Analysis of Urban Land Assemblage

A presentation from the University of Minnesota Graduate Volunteer Consultants

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Executive Summary
The analysis that follows was borne out of a partnership between the Northside Job Creation Team (NJCT) at the Robert J. Jones Urban Research and Outreach Engagement Center along with the Graduate Volunteer Consultants (GVC) from the University of Minnesota-Carlson School of Management.

In this presentation, the GVC hopes to address the NJCT’s question of how to more efficiently assemble land in North Minneapolis. The NJCT has a vision of bringing 1,000 new jobs in North Minneapolis by 2019. The issue of parceling together land in a way that is productive for potential businesses in that region has become a major obstacle. The purpose of this analysis was to examine other urban areas throughout the U.S. and learn what factors made those redevelopment projects successful.

Our team first did thorough case analyses of the individual situations (detailed in the Appendix section of this presentation). Next we analyzed those cases to find the broad themes that emerged. Within the sites we examined, we found there to be two broad factors in each case of success: (1) trusted partnerships were involved throughout the entire processes and (2) redevelopment teams had strategic alignment among the goals they were looking to achieve. Our analysis will explain both of those factors in more detail and ways to achieve such objectives. Additionally, the presentation includes sections which discuss broad ways in which to assemble land, how to pay for such projects, and the impacts of such developments on the locality.

The overall theme we’ve found is that a diversified steering committee that represented many of the interested parties was often the most effective at driving the impact that the parties were individually looking for. We recommend that future research consider how to identify strong participants for such a group and outline a framework for how to align all the stakeholders.
Introduction
The goal of bringing 1,000 jobs to North Minneapolis has been difficult due to the hindrances in assembling land. Our team sought to explore the individual case studies and examine specifically the methods of land assembly, how projects were funded, and finally the impacts of these redevelopments. Throughout that process, we found that both trusted partnerships and strategic alliances were critical to the process. This analysis will first look at those two factors, and then take a deeper dive into the considerations of each case.

Trusted Partnerships
The strongest evidence of success in all the scenarios our team studied resulted from trusted partnerships. Every project was marked by collaboration among different interested parties around a common goal. Typically, the vision was socially-minded with the plan of an economically beneficial outcome.

The partners we found engaged in these projects varied, but one of the very obvious ones was the developers. Private developers were involved in all of these cases. However, many times they were assigned to a project, with their entry to the entire process being a few steps into the initial planning and not necessarily initiating the process. Theirs were necessary roles, for obvious reasons, and often appointed with a high regard from the steering committee.

We found that public institutions played a large part in the land assemblage processes. Leaders included organizations from the city, state, and even national levels. Sometimes change was driven more by the local government, and other times it was driven more by a national organization, such as the EPA in the example of the Centerpoint Intermodal Center (see Appendix A). The success factor here depended on strong engagement and support from the public parties that were involved. Through that partnership and engagement, parties were able to agree upon generalized tenants of success and could then delegate decision-making authority to a team that was more centralized. Though its form varied, this centralized leadership was present in every example we reviewed.

Strategic Alignment
As a further validation of the need for trusted partners, the cases we studied also had strong alignment among their stakeholders. Each party was fully invested in producing a beneficial outcome for the success of the project. Take the case of the Milwaukee Riverwalk (See Appendix G). The project was initiated by the Wisconsin DNR, a large organization that had significant legal authority. The organization then involved both the city and state government to further develop a plan that answered the DNR’s legal concerns and provided impetus for the development projects in the area.

Additionally, when considering the case of the Centerpoint Intermodal Center (CIC), the EPA was a large driver of the cleanup of that area. The site was once a manufacturing facility for TNT and other explosives during the World Wars. This was a 25,000-acre,
contaminated wasteland at the outset. Due to concerns over the health and safety of the area, the local government formed a coalition titled the Joliet Arsenal Development Authority (JADA). JADA then engaged the EPA to begin cleanup of the area. The teams then worked together with a common vision of making the area productive again. At the beginning of the project and the start of cleanup, JADA and the EPA didn’t necessarily envision turning the area into a business park. That was a development that happened further down the timeline. Indeed a large part of the original site was converted to prairie lands. The key takeaway here is that in order for this project to succeed, each of these agencies had individual tactical goals, but they were able to see past their immediate needs and unite around a broader vision of revival for the land that would help them achieve their broader social mission.

A final great example is illustrated in the alliance between Temple University and Jonathan Rose Companies (see Exhibit H). The Paso Verde apartments represented a close partnership between three formerly uncon nected partners; Temple University was a local, private university with significant landholdings and needs for affordable student housing; the Jonathan Rose companies were private developers with extensive expertise in green development; and the Asociación de Puertorriqueños en Marcha was a local community develop organization devoted to improving the living conditions in its neighborhood. All three organizations had different objectives, be that land development, increased revenues and profits, or community enrichment. Through collaborative planning they were able to develop a plan to answer all of their concerns, and pool the resources that would enable them to build an award-winning transit-oriented housing and commercial complex.

Land Assembly

Land Assembly is a tremendously complicated process, fraught with significant challenges from landowners, municipalities, and stakeholders. In our case studies we found that even before land assembly begins work must be done to gain alignment between these groups. Once these actors have bought into a successful, well-documented framework, the hard work of combining physical assets can begin. There were three major methodologies identified through our research. The first was land assembly led by a Development Corporation or Land Bank, the second was formal public/private partnership, and the final was an initiative led by a single powerful private party.

The first method of land assembly was also the most common. We found that large government or semi-governmental organizations, referred to as Land Banks or Development Corporations, took the lead in actually aggregating land holdings to prepare sites for eventual development. These organizations work in accordance with a founding charter and the specific goals of their partners in mind. Because these organizations have well-developed charters and do a significant amount of pre-selling up front, they are able to minimize the role of partners in the actual work of consolidating lots and getting the requisite government approvals. With a smaller team executing the work, they’re able to move efficiently through the process. Over time these organizations develop close
relationships with both government and private industry in order to facilitate development, and expedite the planning process.

A great example of a development corporation is action is the Philadelphia Industrial Development Authority. This group was founded in the 1950s to help diversify industrial development in the Philadelphia area. The PIDC possesses a portfolio of real estate holdings, as well as a suite of flexible financial products that enables it to help underwrite development projects that are in the long-term economic interests of the city. Due to it’s long-term orientation, the PIDC is able to assemble lots over a significant period of time. It also has preferential access to city owned property, and the ability to assist in the rezoning of property as required. To maintain broad alignment and good relationships, the PIDC is governed by a 30-person board, with members appointed by the local government.

More locally, the St. Paul Port Authority is another great example of government backed developmental efforts. This group manages multiple real estate holdings in the St. Paul area in order to offer opportunities for industrial development within the city of St. Paul. Recently, this group just executed a land swap with the city of St. Paul, and negotiated a joint venture with United Properties in order to facilitate the construction of CHS stadium in Lowertown, St. Paul. The Port Authority was able to use its strong balance sheet to acquire land in Lowertown from a private party and then exchange it for land owned by the city of Saint Paul adjacent to an existing industrial site. The city was then able to develop CHS Stadium, a popular project with the community without having to finance and execute the actual land acquisition. The Port Authority then created a joint venture with United Properties, a local developer/manager to build and market the new industrial space opened up by the swap. In this partnership, the Port Authority would pay for the majority of upfront cleaning and preparation costs, to help reduce the risk of the project and incentivize private participation facilitated by United Properties, who will own the construction and manage the completed project.

All things considered, Development Authorities/Land Banks are often successful because they combine the most powerful aspects of public and private development. They have the ability to operate with smaller, more professional teams, concentrated resources and are granted latitude to operate within their charters that are typical of a private corporation. They also have long time-horizons and strong access to the legal planning process typical of government authorities. This ability to act, combined with ability to navigate the system, make these corporations uniquely positioned for long term success. It is important to note that this concentration of power should be balanced by a broad oversight board, and some form of charter established with significant public input.

In contrast to efforts led explicitly by Development Authorities, we found several instances of public/private partnership that led to more organic development opportunities. One of the most interesting examples we found was the cooperation between private business, the City of Milwaukee and the Wisconsin DNR the led to the development of the Milwaukee RiverWalk.
The Milwaukee RiverWalk is a three-mile stretch along the Milwaukee River that has been lined with pedestrian-friendly walkways, giving the public improved access to the river and helping to create a downtown draw that has been credited with reviving the area. The project was started by several downtown businesses that wanted to revitalize the spaces between their holdings and the river itself. These efforts were spotty and inconsistent, so business owners got together and began to set guidelines. Simultaneously the Wisconsin DNR was working with the city of Milwaukee to enable better public access to the riverfront in accordance with Wisconsin state law. The Mayor of Milwaukee saw an opportunity to unite these groups and create a unique asset for his city. The RiverWalk initiative was founded to help streamline the development process along the riverfront. The DNR agreed to a simple list of rules that would satisfy its public access requirements. The city of Milwaukee enabled local business owners to create Business Improvement Districts with semi-governmental powers to influence design rules and levy fines for non-compliance or poor maintenance. The mayor set up a specialized approval process for companies interested in participating that made project approval criteria explicit, transparent and centralized in a single RiverWalk Committee. To gain guaranteed public access, the property owners (represented by their BID) agreed to provide perpetual easement in exchange for the city government paying for a significant portion of construction costs for the RiverWalk. The city achieved its goal of public access and broad economic stimulus, and private landholders received construction assistance and greater input in the design process. It was a win-win development that was made possible by the close collaboration of formally organized private parties empowered to speak for their communities and an efficiency minded city government that had clear alignment on what it needed to achieve.

The final model for land acquisition that we found was very atypical, especially in non-market driven development. This model was driven powerful, private parties. These private party players typically had some investment in the community that extended beyond market economics, and had sufficient resources to wait 20, 30, even 40 years for a neighborhood to be revitalized and realize their return. Obviously these requirements make for a very short list of “heritage” companies with long track records, extensive history in an area and significant balance sheet strength.

One great example of this model is the Campbell Soup Company of Camden New Jersey. Campbell’s was founded in Camden in 1869, over 140 years ago. Since then it has grown to an $8 billion a year company, while the city of Camden has had less luck, falling into general decline. Rather than leave the city of its founding, Campbell’s has decided to double down and, not only renovate its current location in Camden, but also invest in a cleanup of the nearby area to create a new business park. Campbell’s purchased the land from the city, and invested $132 million to create a new office park of out a collection of abandoned businesses. Campbell’s found the city to be a ready partner due to their existing charitable work with the city and those who lived there. Private investors were also ready to work with Campbell’s due to its credibility as a private business entity, with a focus on capable and efficient operations.
How to Pay

There are many creative alternatives for developers and planners to pay for these projects in underserved areas. To begin with, there are a variety public support programs, which seek to promote positive social outcomes. Low-income housing tax credits (LIHTC) are one way that this is achieved. The LIHTC offer a 100% tax credit on the dollar for affordable housing investments. The program sets a maximum rent based on the area’s median income, which in turn provides a great benefit to the community.

The state of Pennsylvania offers a Redevelopment Assistance Capital Program (RACP), which is a grant program that supports acquisition and construction projects. Grant selection is given to projects that produce significant economic gains. Since it’s inception in 1986, RACP has allocated over $4 billion to redevelopment projects. The State of Minnesota has a similar grant program that awarded $63 million in 2014 alone to over 150 projects. The state’s mission is to “help communities with the costs of redeveloping blighted industrial, residential, or commercial sites and putting land back into productive use.” These grants will pay up to 50% of the cost of redevelopment for approved sites, and are only appropriated to cities, counties, port authorities, housing and redevelopment authorities, and economic development authorities.

There are also new programs being discussed that would support fundraising through equity sharing with existing property owners. Equity shares are set up similar to a corporation in which the property owner gives up their rights to the property in return for shares of the future revenues produced on that property. Residents in economically disadvantaged areas can often be relocated through local support networks or socially-oriented housing programs. Such a method can be a very successful way for developers to acquire funds and resources, while still getting support from the community and mitigating gentrification impacts by sharing the financial benefits with those who have been displaced.

The federal government also has programs to support funding. TIF financing allocates funds that are anticipated from future city tax revenues to redevelopment projects in the area. This type of financing is widely used around the world, and in fact was utilized in both the Milwaukee Riverfront and the Stapleton cases. Many criticisms of this instrument posit that TIF financing plays to government bureaucracy and favoritism while at the same time fails to put buffers in place that would prevent gentrification.

Governments can also provide tax abatements in the form of PILOT – Payments In Lieu Of Taxes. This is typically a negotiated settlement where a party will make payments to a government in exchange for taking a particular property off the tax roles of a city, and is often used when multiple governments have an interest in a single piece of real estate. For example, the Port Authority of New York and New Jersey is an independent municipal authority, but it makes PILOT payments to the city of New York to reduce the negative impact of it’s significant holdings of tax exempt property in that city. This may be a useful tactic to employ when attempting to navigate land development where property is owned by multiple levels of government (city, state, federal).
Finally, there are many cases in which private companies donated funds and resources to supporting redevelopment causes. In the case of Campbell’s, the company had a desire to see their home city revitalized. This was somewhat emotionally and intrinsically tied to the area, but they found a way to make it profitable in the long run, and viewed the project to be an overall positive investment. Foundations or major holding corporations willing to buy land and lease it back for redevelopment, happy to collect on eventual benefit

**Impacts**

One of the principal concerns of additional development in any neighborhood is the impact that the development will have on the property values of the current residents. Gentrification is a concern amongst many areas that have the depressed property values that may attract new developers. In our studies it became apparent that every successful project results in increased land values. We did not find a single example where this did not hold true, in fact it’s often the stated goal of a project.

For example, the Milwaukee River Walk project increased value in just that downtown area alone by 151%, and overall in Milwaukee by 44%. This added $520M in building value, more than half from condos. The Stapleton redevelopment of Denver is also a good example (see Appendix I). The area went from a very low revenue-generating business to an extremely productive area with strong economic viability.

Based on the case studies examined, it seems to be very difficult to prevent a rise in home prices where there is an increase in jobs and amenities. However there are some very positive ways in which these changes were handled equitably to residents affected by the changes.

Equity shares, as previously mentioned, are a potentially powerful way to handle redevelopment impacts. In this scenario, neighborhood residents would benefit from income derived from the new development, which would, in theory, offset increases to property values and the resulting higher tax burden. Property owners are offered a share of a holding company that will own the resulting development. Earnings from rents are then distributed to the prior holders, in essence still paying them on the property they owned.

Both San Diego and San Francisco have employed an instrument called shared appreciation mortgages (SAM). This is a bank-funded product in which the bank gets a share of the appreciation in the property, in return for offering substantially lower rates and payments to property owners.

In addition to equity distribution and advanced financial products, there is an option for direct state action in the form of tax controls. The most common of these are simple tax abatements. Situations where the government agrees to forestall tax increases on land that will be improved upon. Typically, we found this is used in neighborhoods falling...
into disrepair, as a financial incentive to encourage homeowners to invest into their properties without generating additional tax liability.

Similar to this, but perhaps even more direct is the Tax Freeze program we found in Tennessee. This program offers a total freeze on increasing property taxes to elderly rural residents. As Tennessee urbanized, they found that the rural elderly saw an increase in their property taxes as speculators bid up the price for neighboring farms. Well before that land become directly desirable for development. With a fixed income these elderly individuals were unable to afford their higher taxes and were left homeless. To ameliorate the situation, the state government stepped in to offer a tax freeze to any resident over 65 living in an identified area.

The overarching theme of this is that development will bring with it an increase in property values. The level of increase can, to some extent, be managed through project selection: million dollar condos will drive faster appreciation than an industrial park. But we cannot avoid that increase entirely without forgoing all forms of market driven development. These impacts can be managed through tax adjustments and new financial products to ensure that current residents capture their fair share of the economic value created and continue to reside in the neighborhoods they call home.

**Recommendation**

The examination of the three criteria (how land was assembled, how to pay, and the impacts to the area) led our team to identify two factors as driving forces behind the success of redevelopment projects: that in order to successfully assemble land, the projects we studied had strong strategic alliances and trusted partners involved at every step of the way. These two aspects were clearly evident in the case studies included in this analysis.

Future research should focus on how to unite the stakeholders that are all involved in the redevelopment plans for North Minneapolis and align them all on a common vision. Doing so would give the entire committee a stronger focus and better path to successfully negotiating further resources and political power.
Appendices

Appendix A: CenterPoint Intermodal Center in Elwood

Appendix B: Campbell’s Redevelopment in Camden

Appendix C: Averne by the Sea in New York City

Appendix D: Riverfront Park in Denver

Appendix E: Lofts of Washington in St. Louis

Appendix F: BG Group Place in Houston

Appendix G: Milwaukee Riverwalk

Appendix H: Paso Verde Apartments in Philadelphia

Appendix I: Stapleton in Denver
Appendix A: CenterPoint Intermodal Center in Elwood

CenterPoint is an intermodal facility, which transfers freight from rails to trucks. The 2,500 acre site located approximately 50 miles south of Chicago was at one time a brownfield, which was redeveloped into a site that houses 12 million square feet of warehousing space among 15 buildings. Rick Kwaneski, Executive Director of JADA was quoted as saying, “It's pretty exciting because they're really expediting this.” That is the best sense-of-urgency and action-without-restraint that our team would hope for in the future of bringing jobs to North Minneapolis.

Land Acquisition
The current site at one time housed the arsenal for the Army and manufactured munitions and TNT. The land was declared a Superfund site in 1987, and in 1995 the state established the Joliet Arsenal Development Authority (JADA) to examine how to repurpose the land. After much deliberation, JADA appropriated 3,000 acres of the original 25,000 acre site to be cleaned up and declared an industrial site. The additional land was developed into prairie land preserves and the Abraham Lincoln National Cemetery.

In 1998, the JADA committee selected CenterPoint to develop the industrial portion of the site. The EPA had already contributed significantly to the cleanup of this site, but CenterPoint also managed portions of the cleanup process, spending millions of dollars over that time, in order to stay on schedule.

Inland ports were relatively new and uncommon, but the developers recognized a golden opportunity, given the size of the site, its proximity to both Chicago and major railroads/roadways, as well as available manpower in the area. Many reports from CenterPoint applaud the collaboration among all government agencies which kept this project moving forward.

The Cost of Development
The CenterPoint cleanup project was a mix of private and public funds. Due to the extent of the contamination and the use of materials to support war efforts, there was pressure on the government to support cleanup efforts; indeed, the EPA had shouldered much of the responsibility for cleaning the site. The total development of the site cost $1 billion, with approximately 20% accounting for public funds and the remaining private funds provided by the developer, CenterPoint.

CenterPoint has reported rents ranging from $3-$4.20/square foot at this site. This is a premium, compared to other distribution centers in the area. However CenterPoint is uniquely positioned geographically, which greatly reduces the drayage costs for customers.
Displacement Effects
The gentrification issues that are a concern in North Minneapolis are not parallel to experiences from this example. The land which Center Point is built on was so hazardous, that it was not fit for any living conditions before the cleanup. Therefore this example shows no evidence for how to manage the gentrification concerns.

Takeaways
It was reported that the EPA, after seeing the extent of the Superfund site in this location, jumped into action with no evidence of the extent of persuasion required. Presenting a strong case of the Bassett Creek site to the EPA may have some sway in beginning the cleanup process and passing costs on to that specific agency.
Appendix B: Campbell’s Redevelopment in Camden

Campbell’s redevelopment of Gateway Park in Camden, NJ is still a work in progress, but it’s an ambitious goal. The area was considered one of the most dangerous parts of the country at the outset of the project. In 2009, Campbell’s announced a $90 million plan to expand their 40 acres to an additional 100 acre business park that they would then lease to other companies.

Land Acquisition
Campbell’s had a vision of turning the area into an office park, in the hopes that it would attract more businesses and thereby bring more jobs to the area, resulting in economic revival. The opportunity presented to future tenants in the area includes quick access to interstates and public transportation, reduced rental rates when compared to the surrounding suburban areas, as well as tax incentives for businesses that relocate to New Jersey.

Campbell’s acquired the land in 2005. The city was willing to part with the land, since Campbell’s had committed to helping improve the area and bring redevelopment efforts to the city. The company had issued outspoken statements that they were committed to economic recovery in their hometown, and would strive to make great efforts in attempt to improve the city of Camden.

The Cost of Development
The development of the Gateway District was primarily used with private funds. Campbell’s purchased 13 acres from the city of Camden in the Gateway District for $6 million in 2005 with plans to redevelop the area into a thriving business park. To date, the company has invested a total of $132 million into the Gateway District area in redevelopment efforts.

Displacement Effects
The land that was acquired contained abandoned buildings. This example contains no parallels to the displacement concerns experienced in North Minneapolis.

Takeaways
This example is a great reflection of private parties and interest that are used to initiate change. The investment Campbell’s made was not necessarily beneficial in an economic sense, but they found a different sort of value in funding this project. Their contribution has brought revitalization to the area.
Appendix C: Averne by the Sea in New York City

Arverne by the Sea is a 120-acre planned community on a previously vacant redevelopment site located adjacent to the Atlantic Ocean on the Rockaway Peninsula of Queens in New York City. The community is situated next to an A-train transit station and will include 2,296 residential units in a variety of building types, including both multi-family condominium buildings and attached two- and three-story structures. Many of the units are designed and sold as two-family stacked units—one for the owner to live in and the other for the owner to rent.

Land Acquisition
The site was largely vacant for many years, and the transit station was little used, as there were few nearby destinations to access from the station. The site is bisected east to west by Rockaway Beach Boulevard, and north to south by three public streets—67th Street, 69th Street, and 73rd Street. The site is longer on the north side of Rockaway Boulevard; it is bordered on the east by 62nd Street and on the west by 81st Street north of Rockaway, and 74th Street south of Rockaway. The surrounding area includes a number of high-rise affordable housing buildings to the west, older single-family homes to the east, and commercial streets to the north. New low-rise affordable housing has also been developed directly to the east of the site. The idea behind the project was to redevelop this underappreciated parcel of land, located directly between a transit station and the ocean, and to create a middle-income residential community, including retail and amenities, using a two-family home concept that had been commonly used in other parts of New York City for many years.

The Cost of Development
The site was acquired by the Arverne by the Sea LLC joint venture in phases starting in 2004, allowing the developer to minimize the land carrying costs during the planning phases. The entire site was acquired for $8.5 million. The project was financed and built in phases using both developer equity and construction loans from several banks, including Fleet Bank, Chase Bank, M&T Bank, and TD Bank. The total development cost is expected to be around $969,950,000 at completion; approximately $678,335,000 had been expended as of summer 2014. The Super Stop & Shop supermarket received $3.5 million in tax-exempt financing as part of the New York City Recovery Zone Program. The retail transit plaza was also financed with $7.5 million in Recovery Zone Bond funds, which were obtained via the American Recovery and Reinvestment Act in February 2009. The YMCA facility is a joint venture between the developer, the city, and the YMCA, with the developer providing about 60 percent of the financing.

Displacement of residents
The Rockaway Peninsula has evolved over the years from an early resort area for New Yorkers to an urban renewal area with superblocks and high-rise housing, often low-income housing. In 1968, 310 acres on the peninsula that encompass the Arverne site were designated as an urban renewal area. The city subsequently acquired the property in 1973 and demolished the existing buildings with the intent to redevelop the property.
However, the 1973 financial crisis put a stop to that, and thereafter the area became an urban wasteland for many years. In the 1980s, the city tried to restart the redevelopment process and brought in developers with plans, which in the end were not well received by the community and eventually died. The city went back to the drawing board, and the area continued to languish and suffer from drug problems throughout the 1980s. Various plans were proposed, including casinos, sports arenas, and “technodomes,” but nothing was started.

Developer did face few issues during land acquisition, existing street network on the site had to be “demapped,” and new street network developed which was a time consuming procedure. In addition, rezoning and designation as an Urban Development Action Area Project site were required. Approvals included certification of the environmental impact statement by the U.S. Fish and Wildlife Service, as well as approval by the local community board; the borough president’s office; the city planning commission; the city council, which required the addition of 256 affordable homes; and the mayor’s office, which gave final approval in December 2003 and land conveyance agreement was negotiated and finalized in May 2004.

Takeaways
In case of Arverne by the Sea early stages of development, the developers experienced stronger than anticipated infrastructure price increases. It was critical for developers of Arverne to have the financial staying power to reach the last phase, where much of the profits are made. One of the main reason of price increase was due to infrastructure approvals required from city agencies. Although, these infrastructure investments saved Arverne by the Sea during Hurricane Sandy one lesson learned was that redevelopment projects involving development agreements should be carefully written such that unforeseen or additional infrastructure costs resulting from government actions can be shared equitably by the developer and government agencies.
Appendix D: Riverfront Park in Denver

Riverfront Park is an urban infill planned community that resulting from a 25-year collaboration between government and private developers in an effort to create a viable and vibrant urban residential community in downtown Denver. Based on the former zone of railroad tracks, the project has redeveloped a 19-acre park and is connected to the downtown by an iconic pedestrian bridge that spans the railroad tracks. Nowadays, Riverfront Park includes 1,859 housing units in 14 buildings, either for-rent or for-sale, and 49,000 square feet of retail and restaurant space, a museum, as well as three parks on a 23-acre site adjacent to downtown Denver.

Land Acquisition
Starting from 1980s, the city of Denver has had a vision for redeveloping the railroad yards and adding parkland and new development to the area; Trillium Corporation, which bought the land from the railroad and worked with the city to plan and entitle the area for redevelopment; East West Partners (EWP), a resort developer that ultimately purchased the land and became the master developer for the project; and Crescent Real Estate Equities, which partnered with East West on development and provided critical equity financing to make the project happen.

The Cost of Development
With the land mostly paid for with equity from Crescent, the financing strategy also involved selling some of the parcels to other developers, which was sold for around $45 per square foot. Recently sold parcels have gone for more than $200 per square foot.

Each building within the project was financed separately. From below, we can see more detail. Riverfront Tower, cost $46.2 million and was financed with a $29 million loan from Bank of America, $5.9 million of equity from East West Partners fund, and $11.3 million in sales revenue. Park Place Lofts, cost $34.7 million and was financed with a $24 million through sales revenue and deposits. Creekside Lofts, was provided $6.3 million by bank in debt and $2.6 million in equity from Crescent, with the remainder of development costs financed via sales revenue. Glass House, the largest and most expensive building,—cost just under $90 million , was financed jointly by East West Partners and Wood Partners, $67 million debt funding from Bank of America, and equity funding of $22.5 million by Secured/Blackrock.

In summary, the project was funded through a combination of public and private investment, with over 90% of the fund comes from the private developer.

Displacement of Residents
At present, 14 residential projects have been developed within Riverfront Park. Over 2,500 people now live in the Riverfront Park neighborhood, with 1,044 rental units and 815 ownership units completed or under construction.
**Takeaways**

In this case, the project has been going through a complicated and long-time lasting land acquisition process. The only lessons we can take from in order to apply into our project in North Minneapolis is perhaps to learn how to deal with transportation problem since the Riverfront Park was built on the basis of railroad tracks.
Appendix E: Lofts of Washington in St. Louis

The Lofts of Washington University is a student housing and retail mixed-use project. Except for providing off-campus housing for 414 undergraduate students in four buildings in the Delmar Loop, the project also includes approximately 22,000 square feet of retail space and 220 underground parking spaces for residents. In the future, the Lofts would add a fifth building and another 186 student beds—for a total of 600 beds in 245 units—as well as 80 more parking spaces.

Land Acquisition
90% of land was owned by university. The project is the result of several years of community planning and collaboration among the university, local officials, and neighborhood residents. The university’s strong partnerships and investments in the community have produced a well-received project that has delivered desirable amenities not only to students but also to the Parkview Gardens neighborhood.

The Cost of Development
As a private university, Washington University has a deep capacity to manage real estate and financed the $69 million project entirely. New buildings are constructed with 100 percent debt that is then paid off by student rents.

Displacement of Residents
The project has delivered housing for 414 new student residents to the vibrant retail corridor. As for the community residents, the project has provided lots of conveniences to them in terms of the first 24-hour diner and a long-sought full-service grocery store. Transportation plans have also been developed for the neighborhood, such as the building of parking spaces. All of these efforts have contributed to move the project forward.
Appendix F: BG Group Place in Houston

BG Group Place is a 960,000-square-foot, 46-story office building on a 1.26-acre redevelopment site in the center of downtown Houston. The building has been certified Leadership in Energy and Environmental Design (LEED) Platinum by the U.S. Green Building Council (USGBC) and incorporates numerous green features, including sunshades on the facade to reduce heat loads in summer. The building of BG Group Place involved the redevelopment of a blighted block, located at the intersection of Houston’s two new light-rail lines, and has had a regenerative effect on the immediate neighborhood and the central part of downtown Houston.

Land Acquisition
Prior to its redevelopment, the site was considered to be one of the worst blocks in downtown Houston, and featured a derelict hotel that attracted unsavory characters and behavior, including drug use, prostitution, and other criminal activities. Some of the buildings were boarded up and in bad shape. In 2007, the Houston Chronicle referred to the block as “the most blighted block in all of downtown.” One structure that was a particular problem was the old Cotton Hotel, a building with an interesting history that had devolved into a room-by-the-hour type of establishment. The block on which the building sits was owned by six separate local and national owners, many of whom had held parcels for some time. Hines was able to acquire five of the parcels and left one. The latter was a mid-rise building, on a quarter of the block, with historic qualities that had been partially renovated and was being planned for a new use. This building was considered for acquisition but ultimately was not acquired because 1) it was not actually needed to make the project work, 2) it had historic qualities and was worth preserving, and 3) it would have been considerably more expensive to acquire than the other parcels.

The Cost of Development
The equity for the development was provided by the HC Green Development Fund Limited Partnership, a partnership of Hines and the California Public Employees’ Retirement System (CalPERS). The fund was established in August 2006, and BG Group Place is the second investment that the fund has made.

Displacement of Residents
Control of the 1.26-acre site was obtained by Hines in August 2007. The site acquisition involved both long-term ground leases for two of the parcels (with the ability to get to the fee ownership if needed) and fee-simple purchases for three parcels. Hines worked closely with one of the owners, who knew the other owners well, to negotiate a deal that was acceptable to all. Site acquisition costs generally fell in the $350- to $400-per-square-foot range. The city was supportive of the redevelopment, as the block had been a problem for some time. No zoning or other major approval issues needed to be addressed.
Takeaways
The building received the ULI Houston Development of Distinction Award in 2013, and the Award cited the building for a development effort that has “radiated out and impacted the surrounding neighborhood, which includes several historic, important Houston assets now undergoing renovation.” BG Group Place has been transformative, removing blight from the area while adding high-quality architecture and premium office tenants and users to the neighborhood, reestablishing the importance of a strategically located site at the center of downtown Houston.

BG Group Place is also responsible for new development in the area including a new JW Marriott hotel across Main Street in a renovated historic building, the conversion of a historic office building into residential uses at the corner of Fannin and Rusk, and another new high-rise office structure by Hines that is underway two blocks to the north.

The timing for the development of BG Group Place turned out to be fortuitous, though it did not seem so in 2009. This good timing may not have occurred, however, if not for a sound financial foundation put in place from the start. Remarks Cover, “It is important to have a capital structure that allows you to weather some cycle risk. Having a lot of equity and a partner who could stay the course [was critical].” The high level of equity in the project also allowed the lenders to remain comfortable with the deal throughout the process, knowing that if they took the building back they would have a considerable loan-to-value cushion, offering a very safe position for them.
Appendix G: Milwaukee Riverwalk

The Milwaukee Riverwalk is a 3.1 mile walkway along the Milwaukee River that connects three major downtown neighborhoods and has served a key piece of development to support the revitalization of downtown Milwaukee. The Riverwalk connects central Downtown Milwaukee to the entertainment Historic Third Ward, and has recently established a contiguous connection to the emerging Beerline B neighborhood.

Strong Partnership has defined the project since it’s inception. The mayor of Milwaukee, John Norquist wanted to shift how the river was used, and leverage it as a focal point for redevelopment. His office created the Riverwalk Initiative to help jump start the process. Shortly thereafter the Wisconsin DNR invoked the Public Trust Doctrine, a doctrine that placed all lakes and rivers in trust for public use, to require the City of Milwaukee to develop a plan to improve public access to the river. The city’s resulting plan was called the Riverwalk Comprehensive Plan (RCP), and it outlined a master plan for river development. With the DNR bought in on the city’s long term plan, the DNR was able to simplify its requirements to conform to those outlined in the RCP.

Shortly thereafter the City created the Riverwalk Development Fund, and the Riverwalk Site Plan Review Overlay (SPROD). The fund provided the capital and the SPROD further refined and enforced the RCP. The SPROD also created a Riverwalk Development Group to expedite the approval process within the river zone.

Development started in Downtown first. Several business owners in partnership with the Greater Milwaukee Committee and the City of Milwaukee started to develop Riverwalk sections near major commercial draws and civic amenities like parks and theatres. Shortly thereafter local businesses formed a Business Improvement District to facilitate development. These BIDs, composed of local stakeholders, had the authority to assess fees on those who weren’t maintaining their share of the riverwalk and had significant input into design and construction processes. This same BID, funded through Tax Increment Financing, would also share development costs with the city. This organic BID development process would ultimately be repeated in the Historic Third Ward and the Beerline B neighborhood as well.

Land Acquisition
The land that the river walk is built on is privately owned by a variety of private businesses and public parks. The city and Business Improvement Districts paid for 80% of construction costs in exchange for permanent public easement access. Building and upkeep standards are managed by local BID in partnership with City government.

The Cost of Development
The city pays for 70% of upfront construction costs, and 50% of dock wall costs in return for permanent easement. The city uses a Capital Development Fund from the Department of City Development, in conjunction with 9 TIFs to fund this effort.
Displacement of Residents
The majority of this development took place alongside sections of river that were home to established commercial properties or abandoned industrial facilities. It is estimated that this project has added more than $520MM in value to the area, more than half of it driven by condos. Property values in impacted areas have risen 151% on average, far outpacing the city average of 44% during the same timeframe. Property prices often rose in advance of formal development efforts. Even the rumor of future riverwalk connection was enough to prompt speculative purchase of real estate sites along potential routes.

Takeaways
- Easements mean government gets something for its money
- Organic development is the most successful - Downtown had the best response
- Stakeholder alignment is paramount specifically building trust through a linear planning process and devolution to local control as standards are set
Appendix H: Paso Verde Apartments in Philadelphia

Paso Verde is an award winning mixed-use complex built in North Philadelphia. Built in partnership between Jonathan Rose Companies, Associación de Puertorriqueños en Marcha and Temple University, it highlights what can be accomplished when a diverse team is able to successfully collaborate.

North Philadelphia has strong parallels to North Minneapolis. Both were working class neighborhoods supported by local industry, that saw disinvestment in the 1960s that accelerated as post-industrial economy took hold in America.

Development was led by the Associación de Puertorriqueños en Marcha (ARM), a local non-profit development group with a history of successful projects in the area. They partnered with the Jonathan Rose Companies to expand their green construction capabilities and created a plan for a 1.9 acre parcel that would include 120 units of both market and subsidized housing, as well as 30,000 sq. ft. of retail space. All with a focus on sustainable construction, and in close proximity to the Temple University Train Station.

Land Acquisition
The land for this project was aggregated by the Philadelphia Industrial Development Corporation (PIDC) and sold to the development consortium for $10. The PIDC was also essential in helping to facilitate financing for the development. The PIDC was able to provide such strong support because of the positive social mission, and strong track record of success evident in both Jonathan Rose and the ARM. The PIDC garners most of its funding through the Federal Housing acts, and it feels that the PIDC must play a large role in offsetting the differential of site preparation costs and current market values.

Cost of Development
The initial phases of the project were financed with a series of grants from all levels of government targeted at providing affordable housing. This facilitated the construction of subsidized housing units and ensured the site was viable. After the first phase was complete the developers added market rate housing to the established site to help improve profitability.

Displacement of Residents
This project was aimed specifically at avoiding gentrification that would have displaced current residents of the North Philadelphia neighborhood. The current mayor of the city was strong proponent of transit driven development. They were aware though that a large development near a university train station would draw many potential residents from outside the core neighborhood, mostly students and professors, and that could create higher rents and drive property values up.
To manage this process Paso Verde included both Market and subsidized units in its portfolio. ARM also took a direct role in the management of the leasing process in order to prioritize business that could provide a direct service to the local community. APM Director Rose Gray said it well, “All you can do is try to manage economic change,” she says. "If you can build this here, you can build it anywhere in the city.” By leveraging the forces of gentrification to subsidize rents, APM is using market forces to serve its target demographic. What’s more, given APM’s ownership of the site, appreciation of it will help to enhance the financial capabilities of a trusted neighborhood partner.

Takeaways

- The Philadelphia Industrial Development Corp did all of the heavy lifting on site aggregation, and provided key financing assistance.
- New projects will increase property values, that can be leveraged to help finance subsidized development. Using grant money upfront can help reduce uncertainty.
- ARM was successful because it was respected in its own community and had 25 year record of successful residential development. That made partnership with PIDC possible, and has led to several more development projects since.
**Appendix I: Stapleton in Denver**

Stapleton, a suburb of Denver, used to be home to the area’s international airport. With growth of the city and a need for expansion of the facility, the city eventually relocated to a new Denver International Airport. In its lieu, the Stapleton area was transformed into a brand new neighborhood, with housing, retail, and other businesses. The site is highly-regarded as one of the nation’s most successful infill projects winning numerous awards and recognitions.

**Land Acquisition**

The construction and groundbreaking for the new site began in 1989. The redevelopment of the area began with the formation of a planning team made up of 35 local residents. The team was formed in 1989 and by 1991, had presented an outline to the city that addressed economic development and job creation. In 1993, the City of Denver appointed the Stapleton Redevelopment Foundation (SRF) to direct the management and efforts of the area’s redevelopment. Along with the SRF, the Mayor appointed a Citizens Advisory Board (CAB) to provide community input throughout the planning process.

The SRF and CAB together published the Stapleton Development plan, which later became known as the “Green Book.” This document guided many of the redevelopment goals and principles of the entire project. The plans for the site were agreed upon by both parties prior to even engaging a developer. Such a blueprint allowed the stakeholders to by-pass lengthy approval processes in the later stages of development.

**Cost of Development**

The cost of development was estimated to be around $3.4 billion. A large majority was funded publicly through local government contributions as well as federal subsidies and TIF bonds. Due to the large extent of this project, two developers were used in this process: both Forest City Stapleton, Inc. and Park Creek Metropolitan District.

**Displacement Effects**

Since the site was not residential prior to redevelopment, there are no considerable displacement effects to consider. On the contrary, the new site did add 12,000 new market-rate and affordable residential units (both for sale and rentals). The area also brought more than 10 million square feet of office, industrial, and warehouse/distribution space. These efforts were expected to bring 30,000 new residents and 13,000 new jobs to the Denver metro area.


“Enter Camden – And Campbell’s.” Next City. https://nextcity.org/daily/entry/enter-camden-and-campbells

