



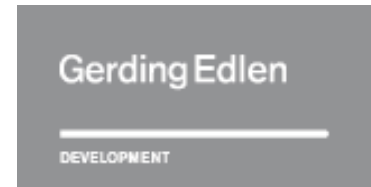
Public/private partnerships

...the key to smart growth

Speakers



- **Terry Moore**, ECONorthwest
- **Tom Fitzsimmons**, Lorig Associates
- **Jill Sherman**, Gerding Edlen Development
- **Cheryl Twete**, Metropolitan Exposition Recreation Commission





Introduction to
Smart Growth and
Partnerships
Terry Moore

Reasons to expect more smart growth than we are now seeing...



- Increasing market preference
 - Changing demographics
 - Increasing relative costs of alternatives
 - Infrastructure
 - Travel
 - O & M
 - Environmental effects
- Changes in regulations and policy incentives to allow, encourage, or require use of smart growth principles



If smart growth development is so smart...



Why do we keep building this?



Mainly because...smart growth can have higher costs than suburban development



- Land costs
- Construction costs
- Structured parking
- Regulatory complexity
- Costly/tight financing
- Risk

Relative price of SG development decreasing, but *absolute* price (per sq ft of built space and lot) still higher

Result...Market rents/prices may not support costs in all places

Smart growth doesn't always “pencil out”



- If cost / price (rent) relationship negative, the private sector won't build
- Public sector lacks capacity to fund and build all smart growth itself
 - Public sector owns about $\frac{1}{4}$ to $\frac{1}{3}$ of *all* urban capital
- Regulations cannot force the private sector to build



Public/private partnerships can leverage public/private capital



- Public investment can help the private sector build:
 - Smart development
 - Capital
 - Process: time value of capital
 - Risk reduction
 - Developments that achieve community goals

Examples of public investment



- Land
 - Infrastructure improvements
 - low-interest loans
 - tax credits
-
- Equally important: public/public partnerships



Ten principles for successful partnerships



1. Prepare properly for public/private partnerships
2. Create a shared vision
3. Understand your partners and key players
4. Be clear on the risks and rewards for all parties
5. Establish clear and rational decision-making process...

Ten principles for successful partnerships



6. Make sure all parties do their homework
7. Secure consistent and coordinated leadership
8. Communicate early and often
9. Negotiate a fair deal structure
10. Build trust as a core value

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Developer
perspective
Tom Fitzsimmons

Northgate Commons - Under Construction 1959

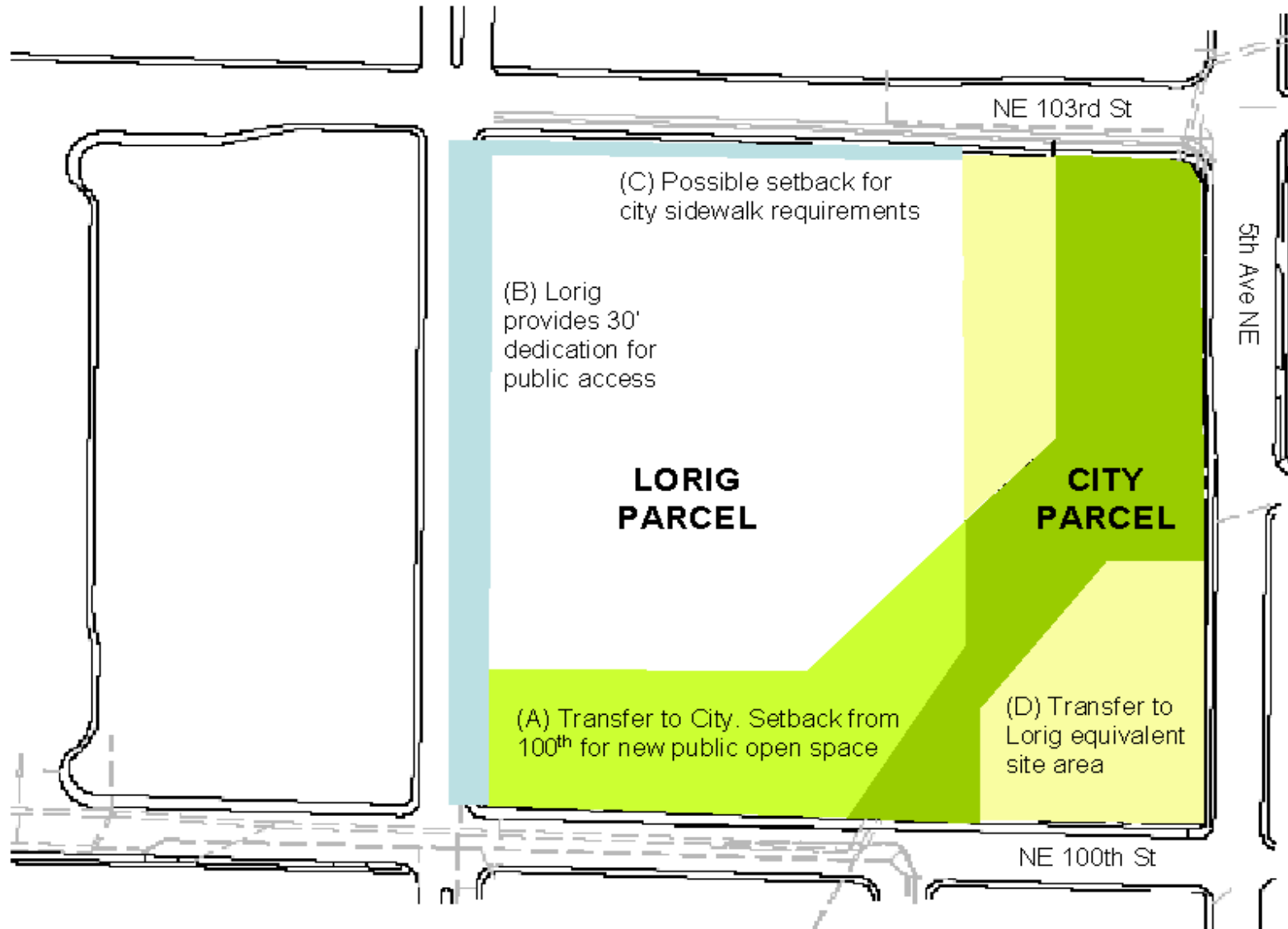


Property of Museum of History & Industry, Seattle

Northgate Commons – Site Context



Northgate Commons – Land Swap



Northgate Commons - Site Plan

PROJECT SUMMARY

RETAIL

BUILDING 1	98,465 SF
(22,720 @ STREET LEVEL)	
BUILDING 2	11,000 SF
BUILDING 3	14,530 SF
BUILDING 12	1,050 SF
BUILDING 13	1,200 SF
BUILDING 14	2,500 SF

PARKING

BUILDING 15 285,581 SF
(BELOW-GRADE PARKING GARAGE)

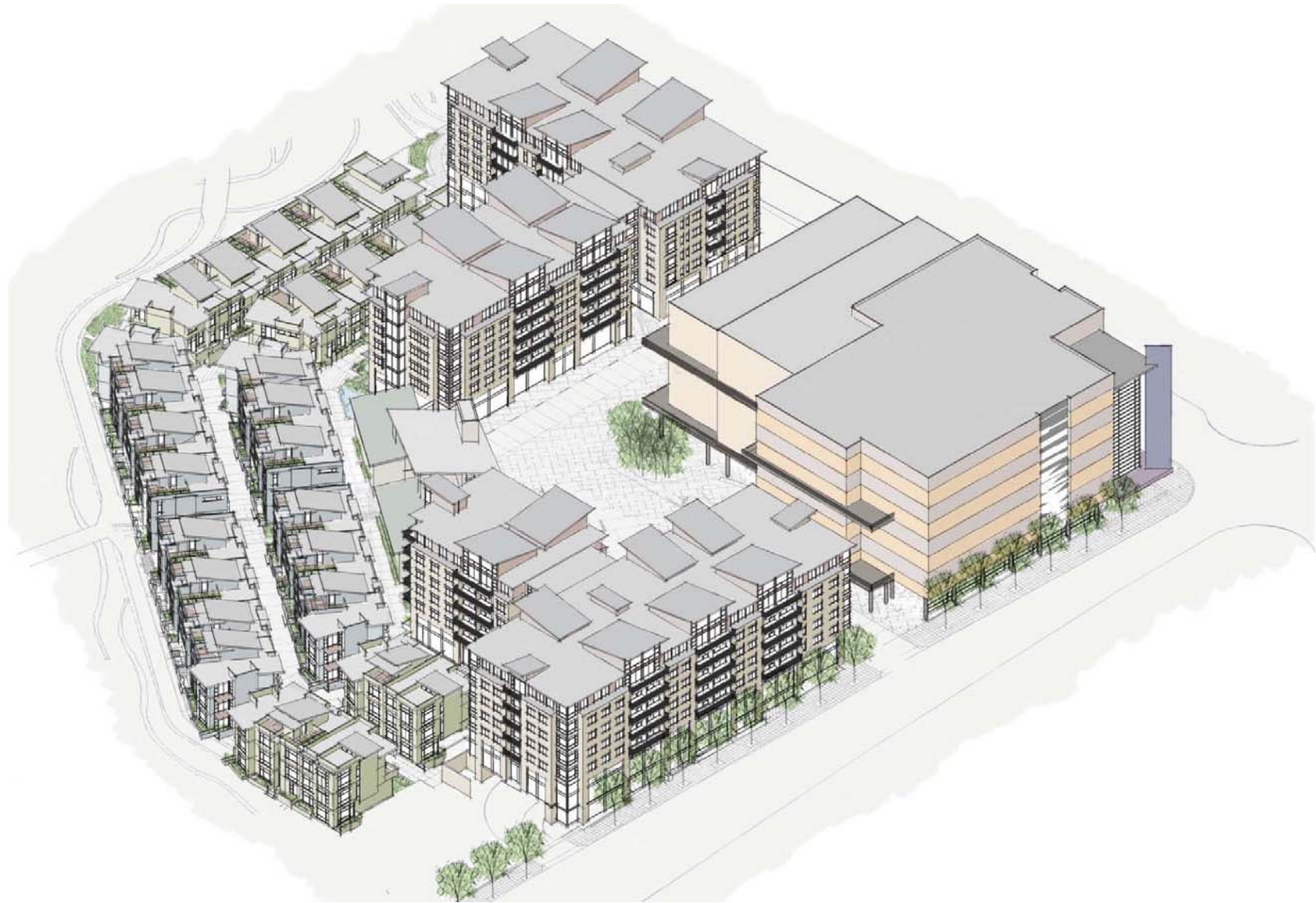
912 TOTAL STALLS PROPOSED:
STREET LEVEL 53 STALLS
LEVEL P-1 340 STALLS
LEVEL P-2 519 STALLS

RESIDENTIAL

BUILDING 2	109,465 SF	(125 UNITS)
BUILDING 3	104,560 SF	(128 UNITS)
BUILDING 4	14,180 sf	(15 UNITS)
BUILDING 5	10,480 SF	(11 UNITS)
BUILDING 6	10,660 SF	(11 UNITS)
BUILDING 7	2,850 SF	(9 UNITS)
BUILDING 8	17,285 SF	(18 UNITS)
BUILDING 9	13,615 SF	(14 UNITS)
BUILDING 10	12,500 SF	(13 UNITS)
BUILDING 11	10,480 SF	(11 UNITS)



Northgate Commons – Aerial View

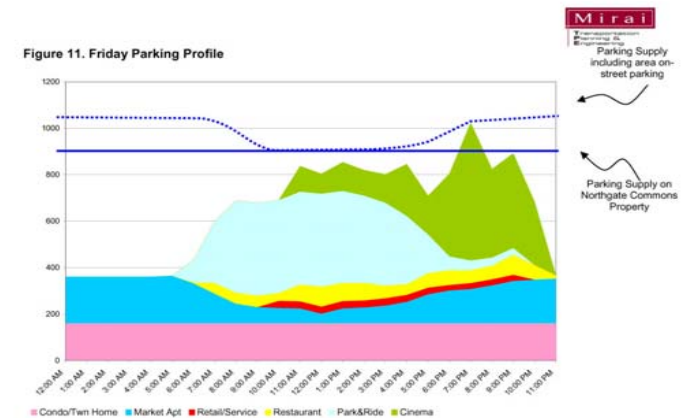


Northgate Commons /Thornton Place Done



Northgate Commons - Special Considerations

- Security
- Ownership Structure
- Parking Management
- Transportation Demand Management
- Maintenance
- Partnership Coordination
- Financing
- Community / Public Spaces
- Commitment Tracking
- Realization of Vision



Northgate Commons – Partnering Lessons

- Communication
- Compromise (Interest Based)
- Shared Ownership
- Vision and Drive
- Greater Than The Sum Of its Parts



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The green
building premium
Jill Sherman



Public sector
perspective
Cheryl Twete

Getting to a Successful Deal:



- Clear and realistic public approach
- Minimum acceptable development program
- Political support/policy direction
- Adequate public resources
- Staff skills/knowledge
- Money, land, authority
- Regulatory framework
- Defined and fair selection process

Getting to a Successful Deal:



- Private Sector Realities
 - Market conditions
 - Economic trends
 - Financial Markets
 - Schedule
- Development Team Strengths
 - Track record and skills
 - Creativity/responsiveness
 - Financial capacity

Getting to a Successful Deal:



- Public/Private Partnership
 - Written Agreement
 - MOU
 - Disposition & Development Agreements
 - Clear deal point and commitment
 - Think it through
 - Honesty and trust in Relationships
 - Communication



Wrap-up

Terry Moore

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Questions

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