

# Residential Urban Infill Case Study

Uptown Newport  
Bill Shopoff, President and CEO  
Shopoff Realty Investments

SHOPOFF

REALTY  
INVESTMENTS

*Transforming Opportunity into Value*

*Lambda Alpha*

*March 21, 2016*

# Who is Shopoff Realty Investments?

- Founded by Bill Shopoff in 1992\*
- Real estate syndications and investments
- **Focus primarily on opportunistic, value-add:**
  - a) repurposing/entitlement of land*
  - b) repositioning of commercial assets*



\*Asset Recovery Fund founded in 1992 was the predecessor to Shopoff Realty Investments founded in 2004.



# ***Uptown Newport***



# *Case Study: Uptown Newport Village*

## *Transforming Opportunity into Value*

Challenge/Issue	Resolution
Constrained industrial zoning	Changed use to higher value mixed-use residential and retail
Existing environmental issues	Mitigated to allow for re-zoning
Complex leases deterred buyers	Harnessed cash flow and created three phases to attract capital partners
Entitlement risk	Leveraged experience and government relationships to increase probability
Limited institutional capital	Utilized broad network of contacts and visionary plan to source partner
Recession and market cycle concerns	Parlayed perceived and actual hurdles into opportunity and appreciation

# ***Uptown Newport - Timeline***



## **Milestones:**

**July 2010 – Exclusivity Agreement signed with Conexant Systems, Inc.**

**Conducted extensive due diligence and secured equity partner (DRA Advisors).**

**December 2010 – Closing**

- **Secured ICDP conceptual plan approval from City of Newport Beach**
- **Secured Environmental Management Agreement**
- **Environmental Insurance Policy**

**Received unanimous approval of entitlement in February 2013.**

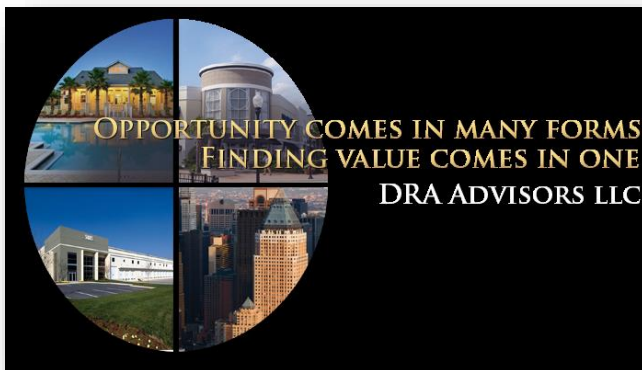
**Site development underway in joint venture with The Picerne Group.**



# ***Uptown Newport***

## ❖ Acquisition Hurdles:

- ❖ Land use approvals and entitlements
- ❖ Complex leases
- ❖ Known environmental impacts
- ❖ Equity



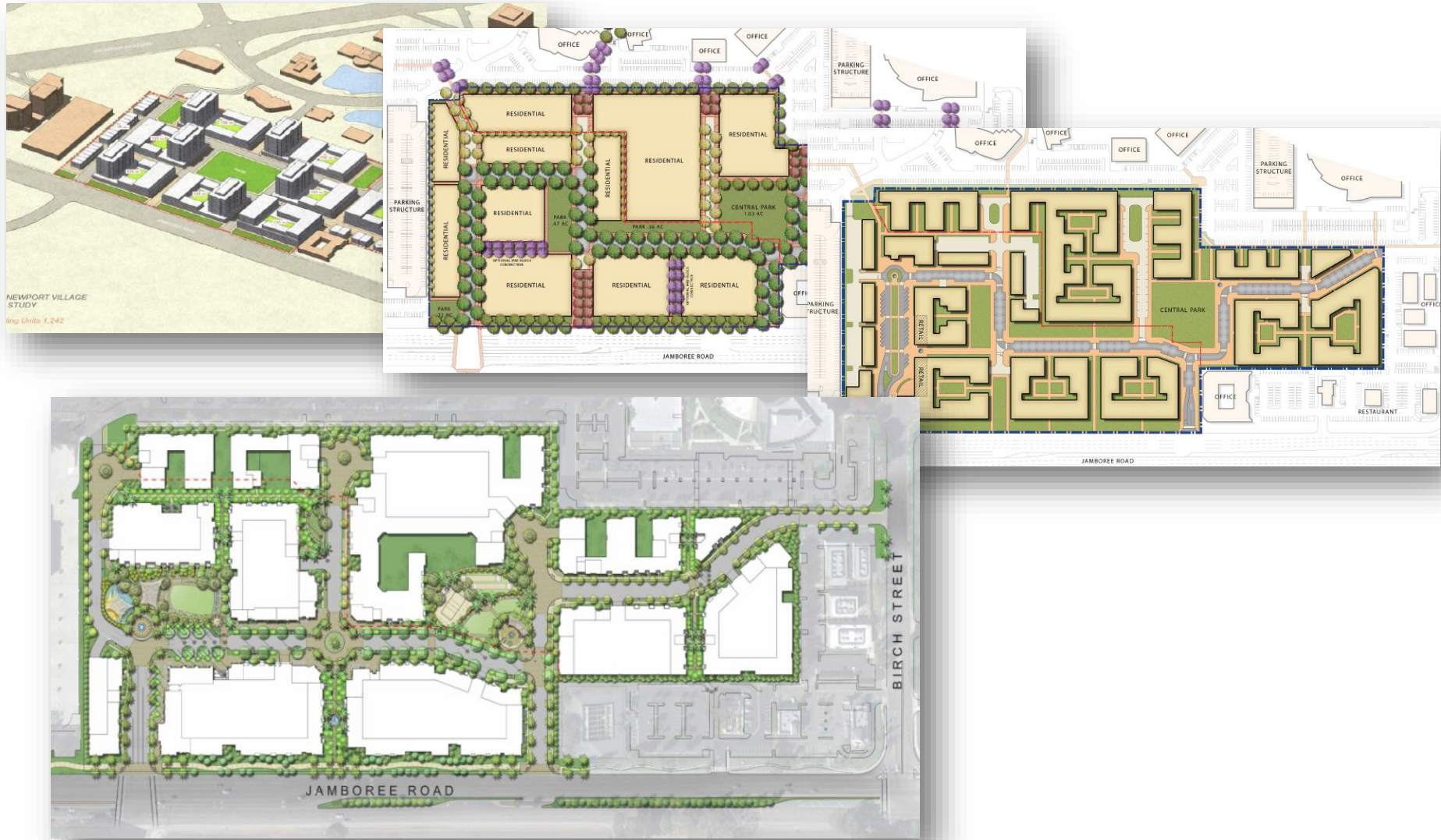
# ***Uptown Newport – The Vision***

- ❖ Urban plazas, paseos, and streets that connect and activate public and private spaces.
- ❖ Variety of residential building types and housing opportunities.
- ❖ Ground-level retail shops for residents and visitors.





# ***Uptown Newport – Site Planning***





# ***Uptown Newport – Master Site Plan***

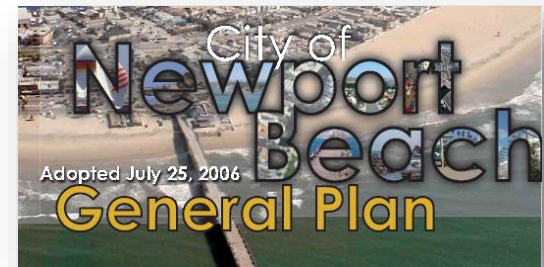


# ***2006 General Plan***

In 2006 the Newport Beach residents adopted a General Plan providing a mixed use residential community for the airport area.

The General plan allocated 2,200 residential units within the Airport Area:

- ❖ 550 new/additive units
- ❖ 1,650 replacement units from conversion of commercial and industrial uses
- ❖ Traffic neutral
- ❖ 1,244 units and 11,500 square feet of neighborhood-serving retail are allocated to the Uptown Newport site.



# ***Uptown Newport - Entitlements***

- ❖ 1,244 units and 11,500 square feet of neighborhood-serving retail are allocated to the Uptown Newport site.
- ❖ Consistent with General Plan ➔ No Greenlight!
- ❖ Planned Community zoning
- ❖ Design Guidelines
- ❖ Tentative Map
- ❖ Development Agreement
- ❖ Affordable Housing Implementation Plan
- ❖ Environmental Impact Report



# ***Uptown Newport***

- ❖ Entitlements approved in February 2013.
- ❖ Master architecture and landscape architecture plans.
- ❖ Buyout of Partnership
- ❖ Phase 1 Site Development
- ❖ Phase 2 Lease with TowerJazz



# ***Uptown Newport***

- ❖ PC Zoning allowed for:
  - ❖ Flexibility in entitlements
  - ❖ Various building typologies
  - ❖ Reduced parking



# Phase 1 Site Development



- Relocate 12 kV electric line
- Site demolition – 126,000 SF office building and parking lot
- Site grading and excavation for subterranean garage
- Utilities and streets
- Relocate ammonia tank
- Work w/tenant to reduce noise - \$11/mm





# Apartment Venture



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THE PICERNE GROUP

# Apartment Venture

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# *Hotel and Condominiums*







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