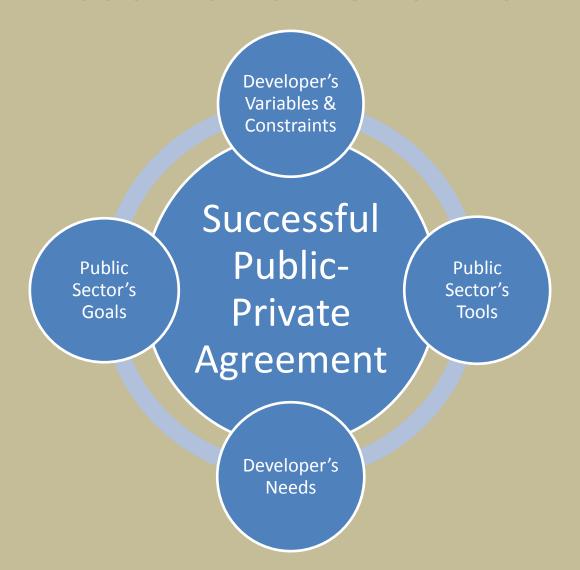
# Public-Private Partnerships

#### The role of public entities

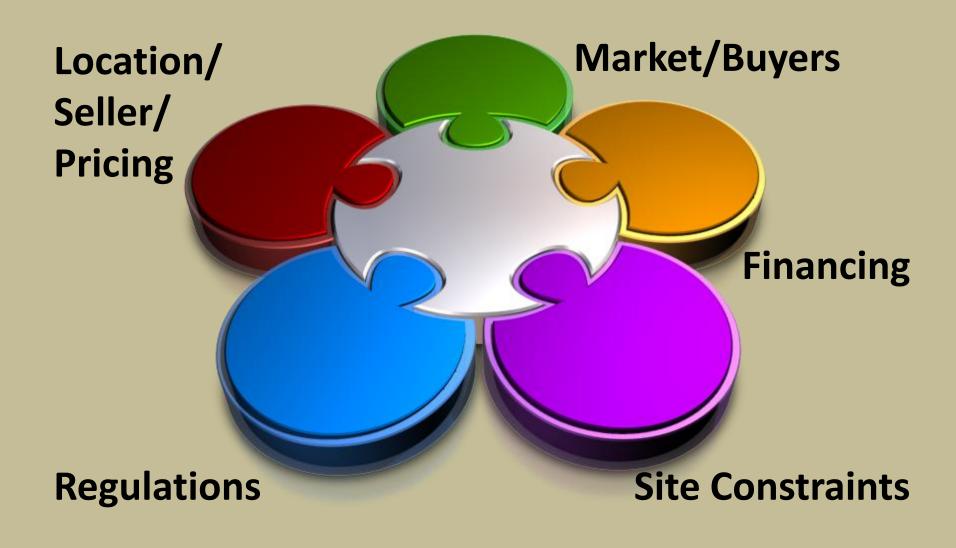
Alan Mueller



### **Presentation Overview**



# Development Variables



# Why are Developers in a Hurry?

- Markets are constantly changing
- Hard to predict consumer preferences 12-18 months in advance
- No perfect crystal balls
- Many factors can upset markets in the time it takes to put a project together
- Time really is money
  - Interest cost
  - Internal rate of return (IRR)

Developer's need for "speed to market" conflicts with government's need for analysis and protection of the public interest

### Implementation Tools – Public's Role

#### Developer wants to

- Minimize uncertainty
- Enhance revenues
- Reduce/Avoid costs

#### Public Role

- Relaxed Codes
  - Reduce developer costs in exchange for something the public entity wants
- Financial Participation
  - Payments to developer enhance cash flow
    - Reimbursements
    - Incentive payments
- Infrastructure
  - Construction by public
    - Reduces developer's outlay

# Code Flexibility & Agreements

- Planned Development Zoning
- Development agreements to lock in current codes
- Focus on the greater good
  - Does the project fulfill the goals of your comprehensive plan?
  - Does the project build desired infrastructure
  - Does the project bring desired businesses or sales tax
  - Does the project create critical mass?
  - Does the project consolidate fragmented land?
  - Are your costs of service are covered?

## Financial Participation

#### Reimbursement-Driven

- MUDs
- MMDs
- TIRZs
- Examples
  - Reimbursement for eligible public infrastructure

#### Performance-Driven

- 4A & 4B
- Chapter 380
- Examples
  - Sales tax rebates
  - Payments based on achievement of milestones

### Infrastructure

- Public Sector funded infrastructure
  - Utility extensions
  - Road improvements
  - In-Kind labor and equipment
  - Re-development challenges "level the playing field"
- Interlocal agreements
  - County road improvements
  - Drainage district in-kind labor and equipment
  - Facilitate third-party permits/approvals
- Grants/Loans
  - Water Development Board
  - EDA grants
  - TPWD parks and recreation grants

### Public Sector's Role – Questions to Ask

- What do you want?
- What can you afford?
- Can you find partners?
- How can you reduce the risk for the developer?
- How can you reduce or avoid costs for the developer?
- How can you eliminate variables and enhance predictability?
- How can you expedite the project?

## Summary

- Real estate development is complex and non-linear
- Public Sector's Role
  - Reduce risk
  - Reduce uncertainty
  - Speed to market
- Public Sector should:
  - Implement its plans
  - Retain costs of service
  - Achieve its goals

Focus on the big picture Strike a "win-win" deal and get out of the way

