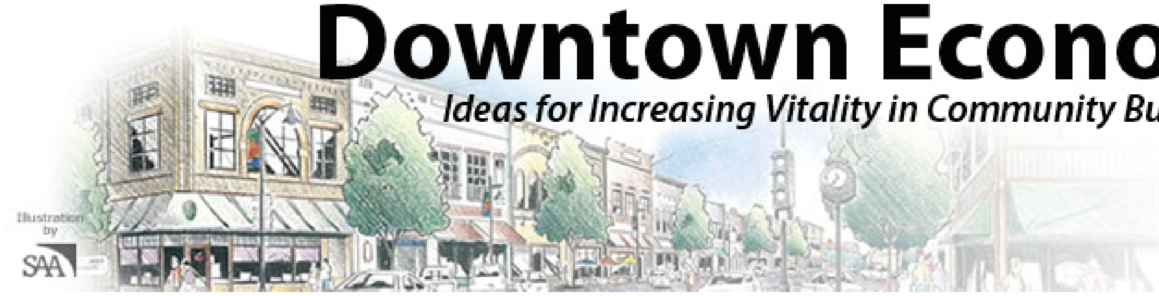
Downtown Economics

Ideas for Increasing Vitality in Community Business Districts



Issue 176
November 2012

Public Private Partnerships

Summary of Presentation
by Naletta Burr and Quasan Shaw*

Public-Private Partnerships (PPP) are collaborations between government and private sector companies to fund and operate a project. This article summarizes a presentation by economic development professionals Naletta Burr and Quasan Shaw* and provides an overview of PPPs, successful case studies, funding mechanisms, and development agreements.

Value of Partnerships

Development is an ever-changing process with multiple factors that impact success. In a PPP, partners draw on each other's strengths. For instance, increased access to market based information, financial resources, and community capitals[1] often produce a more resilient development. Furthermore, access to staff, financial resources, and credibility can all boost the competitive advantage in a demanding marketplace. PPPs can also encourage effective municipal planning. For example, the provision of basic services in a PPP, such as sewer, water, and streets, can be distributed more efficiently and equitably to projects that meet the needs of many stakeholders.

Who Participates

Partnerships exist between a variety of public and private organizations. A relationship with a municipality, for example, can capitalize on its institutional character and stable financial credit. Non-profit organizations, on the other hand, can offer community suppport and can maintain community vision. Private companies can embrace the entrepreneural spirit as risk takers.

Partnerships also mitigate weaknesses of any one stakeholder such as sensitivity to political cycles and financial risk or a hindering adherence to the status quo. For example, local governments often proceed cautiously when using public dollars to support development projects. Collaboration with diverse private partners, therefore, has become increasingly important in the financing of infrastructure improvements needed to support development.

How they Work

PPPs exist in many forms. Basic strategies include infrastructure development and financing assistance. Examples include Tax Incremental Financing (TIF), Community Development Block Grants (CDBG), and site acquisition.

TIF assistance in PPPs supports development that could not have occurred without public financing assistance because of site-specific limitations. CDBG loans are awarded to local governments for projects promoting development of affordable housing, provision of services to vulnerable community members, and job creation. Site acquisition is another PPP strategy in which a public body acquires land, creates site conditions favorable for new development or space use, and sells the improved property to developers.

A PPP expands financing options available to partners involved to assist projects that would not otherwise be financially possible. The two case studies of Milwaukee's Villard Branch Library and Green Bay's Larsen Green are exemplary cases of multiple partners collaborating for increased access to financial resources.

---

[1] The Community Capitals' Framework (CCF) (Emery and Flora, 2006; Emery et al. 2006) describes communities as consisting of seven different types of community capital. Communities develop and invest in these resources over long periods of time to generate "capital" for the community to access.

Milwaukee Public Library Villard Branch
In Milwaukee, Wisconsin, a PPP supported public facility improvements that spurred further development. The mixed-use development includes a new Public Library branch 47 with apartment units in the floors above the library. These units support families where grandparents are the primary caregivers for their grandchildren. Development partners included a private development company and a community development corporation. Elected officials, the Milwaukee Public Library, and the Department of City Development were also involved.

Green Bay Larsen Green
Larsen Green came to life with a partnership to revitalize the largest downtown development site in Green Bay. The 22 acre site was purchased by a non-profit community development group and prepared for development. The former Larson Canning Company site is now home to the Chamber of Commerce, a Brewery and Pub, professional offices, warehouse buildings for re-use, and development-ready land. Improvements include roads, curb and parking, and new construction. A master plan carries-out the community vision and its Planned Urban Development (PUD) classification supports a mixed-use neighborhood development vision.

Financing for the Villard Branch Library project was secured with private lenders, the Tax Credit Assistance Program, funds from Wisconsin Housing and Economic Development Authority and CDBG grants from the Wisconsin Department of Commerce and the City of Milwaukee. Additionally, the Redevelopment Authority of the City of Milwaukee creatively utilized New Market Tax Credits.

Larsen Green utilized TIF financing and various tax credits to achieve development goals. A TIF district adopted just for the site harnessed public support and financial assistance to make the project feasible for multiple parties.

Forming the Partnership

In any partnership, groups involved must weigh potential benefits and risks. All must understand that development is costly and the creation of a shared vision is imperative. In order to best manage the partnership, there must be mutual understanding of each player's goals and objectives. Communication early and often with a clear and rational decision-making process can build trust and negotiate a win-win for all parties.

Benefits of a PPP can include incentives for the private sector to deliver projects the public sector cannot on its own, potential to make the community more competitive, and a potentially increased tax base.

Risks can include political or social challenges, generation of continued private sector investment, continued government responsibility and implementation, and an inability to identify all possible contingencies before they arise. A development agreement manages these benefits and risks and appropriates various responsibilities to stakeholders.

Summary

Public-Private Partnerships exist in many different forms, expand financing options to all parties involved, and can increase expertise and staff capacity. A well-managed partnership and development agreement can promote the realization of community and economic development goals.

Naletta Burr and Quasan Shaw presented this content for the UW-Extension Center for Community and Economic Development (CCED), Wisconsin Economic Development Corporation (WEDC), and Wisconsin Downtown Action Council, Revitalizing Wisconsin's Downtowns Webinar Series, recorded November 15, 2012.

Naletta is a Community Account Manager with WEDC, teaches at UW-Green Bay and is a licensed Real Estate Agent. Quasan is the Present of Synergize Development Group, LLC, teaches at UW-Green Bay, and is a licensed Real Estate Broker.

This article was assembled by Sonja Reichertz, a M.S. Candidate in the Department of Urban and Regional Planning at the University of Wisconsin-Madison and Project Assistant at the CCED.

Other issues of Downtown Economics are available at: http://www.uwex.edu/ces/cced/downtowns/ltb/index.cfm
Contact: Bill Ryan, Center For Community & Economic Development, University of Wisconsin-Extension
610 Langdon Street, Madison, WI 53703-1104
PH: (608)263-4994; FAX: (608)263-4999; TTY: (800)947-3529; HTTP://WWW.UWEX.EDU/CES/CCED