

# **Summary of Proposed DDA with TLCP, LLC (Master Developer)**

April 3, 2006

City of Tustin

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TUSTIN LEGACY COMMUNITY PARTNERS



# Parties to the Agreement

- ❖ TLCP (Tustin Legacy Community Partners, LLC)
  - ◆ Centex Homes
  - ◆ Shea Homes
  - ◆ Shea Properties
- ❖ Tustin
  - ◆ City of Tustin
  - ◆ Tustin Public Financing Authority



# Negotiating Objectives

- ❖ Business and Financial
  - ◆ Maximize Land Value
  - ◆ Reinvest Project Proceeds for Long Term Value Creation
  - ◆ Minimize the City's Risk
  - ◆ City Participation in Profits based on Value Added from development
- ❖ Risk Management
  - ◆ Completion Guarantee
  - ◆ Completion of Public Improvements
  - ◆ Environmental Indemnification
- ❖ Fiscal Objectives
  - ◆ Protection and Enhancement of the General Fund
  - ◆ City Cost Recovery
  - ◆ Property Maintenance and Security Responsibility
  - ◆ Judicious Use of Public Funding



# Negotiating Objectives (continued)

- ❖ Planning and Community Objectives
  - ◆ Establish a New Center of Activity in the City and Region
  - ◆ Create a “unique Sense of Place”
  - ◆ Establish a complimentary relationship with the surrounding community
  - ◆ Create livable communities
- ❖ Urban Design Objectives
  - ◆ Sociable neighborhoods
  - ◆ Integration with Public Uses
  - ◆ Mixed Use Core
  - ◆ Interconnected Open Spaces
  - ◆ Human Scale
  - ◆ Sustainable Design

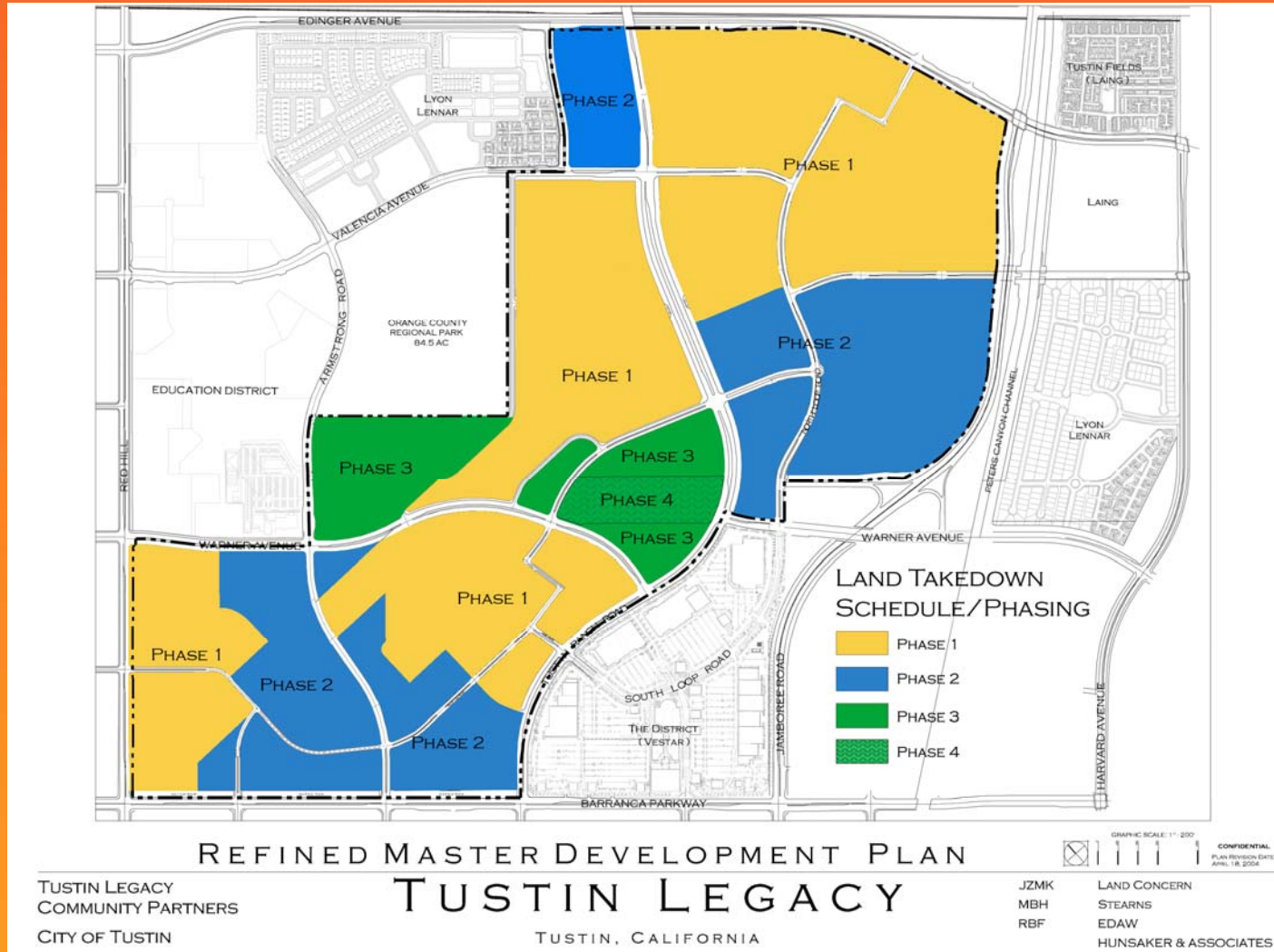


# Performance Based Transaction

- ❖ Prevent “Cherry Picking”
- ❖ Land takedown by Phase based on Performance in previous phase
- ❖ Requirements before proceeding to next phase
  - ◆ Sufficient progress in the construction of Backbone Infrastructure and Local Backbone
  - ◆ Sufficient sales of land to Vertical Builders
  - ◆ Sufficient construction of vertical improvements



# Phased Conveyances

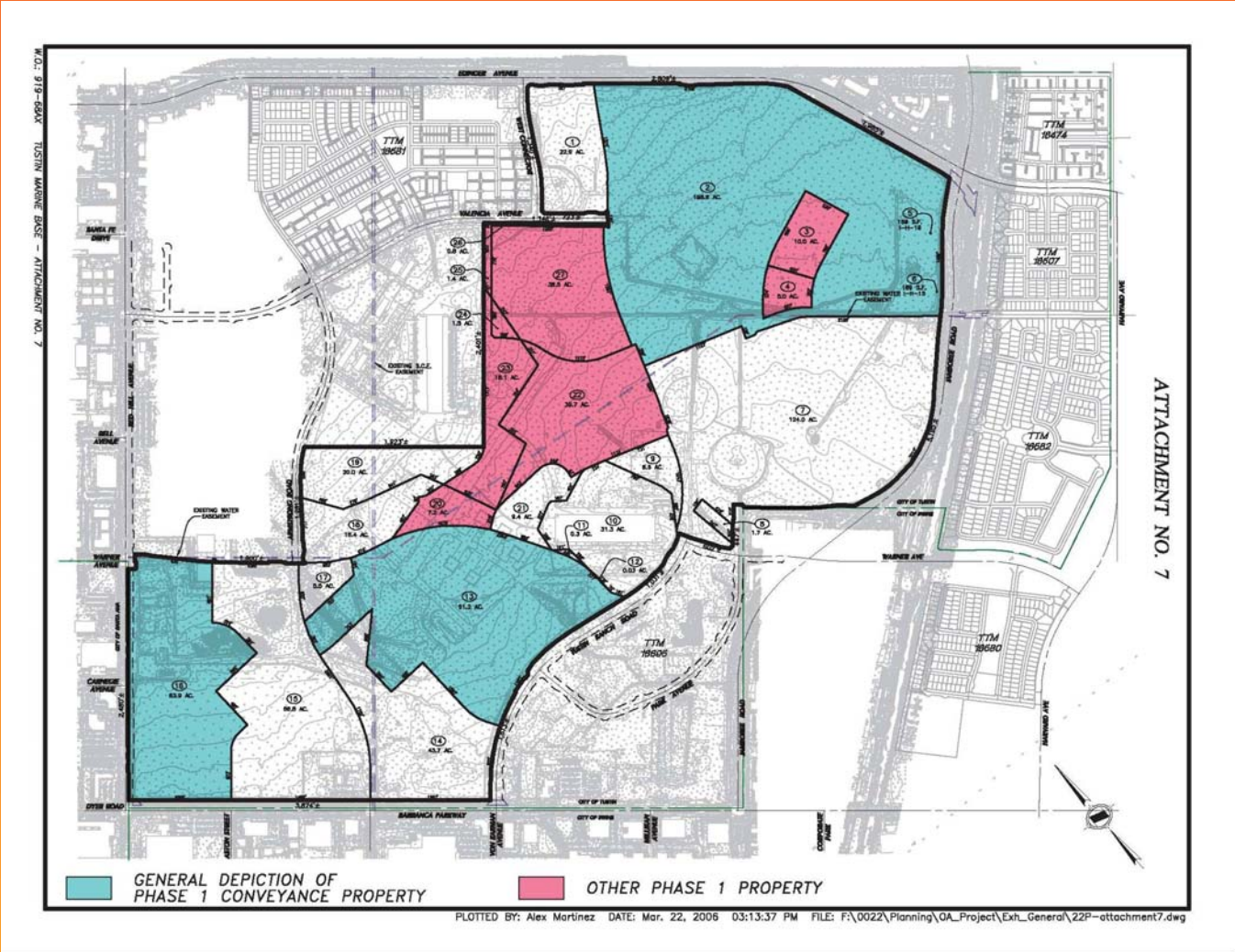


City of Tustin

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# Phase 1 - Conveyance



City of Tustin

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# Phases – Developable Acreage

<b>Phase 1</b>	<b>160 acres</b> <ul style="list-style-type: none"><li>❖ Residential – 111 acres</li><li>❖ Mixed Use – 39 acres</li><li>❖ Office – 10 acres</li></ul>
<b>Phase 2</b>	<b>190 acres</b> <ul style="list-style-type: none"><li>❖ Residential – 74 acres</li><li>❖ Retail – 26 acres</li><li>❖ Office – 84 acres</li><li>❖ Industrial – 6 acres</li></ul>
<b>Phase 3</b>	<b>54 acres</b> <ul style="list-style-type: none"><li>❖ Office – 35 acres</li><li>❖ Retail – 2 acres</li><li>❖ Industrial – 16 acres</li></ul>
<b>Phase 4</b>	<b>15 acres</b>



# Closing Dates

Phase 1	Sept 15, 2006
Phase 2	Sept 15, 2009
Phase 3	July 1, 2011
Phase 4	will be contingent upon City's ability to convey Hangar 29
* All property will be conveyed to TLCP in an "as is, where is" condition	



# Administrative and Performance Obligations of TLCP

- ❖ TLCP pays all City costs related to negotiating and documenting DDA
- ❖ TLCP to fund all City costs associated with administering DDA not to exceed \$4,048,270
- ❖ Performance Deposit - \$500,000 to secure obligations of TLCP under DDA
- ❖ Development Costs – TLCP to fund **all** project development costs including all direct and indirect costs associated with acquisition, construction, and normal entitlement fees.



# Base Purchase Price

- ❖ Phase 1: no cash payment
- ❖ Phase 2: \$150M (Sept 2009)
- ❖ Phase 3: \$86M (July 2011)
- ❖ Phase 4: future appraisal
- ❖ **TOTAL: \$236M\***

\* does not include Phase 4 or Participation; amounts are in 2006 dollars (non-discounted)



# Participation

- ❖ City to receive 50% of profit once TLCP has reached agreed upon minimum profit threshold
- ❖ Minimum Threshold: the greater of 20% IRR or 15% of estimated gross revenue up to \$114.5M



# TLCP Infrastructure Obligations

- ❖ Backbone Infrastructure - \$228M
  - ◆ Total Backbone Infrastructure for Tustin Legacy is \$348M... TLCP responsible for \$228M... minus any third party construction and/or reimbursements
  - ◆ A portion of Backbone costs will be recaptured by TLCP through the establishment of Community Facility Districts (assessment districts)
  - ◆ All Backbone and Local Backbone Infrastructure is to be constructed in Phases 1 and 2
- ❖ Local Infrastructure - \$204M



# Overview - Scope of Development

<b>Residential</b> ❖ Ownership and Rental	185 ac
<b>Non-Residential</b> ❖ Office, retail, industrial, hotel, congregate care, other	234 ac
<b>Non-Saleable Uses</b> ❖ Public and Private Parks, Open Space, Schools and Infrastructure	403 ac
<b>TOTAL:</b>	822 ac



# Residential Products

Density	units	acres
Low-Density	533	104 ac
Medium-Density	489	48 ac
Medium/High Density	1,083	33 ac
TOTAL*	2,105	185 ac

\* 21.5% will be income-restricted "affordable"



# Residential Ownership and Rental

Type	Total Units	% of Units	Affordable Units*	Affordable %
Ownership	1,790	85%	200	11%
Rental	315	15%	253	80%
TOTAL	2,105	100%	453	21.5%

\* Affordable units are included in the "Total Units"



# Non-Residential Uses

<b>Uses</b>	<b>Square Feet</b>	<b>Acres</b>
Retail	494,604	31 ac
Office (General & Office Park)	4,724,324	145 ac
Industrial	627,046	32 ac
Congregate Care	158,994	7 ac
Hotel (<500 rooms)	380,000	6 ac
Theatre and Other	55,001	2 ac
Hangar 29 Parcel	299,074	15 ac
<b>TOTAL</b>	<b>6,739,042</b>	<b>234 ac</b>



# Non-Salable Uses

❖ Schools <ul style="list-style-type: none"><li>◆ High School (40 acres)</li><li>◆ Elementary School (10 acres; can be expanded to 15 acres)</li></ul>	50 acres
❖ Parklands <ul style="list-style-type: none"><li>◆ Public Parks (86 acres)</li><li>◆ Private Parks (84 acres)</li></ul>	170 acres
❖ Infrastructure <ul style="list-style-type: none"><li>◆ Backbone Infrastructure (101 acres)</li><li>◆ Local Infrastructure (81 acres)</li></ul>	182 acres
❖ TOTAL:	403 acres



# Parklands

## ❖ Public Parklands (86 acres)

- ◆ 10.4 acre sports field and water detention area
- ◆ 46 acre Community Park including tennis and aquatic facilities
- ◆ 15.7 acres in linear parks
- ◆ 14.1 acres in Neighborhood Parks

## ❖ Private Parklands (84 acres)



# Design Features

## ❖ Lineal Park System

- ◆ All neighborhoods and districts lead to the park
- ◆ Community organizing element
- ◆ Active and passive areas

## ❖ Open Community Plan

- ◆ No gated neighborhoods or districts

## ❖ Multi-Functional Circulation System

- ◆ Pedestrian environment... walkable
- ◆ Drivable environment



# Design Features (continued)

- ❖ Architectural framework
  - ◆ Creation of focal points
  - ◆ Attention will be given to appropriate massing, scale, color and quality of exteriors
- ❖ Landscape network
  - ◆ Create continuity between properties
  - ◆ Attention streetscape design, pedestrian and bikeway linkages, signage, screening, and placement of view corridors



# Master Block/Community Core

- ❖ Centerpiece of Tustin Legacy
- ❖ “new urban activity zone”
- ❖ Vertically and horizontally integrated uses
- ❖ Grid pattern street system emphasizing walkable blocks
- ❖ Mixed-Use Environment comparable in Quality and Amenities to:
  - ◆ Santana Row (San Jose)
  - ◆ Valencia Town Center (Valencia)
  - ◆ Pearl District (Portland, Oregon)
  - ◆ King Street Corridor (Mission Bay, SF)



# Residential Design

- ❖ Consistent with Specific Plan
- ❖ 15% of Detached product to be Single Story
- ❖ High Architectural Quality & Character
- ❖ Four-sided Architecture
- ❖ Material, Quality and Amenities comparable to:
  - ◆ Tustin Field I & II
  - ◆ Master Planned Communities of Ladera and Talega



# Non-Residential Design

## ❖ Comparable in Quality and Amenities to:

### ◆ **New Office and Industrial**

- Irvine Business Center
- Irvine Spectrum

### ◆ **Neighborhood Retail Centers**

- Oak Creek Village Center (Irvine)
- Northpark Plaza (Irvine)
- Newport Center North (Newport Beach)
- Bluffs (Newport Beach)



# TLCP's Conditions Precedent to Closing **Phase 1**

- ❖ Closing costs
- ❖ Sector 'A' map recordation
- ❖ Hydrology Study approved
- ❖ Implementation Strategy for Master Block within Community Core approved
- ❖ Design Guidelines approved



# TLCP's Conditions Precedent to Closing Phase 2

- ❖ Sector 'B' maps for Phase 1 and 2 recorded
- ❖ Substantial Progress in Phase 1 toward:
  - ◆ Completing all Backbone Infrastructure
  - ◆ Completing all Local Infrastructure
  - ◆ At least 75% of non-residential and mixed-use parcels in Phase 1 sold to Vertical Builders
  - ◆ 100% of residential parcels in Phase 1 (Neighborhood G) sold to Vertical Builders



# TLCP's Conditions Precedent to Closing Phase 3

- ❖ Sector 'B' maps for all TLCP Parcels recorded
- ❖ Substantial Progress:
  - ◆ **Phase 1**
    - 100% of non-residential and mixed-use parcels in Phase 1 sold to Vertical Builders
    - Substantial progress towards the Completion of Phase 1 Vertical Development
  - ◆ **Phase 2**
    - 100% of Backbone and Local Backbone Infrastructure in Phase 2 completed
    - At least 75% of non-residential parcels in Phase 2 sold to Vertical Builders
    - Substantial progress towards the Completion of Phase 2 Vertical Development
    - 100% of residential parcels in Phase 2 (Neighborhood G) sold to Vertical Builders
    - Sector 'C' maps for all parcels located in Neighborhood G completed



# Other Provisions

- ❖ Insurance
- ❖ Indemnity
- ❖ Control of Transfer Issues
- ❖ Reversion

