



CITY OF CHARLOTTE

Center City Redevelopment – Charlotte's Model

Presented to Greenville City Council
January 25, 2013



©PATRICKSCHNEIDERPHOTO.COM

CHARMECK.ORG

Steps to Charlotte's Uptown Successes

- Develop a Shared Vision
- Create a Structure to Support and Sustain that Vision
- Implement the Shared vision
- Periodically Update the Vision
- Celebrate Successes

- Since 1960, Charlotte has had a plan for Uptown
- Every 10 years, it has been updated
- It is a shared plan, embraced by the City, County, Chamber of Commerce, Center City businesses and residents
- It does not live “on a shelf,” it is respected, and it is used to guide discussions about public and private investment in the Center City
- The last update was just completed in 2011, and was funded in equal shares by City, by County and by Center City Partners

Create a Structure to Support and Sustain that Vision

- Center City Partners (and its predecessor organizations) created to be the shepherd of the plan and the “go to” organization for Uptown issues
- 30-member Governing Board
 - 2 City reps
 - 2 County reps
 - 26 At-large reps (some ex-officio)
- Oversees 4 municipal service districts (MSDs) with overlay property taxes assigned to each MSD (3 Uptown; 1 South End)

Create a Structure to Support and Sustain that Vision

- \$4M annual budget, with \$3M coming from MSD taxes
- Center City Partners is also the organizer for all Uptown special events (4th of July; First Night; Speed Street; Taste of Charlotte; Charlotte Shout; Blues, Brews, & BBQ; all road races, etc.)
- Center City Partners also is a key player in filling office space and being the economic recruiter for Uptown businesses

Public/Private Investments Last Two Decades in Uptown Charlotte

- \$250M Pro Football Stadium
- \$200M New Arena
- \$150M Convention Center
- 2 New Art Museums and 2 New Performing Arts Theaters
- \$195M NASCAR Hall of Fame
- \$54M Uptown AAA Baseball Stadium
- 2 Major Entertainment/Retail Destinations
- New \$462M Light Rail Line
- New \$1.28B Light Rail Extension Line Underway
- Major \$170M Retail Center Redevelopment

- Hospitality Taxes
 - 8% Hotel/Motel Occupancy Taxes
 - 1% Prepared Food & Beverage Taxes
 - 6.5% Car Rental Taxes
- Municipal Service District Taxes
- Synthetic Tax Increment Grants
- General Fund Capital
- One Half Cent Local Option Sales Taxes
- Private Funding

- City
- County
- Mecklenburg Towns
- State DOT
- State Commerce
- State General Assembly
- Federal Government
- Chamber of Commerce
- Charlotte Regional Visitors Authority
- Hospitality and Tourism Alliance
- Charlotte Area Hotel Association
- Arts & Science Council
- Charlotte Center City Partners
- Private Sector

- Charlotte goes to its citizens every two years for bond votes
- It happens every even numbered year
- The normal bond size the last 10 years has been in the \$200M-\$230M range
- The referenda cover three primary items:
 - Transportation infrastructure
 - Neighborhood improvements
 - Affordable housing
- All referenda in the last 30 years have passed by wide margins



Synthetic Tax Increment Financing Guidelines

In accordance with the City's strategic business objectives, multiple financing tools are utilized to encourage economic development projects. One such tool is tax increment financing in the form of the City's Synthetic Tax Increment Finance Program (STIF). The City Council adopted guidelines below set forth the uses and parameters of the program that are utilized when assessing potential STIF investments.

I. Financing Parameters:

- A. Reimbursement basis only (City / County payments are not made until property taxes are paid by private sector)
- B. Private sector guarantees are pledged in the form of a Development Agreement
- C. A "But For" test will be applied
- D. City's financial participation allows reservation of right to influence type and form of project in partnership with private developer
- E. City priorities and policy goals must be satisfied

II. Definition of Tax Increment

- A. Total incremental taxes: the difference between the actual tax value of development parcel(s) presently and the actual tax value of the developed parcel(s) after project completion with proposed public investment
- B. Net incremental taxes: the difference between the projected future tax value of development parcel(s) in a normal market movement and the actual tax value of the developed parcel(s) after project completion with proposed public investment

III. Financing Categories

- A. Infrastructure Investment – the building or financing of new public infrastructure such as roads, streetscapes and parking decks that induce development that would not otherwise occur. Incremental taxes generated as a result of the new infrastructure can be used to reimburse private sector for right of way acquisition, design, engineering and construction of the infrastructure.

1. The Highest Priority Infrastructure projects in Highest Priority Business Areas may be eligible for a STIF amounting up to 90% of incremental taxes for up to ten years.

2. High Priority Infrastructure projects in High Priority Areas of the City may be eligible for a STIF amounting up to 45% of incremental taxes for up to ten years.

- B. Public Asset Purchase – the building or financing of new public buildings or feature that become a specific asset to the City. These projects bypass the normal Capital Improvement Plan (CIP) process and are often a unique opportunity to obtain a desired public facility. In analyzing the viability of a project, attention will focus on how the project compares to items included in the CIP. These projects may have multiple City and private sector revenue sources with the resulting asset owned by the City. As a result of the nature of the project, less emphasis is placed on the "But For" test and terms may be longer due to the life expectancy of the asset.

Total incremental taxes generated as a result of the development can be dedicated up to 80% and for up to 25 years.

- C. Economic Development Grants – the provision of gap funding for economic development projects in Business Corridor and strategic plan geographies that add value to the city and generate growth that would not otherwise occur.

Total incremental taxes generated as a result of the development can be dedicated up to 80% and for up to 10 years

IV. Capacity Policy

The amount of the total city wide STIF assistance should be limited to no more than 3.0% of the annual property tax levy of any given year. Before a new project can be approved, an analysis must be completed to ensure that future commitments will not exceed the STIF maximum capacity threshold. The model will be updated annually to determine if new capacity is available.

Adopted by City Council – November 2007



SUSTAINABILITY INDEX

For evaluating land development and redevelopment projects that have requested City participation in Transit Corridor, Business District and Neighborhood Infill Areas.

Project: _____

Parameter	Score	Comment
Council Strategic Priorities/Smart Growth Initiative		
- Establishes Healthy and Diverse Neighborhood/Supports Healthy Neighborhoods		
- Integrates Land Use & Transportation Choices/Expands Transportation Choices		
- Uses Public Resources Effectively/Uses Public Resources as Catalyst for Desired Outcomes		
- Makes City Safer		
- Enhances Prosperity/Builds Competitive Economic Edge		
Sub-Score		
Other Smart Growth Principles		
- Promotes Design for Livability		
- Builds Planning Capacity		
- Safeguards the Environment		
Sub-Score		
Financial: Need		
Demonstrates Financial Gap through Proforma		
Demonstrates Need Based on Projected Return and Fees		
Sub-Score		
Financial: Risk/Return		
- Demonstrates Ability to Pay Debt (private debt coverage ratio)		
- City Exposure (Public Contribution as % of entire project)		
- Contributes Equity to Project		
- Demonstrates Experience w/Similar Projects		
- Projects Acceptable Financial Return to City		
- Limits Risk to City		
Sub-Score		
OVERALL SCORE		
Opportunities & Constraints:		
- Narrative section to allow staff to bring into the analysis other benefits and issues presented by the project.		

Public -Private Partnerships Update

	Year Approved	Name of Project	Year Complete	Type of Public-Private Partnership	Private Investment	Public Investment	Leverage
1	2000	Westin Hotel	Complete 2005	Infrastructure	\$65M	\$16M	4 to 1
2	2001	City West Shopping Center	Complete 2004	City/Federal ED loan/grant	\$4.4M	\$900,000	5 to 1
3	2003	Wilkinson Park Business Center	Complete 2008	City/County ED grants	\$25M	\$4.6M	9 to 1
4	2004	Elizabeth Avenue Redevelopment	In progress	City/County 90%/10yr. STIG	\$220M	\$13M	17 to 1
5	2004	Epicentre	Complete	Infrastructure	\$50M	\$2.2M	23 to 1
6	2005	Mid -Town / Metropolitan	Complete*	City/County 90% STIG	\$240M	\$34M	7 to 1
7	2005	Cultural Arts Campus/Wells Tower	Complete 2010	City/County 90% on \$400M/25yr.STIG	\$800M	\$90M	9 to 1
8	2007	Seaboard Street/NC Music Factory	In progress	City 90%/10yr. STIG	\$135M	\$1.7M	79 to 1
9	2007	IKEA/Belgate	In progress	City 90%/10yr. STIG	\$187M	\$5.4M	35 to 1
10	2007	Double Oaks/Brightwalk	Under construction	City 90%/10yr.STIG	\$119M	\$3.6M	33 to 1
11	2007	First Ward	In progress	City/County 45%/10yr.STIG	\$800M	\$12.4M	65 to 1
12	2007	Greenway Business Center (Rozzelles Ferry)	In progress	City/County Corridor grant	\$4M	\$2.4M	2 to 1
13	2007	Scaleybark	In progress	Land write down/Housing Trust Fund	\$140M	\$5M	28 to 1
14	2008	Wesley Village/Bryant Park	Complete 2010	City 90%/10yr.STIG	\$33M	\$1.36M	24 to 1
15	2008	City Park (Tyvola Road)	In progress	City 45%/10yr.STIG	\$624M	\$5.8M	107 to 1
16	2008	Bryant Park	In progress	City 90%/10yr. STIG	\$170M	\$2.2M	77 to 1
17	2011	Ballantyne Area Infrastructure	In progress	City/County 45%/15yr.STIG	\$400M	\$11M	36 to 1
18	2011	Mosaic Village	Under construction	City Corridor grant	29.1M	3.2M	9 to 1
19	2012	Oakhurst Infrastructure	In progress	Transportation CIP	\$50M	\$1.9M	26 to 1
20	2012	Poindexter	In progress	SCIP Infrastructure	\$30.4M	\$800,000	38 to 1
		*Multi-family underway to complete					
Definitions: SCIP-South Corridor Infrastructure Program; STIG- Synthetic Tax Increment Grant; CIP- Capital Improvement Program							



- Redevelopment of first ever indoor shopping mall in North Carolina
- \$170M mixed-use project on Little Sugar Creek Greenway
- \$17M in 10 year, 90% TIF pledged as part of public investment
- \$17M City and County funding of greenway and road/bridge infrastructure

Time Warner Cable Arena



- Completed in October 2005
- \$200M facility adjacent to light rail and 1½ blocks from Square
- 19,500 seats
- City owned, but operated and managed by Charlotte Bobcats
- Revised funding plan put in place after failed advisory referendum in 2001
- Funding sources were car rental tax, hotel-motel tax, sale of other City assets

Transit Center



- Broke ground in 1994
- City of Charlotte and Bank of America
- Owned by Charlotte Transit Center, Inc.
- Managed by Lincoln Harris Property Company
- 101,102 square feet
- \$10.5 million to construct
- Bank of America paid for construction
- Architect and design – Gantt Huberman
- Construction done by R.L. Leeper Co., & J.A. Jones

- In 1995, transit system consisted of 153 buses and 42 routes
- Today, transit system has 325 buses and more than 70 routes
- Approximately 50,000 people use the transit center or its services on weekdays
- Retrofitted to add light rail service in 2007

LYNX Light Rail Blue Line



- \$462.7M construction cost
- Funded by dedicated ½ cent local sales tax approved by the Legislature in 1998
- Completed November 2007
- Ridership exceeding projections by 67%
- Referendum vote to repeal ½ cent sales tax failed 70% to 30% last year
- \$1.28B Northeast light rail line construction ready to begin

NASCAR Hall of Fame



Overall Budget NASCAR Hall of Fame Complex

- 2% Hotel/Motel COPs Financing \$134.5M
- State Land Loan 20.0M
- Private Financing Loan 15.0M
- Convention Center COPs Financing 21.5M
For Hall/Ballroom
- Convention Center COPs Financing 2.5M
For 660 Extra Parking Spaces
- Private Financing Loan for 660 Extra 1.5M
Parking Spaces
- **Total Construction Budget \$195.0M**

Charlotte Knights Stadium



Charlotte Knights Stadium Analysis (3/15 vs. 4/4 vs. 4/19 vs. 6/11)

	Knights Proposal 3/15/12	City Analysis 4/4/12	City Analysis 4/19/12	City Analysis 6/11/12
Knights Investment (Equity, Financing, Naming Rights, Suite Sales)	\$35M	\$37M	\$37.5M	\$38.0
County Investment	\$8M	\$8M	\$8M	\$8M
City Investment	\$11M	\$9M*	\$8.5M**	\$8M***
Total Stadium Cost	\$54M (65/35)	\$54M (69/31)	\$54M (70/30)	\$54M (71/31)
County Land Contribution	Silent	\$20M	\$20M	\$20M
Total Stadium and Land Cost	Silent	\$74M (50/50)	\$74M (51/49)	\$74M (52/48)

- * \$4.5M from Tourism Funding over 10 years
\$4.5M from Economic Development Grant over 10 years (Stadium Block plus Adjacent Development)
- ** \$6.0M from Tourism Funding over 20 years
\$2.5M from Economic Development Grant over 20 years (Stadium Block Only)
- *** \$7.25M from Tourism Funding over 20 years
\$750K from Center City Partners over 20 years

Levine Center for the Arts Duke Energy Center



John S. and James L. Knight Theater The Bechtler Museum of Modern Art



The Mint Museum Uptown



The Harvey B. Gantt Center for African-American Arts+Culture





City of Charlotte
Summary of Cultural Facilities Funding
August 31, 2006

Projects	Capital Covered by Synthetic TIF	Capital Covered by Grant from Bank of America	Capital Covered by 4% Rental Car Tax Equivalent	Capital Total
Discovery Place			\$31.6M	\$31.6M
Wachovia Tower Projects	\$58.4M	\$10.0M	\$58.5M	\$126.9M
<i>1,150 Seat Theater</i>	<i>(\$34.2M)</i>			
<i>Bechtler Art Museum</i>	<i>(\$17.6M)</i>			
<i>Mint Museum</i>	<i>(\$56.4M)</i>			
<i>Afro-Am Cultural Center</i>	<i>(\$18.7M)</i>			
	\$58.4M	\$10.0M	\$90.1M	\$158.5M

Coverage based on proportional revenue contributions from Synthetic TIF and Rental Car Tax Equivalent



WACHOVIA

Description	Mint Museum	Bechtler Museum	Afro-A m Cultural Center	Performing Arts Theatre	Total
Square Feet	145,000	37,732	43,700	72,385	298,797
Hard Costs (construction, improvements, security)	\$44,884,000	\$14,070,000	\$14,838,000	\$28,893,000	\$100,285,000
Soft Costs (architects, engineers, consultants)	4,800,000	1,500,000	2,000,000	3,000,000	\$11,300,000
Contingency	495,000	158,000	188,000	299,000	\$1,118,000
Project Management Fee	447,000	141,000	147,000	289,000	\$1,004,000
Furniture, Equipment, Misc.	3,500,000	1,025,000	1,000,000	2,250,000	\$7,775,000
Financing Costs	2,500,000	740,000	880,000	1,500,000	\$5,420,000
Total	\$58,426,000	\$17,832,000	\$18,831,000	\$34,211,000	\$126,900,000

CHILDRESS KLEIN
PROPERTIES

CHARMECK.ORG

Mosaic Village



- A Public/Private Partnership between the City of Charlotte, Griffin Brothers Companies, and Johnson C. Smith University worked together to develop the \$29.1 million mixed-use development (Mosaic Village) to support the redevelopment of West Trade Street and Beatties Ford Road in Charlotte.
- Project includes 80 student residences (with beds for 300 students), 6,800 square feet of retail, a 403 space parking deck, with 223 spaces designated as public parking.
- A second phase will include a 45,000 square foot art learning center and office building.
- City funded \$3,001,134 for 223 public parking spaces and \$181,860 for public right-of-way improvements.
- The City's funds were made available from the Business Corridor Revitalization Fund to support redevelopment of the targeted West Trade Street/Beatties Ford Road corridor with much needed student housing, retail, and parking.
- The project was completed in October, 2012.



CITY OF CHARLOTTE

Westin Hotel



- 700-room Westin developed by Portman Holdings
- City contributes \$16 million
- City owns:
 - 500 parking spaces
 - 40,000 sf meeting rooms
 - Room block agreement
 - Trolley/Light Rail stop

- Negotiate fairly, openly, respectfully, honestly
- Negotiate knowing there will be another day and another project
- Negotiate realizing that the final product must withstand all scrutiny
- Reduce the complex and complicated to its simplest terms
- It is a marathon, not a sprint
- Charlotte/Mecklenburg is built on a strong public/private foundation
- **Celebrate Wins Often!**