

Legislation Text

File #: 15-14537, Version: 1

Eastland Mall Redevelopment Public Private Partnership - Crosland Southeast

Action:

- A. Authorize the City Manager, or his designee, to negotiate and execute a Master Development Agreement with Crosland Southeast, LLC (Developer) setting forth the general terms and conditions of the city and Developer's partnership regarding phased property transactions, revenue sharing, and community benefits in the Eastland Mall redevelopment;**
- B. Authorize the City Manager, or his designee, to negotiate and execute a contract with Developer for the reimbursement of costs for public infrastructure in an amount not to exceed \$17.25 million, which will be reimbursed from the Capital Investment Plan;**
- C. Authorize the City Manager, or his designee, to negotiate and execute a contract with Developer for the reimbursement of costs for public infrastructure, public parking, and other public improvements in an amount not to exceed \$11 million, which will be reimbursed through 45 percent of the incremental property taxes from a designated area over 20 years, or until fully reimbursed, whichever occurs first; and**
- D. Authorize the City Manager to negotiate and execute any further ancillary instruments or non-material changes to the agreements as may be necessary.**

Staff Resource(s):

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

Explanation

- 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:
 - 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.
- In June 2017, the Economic Development Committee, now known as the Workforce and Business Development Committee (Committee), provided direction to seek a private development partner prior to engaging in additional site preparation work.
- In March 2018, four development teams interested in partnering with the city presented general development concepts to the Committee.
- In September 2018, the Committee voted unanimously (Mitchell, Driggs, Harlow, Mayfield, and Newton) to direct staff to engage exclusively with the development team led by Crosland

Southeast, LLC (Developer) to work through the terms of a pre-development agreement, which would outline the necessary site work to start a joint redevelopment effort between the city and the development team.

- On October 22, 2018, City Council authorized the City Manager to execute a pre-development agreement with the development team led by Crosland Southeast, LLC.
- Throughout 2019, the city partnered with Developer to lead a robust and broad outreach effort for more inclusive community engagement.
- In June 2020, City Council approved rezoning of the city's approximate 69 acres as well as an additional 7.96 acres under contract by Crosland Southeast located at 5745 Central Avenue in Council District 5.
- In September 2020, City Council accepted the assignment from C4 Investments, LLC (a Crosland Southeast affiliate) of the Purchase and Sale Agreement and approved the purchase of the property at 5745 Central Avenue.
 - City funds for this acquisition are existing Capital Investment Plan (CIP) allocations targeted to support redevelopment of the Eastland Mall property.
- In October 2020, city staff presented City Council with the general terms of a public private partnership with Developer by virtue of a Master Development Agreement.

Action A:

- The partnership will be described in the Master Development Agreement.
- Anticipated Development Program Phase I includes:
 - A preliminary submittal for a Low-Income Housing Tax Credit (LIHTC) application for senior affordable housing
 - Approximately 250 multifamily residential units
 - Approximately 26,000 square feet of ground floor commercial space beneath the multifamily development
 - A full service grocer
 - 10,000 to 12,000 square feet of ancillary retail shops
 - First tranche of single family detached and townhomes
 - Parking for the above uses, including structured parking
 - Estimated private investment of at least \$150 million for Phase I improvements
- General terms of the agreement include:
 - City to transfer ownership of specific parcels as parcels are considered by the city and the Developer to be ready for development
 - Final transfer of properties may require additional approval from City Council
 - Creation of infrastructure to support development and leverage private investment
 - Provision of 80-100 housing units that are subject to income, rent, and/or price restrictions
 - Small Business Support
 - Reduce value of land conveyed by the city to support financial feasibility of small business opportunities
 - Revenue sharing opportunities allowing the city to receive a specified percentage of future revenues generated by the site (e.g. increased lease revenue, land sold by the Developer to third parties, etc.)
- Public Benefits include:
 - Small business opportunities with a preference for minority-owned businesses
 - Increased housing affordability with 80-100 units of senior affordable housing
 - Public parking
 - Expansion of tax base and catalyst for redevelopment along Central and Albemarle Corridors
 - Redevelopment is a kick-off to the Corridors of Opportunity strategy for Central/Albemarle area
 - Sports tourism and increased hospitality tax revenues

Action B:

- Per City Council policy, the redevelopment qualifies for a 20-year, 45 percent Tax Increment Grant (TIG).
- The county's participation is pending approval by the Board of County Commissioners.
- The TIG Supports reimbursement of public infrastructure, public parking, and other public benefits.
- The Developer would build the public improvements and be reimbursed through 45 percent of the incremental city property taxes from a designated area over 20 years.
- Other terms include:
 - The term ends at 20 years or when the payments equal a present value of \$11 million, whichever occurs first.
- The Developer has agreed to work with the city to incorporate an MWSBE Plan approved by the City's Charlotte Business INclusion (CBI) Program.

Action C:

- Invest \$20 million of the city's CIP funds, allocated in 2016 and 2018 bonds towards the redevelopment of Eastland Mall
 - Up to \$17.25 million for reimbursement of site development and related public infrastructure built on city-owned property.
- The following site work is anticipated for Phase I, which sets the stage and the place for the rest of the development:
 - All site grading on the entire approximately 77 acres,
 - All underground utility mains and storm detention (as required by code),
 - All public roads, including sidewalks, curbs, planting strips, lighting, and street trees
 - Walking/bicycle trails/greenway extension throughout the development
 - All offsite improvements, which include multiple new traffic signals and intersection improvements
 - Expected completion of infrastructure improvements by the end of 2022
- The Developer will build the public improvements and be reimbursed upon completion of said improvements through the city's CIP.
- The Developer has agreed to work with the city to incorporate an MWSBE Plan approved by the city's CBI Program.

Charlotte Business INclusion

The city negotiates subcontracting participation for Public-Private Partnerships (P3) after the scopes of work are defined.(Part G: Section 2.5 of the Charlotte Business INclusion Policy).

Fiscal Note

Funding: General Capital Investment Plan; General Fund (Tax Increment Grant)

Attachment(s)

October 26, 2020 City Council Meeting Presentation