

TECHNICAL ASSISTANCE PANEL



CARTA INTERMODAL SITE RECOMMENDATIONS

North Charleston, SC

03.21.2011 - 03.22.2011

DIVERSE EXPERTISE

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MANAGER*

TRANSPORTATION PLANNER

ULI – THE URBAN LAND INSTITUTE

The Urban Land Institute (ULI) was established in 1936 and has over 30,000 members from more than 90 countries. It is one of America's most respected sources of information and knowledge on urban planning, growth and development. ULI is a nonprofit research and education organization. Its mission is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. To encourage an open exchange of ideas and sharing of experiences, ULI membership represents the entire spectrum of land use and real estate development disciplines, working in private enterprise and public service. Among its members there are developers, builders, property owners, investors, architects, planners, public officials, brokers, appraisers, attorneys, engineers, financiers, academics, students and librarians.

ULI SOUTH CAROLINA

In local communities, ULI District Councils bring together a variety of stakeholders to find solutions and build consensus around land use and development challenges. The ULI South Carolina District Council was formed in 2005 to encourage dialogue on land use and planning throughout this state and with each of the three main regions (Upstate, Midlands, Coastal), and to provide tools and resources, leadership development, and a forum through which the state can become better connected. The District Council is led by an Executive Committee with statewide and regional representation, as well as steering committees within each region that focus on the development of membership, sponsorship, programs and Young Leader initiatives. With some 500 members, ULI South Carolina is committed to bringing together leaders from across the fields of real estate and land use policy to exchange best practices and serve community needs.

How DO TAPs Work?

Sponsors request the services of a TAP with regard to a specific issue that can be addressed by a panel of experts in one or two days. The local District Council assists the sponsor in refining the scope of the assignment and convenes a panel of volunteers from the ULI membership base to address those specific issues. The sponsor works within the ULI guidelines to provide background information to ULI panelists prior to the panel's convening. When convened, members of the TAP view the subject site, hear from public and private stakeholders, and then deliberate on the assigned issues before making recommendations. At the conclusion of its work, the panel presents an oral report to stakeholders, that is followed by a written report within four to six weeks.

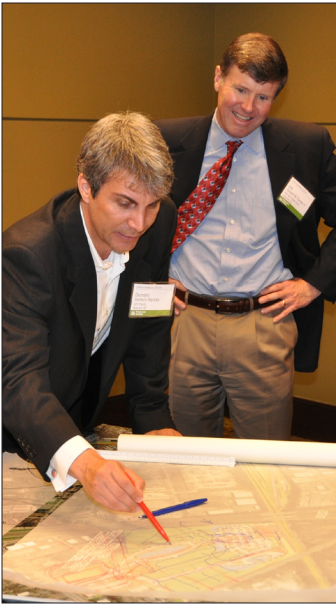
CARTA INTERMODAL SITE TAP SPONSOR

The Charleston Area Regional Transportation Authority (CARTA) is a regional transportation authority that provides regular local and regional fixed route and complimentary paratransit services to the Charleston Urbanized Area. CARTA serves the communities of Charleston, Hanahan, Isle of Palms, Mount Pleasant, North Charleston, Sullivan's Island, unincorporated areas of Charleston County as well as small portions of Berkeley and Dorchester Counties.

In order to provide these services, CARTA owns a fleet of over 100 vehicles and real estate holdings which include the 36-acre site of its planned Intermodal Transportation Center facility in North Charleston. This facility is intended to be developed to provide all levels of surface transportation for the greater Charleston region. The first phase of the Center's development has been completed, namely site assembly and relocation, engineering and design of the Center, and construction of a park and ride lot, entry and internal circulation roadways and water retention feature. The Authority has now chosen to sponsor the CARTA Intermodal Site TAP in order to receive an unbiased professional opinion on the recommended way forward for the development of the portions of the site not required for the Center so that appropriate urban design concepts can continue to be applied and financial support can be attained for the Center's completion.

TABLE OF CONTENTS

EXECUTIVE SUMMARY	4
BACKGROUND ON THE CARTA INTERMODAL SITE TAP	5
PANEL PROCESS	8
FOUNDATION FOR RECOMMENDATIONS	10
PANEL RECOMMENDATIONS	14
STAKEHOLDER MEETINGS	22
CARTA INTERMODAL SITE TAP MEMBERS	23



The panel stressed to the TAP Sponsor the importance of community commitment and leadership, planning and integration, and discipline and patience in order to ensure the CARTA Intermodal project's success

EXECUTIVE SUMMARY

BACKGROUND

There is need for a passenger intermodal facility that provides and allows passengers to transfer between all levels of surface transportation in the Charleston region. Development and operation of such a facility now falls under the responsibility of the Charleston Area Regional Transportation Authority (CARTA), which was created in 1999 to offer regular local and regional fixed route and complimentary paratransit services to the Charleston Urbanized Area.

An array of services and functions must be accommodated by this facility, including CARTA's local bus services, Southeastern Stages' (formerly Greyhound's) regional bus service, AMTRAK's regional rail passenger service, limousine and shuttle services for the airport and area hotels, taxis and car rental, commuter rail (a service proposed for the future) as well as park-and-ride, pedestrian and bicycle access. Collectively, they require an estimated 11 acres of land on a 36-acre property in North Charleston that CARTA has assembled and improved for what is now referred to as the CARTA Intermodal Center.

CARTA received federal and local grants to assemble the site and has since been seeking funds to construct the Intermodal Center. After its application to the FTA for \$6 million in Federal Discretionary Funds was declined in 2007, CARTA decided to invite submissions from real estate development companies with the expertise and financial capability to jointly fund and construct the Center and other transit-oriented development on the site. However, CARTA cancelled this pursuit in late 2010 after learning of its eligibility for a \$6 million grant from the U.S. DOT's new transit initiative called the State of Good Repair Program and is now looking at new options and development concepts for the property, particularly the 25 acres not required for the Intermodal Center. Nevertheless, the intent of the development remains a mixed-use, urban-density transit-oriented development.

THE PANEL'S ASSIGNMENT

The mission of the ULI TAP was to provide CARTA with recommendations for the Intermodal Site in two broad areas:

- Appropriate design strategies that are both flexible and innovative in support of an attractive and profitable high-density transit-oriented function and usage; and
- Potential planning alternatives for the remainder of the Intermodal Site and financial strategies to support development of the CARTA Intermodal Center.

The TAP prepared its recommendations based on its review of briefing materials, a debriefing with the TAP sponsor, a tour of the study area, interviews conducted with stakeholders and panel deliberations which included conducting a SWOT analysis and reaching consensus on a set of guiding principles.

SUMMARY OF MAJOR RECOMMENDATIONS

The panel made two broad sets of recommendations that responded to the problem statement and specific questions raised by the TAP sponsor. They relate to Integration and Design Strategies, and Development and Financial Strategies and are summarized as follows:

- Integration strategies - Establish a sense of place, develop a "Main Street" and create anchor nodes for the area;
- Design strategies - Include an Intermodal Center for passenger rail services, a separate Super Hub for bus services, commercial office space, a hotel, commercial/retail space, business/industrial space, residential housing and parking as potential on-site land uses;
- Development strategies - Assume a master planning approach, determine reasonable build out of the site, consider incremental strategies, and provide a mix of uses and an iconic transit building; and
- Financial strategies - Consider employing a variety of financial strategies that fall under traditional financing, public private partnership and public financing.

BACKGROUND ON THE CARTA INTERMODAL SITE TAP

THE NEED FOR A TRANSIT STATION

The City of North Charleston, in the early 1990s, first conceived of a passenger intermodal facility as a means of replacing and consolidating the deteriorating passenger rail and inter-city bus terminals that continue to service the Greater Charleston Area from their North Charleston locations. The City then examined and established the need for and feasibility of the project in the North Charleston Intermodal Transportation Facility Study released in March 1997. Shortly after its creation in 1999, CARTA agreed to take over the project.

As background, the Charleston AMTRAK Station is situated on Gaynor Avenue off of Rivers Avenue near Park Circle and was originally built in 1956. Of utilitarian brick construction, it replaced the stately Charleston Union Station which was built in 1907 on the Charleston peninsula but destroyed by fire in 1947. This station is the busiest of the eleven passenger rail stations in South Carolina, having boarded or detained an average of approximately 220 passengers daily in FY2010. Inter-city bus service connecting Charleston with other cities in the Carolinas and Georgia is provided by Southeastern Stages which took over the passenger bus service and terminal on Dorchester Road from Greyhound Bus Lines. Greyhound had expressed interest in relocating its passenger terminal to the proposed intermodal terminal and Southeastern Stages has continued that interest.

It has since been recognized that the Greater Charleston Area needs an intermodal transportation facility that not only serves and is welcoming to intercity travelers but also provides and allows passengers to transfer between all levels of surface transportation in the region, including CARTA's local bus services. Specifically, it needs to accommodate an array of services and functions which include:

- CARTA's intercity, local and rural bus services
- Southeastern Stages' (formerly Greyhound's) regional bus service
- AMTRAK's regional rail passenger service
- Limousine and shuttle services for the airport and area hotels
- Taxis and car rental
- Commuter rail (future proposed service)
- Park-and-Ride lot and other auxiliary services
- Pedestrian and bicycle access and facilities

Facilities identified as required to meet these needs consist of a terminal building(s), a rail platform and canopy, exterior canopies to access local transport, internal roadways, parking, landscaping and public open space. An estimated 11 acres of land are needed to accommodate them.

THE PROJECT SITE

CARTA has assembled and improved 36 acres of land for what is now referred to as the CARTA Intermodal Site in North Charleston, which is the geographic center of the Greater Charleston Area and its 600,000 inhabitants. The parcel is bounded by West Montague Avenue to the north, Dorchester Road to the west, the CSX rail line to the south and Interstate 526 to the east. It can currently be accessed by vehicle from both West Montague Avenue and Dorchester Road.

The site has been prepared for development. Recent improvements undertaken by CARTA include demolition, site preparation and construction of a divided entrance from West Montague Avenue, a park and ride lot, approximately 1,200 linear feet of internal roadway that includes a one-way loop around a 1.5-acre retention pond, relocated water and sewer lines, and landscaping and irrigation. Collectively, these improvements constitute Phase 1 of the CARTA Intermodal Center project and cost in the order of \$1.9 million. They were completed in February 2009. The parcel required for the CARTA Intermodal Center facility has been delineated but construction has been deferred until additional funding is obtained. Additional development parcels available to outside interests have also been defined.



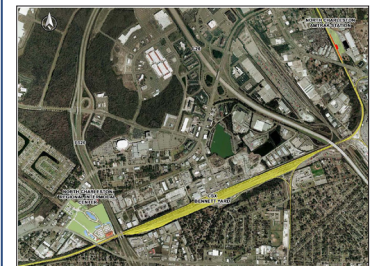
Existing Greyhound Station



Existing Amtrak Station



CARTA Intermodal Site



Context Aerial

The site has some constraints to development. The most significant are limited frontage on West Montague, a 200-foot-wide utility easement, a drainage canal, small development parcels as currently configured, pre-existing buildings and specific location requirements for the passenger rail station.

Three zoning classifications from the City of North Charleston's code currently apply to the property. They are Commercial Redevelopment District (CRD) for the portions of the property along West Montague, Light Industrial District (M-1) covering a large portion of the interior of the property, and General Business District (B-2) which applies to the portions of the property along Dorchester Road. The City of North Charleston will consider rezoning the entire property as either a Commercial Redevelopment District (CRD) or as a Planned Development District (PDD) as long as it is consistent with the City's Comprehensive Development Plan.

LOCAL AREA ACTIVITY

The project site is located within the southeastern region of the City of North Charleston. Although separated by Interstate 526, it is on the western edge of what is considered the City Center. West Montague Avenue is a major thoroughfare that runs in an east-west direction through the City Center and on which the project site has frontage and access. The immediate area around the site consists of a mix of industrial, commercial, single-family, multi-family and mobile home residential land uses and is generally considered to be in need of redevelopment. Accordingly, a portion of this area (including a large portion of the project site) is included in the City Center TIF District. The mobile home park located to the north of the project site is further identified as a redevelopment priority in the City's Comprehensive Development Plan.

Major activity centers and traffic generators are also within close proximity. Most notable are interstate highways 26 and 526, Charleston International Airport, Charleston Air Force Base, the Boeing complex, the North Charleston Coliseum/Convention Center complex and the Centre Pointe shopping district. Downtown Charleston is approximately 10 miles away.

Recent development activity in this area worthy of note includes:

- City Center and Centre Pointe - The City Center area around the North Charleston Coliseum/Convention Center complex is quickly becoming a major retail, events and entertainment area, with new hotels and shopping venues developing around Tanger Outlet Mall. North Charleston's new City Hall is also located close by.
- Boeing's new East Coast manufacturing/assembly complex - In 2009, North Charleston secured Boeing's second assembly plant for the 787 Dreamliner program. Now nearing completion, this is bringing a \$750 million investment and employment for a workforce of 3,800 to North Charleston.
- Charleston International Airport - The Charleston County Aviation Authority is now preparing to redevelop and improve the airport terminal and associated facilities as part of its master plan update that has already included the construction of a multi-story parking garage. There has also been discussion on lengthening the runways in order to accommodate Boeing 747 and Airbus A380 aircraft and to better serve the Air Force's C-17 aircraft.

EFFORTS TO DEVELOP THE INTERMODAL CENTER AND THE REMAINDER OF THE SITE

The CARTA Intermodal Site was assembled between 2000 and 2004 using federal and local grants obtained to serve the public transit needs of the region. In May 2007, CARTA applied to the Federal Transit Administration (FTA) for Federal Discretionary Funds of close to \$6 million to construct the Intermodal Center but was declined. CARTA then, in May 2009, invited submissions from real estate development companies with the expertise and financial capability to jointly fund and construct the Center and other transit-oriented development on the site with the intent that CARTA could use the Center free of rent and receive a long term revenue stream from the other on-site development.

However, the pursuit of a public/private partnership was cancelled by CARTA in late 2010, after learning of its eligibility for a \$6 million grant from the U.S. Department of Transportation through a new transit initiative called the State of Good Repair Program. As a part of the State of Good Repair program, these funds have now become available to help construct the new Intermodal Facility that will serve as a transportation hub for AMTRAK passenger trains, commuter trains, Greyhound buses, CARTA buses, area taxis and shuttles used by the Charleston International Airport and the North Charleston CARTA Express park-and-ride lot. U.S. Senator Lindsey Graham and U.S. House Minority Whip James Clyburn were instrumental in securing this grant.

This recent grant funding freed CARTA from the complete reliance on developers to build the new station and the agency is now looking at new options and development concepts for the 36-acre property. Public-private arrangements have not been ruled out, just not in the form specified in the now-cancelled RFP. Davis & Floyd is currently working towards a 35% level of completion for design and development of the Intermodal Center. CARTA remains undecided on what to do with the 25 other acres. Some options identified include a hotel, an office building or housing. The intent of the development remains a mixed-use, urban-density transit-oriented development.

CARTA INTERMODAL SITE TAP PANELISTS

CARTA requested a ULI Technical Assistance Panel so the project could complete development based on a continuation of appropriate concepts including high-density, transit oriented development.

Eight panelists were selected to participate in the CARTA Intermodal Site TAP due to their relevant and diverse areas of expertise. Identified on the back cover of this report, they include two developers, a market analyst, a lawyer, an architect, an urban designer, an economic development expert and a transportation planner. Each is a member of the Urban Land Institute.

PROBLEM STATEMENT

The mission of the ULI TAP was to provide CARTA with recommendations in two areas:

- Appropriate design strategies that are both flexible and innovative in support of an attractive and profitable high-density transit-oriented function and usage; and
- Potential planning alternatives for the remainder of the Intermodal Site and financial strategies to support development of the CARTA Intermodal Center.

QUESTIONS POSED TO THE PANEL

Three strategic questions were posed to the panel by the sponsor regarding the TAP study area. They are listed below and the panel's responses can be found as part of the TAP recommendations provided later in this report.

1. How should the Intermodal Center and future regional transit systems be integrated into the master plan?
2. What development and design strategies are appropriate for building out the site as a Transit Oriented Development (TOD)?
3. What are appropriate financial strategies to support the development of the site in the short term, over the long term and involving the private sector?

The mission of the ULI TAP was to provide CARTA with recommendations in areas:

Appropriate design strategies

Potential planning alternatives and financial strategies



TAP Panelists toured the site with representatives from CARTA and Davis & Floyd

PANEL PROCESS

The CARTA Intermodal Site TAP process consisted of nine steps.

Situation Analysis

In October 2010, the CARTA Board Committee for the Passenger Intermodal Center met to discuss the status of the project and issues of concern regarding its completion. At the conclusion of the meeting, Committee Chair Kurt Taylor recommended that ULI be approached to request a Technical Assistance Panel (TAP) review of the project. Shortly thereafter, representatives of the ULI South Carolina District Council and CARTA met to discuss efforts undertaken to date to develop the CARTA Intermodal Site, uncertainty over how to finance the development of the Intermodal Center and the best use of the remainder of the site, and how the ULI – through TAP – might help determine the best way forward to develop the site.

TAP Panel Selection

The ULI South Carolina District Council considered CARTA's goals for the TAP and selected panelists who had the expertise most tailored to addressing the issues raised. The TAP sponsor then approved the selected team of panelists.

Review of Briefing Materials

Prior to arriving in Charleston, the TAP panelists received and reviewed a comprehensive set of pre-meeting briefing materials on CARTA's plans, studies and other supporting documentation relating to the TAP study area that had been assembled by ULI SC and the TAP sponsors. The materials included a PowerPoint presentation with the most recent design plans prepared by Davis & Floyd, site plans indicating existing conditions and developable acreage, aerial maps of the site and environs enhanced to point out major developments and transportation corridors, previous master plans prepared by others, among several other items.

Sponsor Debriefing

The TAP panelists first assembled at the North Charleston Convention Center in the early afternoon of Monday, March 21st to receive a summary presentation from the TAP sponsor, raise questions and make requests for clarification from their review of the briefing materials. Representatives for the TAP sponsor included Kurt Taylor, Intermodal Sub-Committee Chair of the CARTA Board and Deputy Charleston County Administrator, and Howard Chapman, Executive Director of CARTA. Also assisting with the presentation were Jerry Walters and Rhett Reidenbach of Davis & Floyd.

Tour of Study Area and Environs

Immediately following the Sponsor Debriefing, the TAP panelists toured the CARTA Intermodal Site and its immediate environs by mini bus. Time was spent examining the overall site, the portion designated for the Intermodal Center, the areas available for development, site constraints, access to the site as well as the general nature of existing land use and transportation activity in the immediate area. The proximity of the site to key activity centers such as the Charleston International Airport, the Boeing site, the Charleston Area Convention Center complex and the Centre Pointe retail complex was also observed.

Stakeholder Interviews

Later that afternoon and early the following morning, the panelists held interviews with community leaders representing all points of view in meeting rooms at the North Charleston Convention Center. The purpose of these meetings was to get as complete a picture of the problem statement as possible in order for the best recommendations to be made. A total of 15 interviews, each averaging 30 minutes in duration, were conducted in three parallel streams. Every effort was made to assign two to three panelists to each stakeholder and match them according to stakeholder concern and panelist area of expertise. A list of the key stakeholders who were granted individual interviews is provided at the end of

Panel Deliberations

The panelists held two working sessions, the first on Monday evening following the stakeholder interviews and the second immediately after the stakeholder interviews concluded Tuesday morning. During these sessions the panelists reviewed the significant findings drawn from the previous tasks, reconsidered the project scope, identified opportunities and challenges, defined guiding principles, developed recommendations and prepared a PowerPoint presentation that highlighted their key findings, assumptions and recommendations.

Presentation

The panelists presented their PowerPoint presentation of findings and recommendations at 4:00PM on Tuesday, March 22nd in a closed session to the TAP sponsors, community stakeholders and members of ULI at the North Charleston Convention Center. They then took questions from the audience.

Report Preparation and Release

The TAP, under the leadership of the ULI South Carolina District Council, prepared this report on its conclusions and recommendations. It presented the report to the sponsors in late April 2011.



Amy Barrett of Permar, Inc and Nancy Whitworth of the City of Greenville interviewed Howard Chapman, Executive Director of CARTA



Following two days of work, ULI SC convened members and stakeholders for a presentation of key findings and recommendations

FOUNDATION FOR RECOMMENDATIONS

STRENGTHS AND WEAKNESSES

Following their review of briefing materials, sponsor debriefing, study area tour and stakeholder interviews, the TAP members established the foundation for determining how best to proceed with developing the CARTA Intermodal Site. They did so by conducting a SWOT analysis which served to identify the key strengths, weaknesses, opportunities and threats (or challenges) associated with the project and site and by reaching consensus on a set of guiding principles.

As CARTA proceeds to develop the CARTA Intermodal Site, the approach pursued should build on the inherent strengths of the site and project as well as endeavor to address their apparent weaknesses.

The key **strengths** of the CARTA Intermodal Site and project that were identified by the panel are:

- Visibility and access - Given its location adjacent to Interstate 526 and the CSX rail line, the site is highly visible and readily accessible by interstate highway and rail. It also has frontage on two major local arterials, namely West Montague Avenue and Dorchester Road.
- Political momentum - The project has the strong support of political leaders including not only the mayors of North Charleston and Charleston but also state legislators who were instrumental in securing federal grants for its development. AMTRAK and Southeastern Stages are also committed to relocating their passenger terminals to the site. Furthermore, site preparation is largely complete and work undertaken to date is debt free.
- Flexible zoning - The City of North Charleston has agreed to be flexible with rezoning the site as long as it is consistent with the City's Comprehensive Development Plan. If desired, the entire property could be rezoned as a Commercial Redevelopment District or a Planned Development District.
- Access to financing tools - As the site is located within an empowerment zone, it has access to financing tools that include municipal-level Tax Increment Financing (TIF), as well as New Market Tax Credit (NMTC) and Low-Income Housing Tax Credit (LIHTC) programs available through the federal government.
- Proximity to activity centers and demand generators - The Property appears to be on an emerging path of growth, due largely to its proximity to the Charleston International Airport, the Boeing plant, the Charleston Area Convention Center and Performing Arts Center, and the Centre Pointe retail complex.



This photo shows the site and its frontage on Montague Ave as seen from I-526



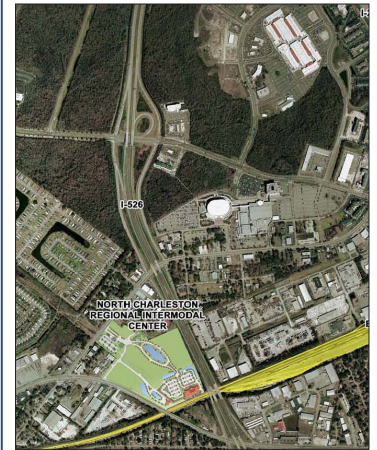
Recent improvements to the site lend it well to multi-use zoning

However, the panel considered the most significant **weaknesses** of the site and project to be:

- Existing infrastructure and wetland constraints - Although the site has been prepared for development and less than a third of its overall area is needed for the Intermodal Center, significant areas are subject to power and gas easements, power lines and wetlands that limit the areas available for additional development and the types of land uses that would be compatible. Furthermore, some of the infrastructure improvements already made may not suit the site's optimum development and could become sunk capital.
- Acreage and configuration constraints - The portions of the site available for development are not only limited by the infrastructure and wetland constraints noted above but also by the size and configuration of the designated parcels identified in the current site plan. Meeting the demand and desire for high density development may also prove difficult, particularly if sufficient on-site parking cannot be provided or higher cost multi-level parking structures are required. Of separate concern, the configuration of the site and the location of the rail line necessitate that the passenger train platform extend under the highway overpass and this presents a safety issue.
- Isolated location - The project site is virtually an island surrounded primarily by transportation corridors, with minimal frontage on West Montague Avenue and limited opportunity for future expansion. It is also situated in a transitional area where low density development predominates nearby.
- Disconnect from other transport providers - "Intermodal" infers that a mix of transportation modes come together and that they are cross-utilized. However, the local and regional transit needs of airline passengers and workers at the nearby Charleston International Airport do not appear to have been given much consideration in the current plans for the CARTA Intermodal Center. The potential for regional commuter rail also seems to have been neglected.
- Execution capacity and expertise - Meeting CARTA's mandate to provide local transport services is a full-time occupation for its administration, limiting its capacity to dedicate the time and resources required to develop the Intermodal Center site. Furthermore, the execution and implementation of this multi-faceted project is complicated. Specialist expertise is required, particularly given the challenges arising from the current economic climate and the need to secure additional project funding.
- Speculative development - CARTA is undertaking a speculative development during a difficult economic period. Aside from current market conditions and funding constraints, the project faces a number of additional uncertainties including the nature and extent of demand for surplus space on the project site, whether road improvements proposed for the area will proceed and whether local transit ridership will grow.



Existing wetlands limit configuration and planning options



Utility easements limit the opportunities for additional development



Free downtown Charleston shuttle service is raising awareness and ridership of CARTA throughout the region



Adjoining neighborhoods like Park Circle have experienced population growth and economic development in recent years

OPPORTUNITIES AND CHALLENGES

The development strategies recommended and ultimately pursued for the CARTA Intermodal Center and Site should take advantage of potential opportunities as well as recognize external threats that could challenge the project's success.

The panel strongly recommended that CARTA and its stakeholders convert the strengths and weaknesses identified previously and emerging market trends into the following **opportunities** for the Intermodal Center and Site:

- A new image for transit - The CARTA Intermodal Site can become a CARTA transit super hub in light of the growing support for transit in the Charleston area. Public attitudes are now changing in favor of regional transit and density and this will be increasingly evidenced by their behaviors and actions.
- A sense of place - By developing a dense, multi-use, transit-oriented destination on the CARTA Intermodal Site, a sense of place can be created for the site and its immediate environs that does not currently exist.
- An impetus for a regional plan and suburban retrofit - By establishing this sense of place, the CARTA Intermodal Site project can also provide the impetus for developing a regional plan and promoting a suburban retrofit of the larger area in which it is located. It can do so by serving as an anchor for this end of the Montague Avenue corridor to complement the existing Park Circle anchor on the other end and help to establish the area in between as the urban center of North Charleston. In this way, investment in the CARTA site can be leveraged to revitalize the area.
- Access to municipal finance and tax credits - By exploiting the project's eligibility for tax increment financing and federal tax credits, CARTA's financial capability to develop the Intermodal Center can be enhanced.
- Leverage of growing industries - Growth in several sectors and industries can be leveraged to create demand for physical space on the CARTA Intermodal Site. Potential occupants of on-site space and generators of demand for on-site service retail include Boeing and its suppliers, government departments, medical and academic institutions. Need for a full service hospital or branch campus of an academic institution in this area of North Charleston should be explored as the site offers great access and visibility.
- Emerging demand for infill residential - Increasing market interest in multi-family, senior and retirement housing and public policies promoting infill residential can be served on the CARTA Intermodal Site as part of a dense, multi-use, transit-oriented development.

At the same time, the panel identified these significant **challenges** that, though difficult to overcome, need to be taken into consideration:

- Financing - Difficulties in accessing capital, gaps in funding, and current market conditions are major obstacles for bringing the project to fruition that necessitate specialist expertise, creativity and perseverance.
- Competition - There is an abundant supply of competitive sites in the current market and many may have fewer site and other developmental constraints.
- Transportation-related uncertainties - Road improvements, including the realignment of West Montague Avenue, are proposed for the area that could have a significant impact on access to the CARTA Intermodal Site. However, a timeline has not yet been set and funds have not yet been committed. A regional transit plan is also currently lacking. These create uncertainties that can deter or hinder development on the site and in the area.
- Low transit ridership - Even though transit ridership is growing in the Greater Charleston Area, levels currently remain relatively low. This makes it difficult to justify the level of investment required to develop the CARTA Intermodal Center and to create a dense, multi-use, transit-oriented development on the project site.

GUIDING PRINCIPLES

The TAP members collectively determined that five principles should guide the recommendations and decisions made with regard to improvements to the CARTA Intermodal Site. They are:

- Station building must be iconic - Serving as a gateway to Charleston and as the regional transportation hub, it is important that the station building not only be functional but also attractive in design and iconic.
- Development must be appropriately scaled to ensure success - The transportation-related facilities and other development allowed on the site must be appropriately scaled for the functions and levels of activity that they would serve in order to ensure their operational success and that of the overall complex.
- Citizenry of three levels of transportation should be served on the site - The transportation-related facilities and services provided on the site should, at a minimum, serve the citizens of the local CARTA, regional bus service and nationwide AMTRAK communities, and this should be done in an integrated and coordinated manner that enables intermodal ridership.
- Critical mass must be created - Critical mass and density must be created on the site in order to encourage mixed-use development and foster a pedestrian environment. This includes improving site exposure on Montague Avenue by adding acreage to increase the amount of developable area and by allowing higher density development on the site over the long-term. In turn, this will also help to protect investment made and allow for better control of development on the site.
- A sense of place must be achieved - The CARTA Intermodal facilities should serve as an anchor not only for the other on-site development but also for this area of North Charleston so as to create a sense of place and catalyze private investment in what has the potential to become a "Main Street Commercial" District that is bounded by I-26 and I-526.



The former Union Station, Charleston



Proposed CARTA Intermodal Center

PANEL RECOMMENDATIONS

The panel made two broad sets of recommendations that responded to the problem statement and specific questions raised by the TAP sponsor and to the foundation for recommendations they had established. They relate to:

- Integration and Design Strategies
- Development and Financial Strategies

INTEGRATION AND DESIGN STRATEGIES

The integration and design strategies recommended by the panel address, respectively, external and internal aspects of the CARTA Intermodal Site project.

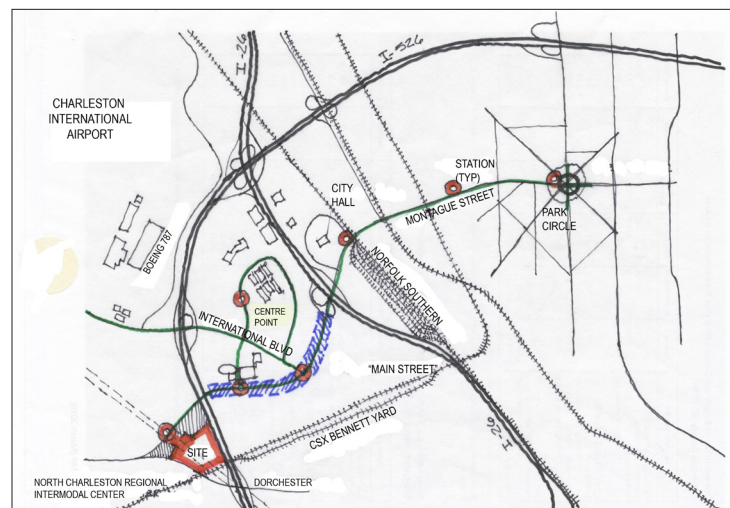
Integration Strategies

Three strategies were recommended to integrate development initiatives pursued on the CARTA Intermodal Site and elsewhere in the Center City area of North Charleston, namely:

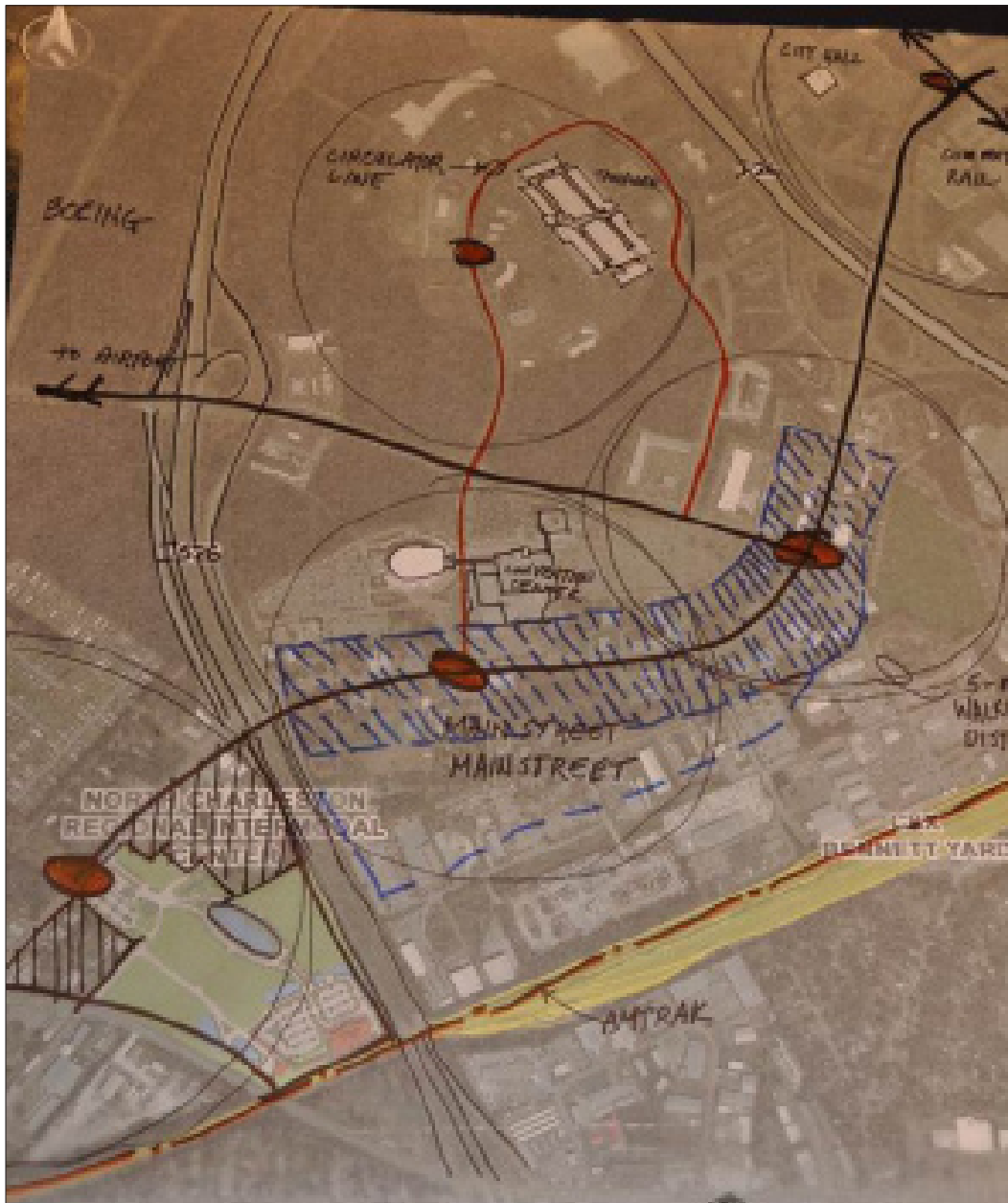
1. Establish a sense of place - North Charleston needs to establish a sense of place. It currently has several activity centers but is without a true city center. A logical place for this is what is referred to as the City Center planning district bounded by Interstates 26 and 526, given its central location, existing infrastructure and TIF District status. It also has excellent access along existing transportation corridors to major activity centers such as the airport, the Boeing plant, the port and downtown Charleston. Furthermore, it has the capacity to accommodate additional commercial development and higher densities as well as to be transit and pedestrian friendly. Establishing this area of North Charleston as its city center would help greatly to improve the potential and value of the CARTA Intermodal Site which is at the western edge of this area.

2. Develop a "Main Street" - It may take 15 to 30 years, but Montague Avenue has the potential to become North Charleston's "Main Street". It is already a significant thoroughfare that provides access to major activity generators and regional transportation corridors as it runs east-west through and beyond the City Center district. The CARTA Intermodal Site would benefit greatly from this as the site has access and direct frontage on West Montague Avenue.

3. Create anchor nodes - Anchor nodes should be created to complement the node already in place on the eastern side of Montague Avenue in order to strengthen the sense of place established for the City Center and the designation of Montague Avenue as North Charleston's "Main Street". The CARTA Intermodal Site is well situated to be the western anchor node for the City Center and "Main Street" corridor. CARTA's plans for a mixed-use, urban-density transit-oriented development on the site reinforce this.



This area plan calls for Main Street development using Park Circle and the CARTA Intermodal Center as anchor nodes



Key elements of these integration strategies are shown in the diagram and include the provision of:

A connecting link for regional transit services at the CARTA Intermodal Site to the west of the City Center

An airport connection to the northwest

A potential commuter rail connection to the east

Transit stations placed at intervals equivalent to a five-minute walk within the City Center area

A circulator line to the Tanger Outlet Mall in Centre Pointe.

Design Strategies

The following land uses were recommended for inclusion in the future development of the CARTA Intermodal Site. Some involve the expansion of the site along West Montague Avenue to include neighboring parcels and ultimately ensure greater control over development of the northern portion of the site.

1. An Intermodal Center for passenger rail services - The intermodal center should focus primarily on accommodating passenger rail services for AMTRAK, future commuter rail, and related functions and services. Consisting primarily of an iconic station, railroad platforms and dedicated parking, this facility should provide space for passenger ticketing, waiting and boarding as well as baggage handling, administrative offices, visitor information, food and retail services and the like. It should also have dedicated parking, waiting and circulation areas for private vehicles, rental cars, taxis, limousines and shuttles. By necessity, it must be located next to the existing rail line in the southern portion of the site.
2. A Super Hub for bus services - A separate Super Hub for busses should be developed on the northern portion of the site near West Montague Avenue where it can cater best to local, regional and interstate bus service providers and passengers. Given the limited frontage currently available, consideration should be given to securing adjacent property along the road and shifting the recently improved site entrance to accommodate the Super Hub. This facility should consist of a small station with basic waiting areas and services, loading bays for busses and dedicated parking and circulation areas. Separation and relocation of bus-related facilities to this area is recommended due to the importance of easy access and exposure to travel routes, the anticipated volume of vehicular and passenger traffic generated by bus services as well as the space needs that are difficult to accommodate as part of the shared facility currently proposed for the limited area available along the rail line. Pedestrian walkways and an on-site shuttle van can link the Super Hub and the Intermodal Center for transferring passengers.
3. Commercial Office - The site lends itself to commercial office space, particularly on the available development parcels with frontage along Interstate 526. Three- to five-story office buildings would benefit greatly from this exposure as would companies seeking premises with naming rights.
4. Hotel - The site can also accommodate a hotel due to its proximity to activity centers, visibility and ease of access as well as the mix and density of uses expected to be developed on the site. Two possible locations for a hotel are between the proposed office buildings and the existing central water feature and on adjacent land in the northeast corner along Montague Avenue.
5. Commercial/Retail - A mix of small offices and retail establishments on parcels along West Montague could serve and benefit from proximity to the Super Hub transit center as well as local passing traffic. They are also appropriate for the "Main Street" role recommended for Montague Avenue.
6. Business/Industrial - The western portion of the site that is accessible from Dorchester Road and separated from the rest of the site by power lines is well suited to Business Industrial uses that generate light industrial and vehicular activity related to sales and deliveries and are more in keeping with neighboring development.
7. Residential - The area of the site on the western side of the existing water body could accommodate residential land uses that do not require or desire exposure or proximity to major thoroughfares. However, consideration should be given to setback constraints potentially imposed by the nearby power lines.
8. Parking - The land area under the power lines could be used for parking lots that serve the residential development. Over time, as development densities increase, multi-story parking garages could be justified.

**LEGEND**

- 1 Intermodal Center
- 2 Super Hub
- 3 Commercial / Office
- 4 Hotel
- 5 Commercial Retail
- 6 Business Industrial
- 7 Residential
- 8 Parking

This schematic plan indicates possible locations on the CARTA Intermodal Site for these uses. Although many of these potential uses warrant an analysis of market support and financial feasibility before being pursued, they have been considered further as part of the recommended development strategies for the site

DEVELOPMENT AND FINANCIAL STRATEGIES

The development strategies recommended below by the panel build on the design strategies outlined above while the recommended financial strategies which follow are intended to assist in making the design and development strategies come to fruition on the CARTA Intermodal Site.

Development Strategies

The development strategies recommended for the CARTA Intermodal Site project consist of four program considerations:

1. Assume a master planning approach - Development strategies for the site should be part of a larger and tiered master planning effort that includes development and integration of a transit plan for the larger region, a "Main Street" plan for the Montague Avenue corridor and a local area plan for the site and immediate environs. The transit plan should address the potential inclusion of light rail/commuter rail services and could be integrated with the City's land use plan. The "Main Street" plan should extend from the improved eastern end near Park Circle west through the City Center District and past Interstate 526 to the project site. It should be pedestrian-friendly. The local area plan should address the urban fabric desired for the area in which the site is located in broad terms. The boundaries of the area covered in each plan should be clearly and logically defined.

2. Determine reasonable build out of the site - It is reasonable to assume that a Floor Area Ratio (FAR) of .6 could be achieved on the site. This reflects a number of factors including existing site conditions and constraints, space requirements for the Intermodal Center and site development objectives which include a preference for affordable construction and surface parking, at least initially. With surface parking, it will be important to preserve developable geometries and lease parking space where possible to maximize land utilization and values in the short and long terms. If it is further assumed that there will be a 50-50 mix of residential and non-residential development on the site, net of the intermodal facilities, and that space requirements for parking equate to 5/1000SF of non-residential area and 1.6/1000SF of residential area, then 370,000SF of space could potentially be developed on the existing site.

3. Consider incremental strategies - It is further recommended that site development take place incrementally. Offering smaller development parcels will help to create a diverse, textured building fabric, to abate risk in the form of reduced capital and to attract a larger market of potential developers/buyers. In turn, CARTA's return on investment can be enhanced.

4. Provide a mix of uses and an iconic transit building - Uses that are considered potentially viable for the site can be incorporated as indicated in the design strategy recommended previously in this section or in other configurations. For example, the Intermodal Center building could also include space for government offices, office space could be replaced by space for academic and other institutions or medical facilities. Residential land uses could focus on multi-family housing that could be geared to seniors and/or low income households. Market demand will help to determine the best overall mix of land uses and sequence of development. The Intermodal Center station building can be scaled down so that it is easier to finance and lease out. However, it should remain iconic as it will help define the quality of the site and its role as both an anchor node for the region and an arrival point for visitors.

SAMPLE BUILDOUT SCENARIO

200,000SF: Multi-Family Residential
100,000SF: Office / Medical / Institutional
50,000SF: Hotel
20,000SF: Retail / Restaurant

Financial Strategies

Recognizing that CARTA needs to cover a shortfall in funds to develop the CARTA Intermodal Center, the panel recommended that CARTA consider employing a variety of financial strategies that fall under three broad categories: traditional financing, public private partnership and public financing.

1. Traditional financing - Given the difficulties that developers and potential users of the site are likely to encounter trying to secure traditional sources of financing, CARTA could offer two traditional financing options to them.

One alternative for CARTA could be to provide short-term land sale financing to promote development within certain parameters as follows:

- CARTA provides 80% Buyer financing for vacant land sales
- Buyer pays 20%, non-refundable, for up to one year while it secures deal financing
- CARTA maintains the first mortgage position at all times
- Buyer can pay an additional 10% to CARTA in order to extend the period by one year
- The pre-payment period for the Buyer is open so that the Buyer can secure traditional financing at any time.

Another alternative could be for CARTA to provide a temporary land lease option for a limited number of years and within certain parameters, as an effective way to control the developer. It could work in the following manner:

- Land lease to be set at approximately 8-10% of fair market value (FMV, suitable to CARTA) of the land value of the property
- CARTA to take a second mortgage to allow Buyer/User to find favorable building/development financing
- Land lease to mature after X years (say 3 - 5) with full balance due to pay for land
- Buyer/User restricted to maximum Loan-to-Value of any 1st mortgage of Y% (60 to 70% building cost).

2. Public private partnership - It must first be emphasized that for a public private partnership to succeed, an agreed framework is essential. There must be mutual trust, a common objective and flexibility. CARTA and/or other public entities involved in the CARTA Intermodal Site project should explore whether a public private partnership would be a beneficial way to contract with a selected developer to produce desired improvements, which in turn receive benefits. While doing so, the ultimate objective of creating critical mass on the site should be kept in mind. Such a partnership could work in a variety of situations:

SCENARIO ONE: AN INDIVIDUAL SITE DEVELOPMENT WITH PARKING ASSISTANCE

CARTA seeks X development through an RFP which permits maximum flexibility for responses. The selected respondent must deliver the finished development to an agreed timetable / use / design to CARTA standards.

In turn, CARTA provides parking as agreed on adjoining development.

Benefits to User: Reduced development costs to User (easier to finance), reduced land costs to User (less land to buy), and reduced operating costs to User (property taxes on less land / less maintenance).

Benefits to CARTA: Attracts more interest (higher likelihood of immediate development), maintains ownership of parking land for potential future vertical development / greater density, earns income from parking (minimal charges).

SCENARIO TWO: A MULTIPLE SITE DEVELOPMENT WITH TIMING ASSISTANCE

CARTA seeks a single qualified Developer to complete all (or part) of the entire development (perhaps one office and one flex space, for example).

CARTA controls the development, but the Developer has maximum flexibility in use, design and location of improvements.

CARTA reduces the cost of or commits to construct additional infrastructure to support the private development, such as parking, hardscape, detention ponds.

Developer has a take-down schedule for land payments to allow financing and development to occur.

Developer is mandated to complete \$\$\$ of development by YYY date, or pay an annual fine equal to property taxes.

SCENARIO THREE: A DEVELOPMENT PARTNERSHIP WITH SALE/LEASEBACK

CARTA partners with Developer to construct a new transit facility on land leased at \$1 per year.

CARTA agrees to lease XXX square feet at \$\$\$ per year for ZZZ years from Developer.

Developer uses income stream from CARTA to obtain financing of entire facility and leases other private sector space into market.

Developer and CARTA agree if certain income benchmarks are reached in 20 years, Developer buys land from CARTA at (\$1 - FMV).

3. Public financing strategies - Several public financing strategies can be pursued to assist with development of the CARTA Intermodal Center and Site. The most apparent include:

Tax Increment Financing (TIF) Districts - Companies that locate within a distressed area may be eligible for financing for the redevelopment of buildings, park facilities, streets and infrastructure improvements. The existing City Center TIF can be expanded to include the entire project site, however the period in which this TIF District remains in effect will soon expire. It is therefore recommended that remaining opportunities be transferred to the Intermodal Center building and other public infrastructure improvements on the site such as landscaping, hardscape and parking. Synthetic TIFs can also be considered. They have different requirements and more flexibility.

New Market Tax Credits - The New Markets Tax Credit (NMTC) Program was established in 2000 as part of the Community Renewal Tax Relief Act of 2000 in order to spur revitalization efforts of low-income communities. It provides tax credit incentives to investors for equity investments in certified Community Development Entities, which invest in low-income communities. These tax credits can potentially save approximately 20% of development costs.

Low Income Housing Tax Credits - The Low Income Housing Tax Credit (LIHTC) is a dollar-for-dollar tax credit for affordable housing investments that was created under the Tax Reform Act of 1986. It gives incentives for the utilization of private equity in the development of affordable housing aimed at low-income Americans and accounts for the majority of all affordable rental housing created in the United States today. These credits could be available for the qualified housing component of the project. Similar credits apply to other types of affordable housing such as senior housing.

Empowerment Zone Tax Credits - Empowerment Zones (EZs) are highly distressed urban communities that may be eligible for a combination of grants, tax credits for businesses, bonding authority and other benefits.

HUD Programs - A number of federal programs under the Department of Housing and Urban Development (HUD) also apply, such as Sections 108, 220 and 221. For example, HUD 221(d)4 offers non-recourse construction and permanent financing that is subject to State approval.

Other creative solutions - Resources available to other direct beneficiaries of the project should be tapped into, such as those of AMTRAK. Other suggestions to heighten developer interest include waiving business license fees for a specified number of years, disseminating clear information on State Economic Development Department incentives such as those relating to company headquarters recruitment and providing free bus vouchers for on-site residents and employees.

CLOSING REMARKS

The panel commended CARTA's bold vision, creativity and strong commitment in developing the CARTA Intermodal Site and believes that the project is feasible. It provided the following final advice to this TAP's Sponsor:

Community commitment and leadership - CARTA, the City of North Charleston and other key stakeholders for the project must work together to keep the target communities – community leaders, area residents and businesses, transit riders, others – engaged and committed to seeing the Intermodal Center and a mixed-use, urban-density, transit-oriented community come to fruition on the site. A “champion” is needed to lead the advancement of the project through the required steps to completion. This individual should have the expertise required and be dedicated full-time to the effort.

Planning and integration - Planning must occur at several levels from regional to local and it must be undertaken in an integrated manner, one that includes both land use and transit. The CARTA Intermodal Center project is a significant and multi-faceted development, but also one of many underway or needed in the area. Its stakeholders, investment partners and potential users should be involved not only in its own completion but also in the overall planning process for the region so that a sense of predictability can be fostered that the site and surrounding area will improve in order to attract development.

Discipline and patience - The current economic climate is challenging but market conditions will improve. Discipline and patience are needed while developing this project so that opportunities can be seized as they arise and CARTA can achieve its objectives and maximize its return on investment. Ultimately, the approach undertaken to develop the CARTA Intermodal Site should be market-driven.

A combination of the financial strategy alternatives may provide the incentives required to achieve CARTA's desired outcome for the Intermodal project and site.

It could prove advantageous to determine which project partners can best pursue which financing strategies and allocate responsibilities accordingly.

TIMING IS EVERYTHING!

STAKEHOLDER MEETINGS

Panel members met with several community leaders during the late afternoon of Monday, March 21st and early morning of Tuesday, March 22nd to hear their perspectives on how best to develop the CARTA Intermodal Site. Individuals with whom they met are listed in alphabetical order below.

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Jennifer Humphreys

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Michelle Mapp

*Executive Director
Lowcountry Housing Trust*

Rhett Reidenbach

*Vice President
Davis & Floyd*

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*Intermodal Sub-Committee
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Patterson Smith

*Past Chair
CARTA Board*

Elliott Summey

*Chair
CARTA Board
Charleston County Council*

Mayor Keith Summey

*Intermodal Sub-Committee
City of North Charleston*

Kurt Taylor

*Intermodal Sub-Committee Chair
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Jerry Walter

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Troy Watson

*Broker-in-Charge and Principal
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