UNIVERSITY OF MIAMI
School of Business Administration

Inaugural Competition on Impacting Investing in Commercial Real Estate

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Judges:
Arnaud Karsenti, 13th Floor Investments
Kasia Pozniak, Prudential Global
Jaret Turkell, HFF

Competitors:
The Linc, Cornell University
Anastasia Kalugina
Miguel Klipstein
Ravikanth Pamidimukkala

SoMi Park, Florida International University
Martin Bravo
Sabrina Lugo
Jessica L. Moreno
Raul Serna

Pointe Grande Plaza, Rutgers University
Michael Acciani
Maria Burgos
David Choi

Havana NEXT, University of Miami
Ariel Fraynd
Yoni Bender
Stephen Englert
**PROJECT CONCEPT**
The Linc will be a 1.7 million sf mixed-use development in Chicago with 594 residential apartments, office space, tech hub, artist workshop, retail, and F&B. Project will take advantage of its location next to river and multi-step rooftops to create environmentally open spaces.

**CONSTRUCTION COSTS**
$487 MM Total | $165 MM equity | $322 MM debt
Total construction costs total $487 million. 10% of equity will be required from the developer and 90% from limited partner investors. 95% of debt raised will come from a construction loan while 5% will be from a Low Income Housing Tax Credit for affordable housing.

$35 MM land value | 10 yr hold | $682 MM sale price
Current land value is $35 million. After a 10 year holding period that includes development and stabilization of property, we expect the value of the asset to be $682 million using a conservative 6.3% exit cap rate.

**RETURN METRICS**
17.5% Levered IRR | 3.56x Equity Multiple
Given the current financial market, long term holding period, and underlying assumptions, we expect the property to have a healthy return for the assumed risk. At the end of the holding period, this stable, cash flow generating property is an attractive opportunity for core funds.

**PARTNERS**
Current property is zoned in a Planned Manufacturing District but Mayor Rahm Emanuel has proposed redeveloping the districts to better fit the city's shifting demographics. The City of Chicago has submitted plans to allow rezoning and fund projects to improve area. Furthermore, the Chicago River Trial will enhance the river walk along the area.

#1
City for educated millennials
500k
College students

$1.7 BN
Tech investments in 2015
5.1%
Annual salary growth

**CONCEPT DESIGN**
DEVELOPMENT of SoMi PARK

PROJECT OVERVIEW

Green Park Development LLC is proposing the redevelopment of South Miami City Hall into a transit-oriented project named SoMi Park. The site will feature a building inclusive of multi-family residences, office, and street-level retail spaces. Given the several attributes that qualify it as a likely retail/mixed use node, SoMi Park offers easy access for its residents to a varied mix of transportation and mobility options.

SOCIAL IMPACT of SoMi PARK

- More highways and local roads can no longer accommodate the flow of traffic causing massive congestion; however, increasing the number of transit-oriented developments (TODs) can help alleviate this problem.
- Inspired by the expansive green space on the property location and the future construction of Underline linear park, the vision for SoMi Park is to transform the 3.4-acre site into a community haven.
- The project includes the addition of a Permaculture Community Garden and Park designed especially for the residents of South Miami. It serves to not only recognize the imperativeness of healthy eating and wellness, via the planting fruits and vegetables, but to unify the area to a global cause benefiting residents of all ages and socio-economic status.
- TODs are quickly gaining traction by encouraging community engagement and pedestrian connections.
Pointe Grande Plaza
Rutgers University: Michael Acciani, Maria Burgos, David Choi

Pointe Grande Plaza will be a shopping center anchored by a supermarket located in Elizabeth, NJ. This project presented many challenges for the developer, Jacobs Enterprises. The site required massive remediation from petroleum spills and leaks. More importantly, the costs to build and lease the project outweighed the value created through the development of the property. A conventional loan from the bank would not be sufficient to pay for the costs of construction. The developer had to find additional sources of capital to fill this financing gap while providing a reasonable return to equity investors.

The developer formed a strong public-private partnership with both local and state agencies to address the major issue of the financing gap. Jacobs Enterprises worked with the City of Elizabeth, the Elizabeth Development Company, the State of New Jersey, and The New Jersey Economic Redevelopment Authority. The public agencies provided a mix of low cost loans and grants that when combine with a traditional bank loan and developer equity, provided sufficient financing to build this shopping center. This public-private partnership will also galvanize many benefits for the community.

The tenants at Pointe Grande Plaza will be comprised of both nationally recognized brands as well as local tenants. The market rents in this area are low compared with the surrounding region which contributed to the low final value of the project. In order to achieve an appropriate return for the project the developer utilized additional public incentives. A Payment in Lieu of Taxes reduces the cost of taxes for the tenants, thus subsidizing their rent. In addition, the Economic Redevelopment and Growth Program provided the developer with additional income to achieve a return necessary to make this project financially viable.

Jacobs Enterprises’ skill and diligence in executing this project will provide many benefits. A contaminated site will be remediated. The community which was lacking access to a supermarket with a wide variety of fresh foods at competitive prices, commonly referred to as a food desert, will be serviced by this shopping center. Also as a condition to the financing, 90 full-time jobs are required to be provided with the tenants required to use a good faith effort to hire Elizabeth residents. This project is a great example of impact investment and how a developer utilized a strong public-private partnership to overcome a financially challenging development.
Havana NEXT

Executive Summary

The Havana NEXT project is a pioneering development which will integrate innovative housing and cultural arts in the vibrant Little Havana neighborhood in Miami, FL. Through private and public partnerships, Havana NEXT will serve as a catalyst for community reinvestment and small-scale urban development. The project requires the acquisition of two parcels of land, 761 and 751 NW 1st street. Upon completion, parcel 761 will offer 8 spectacular units in a new 3-story apartment building. The 3-story apartment building represents Little Havana’s signature style from the 1920’s with a modern approach. The project’s goal is to offer a new type of housing development, while preserving the rich heritage and flair of Little Havana.

Parcel 751 will be the new home for Little Havana’s Cultural Arts Center. The land will be acquired by the City of Miami who will execute a 50-year ground lease and will be responsible for maintaining operations of the center. Construction costs for the cultural arts center will be funded through a private donation from a local prominent Cuban family. A developer’s fee will represent a percentage of the construction costs. The cultural arts center will create a public space for the exchange of ideas, information, creativity and will celebrate Little Havana’s history. In accordance with the new amendment to the Miami 21 zoning code, both structures will be less than 10,000 square feet to grant an exception from standard parking requirements. As a result, pedestrians will be less reliant on cars which helps alleviate traffic congestion. The project is located within a transit corridor and offers accessibility to a variety of transportation services.

Projected average rent is $2.05 per square foot with an average unit size of 876 square feet. Havana NEXT apartments is targeting the millennial demographic looking for an alternative to downtown Miami and the Brickell area.

The construction timeline for Havana NEXT is 18 months, with stabilization to occur 6 months following completion. Once stabilized in year 3, the Net Operating Income of Parcel 761 is projected to be $118,408. The project is expected to have a Levered IRR of 16% and an equity multiple 2.01.

Havana NEXT will attract new residents to the community and empower current citizens to improve their neighborhood. The project will activate a new pedestrian friendly and walkable corridor as well as strengthen the social and civic fabric of Little Havana.