Joint Development and PPPs: Realities of Public/Private Partnerships

Moderator: Jay Levin
Chair, Real Estate Finance and Development Practice
Powell Goldstein LLP

Panelists: Christopher Patusky
Director of Office of Real Estate
Maryland Department of Transportation

Omari Patterson
Development Director
Struever Bros. Eccles & Rouse

John H. Rennels, Jr.
Principal Property Development Officer
San Francisco Bay Area Rapid Transit District

Eric L. Heffner
Senior Vice President
WINDSTAR
• 28 acre state-owned parcel
• Five obsolete state-owned office buildings
• One million square feet of state owned and occupied office space
• Two transit stations at the site with Penn Station within one mile
• Northwest downtown Baltimore location
• City and State TOD Policy
Building Livable Communities with Transit

**Process**

- Neighborhood engagement (9 diverse neighborhoods)
- Request for Qualifications
- State/Developer Agreement
  - Ownership Structure
  - State lease of office space
  - State’s return on the land investment
- City Approvals and TIF
- State Approvals
- Neighborhoods Agreement
Team

- State
  - Department of Transportation
  - Department of General Services

- Developer
  - Struever Bros. Eccles & Rouse
  - McCormack Baron Salazar
  - Doracon Development

- Consultants
  - Design Collective, Inc.
  - Glatting Jackson Kerchner Anglin
Building Livable Communities with Transit

Process

City Scaping | Implementation | Execution | Operations
May 2007 | Jan 2009 | Jan 2011 | - ongoing -
- 8 mos - | - 1 year - | - 2 years - |

Vision / Goals

- Plan the Plan
- Educate
- Vision
- Plan

Deliverables

- Public Approvals
- Pub/Priv. Financing
- Design

Construction
- Marketing
- Tenant Fit Out
- Occupancy

Property Management
- Sustained Public Amenities
Building Livable Communities with Transit

Building Program

- 2MM Sq Ft Office
- 200K Sq Ft Retail
- 1,356 Residential Units
- 345K Civic
Phase 1
Building Development:
Parcel G
- Office: 377,550 GSF - State
  125,850 GSF - Private
- Retail: 76,000 GSF (Grocery)
- Parking: 451,800 GSF
  - 1,218 spaces
- Residential: 143,949 GSF
  - 157 units
Total GSF: 1,185,749
Building Livable Communities with Transit

Phase 3
Building Development:
Parcels A, B, C, D
- Office: 0
- Retail: 37,000 GSF
- Armory: 340,000 GSF
- Central Plant: 58,600
- Parking: 266,900 GSF
  - 854 spaces
- Residential: 482,768 GSF
  - 508 units
Total GSF: 1,185,268
Phase 4
Building Development:
Parcels E & F
- Office: 0 GSF - State
- Retail: 22,000 GSF
- Parking: 849,300 GSF
- Residential: 423,839 GSF
- 446 units
Total GSF: 1,734,639
### Building Livable Communities with Transit

**San Francisco**

**Phase 1**
**Building Development:**
- **Parcel G**
  - Office: 377,550 GSF - State
  - 125,850 GSF - Private
  - Retail: 76,000 GSF (Grocery)
  - Parking: 461,800 GSF
    - 1,218 spaces
  - Residential: 143,949 GSF
    - 157 units
  - Total GSF: 1,185,149

**Phase 2**
**Building Development: Phase 2A: Parcel I**
- January 2011 - January 2014
  - Office: 447,500 GSF - State
  - 350,500 GSF - Private
  - Retail: 39,000 GSF
  - Parking: 660 existing spaces
  - Residential: 0

  **Phase 2B: Parcels H & J**
  - June 2013 - June 2016
  - Office: 176,571 GSF - State
  - 165,729 GSF - Private
  - Retail: 63,800 GSF
  - Civic: 5,000 GSF
  - Parking: 223,200 GSF
    - 640 spaces
  - Residential: 276,850 GSF
    - 245 units
  - Total GSF: 1,748,150

**Phase 3**
**Building Development:**
- **Parcels A, B, C, D**
  - Office: 0
  - Retail: 37,000 GSF
  - Armory: 340,000 GSF
  - Central Plant: 58,600
  - Parking: 266,900 GSF
    - 854 spaces
  - Residential: 482,768 GSF
    - 508 units
  - Total GSF: 1,185,268

**Phase 4**
**Building Development:**
- **Parcels E & F**
  - Office: 0 GSF - State
  - 439,500 GSF - Private
  - Retail: 22,000 GSF
  - Parking: 849,300 GSF
    - 2,519 spaces
  - Residential: 423,839 GSF
    - 446 units
  - Total GSF: 1,734,639
## Housing Mix

### Area Median Income for a family of 4

<table>
<thead>
<tr>
<th>Income Level</th>
<th>120% AMI - 80% AMI</th>
<th>80% AMI - 60% AMI</th>
<th>60% - 30% AMI</th>
<th>30% AMI or less</th>
</tr>
</thead>
<tbody>
<tr>
<td>$78,200</td>
<td>$93,840 - $62,560</td>
<td>$62,560 - $46,920</td>
<td>$46,920 - $33,460</td>
<td>$23,460 or less</td>
</tr>
</tbody>
</table>

### City Inclusionary Requirement - 20% of Total Units

<table>
<thead>
<tr>
<th></th>
<th>Apartments</th>
<th>Condo</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>25%</td>
<td>25%</td>
<td>50%</td>
</tr>
</tbody>
</table>

### Market

<table>
<thead>
<tr>
<th></th>
<th>80% - 120% AMI</th>
<th>80% - 60% AMI</th>
<th>60% - 30% AMI</th>
<th>30% AMI or less</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartments</td>
<td>651</td>
<td>41</td>
<td>41</td>
<td>49</td>
</tr>
<tr>
<td>Condominiums</td>
<td>434</td>
<td>54</td>
<td>27</td>
<td>0</td>
</tr>
<tr>
<td>Totals</td>
<td>1085</td>
<td>95</td>
<td>68</td>
<td>49</td>
</tr>
<tr>
<td>%</td>
<td>80.0%</td>
<td>7.0%</td>
<td>5.0%</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

### STATE CENTER 30% GOAL

<table>
<thead>
<tr>
<th></th>
<th>Apartments</th>
<th>Condominiums</th>
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</thead>
<tbody>
<tr>
<td>0%</td>
<td>554</td>
<td>383</td>
</tr>
<tr>
<td>0%</td>
<td>0</td>
<td>48</td>
</tr>
<tr>
<td>Total</td>
<td>937</td>
<td>48</td>
</tr>
<tr>
<td>%</td>
<td>69.1%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

### Total

<table>
<thead>
<tr>
<th></th>
<th>0%</th>
<th>0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartments</td>
<td>554</td>
<td>239</td>
</tr>
<tr>
<td>Condominiums</td>
<td>383</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>937</td>
<td>239</td>
</tr>
<tr>
<td>%</td>
<td>69.1%</td>
<td>17.6%</td>
</tr>
</tbody>
</table>
# Parking

## SHARED PARKING FORMULA & CALCULATIONS

<table>
<thead>
<tr>
<th>Use</th>
<th>Square Footage</th>
<th>Parking Ratio</th>
<th>Req'd. Parking</th>
<th>M-F 8am-5pm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>200,000 SF</td>
<td>3.00</td>
<td>600</td>
<td>70% 420</td>
</tr>
<tr>
<td>Private Office</td>
<td>1,000,000 SF</td>
<td>3.00</td>
<td>3000</td>
<td>100% 3000</td>
</tr>
<tr>
<td>State Office</td>
<td>1,000,000 SF</td>
<td>1.00</td>
<td>1000</td>
<td>100% 1000</td>
</tr>
<tr>
<td>Residential</td>
<td>1,356 units</td>
<td>1.00</td>
<td>1356</td>
<td>50% 678</td>
</tr>
<tr>
<td>Rec Center</td>
<td>4,700 Occ.</td>
<td>0.25</td>
<td>1175</td>
<td>50% 588</td>
</tr>
</tbody>
</table>

**TOTALS**

5686
Neither State nor Private will do this alone.

- Leverage commercial value of State assets:
  - Land and buildings
  - State occupancy
- Create a new increment of taxes
- Invest these dollars in State Center
Plan Financials

$1.41 Billion Total Cost
State office $529 million
Private office $160 million
Retail $107 million
Mixed-income apartments $306 million
Mixed-income condos $201 million
Parking $109 million
Plan Financials

- Vertical Const.: $990 million
- Horizontal: $135 million
- Soft Costs: $225 million
- Contingency: $116 million
The Financial Challenge

- Private market would not finance alone.
- Private capital covers the first 70%.
- Public investment required to fill financing gap.

<table>
<thead>
<tr>
<th>Financial Gap</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Infrastructure</td>
<td>$115 million</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>$65 million</td>
</tr>
<tr>
<td>Public Parking</td>
<td>$30 million</td>
</tr>
<tr>
<td>State Employee Parking</td>
<td>$30 million</td>
</tr>
<tr>
<td>Total Financial Gap</td>
<td>$240 million</td>
</tr>
</tbody>
</table>
Project Benefits

• Sustainable Community
• Increased Transit Ridership
• Economic Engine
• New Mixed-Use, Diverse Community
• Catalyst for Neighborhood Transformation
• Returns to all Stakeholders
Building Livable Communities with Transit
Building Livable Communities with Transit
“Our Reputation Is Our Most Valuable Asset.”

WINDSTAR WEST DUBLIN / PLEASANTON, CA

A mixed-use, transit-oriented project on 14 acres, to include condos, apartments, a hotel and retail.
Building Livable Communities with Transit

WINDSTAR WEST DUBLIN / PLEASANTON BART STATION
SITE OVERVIEW:
DUBLIN / PLEASANTON, CALIFORNIA
Building Livable Communities with Transit
BART PARKING STRUCTURE
Building Livable Communities with Transit

Windstar
West Dublin / Pleasanton, CA
Building Livable Communities with Transit

Windstar Dublin Station

Approved 2007
210 units

Approved 2008
309 units
Windstar Dublin Station

Conceptual View from St Patrick Way / Golden Gate Drive
Building Livable Communities with Transit
Windstar Pleasanton
Schematic Overview
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