend with more variety in cuisine and merchandise, but are also visually exciting alternatives.

Austin, Los Angeles and several other cities have seen the Renaissance in a variety and depth of menu choices within the food truck operators. New Media publicity from dedicated Food Bloggers has provided a bigger more sophisticated customer base.

However, Interim Uses should not be considered solely as the episodic event such as a carnival, nor is totally temporary as a food truck. Recently, Los Angeles “pop up” cafés have appeared where chef-driven concepts are tried out for limited periods of time, sometimes for a month or six weeks, in an underutilized vacant facility, which employs temporary, and portable kitchen equipment and obviously temporary life. Paragraph the issues related to temporary uses underline parent.

CfMD Director Michael Buckley and members of the Repositioning & Turnaround Strategies Certificate Program joined Mark Wolf’s design studio at UTA School of Architecture to undertake a concept and financing workshop for three vacant parcels in uptown Dallas. These vacant parcels are currently awaiting market fundamentals to return, and a better financing environment to develop. In the gap time, expected to be 3-6 years, the developers seek new ideas for Interim Uses.

This Whitepaper will show examples of that studio as illustrations for different Interim Use and possibilities which we believe can be applied in other urban areas as well.

Cities have great problems with the idea of “temporary” multi-year venues. In that permanent uses are subject to strict building codes for public safety. Licensee set fee structures and real estate taxes. Temporary uses, and that by definition includes Interim Uses, do not offer neither the Host City tax ratable opportunity, nor the public safety enforcement with regard to codes and other standards.

Interim Use Definition

Interim Uses are those which have a defined horizon, typically from 2 to 6 years. The difference between uses such as parking active Interim Uses are very clear as Interim Uses re-energize and add character. Interim Use sites are also characterized by motivated owners or developers holdings the land for market uptick. These owners recognize that an intense and active image can add to the site value, particularly for urban mixed-use.

Interim Uses by themselves do not define a better use of vacant space unless you and until they contribute to the character of the urban experience. Many urbanologists such as Jane Jacobs have identified the need for activity as an integral component of security, with “eyes on the street” where certain densities of observers create safety with visual connectedness, protecting a defined urban area.

The qualities of place as defined by the Project for Public Spaces includes creating a “sense of community”, that is marking the boundaries of the newly created district, providing for safe and continually managed activities within, and building the visual image of as a way of creating recognition that this is a “place to be “.

Critical Success Factors

UTA, CfMD, has identified eight Critical Success Factors for the successful deployment of Interim Uses and they include the following:

1, Produce Imaginative Concepts

The Interim Uses chosen have to be imaginative, with high image quality, that are tied to identified market niche is to which they can generate instant identity.

2 Demonstrate Economic feasibility – – –

Interim Uses much must be capable of recapturing the costs over the length of. The shorter the timeframe, the higher must be the achieved revenues as these are used to provide for recapture of the initial development expenses. The Interim Uses must also produce new revenues to the City beyond those a parking lot would generate. And finally, the revenues must be sufficient to provide a return on developer’s equity, which is typically in the range of 18 to 20%.

3 – – – Focus on Civic Approvals.

Interim Uses requires recognizing the short term and special conditions of the uses. These may require new forms of regulations by the City, as is as permanent building codes simply cannot be applied. Modifications of local street closing, community festival, and carnival applications for short-term events may prove a useful legal baseline for extending up to two or three years of temporary uses. Most importantly, the developer faces a variety of stakeholders, namely local businesses, residents, and even City agencies who may view the Interim Uses as unacceptable.

4 – – – Plan for Intensive Operations.

Interim Uses require intense focus on security with proven procedures and special staffing to ensure that events and entertainment, as well as other large assemblies occur without incident. This will require inordinate attention to procedures and policies to be defined for all involved, from vendors, suppliers to customers. It is important to recognize that the City has to be convinced that the operation will be legitimately safe, and will bring a positive image to the City. The City will also require a chain of approvals and ongoing liaison with the operator through permits and other regulatory controls.

5 – – – Conduct Sustained Promotion

Interim Uses are not of themselves capable of sustaining visitation past the initial word-of-mouth campaign that brings the curious and those who are following trends. Repeat visits are due to the quality of the experience and the drawing power of the promotional efforts expended. Event publicity is an art form, well understood by concert promoters and others who host temporary

events such as carnivals, antique shows and convention center expositions. Interim Uses also require more informal marketing and promotion networks, including human feature stories, and networking to build allegiance. Managing the customer experience will use new forms relationship management, including intense use of social media.

Interim Use Advantages

- **Economic engine** – – – Interim Uses properly applied and choreographed, combined with more powerful and innovative design of the temporary facilities themselves, candy, significant contributor to tax revenues for the City, and to employment, as these operations have a heavy service requirement. Combined with the broad vendor base that will support the ongoing operation, the interim use concept is indeed worthy of serious consideration by the host City is an economic contributor.
- **Connectivity** – – – Interim Uses promotes con activity between urban zones, unifying areas in exactly the opposite manner. Nana parking lot. Seemed Interim Uses can also help build image and identity for the host City market is an imaginative host of new concepts and new concepts in food service and entertainment and perhaps in retailing with arts and crafts and other flea market style venues.
- **Recognize the Job Fountain** – – – food service is a veritable fountain of employment, and so is events so is the management of events and activities. Hence Interim Uses organized as a sequence of uses and of events will produce jobs on-site, as well as an extensive. Knitting a vendor jobs to support materials and supplies.
- **Feed the Business Incubator** – – – small operators, particularly food service operators can get their start in temporary facilities and escalate up to reputation finding equity for permanent facilities. Similarly imaginative retail themes of very small boutiques or micro stores can in fact serve as a prototype for other small retail operators to grow a business by the quality of their service and the demonstrated appeal of their merchandise concept. As a business incubator well-organized interim use a collection would be formidable adjunct to build new businesses. Paragraph
- **Celebrate the Image Enhancement** – – – the publiCity from ongoing series of events and activities, combined with imaginative food service and retail concepts would build the cities the host cities ran. As a Petri dish for permanent tenants, the human feature dimension is a gold mine for urban reporters and they will doubtless follow career paths with great interest.

Disadvantages

- **Security and Safety** – – – Interim Uses are by definition attractive disturbances unless managed relentlessly to provide a safe and secure environment. One incident is enough to ruin an entire event, and the skills necessary to build and maintain a security force that is not obtrusive but confident and reliable will be a barrier to entry. Paragraph
- **Adversarial Objections** – – – local restaurateurs and retail shop owners have a legitimate concern for temporary facilities, pop-up cafés, food trucks, and flea markets. They, the permanent tenants pay rent, meet payrolls, and commit to the community over a protracted period of time. Many see these Interim Uses as patently unfair with lower

overhead and a collective image building from publiCity that they themselves do not enjoy. It is important for a host City to design a revenue-sharing system and control of objectionable uses or ones that disrupt the character of the neighborhood yet permit the low overhead environment to function as it must to incubate future retailers and restaurateurs.

- **Political risk** – – – for any host City. There is a political risk of failure in the sense of extreme events, business failures, and lack of maintenance standards over time. The City is more than a silent partner in this respect, as Interim Uses are more exposed to problems than the permanent tender tenants who are protected by demised premises. Therefore, cities have a direct vested interest in the approval system, which should include heavy vetting of the sponsors. Ability to maintain and support these Interim Uses over time.
- **Implementation failure** – – – assuming private sector provides all the equity and financing necessary to implement the Interim Uses, failure is an economic event that hurts not only the operator, but all the interim use tenants as well. The public sector can provide some relief, if necessary, but concepts do age, lose their intended audiences, or suffer erosion of key personnel whose presence was embedded in the concept. Risk of failure is therefore a real, palpable risk. Paragraph interim use.

Interim Use Concepts

Interim Uses according to our definition are those that have been specifically assembled within an overall district venue to energize and reinvigorate vacant land, and to address defined market support niches within the surrounding population, including:

- **Food Service**.----From semi-permanent structures, which can be disassembled at the end of a four-year term, matched with temporary cart vendors for a food festival, to a series of “pop-up” cafés in dedicated temporary structures that cycle at least four times within a 12 month period. Vendor carts, the preeminent form of street food in many cities should be discouraged except for events to provide capaCity, such as for regional food fairs. A temporary structure can also accommodate multiple vendors in a Mercado format as an alternative format for ethnic foods.
- **Entertainment** ---venues devoted to performances are most obvious, but also sports venues which test technique and provide on the spot feedback, as well as more active community-based field events such as go-fly-a-kite, children’s fairs, street performer/buskers, and other celebrations are all possible.
- **Seasonal Festivals**. --- Requiring special scheduling and some flexibility in design such that steady interim use tenants can be compressed or relocated temporarily, sites can be programmed for series of high volume ethnic celebrations, with themed performances within the seasonal event umbrella.
- **Retail Merchandising**----Weekend Craft and Flea Markets, and Antique Fairs, are perfect examples of retailing that could use the Interim Use formula to semi-permanent success. Maintaining quality of vendors is usually difficult and will require enlightened control and sponsorship by the developer. Crafts and Arts fairs are also incubators for

artists who can show their work on episodic basis and not incur the overhead expense of annual rent.

Legal and Zoning Issues

Interim Uses confront the legal and regulatory environment immediately when considering an event that lasts longer than a weekend. In that event all forms of infrastructure provided on a temporary basis for say, a Carnival, now must be provided in a semi-permanent layout able to accommodate different events and temporary tenants. The organizational support systems, regulations regarding construction, electrical, utilities, and assembly exiting, all now confront a City code which is based on permanent structures.

Many other procedures such as the granting of a permit for a Street Fest, a Community celebration, or a Carnival is much different than the necessary permits and multiple agreements for flexible use of a performance venue with multiple events happening throughout each month and indeed throughout the year.

City Permits

City may consider redeploying existing parade/festival permits, combining elements from each into a general multipurpose permit that has some City Quality/Security review periods built into it such that it does not automatically extend what was a 2-3-day activity to a multi-year event.

Zoning/ Ordinances/ Liability

There are restrictions within zoning code and building ordinances that restrict land uses, use of sidewalks, parking, alcohol, and activities generating noise and disturbances. All of these are challenged by the notion of Interim Uses, and therefore new provisions must be explored.

While Liability is part of an application for special events, the requirements for an Interim Use might be more onerous depending upon City requirements, and certainly will require rate negotiation with insurance companies without case histories or comparables upon which to base rates as insurance is to match cover major event disasters, as well as individual fall/slip injuries. The potential for fracasas resulting in injuries from large-scale assemblies is also an issue.

Parks and Recreation Roles

Some cities give very large authority to the Parks and Recreation Department, including delegating policies and procedures for temporary events. As City fee structures will be quite different for carnivals and community festivals, Interim Uses might benefit from dynamic revenue-sharing formulas, and provide additional public relations for the Parks department

Liquor Licenses

Individual temporary event liquor licenses obviously serve community celebrations and regional events. However, for Interim Uses something more dynamic might be possible with the owner w

filing for an “arena license” conveying sub licenses for all the vendors. In any case, the liquor control commission needs to be flexible of in order to allow a variety of licensees to do business.

Sponsorships

Beyond anything typically existing in the host City, these Interim Uses can produce gathering places with extensive media signage, with state-of-the-art networks social networks in play, along with a dynamic series of events and activities, combined with imaginative retail and dynamic food service concepts changing regularly.

This environment is a potent arena for sponsorships by corporations, and service providers. The revenue from such sponsorships could be huge in relation to the fees from the Interim Uses themselves. The City should pay particular attention to this significant source of revenue, and to ensure flexibility with regard to operator requests for media installations.

Building Code Issues.

Cities have strict requirements, driven from life safety and sanitation issues for permanent structures. These include fireproofing, air quality and water quality, and proper treatment of waste. All of these are challenged when considering temporary facilities, because of the costs inherent in that infrastructure. We believe every Host City has a vested self-interest in making sure that they can adopt new flexible regulations for Interim Uses which include sanitation standards, occupancy regulations, including exit codes, and health department regulations with regard to food stands and temporary facilities. Another issue is how Handicapped regulations are to be applied to temporary uses.

Financing

Interim Uses will still require frameworks of infrastructure and temporary utilities and therefore require significant amount of venture capital, as short-term facility financing simply does not exist. Short-term credit to fund operations before cash flow matures will also be an issue for the developer.

The Host City may consider some form of public-private partnership to aid in the construction of these facilities, which could include amortization of the developer's costs before sharing extraordinary revenues such as sponsorship and media. The Host City may also require special considerations for financing aspects of interim use, such as mortgaging land by the developer, and some consideration for sales tax revenue-sharing if necessary.

The City may have difficulty in assessing the real need for a support as developers reputations may inhibit the belief that such temporary facilities are indeed is fraught with risk, as represented and thus warrant significant equity returns as requested. Paragraph

Conclusion

Interim Uses can contribute to a host City's image by building a series of events and temporary retail and food service operations that prove attractive over time, generate substantial jobs on site, act as incubators for permanent tenants, and add more energy and vitality within a City district than the alternative, which is a parking.

Parking lot economics and revenue potential is easy to estimate, and its liability and operational costs are limited and easily measured. Exactly the opposite is true for Interim Uses, but the potential upside in image, excitement, and potent future of the City is so compelling that civic leadership should certainly encourage this new form of urban occupancy.