Wednesday, October 23, 2019
2:00 PM – 3:15 PM

Peer to Peer 1

All Pumped Up:
From Coffee to Crunches and Bikes to Beds, Strategies and Challenges in Mixed Use Projects

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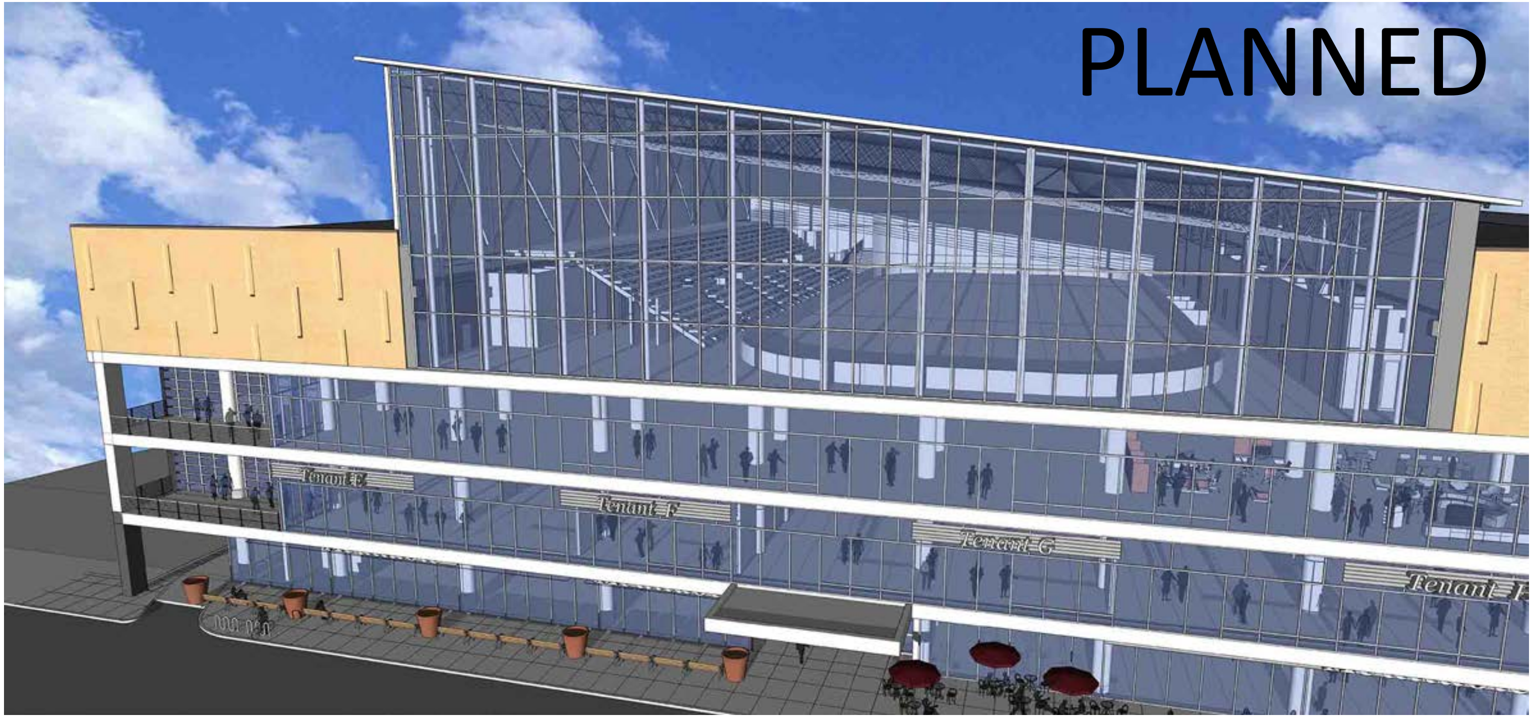
BEFORE


PLANNED
Tenant E
Tenant F
Tenant G

AFTER

HYPOTHETICAL

FACTS:

- Owner owns an existing first-class shopping center which shares certain amenities, including a lake, with a neighboring condominium.

- Owner is redeveloping the shopping center so that the stores will face outward toward the street, rather than facing towards an inner courtyard. As part of the redevelopment, Owner contemplates construction of a 285-unit low-rise apartment complex, and a 300-room hotel with associated amenities such as restaurants. Owner is also building a new health club and parking garage on an outparcel. Owner's expenditures for the redevelopment of the Shopping Center are premised upon the additional traffic to be generated from the apartment and hotel developments. Owner is planning to bring in developers for the residential and hotel components.

- The hotel will be built above a portion of the retail, and guests will have access between the hotel and retail through a connecting hallway and elevator

- The residential component will be behind the shopping center and Owner is still in the process of determining the best means of ingress and egress to the apartments. The most practical plan is to have the road leading to the hotel serve as a road into the apartments, which would make the apartments landlocked except through the one road.

ISSUES FOR DISCUSSION:

Guaranteed Completion:

- How does the Owner ensure completion of the apartments and hotel? Discuss various mechanisms that may be appropriate. Does one type of ownership structure better accomplish this goal? Should Owner have the right to a buy back the land (or condominium) after some period if the building is not erected, should the property/condo only be conveyed after completion, or does a ground lease with a termination right better protect Owner? What are the mechanisms available to protect the Owner and what is the most effective?

Cost Allocations:

- There will be shared amenities, including access roads, parking lot lighting, and the connecting passage and elevator between the hotel and retail. On what basis can the allocation of expenses be determined? How are these issues different as they apply to the shopping center and residential uses, as compared to the shopping center and hotel?

- The neighboring condominium owns a lake which is shared with Owner's customers and guests pursuant to an OEA. Each parcel pays 50% of the total costs. With the additional development, many costs will increase, including those for insurance and trash removal. How can these be fairly apportioned between the parcels?

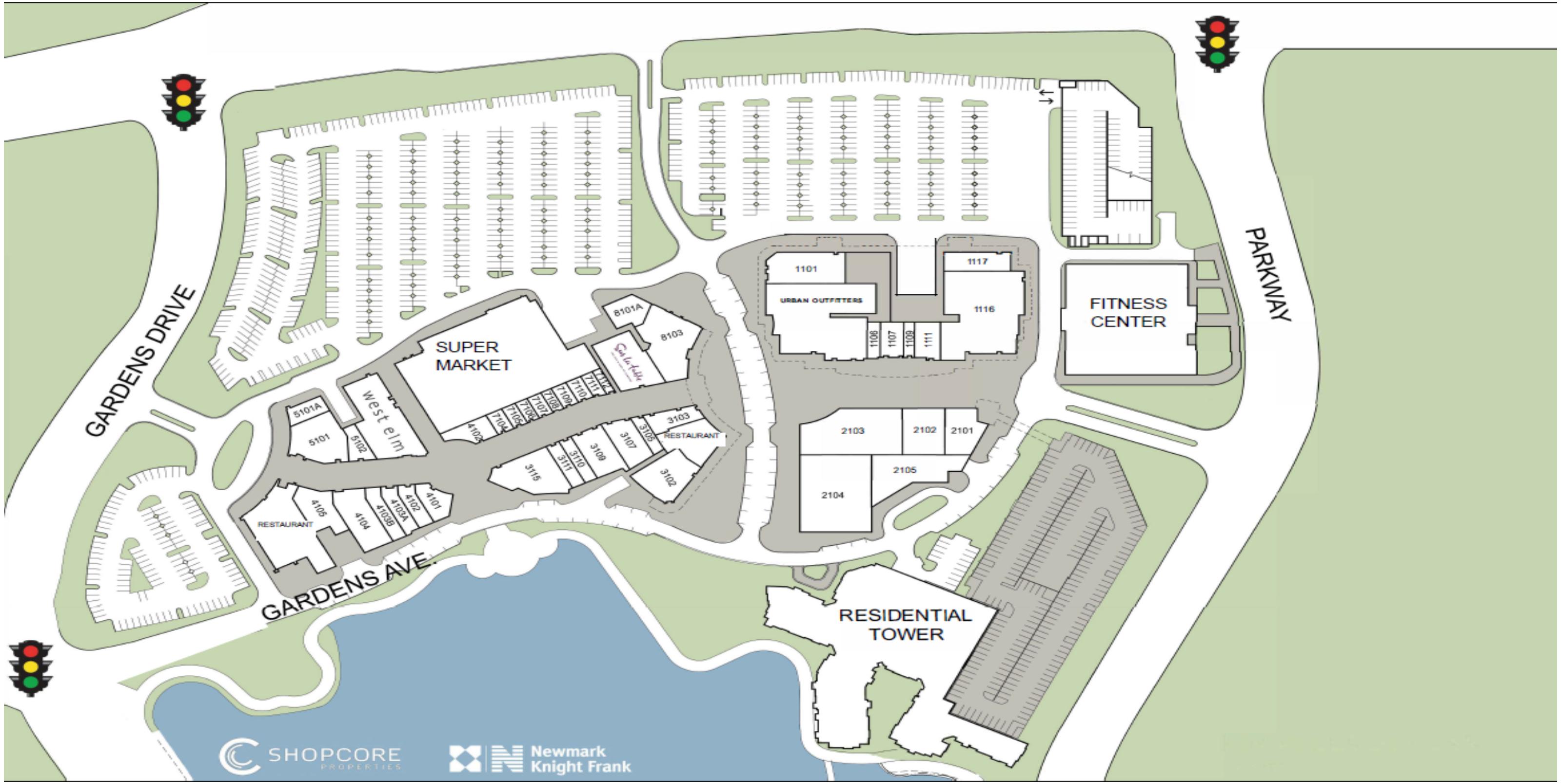
REA/Condominium Documents:

- What are the advantages/disadvantages of Owner having two separate sets of governing documents, one with the hotel and one with the residential, as opposed to one set of documents incorporating all 3 stakeholders?

- The Owner does not want the residential or hotel parcels to detract from the shopping center. What are the best ways to ensure aesthetic compatibility, both initially and over the longer term? How does the Owner ensure that the hotel remains of equivalent quality? What would be the enforcement mechanisms available to Owner, and how can Owner best build these rights into the initial documents?

- What use restrictions and protected areas might the parties want, and what conflicts might arise?

- The only ingress and egress to the apartment parcel may be owned by the hotel and used by the residents pursuant to an REA. How will these parties resolve issues of access and traffic?


GARDENS DRIVE
SUPER MARKET
west elm
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5101A
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RESTAURANT
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RESTAURANT
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4103B
4103A
4102
4101
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1116
1106
1107
1109
1111
FITNESS CENTER
PARKWAY
2103
2102
2101
2105
2104
RESIDENTIAL TOWER
SHOPCORE PROPERTIES
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