What’s New? What’s Next?
The Power of Innovation in New Communities

Concurrent Program

Public Development and Infrastructure Council

ULI Spring Meeting

Houston, TX

May 14, 2015

This slide presentation is incomplete without the accompanying notes.

New Communities Speakers / Panelists – BIOS (I)

Sandy Apgar has planned or advised on iconic community developments in 13 countries, including Columbia, Disney World, Irvine; and national programs in the UK, France, Japan and Saudi Arabia. He pioneered the Army's public-private partnerships for military housing, which received a ULI Award for Excellence; co-founded ULI's International Committee; and chaired three ULI Councils. He and his wife, Anne, established a teaching awards program and a non-profit to for Baltimore's Federal Hill Park.

Maura Brophy is a Master's Candidate in Georgetown University's Urban and Regional Planning Program and is assisting on the RICS-ULI research on *Placemaking: Innovations in New Communities*. She is an Asset Manager with Community Preservation and Development Corporation, a leading nonprofit housing developer in the Washington, DC region, and is active in ULI as a Young Leader.

Chris Frampton is Managing Partner of East West Partners - Denver, developers of Denver's Union Station, Riverfront Park and Landmark neighborhoods. He is also president of the board of the Civic Center Conservancy. Civic Center is the city's central park. He is married to Yvette Frampton and they are proud parents of Charlotte, Margaret and Harry. And a spectacular Golden Retriever, Mia.

Mike Francois is Chief of Real Estate and Development at The Port Authority of New York and New Jersey. He reviews and approves all real estate transactions and has managed the World Trade Center Redevelopment Department, Office of Regional and Economic Development, Access to the Region's Core Project, Office of Ferry Transportation, and Advertising and Sponsorship Program. Earlier, he was Managing Director of Real Estate for the New Jersey Economic Development Authority.

Wes Guckert is Founder and President/CEO of The Traffic Group, Inc., Professional Transportation Planner, Fellow with the Institute of Transportation Engineers, member of the American Planning Association, and Vice Chair of ULI's Public Development and Infrastructure Council. He specializes in transit planning, traffic impact analysis, signal design, and traffic circulation and access studies. He has consulted on projects in the US, Canada, Mexico, China, Indonesia, South Africa, Istanbul, and Dubai.

New Communities Speakers / Panelists – BIOS (II)

Greg Hummel leads the Chicago-based public private partnership practice of Bryan Cave LLP. He advises on public and project finance and economic development strategies; clients include the governments of New Zealand, the U.S. Virgin Islands, Chicago and Raleigh, as well as large banks, developers, infrastructure companies and private equity funds. He chairs the Chicago Central Area Committee and serves on a number of university, hospital and other not for profit boards.

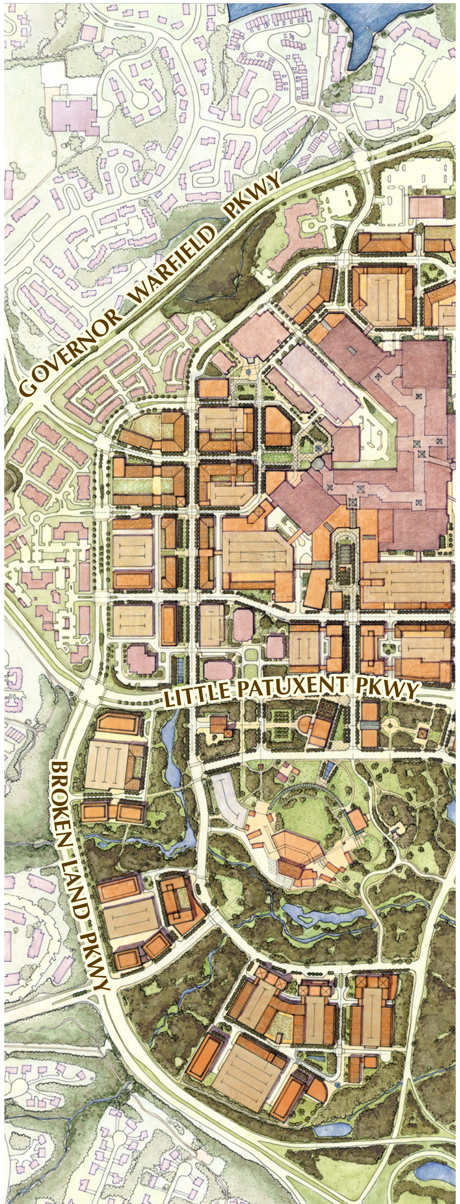
Ed McMahon is a ULI Senior Resident Fellow and Charles Fraser Chair on Sustainability and Environmental Policy. Before joining ULI, Ed spent 15 years as Vice-President for Land Use Planning at The Conservation Fund where he helped to acquire more than 5 million acres of land for national parks, wildlife preserves and historic sites. He also served on the faculty of Georgetown University Law Center and assisted with development of Maryland's nationally-known smart growth program.

Casey Nolan is Director of Development for Clark Realty Capital LLC. He has been involved with over 6 million square feet of residential, commercial and retail projects, including leadership of the $700 million Fort Belvoir military housing public-private partnership project. His civic involvement in Arlington, VA includes leadership on non-profit boards and helping coach his identical twin sons' tee ball team.

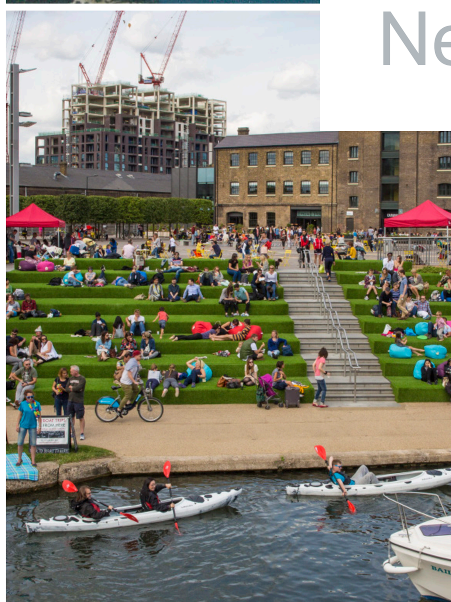
Peter Rummell has spent 45 years in the large-scale development business, ranging from Hilton Head Island to the Rockefeller Group, as well as CEO of Walt Disney Imagineering and The St Joe Company. His civic activities include chairman of various Florida business organizations and the world-wide ULI Chairman.

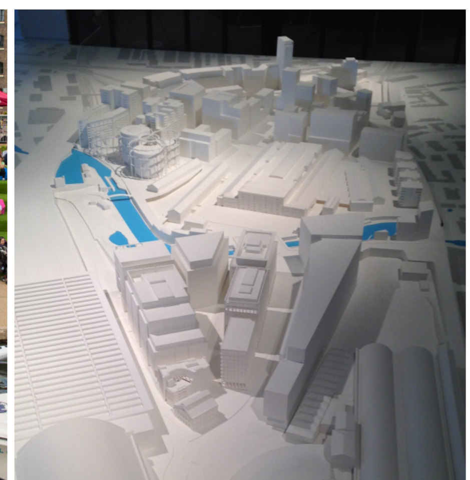
Teri Slavik-Tsuyuki is SVP and Chief Marketing Officer for Newland Real Estate Group, the largest master-planned community developer in the US, with more than 30 communities in 14 states. Prior to joining Newland, she owned and operated an advertising and marketing agency, specializing in resort real estate development, launching brands and multimillion dollar resort real estate projects. Teri is Vice Chair of ULI's Residential Neighborhood Development Council, a published poet, and frequent speaker.

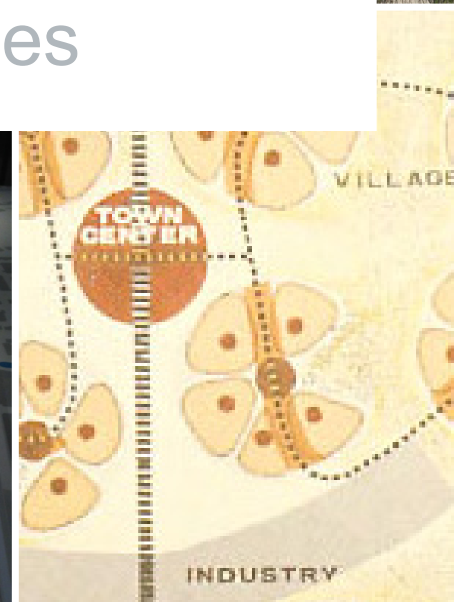
INTRODUCTION



Placemaking:
Innovations in New Communities







October 22, 2014

WHAT ARE NEW COMMUNITIES?

What Are New Communities? PROFILES

RICS-ULI Survey profiles key metrics for successful NCs . . . .

Metrics Tell The Story

	LAND AREA		POPULATION		DENSITY	
	75% expect Greenfield acreage 8X Urban Renaissance.		**65%** expect minimum UK NC population 5X US minimum.		**70%** expect minimum Urban Renaissance density 2.5X Greenfield.	
Ranges for land area, minimum population, minimum density	RESULTS US Acres	UK Acres	RESULTS US People	UK People	RESULTS US Ppa*	UK Dpha*
New Community	—	—	1,000-10,000	5,000-50,000	—	—
Urban Renaissance	10-300	10-300	—	—	20-50	25-90
Greenfield	Up to 2,500	200-2,500	—	—	5-20	10-30

*** Ppa = persons per acre, Dpha = dwellings per hectare. 1 Hectare = 2.47 Acres. Roughly equivalent measures of density: UK persons per dwellIng = 2.3 (2013); Multiplier to convert Dpha to Ppa = 0.92 (2.3/2.47).**

What Are New Communities? SELECTED NCs

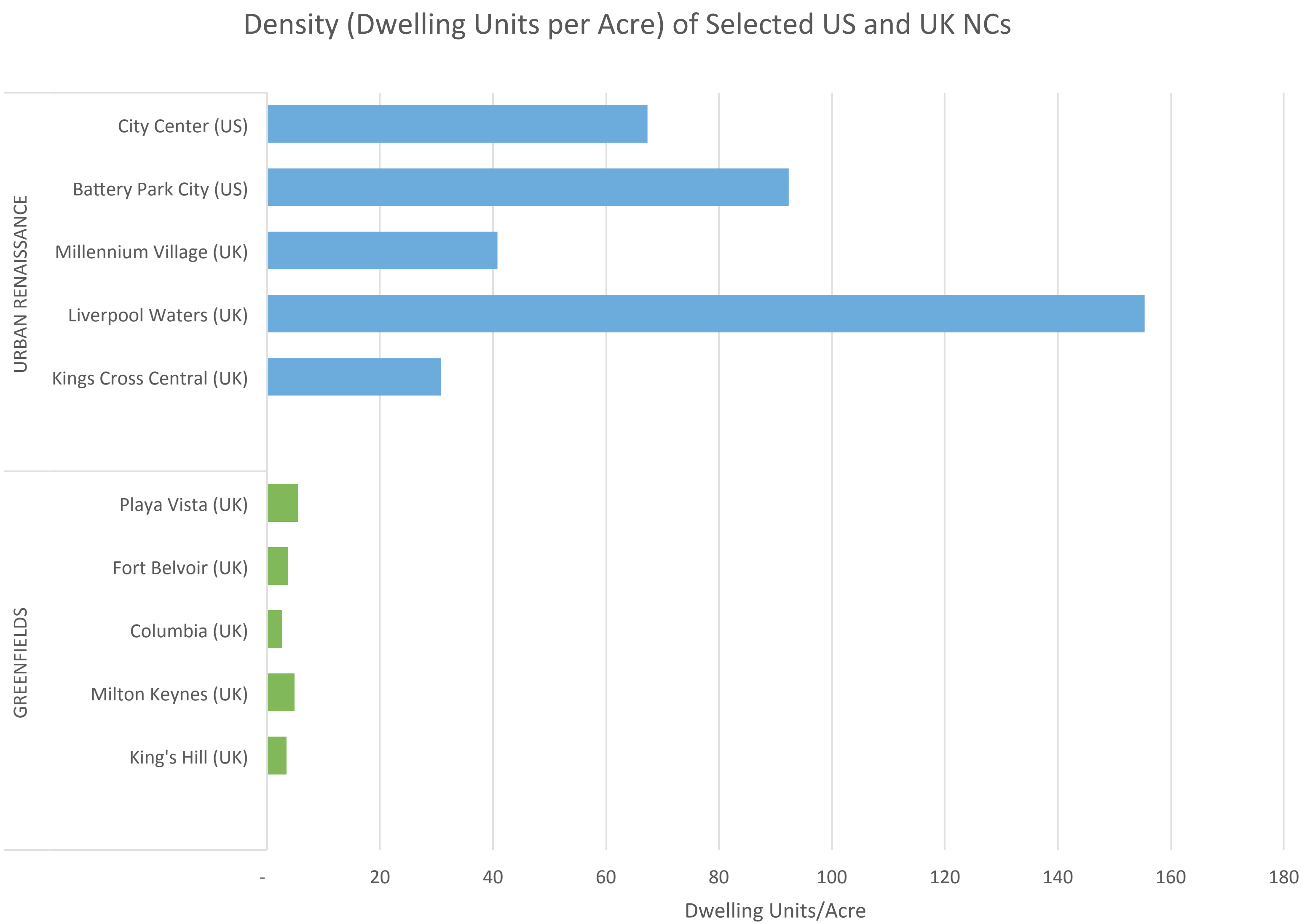
Research work-in-progress defines US and UK NCs . . . .

		LOCATION			PRIMARY DEVELOPER		METRICS							YEAR	
PROJECT CLASS	**PROJECT NAME**	**CITY / METRO**	**ST**	**NA**	**PRIVATE**	**PUBLIC**	**ACRES**	**HA**	**POP**	**DUs**	**POP / Ac**	**DU / Ac**	**DU / Ha**	**START**	**FINISH**
GREENFIELDS															
UK															
	Alconbury Weald	Peterborough		UK	Urban & Civic		1,420	574		5,000		4	9	2009	2029
	Ebbsfleet	Kent		UK	Land Securities		1,035	418	40,000	15,000	39	14	36	2014	
	King's Hill	Kent		UK	Liberty Trust	Kent County	800	323	6,000	2,750	8	3	9	1989	
	Milton Keynes	Buckinghamshire		UK		Milton Keynes	22,000	8,888	252,400	106,500	11	5	12	1967	
US															
	Bonita Bay	Bonita Springs	FL	US	Bonita Bay		2,400	970	2,181	3,300	1	1	3	1979	1985
	Brandermill	Richmond	VA	US	East-West Partners		2,444	987	13,173	3,800	5	2	4	1973	
	Celebration	Celebration	FL	US	Disney		4,900	1,980	20,000	4,060	4	1	2	1994	
	Columbia	Baltimore-Washington	MD	US	Hughes	Howard County	14,000	5,656	90,316	37,315	6	3	7	1967	
	DC Ranch	Scottsdale	AZ	US	DC Ranch - DMB		8,200	3,313	38,584		5			1993	
	Fort Belvoir	Washington	VA	US	Clark Realty	US Army	576	233	7,000	2,154	12	4	9	2003	2013
	Irvine Ranch	Irvine	CA	US	Irvine		97,000	39,188	280,000	85,582	3	1	2	1960	
	Kentlands	Gaithersburg	MD	US	Great Seneca		352	142						1990	2000
	Ladera Ranch	Orange County	CA	US	Mission Viejo		4,000	1,616	22,800	8,050	6	2	5	1990	
	Mesa del Sol	Albuquerque	NM	US	Forest City		12,900	5,212	100,000	37,500	8	3	7	2002	2042
	Playa Vista	Los Angeles	CA	US	Hughes-Brookfield		1,087	439	6,000	5,957	6	5	14	2001	
	Rancho Santa Margarita	Rancho Santa Margarita	CA	US	Santa Margarita		5,000	2,020	47,853	14,000	10	3	7	1985	
	Reston	Washington	VA	US	Simon-Mobil		7,400	2,990	58,404	25,522	8	3	9	1963	
	Stapleton	Denver	CO	US	Forest City		4,700	1,899	13,948	12,000	3	3	6	2001	
	Summerlin	Las Vegas	NV	US	Hughes		22,500	9,090	24,061		1			1990	
	Verrado	Buckeye	AZ	US	DMB		8,800	3,555	30,000	10,000	3	1	3	2004	
	Woodlands	Houston	TX	US	Hughes		28,000	11,312	108,000		4			1974	
URBAN															
UK															
	Battersea Power	London		UK	SP Setia/Sime Darby		39	16		800		21	51	2013	2017
	Cambourne	Cambridge		UK	Bovis	Cambridgeshire	1,046	423	10,000	4,250	10	4	10	1998	2016
	Kidbrooke	London		UK	Berkeley		269	109		5,049		19	46		
	Kings Cross Central	London		UK	Argent Group		65	26		2,000		31	76	2006	2020
	Liverpool Waters	Liverpool		UK	Peel Group		148	60		23,000		155	383		
	Lodge Hill	Kent		UK	Land Securities		720	291		5,000		7	17	2016	
	Millennium Village	Greenwich		UK	Countryside-Taylor		71	29		2,900		41	100		
	Poundbury	Dorchester		UK	Cornwall		400	162	6,000	2,500	15	6	15	1993	2025
	Rugby Radio Station	Rugby		UK	Gazeley Properties		1,700	687	15,500	6,200	9	4	9	2016	2036
	Salford Quays	Manchester		UK	Peel Holdings		200	89						1985	1990
US															
	Battery Park City	New York	NY	US		BPC Authority	92	37	15,000	8,500	163	92	229	1997	2011
	City Center	Washington	DC	US	Hines Archstone		10	4		674		67	167	2006	2014
	Civano	Tuscon	AZ	US			820	331							
	Coffee Creek	Chesterton	IN	US			675	273							
	Fairview Village	Fairview	OR	US			96	39	850	145	9	2	4	1997	
	Harbor Town	Memphis	TN	US			136	55							
	Mission Bay	San Francisco	CA	US	Catellus	SF Redevelopment	303	122	3,035	6,000	10	20	49	1998	
	I'on	Mount Plesasant	SC	US	I"On		244	99		762		3	8	1995	2005
	Orenco Station	Portland	OR	US			209	84						1997	
	Pacific Park	Brooklyn	NY	US	Forest City	Empire State	22	9		6,430		292	723		
	Park DuValle	Louisville	KY	US			132	53							
	Presidio Landmark	San Francisco	CA	US	Forest City	Presidio Trust	4	2		161		40	100	2006	2010
	Union Station	Denver	CO	US	East-West Partners	Denver	27	11	6,000	2,500	222	93	229	2005	
	Watercolor	Sea Grove Beach	FL	US	St. Joe		499	202		1,020		2	5	1998	2005

Metrics = approved or projected acreage, populations, dwelling units as defined by the primary developer; low ends are cited where ranges are given.

What Are New Communities? DENSITIES

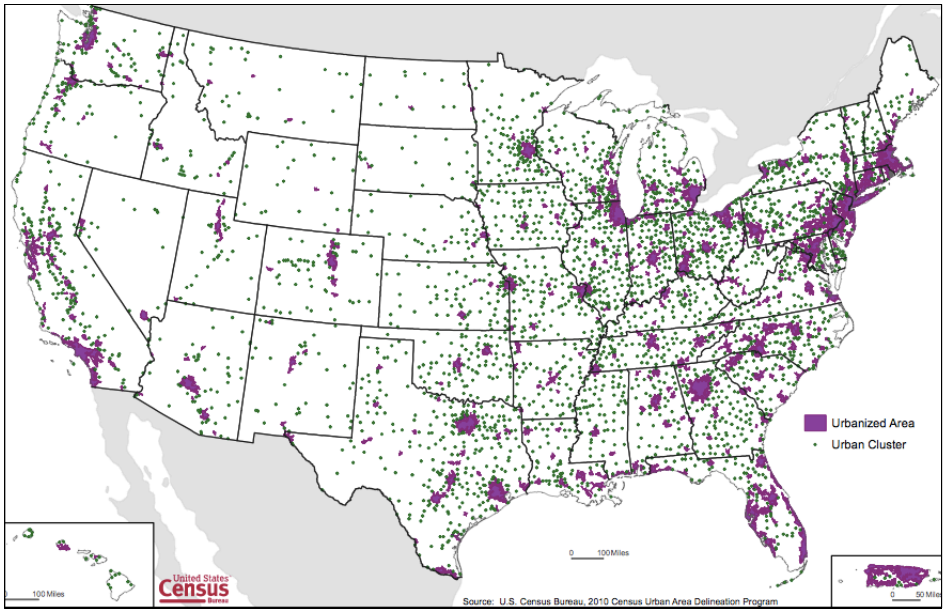
Urban Renaissance densities are 8x to 50x Greenfields . . . .



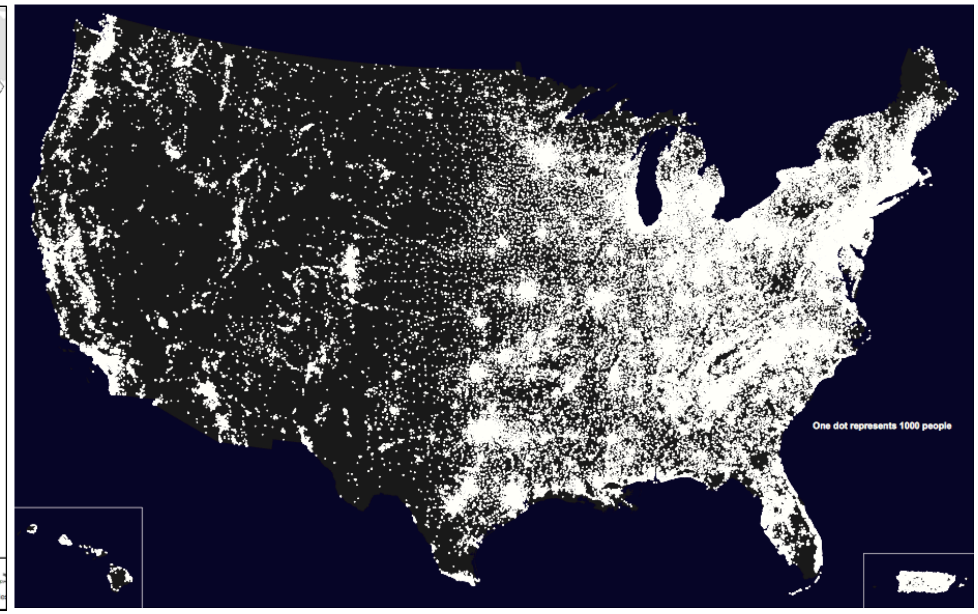
New Communities – ROOM TO GROW?

US land is only 6% developed; policy / developer challenge . . . .

Urbanized Areas 2010



Population Distribution 2010



New Communities – PLACES TO GROW . . . .

Awareness, comprehensive scope, long-view, creative financing

NCs transform empty / old / ugly sites . . . .

Awareness, comprehensive scope, long-view, creative financing

	Before	After
Columbia		
King's Cross		
Fort Belvoir		

WHAT'S NEW IN NEW COMMUNITIES?

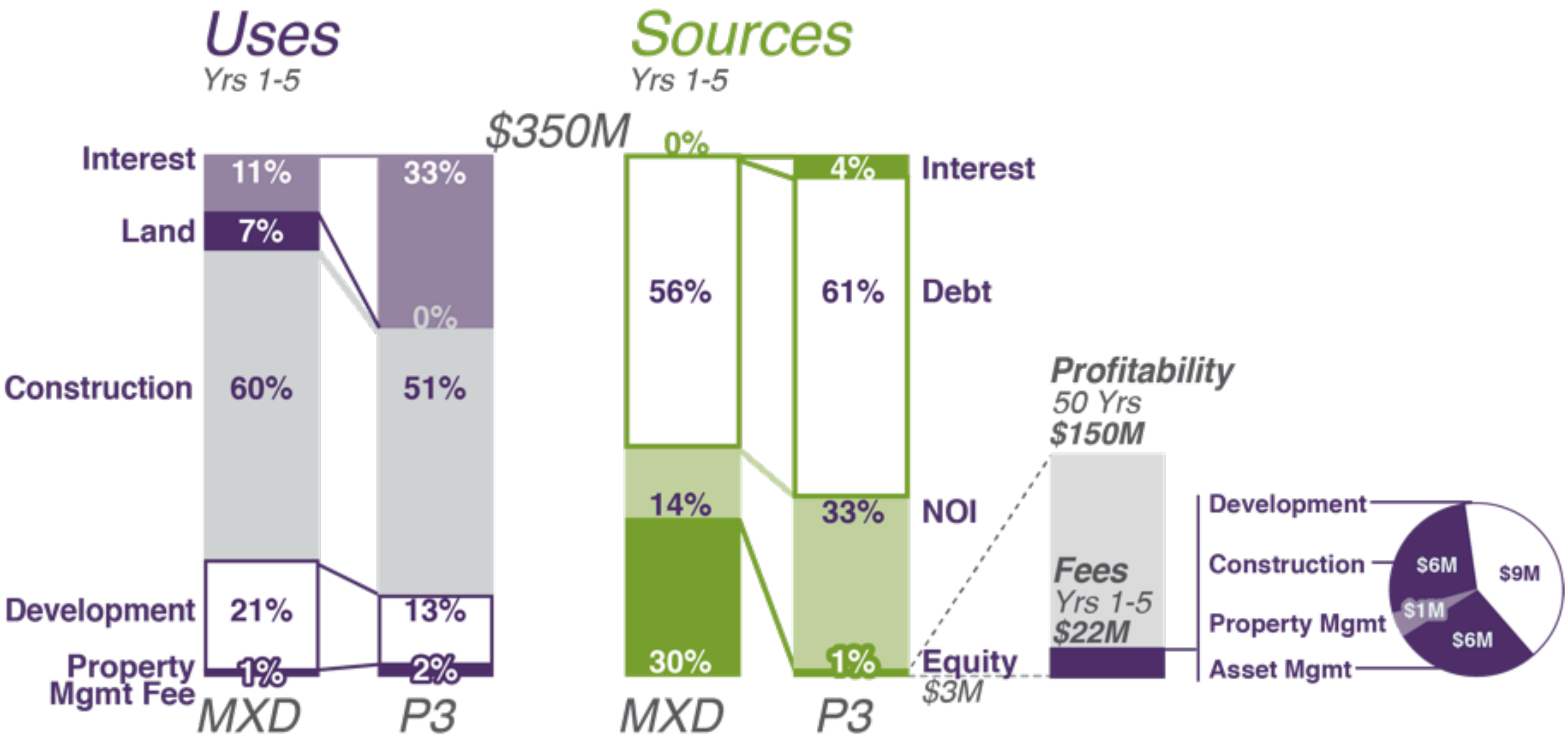
What's New? INNOVATIONS

Research revealed 5 major NC innovations . . . .

Innovations	
Comprehensive Plans	- Needs / Opportunities - Priorities / Resources
Portfolio Economics	- Portfolio vs. Projects - Large Size / Long Time Horizon
Integrative Business Models	- *Returns* on invested capital - *Fees* from organizing and operating
Resident-driven Services	- Reframe "public" responsibilities - For-profit / Non-profit
Public-Private Partnerships	- Public Purpose - Private Enterprise

What's New? P3 BUSINESS MODEL

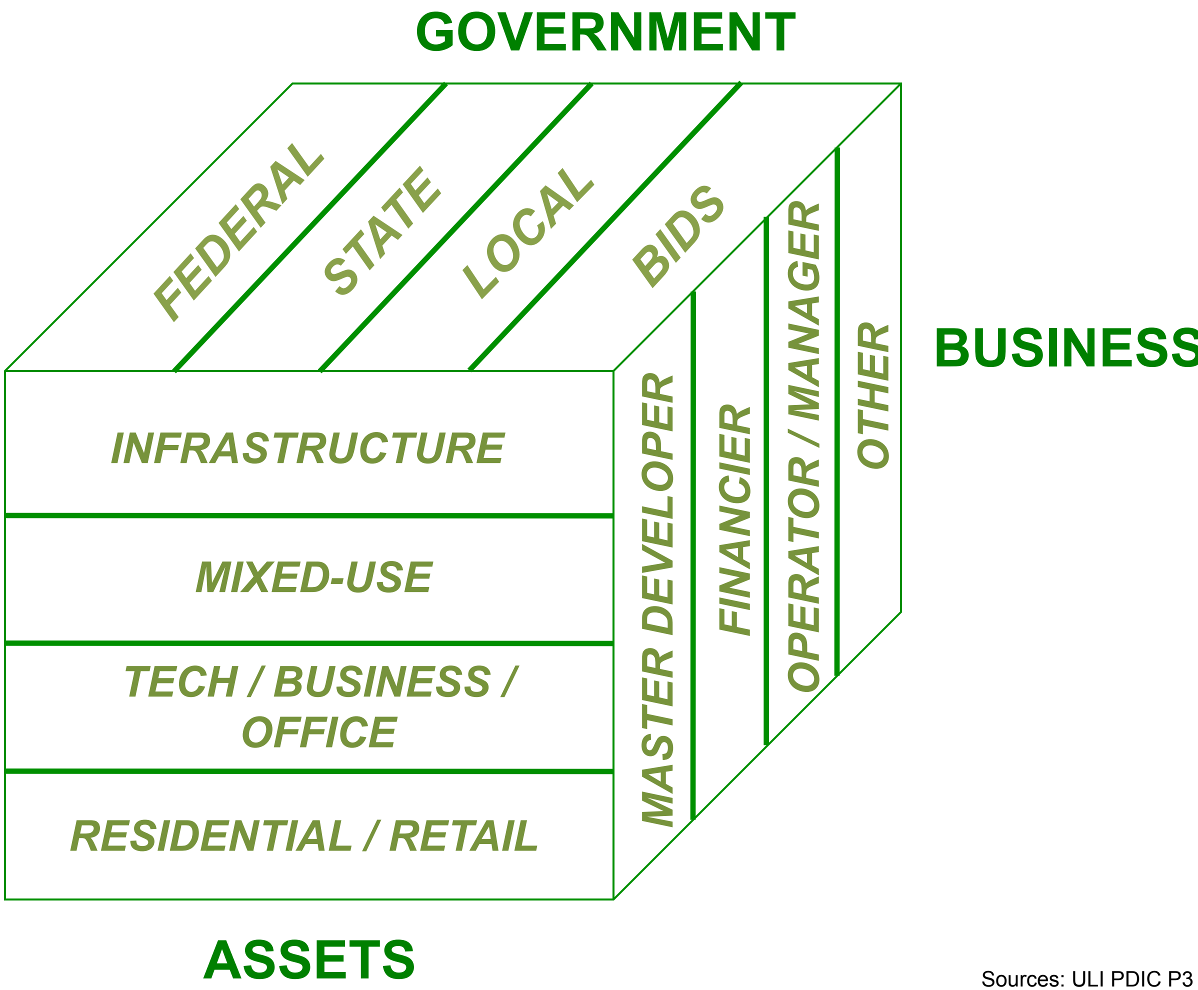
P3 Developer Profitability Based on Fees



Notes
P3 profit imputed from equity IRR and fees over 50-year life
Market Rate sale assumed 150 bp spread between ROC and Cap Rate exit

What's New? STRATEGY "CUBE"

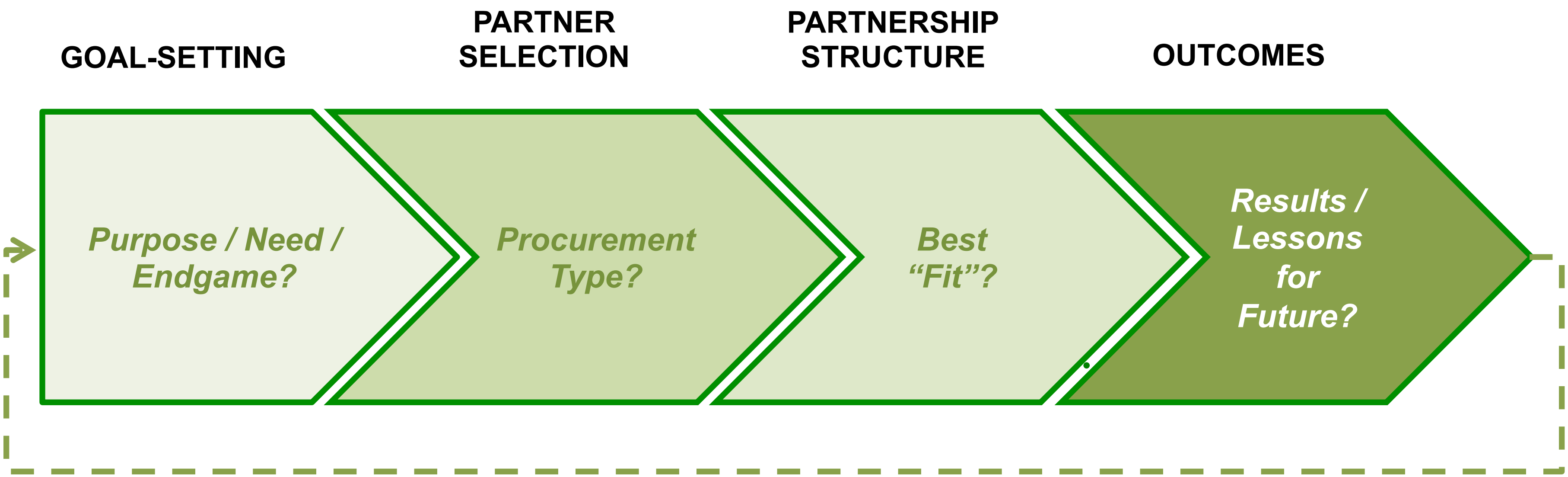
The 3 Dimensions of NC Strategies . . . .



Sources: ULI PDIC P3 Task Group; ACI Analysis.

What's New? CLEAR PROCESS

Framework for NC P3 Process, Analytics, Methods



Sources: ULI PDIC P3 Task Group; ACI Analysis.

ARMY RCI PROCUREMENT REFORM

FROM RFP TO RFQ

RFP PROCESS -- 23 MONTHS TO GROUNDBREAKING

Concept Development → Solicitation → Proposal → Contractor Selection → Implementation

- Business / Financial Plan
- Implementing Agreements
- Timetable

- Vision
- Development Program

- Track Record / Strength
- Vision

RFQ PROCESS -- 16 MONTHS TO GROUNDBREAKING

Solicitation → Developer Selection → Planning → Implementation

- Track Record / Strength
- Vision

- Business / Financial Plan
- Implementing Agreements
- Timetable
- Development Program

What's New? INITIATIVES

Practitioners revealed 5 major NC initiatives . . . .

Initiatives	
Prime Movers	- Generators / Organizers / "Instigators" - Businesses / Institutions / Resources
Information / Analytics	- Strategic Agendas - Developers / Managers
Unconventional Spaces	- Venues to apply / test policy solutions - New markets / potential investment
Community Designs	- Platforms for "sense of place" - "Quirky" / "Funky" / "Whimsical"
Investment Fund	- Sovereigns / Pensions / Foundations - Institutional opportunistic sources

WHAT'S NEXT IN NEW COMMUNITIES?

What's Next? TRANSIT-ORIENTED NCs (TONCs)

Prevailing Metro Area strategy . . . .

TONCs are driven by DEMOGRAPHICS > PRODUCTS….

- **Millennials + Seniors = 1-2 person households**
- **Walkable / accessible / amenity-rich / "urban"**

DENSITY / USE	High Density / Mixed-Use / Mixed-Income?
TRANSIT	Proximate / Accessible / Safe / Multi-Modal
PARKING	Structured / Automated
PARKS / OPEN SPACE	Passive / Active
DIVERSITY	Singles / Couples / Families
SCHOOLS	Neighborhood / Open

What's Next? NCs IN CITIES (NCICs)

Cities are repurposing and refreshing sites with "Destination NCs" . . . .

NCICs are triggered by DENSITY > DATA > REUSE > PROGRAMS

- **Rezoning and Reuse of Unused / Underutilized Zones**
- **Structural / Systemic Changes from Big Data Analytics**

STRATEGIC	Waterfronts, Conversions, Alleyways
ORGANIZATIONAL	P3s, B-Corps, Associations, Consortia
DIGITAL	"Big Data" Analytics, Electronic Infrastructure
PROGRAMMATIC	Healthy Lifestyles / "Destination" Activities
OPERATIONAL	Virtual / Robotics Systems, Shared Services
TECHNICAL	Integrated Site-wide Monitoring and Management

What's Next? OPPORTUNITIES FOR ULI

Applying Experience, Skills, Relationships to NCs of the Future. . . .

How should ULI build on its legacy of unique contributions in New Communities ….

1. Best Practices?
2. Joint Programs?
3. Applied Research?
4. Pilot Projects?
5. Cross-Border Initiatives?

What's Next? CLOSING

Applying Experience, Skills, Relationships to NCs of the Future. . . .

Conclusions from research and practice ….

1. Planning is a *process*, not a product
2. Value is more in *activities* than land
3. Place matters; *placemaking* is what we do