



# Economic Development Tools

JOBS AND ECONOMIC DEVELOPMENT COMMITTEE

MAY 6, 2024

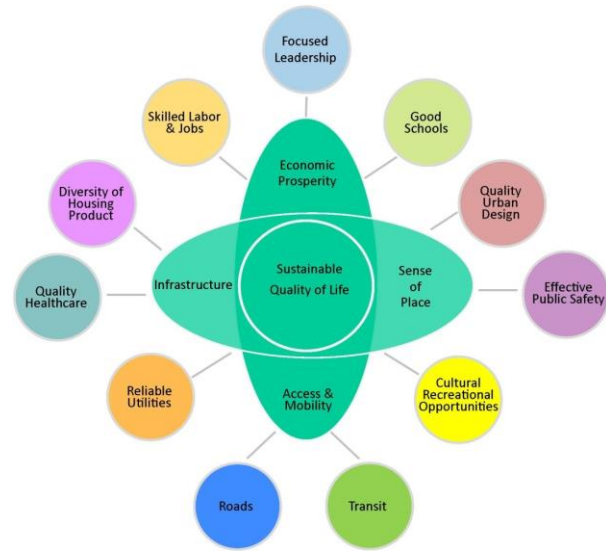
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## Agenda

- ◀ Overview
- ◀ Large Scale Partnerships
- ◀ Small Scale Partnerships

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# Economic Development & Building Community



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Tool	Use	General Project Size	Council Priorities	Project Examples
<b>Small Scale Partnerships</b>				
<b>Business Matching Grants (Façade, Security, Brownfield, Interior Upfit)</b>	<ul style="list-style-type: none"> <li>Matching grants to support private investment in properties and buildings in defined areas around the city</li> <li>Grants primarily used by small business owners and small scale developers</li> </ul>	< \$5,000,000+	<ul style="list-style-type: none"> <li>Eliminate blight</li> <li>Create strong local economies</li> <li>Increase safety</li> <li>Increased private investment in under-invested communities</li> </ul>	<ul style="list-style-type: none"> <li>Classroom Central, Brows by Keke, West End Fresh Seafood, Pinkney Harmon, Marquee Lounge, East Town Market</li> </ul>
<b>(Community Development Grant, Rehab Loan)</b>	<ul style="list-style-type: none"> <li>Supports public private partnerships in high priority areas (e.g. Beatties Ford / LaSalle)</li> <li>Complement Business Matching Grants</li> <li>Supports rehabilitation, restoration, and preservation of buildings and properties in historic neighborhoods and/or aging properties</li> </ul>	\$1,000,000 - \$15,000,000	<ul style="list-style-type: none"> <li>Same as Business Matching Grants</li> </ul>	<ul style="list-style-type: none"> <li>Beatties Ford / LaSalle and 5 Points strip center redevelopment</li> </ul>
<b>ARPA</b>	<ul style="list-style-type: none"> <li>One-time funding opportunities for sustainable programming with lasting impact</li> <li>Leverages investment from private, non-profit, and philanthropic partners</li> <li>Facilitate linkages between housing, jobs, workforce development, etc.</li> </ul>	Varies	<ul style="list-style-type: none"> <li>Increase safety</li> <li>Capacity building</li> <li>Expand workforce development opportunities</li> </ul>	<ul style="list-style-type: none"> <li>HIRE Charlotte</li> <li>Small Business Innovation Fund</li> <li>Opportunity Hubs</li> <li>Start-Scale-Sustain (S3) Grant</li> </ul>
<b>Large Scale Partnerships (Tax Increment, CIP, etc.)</b>				
	<ul style="list-style-type: none"> <li>Infrastructure investment - roads, streetscapes, parking decks, etc.</li> <li>Public asset purchase - new public buildings that become specific asset to the City</li> <li>Gap funding</li> </ul>	> \$50,000,000	<ul style="list-style-type: none"> <li>Connectivity</li> <li>Tax base expansion</li> <li>Affordable/workforce housing</li> <li>MWSBE utilization</li> </ul>	<ul style="list-style-type: none"> <li>Camp North End (CIP), Ballantyne Reimagined (CIP/TIG); Premium Outlets (TIG), North Greenville (TIG)</li> </ul>

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# Large Scale Partnerships (>\$50M)

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## Background & Purpose

- ◀ **Primary tools –Tax Increment Grants (TIG) and Capital Investment Plan (CIP)**
- ◀ **Opportunity for City to influence development program and deliver enhanced public benefits**
- ◀ **Maximize private investment opportunities AND public benefits**
- ◀ **Typical public improvements reimbursed include:**
  - Public infrastructure
  - Public parking
  - Public assets/buildings
  - Affordable/workforce housing

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# Tax Increment Grant Policy

- ◀ Grants are made on a reimbursement basis only based on new incremental taxes within a defined increment area
- ◀ Justification of use – “Public Purpose”
  - Infrastructure investment
  - Gap financing
- ◀ Traditional grant terms
  - 45% or 90% of incremental taxes up to 10-25 years depending on project need and priority
- ◀ Capacity
  - Aggregate of all projects is limited to 3.0% of the annual property tax levy of any given year



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# Tax Increment Grant

Incremental Taxable Value	45%			10 Years		
	City	County	Total	City	County	Total
\$1,000,000	\$1,566	\$2,776	\$4,343	\$15,665	\$27,761	\$43,425
\$5,000,000	\$7,832	\$13,880	\$21,713	\$78,323	\$138,803	\$217,125
\$10,000,000	\$15,665	\$27,761	\$43,425	\$156,645	\$277,605	\$434,250
\$15,000,000	\$23,497	\$41,641	\$65,138	\$234,968	\$416,408	\$651,375
\$50,000,000	\$78,323	\$138,803	\$217,125	\$783,225	\$1,388,025	\$2,171,250
\$100,000,000	\$156,645	\$277,605	\$434,250	\$1,566,450	\$2,776,050	\$4,342,500
\$150,000,000	\$234,968	\$416,408	\$651,375	\$2,349,675	\$4,164,075	\$6,513,750

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# Premium Outlets - TIG

◀ Approved by City Council in 2013

◀ TIG Terms

- 10 years / 45% of increment
  - City AND County
- \$5.134 million (City ~ \$1.8 million)
- Estimated private investment - \$100 million [Actual - \$200 million]
- Leverage ratio - 55:1 [Actual - 97:1]
  - Based on City's portion of TIG

◀ Notable Public Benefits

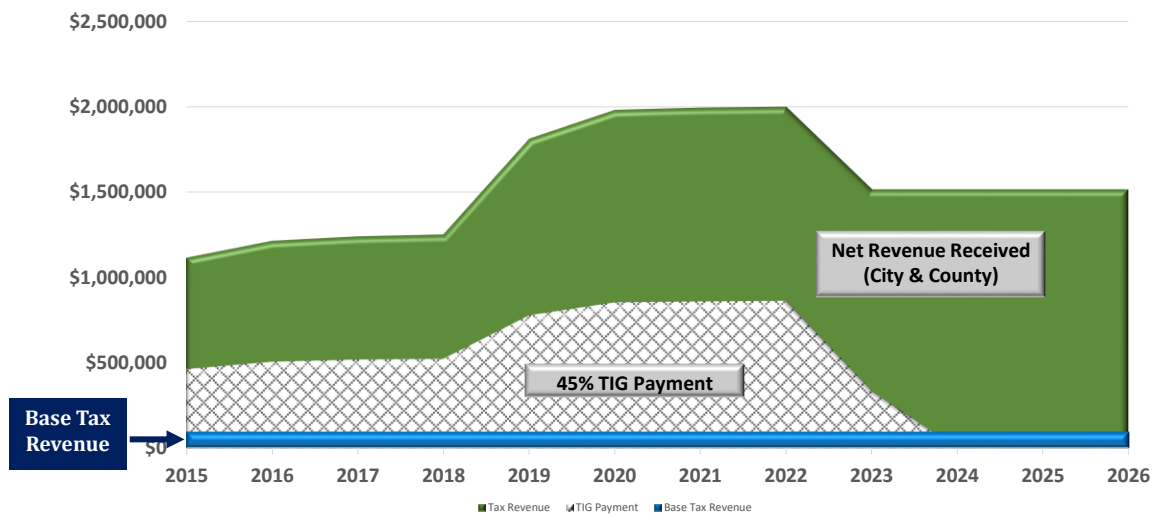
- Significant infrastructure improvements to leverage private investment and increase connectivity
- Create 1,000 part-time & full-time jobs
- Generate substantial increase in sales tax revenue
- MWSBE utilization
  - Goal - ????
  - Actual - SBE: 12.48% | MBE: 17%

◀ Completed reimbursement with 2024 payment



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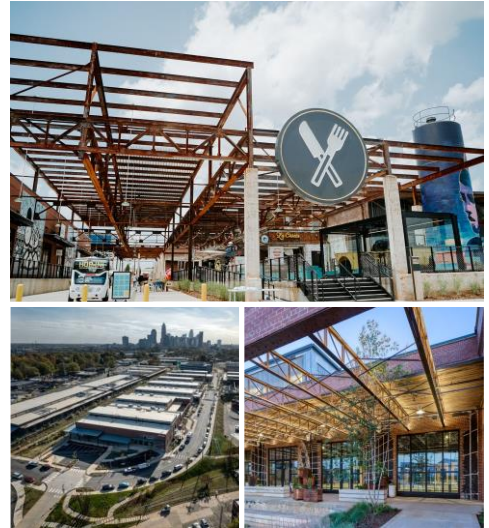
# Premium Outlets - TIG



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## Camp North End - CIP

- ◀ Approved by City Council in 2017
- ◀ Alignment with Center City 2020 Vision Plan and CNIP efforts
- ◀ Reimbursement of infrastructure improvements up to \$15 million
- ◀ Notable Public Benefits
  - Significant infrastructure improvements and increased connectivity
  - Redevelopment of major catalyst property in North End area
  - Leverage ratio – 23:1
  - MWSBE utilization:
    - Goal – MBE: 5% | SBE: 20%
    - Actual - MBE: 10.84% | SBE: 20.01%



## Ballantyne Reimagined – TIG/CIP

- ◀ Approved by City Council in 2020
- ◀ TIG Terms
  - 15 years / 45% of increment
  - \$25 million (City ~ \$8.7 million)
  - Estimated private investment - \$1.5 billion
  - Leverage ratio – 172:1
    - Based on City's portion of TIG
- ◀ CIP Terms
  - \$17.5 million
- ◀ Notable Public Benefits
  - Significant infrastructure improvements to leverage private investment and support community goals
  - Expands supply of affordable/workforce housing for a range of household incomes
  - MWSBE utilization
    - CIP - SBE: 12% | MBE: 5% [Actual: SBE: 11.8% | MBE: 4.24%]
    - TIG - SBE: 12% | MBE: 8% [in progress]



# Partnership Opportunities on the Horizon



## P3 (TIG/CIP) Summary

### ◀ City Council approved 30 P3s (20 TIG | 10 CIP) since 2004

- 28 reimburse developer for designing and constructing public infrastructure improvements
- 14 Include terms requiring the developer to expand the supply of affordable and/or workforce housing
- County's participation in 14 of the 20 TIGs

### ◀ Since 2020

- 9 active TIG & CIP P3s approved by City Council
  - 7 different developments
- 9 reimburse developer for public infrastructure
- 2 include public parking
- 5 include terms to build workforce and/or affordable housing
  - Remaining 4 are CIP projects

### ◀ Private Leverage (City portion only)

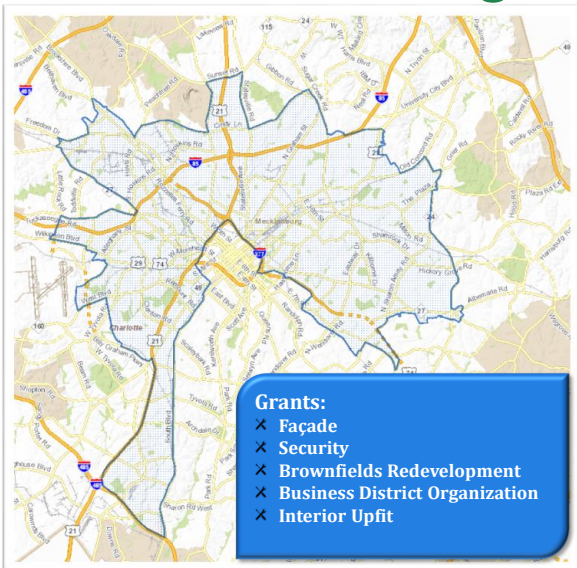
- Goal - 10:1
- Since 2004 - 56:1
- Since 2020 - 58:1

### ◀ MSWBE Utilization

## Small Scale Projects (<\$25M)

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## Business Matching Grants



### ◀ Purpose:

- Attract private investment to grow jobs, businesses, and services
- Expand the tax base in business corridors
- Support revitalization of the corridors, promoting the adjacent neighborhoods as safe, viable, and sustainable

### ◀ Goals:

- Eliminate blight
- Create strong local economies
- Align City programs & policies
- Promote neighborhood commercial activity
- Promote safety
- Promote environmentally sustainable development

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# Business Matching Grants Summary

Since FY 2009

Since FY 2020



**511**  
Grants Awarded

**251**  
Grants Awarded

**1M+**  
SF of commercial



**\$11.6M**  
Awarded

**\$5.9M**  
Awarded

**\$24K**  
Avg Award



**\$127M+**  
Leveraged Private Investment

**\$55M+**  
Tot Private Leverage

**\$340K**  
Avg Private Leverage



# Project Examples – Small Scale Partnerships

610 W Sugar Creek Road

East Town Market



Lower Tuck (Jay Street)



# Project Examples – Small Scale Partnerships

## ◀ Strategic Land Acquisition

- Belmont C-Store & Service Station
- West/Remount Strip Center
- Sugar Creek Hotel

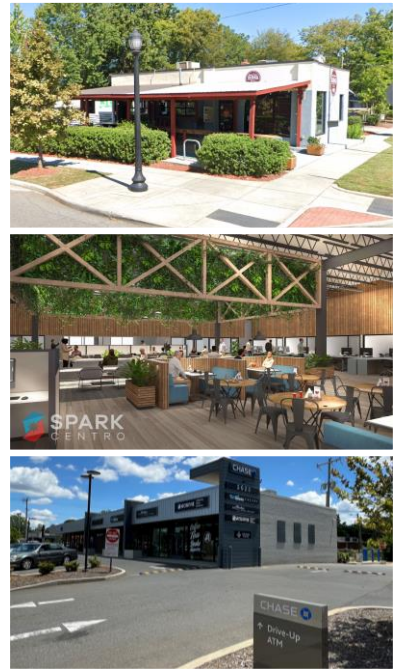
## ◀ Main Street | Living Cities

## ◀ Start-Scale-Sustain (S3) Grant (ARPA)

- Business District Organizations

## ◀ Opportunity Hubs (ARPA)

## ◀ LISC Charlotte Emerging Developer Training Program (ARPA)



# Project Examples – Small Scale Partnerships



## Projects on the Horizon

- ◀ Excelsior Club
- ◀ Fresh food & produce opportunities in West Charlotte
- ◀ Sugar Creek Hotel Site Redevelopment
- ◀ West/Remount Strip Center Redevelopment
- ◀ Ongoing partnership opportunities



## Conclusion

- ◀ Every partnership opportunity requires a customized approach to applying tools
- ◀ Current policy priorities considered in negotiations:
  - Residential & commercial affordability
  - MWSBE utilization
  - Transportation (bike/ped/transit/auto) connectivity
- ◀ Relentless in our efforts to find creative solutions to drive Council's directives around economic and community development
  - Pilot projects
  - Creative funding mechanisms
- ◀ Importance of leverage

**Questions?**

 CITY of CHARLOTTE

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