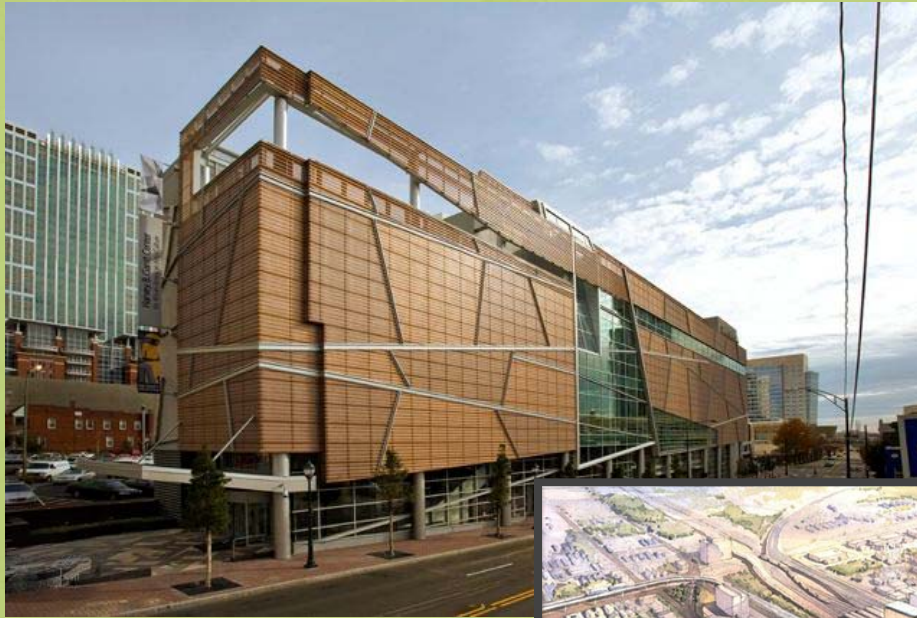


Growing Smart: Successful Public Private Partnerships



10th Annual New Partners for Smart
Growth Conference
February 4, 2011

Presentation Outline

1. Introduction and Overview
2. What is a Public Private Partnership (PPP) and how can PPPs help communities “grow smart”?
3. Ten Principles of Successful PPPs
4. Case Studies to illustrate key principles of success



Panelist Introductions

- Andy Manshel, Greater Jamaica Development Corporation, Queens, NY
- Nina Shor, Crescent Resources, Charlotte, NC
- Bill Gilchrist, City of New Orleans, LA (in spirit)
- Libby Seifel, Seifel Consulting, San Francisco, CA

What is a Public Private Partnership (PPP)?

Many definitions exist for PPPs



For today, let's use this one:

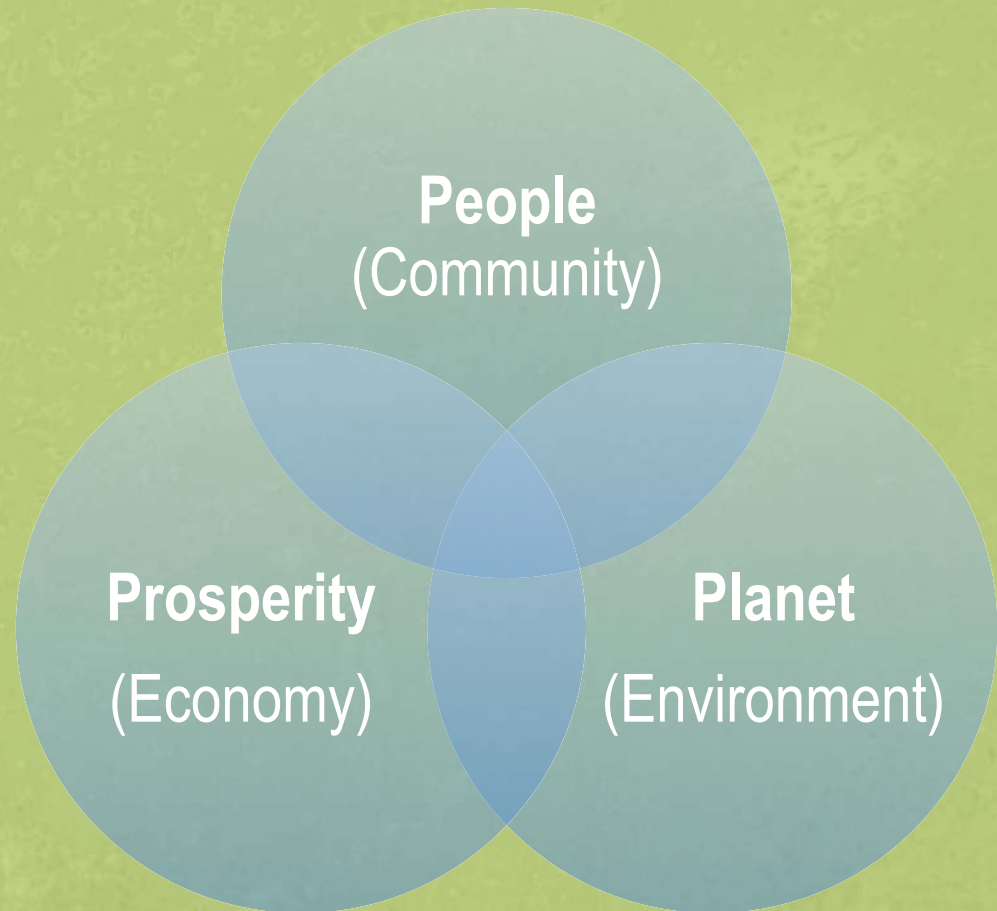
A ***legal arrangement*** between a public agency and a private developer and/or property owner defining a ***joint development process/project*** that meets a mutually agreed upon set of ***financial, environmental and community*** goals (triple bottom line).



How can PPPs help communities “grow smart?”

“We need to think of the future and the planet we are going to leave to our children and their children.”

*-Kofi Annan,
UN Global Compact*



“Triple Bottom Line”

Three Typical PPP Approaches

Owner/Developer Driven

Owner/Developer approaches public sector for help with development

Revitalization Area Focus

Public sector and/or stakeholders establish revitalization goal(s) for an area and seek developer(s) to help accomplish it

Site Focus

Public sector designates a property for development and solicits/selects developer(s)

Case Studies of Three Approaches

Owner/Developer Driven

Levine Center of the Arts, Charlotte, NC

Revitalization Area Focus

Downtown Jamaica, Queens, NYC

Site Focus

Brower Center/Oxford Plaza, Berkeley, CA

Levine Center of the Arts Case Study

Charlotte, NC



Located in Downtown Charlotte

Views of Downtown Charlotte Site



Wachovia had vested interest in making Charlotte a “world class city” and saw the cultural center as a key anchor.



Key Players

Charlotte Cultural Center

Private Sector

- Wachovia (now Wells Fargo)
- Blumenthal Performing Arts Center
- African American Cultural Center
- Andreas Bechtler, Art Collector
- The Mint Museum

Public Sector

- City of Charlotte
- County of Mecklenburg

Key Charlotte Project Goals



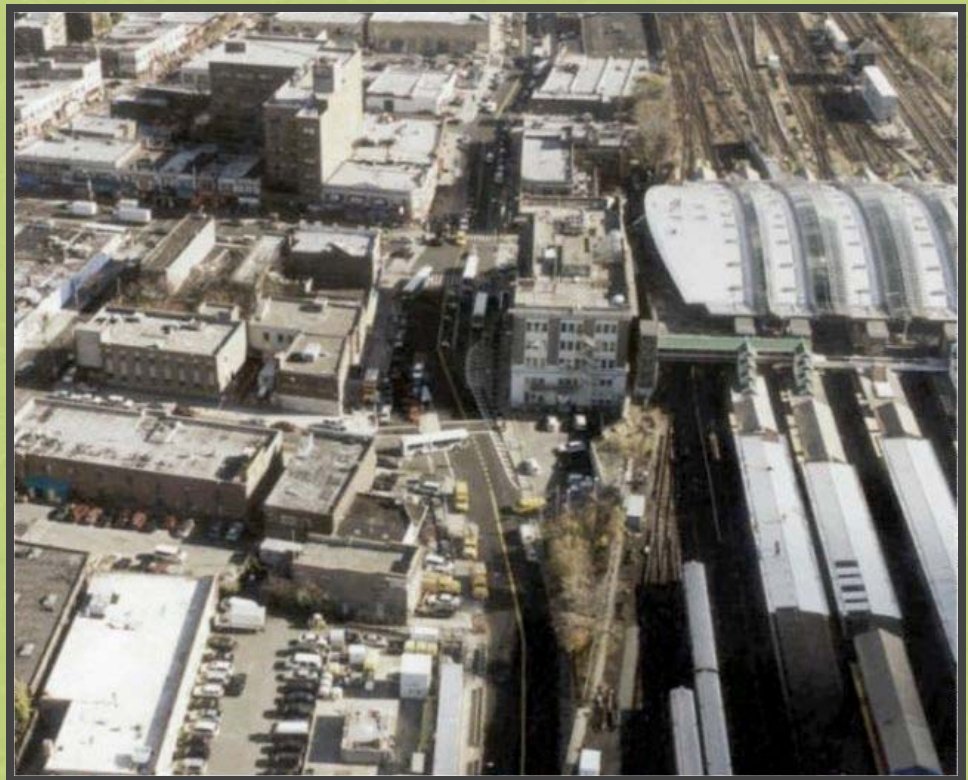
- Attract top talent to Wachovia
- Create cultural anchor for downtown
- Spur economic development and create high paying jobs in downtown

Downtown Jamaica Queens Case Study

Queens, NYC

Ten Blocks around
Long Island Railroad
(LIRR) Station

Aging Downtown
facing disinvestment
and misperceptions





Views of Downtown
Jamaica Queens
Over the Years

Key Public Sector Players Downtown Jamaica Queens

- City of New York
- Metropolitan Transit Authority
- Long Island Railroad
- New York City Transit
- Port Authority of New York and New Jersey
- Empire State Development Corporation
- New York City Economic Development Corporation

Key Private Sector Players Downtown Jamaica Queens

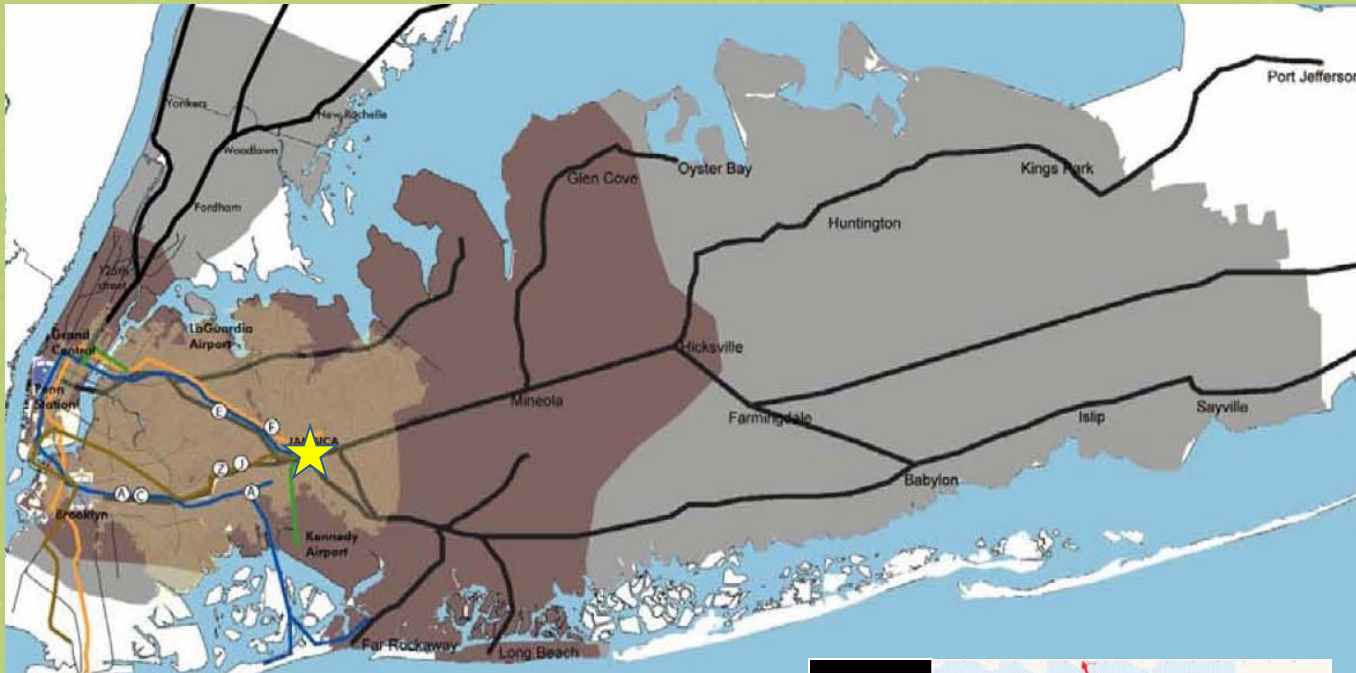
- Greater Jamaica Development Corporation
- Private Property and Business Owners
- Regional Plan Association
- Regional Financial Institutions
- Local Utility Companies

Community Goals

Downtown Jamaica Queens

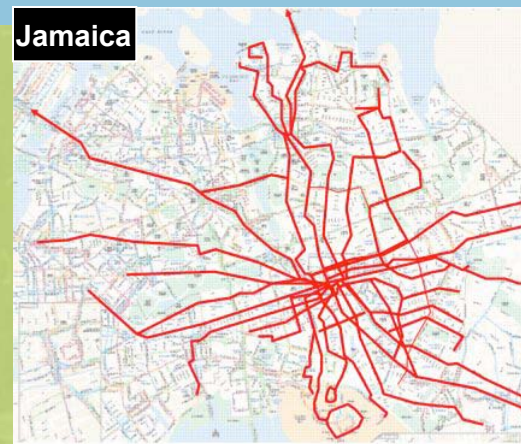
- Economic revitalization
- Job creation (construction and permanent)
- Improve perception
- Increase affordable housing units
- Capitalize on billions of dollars of transportation infrastructure investment
- Remediate and reuse brownfield sites

Transit Hub



LIRR / Subways

- LIRR: 11/12 Lines
- SUBWAYS: E, J, Z, F lines
- AirTrain to JFK
- BUS: 49 Routes



Buses



Brower Center/Oxford Plaza Case Study

Berkeley, CA

1.14 acre city-owned
surface parking

A block from Downtown
BART station

Across the street from
UC campus



Key Berkeley Players

Public

City of Berkeley

Private

Non Profit Environmental User: David Brower Center

Developers:

Equity Community Builder and
Resource for Community Development



Key Public Goals

- Preserve public parking on the site with revenues going to City
- Provide at least 90 units of housing (at least 50% affordable at 60% AMI)
- Provide space for Environmental Center
- Achieve Green Building LEED certification



Key Private Goal

Environmental center
dedicated to David Brower



Who is David Brower?

- Long time Berkeley resident
- First executive director of the Sierra Club in 1952
- Founder of Friends of the Earth, League of Conservation Voters and Earth Island Institute

*When we try to pick out
anything by itself,
we find it hitched
to everything else
in the Universe.*

John Muir



What makes PPPs Successful?



Key Resource—
Urban Land Institute (ULI)
**Ten Principles for Successful
Public/Private Partnerships,**
2005, www.uli.org

Three Key Sets of PPP Principles

- Overarching Real Estate Development Principles
 - *Location, Location, Location*
 - *Leverage, Leverage, Leverage*
- Five “Getting Ready” Principles
 - *Prepare, Prepare, Prepare*
- Five “Negotiation” Principles
 - *Communicate, Communicate Communicate*

Five “Getting Ready” Principles

1. Prepare properly
2. Create a shared vision and goals
3. Understand your partners and key players
4. Clarify each party’s risks and rewards
5. Establish a clear and rational decision-making process

Prepare, Prepare, Prepare



1. Prepare Properly-Public Sector

- ✓ Assess your capabilities
- ✓ Create a public vision
- ✓ Be legislatively prepared
Land use, environmental, approval process
- ✓ Be resourceful with funding
- ✓ Have the property ready

1. Prepare Properly-Private Sector

- ✓ Choose wisely
Is this PPP aligned with your passion, experience, capability and staying power?
- ✓ Continually evaluate development feasibility
- ✓ Know your key partners
- ✓ Assemble the right team

2. Create a Shared Vision and Goals

- ✓ What is each partner's vision and goals for the property or area?
- ✓ Is there alignment between each side's vision and goals? Or do they need to be modified to align?
- ✓ How will this shared vision and goals be translated into a preliminary development concept, public approvals and legal documents?

Charlotte Cultural Center

- Stakeholders collaborated and presented a vision to the City
- Wachovia (now Wells Fargo) had a vested interest in recruiting top talent to its headquarters in Charlotte
- Arts Complex would help Charlotte be a “world class city”
 - Blumenthal Performing Arts Center was seeking a venue for the School of Ballet
 - African American Cultural Center was seeking a new venue
 - Andreas Bechtler was seeking a venue to display his private art collection
 - The Mint Museum of arts and crafts was seeking a new venue

Charlotte Shared Vision and Goals



- Development Agreement identifies Vision
- Cultural Facilities Advisory Committee meets regularly to test issues against shared vision
- Development Concept approved by City

Knight Theater

Charlotte Cultural Campus Vision

- 1.5 million square feet of office space
- 2,500 parking spaces
- Foundation for a 42 floor condominium tower
- Wake Forest Business School
- Cultural Facilities
 - The Knight Theater, a 1,150 seat theater
 - Bechtler Museum of Modern Art
 - Mint Museum of Art
 - Harvey B. Gantt Center for African American Arts & Culture.

Charlotte Cultural Center Site Plan



*Visions
describe what best
should be,
could be –
if and when
mankind has the will
to make them real.*

James Rouse



Downtown Jamaica Queens Vision

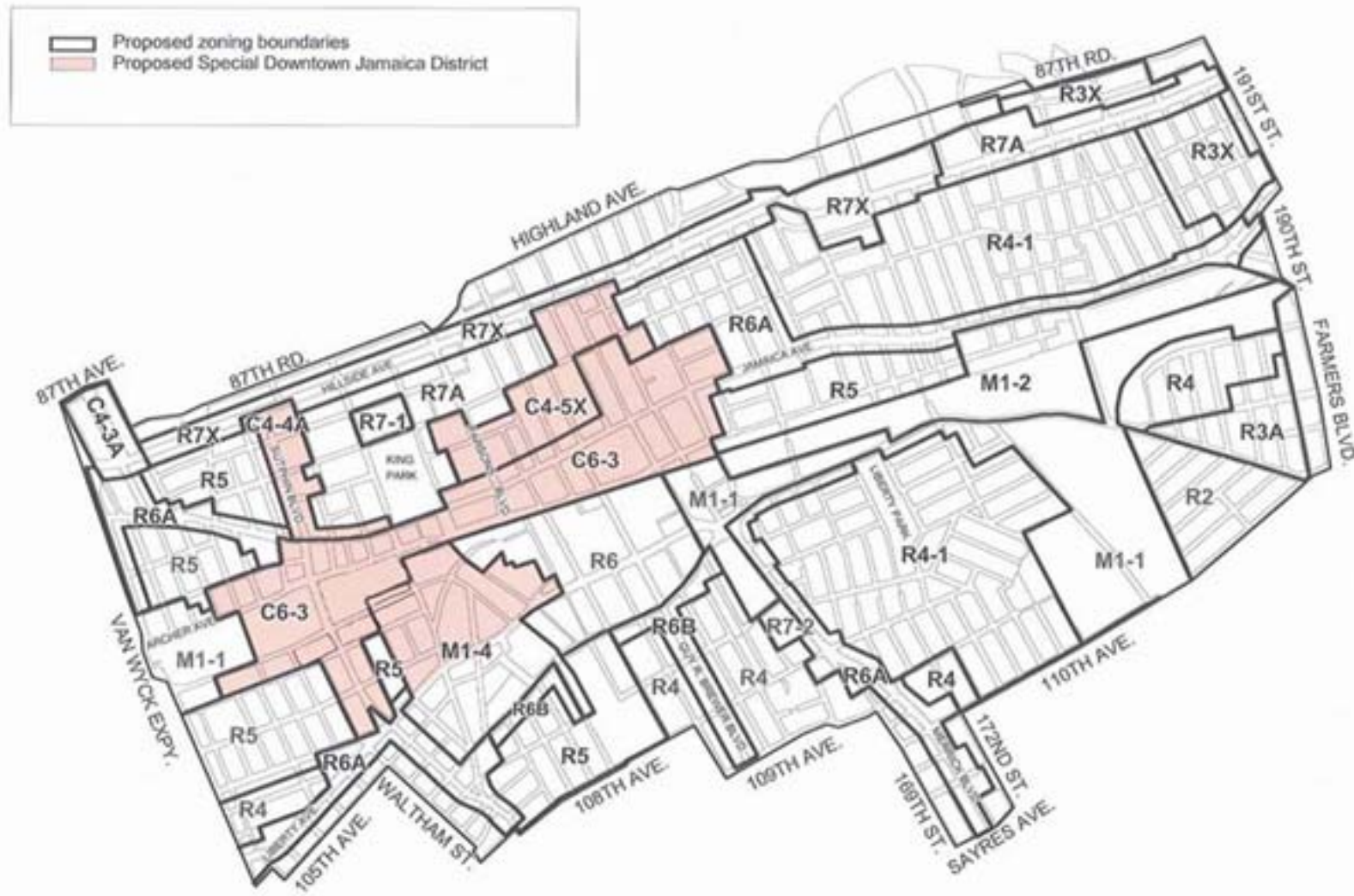
- Leverage substantial transit infrastructure
- Revitalize downtown and attract new retail
- Attract major corporations and employers
- Build more housing, particularly affordable housing



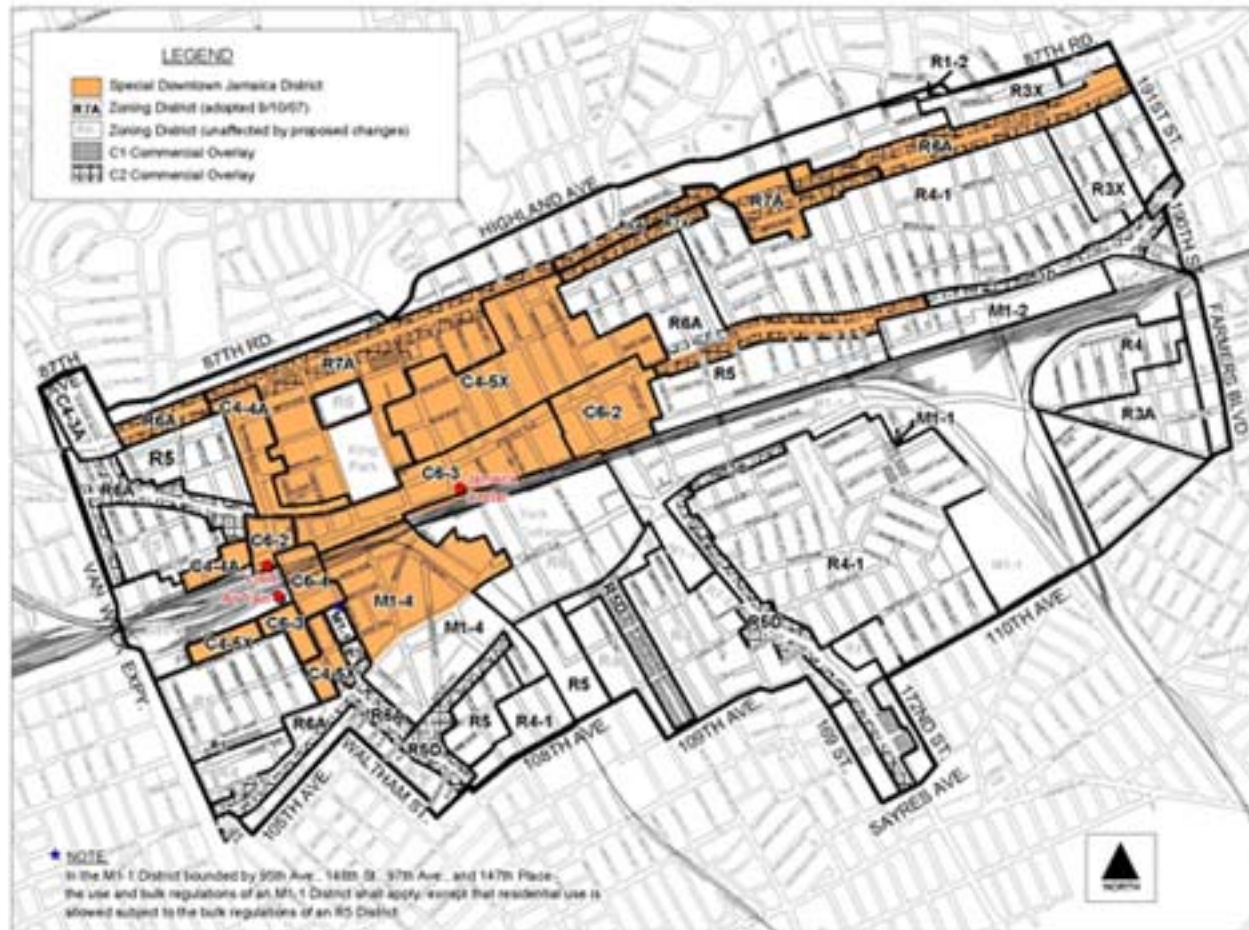
Vision for Jamaica Station Area Development



Old Zoning for Downtown Jamaica



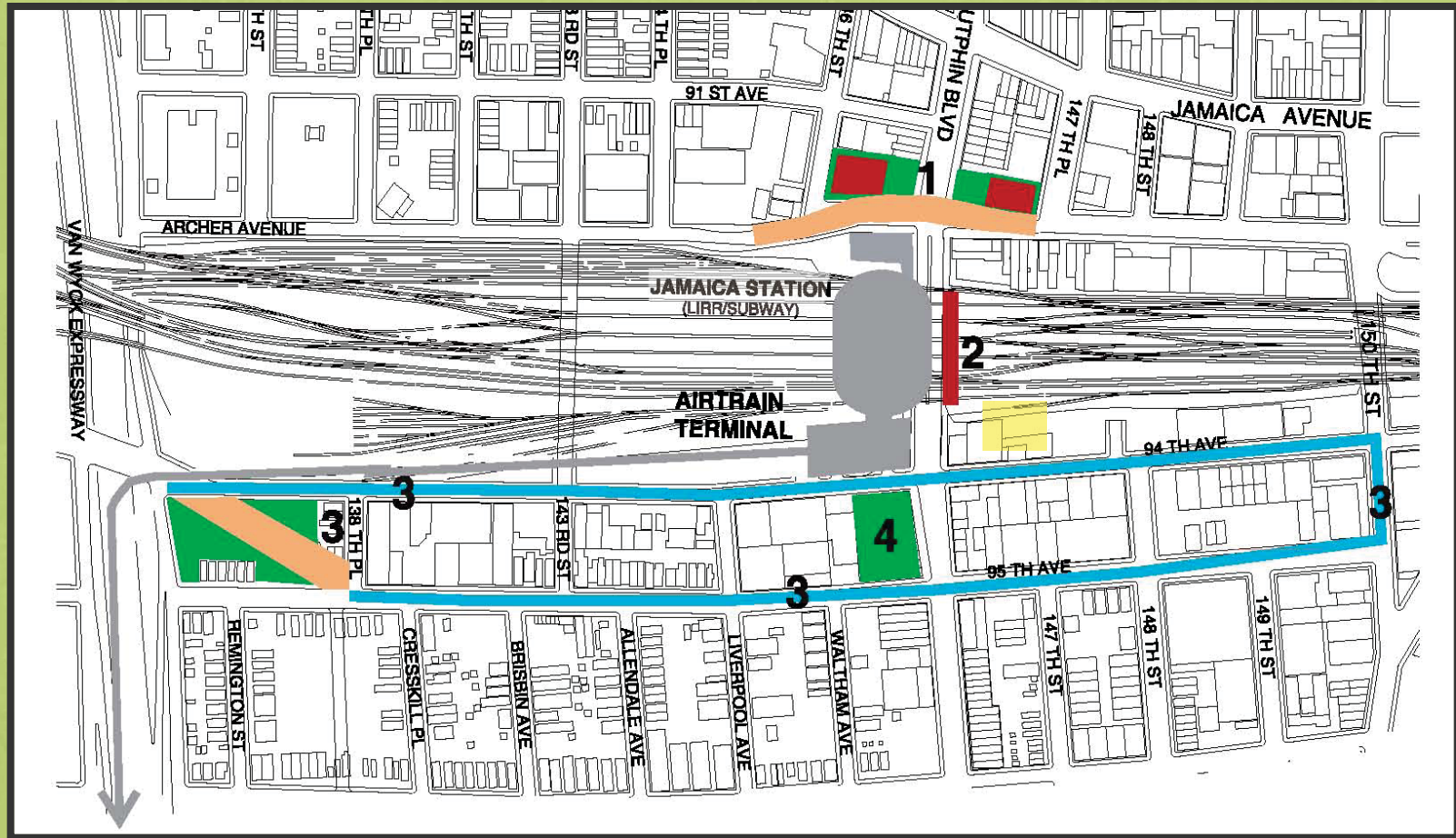
New Zoning for Downtown Jamaica



**THE JAMAICA PLAN
ZONING MAP**
Adopted September 10, 2007

Zoning District	PERMITTED FLOOR AREA RATIO				Wall Height Before Setback	Maximum Building Height
	Residential	Community Facility	Commercial	Manufacturing		
R1-2	0.50	0.50	na	na	25'	na
R3A	0.50	1.0	na	na	21'	35'
R3X	0.50	1.0	na	na	21'	35'
R4	0.50	2.0	na	na	25'	35'
R4-1	0.50	2.0	na	na	25'	35'
R5	1.25	2.0	na	na	30'	40'
R5B	1.35	2.0	na	na	30'	33'
R5D	2.0	2.0	na	na	none	40'
R6A	3.0	3.0	na	na	40'-60'	70'
R7A	3.45/4.5	4.0	na	na	40'-60'	80'
R7X	3.75/5.0	5.0	na	na	60'-60'	120'
C4-4A	3.45/4.5	4.0	4.0	na	40'-60'	80'
C4-5X	3.75/5.0	5.0	4.0	na	40'-60'	120'
C6-2	5.4/7.2	6.0	6.0	na	40'-60'	250'
C6-3	6.0/8.0	8.0	8.0	na	40'-60'	250'
C6-4	9.0/12.0	10.0	12.0	na	none	250'
M1-4 (special district)	na	2.0	2.0	2.0	60' or 4 stories	na
M1-4 (general)	na	6.5	2.0	2.0	60' or 4 stories	na
M1-2	na	4.8	2.0	2.0	60' or 4 stories	na

NYC DEPARTMENT OF CITY PLANNING
QUEENS OFFICE

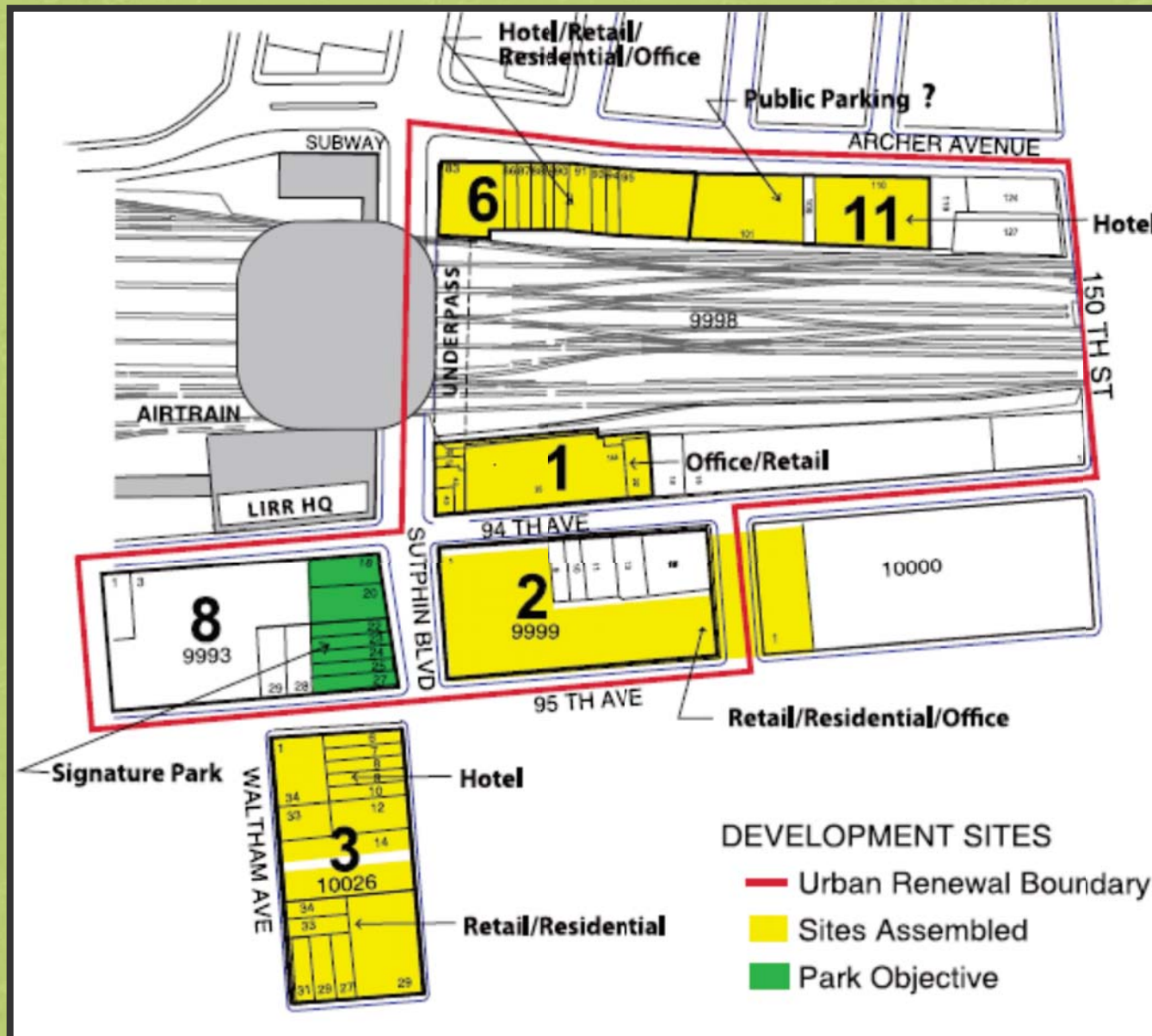


- | | |
|----------------------------|--------|
| 1. Station Plaza | (2014) |
| 2. Sutphin Underpass | (2011) |
| 3. Atlantic Ave. Extension | (2012) |



View of LIRR Station and AirTrain Terminal

Proposed Jet Blue Headquarters





Maintenance is more important than design, but **true contextual design** is better than Conceptual Design

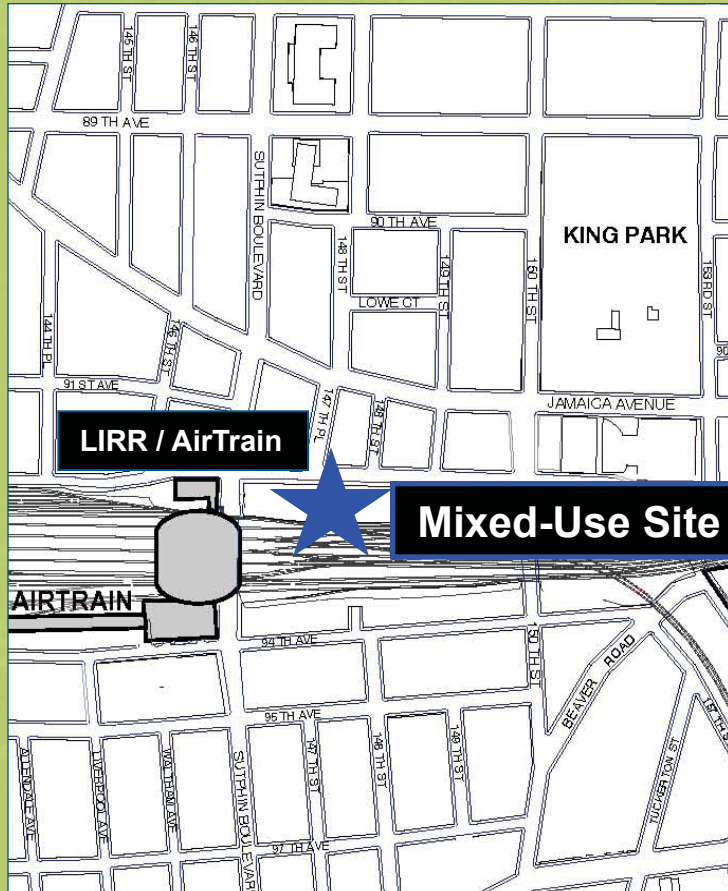


Great **small ideas**
are better than
crummy big Ideas



Current Development in Downtown Jamaica: SITE 6

Hotel, Office, Housing, Retail



40,000 SF site
•500,000 SF developable FAR



- 350 room full-service hotel, banquet facility and restaurant
- 200 units of market, affordable housing or a 225,000 sq. ft. office tower
- 75,000 SF Retail
- 250 parking spaces

- Private Investment: \$225 million
- Status: Site assembled
 - Hotel flags being recruited
 - Received \$1.2M Restore NY grant
 - Negotiating sky-bridge direct to AirTrain with Port Authority

3. Understand Your Partners and Key Players



Four Legs of the Stool

Public

- Public Sector (Government entities)
- Stakeholders (Neighbors, concerned citizens, community organizations, religious institutions)

Private

- For Profit Interests (Developer, property owner)
- Non Profit Organizations (Developer, funding intermediaries, service providers)

4. Clarify Risks and Rewards

Public

- Risk
- Reward

Private

- Risk
- Reward



Seek alignment of risks and rewards

Public Sector Risks (Real or Perceived)



- Conflicts of interest
- Use/misuse of public funds & resources
- Controversial impacts of development
- Failure of parties to perform
- Public opposition
- Liability impacts

Public Sector Rewards (Quantity/Quality)



- Expanded community wealth, tax base, public infrastructure
- Increased taxes and other revenues
- Improved image
- Job and business creation/retention
- Enhanced quality of life
- Success of public officials

Private Sector Risks (Real or Perceived)



- Excessive cost overruns
- Time is money
- Failure to create long term value
- Accusations—"unfairly enriched at public expense"
- Change in key public leadership
- Market shortfall or failure
- Loss of invested equity/financing
- Untimely public airing of critical details
- Liability impacts

Private Sector Rewards (Quantity/Quality)



- Resources to sustain organization
- \$\$\$\$- Wealth creation, value, return to investors, debt repayment, profitability
- Improved image, reputation, experience to undertake new projects
- New or enhanced market niche
- Enhanced quality of life
- Success of development company

Charlotte –Public Sector Risks (Real or Perceived)

- Excessive cost overruns
 - ✓ City capped its risk
 - ✓ Wachovia guaranteed costs and delivery.
- Skeptical arts communities – generosity won the day.
- Accusations–“unfairly enriched at public expense”
 - ✓ Wachovia/Wells Fargo was very generous with the City
 - ✓ Gave land to build the improvements
 - ✓ Guaranteed the tax base so the City could repay its financing obligations.
 - Even so, public outcry occurred - “not paying taxes” and “why spend when City needs education and safety.”
- Vision presented to City Council is exactly what was delivered.

Charlotte – Private Sector Risks (Real or Perceived)

- Change in key public leadership - none
- Market shortfall or failure – paid by Wachovia
- Loss of invested equity/financing - none
- Untimely public airing of critical details - yes
- Liability impacts – none other than payment on guarantee difference

Charlotte – Development/Construction Risks

- Building Code limitations caused delays in construction
- Merger with Wells Fargo was unanticipated but had no significant impact
- ASC did not meet its endowment commitment until two benefactors stepped up at the 11th hour.



Charlotte Cultural Center Site Plan



Knight Theater and Bechtler Museum



Bechtler Museum of Modern Art



Harvey B. Gantt Center for African American Arts and Culture



Harvey B. Gantt Center of African American Arts and Culture



Charlotte – Risks and Solutions

- Allocation of ownership and costs– 2 years of negotiating
- Impaired views– restrict construction over Mint
- Amending declaration– only affected owners need to consent
- Responsible party not meeting its obligations — self-help remedies
- Not having access or use rights to operate – easements granted

Charlotte Public Economics

The City of Charlotte agrees to the TIF financing subject to three major conditions:

1. No operational funding. ASC steps up with \$83M.
2. If the projected tax revenues that will be used from the project to fund its construction/perm debt fall short of \$4.6 million Wachovia pays the difference.
3. Gov't approval is obtained to generate additional revenues from car rental tax.

Charlotte Private Economics

- Each group had the right to pay for design in excess of budget personally or through sponsors.
- Wachovia commits \$600 million, guaranteed delivery.
- Bank of America contributed \$10M to Mint's construction fund.
- City targeted 10% minority participation; Wachovia delivered 37% participation.
- Lead Platinum Tower- greenest high rise in the U.S.

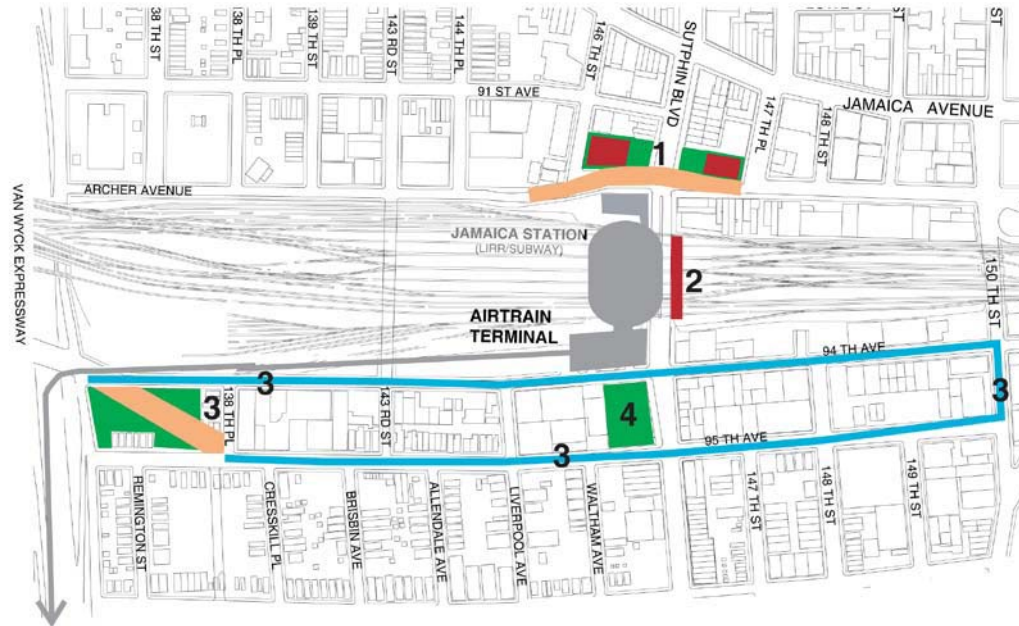
*Never doubt
that a small group of
thoughtful committed citizens
can change the world.*

*Indeed, it is the only thing
that ever has.*

Margaret Mead



Downtown Jamaica Queens Infrastructure Improvements



INTERMODAL ENHANCEMENT

PROJECT	Description	Project Cost	Funds Available
1 Station Plaza	Pedestrian safety, bus circulation and intermodal improvements	\$54,440,906 *	\$54,440,906
2 Sutphin Blvd Underpass	Reorganization of LIRR garage disposal system, construction of 6,500 sq. ft. retail space and improved bus loading and unloading	\$17,518,942	\$17,518,942
Total		\$71,959,248	\$71,959,248

ATLANTIC AVENUE EXTENSION/ONE WAY PAIR

3	Atlantic Ave. Extension Connector Loop (94/95)	Construction of existing mapped street This connects future development, including the IMM to the Van Wyck Expressway and relocation of utility lines underground	\$31,308,927	\$31,308,927
		Total	\$31,308,927 *	\$31,308,927

SIGNATURE PARK

4 Central Open Space Phase 1	Acquisition, clearance, landscaping and park development	\$20,231,578	—
	Total	\$20,231,578	—
	Grand Total	\$123,500,353	\$103,268,775

Jamaica Infrastructure Investments and Projects



Funding Sources for IMAX Projects (as of January 2011)

1. LIRR Underpass at Sutphin Boulevard

FTA	\$9,234,100
NYSDOT (Match for FTA)	1,067,637
FHWA-TEP	1,808,572
Port Authority	1,888,881
NYC Capital	2,319,152
<u>MTA Force Account</u>	<u>1,200,000</u>
Total	\$17,518,342

2. Atlantic Avenue Extension/One Way Pair

FHWA	\$8,265,724
NYSDOT	2,015,822
NYC Capital	6,027,381
<u>Queens Capital</u>	<u>12,500,000</u>
Total	\$28,808,927

3. Station Plaza

FTA	\$ 948,210
NYSDOT	205,151
FHWA-TEP	2,816,072
FHWA-CMAQ	19,800,000
NYC Capital	15,171,473
<u>Queens Capital</u>	<u>15,500,000</u>
Total	\$54,440,906



You can't **force**
the market—
but you can give
it a **nudge**



Moda

Mixed Income Housing Development





Successful
Adaptive Reuse of
Former Trump Building

Adaptive Reuse of County Registrar Building to Arts Center





Successful Bryant Park

a **place** is better than
a **plan**



Spin Off: Campus Martius,
Detroit, MI

Five “Getting Ready” Principles

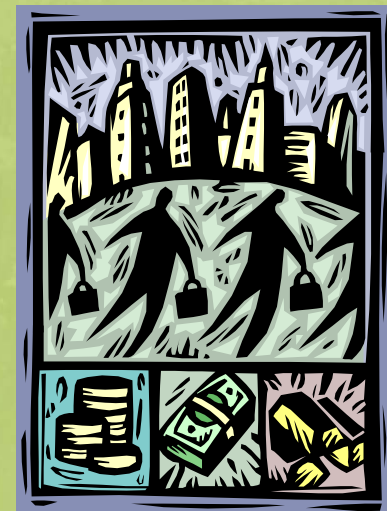
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5. Establish a clear and rational decision-making process

Prepare, Prepare, Prepare



Five “Negotiation” Principles

1. Make sure everyone does their homework
2. Secure consistent & coordinated leadership
3. Communicate early and often
4. Negotiate a fair deal structure
5. Build trust as a core value



Communicate, Communicate, Communicate

Oxford Plaza and the David Brower Center Berkeley, CA



Resources for Community Development
The David Brower Center
Equity Community Builders
The City of Berkeley
The Berkeley Redevelopment Agency

Berkeley Brower Center/Oxford Plaza Developer Solicitation Process

- City issued an RFQ/RFP for development.
 - It specified the City's goals for the site and established a set of evaluation criteria for the developer selection.
- Five development teams responded in 6/02.
- City Council Selected Team 12/02.

Original Berkeley Vision for City Parking Lot

- Public parking
 - 90+ Units of Housing, 50% affordable
 - Environmental Center
 - Retail/Commercial space
-
- Affordable space for arts and multi-cultural events (not achieved due to economics)

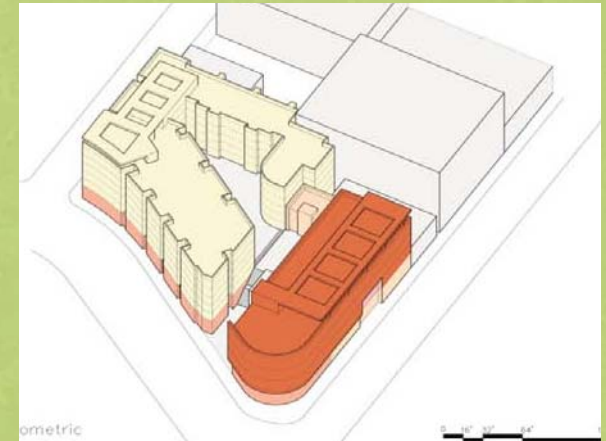




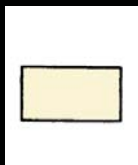
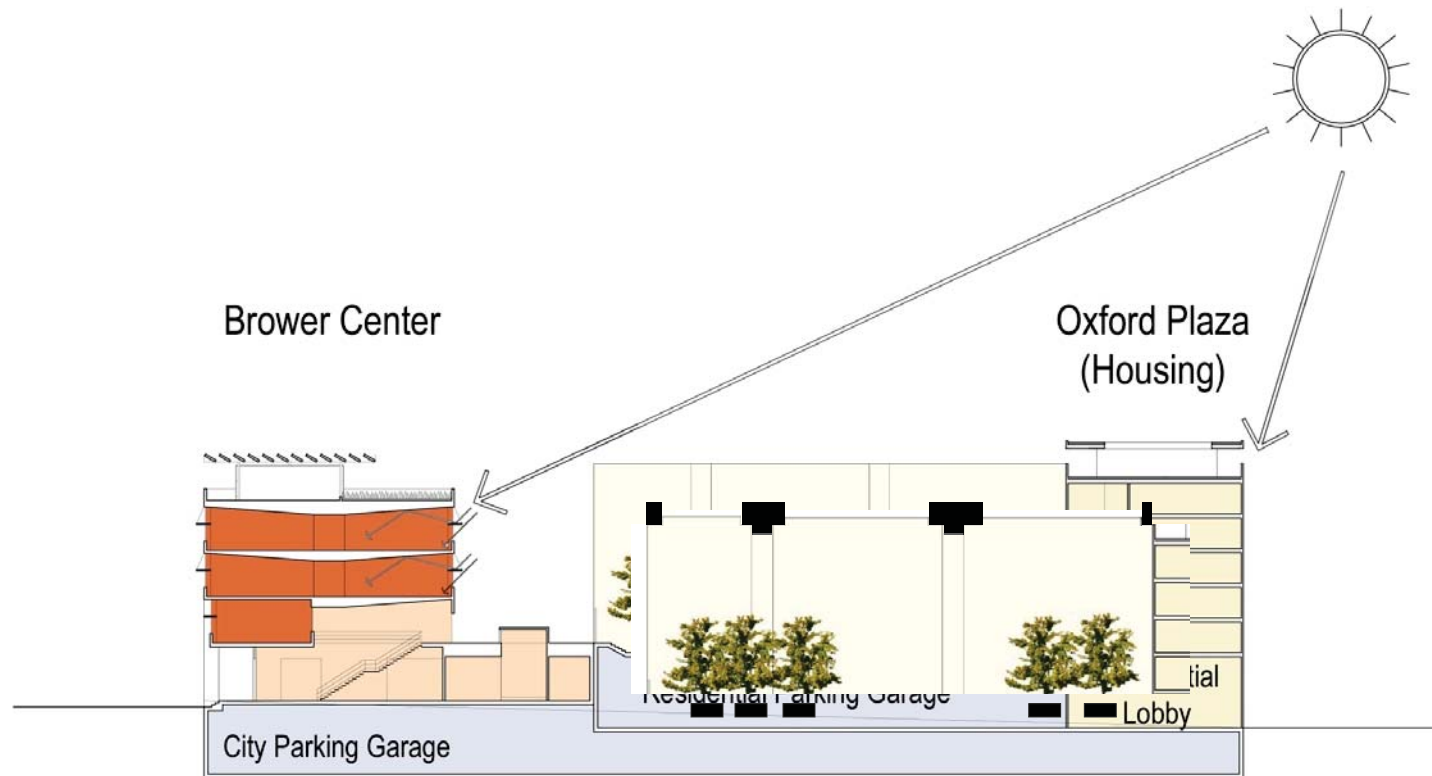
Brower Center/Oxford Plaza

Six+ years of Planning, Design and Community Input

- **2000** - City Council requests plan for development.
- **2001** – City initiates planning and community process.
- **2002** – Program developed and RFQ issued.
- **2003** – RCD and ECB selected.
- **2004** –Basic DDA terms established and negotiated and project design developed.
- **2005-2006** – Project Approvals –Community, Design Review, Planning Commission, Landmarks, ZAB and City Council.



Brower Center/Oxford Plaza Concept



Brower Center/Oxford Plaza

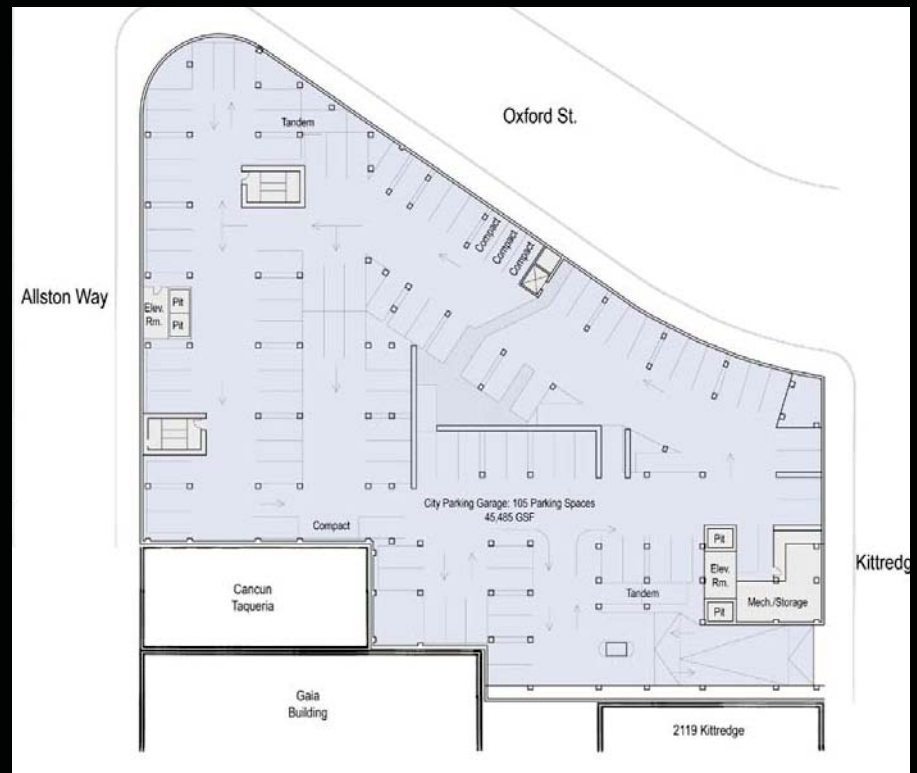
July 2006 to March 2007

- DDA finalized and approved
- Construction Documents submitted and partially completed
- Building Permit application submitted and partially completed
- Critical City funding committed
- Balance of funding completed
- Use Permits, Subdivision Map and Building Permit.



Brower Center/Oxford Plaza

Concept Plans – Garage Level

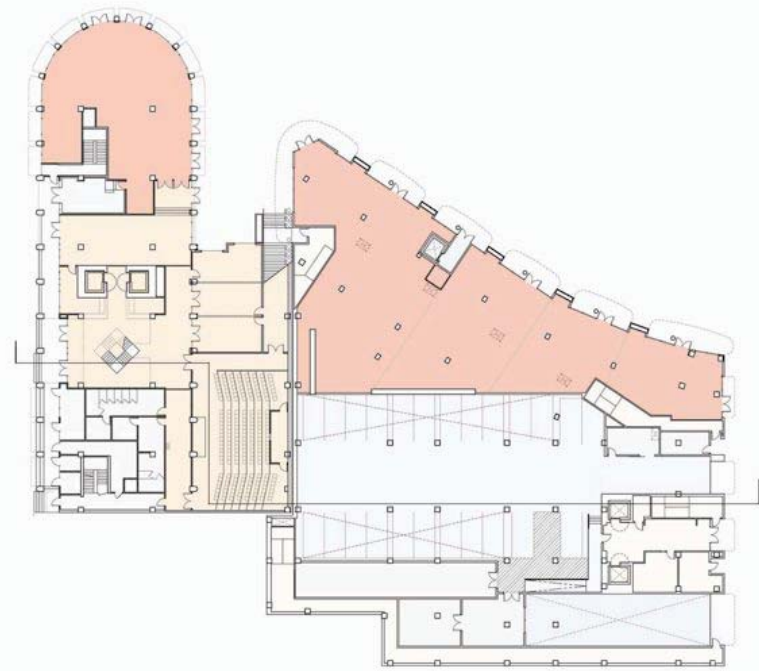


Brower Center/Oxford Plaza

Concept Plans – Street Level










-  Residential
-  Support
-  Retail
-  Office
-  Conference
-  Public Parking
-  Retail/Residential Parking

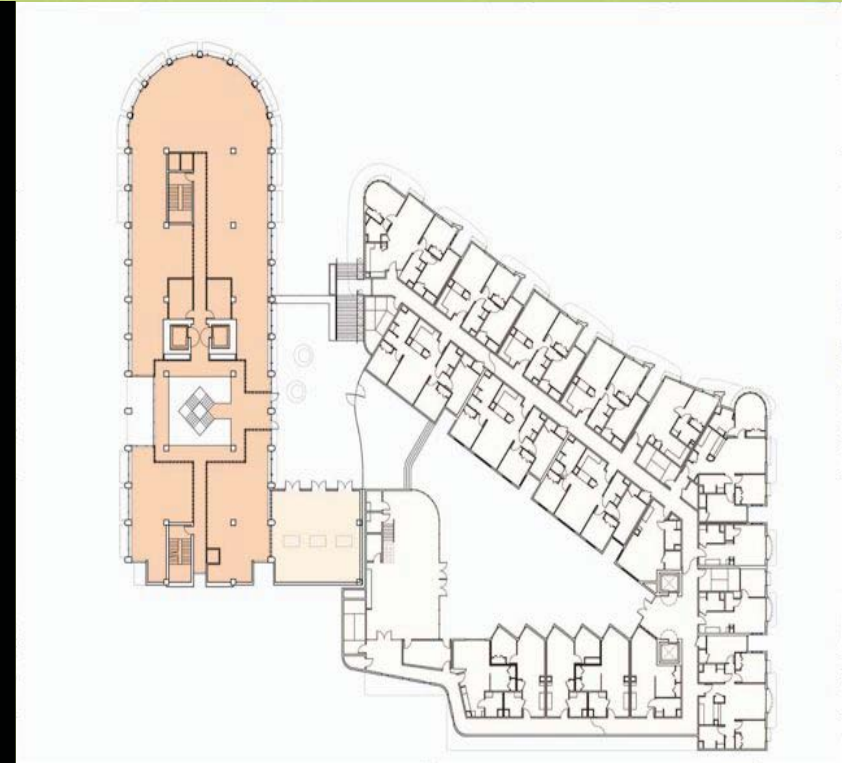


Brower Center/Oxford Plaza

Concept Plans – Podium (2nd Level)



-  Residential
-  Support
-  Retail
-  Office
-  Conference
-  Public Parking
-  Retail/Residential Parking



Brower Center/Oxford Plaza

Disposition and Development Agreement (DDA)

- Negotiations with DDA proceed during Exclusive Negotiating Rights Agreement
- Complex set of documents
- Result of a collaborative process between the City and Developers
- Approval of DDA essential for securing project financing commitments
- Transfer of land subject to securing required financing



Berkeley DDA Components and Milestones

- Development Schedule with 24 Action Steps
- Due dates for action steps
- Completion Guaranty and Regulatory Agreements
- Basic form of the Reciprocal Easement Agreement
- Scope of Development and Construction.
- Ongoing obligations and maintenance of the property by the Developer.

Brower Center/Oxford Plaza Progression of Construction

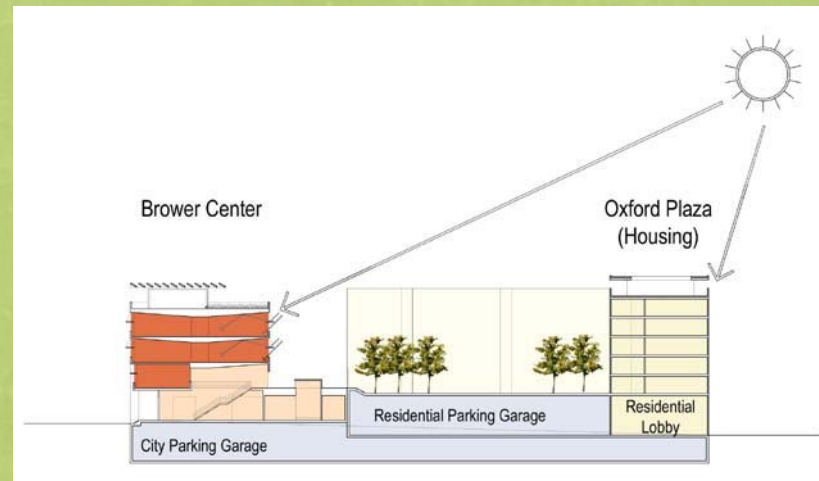


Brower Center Funding Sources

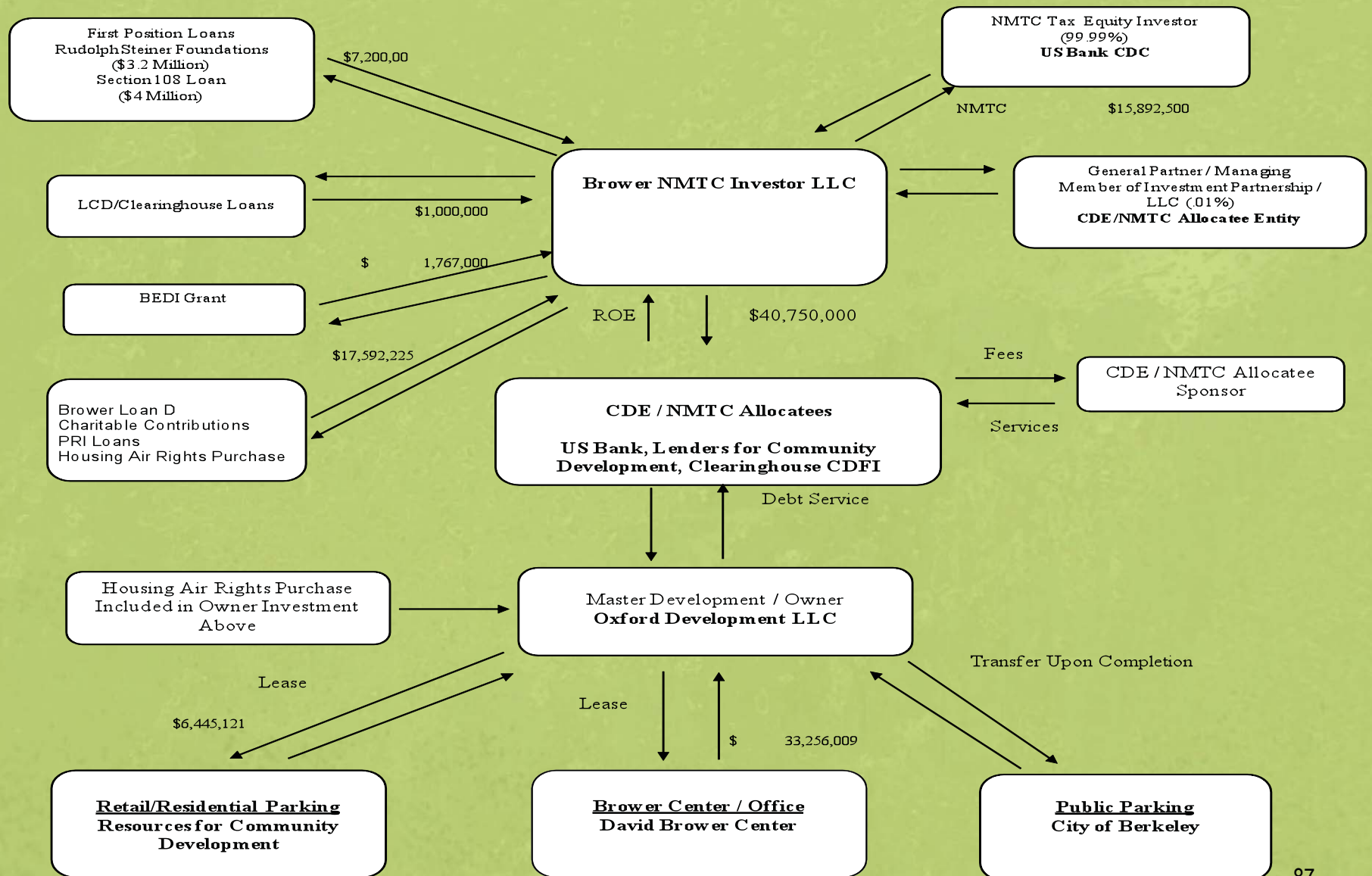
Housing Capital Contribution Toward Land Cost	\$ 2.2 M
Charitable Contributions	\$ 11.4 M
Program Related Investment Loans	\$ 4.0 M
Bank Financing (RSF)	\$ 3.2 M
HUD Section 108 Funds	\$ 4.0 M
HUD BEDI Funds	\$ 1.8 M
Interest Income During Construction	200K
New Markets Tax Credit Equity and Related Contributions	
NMTC Equity	\$ 13.2 M
LCD Clearinghouse Loan (related to NMTC commitment)	\$ 1.0 M
Total	<hr/> \$ 40.9 M

Brower Center/Oxford Plaza Commercial NMTC Benefits

- Interest Rate: 0.9% construction; 1.9% perm
- \$13.2 million debt convertible to equity
- \$14.7 million charitable “debt” repaid and converted to equity
- Loan to value: 200%+
- Strong LTV and DCR for refinance



Oxford/Brower NMTC Structure







Oxford Plaza and Brower Center, Berkeley
97 units for families
Completed March 2009



Architects: WRT Solomon E.T.C. Group

Developer: RCD

ABAG "Growing Smarter Together" Urban Design Award

Oxford Plaza Financing Sources

City of Berkeley Housing Trust Fund	\$ 4.3 M
Berkeley Redevelopment Agency	\$ 1.9 M
HCD Multifamily Housing Program	\$ 6.6 M
MHSA and HOPWA - Alameda County	\$ 900 K
Wells Fargo Bank	\$ 6.2 M
Affordable Housing Program/Federal Home Loan Bank and Far East National Bank	\$ 582 K
Deferred Developer Fee	\$ 91 K
Capital Contributions	
General Partner	\$ 1.3 M
Foundation Grants	\$ 450 K
Limited Partners (Enterprise Green Communities)	\$ 18.1 M
Total	<hr/> \$ 40.6 M

Green Features



- Solar Thermal Preheat
- In Floor Radiant Hydronic Heating
- Steel Framing
- Formaldehyde Free Cabinets
- Recycled Rainwater for Irrigation
- Native Plant Landscaping

- Energy Star Appliances & Light Fixtures
- High Slag Content in Concrete
- Infill Sites
- No/Low VOC Paints/Adhesives
- Brownfield Remediation
- Recycled Content Carpet
- Natural Linoleum



What was achieved by Brower Center/Oxford Plaza?

- Reuse of underutilized parking lot across from UC Campus
- 98 Parking Spaces in publicly-owned parking garage (no on-site parking requirement for commercial space)
- Award-Winning, Mixed-Use TOD
 - Oxford Plaza
 - 97 affordable apartments in a green building
 - New Retail Space and 41 Spaces of Parking
 - Brower Center
 - Unique LEED-Platinum Environmental Center
- 120 Jobs for low/moderate-income households and Berkeley residents.

Best Practice Tips for Growing Smart PPPs

- Prepare, prepare, prepare
 - Know your players and key stakeholders
 - Clearly articulate goals and measure progress against these goals
 - Have a strong vision and stronger execution
- Leverage, leverage, leverage
 - Use your location to its full advantage
 - Leverage resources (people, organizations, funds)
 - Learn how to build and manage “complex capital structures”
- Communicate, communicate, communicate
 - Cultivate extreme leadership and trust building
- When the going gets tough, get even tougher and even more creative

*Perhaps it will be the City that reawakens our...
appreciation of nature*



*...in all its
unpredictable
complexity.*

Jane Jacobs

RESOURCES

www.uli.org

www.gjdc.com

www.carolinaarts.com

www.ci.berkeley.ca.us

www.browercenter.org

www.rcdev.org

www.seifel.com



*In the middle of difficulty
lies opportunity.*

Albert Einstein

Greater
Jamaica
Development
Corporation

