Scaleybark TOD / Joint Development Project

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Transit Oriented Development Specialist
FTA Regional Conference
May 28, 2008
Presentation Overview

✓ TOD Policy & Regulatory Landscape
✓ South Corridor – Site Info.
✓ Solicitation Process
✓ Developer Proposals & Evaluation
✓ Joint Development Submissions
✓ Agreements (Deed, Easement)
✓ Lessons Learned
Framework Elements
For Transit Oriented Development in Charlotte

Broad Policies

- Centers and Corridors Plan (1994)
  - future land use and transportation vision for the metro area, based on five corridors

- 2025 Integrated Transit/Land Use Plan (1996)
  - spells out details for development of rapid transit system and supporting land use

- Passage of Sales Tax Referendum (1996)
- Metropolitan Transit Commission (1999)
- Charlotte Area Transit System CATS (1999)

Plans and Implementation

- Transit Station Area Principles (2001)
  - acts as framework for station area plans and transit oriented development

- Transit Station Area Plans (drafts completed in 2003)
  - plans for all 11 stations outside Uptown have been drafted

  - $50 million bond funding to improve access and make areas more viable for economic development

- TOD ensures new station area development will be transit oriented

- Transit Oriented Development (TOD) Zoning (adopted in October 2003)

- South Corridor Infrastructure Program (SCIP)
  - (plans completed in 2003, construction by 2006)

- Future Implementation of Transit-Supportive Development

Gary Hendricks & Associates, Inc.
Plan Implementation Process

Transit Station Area Plan

Corrective Rezonings

Infrastructure Improvements

New Development
Transit Station Area Zoning

Three (3) base Transit Oriented Development Zoning Districts

- Residentially Oriented (TOD-R)
- Employment Oriented (TOD-E)
- Mixed-use Oriented (TOD-M)

Sample Characteristics:

- Minimum densities of 20 DUA (1/4 mile) to 15 DUA (1/2 mile)
- Minimum FAR of .75 (1/4 mile) and FAR of .50 (1/2 mile)
- Maximum of 1.6 parking spaces per DU (residential)
- Maximum of 1.0 parking space per 300 sq. ft. (office)
- Maximum of 1.0 parking space per 250 sq. ft. (retail)
- Minimum setback is 16 feet or as specified in Station Area Plan
- Transit Supportive Overlay District adopted as well
Guiding Policies

Housing Policy for Transit Station Areas

Principle Objective: Support the development of housing …affordable to a broad cross-section of the workforce…provide a variety of housing choices near transit stations.

Policy Highlights:
✓ Inclusion of affordable housing w/in transit station areas, especially when the City is participating in the project

✓ Policy calls for 5%-25% of units of any multi-family development targeted for households earning 60% of AMI or less

✓ At least 30% of those for households earning 30% or AMI or less

✓ Shall be similar in appearance to market rate housing and scattered throughout the development
FFGA Signing and TOD Forum
May, 2005
LYNX Blue Line Project Boundaries

Station Areas
- 7th St. Station (Uptown)
- 3rd St. Station (Uptown)
- Stonewall St. Station (Uptown)
- Carson Station
- Bland St. Station
- East/West Station
- New Bern Station
- Scaleybark Station
- Woodlawn Station
- Tyvola Station
- Archdale Station
- Arrowood Station
- Sharon Rd. West Station
- 1-485/South Blvd. Station

Highlighted stations are currently experiencing development
Scaleybark Station Area – Before Condition

South Boulevard
Scaleybark Station Area

South Boulevard - Urban Boulevard
TOD Site

16 acres = CATS PNR Site + Smart Growth Site
What Is the Project Vision and What Are The Expectations?

• Maximize Fair Market Value (FMV) of Land?
• Achieve Mixed Use Development?
• Regulatory Requirements:
  – FTA Requirements Re: Joint Development
  – State Requirements Re: FMV and/or Other Issues
  – Local Requirements Re: FMV and/or Other Issues
• Public Policy Goals:
  – Open Space
  – Affordable Housing
  – Remove Blight or Non Transit Supportive Uses
  – Public Infrastructure
  – Replacement Parking Ratio
  – Other Goals?

Can These Be Prioritized????????
RFQ

Submittal:
• Summary letter describing project vision, types of land uses, management, financing
• Team description, including list of relevant completed projects
• Financial strength, letters of credit, annual reports, etc.
• Three (3) references

Evaluation Criteria:

- Respondent’s written statement of interest and project approach
- Experience and competence
- Financial capability and commitment of development team
Criteria for Evaluation - RFP

Development Plan

Overall plan design, consistency w/TOD zoning and Transit Station Area Principles

Functional & Aesthetic integration of Transit Facilities (Rapid Transit Station; Parking; Bus Bays, etc); Ridership Potential

More broad community interests (quality of life; employment opportunities; improved economic development of station area; access to public amenities, etc).

Market studies or analysis and likely responsiveness

Operational Plan

Development Team – organization, experience, approach

Schedule of Performance – including financing, construction start & end, etc.

Management Plans – post construction, etc.

SBE Participation
Criteria for Evaluation - RFP

Economic Plan

Financial Status – audited financials, letters of support from financial institutions

Project Specific:
  Sources & Uses, Cashflow Schedules, Gap Analysis
  City Sustainability Index

Project Impacts – local tax base effects (taxes generated, value of public facilities, jobs created, other quantifiable impacts)
Development Proposals
- CATS deck closer to station
- Retail established along South Boulevard
- Two open spaces
- Potential for additional density in later phases should market justify
- Integrated affordable housing
Greater community impact
- Creates destination for surrounding neighborhoods
- 24 hour environment around station
- Open space focal to mixture of uses

Greater impact for transit station
- Greater accessibility to mixture of uses / more convenience for transit ride

Opportunity for additional density upon construction of CATS deck
<table>
<thead>
<tr>
<th>Priority</th>
<th>Bank of America</th>
<th>Scaleybark Partners</th>
<th>Do Nothing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable Housing</td>
<td>Better (more units)</td>
<td>Good</td>
<td>None</td>
</tr>
<tr>
<td>Library</td>
<td>Acceptable location</td>
<td>Preferred location</td>
<td>None</td>
</tr>
<tr>
<td>Open Space</td>
<td>Acceptable location &amp; size</td>
<td>Preferred location &amp; size</td>
<td>None</td>
</tr>
<tr>
<td>TOD Zoning</td>
<td>Acceptable</td>
<td>Acceptable</td>
<td>Only has to meet TOD zoning</td>
</tr>
<tr>
<td>Transit Station Area Principles</td>
<td>Acceptable</td>
<td>Preferred – more activity, density and land uses, as it relates to the transit station</td>
<td>Unknown</td>
</tr>
<tr>
<td>Connectivity</td>
<td>Acceptable (needs refinement)</td>
<td>Acceptable (needs refinement)</td>
<td>Unknown</td>
</tr>
<tr>
<td>Ridership</td>
<td>Good</td>
<td>Better (hotel &amp; higher density)</td>
<td>Okay</td>
</tr>
<tr>
<td>Qualifications /Experience</td>
<td>Good</td>
<td>Good Citiventure is M/WBE</td>
<td>Unknown</td>
</tr>
<tr>
<td>Completion Date</td>
<td>2010</td>
<td>2012</td>
<td>2012 earliest</td>
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</table>
## Staff Evaluation - Financial

<table>
<thead>
<tr>
<th>Priority</th>
<th>Bank of America</th>
<th>Scaleybark Partners</th>
<th>Do Nothing</th>
</tr>
</thead>
<tbody>
<tr>
<td>CATS Parking</td>
<td>Deck in early 2008 (Add $ for interim lot)</td>
<td>Surface lot (TBD)</td>
<td>Surface lot ($1.1M costs not in revised budget)</td>
</tr>
<tr>
<td>Return on Land</td>
<td>$6,042,616 in 2008</td>
<td>$3M in 2007 $3.4 in 2010</td>
<td>$5.4M on City land $1 M CATS 1 acre (leaves $2M gap in revised budget)</td>
</tr>
<tr>
<td>Public Investment (Infrastructure)</td>
<td>$1.2 M (20 yr. loan of $4.8 @ 2%) 1% of total investment</td>
<td>Combined investment of $4.21M 1.6% of total investment</td>
<td>$0</td>
</tr>
<tr>
<td>NMTC</td>
<td>$5.6 M</td>
<td>$4M</td>
<td>$0</td>
</tr>
<tr>
<td>Return on Investment</td>
<td>Payback in 2012 Annual City Tax = $536,054 PV for 20 years = $5,606,380</td>
<td>Payback $6M in 2015 Annual City Tax = $1,053,518 PV for 20 years = $9,895,881</td>
<td>2014 Annual City Tax = $309,670 PV for 20 years = $3,015,861</td>
</tr>
</tbody>
</table>
## Land Use Comparison

<table>
<thead>
<tr>
<th></th>
<th>Acres</th>
<th>Residential</th>
<th>Retail</th>
<th>Office</th>
<th>Park</th>
<th>CATS Parking</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BoA</strong></td>
<td>17</td>
<td><strong>553 units</strong> (32 units per acre) 49 affordable in bldg of 194 units 504 market (Potential for additional units in final phase)</td>
<td><strong>75,500 sf</strong> 43,500 grocery</td>
<td><strong>37,000 sf</strong></td>
<td>0.51 acres (2 spaces)</td>
<td>315 space deck</td>
</tr>
<tr>
<td><strong>SP</strong></td>
<td>25</td>
<td><strong>900 units</strong> (36 units per acre) 100 affordable in bldg of 120 units 800 market rate (Potential for more units if Phase III)</td>
<td><strong>77,000 sf</strong> 36,000 grocery 22,000 towards park</td>
<td><strong>15,000 sf</strong></td>
<td>0.55 acres</td>
<td>315 surface (spaces decked if Phase III)</td>
</tr>
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</table>
## Public Investment Analysis

<table>
<thead>
<tr>
<th>Project</th>
<th>% of Project</th>
<th>Property Tax ROI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid-Town</td>
<td>9%</td>
<td>9.5 years</td>
</tr>
<tr>
<td>Old Convention Center</td>
<td>11%</td>
<td>12.5 years</td>
</tr>
<tr>
<td>Elizabeth</td>
<td>6%</td>
<td>5.2 years</td>
</tr>
<tr>
<td>Westin</td>
<td>11%</td>
<td>10 years</td>
</tr>
<tr>
<td>Carolina Theater</td>
<td>14%</td>
<td>12.3 years</td>
</tr>
<tr>
<td>Bank of America</td>
<td>1%</td>
<td>3.5 years</td>
</tr>
<tr>
<td>Scaleybark Partners</td>
<td>1.6%</td>
<td>6.4 years</td>
</tr>
<tr>
<td>Event</td>
<td>Date</td>
<td></td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>---------------</td>
<td></td>
</tr>
<tr>
<td>RFQ Issued</td>
<td>March, 2006</td>
<td></td>
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<tr>
<td>RFP Draft Sent to FTA</td>
<td>June, 2006</td>
<td></td>
</tr>
<tr>
<td>RFP Issued</td>
<td>June, 2006</td>
<td></td>
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<tr>
<td>Selection of Team</td>
<td>June, 2007</td>
<td></td>
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<tr>
<td>Council Approval of MOU</td>
<td></td>
<td></td>
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<tr>
<td>Council Approval – PSA</td>
<td>July, 2007</td>
<td></td>
</tr>
<tr>
<td>FTA Approval – JD Checklist and ACC</td>
<td>July, 2007</td>
<td></td>
</tr>
<tr>
<td>PSA Signed</td>
<td>August, 2007</td>
<td></td>
</tr>
<tr>
<td>PSA Amended – 4 times</td>
<td>Sept. 2007 – Feb. 2008</td>
<td></td>
</tr>
<tr>
<td>Closing</td>
<td>Feb. 2008</td>
<td></td>
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</tbody>
</table>
ALTERNATIVE CERTIFICATE OF COMPLIANCE

Effective as of the date hereof, the undersigned hereby certifies and covenants to the Federal Transit Administration ("FTA") as follows:

1. Title: Subject to the obligations and conditions set forth in 49 C.F.R. 18.31, as amended, and subject to the obligations and conditions set forth in the Full Funding Grant Agreement (the "FFGA"), for the South Corridor Light Rail Project (the "SCLR Project"), NC-03-0488-05, as amended, title to real property known as 149-012-39 and 149-012-47, totaling approx. 3.4 acres, former Queen vesting in the undersigned ("the Grantee")

2. Use: The Property was acquired as construction of a 315 space transit parking facility.

3. Disposition: The transfer of the Property for purposes of the FFGA will be achieved by the Grantee, including the construction of mixed-use, transit-oriented development, as follows:

   a) Competitive Process: The development through a competitive process (RFQ), followed by a 90-day Joint Development Guidance as required by FTA, through the action of its Citizen Advisory Committee to implement the Development Project.

   b) Continuing Disposal: The Development Project includes the design and construction of the transit parking facility required pursuant to the FFGA. The parking facility and continuing access for transit patrons will be assured through a conveyance of a permanent easement to the Grantee and conforms to the initial purposes of the SCLR Project and FFGA.

4. Federal Interest and Use of Proceeds: The Grantee shall transfer the Property to the Development Project and there is no federal financial assistance to implement the Development Project. Therefore, the Grantee will comply with the FTA pursuant to Section IV.a. of the Development Guidance, Federal Register Vol. 72, February 25, 2007, and the terms herein as specifically described in the Purchase and Sale Agreement and the deed of sale, as follows:

   (i) $5,585,000 purchase price for the Property to be paid by the Grantee to the FTA.
   (ii) $560,000 reimbursement to Grantee from the Development Project for a temporary transit parking facility on the Property.

5. Incidental Use: Not applicable, given the incorporation of the transit parking facility and the continued transit use within the Development Project.

6. Encumbrance of Project Property: A Memorandum of Understanding has been executed by the Grantee and the Development Project which requires the transfer of the Property to the Development Project, including the conveyance of the Property to the Development Project. The Grantee has transferred title to the Property and has signed the Purchase and Sale Agreement as of the date hereof. The Grantee acknowledges that FTA approval is required in order to sign the Purchase and Sale Agreement.

7. Notice to Joint Development Partner: The Grantee shall deliver an executed copy of this Certificate, evidenced by a receipt acknowledgment by the Development Project, on or before the date of execution of the Purchase and Sale Agreement.

8. Other Actions: The Grantee a) agrees that it will not take any action that encumbers the federal interest in the Property and b) hereby affirms that none of its representations and warranties set forth in the Master Agreement are true and correct in all material respects as of the date hereof. The Grantee agrees that nothing herein shall supersede, amend, modify or otherwise affect the provisions, terms or conditions set forth in the Master Agreement.

9. Miscellaneous:

   a) Joint Development Guidance - Definition of Capital Project: 49 U.S.C. 5302(a)(1)(G): Neither the Grantee nor the Development Project is requesting FTA funding to implement the Development Project and, as such, the Development Project is not required to comply with the definition of a capital project as defined in federal transit law. Nevertheless, the Development Project provides the benefits associated with a capital project as contemplated by the FTA in its Joint Development Guidance, including:

      - Enhancing economic development
      - The incorporation of private investment, including commercial and residential development
      - Pedestrian and bicycle access to the SCLR Project
      - Enhancing coordination between the SCLR Project and other transportation modes.
Joint Development Checklist

I. PROJECT DESCRIPTION

<table>
<thead>
<tr>
<th>Project Sponsor:</th>
<th>Date Submitted:</th>
<th>FTA Project Number (if known):</th>
</tr>
</thead>
</table>

Project Title:

Project Location (Include City and Street Address):

Name of Project Contact: | Phone: | E-mail Address (if available):

Type of Project:
- □ Commercial development
- □ Residential development
- □ Pedestrian or bicycle access to public transportation facility
- □ Construction, renovation, or improvement of intercity bus or intercity rail station or terminal
- □ Renovation or improvement of historic transportation facility
- □ Other

Description of Project:

II. MATERIALS SUBMITTED

- □ Joint Development Checklist
- □ Joint Development Agreement
- □ Certification of Compliance or
- □ Alternative Certification (with written explanation)

III. APPLICATION OF STATUTORY CRITERIA

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Description</th>
</tr>
</thead>
</table>
| Economic Link (check (1) or (2)):
  □ (1) Enhances economic development or
  □ (2) Incorporates private investment |

| Public Transportation Benefit (check (3) & (4), or (5)):
  □ (3) Enhances the effectiveness of a public transportation project and
  □ (4) Relates physically or functionally or
  □ (5) Establishes New or Enhanced Coordination Between Public Transportation and other Transportation |

| Revenue for Public Transportation (check (6)):
  □ (6) Provides a Fair Share of Revenue for Public Transportation that will be Used for Public Transportation |

| Reasonable Share of Costs (check (7) if applicable):
  □ (7) Occupants to pay a reasonable share of the costs of the facility through rental payments and other means |
**Economic Link**

✓ Privately funded. No federal funding for design or construction of the TOD improvements.
✓ Will include commercial and residential land uses, including affordable housing and transit parking.

**Public Transportation Benefit**

✓ Adjacent to Station, encourages additional ridership, establishes station area identity and enhances mobility

**Revenue for Public Transportation**

✓ Fair return for transfer of federally-assisted parcel achieved through a cash payment to Grantee, construction of transit improvements by developer and permanent easement back to Grantee evidencing continuing control and access to the TOD parking facility for public transit purposes.
Restrictive Covenants

- Non Discrimination
- ADA
- Conflicts of Interest and Debarment
Development Agreement, Grant of Easements and Parking Space Management Agreement

- Temporary PNR Facility & Transition to Permanent Facility
- Construction of Permanent PNR
  - Initial Construction
  - Submissions
  - Nature of City Approval
  - Architectural Review, Plans & Specs
- Grant of Easement for Permanent PNR
- Shared Parking
- Operating Rules & Regulations
- Maintenance & Repair
- Operating Statements
- Insurance & Indemnity
- Default
- Etc.
Lessons Learned

• Determine the parties’ goals and requirements up-front

• Identify desired land uses, development standards and expectations

• Recognize that if some of the desired components are not market-driven (e.g. open space, public facilities), there will likely be a trade off

• If there is no expected appetite to fund a gap (i.e. no appetite to fund developer’s “ask”), be clear about that up front or how that may be addressed

• Stay close to the approval process – includes FTA
Lessons Learned

• Each community is unique - no set formula for TOD – What makes a place hasn’t been codified

• PPP are a process – not necessarily a project

• It’s a marathon, not a sprint

• Process takes time… there will be bumps!
Character of Future Development
Scaleybark TOD / Joint Development Project

Questions?