

# SOLICITATION FOR DEVELOPMENT PARTNER QUALIFICATIONS

BLOCK 6 | CITY OF KANNAPOLIS, NC

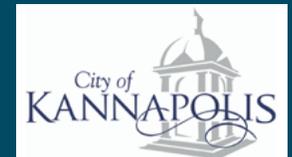


West Avenue

Block 6  
Project Site



SCHOOL OF GOVERNMENT  
Development Finance Initiative



# TABLE OF CONTENTS

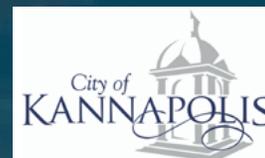
EXECUTIVE SUMMARY	3
THE OPPORTUNITY	4
DFI'S ROLE	6
GUIDING PUBLIC INTERESTS	6
MARKET SUMMARY	7
EVALUATION CRITERIA AND SELECTION PROCESS	8
APPENDIX A: DEVELOPMENT SERVICES FEE PAYMENT	12



SCHOOL OF  
GOVERNMENT

Development  
Finance Initiative

---



# EXECUTIVE SUMMARY

The City of Kannapolis (City) in Cabarrus County, North Carolina, is pleased to release this Solicitation for Development Partner Qualifications (SDP) for the redevelopment of “Block 6” located at 216 West Avenue (Site) in downtown Kannapolis. The City seeks a qualified development partner to redevelop the City-controlled Site into a higher density, vertically integrated mixed-use building with multifamily residential rental units and ground floor commercial space fronting West Avenue (Project). Responses to the solicitation are due by **January 19, 2024**.

This document is an invitation for experienced development partners to present qualifications that demonstrate their ability to undertake the redevelopment of the Block 6 Property in downtown Kannapolis, NC.

The Development Finance Initiative (DFI), a program of the UNC School of Government (SOG), will help development teams understand and respond to the City’s requirements for the Site’s redevelopment. Once DFI and City staff have reviewed all potential development partners’ qualifications, only qualified teams will be invited to participate in the Round 2 Request for Proposals (RFP). Upon completion of the Round 2 RFP, the proposals will be presented to the Kannapolis City Council with a staff recommendation for endorsement. While an endorsement by Council is not final approval, it will trigger an exclusive period of negotiation between the City and their selected partner for a development services agreement for the project.

West Avenue in Downtown Kannapolis



## Estimated Timeline

Nov. 20, 2023	Solicitation for Developer Qualifications release
Jan. 19, 2024	Development partner qualifications due
Q1 2024	Council selects development partner(s) to participate in Round 2 RFP
Q2 2024	Council selects preferred development partner based upon proposals
Q3 2024	City and development partner(s) execute a Memorandum of Understanding (MOU)
Q4 2024	City and development partner(s) execute a development services agreement

# THE OPPORTUNITY

The City of Kannapolis seeks an experienced private development partner to undertake the redevelopment of a 2.68-acre block (“Block 6”) in the core area of its downtown. This parcel is envisioned as a higher density, vertically integrated mixed-use building with multifamily residential rental units and ground floor commercial space fronting West Avenue.

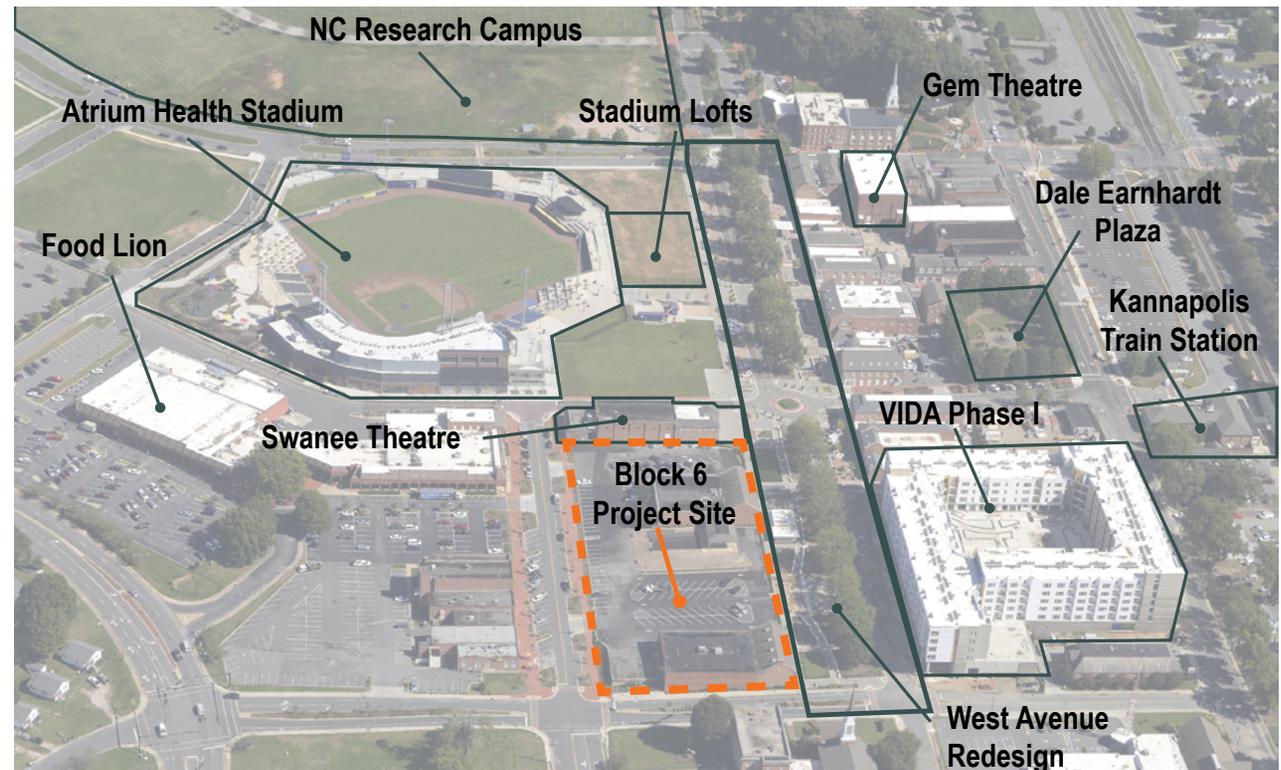
The City-owned Site currently includes two retail buildings of about 15K SF which are intended to be demolished as part of the redevelopment of the Site, ~125 surface parking spaces and is adjacent to the recently renovated Swanee Theatre. The Site is located on West Avenue in downtown Kannapolis, which underwent a \$30M transformation in 2019 into a vibrant, pedestrian-oriented street. This included an overhaul of the critical infrastructure (water lines, sewer, stormwater, electricity). The street includes plazas, water features, and public artwork plus several new restaurants and other retail shops that have since occupied the historic buildings. The Site is one block south of the \$52M Atrium Health baseball stadium, completed in 2020 and is home to the Kannapolis Cannon Ballers which host 70 games annually. The Kannapolis Amtrak Station, located two blocks east of the Site, provides four daily trips into downtown Charlotte. The North Carolina Research Campus, which employs over 1000 people, is two blocks to the north.

DFI’s pre-development analysis has identified the following program for the Site, which has been endorsed by City Council and adheres to the current zoning in place:

DFI’s pre-development analysis has identified the following program for the Site, which has been endorsed by City Council and adheres to the current zoning in place:

- 15,000-20,000 SF of ground floor commercial space
- 250+ multi-family units
- 400+ structured parking spaces

**Downtown Kannapolis Context Map**



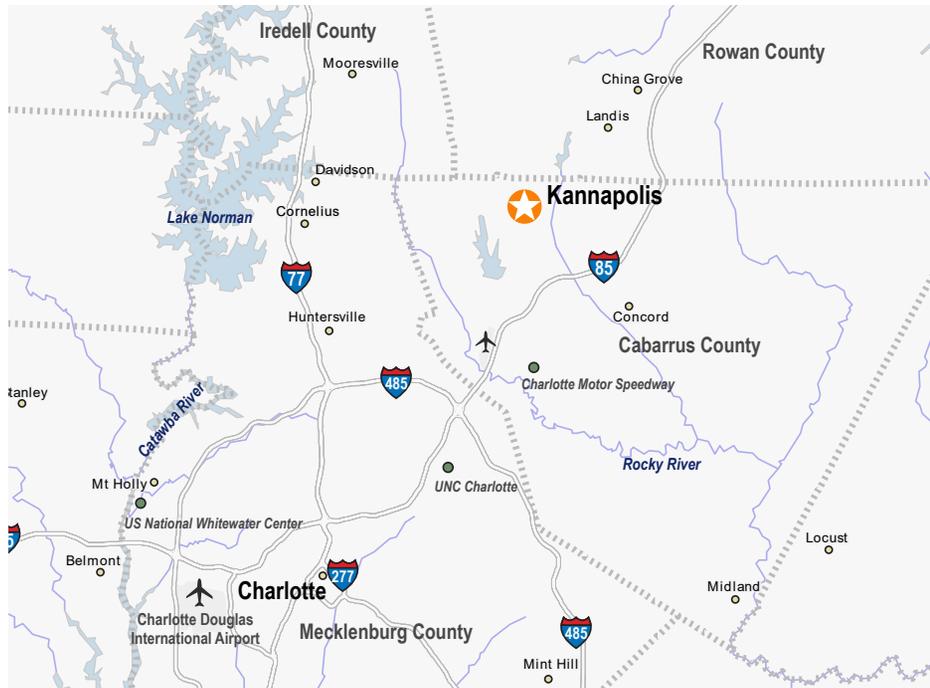
## Downtown Kannapolis Prioritized Sewer Capacity

Due to current and ongoing wastewater capacity constraints, future commercial residential development in Cabarrus County is limited outside of downtown Kannapolis. However, the City of Kannapolis has prioritized Block 6 for future sewer capacity investments ahead of other areas allowing development to occur on this block much faster. Development agreements are required for all projects to define the project details and timeframe for sewer allocation commitment. For more information concerning the County's sewer capacity, please contact DFI.

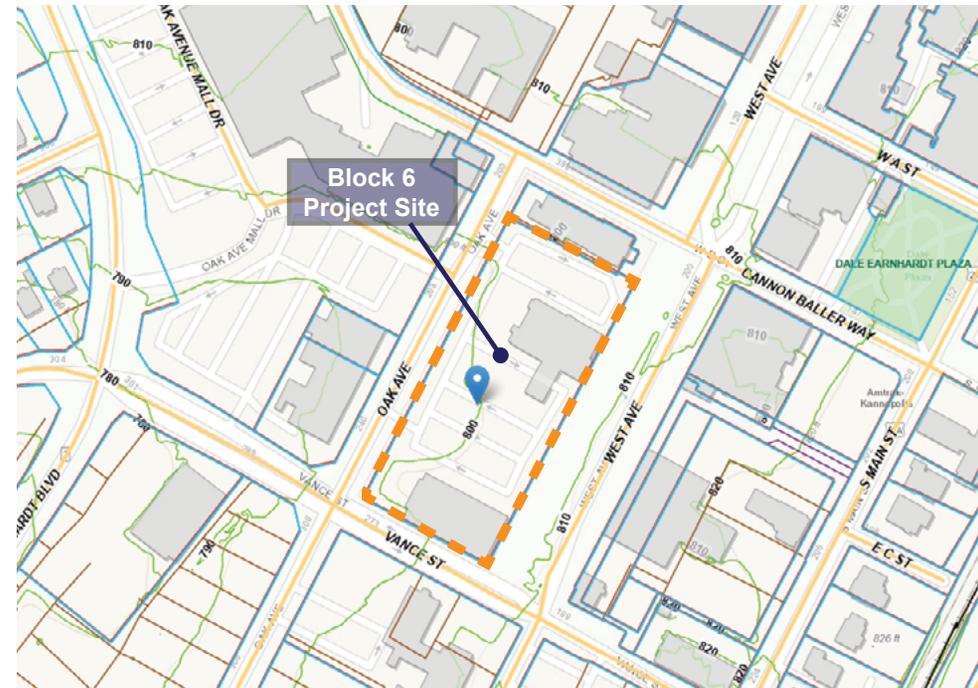
## Project Site Zoning

Block 6 is currently zoned as Center City Mixed-Use. Developments in this zoning district are meant to serve as a focal point for commerce, government, entertainment, and cultural events in Kannapolis. Development in the district is also pedestrian oriented and allows a mix of retail, service, office, light industrial and residential. The max building height is 72 feet, however, the City would consider allowing more height on the development site. Additionally, there is no requirement to accommodate stormwater on the site.

## Kannapolis Regional Context



## Block 6 Site Overview, Cabarrus County GIS



## DFI'S ROLE

DFI provides specialized finance and development expertise to local governments to assist them in attracting private investment for transformative projects in their communities. DFI has engaged in more than 250 projects in communities across North Carolina, South Carolina, and Virginia, attracting more than \$1 billion of private investment over the last decade of operations.

DFI has performed multiple assessments with the City of Kannapolis to support the development of the projects within the downtown core, including:

- **Market Assessment:** assessing the supply and demand for diverse potential private uses, including, retail, office, and multi-family.
- **Site Assessment:** assessing the physical constraints of the downtown core and its existing buildings and infrastructure to establish the redevelopment plan for the entire downtown.
- **Establishing Public Interests:** engaging stakeholders interested in downtown development, including City staff and elected officials.

DFI's pre-development work thus far will benefit the private developer(s) selected by the City Council by significantly reducing the time, effort, expense, and overall risk to move the Project through the City's public planning process. The selected Developer must pay a one percent development services fee to DFI as part of any Development Services Agreement related to the development of the Project Site. The fee's terms are detailed in Appendix A.

## GUIDING PUBLIC INTERESTS

The City Council, staff, and other downtown stakeholders worked with DFI to identify public interests to guide the redevelopment of projects within downtown Kannapolis. The City Council endorsed the below set of interests in 2018 regarding development in downtown Kannapolis.

The City and DFI identified that new development in downtown should:

1. Encourage density of development to create activity on the street, drive demand and capture value.
2. Create a mixed-use district that supports day to night activity, attracts diverse users, and expands the downtown market.
3. Generate local and regional demand through appropriately scaling, phasing, and locating anchors and amenities.
4. Leverage public dollars in order to maximize private investment that improves the quality of life for Kannapolis citizens.

# MARKET SUMMARY

## Downtown Kannapolis

The City of Kannapolis embarked on a visionary plan to revitalize its downtown core in 2015 when it acquired over 50 acres of underutilized land and buildings. The City - determined to see downtown return to its vibrancy when Cannon Mills was in operation - developed a plan to create economic, cultural, and community opportunities through strategic public investments.

Today, Kannapolis has a thriving downtown bustling with multifamily residential developments plus business, cultural, and food and beverage destinations -- VIDA, a \$57M project includes 286 apartments, 19,000 SF of retail space, and a 400-space parking garage. Residential rents at VIDA are currently at \$1.82/SF/Month. Stadium Lofts, a 43-unit mixed-use development overlooking Atrium Health Stadium, is scheduled to open in February 2024 and is currently asking \$2.53/SF/Month for residential rents. In addition to these newer developments, downtown Kannapolis draws more than 1,000 employees who work at the nearby North Carolina Research Campus.

## Market Overview

Kannapolis, NC is located approximately 25 miles northeast of Charlotte, NC in Cabarrus County and is one of the largest cities in the Charlotte metropolitan area. From 2010-2020 the population of Kannapolis increased by more than 10,000, a nearly 25% increase in that time frame. Over the next five years the population is expected to increase to slightly more than 62,000 residents. Cabarrus County's population is estimated to reach 258,000 by 2028 (a 6% increase) while seeing its median household income increase to greater than \$95,000.

With easy access to both I-85 and the Amtrak station just two blocks away from Block 6, Downtown Charlotte is about a 30-minute commute via passenger rail to and from downtown Kannapolis.

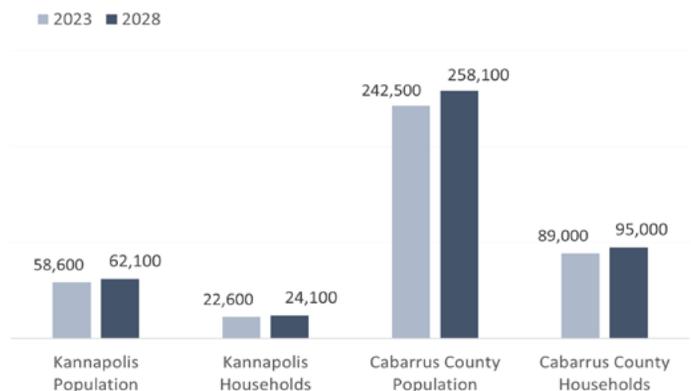
VIDA- 210 S. Main St. Kannapolis



Stadium Lofts- 120 West Ave. Kannapolis



Projected Population Change in Kannapolis and Cabarrus Co.



# EVALUATION CRITERIA AND SELECTION PROCESS

Development firms responding to this solicitation will be evaluated to determine whether the team can meet the public interests for the project and if they are able to realize the project in a reasonable time frame. DFI and City staff will collect and analyze responses, contact references, and coordinate interviews as necessary.

The following criteria will be used to assess responses:

- Prior development experience, particularly with new construction in urban environments
- Qualifications and experience of the development team
- The demonstrated ability to secure funding to execute a project of similar scale and complexity in a reasonable timeframe
- List of active development projects and demonstration of current capacity

After reviewing submitted qualifications, DFI may seek clarification. Development teams may not submit additional information after the **January 19, 2024 deadline**, unless DFI requests it. Following the Council's selection of development firms for Round 2, the City will ask the qualified firms for their proposals for the project site. Upon the selection of the preferred firm based upon the proposal that most aligns with the public interests of the City for the project, the City expects the selected partner to submit a proposed Memorandum of Understanding (MOU) and, following the successful execution of an MOU, lead negotiations for a final development services agreement.

## Estimated Timeline

Nov. 20, 2023	Solicitation for Developer Qualifications release
Jan. 19, 2024	Development partner qualifications due
Q1 2024	Council selects development partner(s) to participate in Round 2 RFP
Q2 2024	Council selects preferred development partner based upon proposals
Q3 2024	City and development partner(s) execute a Memorandum of Understanding (MOU)
Q4 2024	City and development partner(s) execute a development services agreement

## Submission Process

Development Partner qualifications are due at **5:00 p.m. EDT on January 19, 2024**. Qualifications packages should be submitted electronically in PDF format to [ethomas@sog.unc.edu](mailto:ethomas@sog.unc.edu).

Submissions must be prepared in conformance with the guidelines described under “Submission of Qualifications.” The email subject must be “Development Partner Qualifications: Block 6 Development, Kannapolis, NC.”

All responses are subject to public disclosure under the North Carolina Public Records Law. DFI recognizes that respondents must submit information that it may deem confidential and proprietary in order 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 actually 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 [ethomas@sog.unc.edu](mailto:ethomas@sog.unc.edu). The e-mail subject must be “PROTECTED: Development Partner Qualifications: Block 6 Development, Kannapolis, 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 Eric Thomas, Assistant Director, DFI, at [ethomas@sog.unc.edu](mailto:ethomas@sog.unc.edu).

## Submission Requirements

Developers shall organize their submission in the format described below. Please provide the requested information in appropriate detail to allow adequate review and evaluation of qualifications. Any information that a respondent requests remain confidential should be sent under a separate cover (see above Submission Process).

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. Development Team
  - Identification of up to three partner firms and roles, including codevelopers, architects/designers, and general contractor.
  - Overview for each firm on the team, including brief history of firm, past experience working with the developer, and relationship of the firm’s parent company with the office responsible for this project, if applicable.

- Identification and resumes of lead staff (principals and project managers) that will be responsible for negotiating a development services agreement with the City and completing the remainder of the preconstruction approval process.

### 3. Experience and References

Provide relevant development experience, especially vertically integrated mixed-use new construction. Provide information on at least three, and no more than five projects. Each comparable development should detail the following information:

- Location and name of project
- Scope and scale of development program
- Photos/illustrations of completed project
- Total development budget by use
- Amounts and sources of debt and equity funds used to finance the project, including governmental sources.

### 4. 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.

### 5. Timeline

- Indicate whether the proposed timeline under “Estimated Timeline” is feasible. If other, include the proposed timing here. Indicate the development team’s availability to undertake the Project and adhere to the timeline.

### 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 breach of contracts, 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.
- 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 from bidding or contracting, pursuant to an established debarment procedure, by any public body, agency of any state, or agency of the federal government.

## 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 Kannapolis 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 response to this request is at the sole risk of the respondent.

Those submitting responses to the SDP 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 submittals or 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 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. It 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 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: DEVELOPMENT SERVICES FEE PAYMENT

The performance by the City or the conveyance or lease of any portion of the property described herein (the “Property”) to the selected development entity 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 (“DFI”) and its successors and assigns for pre-development services provided to the City, and the Development Services Agreement shall provide that DFI is an intended third party beneficiary of the Development Services Agreement. The fee shall be an amount equal to 1.0% (one percent) of the total projected costs of development (including horizontal and vertical development) of the Project as calculated by the Developer in the most recent version(s) of pro forma and other financial projections (the “Developer Financials”) prepared by the Developer and delivered to City or other parties prior to or contemporaneously with the execution of the Development Services Agreement (and in the event that projected costs are not available at time of execution, then Developer shall provide such costs as soon as possible thereafter), 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 total development cost shall not include costs related to development of structures that meet all of the following criteria following completion of the development: (i) the entire structure and the entire parcel of land on which the structure is located are owned in fee simple solely by the City; (ii) any financing associated with the structure is an obligation of the City alone; and (iii) the entire structure will be operated either (a) by the City directly or (b) by a contractor on behalf of the City pursuant to a contract executed by the City.

The Development Services Fee shall be due and payable in full to DFI no later than 30 days following execution of the Development Services Agreement. An alternative payment schedule for payment of the Development Services Fee to DFI may be developed as mutually agreed in writing by Developer and DFI; by way of illustration only, such schedule of payments could include deferring payment of the fee until closing on construction financing for the Project. 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 DFI.