

Research You Can Use

Finding happiness in public-private partnerships. The Case for Case Studies. First came zoning: all sticks, no carrots. As planning students, we learned the milestones: first citywide zoning ordinance (New York, 1916); Standard Zoning Enabling Act (1926); Supreme Court affirmation of zoning power (*Euclid v. Ambler*, 1926).

In the 1960s, New York City introduced flexible zoning. That was followed by zoning incentives, which allowed developers to build larger, denser projects in exchange for open space, affordable housing, and other public benefits.

A new animal, the public-private partnership, appeared in the 1970s as governments and developers began to share decisions, revenue—and risk. Lynn Sagalyn of the Wharton School and the School of Design at the University of Pennsylvania describes the emergence of public-private developments as a “180-degree paradigm shift” away from command-and-control. She writes about them in the Winter 2007 issue of the *Journal of the American Planning Association*. Her article on public-private developments delivers on its promise.

Sagalyn starts with the historical context, noting that some of the most ambitious redevelopment projects in the past 30 years have been PPDs: Ballston Metro Center in Arlington, Virginia; Battery Park City in New York City; Baltimore’s Inner Harbor; and Boston’s Faneuil Hall Marketplace, among others. She moves on to lessons learned in a section titled “Taking Stock of What We Know.”

For over a decade, I have been watching a particular PPD take shape in Orlando, Florida. The project is Baldwin Park, which occupies the former Naval Training Center. As a consultant for Florida’s Department of Community Affairs, I was first briefed on this development by Rick Bernhardt, FAICP, the former Orlando planning director, and later by Doug Freedman and John Classe of the Baldwin Park Development Company.

Sagalyn notes that a PPD is cooperative, as opposed to adversarial, with public-private relationships rooted in an alignment of interests.

That’s true to a great extent at Baldwin Park, where the city had two fundamental interests: to provide an in-town alternative to sprawl and to generate substantial tax revenue. Although the developer was driven more by profit than altruism, the two shared a common vision for the project, based on the master plan produced by A. Nelessen Associates.

Public and private interests have always been reasonably well aligned at Baldwin Park, which has 535 acres of developable land and 468 acres of open space. The developer might have preferred a different split but understood that open space adds value. Both city and developer were united in opposing the idea of a four-lane

and generate more than \$180 million in payroll, \$1.5 billion in property tax value, and \$30 million in annual property tax revenue.

Flexibility is key for PPDs. Sagalyn counsels cities and developers alike to expect the politics and economics of development to change over the course of implementation. Both sides must be willing to make accommodations. The big change in the Baldwin Park case was the election of a new administration in neighboring Winter Park, which brought demands for additional concessions.

A streamlined review process is also essential. In Orlando, the staff review committee had the authority to approve small deviations from the

plan without public hearings and council approval. The process saved three months on every site plan review and six months on every change of use.

Another of Sagalyn’s points is that the public partner should recognize its leveraging power when it comes to strategically located public land. Orlando always understood how unique the Naval Training Center site was: over 1,000 acres within minutes of downtown Orlando and downtown Winter Park, surrounded by 100,000 affluent consumers.

Development at Baldwin Park, a public-private base reuse project, is coming along. It offers an in-town alternative to sprawl in the Orlando area.



Baldwin Park Development Company



collector that would have bisected the development. The road was championed by neighboring Winter Park. The alternative, a traffic-calmed environment, was favored by both the city and the developer.

Another point Sagalyn makes is that a PPD involves shared risks and responsibilities. In Baldwin Park, the city had sole responsibility for the early planning and zoning phase. When the project team was selected, the city and the developer worked together to refine the plan, negotiate finances, and win the support of surrounding neighborhoods.

Sagalyn wisely advises cities to be as clear about their bottom line as the developer is about his. From the beginning, Orlando officials made it clear that financial gain was not the city’s primary interest. It could have made more by selling the land for a business park or multiuse development. The eventual sales price was a modest (for the area) \$7.6 million. But what mattered most to the city was that Baldwin Park would house 8,000 residents; support 6,000 permanent jobs;

Sagalyn concludes by urging public partners not to assume a disproportionate share of the financial risk. At Baldwin Park, that meant selecting the right developer, one with a proven track record in reusing a military base; phasing infrastructure; and creating a community development district to finance it, making the city liable only in the unlikely event of default on tax-based CDD bonds.

The Sagalyn article contains a host of other lessons, which you can read about in *JAPA*’s winter issue. For additional guidance, readers should check out the Urban Land Institute’s report, *Ten Principles for Successful Public/Private Partnerships*.
Reid Ewing

Ewing is a research professor at the National Center for Smart Growth at the University of Maryland, an associate editor of *JAPA*, and a consultant with Fehr & Peers Associates in Los Angeles. The Sagalyn article may be accessed free online: www.planning.org/JAPA.