

**MANDATORY REFERRAL REPORT NO. 08-04**  
**Proposed Sale of Johnston and Mecklenburg Mills Properties on North Davidson Street**

**PROJECT PROPOSAL AND LOCATION:**

The City of Charlotte Neighborhood Development KBU proposes to sell the Johnston and Mecklenburg Mills properties through a Request for Proposals (RFP) process. The Mills are located northeast of Uptown Charlotte, at 3315 and 3327 North Davidson Street (PID #s 091-101-09, 091-101-04 and 091-101-54). The parcels are zoned UR-3(CD).

The property includes the two historical Mill buildings, a daycare building, small leasing office, boxing academy, and Single Room Occupancy space. The properties are part of the larger North Charlotte National Register Historic District, and the mill properties (and structures) have also been designated local landmarks.

A total of four proposals were submitted to the selection committee in August, 2007, and the selection committee (composed of six representatives from neighborhood groups, a private sector developer, the Historic Landmarks Commission, and staff from five City departments including Neighborhood Development and Planning) selected the preferred Developer based upon its ability to best meet the RFP's established criteria summarized below:

- § City's return on investment
- § Ability to meet City goals including affordable housing goals
- § Proven developer track record on developing and managing similar projects
- § Developer ability to attract financing
- § Developer commitment to bring equity to project
- § Design quality, including connectivity to future light rail station
- § Realistic management plan
- § Development that complements existing neighborhood character

The Developer proposes to rehabilitate and redevelop the 7.22 acres in accordance with their RFP that calls for the preservation of the Historic Mill buildings; the addition of smaller buildings which will architecturally complement the Mills; development for mixed-income, retail, commercial and community uses; and connectivity with transit. Specifically, the proposal calls for 174 for-rent apartments (75 affordable), 28 condominiums, 6,500 square feet of retail space, art gallery, and catering/restaurant space.

The Developer also intends to utilize available Federal historic tax credits as a component of the project, requiring that high standards of historic rehabilitation be adopted in terms of design, procedures, and materials.

**PROJECT JUSTIFICATION:**

In 1990, the City acquired the property and granted construction and permanent financing loans to the previous owners of both Mills, and ultimately foreclosed on the properties. Overall, the City invested a total of \$6.7 million in the original acquisition and rehabilitation of the Mills.

The Mills were most recently used for residential (about 150 affordable housing units) purposes, but have been vacant since May 2006, and have since been subjected to vandalism, dumping, and unauthorized use as shelter by the homeless, despite numerous attempts by the City to secure the property.

The goal is to re-establish the property on the tax rolls, preserve its historic character, and to convert it into a productive use.

**CONSISTENCY WITH ADOPTED PUBLIC POLICIES:**

Sale of the properties will help meet the following goals and policies:

- § Transit Oriented Development (TOD) – The development plan includes pedestrian connectivity between the Mill site and the proposed northeast corridor light rail station. Other TOD development principles provided for in the plan are mixed use development with a range of higher intensity uses to support transit; a strong sense of community; emphasis on biking, walking and transit; good access and interconnectivity.
- § The *FY 2006-2010 Consolidated Plan* (approved by City Council on June 13, 2005) identifies the need for affordable, safe and decent housing for low and moderate-income families, which will be included in the development.
- § The City's Asset Management Policy supports maximizing the City's return by pursuing alternative ownership/management strategies that optimize the benefits of private ownership.
- § The Housing Locational Policy includes objectives of avoiding undue concentration of multi-family assisted housing, supporting the City's neighborhood revitalization efforts, promoting diversity and vitality of neighborhoods, and supporting transit corridor development and other public development initiatives.

**CONSISTENCY WITH ADOPTED LAND USE PLANS:**

The draft *station area concept* developed as part of the proposed Northeast Corridor Light Rail Transit project identifies this site as being within a ¼ mile walk distance of the proposed transit station and appropriate for transit supportive development (mixed-use development with ground floor retail). (The *station area concept* provides guidance and direction on development proposals until a station area plan is developed for this location.) The proposed sale and redevelopment of this property is consistent with these recommendations.

The *North Charlotte Plan* (1995) recognizes the Johnston/Mecklenburg mills as appropriate for multi-family residential uses. The plan does not specify a density. The residential portion of the proposal is consistent with this recommendation.

The *Central District Plan* (1993) recommends a mixture of residential and nonresidential land uses (residential/office/retail) at this location as amended by rezoning the property to UR-3(CD) in 1990 (90-79(CD)). The proposal is consistent with this recommendation.

While the proposal is consistent with adopted land use policies, it will likely need to be rezoned to accommodate the intended use.

**PROJECT IMPACT:**

Rehabilitation of the Mills properties would complement the mixed-use character of the North Davidson district (known as "NoDa"). Meetings between the NoDa Business Association and the Historic North Charlotte Neighborhood Association produced the following list of goals, which will be met by the planned development of the Mills properties:

- § Create new development along 36<sup>th</sup> Street
- § Create pedestrian friendly development along 36<sup>th</sup> Street
- § Preserve green space around the historic buildings
- § Maintain the exterior appearance of the mills buildings

Additionally, the Historic Landmarks Commission provided the Developer with a letter of preliminary approval as their proposal includes the preservation of the exterior of both Mills. Finally, it is proposed that the development include community art space and gallery space to support and nurture the arts, which is important to the NoDa community.

**RELATIONSHIP TO OTHER PUBLIC OR PRIVATE PROJECTS:**

Connectivity between the site and the nearby proposed northeast corridor Light Rail station is proposed as part of the Developer's proposal. Neighborhood retail proposed for the site will encourage pedestrian traffic in connection with the light rail station.

**ESTIMATED PROJECT COMPLETION DATE:**

The Developer's proposal will not need any funds from the City for the project. Closing is expected to take place in late Spring, 2008.

**JOINT USE TASK FORCE REVIEW COMMENTS:**

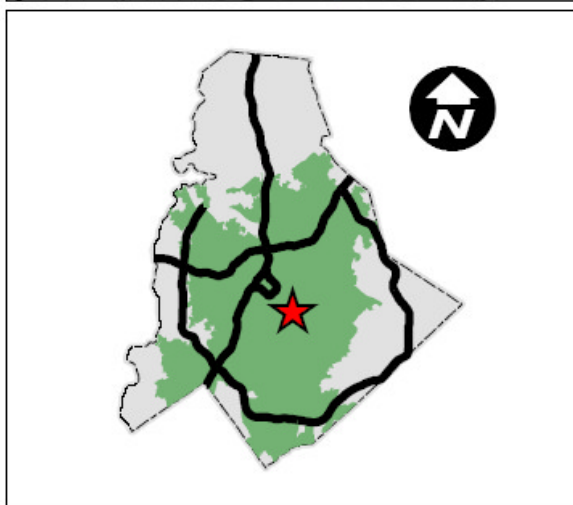
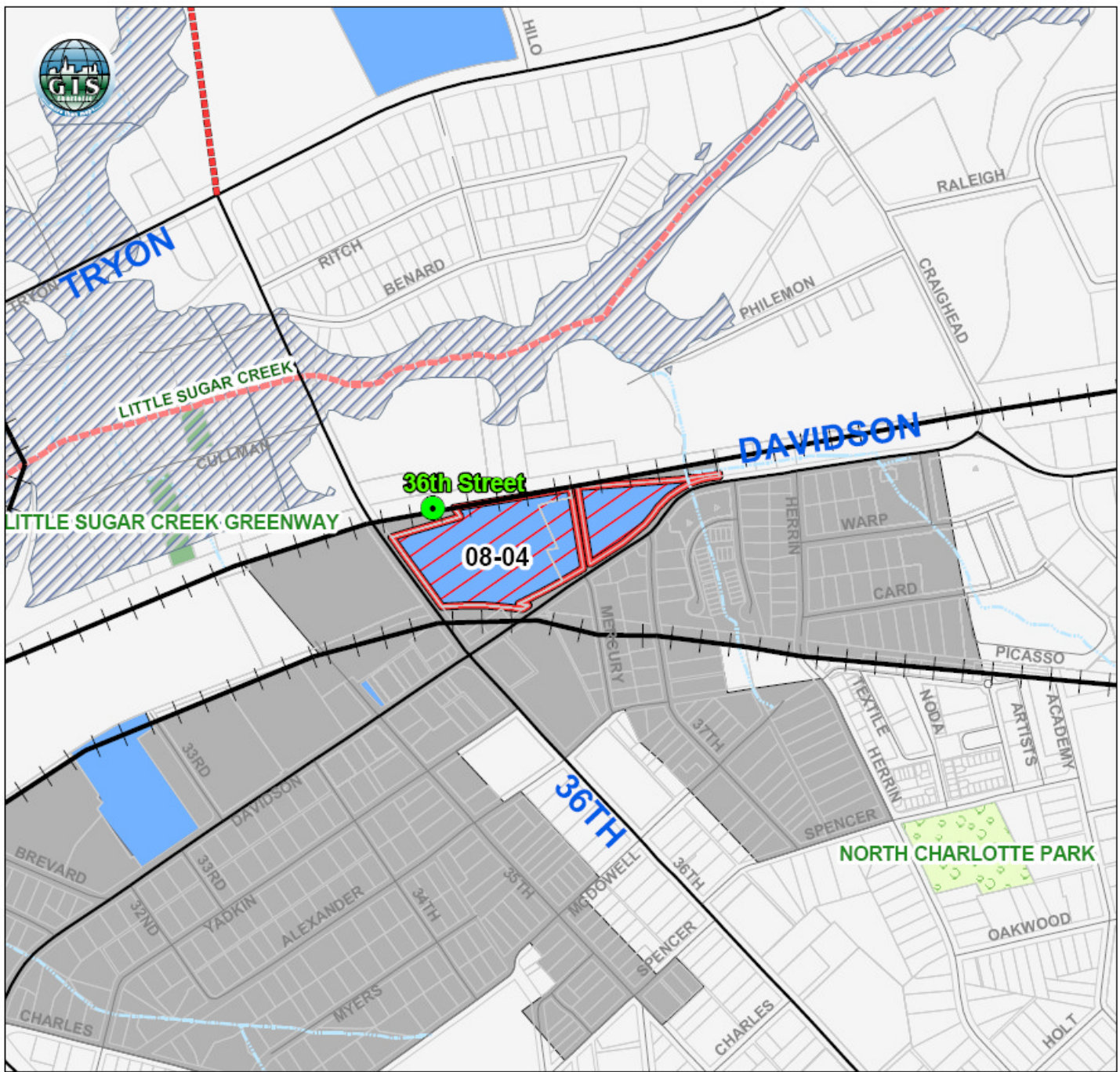
The Joint Use Task Force discussed this matter at their January 2, 2008 meeting and no joint use comments were offered.

**PLANNING STAFF RECOMMENDATION:**

Planning staff recommends approval of the proposed transaction for the intended use with the condition that the property be rezoned to accommodate the proposed development.













**CMPC PLANNING COMMITTEE RECOMMENDATION:**

At their January 22, 2008 meeting, the Planning Committee recommended approval by a 5-0 vote.



## Mandatory Referral 08-04

*City Real Estate Services*

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|---|--|
|  Mandatory Referral      |  National Historic District |
|  Developed Greenway      |  Existing Park              |
|  Owned Greenway          |  Proposed Park              |
|  Proposed Greenway       |  Greenway                   |
|  Greenway Construction   |  Preserve                   |
|  Local Historic Property |  Northeast Transit Stations |

Produced by the Charlotte-Mecklenburg Planning Department