

COMMERCIAL REAL ESTATE

## Working together is a must for mixed-use development

Mixed-use development projects have proven to be not only economically viable, but also desirable to the residents who live there, the businesses that serve the residents and visitors, and the community at large.

As the demand continues to grow for places where people can work, live and entertain within a safe and fun urban environment, so will the variety of development projects that create the urban neighborhood.

A well-planned mixed-use development in an urban setting recognizes that many people will not walk more than a few blocks to get to their chosen destination. Not surprisingly, pedestrian friendly designs coupled with market-driven lifestyle programming, rather than demographics, becomes important. It's not about selling products – it's about offering a new lifestyle.

Implemented properly, mixed-use projects not only fulfill the planning objectives of public agencies – which can streamline approval processes for certain pet projects – but also benefit owners and investors, while satisfying real market demands.

However, lofty goals and benefits notwithstanding, today's economy makes it difficult to get any new development out of the ground, let alone one with many moving parts. What can be done to overcome obstacles and minimize risks so that a project will succeed? Here are a few thoughts for developers to consider:

- Analyze and fully understand market readiness before proceeding. Remember that the market is fickle. What is your project's shelf life? Will it withstand the test of time? Or is it a fad that will fade down the road?

- Obtaining committed financial involvement from all parties is critical. During a time when the economy is weak, the developer, investors, municipal partners and other stakeholders have to be willing to be creative and compromise. Gaps in financing are not uncommon nowadays.

- Delays can often kill a project before it gets out of the ground, especially in any kind of public-private partnership deal where a lot of public involvement is required. Remember that the approval process usually takes much longer than expected.

- Partner with an experienced team – all involved must work toward the same goal. Get principals together frequently to discuss the project. Perseverance and good communication among the development team, lenders, investors and government personnel are critical to completing a successful project.

- Clearly articulate your plan and principles. Communicate your plan often to ensure that both the city and developer teams are all on the same page.



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- Try not to create unrealistic expectations or the project will never materialize. Stay flexible and be adaptable to problems that arise. Recognize that things will change.

- Listen and communicate frequently with the public and other stakeholders. Show people why the development makes sense by using examples of comparable successful projects. Host community planning or neighborhood association workshops and information forums.

- Some projects may require elected officials and staff to take some criticism in order to bring about a certain level of change.

- Location is critical. Build it and they may not come.
- Examine tenant mix in the surrounding area before proceeding.
- Make sure you have the demographics to support your project. In other words, building high-end components because you like them does not guarantee a successful project.

- Be sure the market supports each component of what you intend to build (for example, if entertainment doesn't make sense, then don't do it). Retail is often the catalyst for a successful project – make sure you get it right.

- Security may be an issue and can be expensive. Consider your options carefully.

- Deal with noise issues up front – the design aspect must be proactive (for example, garbage pick-up by noisy trucks is often a problem in projects with residences).

- Find ways to promote development patterns that support greater use of transit, walking and biking, and which make good use of streets to avoid congestion.

- Environmental issues, sustainable construction and building operations can be challenging if not handled properly. Promote LEED certification or the like, if available.

- Get support from the media early on. By working with an editorial board or the local newspaper's real estate reporter, you can educate them in advance and answer any questions they may have about your project.

Mixed-use development is usually more complicated than a single-use project, but given the right vision, resolve, patience and good partnering, such projects will thrive over the long term.

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