Innovation as Leadership: Structuring a Public/Private Partnership to Meet Many Goals

9:45 a.m. – 11:00 a.m.

Moderator
Calvin Gladney
Mosaic

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#uliP3
STRUCTURING INNOVATIVE PARTNERSHIPS

Presentation by Calvin Gladney, @MosaicUrban
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Mosaic Urban
Is...
A Developer
Mosaic Urban
Is…

A Developer
Mosaic Urban Is... A Developer
Mosaic Urban
Is...

A Developer
Mosaic Urban Is…

A Strategic Advisor to Cities & Non-Profits
The P3 is Dead.
Introducing...the P5

1) Public
2) Private
3) Non-Profit
4) Philanthropic
5) People

From PPPs (P3s) to P5 Partnerships (P5s)
Two Reasons **P5s are the future:**

*It Takes a Village* to do Deals

The New Players are *Different*
Reason #1: It Takes a Village

- Howard Theatre
- Eight Years
- $28,000,000
- 10 Sources of Financing
- P5 Partnership
Can a P5 Partnership...

Bring Back the Lincoln?

Lincoln Theatre, Baton Rouge
Reason #1: It Takes a Village
LIGHT UP LIVERNOIS

Celebrate the next chapter in Detroit’s historic Avenue of Fashion with an evening of design, art, shopping and entertainment.

REVOLVE DETROIT
SEPT. 20th
3PM - 11PM

REVOLVEDETROIT.COM | DETROITDESIGNFESTIVAL.COM | #LIGHTUPLIVERNOIS
Reason #2: The New P5 Players Are Different…

Different Goals & Constraints

Speak a different language
Do You Speak Philanthropic?
Do You Speak New Markets (NMTCs)?
From PPPs (P3s) to P5 Partnerships (P5s)

New York City’s “High Line”
Let’s Keep in Touch!

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ULI PUBLIC/PRIVATE PARTNERSHIPS CONFERENCE
Structuring Public/Private Partnerships to Meet Many Goals

Establishing the Foundation for Success

June 25, 2014
Lawndale Station Phase II
Ferndale Apartments - Detroit Public Library
San Telmo Cigar Factory, 5716 Michigan Ave
50,000 s.f. office and medical

5716 Wellness
150 1-bedroom units for formerly homeless veteran’s
6,000 s.f. program space
5,000 s.f. streetfront – VA’s Homeless Veteran’s Resource Center

Piquette Square for Veteran’s
Music, food and art bring us all together!

Vernor/Bagley/Vista
LARGE-SCALE CIVIC ACTION

Catalysts for Change

Social Infrastructure
- education
- health
- family support
- youth services
- public-private partnerships
- policy & evaluation

Economic Opportunity
- jobs
- business
- asset-building
- public-private partnerships
- policy & evaluation

Physical Development
- housing
- commercial space
- public facilities
- place-making
- public-private partnerships
- policy & evaluation

Neighborhood Transformation

Community leadership
- action learning

Cross-sectoral partnerships
- leveraged impact across sectors

Developed social networks
- working teams

Youth-adult partnerships
FROM

Resident Engagement

Residents weighing in
Residents as clients or consumers of services
People attending a series of meetings
Model based on professional problem-solving
An inside-out organization
Organizational decision-making
Being in the community

TO

Resident Ownership

Residents dreaming, designing, and doing
Residents as citizens, planning and implementing work as central players
Fluid teams working for many years
Model based on activating the wisdom, creativity, and experience of residents
An outside-in organization
Shared decision-making with residents
Being of the community
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Structuring Public/Private Partnerships to Meet Many Goals

Establishing the Foundation for Success
June 25, 2014

Stephen B. Friedman, FAICP, CRE
President, SB Friedman Development Advisors
Introduction

- Public, Private, Institutions, Foundations, Community – All Anxious to Move Forward

- But How Do You Create a Foundation for Success?
Principles for Public-Private Partnerships

- Achieve Key Community Goals and Implement Plans
- Achieve Preferred Development beyond Market
- Enable Private Sector to Do Something Beneficial that they Otherwise Could Not Do
- Support Market and Financially Feasible Projects (with assistance)
- Obtain Community Benefits
- Contribute to Fiscal Cost-Effectiveness/Return on Public Investment
- Close a Gap/Need (But for...) or Meet a Competitive Challenge
- Share Risk but Limit Public Sector Risk

The Community Needs to Be Prepared to Enter into Partnerships
Developer and City Concerns: Opposites

**Developer**

- Avoid “Beauty Contests”
- Avoid Being Community Planner
- Minimize Uncertainty of Allowances/Entitlements/Site Control/Site Conditions
- Avoid Controversy
- Protect Private Financial Information
- Need Confidentiality to Manage Leasing, etc.
- Minimize Cost Prior to Selection
- Minimize Equity
- Best, Profitable Solution

**City**

- Tap Developer “Creativity”
- Have Developers Tell City Best Use
- Assume Developers Control Sites or Will Help Control
- Require Open, Competitive Procurement
- Need Transparency
- Satisfy Multiple Stakeholders
- Meet Public Goals and Standards
- Locally “Preferred” Developers
- Require Disclosure
- Adhere to Best “Price” Procurement Rules

**How to Find Common Ground?**
Planning and Goal Setting

- Fact-Based Visioning
  - Market
  - Economic Feasibility
  - Density/Assistance Trade-Offs
  - Site Capacity
  - Design Potentials
- Public Process/All Stakeholders
- Detailed, Realistic
- Development Guidelines/Form-Based Guidance
Proactive Pre-Development

- Help Get Sites to “Shovel-Ready”
- Site Assembly
- Remediation
- Demolition
- Infrastructure Support
- Entitlements
- Planned Assistance
- Coordination of Multiple Government Entities
With Whom Is the Public Sector Dealing?

- Important Whether City is Approached or Solicited
- Business Structure
- Principals
- Confirmable Track Records (Firm or Individuals)
- Other Communities’ References
- Balance Sheet (Firm and Individuals)
- Financial and Organizational Capacity
- Long-Term Operating Plan

And the Converse is Also True: Is the Public or Institutional Entity Structured and Authorized Appropriately to Be a Partner?

- XYZ Development LLC?
- Jones Corp Home Builder?
- A + B + C Joint Venture?
- XYZ and Hedge Fund LLC?
Manage Process to Balance Public/Private/Stakeholder Concerns

<table>
<thead>
<tr>
<th>1. DEFINE DEVELOPMENT GOALS</th>
<th>2. ESTABLISH DEVELOPER RELATIONSHIP</th>
<th>3. FINALIZE AND IMPLEMENT PROJECT</th>
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<tbody>
<tr>
<td>A. SOLICIT DEVELOPER FOR PUBLIC LAND</td>
<td>OR</td>
<td>B. RESPOND TO DEVELOPER SEEKING LAND/ASSISTANCE</td>
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<tr>
<td>- Develop a Community-Supported Vision with All Stakeholders</td>
<td>- Identify Land Sales Processes</td>
<td>- Negotiate Term Sheet/Redevelopment Agreement</td>
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<td>- Prepare Site Development Program</td>
<td>- Negotiated Sales</td>
<td>- Obtain Zoning/Planned Development Approval</td>
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<td>- Address Development Readiness of Site</td>
<td>- Modified Bidding</td>
<td>- Identify Financing Structure/Sources</td>
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<td>- Understand Resources</td>
<td>- Alternative Bids</td>
<td>- Identify Public Structure</td>
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<td>- Create a “Believable Fiction”</td>
<td>- Review Entitlements/PD</td>
<td>- Pay-As-You-Go</td>
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<td>- Evaluate Proposals</td>
<td>- Review Assistance Application</td>
<td>- Notes</td>
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<td>- Conduct Interviews/Community Reviews</td>
<td>- Project Plan &amp; Costs</td>
<td>- Bonds</td>
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<td>- Select Developer</td>
<td>- Financial Benefits/Tax Increment</td>
<td>- Obtain Simultaneous Approvals</td>
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SUCCESSFUL DEVELOPMENT
- Pro Forma/Gap
- Community Benefits
- Eligible Costs
- Basic Structure/Capital Stack

Residential Component
- Cost: $2,387,000
- Retail Component
- Cost: $800,000

SB Friedman
Development Advisors
Conclusions

- Understanding Public, Private and Stakeholder Views Critical
- Preparing/Pre-Development/Planning -- Another P-3
- Know With Whom You Are Dealing
- Manage the Process
- Expect Financial Complexity
- Share in Success to Achieve Win-Win Outcomes
Development Advisors to the Public and Private Sectors

- Public-Private Partnerships
- Developer Solicitation
- Real Estate Economics
- Public Financing
- Development Incentives
- Redevelopment Strategy and Implementation
- Fiscal and Economic Impact
- Value Capture Finance

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Aligning public and private benefits and goals to shape cities in the 21st Century
The Typical Continuum...
Layering in Social Entrepreneurship

![Diagram showing the return on investment continuum ranging from public/not-for-profit ownership to private/for-profit ownership. The stages include donations/taxpayer dollars, fee for services, social enterprise, socially responsible business, corporate social responsibility, and strictly seeks profit. A blended return on investment is represented among the stages.](image-url)
It’s Electric!
California Cycleway, 1902
Woodward Ave Streetcar
Bike Share Systems, Worldwide
Marketing
Build A Strong Brand, Professional Marketing Team: cross promote the platform
Lyft: Ride Sharing
Bus Rapid Transit
Our Goals Have Changed

THEN

Mobility – Automobile Safety

NOW

Access/Mobility – Multi-modal

Public Health/Safety

Economic Development

Environmental Quality

Livability/Qaulity of Life

Equity

Credit: Tom Maguire, NYC DOT
Bloomingdale Trail

Elevated Multi-Use Trail

2.65 Mile dormant railroad embankment

Elevated Multi-Use Pathway

Conceptual Design Connects Milwaukee Avenue and Elston bike lanes to the Loop
Redesign Around People
Make Way for People
Detroit Leads the Way on Place-Centered Revitalization
Woodward Avenue DISTRICT

1000 BLOCK
Service Restaurants/Retail

1200 & 1400 BLOCKS
Core Retail

1500 BLOCK Neighborhood Retail

1500 Block
Focus will be placed on the local residential population by providing one-of-a-kind neighborhood restaurants, pubs, bakeries, etc. Retail will leverage the direct facing Woodward Avenue opportunities as well as public space between the 1500 Block and the M@disan Block. The current alleyways between these two blocks will be transformed by demolishing the Metropolitan Building to create an engaging public space.

1400 & 1200 Blocks
This will be the core urban shopping district, supporting local residents and office workers as well as drawing shoppers from the suburbs. The retail mix will include traditional home retail, traditional fashion retail, urban street and a unique mix of food and beverage options. The retail is planned to be unique with nothing that already exists in stores in suburban malls. The former Hudson’s site will showcase the junior anchor stores in this district.

1000 Block
This is the transition zone between the shopping district and the primary business district. Retail will focus on service and quick casual food and beverage that will support office workers during the day as well as evening shoppers.

Imagine a new street experience where shopping and outdoor dining line the edge of Woodward Avenue. Now, wouldn’t that be an exciting transformation?
Closing:

- Access vs. Ownership service models reducing consumers’ $, hassle in urban areas, make living in cities affordable, easy & fun
- PP Partner to reinvigorate public spaces
- Government focusing more on ROI, profitability in investments/services
- Private Sector Partners incentivized for greater good
- Private sector will take over more “public transportation” services
- Alignment of goals and outcomes