City of Fernley Redevelopment
Workshop No. 3

Monday, February 5, 2018

City Hall
City of Fernley
595 Silver Lace Boulevard
Fernley, NV 89408

University Center for Economic Development
http://www.unr.edu/business/research-and-outreach/uced

University Center for Economic Development – Nevada Leadership Program
http://www.unr.edu/business/research-and-outreach/nevada-leadership
What is Redevelopment?

“Redevelopment and reuse are processes for taking previously developed property or areas to a higher, more productive use.

Specifically, redevelopment refers to new construction (with demolition if necessary) or the process to improve an area through both new construction and property reuse. Property reuse refers specifically to the renovation or rehabilitation of an existing building (or structure).

This type of development encourages infill rather than sprawl, makes use of existing infrastructure, and helps to remove blight.”

What is Redevelopment?

• At its core, redevelopment is fundamentally an economic development strategy.
• Three general approaches to Economic Development:
  – Business-Oriented Approaches: focus on directly assisting businesses through specific efforts in business finance, entrepreneurial and small business development, business retention and expansion, technology transfer, and business recruitment.
  – Place-Oriented Approaches: focus on the community’s resources; place-oriented efforts seek to improve roads and utilities, to develop employment centers, as well as transform brownfields into usable sites; broad and specific efforts to revitalize areas and reuse specific sites.
  – Resident-Oriented Approaches: focus on helping local residents participate and advance in the workforce.
What is Redevelopment?

- Types of Real-Estate Development:
  - Build-to-Suit
  - Speculative Development
  - Greenfield Development
  - Redevelopment/Reuse

- The Basic Real-Estate Development Process:
  - Predevelopment
  - Market, financial, and political feasibility assessment
  - Site and engineering analysis
  - Financing
  - Contractor negotiations and public approvals
  - Marketing
  - Building occupancy and management

The Draft Redevelopment Plan

Required Elements of the Redevelopment Plan:
- Section 1: Introduction and Overview
- Section 2: Description of the Redevelopment Area
- Section 3: Inventory of Existing Blighting Conditions within the Redevelopment Area
- Section 4: Financial and Economic Feasibility Projections
- Section 5: Proposed (Permitted and Prohibited) Redevelopment Agency Activities
- Section 6: Public-Private Partnerships
- Section 7: Authorized and Required Actions
- Section 8: Implementation
- Owner Participation Rules/Agreement

Public Workshops

A Community Process:
- Workshop No. 1, City of Fernley Redevelopment Working Group Discussion Meeting; August 18, 2017, 6:00pm to 9:00pm
- Workshop No. 2, Development of Section 1, 2 and 4 of the Redevelopment Plan; Saturday, January 27, 2018, 10:00am to 4:00pm
- Workshop No. 3, Development of Section 5 and 6 of the Redevelopment Plan; Monday, February 5, 2018, 6:00pm to 9:00pm
- Workshop No. 4, Development of Section 7 and 8 of the Redevelopment Plan; Saturday, February 10, 2018, 10:00am to 4pm
- Workshop No. 5, Development of the Owner Participation Agreement/Rules, Monday, February 26, 2018, 6:00pm to 9:00pm
Understanding Public-Private Partnerships

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The Role of the Public Sector

“Public sector financing exists to bridge capital gaps in the private sector financing market. For many borrowers, the cost of capital is not nearly as critical as access to capital. Public sector solutions are meant to leverage private lenders and investors to ensure that access to capital is extended to entities that are credit-worthy, but are not considered good risks in traditional commercial terms.”

- Economic Development Credit Analysis and Finance
  International Economic Development Council

The Role of the Public Sector

Public Sector Goals for the Public-Private Partnership:

– To invest in ventures or projects where the economic and social benefits outweigh the risk of financing.

– Job Creation, Neighborhood Development, Development of new Tax Revenue Increases.

– Avoid supplanting private sector financing…goal is to not offer financial services to clients that have access to, and qualify for, conventional financing in amounts adequate for their need.
The Role of the Public Sector

“There are various public sector tools to help lower the cost of borrowing, minimize the risk of private investment by covering a part of that risk, or provide investments not offered in the private marketplace (i.e. with Redevelopment, General Improvement Districts, Special Assessment Districts, and Tax Increment Areas). All of these approaches can be targeted to specific localities, populations, or activities to achieve economic development goals.”

- Economic Development Credit Analysis and Finance
  International Economic Development Council

The Role of the Public Sector

Two Roles:

- As Regulator

- As Facilitator and Initiator

The Public Sector as Regulator

- Majority of Development Regulations handled by cities, counties, and other local government agencies:
  - Planning and Zoning Departments
  - Public Works Departments
  - Building Inspectors and Fire Marshals

- Main Regulatory Tools Include:
  - Comprehensive Plans
  - Zoning Ordinances
  - Subdivision Regulations
  - Site Plan Reviews
  - Building Permits
  - Various Policy Initiatives – Economic Development, etc.
  - Growth Management and Environmental Protection Standards
The Public Sector as Facilitator and Initiator

Local Government Economic Development Organizations (EDO’s):

- **Local Government**: central initiator of economic development programs through public spending, regulatory powers, and promotion of policy objectives such as downtown housing and brownfields redevelopment.

- **Private Nonprofit EDO’s**: broad missions, controlled by a private or public-private board... have more autonomy than local government EDO’s but still need government approval for project development and initiation.

- **Redevelopment Agencies and Authorities**: program-specific EDO’s, typically involved in activities related to improving a specific area and eliminating/mitigating the impact of physical and socio-economic blight.

The Public Sector as Facilitator and Initiator

Local Government Economic Development Organizations (EDO’s):

- **Special Improvement Districts**: limited geographic area designated to receive a range of enhanced services to improve the local neighborhood and/or business climate... special tax districts, public investment district, single purpose districts.

- **Special Assessment Districts**: separate units of government that manage specific resources within defined boundaries... ability to raise a predictable stream of money such as taxes, user fees, or bonded revenue.

- **Community Development Corporations**: usually for-profit or non-profit organization that focus on the development or revitalization of a declining community or neighborhood.

The Public Sector as Facilitator (and Initiator)

As a Facilitator... usually the developer takes the lead role but the public sector EDO might want to take a facilitating when:

- Responding to a specific developer initiative.

- Encouraging the private sector to identify and initiate projects.

- Encouraging development by reducing the risks associated with initiating development.

- Focusing redevelopment on an area rather than a specific site.
The Public Sector as Facilitator (and Initiator)

As a Facilitator...specific Activities:
- Facilitating regulatory approvals.
- Providing partial financing.
- Providing infrastructure.
- Improving streetscaping.
- Implementing a façade improvement program.
- Becoming a tenant in the project.

The Public Sector as Facilitator (and Initiator)

As an Initiator...specific conditions that should exist to justify government initiation:
- A strong need to develop a specific property or area that currently presents a direct, measurable and clear threat to public health and human safety.
- Political will exists and is strong enough to withstand the risks of development.
- An agency already exists or could be ‘easily’ created with the required and necessary expertise and the resources to develop the property and/or site.

The Public Sector as Facilitator (and Initiator)

As an Initiator...specific Activities:
- Conducting feasibility analysis and conceptual designs.
- Obtaining regulatory approval or working with regulatory agencies to gain approval.
- Initiating the public participation process.
- Issuing and initiating the Request for Proposal (RFP) or Request for Qualifications (RFQ) process.
- Selecting a developer (master-developer).
- Providing partial funding and financing.
- Selling or leasing land.
- Providing project-specific infrastructure improvements.
The Public-Private Partnership

"Increasingly, EDO’s and private developers must act jointly in order to make a project happen. The increasing popularity of Public-Private Partnerships (PPP) is likely to grow over the next ten years. Often times, an EDO can sponsor a PPP in conjunction with local government partners and the development community.”

- Real Estate Development and Reuse
  International Economic Development Council

The Public-Private Partnership

Types of "Private" Partners (not an Exhaustive List):
- Educational Institutions (Colleges, Universities, School Districts)
- Local Government (Cities, Counties, Special Authorities)
- State Government
- Tourism Authority
- Financial Institutions
- Corporations
- Private Developers and Real Estate Investors
- Small Businesses
- Existing Property Owners
- Non-profits
- Merchants/Business Associations
- Crime Prevention Organizations/Neighborhood-watch Groups

The Public-Private Partnership

Elements of the Public-Private Partnership:
- No ‘single formula’ or organizational chart for a Public-Private Partnership.
- EDO typically takes on the role of predevelopment steward...assisting with securing financial commitments and subsidies and assisting with the entitlement process.
- The private sector (developer) takes on the role of development expert and investor...taking on moderate levels of risk.
- Public-Private Partnerships involve ‘creative’ financing and financial support techniques.
- Designed to problem solve difficult development issues...financing, environmental issues, abatements, relocation, acquisition, demolition, infrastructure, etc.
Developing a Framework for Future Public-Private Partnerships

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How do we Confront Economic Challenges?

“The prime issue for state and local economic development leaders is not whether some industries will shrink and others expand... The more fundamental issue is how communities confront their economic challenges and how they respond to their situation and environment.”

- Steven Koven and Thomas Lyons

Evaluating Our Community

Answer these Questions (30 Minutes Total):

- Is the community generally supportive or antagonistic toward business interests and growth? Why?
- Is the community generally supportive or antagonistic toward government programs and initiatives? Why?
- What types of programs do residents generally support – redistributive programs (i.e. subsidizing private development) or developmental programs (i.e. infrastructure)? Why?
- Does the community have a history of public-private collaboration? Recent examples?
- Is the community willing to sacrifice some of its quality of life to either promote or curtail growth?
- Are the elite members of the community willing to share power with others?
- Are the citizens generally accepting of change, or do they resist it? Examples of both?
- Where do residents and businesspeople stand on issues of environmental sustainability?
Evaluating the Impacts of Possible Growth

Four More Questions (15 Minutes):

– How strongly the community wants growth?
– What impact new development and growth will have on the community’s way of life. Rural vs. urban tensions, increased suburbanization, traffic, environmental stresses, etc.
– What strategies will the community support and outright oppose to foster and support new development and growth?
– What values will the community prioritize in choosing a strategy?