



Downtown Concord Development Project

Solicitation for Development Partners



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EXECUTIVE SUMMARY

The City of Concord, North Carolina (the “City”) is pleased to release this Solicitation for Development Partners (“SDP”) in partnership with the UNC School of Government’s Development Finance Initiative (“DFI”). The City has seen tremendous investment in its downtown over the last 10 years and this \$40.4M development opportunity is the next transformative development for its vibrant downtown core. This project aligns with the City’s downtown goals that include increasing downtown residential opportunities and activating additional retail opportunities on Union and Market Streets.

This SDP is an invitation for interested development teams to present new construction proposals for the proposed development opportunity of the Project Site. The City is offering the Project Site for sale pursuant to its authority to engage in downtown development projects with private developers under North Carolina General Statute 160A-458.3, among other statutory authority.

The successful Development Partner will execute a development services agreement with the City; finalize the development program; and design, finance, and construct the mixed-use project.

The proposed project includes new construction on two development pads: 26 Union Street and 30 Market Street (“Project Site”) totaling 1.4 acres.

The potential program identified by DFI and supported by the City includes:

	Residential (Units)	Retail/Office (SF)	Parking (Spaces)
30 Market St	156	7,500	220
26 Union St	46	3,700	19
Total	201	11,000+	239

To support this development, the City has proposed a public-private partnership that includes two components:

1. Development Partner will purchase properties from the City, and
2. Development Partner will construct the parking structure within 30 Market Street, sell it to the City, and then lease back a portion of the parking spaces from the City.

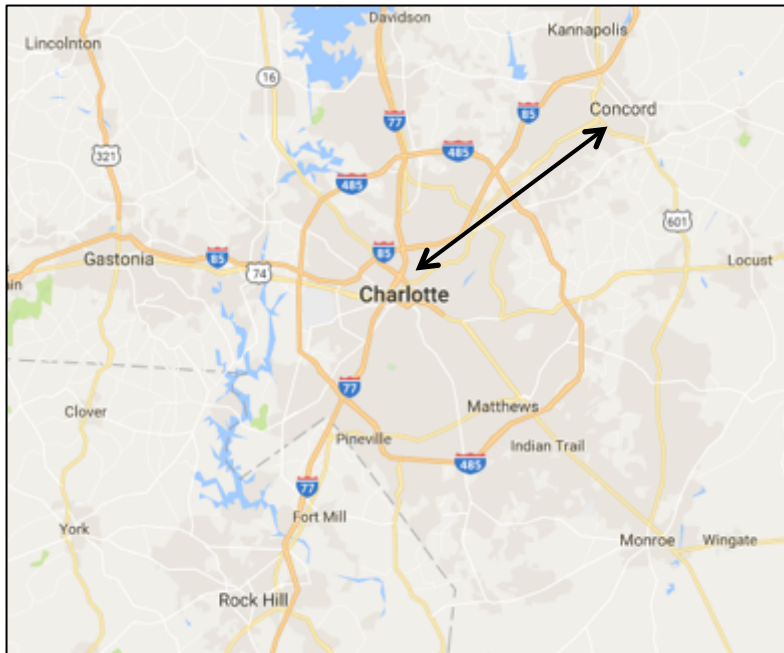
The proposed project timeline is identified as follows:

- **January 19, 2017:** Interested development partners submit responses
- **January 2018:** City Council selects Development Partner
- **March 2018:** City and selected Development Partner execute a Memorandum of Understanding

All questions regarding this SDP including procedures for responding, clarifications of the terms, conditions, and requirements, should be directed to Matt Crook, DFI’s Project Manager at crook@sog.unc.edu.

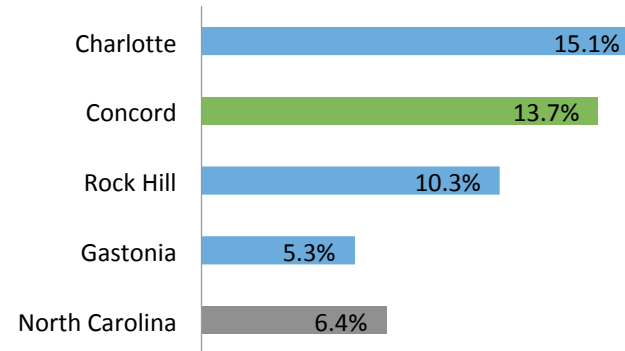
INTRODUCTION TO CONCORD

Located 30 minutes northeast of Downtown Charlotte and less than five miles off Interstate-85, with a population of 89,891, the City is in one of the fastest growing metropolitan statistical areas (MSA) in the United States.



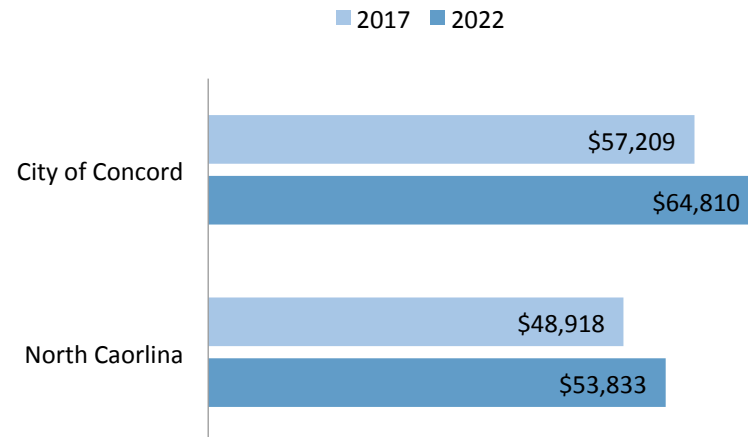
The population has increased by roughly 14% over the last six years and the household growth is projected to increase by 8% over the next five years. The population growth, along with strong median income projections, is in line with Charlotte and above the annual state average.

Population Growth 2010 - 2016



Source: US Census Data

Median Income Projections



Source: Esri BAO

The City is home to many employers including top NASCAR race teams such as Hendrick Automotive and Rousch Fenway Racing. Below is a list of the Top 5 Employers located in Concord:

Top 5 Employers

Carolinas HealthCare System – NorthEast (4,500)

Cabarrus County Schools (3,800)

Cabarrus County Government (950)

City of Concord (901)

Connexions/Optum (900)

The Charlotte Motor Speedway is located in Concord and hosts the 10-day 'Blockbuster of Racing' every May. During what is commonly known as Race Week when the NASCAR Spring All-Star Race and Coca-Cola 600 are run, an estimated economic impact of \$230M (2014) is generated in the area and supports approximately 4,200 jobs.



Charlotte Motor Speedway

STRENGTH OF DOWNTOWN CONCORD

Concord is home to a beautiful, historic downtown that serves as a cultural, commercial and civic hub within the City and County. The district supports a healthy and diverse professional and retail economy, with a growing presence of arts, history, and entertainment. Union Street, Concord's "Main Street" in downtown, offers a mix of restaurants, businesses and historic buildings including the beautiful Davis Theater and former Hotel Concord.

Downtown Concord has an existing municipal service district that supports an active downtown business association. The Concord Downtown Development Corporation (CDDC) was formed as a non-profit with the mission of implementing the National Main Street Center's four-point approach to downtown revitalization. The CDDC promotes local businesses, and a year-round calendar of events that include live concerts, festivals, sales events, and other activities in Downtown Concord. The CDDC also provides local business grants, as well as façade and building improvement grants for downtown businesses and buildings.

There are 212 businesses that bring in over 2,000 employees to Downtown Concord daily. Several large employers are located in Downtown Concord including the City of Concord and Cabarrus County.

The City recently completed a \$21.4M city hall project accommodating over 130 employees based in downtown. Additionally, Cabarrus County employs more than 450

people in downtown as well. The County is also in the process of supporting its downtown presence by constructing a 626-spot parking deck for its employees, visitors, and other downtown users.

Furthermore, Downtown Concord boasts local amenities such as:

- Carolina Courts – a state-of-the-art basketball and volleyball facility with event space,
- Memorial Garden – a 3-acre garden located across from the Market Street development pad
- Downtown Public Library – 26,000 SF which also includes the Lore History Room
- Davis Theater – performance theater supported by the Cabarrus Arts Council
- Old Courthouse Theatre – community performance venue founded in 1976

Notable Downtown Developments

Lofts 29 - a 26-unit historic rehabilitated apartment building in Downtown Concord - opened in 2015 and quickly leased-up. This market-rate residential project is a testament to growth in the area and demand for downtown living.

Success of the Lofts 29 project has led to further developer interest in other downtown sites including the historic Hotel Concord. This building is currently under redevelopment into 38 market-rate residential lofts and expected to be completed by December 2017.

Market Analysis

DFI conducted an extensive market analysis in order to project absorption in Downtown Concord for residential, retail, and office uses over the next 10 years.

Concord's healthy market demand is mainly driven by strong population growth and net residential migration patterns to the area, job growth projections, and sustained growth in median household income.

Provided below is a summary of DFI's market analysis conclusions:

Residential

- 390-680 Units
- Lofts 29 - 26 units added
- Hotel Concord - 38 units (anticipated)

Retail

- 80,000 - 100,000 SF
- Hotel Concord - 7,000 SF (anticipated)

Office

- 27,000 - 48,000 SF

Additional market analysis information will be made available upon request.

DFI's analysis indicates Downtown Concord will continue to experience strong residential demand, and can expect to support residential multifamily rental apartment products downtown over the near term. As the market in Downtown Concord continues to mature, the City strongly supports for-sale residential product in downtown.



DFI'S ROLE

The City hired DFI to create development opportunities in downtown Concord with City-owned properties. DFI is a program of the UNC School of Government that provides specialized finance and development expertise to assist local governments in attracting private investment for transformative projects. DFI has been engaged in more than 100 projects in communities across North Carolina, and more than \$1 billion of investment will happen if all projects are completed as projected.

DFI completed significant predevelopment work prior to releasing this SDP, to include the following five-part assessment that resulted in the proposed development opportunity identified in this SDP:

- **Market Assessment:** studying the supply and demand for potential private uses, including residential, office, retail, and hotel. A detailed summary of the findings from this assessment is available upon request.
- **Site Assessment:** studying the physical constraints of the existing site to determine its density, orientation, and potential massing limitations.
- **Public Interests:** engaging with the various stakeholders who are interested in this downtown development, including surrounding business and property owners, downtown economic development teams, and City staff/elected officials.

- **Financial Feasibility:** modeling the development costs and projected cash flows to ensure viability of the project for private investors. DFI's financial assumptions are available upon request.
- **Public Investment:** identifying the potential avenues by which the public sector can participate to ensure this development project is an attractive development opportunity.

DFI's predevelopment work thus far will benefit the private developer selected by Council by significantly reducing the time, effort, and expenses required to move the project through the public planning process with the City. The selected developer is required to pay a 1 percent development services fee to DFI as part of any Development Services Agreement related to development of this Downtown Concord project. The terms of the fee are further described in **Appendix A** of this SDP.



Downtown Passageway

GUIDING PUBLIC INTERESTS

One of DFI's critical roles is working with the City to identify a project's guiding public interests, or public benefits the project should generate for the local community. City and DFI identified the following guiding public interests for the proposed project:

- Increase residential density in downtown through mixed-use infill redevelopment
- Activate retail activities on Market Street
- Respect the fabric of current built environment
- Minimize public investment and maximize private investment



Downtown Concord – Bicentennial Mural “Off Main Street”

DEVELOPMENT OPPORTUNITY

The Project Site is located in the heart of Downtown Concord as identified in the map provided below:



The Project Site comprises of two former public administrative office buildings:

- A 19,410 square foot building (the Municipal Building), on the 0.38-acre 26 Union Street site,
- An 8,210 SF building on the 1.043-acre 30 Market Street site.

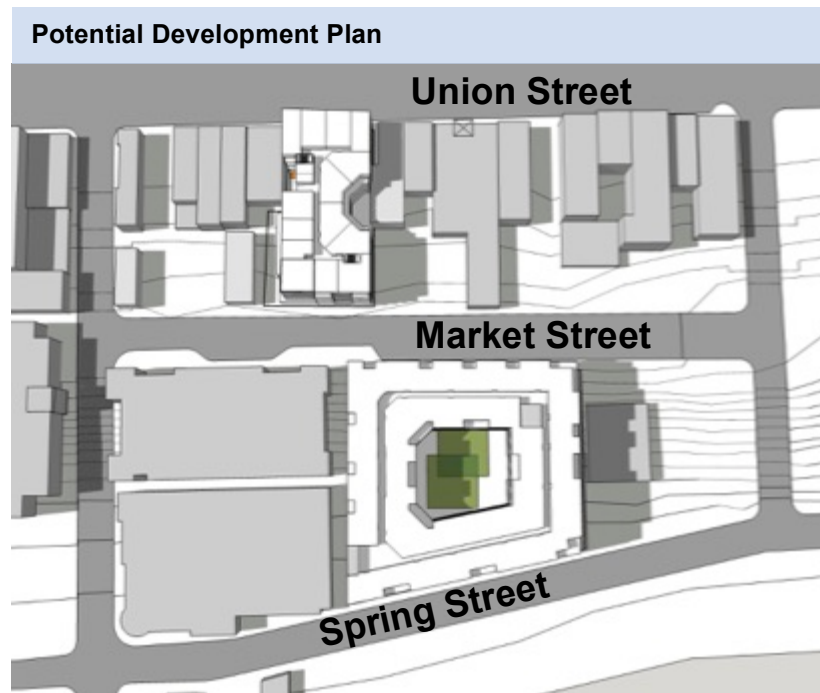
The buildings are not part of the National Register of Historic Places, nor do they lie within any national or local historic districts.

The sites are zoned “City Center” in the Concord Development Ordinance, which is intended to promote “the long-term vitality of the central business district,” and encourages concentrated retail, service, office, and residential mixed-use. This zoning does not place parking requirements on downtown development and allows for building to a height of 75 feet above the height of a fire engine (or from the top of the first floor of the building).

With its central location, the project site offers an opportunity not only take advantage of activity in Downtown Concord, but to strengthen activities and connections between Union and Market Street.

The City is positioned to execute a public-private partnership with a qualified development partner. This partnership would include the following:

1. Development Partner purchases 26 Union Street and 30 Market Street "As Is." DFI modeled a purchase price of \$1.4M in its feasibility analysis.
2. Development Partner will construct the parking structure within 30 Market Street, sell it to the City at Certificate of Occupancy, and then lease back the parking spaces from the City. City would seek to provide some open public parking within this parking garage during business hours (9am – 5pm, Monday-Friday).



Program

The City adopted the following program on DFI's recommendation as one that the market could absorb, is financially feasible, and aligns with public's vision for the site. Several conceptual block massings are provided in **Appendix B**

	GSF	LSF	Units	Spaces
Residential	206,190	168,595	201	
Retail/Office	11,230	11,230		
Parking	90,900			239
Total	318,220	179,825	201	239

Rents

Based on DFI's analysis of the local market, the following blended rents are projected upon completion of the project:

Residential	Units	Ave. SF	Ave. \$/SF
Studio – 2 BR	201	831	\$1.55

Commercial	Units	Ave. \$/SF
Retail/Office	TBD	\$20

Parking

The proposed program provides potentially 239 parking spaces across both properties. The City and DFI acknowledge the proposed program may not provide sufficient parking depending on the scale of development on these sites.

Therefore, the City is willing to consider providing Development Partner parking leases in its existing Municipal Parking Deck located at 28 Cabarrus Ave W or the soon to be built City/County parking garage to be located at 18 Barbrick Ave SW.

Development Costs

DFI has estimated the following costs for the project:

- Acquisition: Development Partner will purchase the parcels from the City “As Is.” DFI modeled a purchase price of \$1.4M in its feasibility analysis.
- Hard Costs: DFI is estimating total hard costs of \$32.9M that includes all structured parking.
- Soft Costs: The project’s projected soft costs are estimated at \$6.1M
- Total Development Costs: \$40.4M

Projected Returns

Based on the identified program and development assumptions, DFI has modeled the project to determine overall financial feasibility and returns for the selected project developer and equity investor(s). Simplified versions of DFI’s financial assumptions, operating cash flows and the development budget can be made available upon request. DFI estimates this project’s development returns to potentially achieve a 7% yield on cost and 2.9x equity multiple.



SUBMISSION REQUIREMENTS

Developers shall organize their proposals in the format described below. Please submit the requested information in appropriate detail to allow adequate review and evaluation of your qualifications and plans. For confidentiality purposes, please send any financial information your team would like to remain confidential under a separate cover (see below Submission Procedures).

1. Letter of Introduction

Include a summary of the respondent's basic qualifications, experience, and reasons for interest in this opportunity. The letter should be signed by a principal or authorized officer for the entity.

2. Proposal

Please provide a thorough explanation of your development proposal, including the following elements:

Program for the site:

Include the mix and scale of uses, as follows:

- Residential (number of units, average unit size, total gross square footage, and tenancy [rental vs. ownership])
- Retail (total gross square footage, target tenancy by square footage)
- Parking requirements
- Other proposed uses (if applicable)

Development Assumptions:

- Purchase price for Project Site
- Development budget
- Parking assumptions (lease terms: length and rate)

Development Massings:

Preliminary Perspectives:

- Overhead aerials with various vantage points

If you would like to speak with someone regarding the conceptual plans and program provided for this development project please contact Bob Bistry at bbistry@built-form.net

3. Development Team

- Identification of partner firms and roles, including co-developers, architects and designers, and general contractor.
- Overview of each firm on the team, including brief history of firm, past experience working with the developer, and the relationship of the firm's parent company with the office responsible for this project, if applicable.
- Identification and resumes of principals that will be responsible for negotiating a development agreement with the City and completing the remainder of the preconstruction approval process.
- Description of key staff from partner firms, including proposed role and prior experience with similar projects.

4. Experience and References

Provide relevant development experience, particularly in developing mixed-use projects with public agencies. Provide information on at least three projects and no more than five. Each comparable development should detail the following information:

- Location and name of project
- Scope and scale of development program (including residential uses, commercial uses, public uses, and infrastructure improvements, if applicable)
- Photos/illustrations of completed project
- Total development budget by use
- Description of any public-private partnership
- Developer's role in and ownership for each project (e.g., fee developer, equity investor, and/or property manager)

5. Financial Capacity

Provide evidence of sufficient financial strength to undertake and successfully complete a project of this scale. Please also identify any projects/financing on which the team collectively or individually has defaulted

6. Disclosures

- Disclosure of any potential conflicts of interest that could be relevant to this project in any manner.
- Disclosure of whether the developer or any officer, director, or owner thereof has had judgments entered against him or her within the past 10 years for the breach of contracts for governmental or nongovernmental construction or development.

- Disclosure of whether the developer has been in substantial noncompliance with the terms and conditions of prior construction contracts with a public body without good cause.
- Disclosure of whether any officer, director, owner, project manager, procurement manager, or chief financial official thereof has been convicted within the past 10 years of a crime related to financial fraud or to governmental or nongovernmental construction or contracting.
- Disclosure of whether any officer, director, or owner is currently debarred pursuant to an established debarment procedure from bidding or contracting by any public body, agency of another state, or agency of the federal government.

EVALUATION CRITERIA

City and DFI Staff will evaluate all responses to identify a potential Development Partner and a plan that is viable, will best serve public interests, and can be completed in a reasonable time frame. Responses will be evaluated by the following criteria:

- Qualifications and experience of the development team, with preference given for experience with mixed-use development (specifically the mix of uses in respondent's plan for the site)
- Experience of the development team with executing public-private partnerships
- Level of integration of guiding public interests, to include financial benefit to the City
- Demonstrated ability to execute project of similar scale and complexity
- List of active development projects and demonstration of current capacity to execute quickly

SUBMISSION PROCESS AND TIMELINE

Development Partner proposals are due at 5:00 p.m. Eastern Time on January 19, 2017. Proposals should be submitted electronically in PDF format to crook@sog.unc.edu.

Proposals must be prepared in conformance with the guidelines described under "Submission Requirements." The e-mail subject must be "Development Partner Proposal: Concord, NC".

All responses are subject to public disclosure under the North Carolina Public Records Law. DFI recognizes that respondents must submit financial information that it may deem confidential and proprietary to comply with the requirements of this solicitation. Respondents are entitled to request that certain information remain confidential, when permitted by law, as follows (1) the respondent identifies the confidential proprietary portions of the response, (2) the respondent identifies as confidential and proprietary only those portions of the submittal that are confidential and proprietary, and (3) the respondent states why protection is necessary. Respondents shall not designate their entire response as confidential and proprietary, nor shall they so designate information that is already public.

Any information that the respondent would like to remain confidential should be e-mailed under separate cover to crook@sog.unc.edu. The e-mail subject must be "PROTECTED: Development Partner Proposal: Concord, NC."

For information concerning the procedure for responding to this Solicitation for Development Partners or clarifications of the terms, conditions, and requirements of this SDP, please e-mail Matt Crook, Project Manager, DFI, at crook@sog.unc.edu.

DFI will analyze responses, contact references, and coordinate interviews as necessary. After review, clarifications may be requested. Unless requested by DFI, no additional information may be submitted after the January 19, 2017 deadline. DFI will assist City Staff with analysis of the responses, after which City Staff will provide recommendation to City Council. Council will vote to proceed with a single developer. This selection will trigger an exclusive period of negotiation between the City and the selected developer for an initial memorandum of understanding, and if successful, continuing to a formal development agreement.

Downtown Concord – Kicking off the Holiday Season



ADDITIONAL INFORMATION

All facts and opinions stated in this solicitation are based on available information and are believed to be accurate. Nevertheless, neither the City of Concord nor the UNC School of Government, nor any of their officers, agents, or employees, shall be responsible for the accuracy of any information provided to any respondent as part of this solicitation or vetting process. All respondents are encouraged to independently verify the accuracy of any information provided. The use of any of this information in the preparation of a response to this request is at the sole risk of the respondent.

Those submitting responses to the Solicitation for Development Partners assume all financial costs and risks associated with the submission. No reimbursement or remuneration will be made by the City or UNC to cover the costs of any submittal, whether or not such submittal is selected or utilized.

The City reserves the right to reject any or all submittals, or to waive irregularities or informalities in any submittal, in its sole and absolute discretion and accepts no responsibility for any financial loss by such action.

Any agreements that may be entered into between the developer(s) and the City, including but not limited to a Development Services Agreement, are subject to all statutory and legal requirements and ultimate approval by the City Council in its sole and absolute discretion and nothing herein is to be construed as binding on the City. The City makes no express or implied warranty as to

matters of title, zoning, tax consequences, physical or environmental conditions, valuation, financial conditions or economic matters, accuracy of the any materials or reports provided, governmental approvals, governmental regulations, or any other matter or thing relating to or affecting the properties described herein or any proposed transaction or agreement contemplated herein.

DFI does not act as a broker or agent of the City, and no representation made by DFI during the solicitation and vetting process shall be binding on the City.

Notwithstanding any provision herein, this solicitation shall not constitute an offer to contract on the part of the City and shall not be construed to impose any legal obligations on the City.

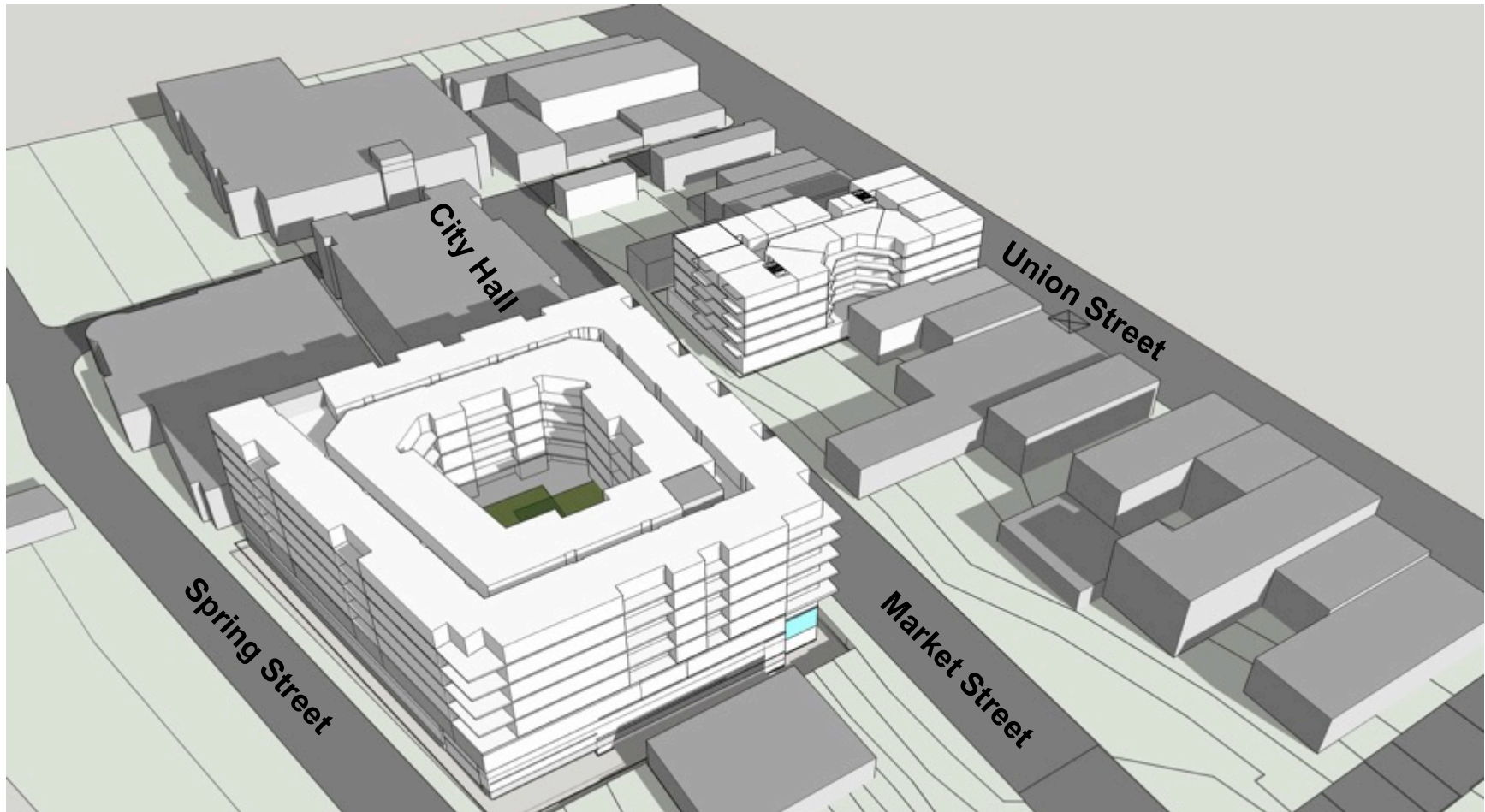
This solicitation does not create any obligation or relationship such as a partnership, joint venture or other similar legal relationship between the City and any potential party. Any references to “partner,” “partners” or other similar terms will not be deemed to create a legal relationship or otherwise alter, amend or change the relationship between any parties in the absence of a formal written agreement specifically detailing the rights, liabilities and obligations of the parties as to a new, specifically defined legal relationship.

APPENDIX A: CONDITION – DEVELOPMENT SERVICES FEE

The conveyance or lease of any portion of the property described herein (the “Property”) to the successful bidder and its successors and assigns (the “Developer”) shall be conditioned upon the execution of an agreement (the “Development Services Agreement”) between the City and the Developer pertaining to the responsibilities of either the City or the Developer, or both, regarding any aspect of the development of the Property or any portion thereof (the “Project”). As part of the Development Services Agreement, the Developer shall agree to pay a fee to the City’s consultant (“SOG”) and its successors and assigns for pre-development services provided to the City, and the Development Services Agreement shall provide that SOG is an intended third party beneficiary of the Development Services Agreement. The fee shall be an amount equal to 1% of the total costs of development of the Project as calculated by the Developer in the most recent versions(s) of pro forma and other financial projections (the “Developer Financials”) prepared by the Developer and delivered to lenders and/or investors prior to the execution of the Development Services Agreement, and in the event of any inconsistencies in the projected total costs among different versions of the Developer Financials, the version of the Developer Financials showing the greatest total costs of development of the Project shall be used to calculate the Development Services Fee. The Development Services Fee shall be due and payable in full to SOG no later than 30 days following execution of the Development Services Agreement. An alternative payment schedule for

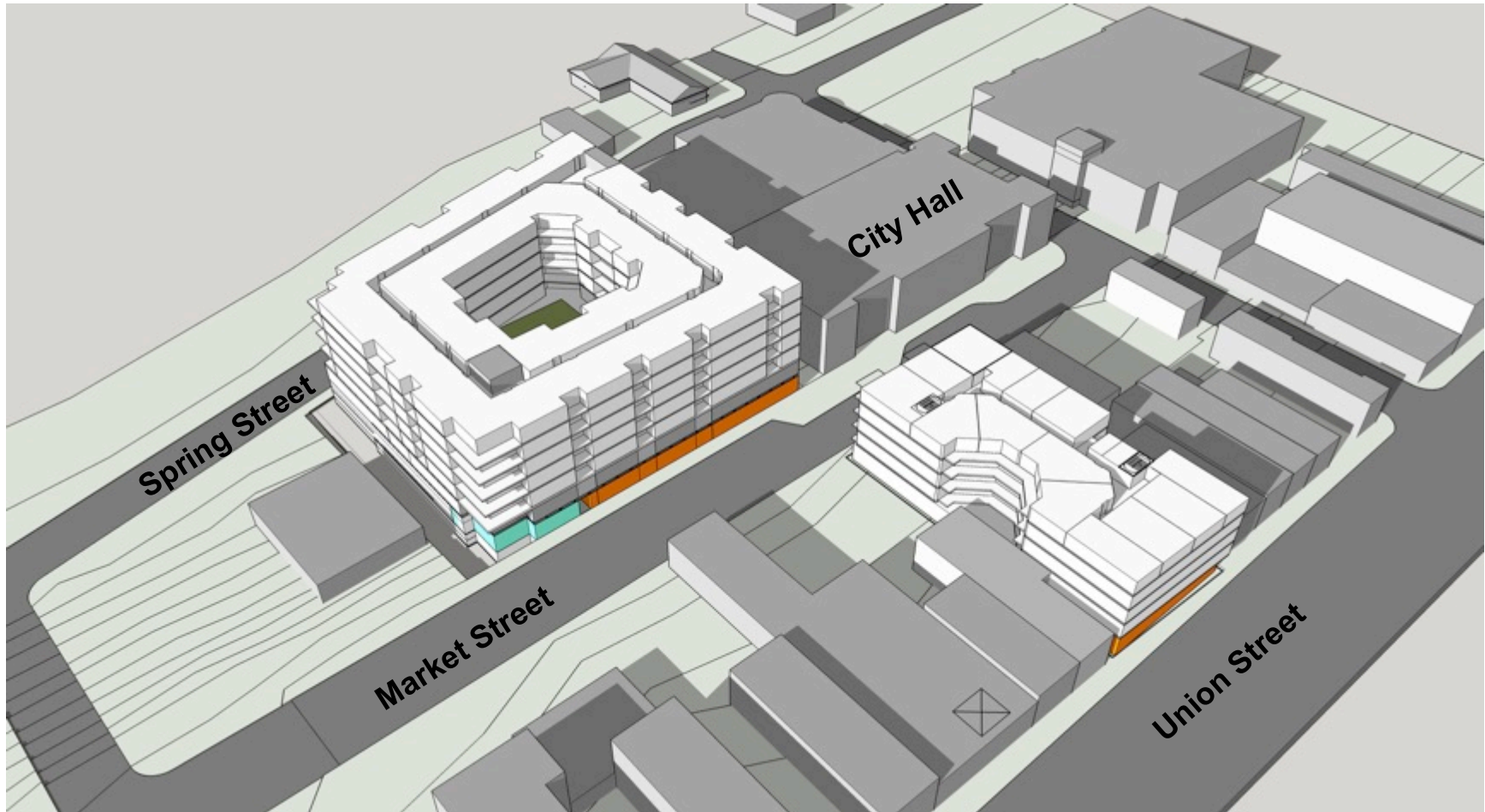
payment of the Development Services Fee to SOG may be developed as mutually agreed in writing by Developer and SOG; by way of illustration only, such schedule of payments could be tied to the receipt of any developer fees by Developer. Developer’s obligation to pay Development Services Fee shall not be assignable by Developer to any other entity, nor shall any assignment relieve Developer of its obligation to pay Development Services Fee, except upon written consent of SOG.

APPENDIX B: CONCEPTUAL SITE IMAGES



30 Market Street and 26 Union Street Buildings
Looking north from corner of Spring Street and Barbrick Avenue

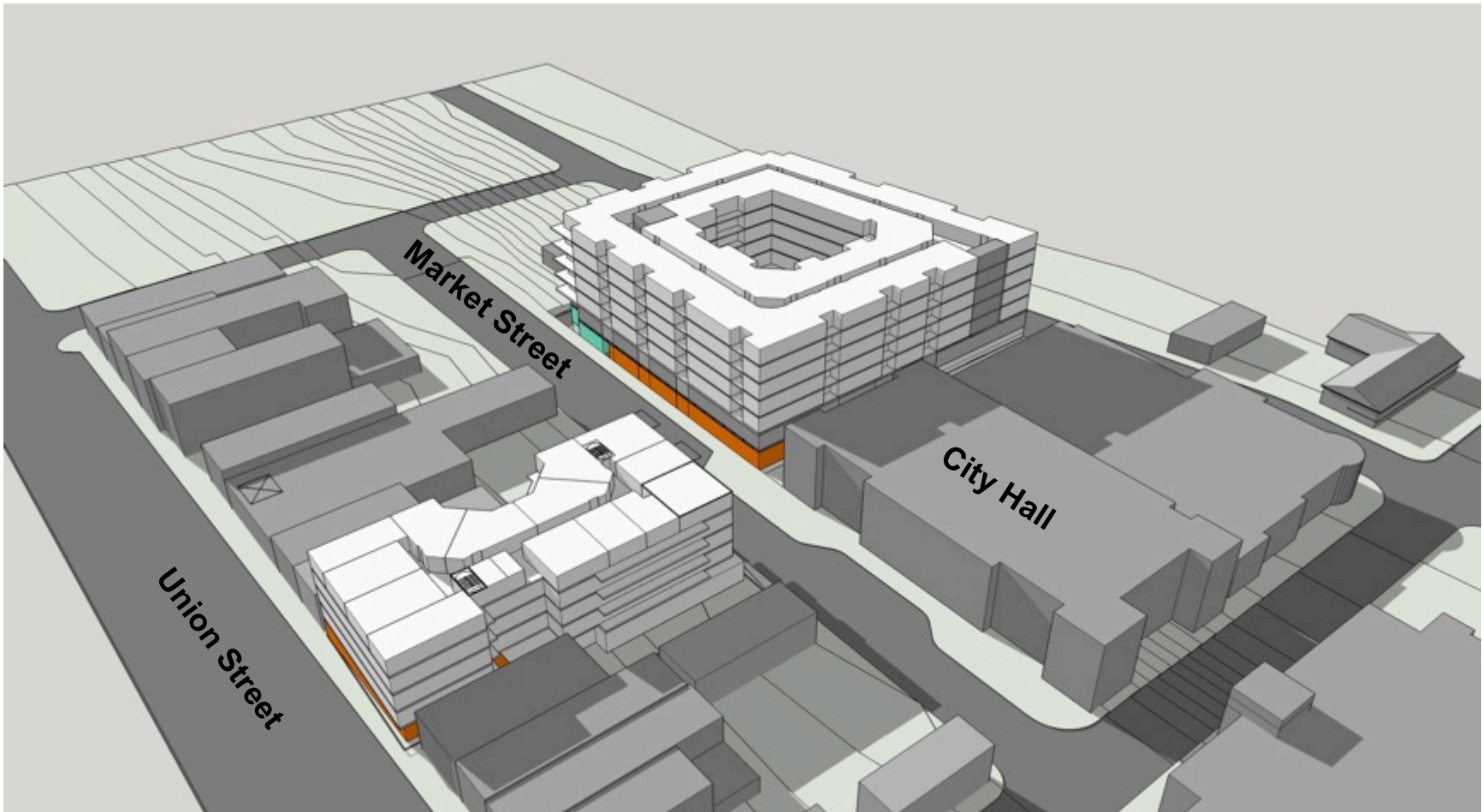
*Commercial space in **Orange**; Residential Amenity space in **Blue***



30 Market Street and 26 Union Street Buildings

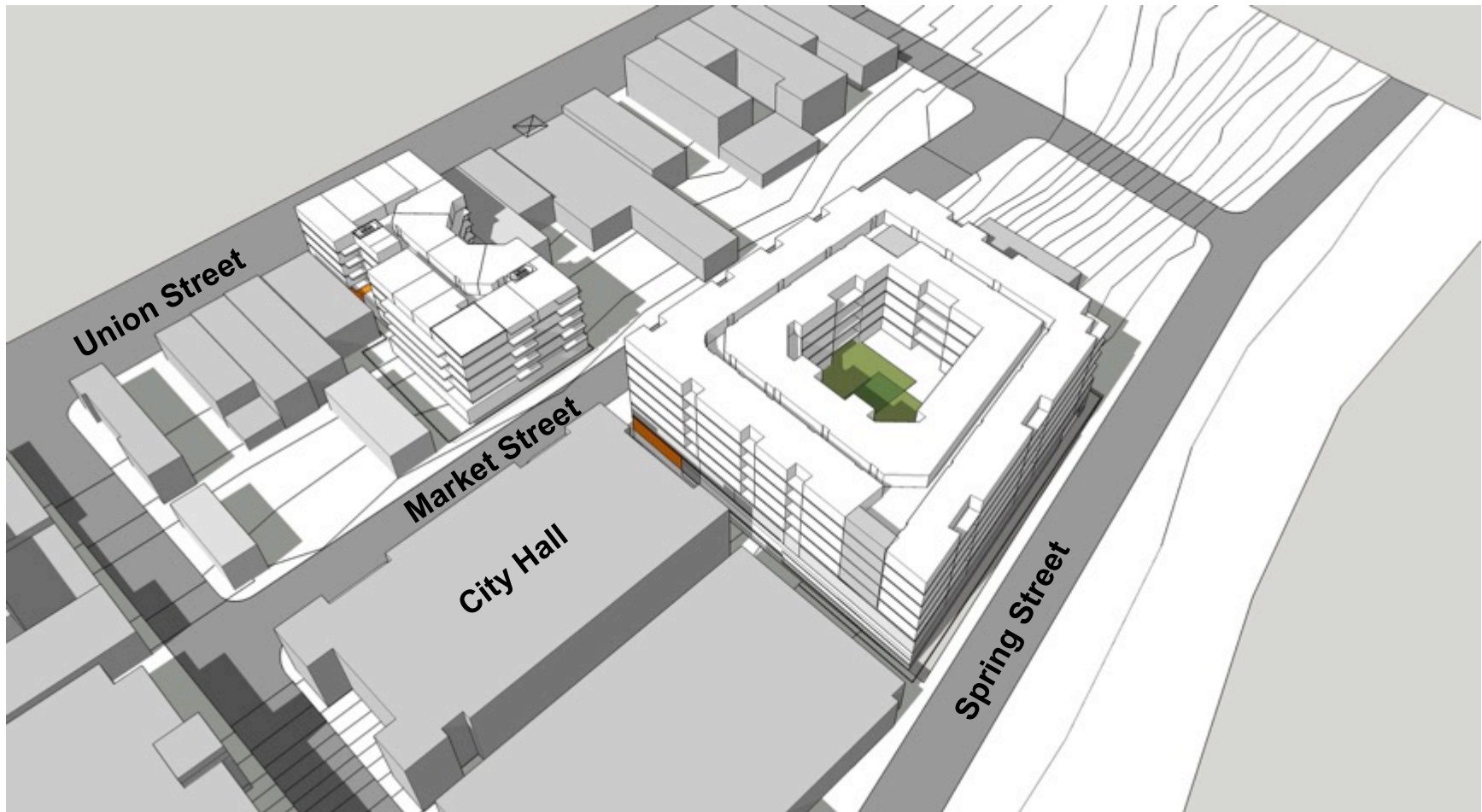
Looking west from corner of Union Street and Barbrick Avenue

*Commercial space in **Orange**; Residential Amenity space in **Blue***



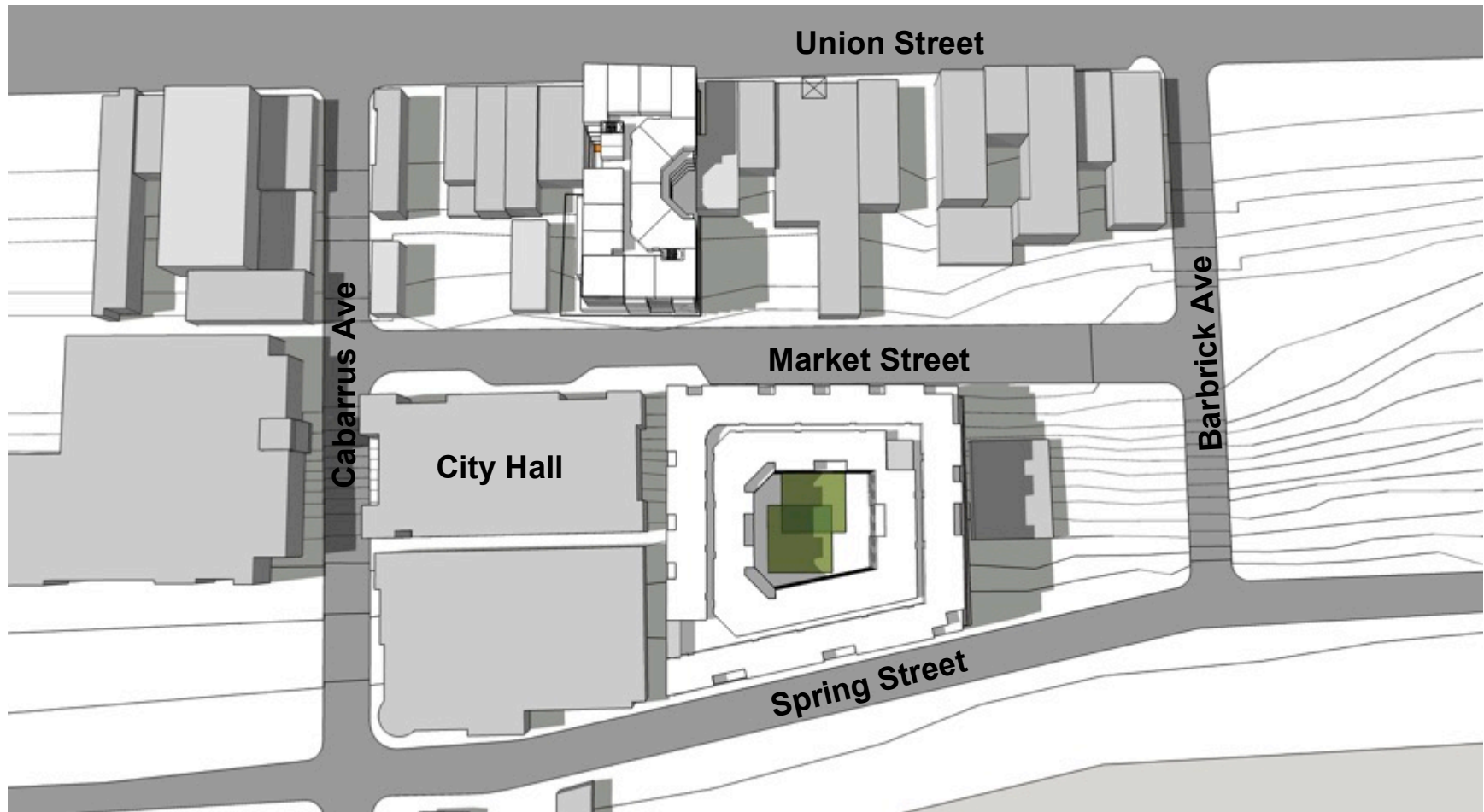
30 Market Street and 26 Union Street Buildings
Looking south from corner of Union Street and Cabarrus Avenue

*Commercial space in **Orange**; Residential Amenity space in **Blue***

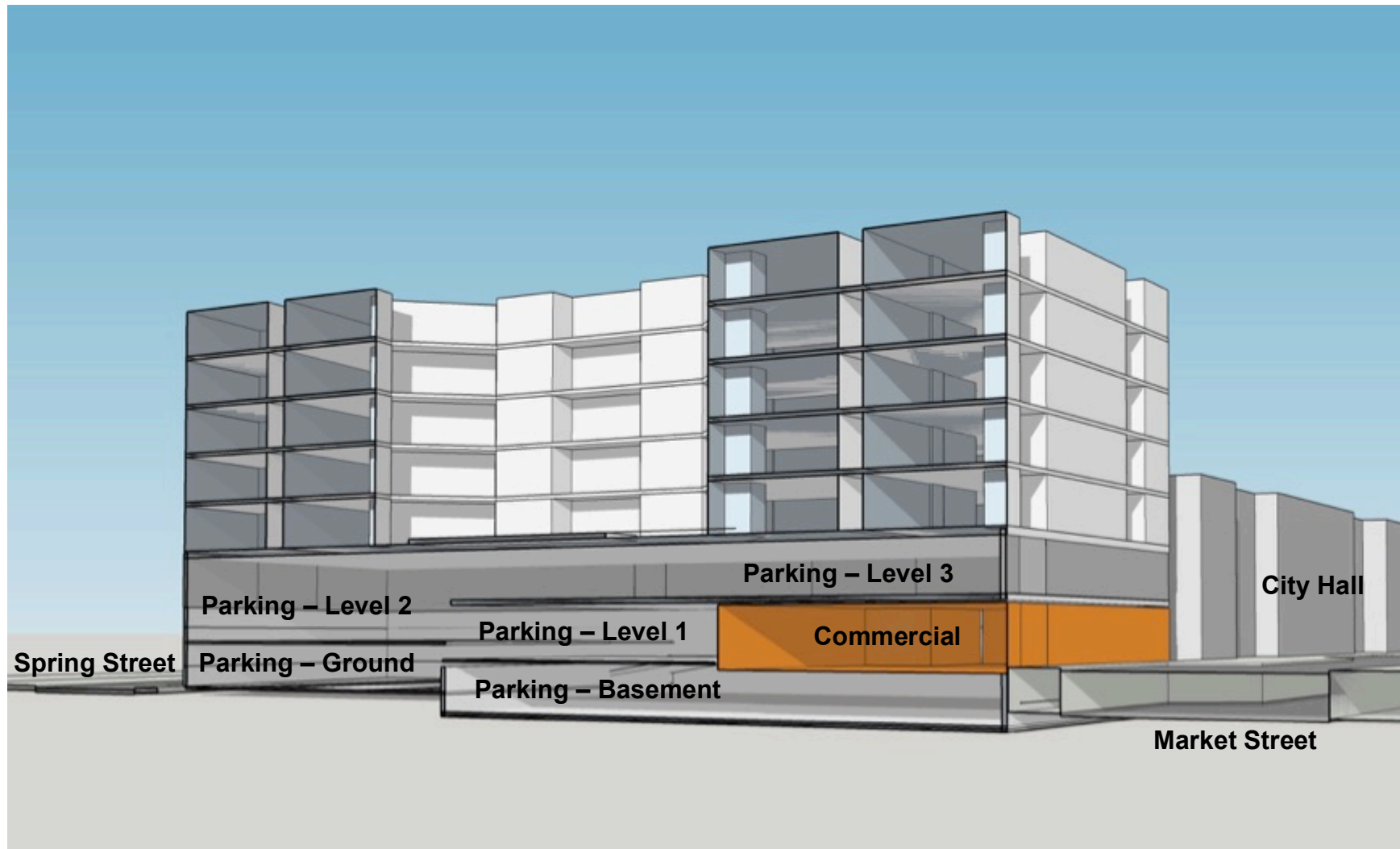


30 Market Street and 26 Union Street Buildings
Looking east from corner of Spring Street and Cabarrus Avenue

*Commercial space in **Orange**; Residential Amenity space in **Blue***



30 Market Street and 26 Union Street Buildings



30 Market Street Building - Cross Section
Parking with Market Street commercial space