

## Legislation Text

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File #: 15-13262, Version: 1

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### Ballantyne Infrastructure Reimbursement

#### Action:

- A. Authorize the City Manager to negotiate and execute a Master Development Agreement with Northwood Development, LLC (Developer) setting forth the general terms and conditions of the City and Developer's partnership regarding affordable housing, arts and culture, traffic mitigation, multimodal transportation, parks and greenways and other community benefits in the redevelopment of Ballantyne Corporate Park,**
- B. Authorize the City Manager to negotiate and execute a contract with Developer for the reimbursement of costs for public infrastructure in an amount not to exceed \$25 million for public infrastructure improvements, which will be reimbursed through 45 percent of incremental City and County property taxes from a designated area over 15 years, or until fully reimbursed, whichever occurs first,**
- C. Authorize the City Manager to negotiate and execute a contract with Developer for the reimbursement of costs for public infrastructure in an amount not to exceed \$17.5 million for public infrastructure improvements, which is expected to be reimbursed to the developer in full by the 2022 Bond Referendum OR in two payments of \$8.75 million split between the 2022 and 2024 Bond Referendum OR in a combination of payments from other municipal sources of funding, and**
- D. Adopt a resolution approving an Interlocal Agreement with Mecklenburg County and authorizing the City Manager to negotiate and execute all documents necessary to complete the interlocal cooperation.**

#### **Staff Resource(s):**

Tracy Dodson, Economic Development

#### **Explanation**

- The 454.24-acre Ballantyne Reimagined development is a private development site located in South Charlotte in Council District 7.
- Northwood Development, LLC (Developer) plan to redevelop approximately 140 acres on the east side of Highway 521 through two phases and will provide municipal improvements within their development through the city's Capital Investment Plan (CIP) and Tax Increment Grant
- These improvements implement the city's goals of increasing economic development, placemaking opportunities, increasing the local tax base, and improving road networks, and traffic mitigation.
- Ballantyne Reimagined rezoning will provide for development of a unique live-work-play master planned community for office, retail, hotel, and a variety of residential uses, with strong pedestrian and environmental commitments.
- The total estimated private investment related to Phase I and II improvements are approximately \$1.5 billion.
- Northwood Development, LLC (developer) has requested the city partner with them on a series of public infrastructure improvements. The Ballantyne Reimagined development and proposed public private partnership was presented during the City Council Strategy Session on March 4, 2020 and

at the City Council Business Meeting on May 11, 2020.

- The partnership is described in the Master Development Agreement and will achieve the following goals:
  - Create infrastructure to support development and leverage existing investment,
  - Provide housing units that are subject to income, rent or price restrictions,
  - Deliver an amphitheater with a minimum capacity of 2,000 people, together with related improvements, and
  - Preserve and provide over 100 acres of open space.
- At build-out of Phase I and II, the redevelopment could generate more than \$7 million in annual city property tax revenue.
- Phase I of the proposed development will include 1030 residential units (130 affordable), construction of a public amphitheater, 300,000 square feet of retail and restaurants, 200 hotel rooms, Greenway Connections, Roadway Infrastructure.
- Phase II will include 1050 residential units (130 affordable), 300 townhomes, and 400,000 square feet of office space.
- Phase III is an aspirational phase, not triggered until a major transportation event occurs and a new traffic study is conducted, yet may include 1890 residential units (270 affordable) and up to 1,500,000 square feet of office.

#### **Infrastructure Reimbursement Agreement - Tax Increment Grant**

- The developer has requested reimbursement of \$25 million for public infrastructure improvements.
- Per Council policy, the development qualifies for a 15-year, 45 percent TIG
- The public improvements to be reimbursed under the terms of the Agreement include:
  - Development of a new east west connector road between Johnston Road and Community House Road parallel to Ballantyne Commons Parkway and additional intersection improvements in the greater Ballantyne area.
- Under the terms of the agreement, the developer would build the public improvements and be reimbursed through 45 percent of the incremental city property taxes from a designated area over 15 years.
- Other terms of the agreement include:
  - \$25 million in reimbursed infrastructure cost with an interest cost of carry equivalent to the city's cost of funds,
  - The development team must request the first grant payment within five years after the completion of the public infrastructure improvements,
  - The TIG term ends at 15 years or when the grant payments equal a present value equal to \$25 million, whichever occurs first,
  - The development team has engaged general contractors and technical assistance to strengthen Minority, Women, and Small Business Enterprise (MWSBE) utilization for public and private infrastructure improvements, and
  - The developer has agreed to work with the city to incorporate an MWSBE Plan approved by the city's Charlotte Business INclusion (CBI) Program, to include:
    - A minimum of 12 percent SBE utilization for all public infrastructure improvements under the reimbursement agreement.
    - A minimum of 8 percent MBE utilization for all public infrastructure improvements under the reimbursement agreement.

#### **Infrastructure Reimbursement Agreement - Capital Investment Plan**

- Anticipated funding of \$17,500,000 dispersed in one or more payments from a future Bond Referendum or other municipal funding sources
- Improvements to be made include:
  - A new roadway and intersection improvements between Johnston Road and N. Community House Road,
  - Improvements to the I-485 Ramps and
  - Improvements to the following intersections:

- Johnston Road and N. Community House Road,
  - Ballantyne Commons Parkway and N. Community House Road,
  - Old Lancaster Road and Ballantyne Commons Parkway, and
  - Johnston Road and Ballantyne Commons Parkway.
- In order to expedite and provide for efficient construction of the Ballantyne improvements, the Developer will be responsible for ensuring the agreed upon public improvements are complete to city standards. In return, the city will reimburse the developer for these public improvements in an amount not to exceed \$17.5 million
- Under the terms of the agreement the developer would build the public improvements and be reimbursed upon completion of said improvement through the CIP or other funding sources.
- The Developer has agreed to work with the city to incorporate an MWSBE Plan approved by the city's CBI Program.
- The developer will continue working with the city and the community on objectives to create opportunities for greater inclusion of MWSBE certified companies and workforce development initiatives.

**Fiscal Note**

Funding: General Capital Investment Plan, Tax Increment Grant, or Other Municipal Funding Sources

**Attachment(s)**

May 11<sup>th</sup> City Council Business Meeting Presentation

March 4<sup>th</sup> City Council Strategy Session Presentation

Resolution

Ballantyne Reimagined Interlocal Agreement