

Eastland Redevelopment

CITY COUNCIL
JULY 10, 2023

Overview

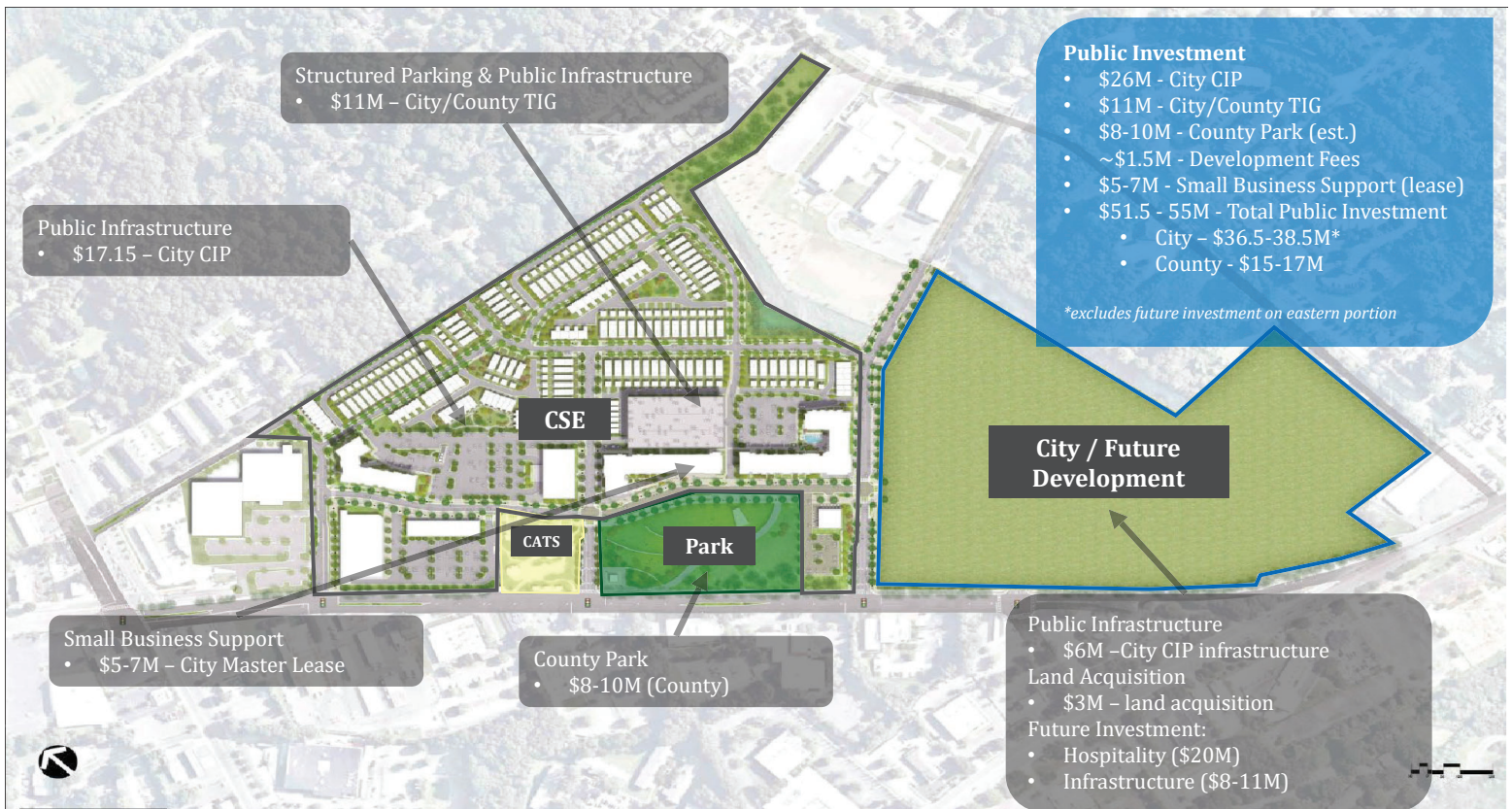
- ▶ Development review/update
- ▶ Recent Jobs & Economic Development Committee actions
- ▶ Community engagement update
- ▶ Evaluation of proposals for active recreation development
- ▶ Next steps
- ▶ *Note: No formal Council action requested tonight*

Principles for Redevelopment (2012)



Redevelopment Principles

- ▶ **Enhance perceptions of the Eastland area and East Charlotte**
 - Attract visitors from across the region
- ▶ **Unify local communities**
 - Build on the East side’s cultural and international diversity
- ▶ **Create connectivity and walkability for surrounding neighborhoods**
 - Integrate development into the existing corridors and neighborhoods
- ▶ **Take advantage of natural features**
 - Create dedicated and flexible open spaces
- ▶ **Create opportunity for civic development**
 - Incorporate public amenities
- ▶ **Increase equitable economic development**
 - Provide opportunities for small and local businesses



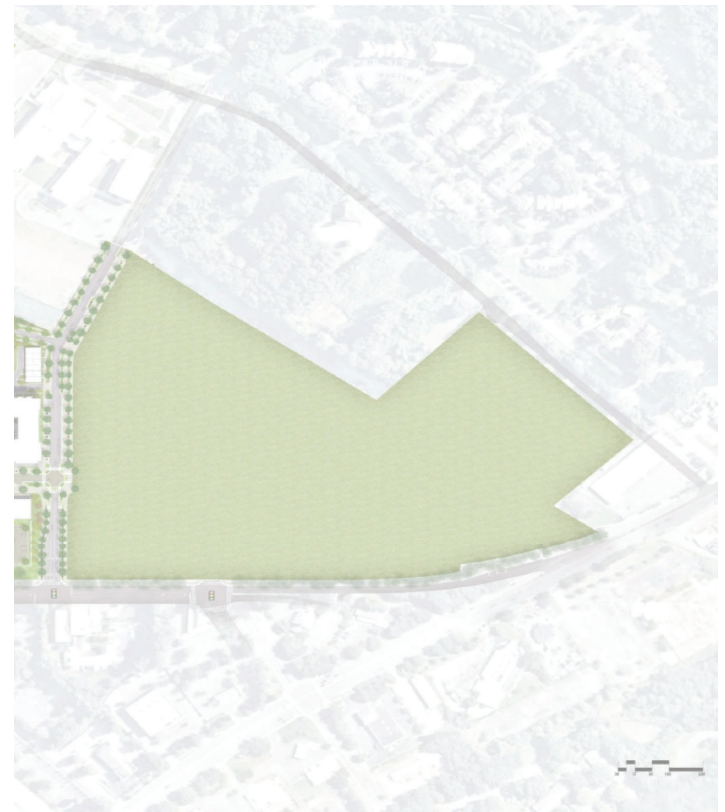
Progress Underway

- ▶ **Ground breaking – August 2022**
- ▶ **1st property closing with CSE – May 2023**
 - Senior Affordable Housing Development
 - Expected delivery – Q4 2024
- ▶ **Subsequent property closings – Q3 & Q4 2023**
 - Mixed use development parcels
 - *Anticipated delivery Q3 2025*
 - Single family & townhouse development parcels
 - *First home delivery Q2 2024*
- ▶ **Single family development partner in pre-development**
 - Builder submitted for design review and approval
- ▶ **Mecklenburg County conducting community engagement for ~4.6-acre park**
- ▶ **Development of eastern 29 acres of the site will occur over the next two years**



Recent Committee Actions

- ▶ **March 6 Committee Discussion**
 - Staff presented 3 proposals to Jobs & Economic Development Committee
 - Concerns from Committee about public investment requested compared to proposed private investment
 - Committee action:
 - *Voted to extend the review period by 60 days*
 - *Directed City Staff to accept new proposals during the extended review window*
- ▶ **May 1 Committee Discussion**
 - Staff revisited the 3 proposals previously presented to Committee with 1 new proposal
 - Staff recommended eliminating 2 proposals from further consideration
 - Committee action:
 - *Approved recommendation to remove Eastland Aquatic Center and Target from further consideration*
- ▶ **June 5 Committee Discussion**
 - Staff presented two proposals previously presented and 1 new proposal submitted June 2
 - Staff recommended to remove Carolina Serves from further evaluation and begin community engagement on QC East @ Eastland Yards, and potentially Eastland Yards Indoor Sports Complex
 - Committee Action
 - *Approved staff recommendation*



Community Engagement - Questionnaire

Total responses: 522

Do the Eastland Principles for Redevelopment still reflect what is needed at the site?

- ▶ Yes – 93.5%
- ▶ No – 6.5%

Which of the following is most important to you as it relates to the Eastland Yards site?

- ▶ Creating Economic Opportunities – 55%
- ▶ Community Access & Use – 45%

Themes

Likes

- ▶ Getting something done
- ▶ Sports
- ▶ Community Spaces
- ▶ Retail: F&B
- ▶ Family-focused
- ▶ Outdoor/green spaces

Concerns

- ▶ Public access
- ▶ Accessibility/Affordability for East Side residents
- ▶ Long-term upkeep
- ▶ Traffic and noise impacts
- ▶ Preserve east side "vibe"
- ▶ Too much public funding

Geography: 45% of responses came from east side zip codes (28205, 28212, 28215, 28277)

Evaluation of Proposals for Active Recreation Development

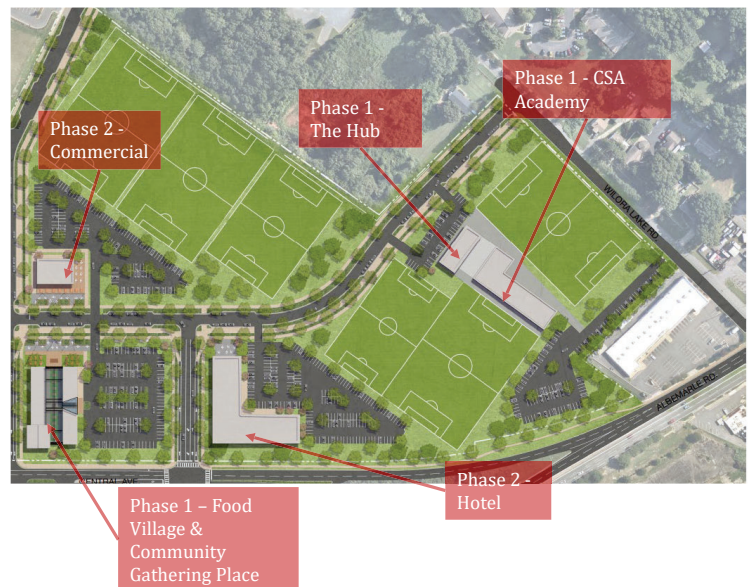


QC East @ Eastland Yards– Program Overview

► Sports, tech, & entertainment

- Athletic fields & CSA Academy
 - 6 multi-sport artificial turf fields
 - 8 acres
- Entertainment
 - Outdoor amphitheater
 - Indoor/outdoor venue (the “Hub”)
 - Food village and community gathering place
- “The Hub” – 20,000 SF footprint
 - Public event space and technology center, focusing on esports and STEM educational opportunities
 - Event capacity of 2,500
 - Host professional and amateur esports events, music concerts, and a digital entertainment area
 - Main stage opens front and back allowing for greater flexibility between event types (music, sports, etc.)
 - Digital entertainment area for daily use – themed simulators (NASCAR, F1, Golf, etc.), console and gaming stations, etc.
 - 20,000 SF (Innovation Center – 7,500 SF; Digital Entertainment – 7,500 SF; Office – 1,500 SF)
- +/- 680 parking spaces

► Entire site - ~29 acres



QC East @ Eastland Yards – Funding / Land Structure

► Estimated project cost

- Phase 1 - \$61M
- Phase 2 - \$22M

► Private investment - \$31M (Phase 1)

- \$22M – Phase 2

► Public investment requested – \$30M (Phase 1)

- Hospitality Funds - \$19M (\$9.5M over two years)
- Infrastructure Reimbursement - \$11M
- 49% of total capital cost (phase 1)

► Community use of the facility

- Apprenticeships & adult workforce training programs
- After-school programs involving tech education & gaming
- Neighborhood access to fields
- Community meeting space
- Community-oriented programming (e.g. free tech-oriented classes, senior programming)

► Purchase land from City at market value



Eastland Yards Indoor Sports Complex – Program Overview

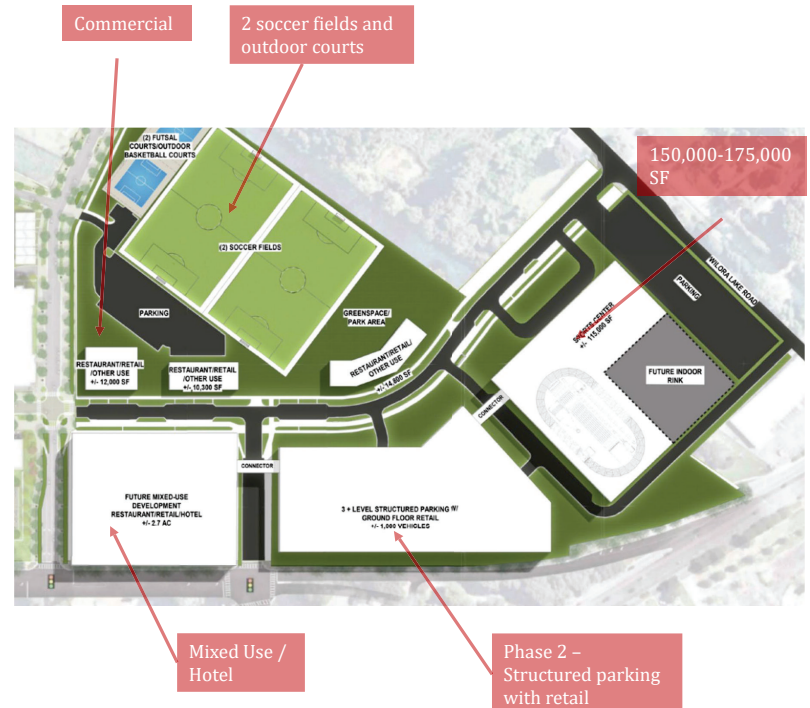
► Conceptual Indoor Facility

- 150,000-175,000 SF of programming
- 12 full-size hardwood basketball courts
 - Ability to overlay a 200m banked competition track while keeping some courts reserved for court sports
 - Portable indoor turf
 - Concessions and bar
 - Fitness Center
- 1-2 ice rinks
- Leasable Space (medical, physical therapy, etc.)
- Community Learning Academy

► Conceptual Outdoor Facility

- Two FIFA regulation soccer pitches
- Two futsal courts
- Outdoor, playground, basketball courts & jogging trails
- 700 parking spaces

► Hotel (150 keys)



Eastland Yards Indoor Sports Complex – Funding / Land Structure

► Estimated project cost of Indoor Facility - \$45-55M

- Public investment requested - \$28M
 - \$20M – amateur sports facility /fields
 - \$8M – infrastructure improvements (*estimate only, may be higher*)
 - Latest information from team state this as “TBD”
- Private assumes cost over \$20M
- Public investment = ~40% (*based on latest info...need greater clarity*)

► Community use of the facility = 20%

- Community use primarily available for outdoor facilities (playground, outside basketball courts, etc.)
- Indoor available 20% of the total time
 - 30% no-cost amenities / programs
 - 20% discounted rate amenities / programs
 - 50% full-rate amenities / programs

► \$1 per year ground lease

- 29 acres



Review / Evaluation Process

► Goals of Evaluation Process

- Ensure proposals meet stated goals of community
- Review each proposal to ensure financial stability and long-term viability

► Independent evaluations from City, County, and CRVA staff

► Evaluation Criteria was focused on four areas:

- Financial Strategy & Qualifications
- Qualifications & Experience of the project team
- Project Approach and Concept
- Development Schedule

Evaluation Metrics

Criteria	Description/Examples
Team Qualifications and Experience (development & operations)	<ul style="list-style-type: none"> • Successful track record and experience with implementing and operating concept(s) proposed • Explanation of relationship of key personnel and their roles and contributions to the proposing team
Financial Strategies & Qualifications	<ul style="list-style-type: none"> • Demonstrates sufficient financial capacity to obtain financing/funding for the proposed development • Detailed description of any Federal, State, and/or local funding sources required • Demonstrated financial capacity to cover operating expenditures without support from public sources
Project Approach	<ul style="list-style-type: none"> • Demonstrated experience with high quality development, sensitivity to neighborhoods, tourism demand, etc. • Proposed concepts align with previously stated goals and objectives to deliver a transformational redevelopment of the Eastland site in partnership with the City, County, CRVA, and master development partner
Schedule	<ul style="list-style-type: none"> • Efficient timeline for land transaction, design/permitting, construction, and full completion • Confidence level in delivering a dynamic project
Community Impact/Access	<ul style="list-style-type: none"> • Sufficiently describes use of facility for Charlotte residents, free access opportunities, and potential user fees

Evaluation – Due Diligence

- ▶ Due diligence is a necessary part of the process to determine the validity of any proposal
 - Evaluation team: City, County, CRVA
- ▶ Staff provided each team with follow-up questions to offer greater clarity and understanding of the proposed redevelopment

QC East @ Eastland Yards	Eastland Yards Indoor Sports Complex
<ul style="list-style-type: none"> ➤ Requests to speak with key debt/equity providers ➤ Impact and general flexibility on limiting size and/or number of festivals ➤ Information on the esports market in Charlotte ➤ Approach for working with the community on festivals/events to ensure successful events without imposing burdens on the surrounding neighborhoods ➤ Please provide additional information on the structure of the partnership and ownership entities (e.g. detailed organization chart with ownership interest and lead management organization) 	<ul style="list-style-type: none"> ➤ Requests to speak with key debt/equity providers ➤ Timing for ancillary development ➤ Clarity on any inconsistencies of information provided in proposal and other documents provided ➤ Better understanding of assumptions within infrastructure improvement cost estimates ➤ Clarity on active partners and their respective roles and/or financial commitments

Evaluation Results

► QC East @ Eastland Yards

- Pros
 - *Food village/community gathering place provides desired gathering place for East Charlotte*
 - *Transformational proposal that has alignment of the goals and objectives as outlined in the vision for Eastland*
 - *Attractive mix of public and private funding structure (49% public) and debt/equity allocations (only 20% debt)*
 - *Significant focus on initiatives to support local job growth, local business expansion, and development of tech-oriented skillsets*
 - *Concepts align well with community feedback and preferences for job creation, soccer fields, and creating a destination in East Charlotte*
 - *Potential for significant catalytic impact for nearby businesses and job opportunities for East Charlotte residents*
 - *Ready to start in the near term*
- Cons
 - *Larger events may place burdens on surrounding communities with traffic and parking*
 - *Limited information on annual operating pro forma*

Evaluation Results

► Eastland Yards Indoor Sports Complex

- Pros
 - *Demonstrated demand for proposed facilities in the Charlotte market*
 - *Experience with implementing sports facilities*
 - *Potential for economic impact for nearby businesses*
 - *Aligned with several of the stated goals and objectives in the Eastland vision*
 - *Site plan includes green/open space*
- Cons
 - *Potential burden on surrounding communities from increased traffic and parking demands*
 - *Different development and operating partner than stated in the proposal*
 - *Programming is still “very conceptual” (including the floorplan, community learning center, and ancillary development)*
 - *Mix of funding/financing for the proposed development still unclear*
 - *Revised team is still early in process and will take time to better gauge financial feasibility*
 - *Community use/access information is unclear and potentially inadequate*

Evaluation Results

► Evaluation score out of possible 100

► Aggregate Score (City, County, CRVA):

- QC East @ Eastland Yards – 70
- Eastland Yards Indoor Sports Complex – 59

► Key comments on scoring:

- Concepts within both proposals align with the Eastland vision for activating the site and complementing work under way by Crosland Southeast
- Greater confidence in information provided by QC East regarding financial viability, long-term success, community use and accessibility, and ability to begin in the short term
- The food village and community gathering space from QC East @ Eastland Yards would create an amenity space and unique sense of place for East Charlotte that doesn't currently exist
- Eastland Yards Indoor Sports Complex had too many dynamics changing within the structure of their team...
 - *Responses to follow up information suggest they're still figuring out specifics that potentially create delays and/or uncertainty around schedule, start date, and viability (site plan, infrastructure requirements, etc.)*

Next Steps

- **QC East @ Eastland Yards is in position to begin implementing their concept**
- **Indoor Sports Complex has merit and demonstrated market demand, but the proposal needs more time to develop to remove uncertainties around the team, financial structure, and long-term viability**
- **Staff recommendation:**
 - Progress partnership conversations with the QC East @ Eastland Yards team to next phase of due diligence
 - Continue conversations with the Indoor Sports Complex team about future opportunities in Charlotte