

Webinar

ULI Utah: Transit-Oriented Development: Developing Large Scale Mixed-Use

Projects

Date: April 08, 2021

00:00:00 --> 00:00:05: Alright, welcome everyone to today's transit oriented development.

00:00:05 --> 00:00:08: Developing large scale mixed use projects zoom webinar.

00:00:08 --> 00:00:11: I would like to introduce myself,

00:00:11 --> 00:00:17: I'm Haley Pratt and with Castlewood development I'm also the

00:00:17 --> 00:00:20: ULI Utah Programs Co chair.

00:00:20 --> 00:00:22: Uhm, just to refresh everyone's memory,

00:00:22 --> 00:00:25: annualize mission, a mission of UI is to shape the

00:00:25 --> 00:00:29: future of the built environment for transformative impact in communities

00:00:29 --> 00:00:30: worldwide,

00:00:30 --> 00:00:33: we have a couple of upcoming events that are going

00:00:33 --> 00:00:35: to be pretty exciting.

00:00:35 --> 00:00:38: There's a wildfire resilience demonstration with my VHS,

00:00:38 --> 00:00:41: which will be on June 15th at 9:30 AM,

00:00:41 --> 00:00:45: and I've been told that they're actually gonna light a

00:00:45 --> 00:00:47: real fire in that event,

00:00:47 --> 00:00:49: so it should be pretty cool.

00:00:49 --> 00:00:54: And then. Buildings, bikes and brews presented by WLI on

00:00:54 --> 00:00:55: Thursday,

00:00:55 --> 00:01:00: June 24th, starting four and ends at 6.

00:01:00 --> 00:01:03: Uh, we'd like to have a special thank you to

00:01:04 --> 00:01:08: our title sponsor and introduce Andrew by T and STACK.

00:01:08 --> 00:01:11: Real estate is our title sponsor for this event.

00:01:11 --> 00:01:14: Andrew by 5 is the owner of Stack real estate

00:01:14 --> 00:01:18: and he'll take a couple of minutes today to introduce

00:01:18 --> 00:01:20: their firm Andrew.

00:01:24 --> 00:01:28: Thank you, Haley. We're excited to be here to listen

00:01:28 --> 00:01:32: to Rick and learn from his experience.

00:01:32 --> 00:01:36: Just quickly stacked real estate as Utah's leading smart communities

00:01:36 --> 00:01:40: developer, SMART stands for sustainable mixed use,

00:01:40 --> 00:01:42: attractive, realistic, and transit oriented.

00:01:43 --> 00:01:45: So we're focused on building

00:01:45 --> 00:01:48: people up by building communities that are smart in partnership

00:01:48 --> 00:01:51: with forward thinking municipalities.

00:01:51 --> 00:01:53: We're building a better quality of life.

00:01:53 --> 00:01:57: For Utahns, M It's kind of this crazy growth that

00:01:57 --> 00:02:00: we've really been experiencing.

00:02:00 --> 00:02:03: So stacks past bread and butter has been the suburban

00:02:03 --> 00:02:04: office building surface.

00:02:04 --> 00:02:07: Parked car centric, I-15 oriented and very Little Mix.

00:02:07 --> 00:02:10: Abuse is a kind of suburban sprawl at its best,

00:02:10 --> 00:02:12: but we believe we can do a lot

00:02:12 --> 00:02:13: better in the future.

00:02:15 --> 00:02:21: Smart communities kind of blends the residential living with walkable

00:02:21 --> 00:02:23: services like open spaces,

00:02:23 --> 00:02:27: trails, office, retail, hospitality, entertainment.

00:02:27 --> 00:02:29: And that really level up our quality of life.

00:02:29 --> 00:02:31: And these kinds of developments,

00:02:31 --> 00:02:35: they've they require public private partnerships that combine long term

00:02:35 --> 00:02:37: vision with shared investments.

00:02:37 --> 00:02:41: And to create the quality of neighborhoods that we all

00:02:41 --> 00:02:44: expect and really kind of integrating ecosystems.

00:02:44 --> 00:02:47: So as you talk, continues to double in population over

00:02:47 --> 00:02:50: the next 30 years and stack will continue to do

00:02:50 --> 00:02:52: what we've been doing in the past,

00:02:52 --> 00:02:54: which is long term investment,

00:02:54 --> 00:02:57: and I'm to preserve the Utah quality of life that

00:02:57 --> 00:02:59: we all expect for current and future residents.

00:02:59 --> 00:03:02: So we're excited to hear from Rick and learn from

00:03:02 --> 00:03:03: that,

00:03:03 --> 00:03:05: and we'll turn the time back to you,

00:03:05 --> 00:03:08: Haley, thank you, Andrew. Uh,

00:03:08 --> 00:03:11: we'd also like to thank our annual sponsors,

00:03:11 --> 00:03:14: uhm, they're all shown on the screen right in front

00:03:14 --> 00:03:17: of you without these amazing organizations we couldn't do any

00:03:17 --> 00:03:18: of this,
00:03:18 --> 00:03:21: so thank you very much.
00:03:21 --> 00:03:23: We really do appreciate it.
00:03:23 --> 00:03:24: Zoom etiquette throughout the presentation.
00:03:24 --> 00:03:27: We ask that you stay on mute with your video
00:03:27 --> 00:03:28: off.
00:03:28 --> 00:03:29: If you have any questions,
00:03:29 --> 00:03:32: please enter them in the chat box at any time
00:03:32 --> 00:03:35: and we'll get to ask them during the Q&A when
00:03:35 --> 00:03:38: you can turn your video on and engage with the
00:03:38 --> 00:03:41: speaker. So once Rick goes through the meat of his
00:03:41 --> 00:03:41: presentation,
00:03:41 --> 00:03:44: he'll open it up and and feel free to either
00:03:44 --> 00:03:47: turn on your video and ask your questions directly,
00:03:47 --> 00:03:50: or you can just put it in the chat box
00:03:50 --> 00:03:53: and I'll ask Rick the question for you.
00:03:53 --> 00:03:58: Uhm, so now I would like to introduce Rick Vogel.
00:03:58 --> 00:04:02: He's break is the senior vice president of the related
00:04:02 --> 00:04:03: companies.
00:04:03 --> 00:04:08: He has developed significant neighborhood changing
00:04:08 --> 00:04:08: projects throughout the United
00:04:08 --> 00:04:12: States,
00:04:12 --> 00:04:14: Asia and the Middle East for organized organizations such as
00:04:14 --> 00:04:16: the related companies,
00:04:16 --> 00:04:21: Silverstein Properties, Hines and Ivanhoe.
00:04:21 --> 00:04:22: Cambridge Rick currently serves as related related project
00:04:22 --> 00:04:27: executive for
00:04:27 --> 00:04:27: their \$1 billion.
00:04:27 --> 00:04:30: Frank Gary. Designed Grand Ave project located in
00:04:30 --> 00:04:35: downtown Los
00:04:35 --> 00:04:35: Angeles.
00:04:35 --> 00:04:39: Thank you Rick for joining us today.
00:04:39 --> 00:04:42: We're really excited to hear and learn from you.
00:04:42 --> 00:04:46: Right,
00:04:46 --> 00:04:50: thank you so much for having me here today.
00:04:50 --> 00:04:53: I am going to try to present in about 45
00:04:53 --> 00:04:55: minutes the highlights of a large scale urban mixed use
00:04:55 --> 00:04:58: class that I teach at USC that was basically a
00:04:58 --> 00:05:02: conglomeration of everything that I've learned over the last
30
years in developing mixed use.
I've done a lot of standalone projects as well,
but the real art of mixed use is in integrating

00:05:02 --> 00:05:06: various uses to try to create a synergistic effect.
00:05:06 --> 00:05:10: And there's complexity or complexities and challenges that are unique
00:05:10 --> 00:05:12: to mixed use that I'm happy to cover today as
00:05:12 --> 00:05:12: well,
00:05:12 --> 00:05:15: so I'll be sure to save about 10 or 15
00:05:15 --> 00:05:17: minutes at the end for questions.
00:05:17 --> 00:05:19: But in the in between,
00:05:19 --> 00:05:22: I'm going to probably going at a pretty good clip
00:05:22 --> 00:05:24: and I'm happy to let you all.
00:05:24 --> 00:05:27: I share my deck with all of you as a
00:05:27 --> 00:05:29: future reference as well.
00:05:29 --> 00:05:32: OK, does it look like midex up on the screen
00:05:32 --> 00:05:33: for everybody?
00:05:38 --> 00:05:42: Yes, yes. Now, why is my slide not advancing?
00:05:42 --> 00:05:45: Oh, there we go. OK,
00:05:45 --> 00:05:50: So what I'm going to do today is I'm going
00:05:50 --> 00:05:51: to focus.
00:05:51 --> 00:05:54: On a couple different areas I I think it's important
00:05:54 --> 00:05:57: for us at the onset to talk about why large
00:05:57 --> 00:06:01: scale mixed use projects exist because that tells us a
00:06:01 --> 00:06:04: lot about what they're supposed to do.
00:06:04 --> 00:06:08: Uhm, I then we'll talk about the challenges of large
00:06:08 --> 00:06:09: scale mixed use.
00:06:09 --> 00:06:12: And when I talk about large scale mixed juice,
00:06:12 --> 00:06:15: I'm not talking about like a 15 Storey residential unit
00:06:15 --> 00:06:18: with a couple stores or restaurants at the bottom talking
00:06:18 --> 00:06:22: about very large multiple use integrated usually in urban
00:06:22 --> 00:06:26: setting,
00:06:22 --> 00:06:26: mixed use and the challenges that come along with that.
00:06:26 --> 00:06:29: Given the fact that we've got a lot of people
00:06:29 --> 00:06:32: here on the government side and the developer side,
00:06:32 --> 00:06:35: I want to talk about zoning and land use.
00:06:35 --> 00:06:37: As it applies to mixed use,
00:06:37 --> 00:06:41: what government agencies and planning and thinking about
00:06:41 --> 00:06:45: as well
00:06:41 --> 00:06:45: as developers the challenges of getting projects like this
00:06:46 --> 00:06:48: approved
00:06:46 --> 00:06:48: and some of the tools that I've used over the
00:06:48 --> 00:06:51: years that have been beneficial?
00:06:51 --> 00:06:54: Given the transit oriented nature of most of these projects,
00:06:54 --> 00:06:57: we'd be amiss if we didn't talk about transportation and
00:06:57 --> 00:06:58: infrastructure.

00:06:58 --> 00:07:02: It's an often unforeseen challenge that people don't think about.

00:07:02 --> 00:07:05: It is absolutely critical to the success of a large

00:07:05 --> 00:07:07: scale mixed use project,

00:07:07 --> 00:07:09: and then I'll finish with the fun stuff.

00:07:09 --> 00:07:13: Some cool urban design principles that I've picked up over

00:07:13 --> 00:07:16: the years and a little bit on positioning and designing

00:07:16 --> 00:07:18: the project's primary uses.

00:07:20 --> 00:07:25: So why do these large scale mixed use projects exist

00:07:25 --> 00:07:28: while there's a few a few reasons.

00:07:28 --> 00:07:31: One of them is economic restructuring and by way of

00:07:31 --> 00:07:32: example,

00:07:32 --> 00:07:35: when you see in the screen is a large project

00:07:35 --> 00:07:38: that I worked with Jeff Grasso on where we were

00:07:38 --> 00:07:40: both at Silverstein in Shenzhen,

00:07:40 --> 00:07:42: China and the Chin High Economic Zone.

00:07:42 --> 00:07:46: What was happening was that Xi Jinping was on the

00:07:46 --> 00:07:49: really at the beginning of his his first term,

00:07:49 --> 00:07:51: trying to establish his main mandate,

00:07:51 --> 00:07:54: which was to grow the middle class in China and

00:07:54 --> 00:07:58: to do so he had to expand the services industry

00:07:58 --> 00:07:59: that would create.

00:07:59 --> 00:08:02: Those middle class jobs, and he picked where one of

00:08:02 --> 00:08:03: his predecessors,

00:08:03 --> 00:08:07: Deng Xiaoping, started his economic restructuring in the city

00:08:07 --> 00:08:08: of

00:08:07 --> 00:08:08: Shenzhen in southern China,

00:08:08 --> 00:08:11: largely because of its proximity to Hong Kong.

00:08:11 --> 00:08:14: His vision was to create a large city,

00:08:14 --> 00:08:17: a large economic development zone that would have a direct

00:08:17 --> 00:08:20: high speed rail connection to Hong Kong.

00:08:20 --> 00:08:24: They would serve initially as the back office to office

00:08:24 --> 00:08:25: jobs in Hong Kong,

00:08:25 --> 00:08:28: and later kind of take over from Hong Kong as

00:08:28 --> 00:08:29: the dominant.

00:08:29 --> 00:08:33: Financial Center in Eastern Asia and to do this he

00:08:33 --> 00:08:34: had to have a city,

00:08:34 --> 00:08:37: a city plan, and then anchored development that would

00:08:37 --> 00:08:39: attract

00:08:37 --> 00:08:39: developers and development.

00:08:39 --> 00:08:42: And they selected Silverstein Properties at that time to do

00:08:42 --> 00:08:42: so.

00:08:42 --> 00:08:46: On the scope that I'm showing here on the screen

00:08:46 --> 00:08:49: is not a mix up in the numbers.
00:08:49 --> 00:08:52: That is how big the project was when Silverstein started
00:08:52 --> 00:08:56: working on it when we did our initial master planning
00:08:56 --> 00:08:57: with Cesar Pelli.
00:08:57 --> 00:09:01: And we ultimately were able to develop the centerpiece of
00:09:01 --> 00:09:04: the project of about 5,000,000 square feet and the results
00:09:04 --> 00:09:08: were that it was able to create this incredible innovative
00:09:08 --> 00:09:11: zone that allow the city of Shenzhen the start to
00:09:12 --> 00:09:15: grow its services industry to serve as a both a
00:09:15 --> 00:09:19: catalyst and in the example of how they wanted to
00:09:19 --> 00:09:24: take this type of a project across the country of
00:09:24 --> 00:09:24: China.
00:09:24 --> 00:09:27: Another example, a little bit closer to home,
00:09:27 --> 00:09:31: is creating new neighborhoods, maybe outside of economic
restructuring,
00:09:31 --> 00:09:34: but just going into an area that really doesn't have
00:09:34 --> 00:09:36: a vibrant neighborhood today,
00:09:36 --> 00:09:40: and to create a new neighborhood and we accomplished this
00:09:40 --> 00:09:43: when I developed Petco Park for the San Diego Padres.
00:09:43 --> 00:09:45: When I was working for Hines,
00:09:45 --> 00:09:49: our responsibility at that time was to master plan and
00:09:49 --> 00:09:50: 18 block area,
00:09:50 --> 00:09:54: anchored by the ballpark to create a large mixed use
00:09:54 --> 00:09:54: district.
00:09:54 --> 00:09:59: They would be home to about 8300 residential units,
00:09:59 --> 00:10:03: 1100 hotel rooms and about 1.2 million square feet of
00:10:03 --> 00:10:05: commercial space.
00:10:05 --> 00:10:09: A remarkable example of urban regenerate urban
regeneration.
00:10:09 --> 00:10:13: This is what the neighborhood looked like when I first
00:10:13 --> 00:10:16: arrived there to work with the Padres in 1998.
00:10:16 --> 00:10:20: Two years later, we started construction on the ballpark that
00:10:20 --> 00:10:23: would later turn this area into probably the best known
00:10:23 --> 00:10:25: urban district on the West Coast,
00:10:25 --> 00:10:29: anchored by a ballpark. That picture you see on the
00:10:29 --> 00:10:30: screen is real.
00:10:30 --> 00:10:34: That's what it looks like today during the ballpark
development,
00:10:34 --> 00:10:37: we developed the ballpark, the Omni Hotel to the left
00:10:37 --> 00:10:38: here.
00:10:38 --> 00:10:42: Some of the retail. Residential and office around the park
00:10:42 --> 00:10:45: behind the park and all the main roads and infrastructure.
00:10:45 --> 00:10:49: Everything else you see on this picture that didn't exist

00:10:50 --> 00:10:53: back in the late 1990s was delivered over a 15
00:10:53 --> 00:10:54: year period.
00:10:54 --> 00:10:57: I don't know of any other example where so much
00:10:57 --> 00:11:01: growth has happened in such a short period of time,
00:11:01 --> 00:11:04: largely because of an anchor project that was designed to
00:11:04 --> 00:11:09: revitalize the neighborhood I'm currently working on another
neighborhood revitalization
00:11:09 --> 00:11:10: project.
00:11:10 --> 00:11:13: Which is also serving as an economic generator.
00:11:13 --> 00:11:16: This is the grand located in downtown Los Angeles,
00:11:16 --> 00:11:19: the part that I'm working on right now is the
00:11:19 --> 00:11:20: centerpiece,
00:11:20 --> 00:11:24: designed by Frank Geary. The original vision for this project
00:11:24 --> 00:11:27: was for this project to serve as a revitalization tool
00:11:27 --> 00:11:28: for the Civic Center.
00:11:28 --> 00:11:32: Which are these buildings you see around a large Central
00:11:32 --> 00:11:34: Park here in downtown Los Angeles?
00:11:34 --> 00:11:37: These buildings you see on the left.
00:11:37 --> 00:11:40: Here are the music center which is home to.
00:11:40 --> 00:11:43: The largest collection of performing arts facilities anywhere in
the
00:11:44 --> 00:11:44: US,
00:11:44 --> 00:11:47: yet largely underutilized in the city of Los Angeles.
00:11:47 --> 00:11:50: The other buildings you see on this other axis or
00:11:50 --> 00:11:54: all the county and city buildings which obviously were thriving
00:11:54 --> 00:11:55: on their own,
00:11:55 --> 00:11:58: but there was no sense of a neighborhood here because
00:11:58 --> 00:11:59: there was no residential,
00:11:59 --> 00:12:02: virtually no retail, and only handful of restaurants.
00:12:02 --> 00:12:05: But what was able to what was what was really
00:12:05 --> 00:12:09: able to launch this project was the vision of a
00:12:09 --> 00:12:10: local developer.
00:12:10 --> 00:12:12: Eli Brode of the famed Kaufman abroad.
00:12:12 --> 00:12:16: I mean, he is like the inventor of track housing
00:12:16 --> 00:12:19: and now I've let therapist here in Los Angeles.
00:12:19 --> 00:12:23: His vision was to take three underutilized city blocks owned
00:12:23 --> 00:12:25: by the city of Los Angeles,
00:12:25 --> 00:12:27: the the County of Los Angeles,
00:12:27 --> 00:12:31: and the Community Redevelopment Agency put them
together in a
00:12:31 --> 00:12:33: 3.2 million square foot development.
00:12:33 --> 00:12:35: Send out an RFP to developers,
00:12:35 --> 00:12:38: pick their best, worse, and then let them execute.

00:12:38 --> 00:12:41: And what this project did was it.

00:12:41 --> 00:12:44: It provided for a very large Central Park,

00:12:44 --> 00:12:48: a incredible improvements along the main axis of Grand Ave

00:12:48 --> 00:12:51: and the large mixed use development that we now today

00:12:51 --> 00:12:53: refer to as the grand.

00:12:53 --> 00:12:56: And so the numbers behind this project is what was

00:12:56 --> 00:13:00: able to make it possible without proving out the economic

00:13:00 --> 00:13:01: impact of this project.

00:13:01 --> 00:13:05: This project would never have taken flight because of all

00:13:05 --> 00:13:09: of the public support that was required to get it

00:13:09 --> 00:13:09: going,

00:13:09 --> 00:13:11: but look at some of these.

00:13:11 --> 00:13:16: Numbers during the development phase over 20,000 annual

00:13:16 --> 00:13:19: jobs over

00:13:19 --> 00:13:24: 1.3 billion in labor income alone,

00:13:24 --> 00:13:28: \$3.1 billion of total economic output and then ongoing

00:13:28 --> 00:13:32: annually.

00:13:32 --> 00:13:34: About 5000 jobs would be generated by the project.

00:13:34 --> 00:13:39: 189 million in labor income and over 500 million in

00:13:39 --> 00:13:41: annual economic output.

00:13:41 --> 00:13:44: These numbers have to be the compelling argument when

00:13:44 --> 00:13:47: you

00:13:47 --> 00:13:49: launch these large projects.

00:13:49 --> 00:13:52: To get the public support that you need,

00:13:52 --> 00:13:54: so let's move on. Now to the challenges of these

00:13:54 --> 00:13:56: large scale mixed use projects.

00:13:56 --> 00:14:00: The first one is the development timeline.

00:14:00 --> 00:14:03: Let's take the brand for an example.

00:14:03 --> 00:14:05: This project was. And by the way,

00:14:05 --> 00:14:08: this Snake Creek chart. If you can't see the numbers,

00:14:08 --> 00:14:09: it starts in the left in about 1998 and it

00:14:09 --> 00:14:12: ends on the right at 2018.

00:14:12 --> 00:14:16: And I picked this spam because it captured clearly two

00:14:16 --> 00:14:20: economic cycles,

00:14:20 --> 00:14:21: including a major economic crisis midstream.

00:14:21 --> 00:14:23: This project was offered to developers in RFP in 2002

00:14:23 --> 00:14:27: right at the beginning of that major economic growth period

00:14:27 --> 00:14:30: we had in the early 2000s,

00:14:30 --> 00:14:34: so we are very excited.

00:14:34 --> 00:14:38: It related when we won this opportunity to start it.

00:14:38 --> 00:14:41: Ray, where this story is in 2007,

00:14:41 --> 00:14:44: is when we ultimately signed all the documents with the

00:14:44 --> 00:14:48: city and the county and cleared all the environmental

approvals
00:14:39 --> 00:14:40: we spent a year,
00:14:40 --> 00:14:44: then designing the project and had a full set of
00:14:44 --> 00:14:44: 100%
00:14:44 --> 00:14:48: CD's sitting on our desk dated Oct dated January 1
00:14:48 --> 00:14:49: of 2008,
00:14:49 --> 00:14:51: right at the beginning of the crisis,
00:14:51 --> 00:14:55: which obviously derailed the project for about three or four
00:14:55 --> 00:14:56: years.
00:14:56 --> 00:14:59: It resumed in 2012. In a different order and a
00:14:59 --> 00:15:03: different pace than we had originally planned.
00:15:03 --> 00:15:07: Whoops, sorry. And if you look at these dates,
00:15:07 --> 00:15:11: I want to take you around the timetable of this
00:15:11 --> 00:15:14: thing you show you how this spam that whole cycle.
00:15:14 --> 00:15:17: So in 2008 the numbers in black or the original
00:15:17 --> 00:15:20: dates that we had planned to execute.
00:15:20 --> 00:15:22: So we plan to build Grant Park,
00:15:22 --> 00:15:25: which was kind of our entry ticket into this project
00:15:25 --> 00:15:27: starting in 2008.
00:15:27 --> 00:15:29: It didn't start until 2012 after the crisis.
00:15:29 --> 00:15:33: The second phase was to build the centerpiece to be
00:15:33 --> 00:15:34: the main draw.
00:15:34 --> 00:15:36: The one we're working on today.
00:15:36 --> 00:15:39: Originally anticipated. To be built starting in 2011 it,
00:15:39 --> 00:15:41: I'm sorry, finished in 2011.
00:15:41 --> 00:15:44: Now it's going to be scheduled to finish in 2022
00:15:45 --> 00:15:45: next year,
00:15:45 --> 00:15:49: but we did though is we jump to a different
00:15:49 --> 00:15:53: site and we built that and open the Emerson mixed
00:15:53 --> 00:15:53: income,
00:15:53 --> 00:15:57: property, residential property and the Broad Museum in
00:15:57 --> 00:16:01: 2014,
00:16:01 --> 00:16:04: then jump back to the centerpiece and then we still
00:16:05 --> 00:16:06: have a third block that we might be developing at
00:16:06 --> 00:16:11: sometime in the future.
00:16:11 --> 00:16:14: With that timeline has spanned multiple economic cycles and
00:16:14 --> 00:16:16: as
00:16:16 --> 00:16:19: a result the project has changed in program and design
00:16:19 --> 00:16:24: multiple times over the years.
00:16:24 --> 00:16:26: So if you look at part A on this slide
00:16:26 --> 00:16:29: the original program back in 2007 and 275 hotel rooms
almost all of which, and as far as 400 of

00:16:29 --> 00:16:33: them and in 4 sale condos plus 100 affordable rate
00:16:33 --> 00:16:37: apartments and then two and 84,000 square feet.
00:16:37 --> 00:16:40: Of retail, what we ultimately ended up with because the
00:16:40 --> 00:16:43: downtown demographic could change so much,
00:16:43 --> 00:16:47: and because the condominium sales prices weren't able to support
00:16:47 --> 00:16:47: the project,
00:16:47 --> 00:16:50: we went with a larger hotel,
00:16:50 --> 00:16:52: largely at the request of the city,
00:16:52 --> 00:16:56: so we could benefit from a TOT rebate program and
00:16:56 --> 00:17:00: then our residential units became 4 rent units that could
00:17:00 --> 00:17:04: be converted to condos in the future with about the
00:17:04 --> 00:17:07: same affordable housing component and then slightly smaller amounts.
00:17:07 --> 00:17:10: Of retail and not to mention the fact that we
00:17:10 --> 00:17:15: reconfigured the entire site and move the buildings all around,
00:17:15 --> 00:17:18: back and forth between 2008 and we resumed again in
00:17:18 --> 00:17:19: the mid 2010's.
00:17:19 --> 00:17:23: So it's an example of how these projects have change
00:17:23 --> 00:17:26: over time and we get to zoning and we talk
00:17:26 --> 00:17:30: about flexibility and you are practicing in the government sector
00:17:30 --> 00:17:33: and you're trying to understand why the developers coming in
00:17:33 --> 00:17:35: and asking for flexibility.
00:17:35 --> 00:17:39: This is why because these projects span multiple economic cycles.
00:17:39 --> 00:17:41: Within a particular market within the real estate markets,
00:17:41 --> 00:17:42: you also have another challenge.
00:17:42 --> 00:17:45: You have the challenges if you have multiple uses,
00:17:45 --> 00:17:47: you're going to be hitting this investment time clock at
00:17:47 --> 00:17:49: different points for those different uses.
00:17:49 --> 00:17:52: Not all of them are going to be working right
00:17:52 --> 00:17:53: at the same time.
00:17:53 --> 00:17:55: It's going to offer you a lot of diversity,
00:17:55 --> 00:17:57: but at the same time it's going to have a
00:17:57 --> 00:18:00: couple losers in the pack at different points of time
00:18:00 --> 00:18:01: of this cycle.
00:18:03 --> 00:18:06: So what are the other big issues or one of
00:18:06 --> 00:18:09: the other big issues that affect the project are on
00:18:09 --> 00:18:11: the financing and legal sides and these are all tide
00:18:11 --> 00:18:14: together. First point is sponsorship.

00:18:14 --> 00:18:19: Lenders will always look for the experienced spots or to
00:18:19 --> 00:18:21: fund a project.
00:18:21 --> 00:18:24: Very difficult to attract both equity and debt financing if
00:18:25 --> 00:18:28: you're a first time developer doing mixed use development.
00:18:28 --> 00:18:31: Certainly at the large scale smaller scale.
00:18:31 --> 00:18:35: I'm sure lots of developers startup developers could could,
00:18:35 --> 00:18:39: could could be credited for getting a project that underway,
00:18:39 --> 00:18:43: but in most cases it's going to take a very
00:18:43 --> 00:18:44: well known,
00:18:44 --> 00:18:48: experienced developer who can prove that they can execute
through
00:18:49 --> 00:18:50: a previous track record.
00:18:50 --> 00:18:53: We mentioned the market cycle and the fact that one
00:18:53 --> 00:18:56: of these assets is probably always going to be out
00:18:56 --> 00:18:57: of favor for us.
00:18:57 --> 00:19:00: It was the hotel that was the toughest thing for
00:19:00 --> 00:19:02: us to get financed.
00:19:02 --> 00:19:05: Regardless of where you are in the market cycle,
00:19:05 --> 00:19:07: there were going to be a limited number of lenders
00:19:07 --> 00:19:10: who can provide the capital at the scale that you
00:19:10 --> 00:19:13: need and be comfortable operating the multiple types of
financing
00:19:13 --> 00:19:16: that might be needed to execute the project.
00:19:16 --> 00:19:19: I'm going to give you an example of the capital
00:19:19 --> 00:19:22: structure here at the grant as an example.
00:19:22 --> 00:19:26: Lenders also have to struggle with the fact there's going
00:19:26 --> 00:19:28: to be common collateral.
00:19:28 --> 00:19:31: If it's a large urban project physically,
00:19:31 --> 00:19:35: structurally, it's going to be combining multiple uses each
use.
00:19:35 --> 00:19:38: Each component might have different debt on it,
00:19:38 --> 00:19:41: each one dependent upon the other.
00:19:41 --> 00:19:46: The cross cattle collateral isation requirements are
remarkable and trying
00:19:46 --> 00:19:49: to satisfy all the lenders and all the parts that
00:19:49 --> 00:19:53: they have the ability to either manage their own.
00:19:53 --> 00:19:55: Destiny, or have comfort and relying on the other Capital
00:19:56 --> 00:19:59: Partners to execute is critical to putting the financing
together.
00:19:59 --> 00:20:02: And of course just the complexity and scale on a
00:20:02 --> 00:20:05: technical front and how the project is designed,
00:20:05 --> 00:20:07: how to be able to control the cost,
00:20:07 --> 00:20:09: and how to be able to execute.

00:20:12 --> 00:20:14: Moving more now towards the operational phase,
00:20:14 --> 00:20:17: the ownership structure can be infinitely complex.
00:20:17 --> 00:20:21: Our approach these projects is to execute the entire project
00:20:21 --> 00:20:25: and their one ownership structure with us as the developer
00:20:25 --> 00:20:29: and one equity investor who has the both the tenacity
00:20:29 --> 00:20:32: and the wherewithal to hang in long term to allow
00:20:32 --> 00:20:36: us to to bridge some of the challenging time periods
00:20:36 --> 00:20:38: these projects go through.
00:20:38 --> 00:20:41: But at some point in time,
00:20:41 --> 00:20:45: these components will either. We financed separately with
separate investors,
00:20:45 --> 00:20:47: indoor lenders or sold separate owners entirely,
00:20:47 --> 00:20:51: and so the ownership structure needs to be able to
00:20:51 --> 00:20:55: accommodate that through a very complex condominium
regime.
00:20:55 --> 00:20:59: Likewise, the the financing structure long term needs to take
00:20:59 --> 00:21:02: into account all of these different components,
00:21:02 --> 00:21:06: and these specialized mechanisms and the operational
challenges of how
00:21:06 --> 00:21:10: do you make that condominium regime work where you've
got
00:21:10 --> 00:21:13: a lot of common elements like parking.
00:21:13 --> 00:21:16: Or loading docks or central plazas or other elements that
00:21:17 --> 00:21:19: have to be shared by multiple owners?
00:21:19 --> 00:21:22: And how do you allocate equitably the costs of operating
00:21:22 --> 00:21:27: and maintaining those common area elements and the costs
associated
00:21:27 --> 00:21:27: with it?
00:21:27 --> 00:21:30: And then finally, if you have retail or office,
00:21:30 --> 00:21:34: you're going to have leasing issues and challenges because
you're
00:21:35 --> 00:21:37: going to be having tenants who are going to be
00:21:38 --> 00:21:40: concerned about their share of parking.
00:21:40 --> 00:21:42: What exclusivity do they get,
00:21:42 --> 00:21:46: and what flexibility? They might need to operate their
business
00:21:46 --> 00:21:47: plan over the long term.
00:21:47 --> 00:21:51: All of these kind of get nested together and a
00:21:52 --> 00:21:53: complex Rubik's Cube.
00:21:53 --> 00:21:58: So this slide illustrates what the original capital structure was
00:21:58 --> 00:21:58: on the grand.
00:21:58 --> 00:22:02: Today we've executed with a slight hybrid to this that
00:22:02 --> 00:22:05: I can't share with you because of confidentiality,
00:22:05 --> 00:22:09: but since we didn't execute this one and it's illustrative

00:22:09 --> 00:22:13: of atypical financing for a mixed use project with multiple
00:22:13 --> 00:22:13: components,
00:22:13 --> 00:22:17: including affordable housing, I want to use this as an
00:22:17 --> 00:22:18: example,
00:22:18 --> 00:22:22: one of how complex it is to the issues that
00:22:22 --> 00:22:22: come up,
00:22:22 --> 00:22:26: and three the creativity. That you can use and putting
00:22:26 --> 00:22:27: this all together.
00:22:27 --> 00:22:30: So this is a little over a billion dollar capitalization,
00:22:30 --> 00:22:34: including about 40 million in equity and about 600 million
00:22:34 --> 00:22:35: in debt.
00:22:35 --> 00:22:38: But how we broke it down was largely driven by
00:22:38 --> 00:22:40: the nature of each of these elements.
00:22:40 --> 00:22:43: So initially we broke the capital structure up.
00:22:43 --> 00:22:45: Let me let me go back.
00:22:45 --> 00:22:48: We have one equity investor across this entire project.
00:22:48 --> 00:22:51: You could not do this with different equity investors in
00:22:51 --> 00:22:52: different components.
00:22:52 --> 00:22:55: It would have been too complicated.
00:22:55 --> 00:22:58: And probably not that attractive to individual equity investors.
00:22:58 --> 00:23:02: So one equity investor with about 350 million in equity.
00:23:02 --> 00:23:07: We brought the land in at about 35 million.
00:23:07 --> 00:23:10: On the debt front, we then bifurcate at a project
00:23:10 --> 00:23:11: into two major components.
00:23:11 --> 00:23:15: The commercial piece which we would put a conventional
00:23:15 --> 00:23:16: senior
00:23:16 --> 00:23:21: loan on.
00:23:16 --> 00:23:21: Outlined in blue and a bond finance piece outlining green,
00:23:21 --> 00:23:25: which is primarily the residential tower.
00:23:25 --> 00:23:27: The conventional loan is pretty straightforward.
00:23:27 --> 00:23:29: The only challenge there which I'll get to is a
00:23:29 --> 00:23:33: cross collateral isation with the assets that the bonds are
00:23:33 --> 00:23:34: financing.
00:23:34 --> 00:23:36: But the bond financing was unique.
00:23:36 --> 00:23:39: We then broke that block into two pieces,
00:23:39 --> 00:23:43: largely because if we found the lowest possible cost of
00:23:43 --> 00:23:46: capital was going to be achieved with a combination of
00:23:47 --> 00:23:50: both taxable bonds on the top of the project and
00:23:50 --> 00:23:52: tax exempt bonds at the bottom.
00:23:52 --> 00:23:56: The tax exempt bonds are on the bottom because we
00:23:56 --> 00:23:57: had 20%
00:23:57 --> 00:23:58: of our units being affordable.

00:23:58 --> 00:24:01: That allowed us to use 4%
00:24:01 --> 00:24:04: tax credits which get coupled with tax exempt bonds.
00:24:04 --> 00:24:07: So very low cost of financing,
00:24:07 --> 00:24:12: about 175 over Libor during development that drops down to
00:24:12 --> 00:24:14: 140 during operations.
00:24:14 --> 00:24:17: On the top piece, which were unrelated to the affordable
00:24:18 --> 00:24:20: housing and unrelated taxes and bonds,
00:24:20 --> 00:24:23: we plan to use short term 7 day taxable bonds
00:24:23 --> 00:24:27: that would have a shadow equity component in the form
00:24:27 --> 00:24:32: of an equity guarantee from an institutional investor that
basically
00:24:32 --> 00:24:36: allowed you to borrow for that residential tower at 100%
00:24:36 --> 00:24:40: debt with a guarantee fee being paid to the institutional
00:24:40 --> 00:24:45: investor who backed up that shadow equity with the bonds.
00:24:45 --> 00:24:47: Here's the challenge. With all of this,
00:24:47 --> 00:24:50: and then I'll get to the solution.
00:24:50 --> 00:24:53: The challenges one this entire project has to be built
00:24:53 --> 00:24:56: for any of these creditors to realize their security.
00:24:56 --> 00:24:59: You couldn't build the base of this building.
00:24:59 --> 00:25:03: The parking and then stop at the other parts,
00:25:03 --> 00:25:05: or have the residential anticipated to be built,
00:25:05 --> 00:25:08: but the hotel not being there.
00:25:08 --> 00:25:09: It was all tide together.
00:25:09 --> 00:25:13: And yet you had different people buying these different debt
00:25:13 --> 00:25:13: pieces.
00:25:13 --> 00:25:17: The construction loan. Is going to be syndicated to a
00:25:17 --> 00:25:19: variety of institutional lenders.
00:25:19 --> 00:25:22: The taxable bonds were going to be short term paper
00:25:22 --> 00:25:26: trade across a desk at a marketable trading desk trading
00:25:26 --> 00:25:30: bond company and then the tax exempt bonds are going
00:25:30 --> 00:25:32: to get sold individual investors.
00:25:32 --> 00:25:35: Deutsche Bank came in and offered the ultimate solution.
00:25:35 --> 00:25:38: They convinced us to get away from the taxable bonds
00:25:38 --> 00:25:41: on the top of the tower and just bring in
00:25:41 --> 00:25:44: equity because that was just another family of buyers that
00:25:44 --> 00:25:47: were going to be difficult to be brought in.
00:25:47 --> 00:25:50: They took our taxable. I'm sorry their tax exempt bonds
00:25:50 --> 00:25:52: and purchased them for their own account,
00:25:52 --> 00:25:55: so they were the principles on the front of that.
00:25:55 --> 00:25:59: And then they did the conventional loan with the syndication
00:25:59 --> 00:26:02: so that they basically control the entire debt capital structure
00:26:02 --> 00:26:03: that made it.

00:26:03 --> 00:26:04: Very marketable to the market.
00:26:04 --> 00:26:07: Easy to control, but with the term of the loan
00:26:07 --> 00:26:10: being about four years including I'm sorry.
00:26:10 --> 00:26:12: Five years including extensions at some point.
00:26:12 --> 00:26:16: This structure has to bifurcate into five separate ownership
components,
00:26:16 --> 00:26:18: of which we could then refinance individually,
00:26:18 --> 00:26:21: so a lot of complexity and challenges,
00:26:21 --> 00:26:24: but it worked and our cost of financing was very
00:26:24 --> 00:26:25: low as a result.
00:26:28 --> 00:26:30: Here is the big opportunity,
00:26:30 --> 00:26:33: though getting the mix right to get the mix right
00:26:33 --> 00:26:35: on mixed use projects.
00:26:35 --> 00:26:37: There are four questions you need to answer.
00:26:37 --> 00:26:41: Question One, what uses are needed by the market in
00:26:41 --> 00:26:41: what amounts?
00:26:41 --> 00:26:44: At least at that point in time will come back
00:26:44 --> 00:26:46: to the flexibility point later.
00:26:46 --> 00:26:49: Number two. What uses are complementary with each other.
00:26:49 --> 00:26:53: What fits together? You certainly wouldn't put a Ritz Carlton
00:26:53 --> 00:26:55: hotel on top of a target,
00:26:55 --> 00:26:57: right? And you wouldn't have a class.
00:26:57 --> 00:27:02: The office building parde next to a Four Seasons hotel.
00:27:02 --> 00:27:05: Three, what uses will physically fit well together,
00:27:05 --> 00:27:08: knowing that each of these uses have different structural
bays,
00:27:08 --> 00:27:11: the structural Bay for hotel is different.
00:27:11 --> 00:27:14: That is for residential is different than it would be
00:27:14 --> 00:27:16: for an office building,
00:27:16 --> 00:27:19: and they're all different than the parking down below.
00:27:19 --> 00:27:23: And how do you accommodate the transfers required to do
00:27:23 --> 00:27:23: that?
00:27:23 --> 00:27:27: And how do you make it all physically fit together?
00:27:27 --> 00:27:31: And finally #4 what positioning and and frankly branding
would
00:27:31 --> 00:27:32: work well for all of those.
00:27:32 --> 00:27:36: Uses, that's the Rubik's Cube that you're trying to solve
00:27:36 --> 00:27:36: for.
00:27:36 --> 00:27:39: So to get the mix right.
00:27:39 --> 00:27:41: And if you do get it right,
00:27:41 --> 00:27:44: you then get what we would simply call a synergistic
00:27:44 --> 00:27:48: effect where you can achieve higher than market rate
compared

00:27:48 --> 00:27:52: to the individual components and standalone buildings in the form

00:27:52 --> 00:27:54: of rates and sales proceeds.

00:27:54 --> 00:27:57: And we've proven this out time and time again,

00:27:57 --> 00:28:00: initially at Time Warner Center in New York,

00:28:00 --> 00:28:02: where we went into revitalizing.

00:28:02 --> 00:28:06: A neighborhood that really didn't exist at that time achieved

00:28:06 --> 00:28:10: substantially higher rents and sales figures compared to the market

00:28:10 --> 00:28:13: we were in the process of proving it out at

00:28:13 --> 00:28:17: Hudson Yards before COVID hit and set us back a

00:28:17 --> 00:28:19: year and here at the grand.

00:28:19 --> 00:28:21: If I showed you my underrating,

00:28:21 --> 00:28:24: it wouldn't make sense to anybody who knows this market

00:28:24 --> 00:28:28: because no one has achieved those rates anywhere to this

00:28:28 --> 00:28:28: day.

00:28:28 --> 00:28:32: But we believe we will long term that synergistic effect

00:28:32 --> 00:28:32: happens.

00:28:32 --> 00:28:35: Because if you have great retail,

00:28:35 --> 00:28:38: you could attract residences. If you have a lot of

00:28:39 --> 00:28:39: office,

00:28:39 --> 00:28:41: you can attract the retail.

00:28:41 --> 00:28:44: If you have great restaurants and entertainment venues,

00:28:44 --> 00:28:48: you can attract hotel patrons and all of them work

00:28:48 --> 00:28:52: together to create a 24/7 environment that spans the otherwise

00:28:52 --> 00:28:56: quiet hours of a project to create a really special

00:28:56 --> 00:28:59: place. But to have all these multiple uses,

00:28:59 --> 00:29:02: you have to have very special zoning.

00:29:02 --> 00:29:05: So if you think about the history of zoning and

00:29:05 --> 00:29:07: you go back to the beginning of time,

00:29:07 --> 00:29:10: probably the very first mixed use project looked like a

00:29:10 --> 00:29:13: simple you know mortar house that was built with

00:29:13 --> 00:29:16: a butcher shop on the ground floor in a residence

00:29:16 --> 00:29:18: on the top floor in it.

00:29:18 --> 00:29:20: And I I courtyard on the side.

00:29:20 --> 00:29:23: However, overtime we learned that you really can't mix industrial

00:29:23 --> 00:29:24: uses with residential,

00:29:24 --> 00:29:27: so we went through this period of time where we

00:29:27 --> 00:29:27: separated.

00:29:27 --> 00:29:31: Industrial residential from office and very large chunky tracks of

00:29:31 --> 00:29:31: land.

00:29:31 --> 00:29:35: Then in the 1960s we realized well maybe we don't

00:29:35 --> 00:29:38: want to separate everything back by that far,

00:29:38 --> 00:29:41: because then we drive too far to get to work

00:29:41 --> 00:29:42: or to go shopping.

00:29:42 --> 00:29:46: So let's look at a more granular approach and then

00:29:46 --> 00:29:49: in the 70s and 80s because of the densification of

00:29:49 --> 00:29:52: cities we looked at mixing or uses vertically,

00:29:52 --> 00:29:56: which created its own challenges that changed everything

00:29:56 --> 00:29:58: and how

00:29:56 --> 00:29:58: we did zoning and today.

00:29:58 --> 00:30:01: We are again overhauling our zoning ordinances to facilitate

00:30:01 --> 00:30:01: mixed

00:30:01 --> 00:30:01: use.

00:30:01 --> 00:30:04: So what are some of the special requirements as a

00:30:04 --> 00:30:08: government entity that you need to think about when you're

00:30:08 --> 00:30:11: starting to look at your zoning for mixed use?

00:30:11 --> 00:30:14: The first one is the most important one,

00:30:14 --> 00:30:17: flexible zoning to accommodate changes in demand for all of

00:30:17 --> 00:30:18: the reasons.

00:30:18 --> 00:30:21: I just pointed out on the projects I've been,

00:30:21 --> 00:30:24: I've developed where the demand changes over the span of

00:30:24 --> 00:30:28: the project and the ability of the developer to change

00:30:28 --> 00:30:28: uses.

00:30:28 --> 00:30:31: And scale will be critical to them to being able

00:30:32 --> 00:30:34: to both attract financing and to execute.

00:30:34 --> 00:30:38: You'll need to rethink design guidelines to encourage design

00:30:38 --> 00:30:41: standards

00:30:38 --> 00:30:41: that are appropriate for mixed use projects.

00:30:41 --> 00:30:45: I'm going to show you some examples here shortly.

00:30:45 --> 00:30:48: And because of this sensitivity to time,

00:30:48 --> 00:30:51: making sure you've built in a streamlined approval process

00:30:51 --> 00:30:54: for

00:30:51 --> 00:30:54: adopting changes as they come in for a particular project.

00:30:54 --> 00:30:58: So a developer of a mixed use project who wants

00:30:58 --> 00:31:00: to change a land use or the size of a

00:31:00 --> 00:31:04: building mid cycle can do so quickly and efficiently.

00:31:04 --> 00:31:07: And then of course, and we'll talk about this in

00:31:08 --> 00:31:09: the next slide,

00:31:09 --> 00:31:12: the challenges of public approvals and enforcing a productive

00:31:12 --> 00:31:16: public

00:31:12 --> 00:31:16: planning process that might involve design charrettes to get

00:31:12 --> 00:31:16: the

00:31:16 --> 00:31:16: input.

00:31:16 --> 00:31:21: From the community. So if you think about traditional zoning,

00:31:21 --> 00:31:25: it's pretty simple. You define a maximum height,

00:31:25 --> 00:31:26: side, yard, dimension, backyard dimensions,

00:31:26 --> 00:31:31: setbacks, but that has always resulted in monotonous building envelopes

00:31:31 --> 00:31:34: and not like what you see in this image on

00:31:34 --> 00:31:35: this screen,

00:31:35 --> 00:31:37: which is a very well conceived,

00:31:37 --> 00:31:41: mixed use project design that has lots of interesting components.

00:31:41 --> 00:31:44: Different land uses compiled together without those standard side yard

00:31:44 --> 00:31:45: dimensions,

00:31:45 --> 00:31:47: setbacks and not maximum heights.

00:31:47 --> 00:31:49: So being able to accommodate.

00:31:49 --> 00:31:53: These uses setting forth design standards that work well for mix juice,

00:31:53 --> 00:31:54: offering incentives to develop to developers,

00:31:54 --> 00:31:56: to to be inclusive with special amenities,

00:31:56 --> 00:31:59: whether it's park space or other types of public space.

00:31:59 --> 00:32:03: Certainly affordable housing will be a common theme in everything

00:32:03 --> 00:32:07: we do going forward given the housing crisis and possibly

00:32:07 --> 00:32:10: establishing performance standards to foster positive community impact in the

00:32:10 --> 00:32:15: long run. So as a developer,

00:32:15 --> 00:32:19: when you're looking at a mixed use project and you're

00:32:19 --> 00:32:22: looking at existing zoning,

00:32:22 --> 00:32:24: here's what you need to know.

00:32:24 --> 00:32:26: First of all, most city Staffs are not accustomed and

00:32:26 --> 00:32:29: are not trained for approving multiple uses.

00:32:29 --> 00:32:32: This is not just in the building department.

00:32:32 --> 00:32:34: This is across the fire department.

00:32:34 --> 00:32:36: The Department of Transportation, everybody involved in the project.

00:32:36 --> 00:32:39: You need to have and maintain flexibility to meet market

00:32:39 --> 00:32:42: conditions,

00:32:42 --> 00:32:43: and you have to make sure that the zoning will

00:32:43 --> 00:32:47: allow you to.

00:32:47 --> 00:32:48: Do so. Likewise, these large projects will often have conflicting

00:32:48 --> 00:32:52: opinions from different departments of how it should all work.

00:32:52 --> 00:32:56: The fire depart will have its own views on exiting.

00:32:56 --> 00:33:00:

00:33:00 --> 00:33:04: The building department might have its own views on combustible
00:33:04 --> 00:33:04: construction,
00:33:04 --> 00:33:08: you're going to have these conflict ING debates going on.
00:33:08 --> 00:33:12: It will need to get resolved amongst various stakeholders and
00:33:12 --> 00:33:13: finally,
00:33:13 --> 00:33:17: and most importantly, these large scale mixed use projects often
00:33:17 --> 00:33:19: create a lot of public controversy.
00:33:19 --> 00:33:22: Either because of their scale or they're,
00:33:22 --> 00:33:24: you know, just overwhelming. You know,
00:33:24 --> 00:33:27: overarching goals and what they want to achieve.
00:33:27 --> 00:33:30: So as a developer, I've employed a variety of different
00:33:30 --> 00:33:33: techniques that most successful mixed use developers have used in
00:33:34 --> 00:33:37: their repertoire of tools to get government approvals.
00:33:37 --> 00:33:40: The first one is creative uses of variances and what
00:33:40 --> 00:33:42: might be called privatization.
00:33:42 --> 00:33:45: Say for example, you wanted to create a really cool
00:33:45 --> 00:33:49: mixed juice environment that had scalable streets that feel more
00:33:49 --> 00:33:50: like at a pedestrian.
00:33:50 --> 00:33:53: GAIL makes people feel comfortable crossing the street,
00:33:53 --> 00:33:57: but the local public works regulations required a street with
00:33:57 --> 00:33:59: it was just too large,
00:33:59 --> 00:34:03: too wide, too cold. Unappealing you could privatize those streets.
00:34:03 --> 00:34:05: You could bring them inside your projects.
00:34:05 --> 00:34:09: That's what we did in Hudson Yards in New York,
00:34:09 --> 00:34:13: and to some extent what we're doing here at the
00:34:13 --> 00:34:13: grand.
00:34:13 --> 00:34:17: You could also pursue creative variances with special requirements.
00:34:17 --> 00:34:20: Conditional rezoning is an offer you would make to allow
00:34:20 --> 00:34:21: for additional.
00:34:21 --> 00:34:25: Density by either promising to deliver more affordable housing or
00:34:25 --> 00:34:28: building next to a transit oriented terminal,
00:34:28 --> 00:34:31: or doing a large part or something that would give
00:34:32 --> 00:34:35: you what you need in the form of density green
00:34:35 --> 00:34:39: tape permitting asking as a condition of your approval to
00:34:39 --> 00:34:43: do the project or your incentive to do the project.
00:34:43 --> 00:34:46: A process that gives you kind of a favored nations

00:34:46 --> 00:34:48: condition on approvals,
00:34:48 --> 00:34:51: or some form of expedited process because that timeline.
00:34:51 --> 00:34:54: You're fighting against is going to get eaten up during
00:34:54 --> 00:34:56: the permitting phase,
00:34:56 --> 00:34:58: and then finally the two most useful tools we've used
00:34:58 --> 00:35:01: is getting your neighborhood engaged early,
00:35:01 --> 00:35:04: getting their opinion, finding out what's important to them,
00:35:04 --> 00:35:06: and building it into the project.
00:35:06 --> 00:35:08: One of the best meetings for doing that is a
00:35:08 --> 00:35:12: planning charette that allows the public to actually get
involved
00:35:12 --> 00:35:13: in the planning.
00:35:13 --> 00:35:16: It sounds risky, and it is at the end of
00:35:16 --> 00:35:20: the day you'll be happy with the product and projects
00:35:20 --> 00:35:22: like the grand we have had zero.
00:35:22 --> 00:35:25: Public opposition, the only groups that challenged us was
labor,
00:35:25 --> 00:35:27: which we accommodated as always,
00:35:27 --> 00:35:30: and there was one building owner down the street that
00:35:30 --> 00:35:33: took us for a ride for a little while,
00:35:33 --> 00:35:34: but we worked that out.
00:35:34 --> 00:35:38: The general public always supported it because we were
bringing
00:35:38 --> 00:35:40: so many Community benefits.
00:35:40 --> 00:35:42: Transportation and infrastructure couldn't be more important.
00:35:42 --> 00:35:45: These projects require you to move a lot of people
00:35:45 --> 00:35:48: in an ounce so that your capacity for getting the
00:35:49 --> 00:35:51: public to and from the project is critical,
00:35:51 --> 00:35:53: but not just the public.
00:35:53 --> 00:35:56: You're also going to have your delivery vehicles for loading
00:35:56 --> 00:36:00: and unloading access to vehicle are parking all of that's
00:36:00 --> 00:36:02: going to have to be accommodated.
00:36:02 --> 00:36:05: Don't forget about the other key components though.
00:36:05 --> 00:36:08: Strong telecommunications system infrastructure, you know
things,
00:36:08 --> 00:36:12: you know, Internet connectivity, critical Internet speed,
00:36:12 --> 00:36:15: very critical, sustainable energy sources in the form of either
00:36:16 --> 00:36:17: sustainable central plants.
00:36:17 --> 00:36:22: All of these will go into making this project sustainable
00:36:22 --> 00:36:26: and planning for it to be for long term growth.
00:36:26 --> 00:36:28: So the secret to success,
00:36:28 --> 00:36:32: close cooperation and coordination with the government.
00:36:32 --> 00:36:35: Close coordination with land use planning like infrastructure,

00:36:35 --> 00:36:39: planning and equitable allocation of the cost to the beneficiaries

00:36:39 --> 00:36:41: of the project beneficiaries,

00:36:41 --> 00:36:45: whether it's being passed through as an additional tax on

00:36:45 --> 00:36:49: your hotel rooms or potentially a land use fee that

00:36:49 --> 00:36:51: gets put into your retail leases.

00:36:51 --> 00:36:55: There's a variety of ways to equitably allocate the cost

00:36:55 --> 00:36:57: of the infrastructure,

00:36:57 --> 00:37:01: whether it's roads or telecommunications or big platforms that you're

00:37:01 --> 00:37:02: building over railways.

00:37:02 --> 00:37:06: Whatever it might be, there's a way to do it,

00:37:06 --> 00:37:09: but at the very end the most important thing is

00:37:09 --> 00:37:11: control the end product.

00:37:11 --> 00:37:14: That's why a lot of us today are encouraged to

00:37:14 --> 00:37:18: build our own infrastructure because the private sector can one

00:37:18 --> 00:37:22: do it much more cost effectively through our competitive bidding

00:37:22 --> 00:37:24: processes that we can use,

00:37:24 --> 00:37:28: we have better control over the quality of the end

00:37:28 --> 00:37:29: product.

00:37:29 --> 00:37:32: It requires an unbelievable amount of technical coordination,

00:37:32 --> 00:37:36: which is. Often best suited by experienced private developers and

00:37:36 --> 00:37:39: we have access to low cost capital that's not the

00:37:39 --> 00:37:41: suggested government won't play a role,

00:37:41 --> 00:37:43: they'll play an incredibly important role,

00:37:43 --> 00:37:46: but it will be structured in a public private partnership

00:37:46 --> 00:37:50: where the government brings to bear their special powers,

00:37:50 --> 00:37:53: whether it be an eminent domain to get the site

00:37:53 --> 00:37:54: or entitlements,

00:37:54 --> 00:37:57: or zoning approvals or whatever it might be to plug

00:37:57 --> 00:38:01: you into the common infra structure and then the private

00:38:01 --> 00:38:03: side to bring in their version of.

00:38:03 --> 00:38:06: Low cost financing their access to capital markets,

00:38:06 --> 00:38:09: their ability to execute at low costs,

00:38:09 --> 00:38:12: and their ability to create a quality product.

00:38:14 --> 00:38:17: The World Trade Center is a great example of a

00:38:17 --> 00:38:20: public private partnership on the infrastructure.

00:38:20 --> 00:38:22: You may recognize this diagram.

00:38:22 --> 00:38:26: The two squares you see here in the foreground are

00:38:26 --> 00:38:30: the reflecting pools that exist today where the two original

00:38:30 --> 00:38:32: twin towers previously existed,
 00:38:32 --> 00:38:34: and Silverstein properties who found themselves.
 00:38:34 --> 00:38:39: Unfortunately, the owner of this situation after buying the
 Twin
 00:38:39 --> 00:38:43: Towers six months before 911 were then challenged with
 how
 00:38:43 --> 00:38:43: to rebuild.
 00:38:43 --> 00:38:48: And particularly, how to build the infrastructure to
 accommodate what
 00:38:48 --> 00:38:50: they wanted to build on the site.
 00:38:50 --> 00:38:53: A lot of what you see in this picture,
 00:38:53 --> 00:38:55: like the subway lines and such,
 00:38:55 --> 00:38:57: were built by the government,
 00:38:57 --> 00:39:00: but all the interconnecting spaces between the stations and
 into
 00:39:00 --> 00:39:04: the buildings were all built and integrated into design by
 00:39:04 --> 00:39:05: Silverstein Properties.
 00:39:05 --> 00:39:09: This is now probably the best mass transit access project
 00:39:09 --> 00:39:10: in the country,
 00:39:10 --> 00:39:15: if not the world because of very thoughtful transportation
 planning
 00:39:15 --> 00:39:15: and design.
 00:39:15 --> 00:39:18: So let's finish up with some fun stuff with urban
 00:39:18 --> 00:39:22: design principles and how to design and position the project
 00:39:22 --> 00:39:25: first from an urban design principle we saw in the
 00:39:25 --> 00:39:28: 1980s and 1990s, and most of our major cities,
 00:39:28 --> 00:39:32: including Hong Kong. What happens when you let
 developers build
 00:39:32 --> 00:39:32: the lowest cost?
 00:39:32 --> 00:39:36: Fully functional urban mixed use project with lots of high
 00:39:36 --> 00:39:36: rises?
 00:39:36 --> 00:39:39: They're going to create a Jai normas podium for above
 00:39:39 --> 00:39:40: ground parking.
 00:39:40 --> 00:39:43: They're going to put a park on top of it
 00:39:43 --> 00:39:45: that may or not.
 00:39:45 --> 00:39:48: Be accessible in the public and then they're going to
 00:39:48 --> 00:39:52: just stick these towers on top of that podium to
 00:39:52 --> 00:39:53: finish it off,
 00:39:53 --> 00:39:56: creating a horrible urban environment where the the scale of
 00:39:56 --> 00:39:59: the podium itself dwarfs the individual pedestrian,
 00:39:59 --> 00:40:03: making it a cold and unfriendly environment for people who
 00:40:03 --> 00:40:05: live in that neighborhood.
 00:40:05 --> 00:40:09: By contrast, look at an organically developed street in New

00:40:10 --> 00:40:13: York with the vibrancy of what happens when you allow
00:40:13 --> 00:40:17: things to happen organically at the smaller scale,
00:40:17 --> 00:40:21: with narrow streets and shorter storefront buildings in the foreground
00:40:21 --> 00:40:21: there.
00:40:21 --> 00:40:26: This happened organically, but it can be happened intentionally over
00:40:26 --> 00:40:29: over a single project like at the Grand.
00:40:29 --> 00:40:32: Here at the grand we are on a full city
00:40:32 --> 00:40:35: block with five levels of parking.
00:40:35 --> 00:40:38: All the parking below grade the main public Plaza is
00:40:38 --> 00:40:40: accessible directly off of Grand Ave.
00:40:40 --> 00:40:44: There's a 45 Storey residential tower to the right of
00:40:44 --> 00:40:45: this image.
00:40:45 --> 00:40:48: A 28 story hotel towers at the left of this
00:40:48 --> 00:40:51: image and in the middle is beautiful urban room that
00:40:51 --> 00:40:55: Frank Gehry designed where he put this beautiful and I
00:40:55 --> 00:40:59: would say kind of quiet in serene olive tree garden.
00:40:59 --> 00:41:02: Or you can sit down and relax during the middle
00:41:02 --> 00:41:03: of the day.
00:41:03 --> 00:41:06: The buildings are set back so you feel the scale
00:41:06 --> 00:41:08: that you felt on that last image,
00:41:08 --> 00:41:11: but you're still building large towers above it.
00:41:11 --> 00:41:16: So let's talk about these internal relationships and I just
00:41:16 --> 00:41:20: want to read this slide because it's so important.
00:41:20 --> 00:41:24: The positioning of uses to optimize internal relationships must take
00:41:24 --> 00:41:28: into account the identity and interconnectivity of the components and
00:41:28 --> 00:41:32: any central space around which the components are arranged.
00:41:32 --> 00:41:36: That is the fundamental principle by which we work with
00:41:36 --> 00:41:41: Frank Geary on this design principles that certainly came from
00:41:41 --> 00:41:41: Frank.
00:41:41 --> 00:41:45: But also a design mandate that was driven by us
00:41:45 --> 00:41:47: as the developer.
00:41:47 --> 00:41:49: We also had to lead design.
00:41:49 --> 00:41:54: Owners often create the greatest architects and greatest architecture by
00:41:54 --> 00:41:58: framing the envelope that the architect needs to work in
00:41:58 --> 00:42:02: and then allowing architects like Frank Gehry to create the
00:42:02 --> 00:42:04: architecture and these urban spaces.

00:42:04 --> 00:42:07: So this is what Frank calls the urban room.
00:42:07 --> 00:42:10: It's the center of the project,
00:42:10 --> 00:42:13: it's the it's the beehive of activity.
00:42:13 --> 00:42:17: It is anchored in the middle by the center bar
00:42:17 --> 00:42:19: that you see in this scene.
00:42:19 --> 00:42:23: That center bar will have a very large sculpture that
00:42:23 --> 00:42:27: will be designed by Frank Luntz was removed from this
00:42:27 --> 00:42:30: image so I can show you how this works.
00:42:30 --> 00:42:33: This is 3 levels of retail around an intimate urban
00:42:33 --> 00:42:37: room that feels scale wise very very human oriented.
00:42:37 --> 00:42:40: That centerpiece allows circulation to occur around the
outside and
00:42:40 --> 00:42:43: then connections to the various components at.
00:42:43 --> 00:42:46: Different levels to facilitate both foot traffic in front of
00:42:47 --> 00:42:49: the retail as well as convenience.
00:42:49 --> 00:42:52: So for example, I'll get to the residential primary lobby
00:42:52 --> 00:42:54: entrance here in a minute,
00:42:54 --> 00:42:57: but there's also a secondary entry up here on the
00:42:57 --> 00:42:59: second and third floor,
00:42:59 --> 00:43:02: the retail so that people coming to or going from
00:43:02 --> 00:43:05: the residences can go through the retail and walk in
00:43:05 --> 00:43:07: front of store fronts.
00:43:07 --> 00:43:10: Likewise at the bottom we have our valley drop off
00:43:10 --> 00:43:14: underneath the Plaza with an opening and a stair that.
00:43:14 --> 00:43:17: Brings you right up into the Plaza so everything is
00:43:17 --> 00:43:19: oriented around the center bar.
00:43:19 --> 00:43:20: Everything is at appropriate scale.
00:43:20 --> 00:43:23: You're connecting all your elements so that the foot traffic
00:43:23 --> 00:43:26: is moving around in between it and at the end
00:43:26 --> 00:43:29: of this you had this incredible high energy environment with
00:43:29 --> 00:43:32: the Walt Disney Concert Hall across the street where we're
00:43:32 --> 00:43:36: able to project images of the performances in the Disney
00:43:36 --> 00:43:36: Concert Hall.
00:43:36 --> 00:43:38: Attract a high level of energy.
00:43:38 --> 00:43:42: Become kind of the anchor and they can't see air
00:43:42 --> 00:43:46: for the whole music center and Grand Ave complex and
00:43:46 --> 00:43:49: be able to create a high energy environment.
00:43:49 --> 00:43:52: But you don't want a high energy environment everywhere.
00:43:52 --> 00:43:55: Your mixed use project you're going to want to maintain
00:43:55 --> 00:43:58: a separate distinctive entrance for every component.
00:43:58 --> 00:44:00: In this case, the hotel entry,
00:44:00 --> 00:44:03: which is part of the main valley drop off where

00:44:03 --> 00:44:07: Frank designed this incredible almost feels like a lobby that
00:44:07 --> 00:44:09: you're driving into.
00:44:09 --> 00:44:12: Yeah, it's an exterior parking drop off points when you
00:44:12 --> 00:44:14: arrive at the hotel and then on the backside.
00:44:14 --> 00:44:16: That project on the quiet side,
00:44:16 --> 00:44:19: the project, a separate private entrance for the residents.
00:44:19 --> 00:44:22: Think about this when you come home from a long
00:44:22 --> 00:44:22: day of work,
00:44:22 --> 00:44:25: you do not want to enter through that Plaza in
00:44:25 --> 00:44:27: a maximum level of entertainment.
00:44:27 --> 00:44:29: You do not want to be entertained.
00:44:29 --> 00:44:32: You want to relax. So you're going to have a
00:44:32 --> 00:44:35: quiet drop off just past this Plaza on the backside
00:44:35 --> 00:44:38: where you can get out of your car and go
00:44:38 --> 00:44:40: into a quiet lobby setting it up.
00:44:40 --> 00:44:44: Into the tower. So accommodating these private entrances
and balancing
00:44:44 --> 00:44:47: between the high energy points and the low energy points
00:44:47 --> 00:44:50: will be critical to establishing your project and the design
00:44:50 --> 00:44:55: that's going to work for the long term.
00:44:55 --> 00:44:57: And that's it. So I'm going to drop my screen
00:44:58 --> 00:45:00: here for a second and let you let us go
00:45:00 --> 00:45:00: to,
00:45:00 --> 00:45:03: uh, I don't know how you wanted the questions when
00:45:03 --> 00:45:06: you guys want to ask me or or queue them
00:45:06 --> 00:45:07: up and I'll pull those debt.
00:45:07 --> 00:45:10: I'll pull the deck back up if it's helpful to
00:45:10 --> 00:45:11: answer any questions.
00:45:11 --> 00:45:12: Yeah,
00:45:12 --> 00:45:14: so uhm, the first question,
00:45:14 --> 00:45:17: Rick. Thank you very much that was that was an
00:45:17 --> 00:45:20: extremely interesting and diverse presentation.
00:45:20 --> 00:45:22: We've got quite a few questions already,
00:45:22 --> 00:45:25: so the first one is how does Hudson Yards control
00:45:25 --> 00:45:28: the end infrastructure project product?
00:45:29 --> 00:45:33: So at Hudson Yards there was a couple key infrastructure
00:45:33 --> 00:45:33: components.
00:45:33 --> 00:45:35: There were the street roads.
00:45:35 --> 00:45:38: The streets and roads right on a very narrow city
00:45:38 --> 00:45:39: of New York grid.
00:45:39 --> 00:45:42: If you know the grid in New York,
00:45:42 --> 00:45:44: these are narrow blocks. They're very long,

00:45:44 --> 00:45:47: right? So we had to incorporate how that grid would
00:45:48 --> 00:45:51: pass through a project that was going to have very
00:45:51 --> 00:45:53: large building elements on it.
00:45:53 --> 00:45:56: We controlled the public right of way inside our super
00:45:57 --> 00:46:00: block so we would have the flexibility to change from
00:46:00 --> 00:46:04: that grid as you go through the project and then
00:46:04 --> 00:46:06: till you got to the other side.
00:46:06 --> 00:46:09: Secondly there is a subway spur that was never in
00:46:10 --> 00:46:13: the planning that was needed to make that site on
00:46:13 --> 00:46:17: the West side of Manhattan come available to the subway
00:46:17 --> 00:46:20: network. So we negotiated with Metro to bring these.
00:46:20 --> 00:46:23: So I think it's the seven line spur.
00:46:23 --> 00:46:26: Into the center of our project that would make a
00:46:26 --> 00:46:30: direct connection back to both Penn Station and Grand
Central.
00:46:30 --> 00:46:31: 3rd, and maybe most importantly,
00:46:31 --> 00:46:34: that project was built on top of the old rail
00:46:34 --> 00:46:38: yard that was basically a place where Metro and Amtrak
00:46:38 --> 00:46:39: could store their trains,
00:46:39 --> 00:46:43: primarily Metro. So if you think about how computers come
00:46:43 --> 00:46:44: into a city,
00:46:44 --> 00:46:47: you got all these people coming into the city.
00:46:47 --> 00:46:50: Then they all need to go home at night.
00:46:50 --> 00:46:54: Where do those trains go during the day they get
00:46:54 --> 00:46:58: parked in these railyards like 25 rails wide and back
00:46:58 --> 00:46:59: up to the Hudson River?
00:46:59 --> 00:47:03: The approach the project made use of that otherwise
underutilized
00:47:03 --> 00:47:06: land by building a deck over the top of it.
00:47:06 --> 00:47:09: So we designed that deck coordinated the structure.
00:47:09 --> 00:47:13: The foundations with Metro and created that Urban park at
00:47:13 --> 00:47:14: the grade level to do so.
00:47:14 --> 00:47:17: So we were involved in all of that infrastructure.
00:47:17 --> 00:47:20: We paid for the cost of that infrastructure and then
00:47:20 --> 00:47:24: we allocated it through an equitable allocation method to the
00:47:24 --> 00:47:24: patrons.
00:47:26 --> 00:47:29: Wow, uhm. OK, next question.
00:47:29 --> 00:47:32: Thank you. You mentioned getting the mix right for large
00:47:32 --> 00:47:34: scale mixed use developments.
00:47:34 --> 00:47:36: Are there some rules of thumb to follow for ratios
00:47:36 --> 00:47:39: of mixes and what are some tools or resources to
00:47:39 --> 00:47:43: give designers a starting point when imagining initial design
possibilities?

00:47:43 --> 00:47:45: It's a great question. I'll
00:47:45 --> 00:47:47: try to keep it brief,
00:47:47 --> 00:47:50: but I could talk for an hour about it.
00:47:50 --> 00:47:52: You have to start with the market.
00:47:52 --> 00:47:56: OK, you've got to really understand your market and what's
00:47:56 --> 00:47:58: missing and what's needed.
00:47:58 --> 00:47:59: Once you establish the market,
00:47:59 --> 00:48:01: you understand the man irrespective of zoning.
00:48:01 --> 00:48:05: Then you'll at least know what you're trying to build
00:48:05 --> 00:48:06: toward.
00:48:06 --> 00:48:11: Next step, evaluate your zoning what can actually be
accomplished?
00:48:11 --> 00:48:15: It's, you know, you know it would be irresponsible to
00:48:15 --> 00:48:18: assume that you could build a giant high-rise in an
00:48:19 --> 00:48:22: area that's been otherwise zoned for shorter building.
00:48:22 --> 00:48:24: You might be able to change that,
00:48:24 --> 00:48:26: but you're going to have to look at the zoning
00:48:26 --> 00:48:29: to see what you could actually put on the site.
00:48:29 --> 00:48:32: 3rd working with an architect who now has the zoning
00:48:32 --> 00:48:36: and your priorities as far as what elements and program
00:48:36 --> 00:48:37: you want to build,
00:48:37 --> 00:48:41: they'll start to put together the shape of that project
00:48:41 --> 00:48:44: and how the pieces would Orient to themselves and where
00:48:44 --> 00:48:48: the entrances would go and what you'll find is that
00:48:48 --> 00:48:51: there will be physical constraints that are greater than what
00:48:51 --> 00:48:53: the constraints were on the zoning.
00:48:53 --> 00:48:56: So you're going to have to make some tradeoffs.
00:48:56 --> 00:48:58: We did so at the grand,
00:48:58 --> 00:49:01: I think. We would prefer to have more retail because
00:49:01 --> 00:49:04: we could get more critical mass and cover more
merchandising.
00:49:04 --> 00:49:07: Terry Martin or merchandising categories at the end of the
00:49:07 --> 00:49:07: day,
00:49:07 --> 00:49:10: although we plan for 215 thousand square feet of retail,
00:49:10 --> 00:49:13: we ended up with about 100 and 64,000 square feet.
00:49:13 --> 00:49:16: So it's an iterative process because then you're going to
00:49:16 --> 00:49:17: take that design.
00:49:17 --> 00:49:19: You're going to go out to your neighborhood and you're
00:49:19 --> 00:49:21: going to get their commentary,
00:49:21 --> 00:49:24: and they're going to say we want a public park
00:49:24 --> 00:49:24: or Plaza.
00:49:24 --> 00:49:27: That's going to take up some land area that's going
00:49:27 --> 00:49:28: to increase the height.

00:49:28 --> 00:49:31: So it's just like. Any development you go round and
00:49:31 --> 00:49:31: round,
00:49:31 --> 00:49:34: it's just that now you're dealing with multiple elements,
00:49:34 --> 00:49:37: but when you cannot lose sight up is what is
00:49:37 --> 00:49:39: the market asking you to build that has to be
00:49:40 --> 00:49:41: the fundamental starting point.
00:49:41 --> 00:49:43: Now after that it's an art form.
00:49:46 --> 00:49:48: Thank you the next question.
00:49:48 --> 00:49:53: What techniques have you found most successful to obtain
00:49:53 --> 00:49:55: cooperation
00:49:53 --> 00:49:55: and buy in from municipal stakeholders?
00:49:57 --> 00:50:01: I think you have to convince the municipal stakeholders how
00:50:01 --> 00:50:04: important this project is going to be to the economic
00:50:04 --> 00:50:08: development of their city government is in the process.
00:50:08 --> 00:50:11: They are in the business of economic development.
00:50:11 --> 00:50:14: That is one of their major mandates.
00:50:14 --> 00:50:17: They need to grow. They need to grow their tax
00:50:17 --> 00:50:21: base so they can build infrastructure they need to
00:50:21 --> 00:50:22: accommodate
00:50:21 --> 00:50:22: a growing population.
00:50:22 --> 00:50:25: They need you to be there for them.
00:50:25 --> 00:50:28: So when you can demonstrate to them.
00:50:28 --> 00:50:32: With the market is demanding and then complement that with
00:50:32 --> 00:50:36: things that you believe that the city needs like parks
00:50:36 --> 00:50:39: or subway extensions or roads or any type of community
00:50:39 --> 00:50:43: benefits including. Minimum wage or living wages.
00:50:43 --> 00:50:48: There's a variety of things that the community needs that
00:50:48 --> 00:50:50: you can add on top of that.
00:50:50 --> 00:50:53: So when you have a robust package of community benefits
00:50:53 --> 00:50:57: coupled with the economic generation numbers like I showed
00:50:57 --> 00:51:01: you
00:50:57 --> 00:51:01: on the grand and a vision of revitalizing a part
00:51:01 --> 00:51:04: of downtown, you have a compelling argument to where you
00:51:05 --> 00:51:07: can go and ask for things to return.
00:51:07 --> 00:51:11: One of my favorite things in my class at USC,
00:51:11 --> 00:51:14: and with almost. Always shows up on my midterm is
00:51:14 --> 00:51:18: tell me your top five asks as a mixed use
00:51:18 --> 00:51:22: developer and the answers are favored nation status with all
00:51:22 --> 00:51:26: other developers so that you get whatever the best was
00:51:26 --> 00:51:28: that the other guys got right.
00:51:28 --> 00:51:32: Low cost financing in the form of either public subsidy
00:51:32 --> 00:51:35: grants or access to tax exempt bonds,
00:51:35 --> 00:51:38: right and expedited approval or you know green permit or

00:51:38 --> 00:51:40: green pass entitlements.
00:51:40 --> 00:51:42: OK and then the fifth one.
00:51:42 --> 00:51:46: My I'm failing my midterm now 'cause I can't remember
00:51:46 --> 00:51:46: it.
00:51:46 --> 00:51:48: I'm sure there's something else important,
00:51:48 --> 00:51:50: maybe parking right there parking that you need for the
00:51:50 --> 00:51:50: project,
00:51:50 --> 00:51:52: but at any rate, there you have to know what
00:51:52 --> 00:51:55: you want and you have to go with a compelling
00:51:55 --> 00:51:56: argument for what they need.
00:51:59 --> 00:52:02: The next question is how do you anticipate lower parking
00:52:02 --> 00:52:03: demand in the future?
00:52:03 --> 00:52:06: If So what do you do with the unused parking
00:52:06 --> 00:52:08: within the parking structure?
00:52:09 --> 00:52:13: The first answer is you don't build that much parking
00:52:13 --> 00:52:13: right,
00:52:13 --> 00:52:17: so at the grand when I arrived here in 2017,
00:52:17 --> 00:52:19: we had 1600 parking spaces,
00:52:19 --> 00:52:24: program, actual striped spaces. When I finished it was 800.
00:52:24 --> 00:52:28: It met code, but arguably if you looked at each
00:52:28 --> 00:52:30: of the standalone uses at their peak,
00:52:30 --> 00:52:34: they yeah doesn't work. So you have to anticipate two
00:52:34 --> 00:52:34: things.
00:52:34 --> 00:52:36: One is in mixed, use.
00:52:36 --> 00:52:40: Your parking demand peaks at different times for different
components.
00:52:40 --> 00:52:42: Your hotel residents speak in the evening,
00:52:42 --> 00:52:46: office peaks in the morning or in the middle of
00:52:46 --> 00:52:46: the day,
00:52:46 --> 00:52:48: retail peaks on the weekends,
00:52:48 --> 00:52:51: and so when you do a thorough parking analysis,
00:52:51 --> 00:52:54: you find out if you do valet parking or no
00:52:55 --> 00:52:55: exclusive.
00:52:55 --> 00:52:59: Parking you can accommodate a lot of that reduction just
00:52:59 --> 00:53:01: in the diversity.
00:53:01 --> 00:53:03: Now what do you do about the autonomous vehicles,
00:53:03 --> 00:53:07: right? Because they're going to come and drop people off,
00:53:07 --> 00:53:09: and they're going to park themselves outside the city.
00:53:09 --> 00:53:12: So that's parking. Demand is going to go away.
00:53:12 --> 00:53:15: Make sure that your parking floor plates are flat,
00:53:15 --> 00:53:18: that you put a ramp at one location,
00:53:18 --> 00:53:20: either in the middle or a corner.

00:53:20 --> 00:53:22: Because sloped floor plates don't work.
00:53:22 --> 00:53:25: Who knows what those land uses will be in the
00:53:25 --> 00:53:25: future?
00:53:25 --> 00:53:28: We may need spaces for charging vehicles that we don't
00:53:28 --> 00:53:30: even think about today.
00:53:30 --> 00:53:33: Indoor hydroponic farms? Of variety of things like that,
00:53:33 --> 00:53:36: but if the grand because we were in transition,
00:53:36 --> 00:53:38: you know if I was wrong in the parking and
00:53:39 --> 00:53:42: we opened and 1600 spaces were needed day one,
00:53:42 --> 00:53:43: I would turn people away.
00:53:43 --> 00:53:45: That may never come back.
00:53:45 --> 00:53:48: So what we did was we knew that there were
00:53:48 --> 00:53:51: a lot of office buildings next door that were connected
00:53:51 --> 00:53:54: through an underground Rd that we could move cars that
00:53:54 --> 00:53:57: were going to be parked there all weekend.
00:53:57 --> 00:54:00: Like for the residence or the hotel and move them
00:54:00 --> 00:54:01: to the office.
00:54:01 --> 00:54:05: Parking over the weekend during our peak in empty spaces
00:54:05 --> 00:54:09: and basically shave our peak so there's a variety of
00:54:09 --> 00:54:10: ways to do it,
00:54:10 --> 00:54:12: but I will tell you this.
00:54:12 --> 00:54:15: Throw away the ULI tables on parking.
00:54:15 --> 00:54:19: We re evaluated those through statistical analysis today on
00:54:19 --> 00:54:22: how
00:54:19 --> 00:54:22: much people actually drive to restaurants and what's the real
00:54:22 --> 00:54:23: demanded hotels.
00:54:23 --> 00:54:25: Hotels went from like 50%
00:54:25 --> 00:54:30: of the patrons were driving a car to less than
00:54:30 --> 00:54:30: 25%.
00:54:30 --> 00:54:32: There used to be about 885%
00:54:32 --> 00:54:35: of restaurant patrons would drive try like 50%
00:54:35 --> 00:54:38: today. Those are major demand components that are
00:54:38 --> 00:54:41: vanishing overnight.
00:54:38 --> 00:54:41: But how you do that in a transition?
00:54:41 --> 00:54:43: You'll have to be really clever.
00:54:47 --> 00:54:49: And the next question is,
00:54:49 --> 00:54:53: before we started developing destination mixed use
00:54:53 --> 00:54:55: neighborhoods,
00:54:53 --> 00:54:55: areas grew organically and some died organically.
00:54:55 --> 00:54:59: A lot of the lifeblood or vibe of the neighborhood
00:54:59 --> 00:55:02: comes from the organic growth which you mentioned.
00:55:02 --> 00:55:06: Can you share more ideas for purposely designing or
00:55:02 --> 00:55:06: injecting

00:55:06 --> 00:55:08: that that that into our development?
00:55:09 --> 00:55:11: It all starts with zoning,
00:55:11 --> 00:55:15: so here in LA. The Los Angeles Department of Planning,
00:55:15 --> 00:55:19: which is headed by a guy named Vince Bertoni,
00:55:19 --> 00:55:22: who is a bit of a legend before having changed
00:55:22 --> 00:55:26: downtown Pasadena in the decade that he oversaw land
planning.
00:55:26 --> 00:55:29: He is adopted and a very flexible zoning approach to
00:55:29 --> 00:55:33: the point where he doesn't even require a certain amount
00:55:33 --> 00:55:34: of parking.
00:55:34 --> 00:55:38: Anticipating these changes that are coming that will allow
land
00:55:38 --> 00:55:38: use is to,
00:55:38 --> 00:55:42: uh, to adjust based on the demand in the market
00:55:42 --> 00:55:44: that organic growth is so important,
00:55:44 --> 00:55:46: but it's not everything right?
00:55:46 --> 00:55:48: Some of it does it?
00:55:48 --> 00:55:51: So someone has to build some of these components that
00:55:51 --> 00:55:54: may not be necessarily desirable by the market today,
00:55:54 --> 00:55:56: so it's a subtle balance.
00:55:56 --> 00:56:00: Right, the zoning has to be there to allow it,
00:56:00 --> 00:56:03: and then it just has to happen again.
00:56:03 --> 00:56:06: Downtown LA, which was part of industrial zoning from back
00:56:06 --> 00:56:07: in the 1960s,
00:56:07 --> 00:56:09: is just now redoing its plan.
00:56:09 --> 00:56:12: All the projects you see that are growing in downtown
00:56:13 --> 00:56:16: ellee were all individually zoned as special zoning projects,
00:56:16 --> 00:56:20: so those were built based on the demand at that
00:56:20 --> 00:56:20: time,
00:56:20 --> 00:56:23: but went through this cover some three year devilment
process.
00:56:23 --> 00:56:27: Your zoning process has to allow for fast.
00:56:27 --> 00:56:30: Effective approvals so developers can move quick and
respond to
00:56:31 --> 00:56:32: those conditions.
00:56:32 --> 00:56:35: The market will tell you what to build.
00:56:35 --> 00:56:36: That's organic growth.
00:56:39 --> 00:56:43: Thank you, it's busy jotting that down,
00:56:43 --> 00:56:46: so that's it's great content,
00:56:46 --> 00:56:49: uhm? Is there a minimum project size slash units per
00:56:50 --> 00:56:53: acre density to make this scale of mixed use work?
00:56:53 --> 00:56:57: In other words, what places in Utah have the capacity
00:56:57 --> 00:57:00: to support a project along the lines that you are

00:57:00 --> 00:57:04: describing? That's a great question and I don't have the
00:57:04 --> 00:57:08: academic response for that would encourage anyone on the
call
00:57:08 --> 00:57:11: who has the academic background to answer it.
00:57:11 --> 00:57:16: Uhm? I believe in dense environments when you could have
00:57:16 --> 00:57:20: a mixed use project that is very low density.
00:57:20 --> 00:57:24: Just go to any suburban community with an effective kind
00:57:24 --> 00:57:28: of Town Center and you'll see a great example.
00:57:28 --> 00:57:31: All you need in your Town Center is single Storey
00:57:31 --> 00:57:36: storefronts that attract great retail restaurants and
entertainment uses.
00:57:36 --> 00:57:40: With some residential up above it to make sure there's
00:57:40 --> 00:57:45: enough foot traffic there to keep the sidewalks busy.
00:57:45 --> 00:57:48: It really comes down to foot traffic and what you
00:57:48 --> 00:57:49: want to desire the best.
00:57:49 --> 00:57:53: In my opinion, the best spaces around the country are
00:57:53 --> 00:57:55: the ones that have a vibrant feel,
00:57:55 --> 00:57:57: which means you gotta have people living there.
00:57:57 --> 00:58:00: Residential is going to be key to this.
00:58:00 --> 00:58:02: You know you've got to be able to create enough
00:58:02 --> 00:58:04: demand or enough supplies,
00:58:04 --> 00:58:06: or a residential to accomplish the demand.
00:58:06 --> 00:58:09: You need to get that foot traffic going.
00:58:09 --> 00:58:13: Office because it's only there during the day and gone
00:58:13 --> 00:58:14: at night and weekends.
00:58:14 --> 00:58:17: Less important, but you also need to account for the
00:58:17 --> 00:58:19: fact that people like walking to work.
00:58:19 --> 00:58:22: Now. That's why these urban environments are so popular.
00:58:22 --> 00:58:25: It's really again a puzzle you have to solve for
00:58:25 --> 00:58:26: about.
00:58:26 --> 00:58:29: How do you get people on the ground 24/7 when
00:58:29 --> 00:58:33: when Jeff and I were working in Shenzhen on Shanghai?
00:58:33 --> 00:58:37: We had Cesar Pelli do this great study of when
00:58:37 --> 00:58:41: the peak demand would be for different types of people
00:58:41 --> 00:58:42: in the district.
00:58:42 --> 00:58:44: Hotel visitors, office workers, residents,
00:58:44 --> 00:58:48: shoppers, diners and you could literally see these vertical
bars
00:58:48 --> 00:58:52: and realize that you needed a combination of all that
00:58:52 --> 00:58:53: different parts.
00:58:53 --> 00:58:56: Let that daily foot traffic demand.
00:58:56 --> 00:58:59: Be the backbone of your design for what you're creating.
00:58:59 --> 00:59:00: Start with that.

00:59:02 --> 00:59:05: Hey Rick, I'm gonna just jump in really quick 'cause
00:59:05 --> 00:59:06: we are up against time,
00:59:06 --> 00:59:08: but we have two more questions.
00:59:08 --> 00:59:10: Do you have time to answer those for us?
00:59:10 --> 00:59:15: OK, thank you so much Haley Jonah finished this one.
00:59:15 --> 00:59:19: Uhm, yes. So the city government of Los Angeles wanted
00:59:19 --> 00:59:21: the project to happen.
00:59:21 --> 00:59:25: What are some of some political risk risks that could
00:59:25 --> 00:59:26: happen?
00:59:26 --> 00:59:29: Should the winds of change shift against such a large
00:59:29 --> 00:59:31: scale development projects?
00:59:32 --> 00:59:35: Uhm, those those political winds shift overnight.
00:59:35 --> 00:59:37: Uhm, we are fully entitled,
00:59:37 --> 00:59:41: fully capitalized, so we are on our way to completion.
00:59:41 --> 00:59:44: But if you were to go back,
00:59:44 --> 00:59:48: you know 10 years prior before we broke ground.
00:59:48 --> 00:59:50: Uhm, we put in place.
00:59:50 --> 00:59:54: I'm sorry, let me go back to 2007 and 2007.
00:59:54 --> 00:59:57: We put in place a development agreement which with the
00:59:58 --> 01:00:00: city which memorialized our zoning.
01:00:00 --> 01:00:06: And it froze. Any changes to regulations that would require
01:00:06 --> 01:00:11: different design requirements or programming?
01:00:11 --> 01:00:15: We froze those in 2007 for 20 years,
01:00:15 --> 01:00:19: so you build that into your protections otherwise.
01:00:19 --> 01:00:22: You could end up with either an anti development regime
01:00:22 --> 01:00:25: or a group that just changes their focus and cause
01:00:25 --> 01:00:28: you to go back to the drawing board.
01:00:28 --> 01:00:30: So get a development agreement in place that the city
01:00:30 --> 01:00:33: is happy with that you're committed to that protects you
01:00:33 --> 01:00:36: from future changes in politics and regulation.
01:00:38 --> 01:00:42: OK, uhm the examples you have shown are all based
01:00:42 --> 01:00:43: in cities with very large,
01:00:43 --> 01:00:46: dense existing populations of millions of people.
01:00:46 --> 01:00:49: How does mixed use work in a market like Salt
01:00:49 --> 01:00:51: Lake City with 300,000 people,
01:00:51 --> 01:00:52: right? So
01:00:52 --> 01:00:55: I'll go back to some of the better town centers.
01:00:55 --> 01:00:58: I'm sure you lie has infinite case studies,
01:00:58 --> 01:01:00: but I would encourage everybody in Salt Lake.
01:01:00 --> 01:01:04: He's doing this for the first time.
01:01:04 --> 01:01:07: Get on a plane after you're vaccinated and fly around
01:01:07 --> 01:01:10: and go visit some of these great town centers that

01:01:10 --> 01:01:11: they published.
01:01:11 --> 01:01:14: Uhm, really creative solutions, not huge scale.
01:01:14 --> 01:01:17: Just like the scale I just talked about.
01:01:17 --> 01:01:22: Single story retail storefronts. Two or three levels of residential
01:01:22 --> 01:01:25: on the top and go see what they did to
01:01:25 --> 01:01:26: make it work.
01:01:26 --> 01:01:29: It has everything to do about the scale,
01:01:29 --> 01:01:33: the thoughtfulness, the design and thinking about the pedestrian environment.
01:01:37 --> 01:01:39: Thank you and I think that,
01:01:39 --> 01:01:43: UM, that is it, Rachel.
01:01:43 --> 01:01:45: Yes, thank you also for attending.
01:01:45 --> 01:01:47: Thank you right. This was just a wealth of information.
01:01:47 --> 01:01:50: We're so grateful for your time and thank you to
01:01:50 --> 01:01:52: stack real estate for sponsoring and all of our annual
01:01:53 --> 01:01:55: sponsors and we hope to see you guys at some
01:01:55 --> 01:01:57: of our upcoming events like our Bike tour.
01:01:57 --> 01:01:59: That's going to be our first in person event in
01:01:59 --> 01:02:00: quite some time,
01:02:00 --> 01:02:02: so we hope to see you all there.
01:02:02 --> 01:02:04: Thank you. Have a great day.
01:02:05 --> 01:02:05: Thanks everyone.

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