

 [Click to Print](#) or Select 'Print' in your browser menu to print this document.

Page printed from: <http://www.globest.com/sites/kelsimareeborland/2016/08/16/which-developers-can-win-public-partnerships/>

Which Developers Can Win Public Partnerships?

| By [Kelsi Maree Borland](#)

Published: August 16, 2016



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

LOS ANGELES—Not all developers work in a public-private partnership. Public agencies are looking for savvy, sophisticated and experienced developers to bid on public-private partnerships and Metro—which GlobeSt.com [reported earlier](#) is looking for private companies to building transit-oriented developments—is no exception. **Ron Silverman** and **Andrew Fogg**, both partners at **Cox, Castle and Nicholson**, sat down with us for an exclusive interview to talk about the elite group of developers that are right for these projects, why specialized expertise makes a big difference and the challenges of building these projects.

GlobeSt.com: *What is Metro looking for in partnerships with developers for its transit-oriented development projects?*

Andrew Fogg: Metro is looking for developers that have a strong track record and that, candidly, have financial backing, and developers that have executed urban infill developments of a certain scale. Developers that are

comfortable with multifamily and retail products, especially because a lot of time you see these developments structured as mixed-use. There are developers that are more experienced in that field than others, and I think that the agencies are going to look for people that have developed projects successfully in this sphere. If it is your first time diving in, you are probably not going to make it through the RFP stage, because there are going to be others than have the experience and have the connections that are going to be able to pull it off with a little greater certainty. Fundamentally, the agencies want to know that the developer is going to perform and is going to perform without issue. It is developers primarily with a track record of success.



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

GlobeSt.com: *Are these qualities true of all public-private partnerships?*

Ron Silverman: It obviously depends on the project. There is a large spectrum of opportunities to develop these projects, and I think it is best illustrated by the Union Station master plan, which involves 75 million square feet of development around the station and is a 20-30 year build-out plan, and that is not even at the bidding stage yet. The type of developers that would consider that kind of project would be a very sophisticated handful of developers. If you take a step down and look at some of the projects that Metro has done, you'll see that a number of their projects have an affordable housing component, and if you look at the projects that Metro has highlighted, the developers have expertise in affordable housing. Then, you could work your way down to an example where Metro is selling off a single piece of land, and for a project like that, your more run-of-the-mill developer might be more qualified to enter that arena.

GlobeSt.com: *How important is specialized expertise for these partnerships, and in winning the deal?*

Fogg: The importance of affordable housing is very understated. There are very unique financing options available to affordable housing developers that are based on tax credit allocations at the state level. Being able to have a partner that is familiar with those processes and know how to navigate those processes can be very important in the component of how these are developed. We have seen a number of examples where there will be a team of developers for the market-rate portion and another developer who is in the deal to develop the affordable housing piece.

Silverman: Metro has a portfolio-wide goal of 35% affordable housing units. That is a major component of their development game plan.

GlobeSt.com: What is the major challenge for developers taking on these types of projects?

Silverman: Many of these projects many not have all of their land-use entitlement, and so part of every picture of one of these developments is independent of the fact that it is transit-oriented development focused. The project will have to get all of the same entitlements that every other development that is not transit-oriented would have to get. It is going to have to comply with the environmental quality act; it is going to have to comply with CEQA; it is going to have to be in the right zoning and in the right general plan area. The developer has to figure out what the entitlement package looks like, and then integrate that fundamental piece into the additional factors that impact that development because it is in a transit-oriented development zone.

*Steady gains in the US economy have resulted in net positives for the multifamily sector—will this wave continue for the foreseeable future? What's driving development and capital flows? [Join us](#) at **RealShare Apartments** on October 19 & 20 for impactful information from the leaders in the National multifamily space. Learn [more](#).*

Copyright 2016. ALM Media Properties, LLC. All rights reserved.