TODay Workshop #2
“Making The Vision Reality: Financing”

Prepared by

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AGENDA

- Financing Land Acquisition/Banking
- Financing Public Improvements
- Public/Private Partnerships
- Questions?
FINANCING LAND ACQUISITION / BANKING

Land Banking for Future Development

Conditions that create “banked” land

- lack of market demand
- presence of private developers holding land in anticipation of future market opportunities
- absence of key infrastructure or access
- presence of zoning/development regulations that do not match market demand
- activity by transit authority/local government/development corporations to acquire or assemble land
FINANCING LAND ACQUISITION / BANKING

Skyland Redevelopment, Washington, DC
(Anacostia Metro Station Area)

- Redevelopment of rundown strip mall and adjacent vacant property
- 18.5 acre site which includes 1940s-era Skyland Shopping Center (11 acres) and vacant residentially zoned land (7.5 acres)
- Project Co-Developer: National Capital Revitalization Corporation
- Goal is to implement City and community’s vision for the site and improve the neighborhood
- 17 different parcels controlled by 15 property owners, 30 different tenants
- Previous attempts to assemble land have failed
FINANCING LAND ACQUISITION / BANKING

Skyland Redevelopment

- Community & government support for development
- Government financed study showing retail sales leakage
- NCRC (local government development corp.) purchasing property and will act as the landowner
- NCRC selects developer to undertake vertical development; will pay ground lease
- Project build out includes:
  - Total of 915,000 sq. ft.
  - 315,000 sq. ft. of retail
  - 600 residential units
  - $125 million project
FINANCING LAND ACQUISITION / BANKING

Land Acquisition / Assembly

- NCRC forms $150 million strategic equity partnership with Morgan Stanley to provide investment capital for its projects in DC
- Received $25.7 million in TIF to assist with land acquisition (other land acquisition funds from sale of other property)
- Property acquired by NCRC through negotiation and potential condemnation
- Relocation company assisting business owners at Skyland
- Selected property owners looking at potential participation in project
FINANCING LAND ACQUISITION

- Equity investment approach
- Landowners contribute their land (and improvements) as “shares” and receive a portion of the distribution from cash flow generated
- Value of the asset = LLC shares, Cash & LLC shares, Cash
- Vertical developer pays long term ground lease to NCRC
- Opportunity for all parties to participate in project’s upside
- LLC business entity minimizes landowners and NCRC risk exposure
FINANCING LAND ACQUISITION / BANKING

New Town at Capital City Market, Washington, DC

- Redevelopment of 24-acre underutilized site into mixed use Town Center
FINANCING LAND ACQUISITION

New Town at Capital City Market

- City Council approved legislation designates one of the property owners as developer (joint venture)
- District model for developing large tracts of underutilized land to create workforce housing, needed community facilities/services, jobs, and increase tax base
- Site will be rezoned from low-density, light industrial uses to mixed use commercial
- Authorizes use of tax incentives, economic and other development initiatives
FINANCING LAND ACQUISITION / BANKING

New Town at Capital City Market

- Plan allows for existing property owners and/or lessees to:
  - invest in the project and become equity owners
  - become fee simple owners in the new retail and warehouse facility
  - participate in like-kind 1031 property exchanges

- Plan allows existing retailers and wholesalers to continue their businesses in new revitalized market

- Financial toolbox includes tax abatement, TIF, PILOT

- Once developer gets control of 50% of land then remaining land can be acquired
  - 45+ property owners
  - Other participating land owners include DC, Gallaudet University
  - Eminent domain requires Council approval
Located in Castle Shannon, inner ring suburb of Pittsburgh

Part of the T, a 25-mile Light Rail Line serving downtown Pittsburgh and southern suburban communities

Castle Shannon station opened in 1987

Primarily serves as a park-n-ride lot (parking lot operating above capacity)

Project involves conversion of 7.5 acre, 500-space surface parking lot to mixed use transit village with structured parking

Goal is to create a “Sense of Place”

One of the first significant TODs in region
FINANCING PUBLIC IMPROVEMENTS

Shannon Station Transit Village, Pittsburgh

Development Program

- $31 million project
- 114 rental residential units
- 9 story building
- 54,000 square feet of ground floor retail
- Public plaza
- Retail outparcel (10,000 square feet)
FINANCING PUBLIC IMPROVEMENTS

Shannon Station Transit Village, Pittsburgh

Structured Parking

➢ Serves as foundation for the development
➢ Phase I – 600 PAAC park-n-ride spaces, 315 residential/commercial spaces
➢ Phase II – 400 additional structured PAAC parking spaces
➢ Would be 2nd public structured park-n-ride facility in region (out of 12)
➢ Would be one of 3 park-n-ride facilities to charge parking user fee
  - Proposed ($1 daily, $13 monthly)
FINANCING PUBLIC IMPROVEMENTS

Shannon Station Transit Village, Pittsburgh

- Developer acquired development rights from Port Authority of Allegheny County (RFQ/RFP process)
  - 75 year ground lease
  - PAAC receives 25% of profits after a 15% return on project equity
- Financing of structured parking by TIF
- Infrastructure Financing ($10 million total – Parking Deck)
  - TIF/TRID ($5 million)
  - State Economic Program ($2 million)
  - Alternative Program Financing ($3 million)
- Economic and Fiscal Impact: $2 million in annual tax revenue to Commonwealth and local municipalities
Joint Development Agreement/Financing City of Tempe, Arizona

TOD Project Background

- McClintock Station Park-n-Ride site
- City Acquired 4.5 Acres with FTA Funds of a 300-Space Surface Parking Lot (prospective park-n-ride)
- City “sells” the property (as part of a settlement agreement) to private developer in exchange for:
  - 300+ Space Structured Garage
  - 450 Residential Units
  - 1 Parking Space per Residential Unit
  - 12,500 square feet of retail
PUBLIC / PRIVATE PARTNERSHIPS

Joint Development Agreement/Financing City of Tempe, Arizona

- Legal Document Regarding TOD Project
- Formalizes Public-Private Partnership
  - City of Tempe
  - Valley Metro Regional Public Transportation Authority
  - Federal Transit Administration
  - Private Developers
- Meets FTA Joint Development Requirements
Joint Development Agreement/Financing
City of Tempe, Arizona

Meeting FTA Joint Development Guidelines

- Physical and Functional Relationship of Development to Transit
- Enhances Urban Economic Development
- Incorporates Private Investment
- Enhances the Effectiveness of Transit
- City Retains Effective Control
- Highest and Best Use
- Generates Financial Benefit for the Transit System
PUBLIC / PRIVATE PARTNERSHIPS

Baileys Crossroads, Fairfax County, Virginia

- Emerging as a transit hub connecting Northern Virginia and Washington, DC
- High density, highly diverse area
- Affluent & Aspiring Lifestyles exist next to Fringe & Struggling Neighborhoods
- Columbia Pike Streetcar Project critical to success of Bailey’s Crossroads development vision
- Rosslyn-Ballston corridor good “analog” for Bailey’s future
  - Creation of residential and commercial nodes around transit stations
  - Prototype of next type of transit in region
- Longer term perspective required
PUBLIC / PRIVATE PARTNERSHIPS

Baileys Crossroads, Fairfax County, Virginia

- County created Commercial Revitalization Districts (1998) to encourage economic development activities in older commercial areas
- County provides incentives to encourage private sector investment
  - Increased FAR
  - Direct financial Incentives
  - Indirect financial Incentives
  - Technical Assistance
- Coordination with local revitalization corporations and committees
- 23 projects totaling $4.9 billion investment to date
### PUBLIC / PRIVATE PARTNERSHIPS

**Baileys Crossroads, Fairfax County, Virginia**

<table>
<thead>
<tr>
<th>Fairfax County Revitalization Program</th>
<th>Approach</th>
<th>Programs</th>
<th>Strategies</th>
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</table>
| **Regulations**                      |          | • Flexible Zoning Provisions | • Increased FAR (e.g. 0.4 to 2)  
• Increased building height (from 40 to 50 ft)  
• Reduced parking requirements (20%) |
| **Direct Financial Incentives**      |          | • Investing in Communities Program  
• Revitalization Incentive Fund  
• Business Partnerships in the Community | • Tax abatement  
• Façade improvement grants  
• Tax increment financing  
• CDA financing  
• Low-to-no interest loans (e.g. $10,000 to $500,000)  
• Tax exempt bond financing  
• Below-market and subordinate financing |
| **Indirect Financial Incentives**    |          | • Commercial Walk-Thru Program  
• Permit Application Center | • Expedited Development Review  
• Team inspections  
• Parking Requirement Reduction |
| **Technical Assistance**             |          | • Revitalization Field Staff  
• Business Partnerships in the Community | • Individual Consulting  
• Referral Networking  
• Resource Library / Revitalization website |
| **Infrastructure Investments**       |          | • No formal program | • Streetscape Improvements |
Southeast Quadrant Redevelopment Project

- Area comprises 33 acres at intersection of two major roadways
- Study area has 45 parcels and 29 property owners
- Majority of site is owner-occupied
- Access to site is not well developed
- Building stock has deteriorated
- Pedestrian-friendly and attractive streetscape is non-existent
- Public design charrette – mixed use as most highest priority for study area
PUBLIC / PRIVATE PARTNERSHIPS

Baileys Crossroads, Fairfax County, Virginia

Southeast Quadrant Redevelopment Project

- 4.5 acre site, 5 parcels
- “Ready and willing” developer interested in partnering with County
- Mixed use redevelopment with office, retail and residential components
- Potential East County Center
  - 150,000 sq. ft
  - location of government services
- Developer and County currently in negotiation
  - County will provide their value of surplus property (1.4 acres) as “share” in project
Questions?

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