

ICSC

Key factors common in public/private development

By Robert Pitts, Editor
Florida Real Estate Journal

KISSIMMEE — All successful public/private downtown development projects embody the same set of basic principles, and without them, the odds of success fall dramatically, former Miami Beach Mayor Neisen Kasdin said during a panel discussion at the ICSC's 2005 Florida Conference at the Gaylord Palms Resort here.

Kasdin ought to know. Now an attorney with Gunster Yoakley Stewart PA in Miami, he represented Developers Diversified Realty in obtaining entitlements and a \$170 million incentives package for the retail portion of Midtown Miami, a massive, \$1 billion redevelopment that includes the former Buena Vista rail yard in the city's core.

First and foremost, Kasdin said, a public/private development project takes leadership on the part of the developer and the local government. Someone needs to take responsibility for keeping things on track.

"It takes a champion," Kasdin said. "Government, generally, doesn't like to move."

Further, the developer and the local government must have a shared vision for the project, Kasdin said. It must have a plan, and all parties must be committed to staying within the plan, resisting the temptation to add superfluous elements, he said.

Incentives are vital, Kasdin said,

whether they are "off the shelf" or developed specifically for the project in question. "Very often, incentives have to be customized to fit the resources of the community that has them," he said.

And a successful public/private project must obey the market, Kasdin said. Developers and communities both must be aware of market conditions and geographic movements, he said.

Professional expertise is vital on both sides of the deal, Kasdin said. Communities must partner with experienced developers, and developers should make sure communities hire qualified consultants, he said.

Flexibility, Kasdin added, is the key to holding a project together and keeping it moving forward.

With those principles in mind, Developers Diversified was able to secure a number of incentives for its portion of Midtown Miami, Kasdin said:

- Regional Activity Center (RAC) designation, which increased the development threshold to 600,000sf without trigger a DRI review.
- Customized land development regulations.
- Expedited permitting.
- Tax Increment Financing.



Mark Tobin

- Creation of a Community Development District, which allowed for the issuance of \$70 million in bonds for infrastructure development.

- An interlocal agreement to codify the package.

Invariably, conflicts between developers and communities will arise in these types of projects, said Mark Tobin, a partner with the law firm Brigham Moore LLP in Miami. It's regrettable, he added, that both sides are often slow to find unique solutions.

"Unfortunately, we find the parties do not spend enough time finding creative, non-monetary solutions to the problem," he said.

Those solutions abound and include land swaps for excess government property, transfers of development rights, creative parking arrangements and utilization of a city facility's excess drainage capacity, he said.