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Working Together

BRETT HUTCHENS AND
JANE ROBINSON

Successful public/private partnerships depend on a number of principles.

THERE IS MORE AND MORE TALK nowadays about downtown development achieved through public/private partnerships. Not only are people talking more about these partnerships, but also they are planning, executing, completing, and marketing more of these partnerships. Communities of all sizes and levels of existing prosperity and commercial activity are capitalizing on the advantages of public/private partnerships for urban revitalization.

However, many issues remain unresolved, some of which recently were highlighted in the Urban Land Institute's publication, *Ten Principles for Successful Public/Private Partnerships*. These include what types of development—or mix of uses—will succeed commercially (not just aesthetically), while catalyzing, rather than cannibalizing, the existing downtown. High on any agenda must also be financing options and how best to gain community—and voter, if necessary—endorsement for programs.

From greenfield to historic downtown redevelopment, the time is long past the “build it and they will come” mentality in this country. Instead, many valuable lessons are emerging as more downtown developments are completed in many different parts of the United States, each with its own climate, economics, demographics, and urban history. These lessons conclude that:

- ▷ Both the developer—as a “representative” of potential tenants and consumer demand—and the public entity—as a representative of existing business owners and citizens—have unique insights and resources to contribute.
- ▷ Any successful development today needs to contribute to the total “flux” and fabric of urban life—i.e., it should supply, strengthen, or attract retail, commercial, residential, entertainment, and civic components. The developer must understand the downtown district's

potential to attract, why consumers would want to go there, and how to achieve that goal.

▷ The mixed-use lifestyle center is emerging as a retail platform that does well in implementing and improving downtowns given its mixed-use components, focused and demanding tenant selection, and a format that most emulates traditional urban patterns.

Before, during, and after a project is built, a comprehensive development plan must be in place and the city and downtown must be committed to it. The plan will result from formal planning, including civic charrettes and other means of soliciting community input. It will become the master plan, which will account for such issues as:

- ▷ marketplace needs, i.e., residential, entertainment, day-to-day retail uses.
- ▷ proportion of uses, including the zoning or rezoning each use requires, and administration of these uses.
- ▷ infrastructure improvements.
- ▷ ways to integrate new with existing elements of downtown.
- ▷ marketing the project to the community and gaining its acceptance.

This last issue often is overlooked. Many public/private partnerships involve public contributions in the form of infrastructure improvements and/or tax increment financing. The public being asked to endorse these expenditures must be sold on their overall investment value. The idea that the public is “giving away” to private interests is incorrect and thwarts many economic development partnerships. Independent specialists can promote an economic impact study of a proposed development that can prove helpful.

In addition, it is crucial to market the *partnership* to the public, to existing businesses, and to prospective tenants and to make

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known the real spinoff value that the development will create for the community.

Certainly, part of the partnership is the organizing function that the public sector can offer to urban redevelopment. But the basic requirement of a successful development is still a must. The site of a public/private partnership development needs to possess an existing activity or vibrancy, or offer indigenous qualities that call out for redevelopment. Execution of a great concept without a genuine need for it is no elixir for any downtown of any size or style anywhere in America.

Some elements essential to building downtowns through public/private partnerships include the following:

▷ Downtowns that function only as administration centers need to incorporate a residential component that will draw new stores, services, and dining and entertainment uses into a mixed-use, lifestyle development that is active 24 hours a day.

▷ Though the public sector plays the important role of building and managing needed infrastructure, any new development should address such issues as defunct buildings, street lighting, and landscape improvements, as well as work with existing merchants on signage, uniform hours of operation, complementary marketing, and the general enhancement of operations.

▷ The private sector developer contributes expertise in selecting a mix of uses that will work in establishing relationships with potential tenants and financing sources, and in handling the many details that can make or break a complex development.

A public/private partnership is a deal, which must be negotiated like any other. Like any other negotiation, it will proceed more smoothly and will more likely result in a suc-

cessful project if the partnership is based on open information, reasonably shared goals, and mutual respect.

Among common public “hard dollar” contributions are those related to infrastructure, which should be in place before development starts. Land acquisition and land use rights, parking, and tax increment financing all need funding.

The developer must be willing to share financial information with the public entity, and, at the same time, the public entity must understand that the developer is in business to make a profit. These two principles go a long way in “selling” the development to the public. Realistically, the following typically would be the case:

▷ The public contribution to the kinds of public/private partnerships referred to here range in the area of 5 to 10 percent of total development cost, a risk that is assumed solely by the private developer.

▷ Much of the public contribution—such as a new parking deck—would have been a worthwhile investment in and of itself.

▷ The public sector retains any contributions it makes.

▷ Tax increment financing represents a share of new economic and taxing activity.

▷ Developers take significant risks. It is their money, their judgment about the commercial potential, and their reputation that are on the line each time.

Most public/private partnership arrangements being consummated today are emi-

In downtown Sarasota, Florida, the One Hundred Central mixed-use development project, which encompasses an entire city block, includes 60,000 square feet of retail, anchored by a 36,000-square-foot Whole Foods Market, and 95 condominium units on the upper floors.



nently fair. Both entities appear to have improved their understanding of what it takes to revitalize a downtown and what is economically realistic. These entities should inform the public as to the conditions and benefits of their partnership. In this way, developments not only get off the ground, but have a better chance of existing for generations to come. **U**

BRETT HUTCHENS is president and CEO of Casto Lifestyle Properties and is the partner in charge of mixed-use lifestyle development for the Casto Organization. **JANE ROBINSON** is director of the planning and redevelopment department for the city of Sarasota, Florida.