



## **METRO HAS A NEW STRATEGY FOR TRANSIT BUILDS**

*LOS ANGELES—Metro turns to public-private partnerships to boost transit-oriented developments in the city, GlobeSt.com reports in this EXCLUSIVE interview.*

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Ron Silverman is a partner at Cox, Castle & Nicholson.

LOS ANGELES—The extension of the Metro lines in Los Angeles has boosted transit-oriented developments throughout the city. So far, this has mostly meant that developers are seeking land sites within close proximity to transit stations. Now, Metro is seeking public-private partnerships with developers to build transit-oriented projects on the excess land

purchased as part of the extension of the metro lines. Ron Silverman, a partner at [Cox, Castle and Nicholson](#), recently hosted Cal Hollis, the managing executive officer for countywide planning at L.A. Metro, at Cox, Castle and Nicholson's Public Sector Leadership Series, where he talked about the agency's effort to secure more of the projects through public-private partnerships. The discussion was met with great interest and even resulted in several meetings with interested developers, although no specific information is available at this time. To find out more about Metro's new strategy and how these partnerships might be structured, we sat down with Silverman and Andrew Fogg, a partner at the firm, in this exclusive interview.

GlobeSt.com: Why are public-private partnerships a good method for booting transit-oriented development?



Andrew Fogg is a partner at Cox, Castle & Nicholson.

Andrew Fogg: Transit-oriented development isn't limited to public-private partnerships, and we are certainly seeing a lot of TODs that are being done on private land in proximity to Metro stations or other transit stations. As a lot of these major stations have been built, there was a need for the agency to acquire excess land in order to complete the development,

because Metro acquired more land in and around the station area than was needed for the surface level improvement. For that reason, there is frequently excess land that is held by Metro or another public agency proximate to a station, and I think that Metro is realizing that there are opportunities for this land.

GlobeSt.com: Why is Metro to actively seeking these public-private partnerships to develop this excess land?

Fogg: The reality is that a lot of times Metro has the land where it needs to be, which is close by the stations. There is flexibility within the deal structuring to get creative and put in some incentives to include things like affordable housing or other issues. They can also do creative financing to help soften the blow, so to speak, on a land acquisition cost. That is a strategic alliance that can be very helpful for the developer as well.

GlobeSt.com: How are these public-private partnerships structured?

Ron Silverman: Public-private partnership is a fascinating term and one that has been around for a long time. I am always fascinated by its use because it means different things to different people. It could be an opportunity where the public agency owns the land and wants to develop a plan around transit. This is the case with Metro. The agency has created a response for qualification process where those who submit for an area or piece of property around a transit site and are then awarded the site to actually acquire the property. That is one process. Another is similar to what occurred at the Bloc in Downtown Los Angeles. In that situation, the Ratkovich Co. owns the entire block, but had an issue with a 12-foot gap between the Metro's station and

their property. They worked closely with Metro to work through all of the complications of that piece of land with the end goal of connecting the Metro station to the Bloc. That is another example of a public-private partnership. There is also a third model, where the agency owns the land, and does a ground lease with the developer to develop the property.

Fogg: In terms of structure, it is rare to see the agency disposing of the land. Generally, a ground lease is the preferred mechanism, because they want to be able to control that land.

GlobeSt.com: What are the community benefits to a model like this, rather than just selling the land to a developer?

Fogg: Some of the focus has risen out of the demise of redevelopment. Redevelopment was one of the largest tools that we had in Southern California for building affordable housing. When redevelopment was eliminated as part of the budget acts during the recession, a lot of folks struggled with the concept of what tools they would have to facilitate affordable housing. There are some folks that were agency people that are now working for Metro, and they look at this as a real opportunity for affordable housing.

GlobeSt.com: Tell me about the discussion with Cal Hollis at the Public Sector Leadership Series, and the reaction from industry leaders in attendance about Metro's strategy to utilize these partnerships?

Silverman: Cal brought the private sector perspective into Metro, and to hear him speak at the series was such a pleasure. We heard him communicate what he wanted the attendees to understand about the opportunities to work with Metro for transit-oriented development. The responses, both from the questions at the table and after each session, were gratitude for the value of information that was shared. The presentation has led to follow-up meetings with our clients to further individual project efforts.