## Paul|Weiss

## ACRELive

Top Ten Issues Common to Large Scale Multi-Year Projects and Mixed-Use Projects

February 22, 2017

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## Paul|Weiss

## Developing the Project

## Assembling the Team

> The Client: The Development Team

- Developer
- Planning Team: Siting, Zoning, Environmental, Traffic
- Market Consultants
- Design Team: Architects, Engineers
- Financing Team: Debt and Equity Procurement
- Communications Team: PR, Community and Government Relations
> The Legal Team
- Transactional Lawyers:
- Site Acquisition/Disposition
- Financing
- Incentives
- Leasing
- Construction
- Land Use Lawyers: Zoning, Entitlements
- Environmental Lawyers


## The Private Role and the Public Role

> Private Role

- Development Expertise
- Private Capital
- Risk-Taking
> Public Role
- Long-Term Planning Vision and Program
- Land Assemblage
- Public Infrastructure
- Tax Incentives
- Other Public Subsidies


## Assembling the Site

> Site Assemblage Tools

- Long term private assemblages
- Eminent Domain - politics and legal issues
- Incentive Zoning to encourage site usage in large-scale assemblages
$>$ Financing the Assemblage
- Bridge financing
- Public financing - tax incentives
- Equity - land value capture in deal structuring


## Zoning and Entitlements

> Use of Large Scale Plan or Site Master Plan

- Basic Parameters - Uses, Floor Area, Massing and Siting, Public Spaces, Parking
- Amenities and "Givebacks"
- Affordable Housing
- Public Amenities and Facilities
- Job creation
> Additional Public Approvals Pursuant to Master Plan
- Site-by-site approvals
- Changed conditions over time
> Issue: Should a landowner rezone a site before a Developer is involved?
> Pros:
- Maximize site value through entitlement certainty
- Minimize up-front cost and time burden to developer
> Cons:
- Cost, expense and expertise needed for entitlements process
- Misreading the market; lack of understanding of practical development issues


## Developing Infrastructure Across Multiple Parcels

> Public Incentives for Private Provision of Infrastructure

- Tax-Exempt Bonds
- Tax Abatements
- Zoning Bonuses
> Phasing of Infrastructure Development Along with RevenueGenerating Development
> Cost-Sharing among Multiple Parcels
- Private Covenants
> Direct Public Provision of Infrastructure
- Tax Increment Financing
- Special Assessment District


## Site Development and Disposition Strategy

> Up-Front Site Disposition to a Single Master Developer

- Useful when private capital or expertise needed for up-front expenditures
- Master coordination of site design and improvements
- How to capture long-term upside and value creation by developer for disposing landowner
- Joint ventures
- Ground leases
> Disposition of Individual Parcels Over Time
- Useful when robust government planning and development function is available
- Maximize value creation for disposing landowner
- Phase and scale development for market conditions


## Financing the Multi-Use Project

> Construction Financing

- Creation of Separate Mortgageable Estates for Different Project Components
- Condominium structure
- Ground/net lease structure
- Unitary source of construction financing with multiple takeouts for different project components
- Multiple sources of construction financing with multiple takeouts for different project components
- Cost allocations among project components
> Permanent Financing
- Separate takeout equity and debt for different project components
> Managing and operating the multiuse project

