



Eastland Redevelopment Update

Economic Development &
Global Competitiveness Committee

March 6, 2014



Eastland Redevelopment Overview

- On August 2013, Council authorized the City Manager to enter into a Memorandum of Understanding with Studio Charlotte Development, LLC (Developer) to develop a possible development framework for the site.
- The MOU was executed on October 1, 2013 and extends to March 31, 2014.
- The work involves an analysis of the Developer's full financing plan, including potential funding gaps that require financial support from the City.



Eastland Redevelopment Memorandum of Understanding

- Specifically, the MOU requires the Developer to provide:
 - The sources and uses of private equity and debt/financing for the proposed redevelopment.
 - The terms, amounts and conditions of any public funding/financing required for the Developer to implement the proposed redevelopment.
 - Greater detail regarding the phasing of the development.
 - Master planning and urban design of the site.
 - Statement on the impact and implications of proposed changes to the North Carolina film tax credit incentive.



Eastland Redevelopment November 2013 Update

- In November 2013, staff provided an update to the Committee, and shared the following:
 - The Developer will request the City to contribute the land and provide reimbursement for infrastructure through Tax Increment Grants.
 - Construction numbers were broad estimates in need of refinement.
 - Even with County participation, a customary 10-year 90% tax increment grant appears to be insufficient to cover requested infrastructure costs.



Eastland Redevelopment January 2014 Update

- In January 2014, staff provided an update to the Committee, and shared the following:
 - The Developer met with County staff to begin discussions of County participation.
 - The Developer continues to seek equity investors and alternative sources of funding for the project.
 - The Developer has not yet refined its construction costs; therefore, the City and County are unable to conduct an accurate assessment of a potential development framework.
 - The County has requested that the City take the lead role in information gathering and analysis.



Eastland Redevelopment Standard Development Framework

- Evaluation of total project costs (hard costs, soft costs, contingencies and developer fees).
- Evaluation of sources and uses of private financing (debt/equity as well as revenue projections).
- Gap analysis to determine whether a funding shortfall exists.
- Evaluation of City participation, given the limits of current policies and/or statutory authority.



Eastland Redevelopment March 2014 Update

Total Project Costs

- Construction cost projections have not been refined since November.
- The Developer has communicated a hesitancy to put funds at risk on pre-development studies for City-owned land.



Eastland Redevelopment March 2014 Update

Financing

- The estimated total project cost for Phase I is \$90M (excluding land contribution).
- The proposed funding sources included:
 - Equity - \$20M
 - Debt - \$40M
 - New Market Tax Credits - \$15M
 - Public – \$15M in City/County tax increment grants**

***The original proposal did not account for upfront infrastructure costs to be reimbursed to the Developer.*



Eastland Redevelopment March 2014 Update

- Equity update:
 - A new equity partner has been secured, but the Developer requests that the name be withheld at the present time.
 - Commitments for naming rights for film and music schools have been made.
 - No update on debt financing.
- Debt update:
 - Work in progress
- New Market Tax Credit Application:
 - Work in progress



Eastland Redevelopment March 2014 Update

Revenue Projections:

- In response to questions concerning high occupancy projections for the sound stages:
 - The Developer indicates that negotiations are ongoing with commercial tenants to occupy space in Phase 1.
- In response to questions concerning high attendance projections for the tour/event center:
 - The Developer indicates that negotiations are ongoing with international touring companies.



Gap Analysis

- Without more complete information, we are not able to determine:
 - The extent of the funding gap.
 - The appropriateness of public investment given legal restraints.



- An 80-acre site is difficult for a single entity to develop due to speculative market conditions that will shape future development of the entire site.
- An acceptable development framework will not be complete by the conclusion of the MOU period.
- The film tax credit sunset remains unresolved by the State, which is important to the ongoing success of film-related development.



Eastland Redevelopment Developer's Request

- The Developer has requested a five-month extension of the exclusive negotiating period.
- The Developer has requested the City to fund 50% of geotechnical, environmental and utility reviews of the site.

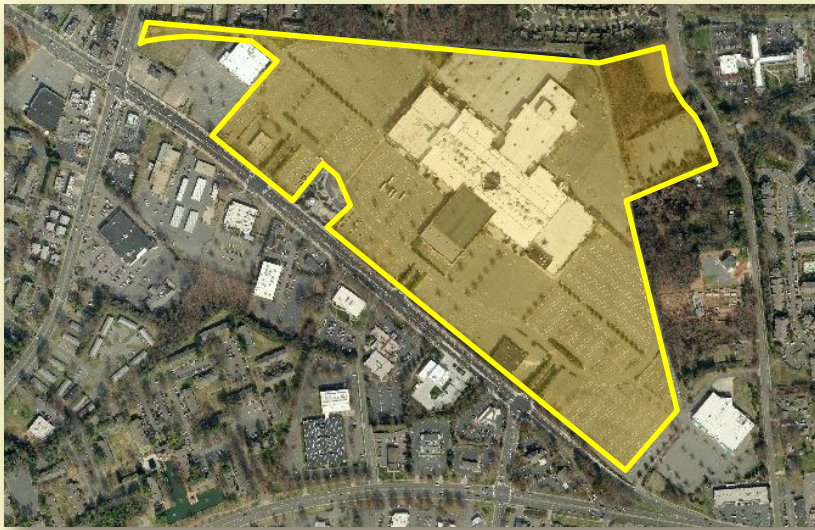


Eastland Redevelopment Next Steps

- Staff does not recommend an extension of the exclusive negotiating period with the Developer.
- Staff does not recommend the expenditure of City funds for predevelopment site reviews.
- Staff intends to prepare a recommendation for the Committee to consider on March 20th that provides direction on next steps for the Eastland site.



Eastland Redevelopment Overview





1 MILLION
Total Buildable Square Feet

FLEXIBLE
Construction Phasing
on 12 Building Sites

30 ACRE
Movie Studio


168
Hotel Rooms


50,000
Square Feet
Tour and Event Center


137,500
Square Feet of Retail Space


66,500
Square Feet of Office Space


125
Residential Units


WATERWAY CORRIDOR


WATERWAY CORRIDOR


INTERNATIONAL PLAZA




COMMUNITY CENTER


CENTRAL AVENUE


GATEWAY
