Public- Private Partnerships in Real Estate Development  PLA 6568
(Syllabus Revised 8-26-2014)

Fall 2014  Thursdays
6:00 PM – 8:00 PM
Room 200 Fayerweather

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This course will explore public sector involvement in real estate development, and is
designed to impart a set of skills and an understanding of resources necessary to
manage the complex blend of governmental powers and conflicting goals and agendas
that are inherent in public/private development. Case studies drawn from a variety of
projects, primarily in the New York metropolitan region, will examine the motivations,
powers and constraints of public agencies and approaches to planning projects,
soliciting support, sustaining momentum and structuring public/private partnerships.

The course will focus on the following general themes:
*Fundamentals of government initiative, Public purpose and political context, governmental
resources, constraints, powers and process.*
*Characteristics of public sector development, Multiple mandates and constituencies; focus on
process, equity and precedent; short term political orientation versus long term planning and
investment horizons; political risk takes priority over capital risk; motivated by public benefit rather
than investment yield.*
*Similarities with private development: Elements of success: entrepreneurship, market
responsiveness and intelligent design.*
*Striking a balance between private goals and public purposes, The fiduciary role in developing
Public/Private Partnerships; Governmental versus private planning initiatives; promoting the
public interest.*

Grading will be based on one test (which will cover development regulation, eminent
domain, and property taxation), several short written assignments, general classroom
participation, and a student development presentation of a plan for a large development
site in New York City.

Students are expected to prepare for class each week by reading both the selections
posted to courseworks and the web documents with links indicated in the weekly
assignments below. There is one additional reading not in the packet: Fisher, Roger and
William Ury, *Getting to Yes: Negotiating Agreements Without Giving In.*

1. Overview  9/4
*Public purposes advanced by governmental action*
*Municipal powers and roles: regulation, taxation, eminent domain, public
services, public works and redevelopment initiatives*
*Constraints on public initiative*
*Case studies –public and private roles, community concerns, elements of
success*
Readings
- Paley, Robert, “An Introduction to PLA 6568,” August 2010
- A sampling of governmental entities involved in New York development
- NYC Citywide organization chart.

2. Governmental powers I 9/11
   *Regulation:*
   - zoning
   - environmental review
   - landmark preservation

Readings

Web

3. Governmental powers II 9/18
   *Condemnation*
   *Taxation*
   *Property ownership*
   *Public Policy and Leadership*

Readings
- Supreme Court Kelo ruling

Web

4. Special Purpose Entities 9/25 at
   *Development entities:*
   - Local development corporations, industrial development agencies, urban renewal agencies, state development entities
   *Non-development entities:*
   - housing finance agencies transit agencies, business improvement districts
Readings

- Public Law 92-578 establishing the Pennsylvania Avenue Development Corporation, October 27, 1972 (excerpt).

Web

- Browse web sites of New York State Housing Finance Agency www.nyhomes.org and Empire State Development Corporation http://www.empire.state.ny.us/

5. Political Context: Neighborhood and Regional Interests  10/2

Constituency groups and stakeholders
Intergovernmental dynamics
Understanding each party’s interests
Building consensus

Web


A test on governmental powers will be given at the start of class

Written assignment: Attend a public land use hearing (community board or city planning commission). (CB 5 1st Wednesday of month, CB 7 3rd Wednesday, CB 9 generally second Tuesday) Observe for approximately one hour and write no more than one page:

1. Describe discussed agenda items
2. Identify speakers
3. Discuss the key issues and concerns raised and speculate as to the interests of the speakers
4. Discuss the dynamics of the meeting.

6. Initiating Projects  10/9

Private sector vs. public sector initiatives
Setting the public benefit agenda
Planning processes
Outreach and constituency building
Alignment of Interests / Balancing goals: market forces and public purposes
Requests for Proposals
    Balancing process: flexibility versus fixed procurement procedures- and politics
    Strategies to engage the private market
Land use and design controls
Striking a balance between privatization and public initiatives
Readings

- Plan for 2012 Olympics (Excerpts)
- High Line articles
- Regional Plan Association, “Fulfilling the Promise of Manhattan’s Far West Side,” July 2004, pp.18-30
- Summary of Avalon Chrystie Place in the Cooper Square Urban Renewal Area

Web


7. Public Investment Strategies: Catalysts for Private Investment 10/16

Direct and indirect subsidies
Bond financing
Tax abatement programs
Strategic infrastructure investment
Affordable housing initiatives

Readings


Web

- New York City Economic Development Corporation, investment intended to catalyze development, [http://www.nycedc.com/REALESTATE/CAPITALPROGRAMS/Pages/CapitalProgram.aspx](http://www.nycedc.com/REALESTATE/CAPITALPROGRAMS/Pages/CapitalProgram.aspx)
- Read about the “80/20” Program (including term sheet), on the New York State Housing Financing Agency web site [http://www.nyhomes.org/Developers/MultifamilyDevelopment/8020HousingProgram.htm](http://www.nyhomes.org/Developers/MultifamilyDevelopment/8020HousingProgram.htm)

Note: no class 10/23 for ULI Conference in New York

8. Negotiation Process 10/30

Players, interests and issues
Structuring the process
Linking back to the political context

Reading
An in-class negotiation exercise will be based on the techniques discussed in *Getting to Yes.*

Final Development Project RFP will be issued – due date is December 4
9. Structuring a Transaction 11/6

Business issues (allocating value and risks)
Community issues (impacts and benefits)
Political issues (leadership and credit)
Acting as a fiduciary for the public
Tolerance for long time horizons

Readings

Web

Written assignment: Discuss lessons learned from negotiation process
Team questions for development RFP should be submitted.

10. Downtown Redevelopment 11/13

Goals and Strategies
Governmental entities and programs
Elements of redevelopment: Housing, Retail, Arts, Job Creation, Open Space, and Sustainable development

Readings
- New Rochelle Case Study

11. Transit Oriented Development 11/20

The regional context
Development opportunities
Planning and consensus building
Parking strategies
Zoning approaches
State and Federal Support

Readings

Web sites for TOD information
- Reconnecting America http://www.reconnectingamerica.org/public/ra
- Congress for the New Urbanism http://www.cnu.org
- http://www.railvolution.com/
- Regional Plan Association http://www.rpa.org
- The Vorhees Center at Rutgers http://policy.rutgers.edu/vtc/tod/index.php
- Lincoln Land Institute http://www.lincolnist.edu/subcenters/visualizing-density/
No class November 27 for Thanksgiving

12. Real Estate Development Presentations 12/4