

Legislation Text

File #: 15-20691, Version: 1

Eastland Commercial Lease

Action:

- A. Authorize the City Manager, or his designee, to negotiate and execute all documents necessary to complete a Master Lease Agreement with Crosland Southeast LLC, or their assigned entity, with a ten-year term for ground floor commercial space within the new mixed-use buildings as part of the Eastland Mall redevelopment,**
- B. Authorize the City Manager, or his designee, to renew the Master Lease Agreement for up to two, five-year terms, and**
- C. Adopt a budget ordinance appropriating \$246,957.52 from Crosland Southeast LLC to the Neighborhood Development Grants Fund.**

Staff Resource(s):

Tracy Dodson, City Manager's Office
Todd DeLong, Economic Development

Explanation

- To support small, local, and/or minority owned businesses as part of the Eastland Mall redevelopment, the city will lease from Crosland Southeast LLC (Developer) up to 17,000 square feet of commercial space (seven bays/spaces) located on the ground floor of two new mixed-use buildings to be built by the Developer.
- The terms of the master lease between the city and Developer include the following:
 - The Developer will provide a minimum of four parking spaces per 1,000 square feet,
 - 10-year term with two options to extend by five years,
 - Base rent of \$39.70 per leasable square foot,
 - An overall tenant allowance of \$35 per square foot from the Developer to support build-out of the space for the subtenants, and
 - Rent will be approximately \$54,000 per month plus the pro rata share of taxes, insurance, and maintenance incurred during the term.
- The total cost of the lease is estimated to be \$800,000 annually.
- The master lease agreement may be submitted to the Local Government Commission for review.
- The city will work in partnership with the Developer to finalize a set of criteria used to attract small business tenants for sub-leasing these commercial spaces that:
 - Activate the ground floor and support continuity across the site,
 - Strengthen the retail mix and contribute to the individuality of this redevelopment,
 - Bolster pedestrian activity throughout the entire day,
 - Contribute to the unique experience and place, and
 - Complements the other uses within the Eastland Yards development.
- Terms for these sub-leases will be subject to future negotiations with subtenants.
- City Council approval will be required for any sub-leases with a lease term beyond one year.
- The cost of the master lease will be covered in part by the sale proceeds resulting from selling property to the Developer as part of the Eastland Mall redevelopment, easement revenue, and rental income from tenants once the space is occupied.
 - The first sale occurred in May 2023 with sale proceeds of \$246,957.52.

- The Developer anticipates construction of the leasable space to begin during the Fall of 2023 and plans to complete the development within 30 months from the construction start date.

Background

- The city purchased approximately 80.4 acres of the former Eastland Mall property in August 2012 as an opportunity to aid economic development and neighborhood revitalization in the area. Eastland Mall was demolished in 2013.
- The redevelopment principles created by the Eastland Area Strategies Team help guide the redevelopment of the site to:
 - Enhance the perceptions of the Eastland area and East Charlotte,
 - Unify local communities,
 - Create connectivity and walkability for surrounding neighborhoods,
 - Take advantage of natural features,
 - Create opportunity for civic development, and
 - Increase equitable economic development opportunities.
- From 2017 to 2018, the Economic Development Committee, now known as the Jobs and Economic Development Committee (Committee), reviewed proposals from four development teams and voted unanimously to engage exclusively with the development team led by Crosland Southeast LLC (Developer).
- Throughout 2019, the city partnered with the Developer to lead a robust and broad outreach effort for more inclusive community engagement.
- On November 9, 2020, City Council authorized the City Manager to negotiate and execute a Master Development Agreement and other necessary agreements for the reimbursement of costs for public infrastructure, public parking, and other public improvements.
- This property is part of the Nov 9, 2020 agreement to transfer ownership of specific parcels to Crosland Southeast, LLC as they become developable.
- On August 3, 2022, the city and the Developer held a groundbreaking ceremony on the site to initiate site work and infrastructure construction.

Charlotte Business INClusion

This is a real estate leasing and acquisition contract and is exempt (Part A: Appendix 1.27 of the Charlotte Business INClusion Policy).

Fiscal Note

Funding: Neighborhood Development Grants Fund

Attachment(s)

Map
Budget Ordinance