



**Date:** May 19, 2014

**To:** Thomas J. Bonfield, City Manager  
**Through:** Keith Chadwell, Deputy City Manager  
**From:** Kevin Dick, Director, Office of Economic and Workforce Development  
**Subject:** A Presentation on a Proposed Capital Investment Improvement Project by M&M Inc. of North Carolina

**Executive Summary**

This item describes a proposed economic development project by M&M Inc. of North Carolina, regarding the Phoenix Crossing (Parcel # 119328) and Phoenix Square (Parcel # 119260) Shopping Centers at 820 and 901 Fayetteville Street, respectively in the Community Development Area (CDA), in the City of Durham. The item also transmits a presentation scheduled to be given to City Council at the May 22, 2014 Work Session.

**Recommendation**

None – this is for reporting and informational purposes only

**Background**

Phoenix Crossing Shopping Center is a 14 year old in-town neighborhood shopping center, located at the corner of Fayetteville Street and Lakewood Avenue, with about 34,000 sq. ft. of retail space located on 4 acres of land. It is one block south of NC HWY 147 and less than five minutes from downtown Durham to the north and North Carolina Central University (NCCU) to the south. It is anchored by a 10,000 sq. ft. Walgreen’s Drug (formerly Kerr Drug) store and a 3,500 sq. ft. KFC restaurant. The shopping center is 93% leased.

Across Fayetteville Street, 1.18 acres of land, is the companion shopping center, Phoenix Square. It is 27 years old with 10,300 sq. ft. of rentable space. The shopping center is 100% leased.

Closely adjacent to the west of Phoenix Crossing is the City’s \$48,000,000.00 Rolling Hills/Southside Project area. It consists of approximately 125 acres located on the southern edge of downtown Durham. The City website provides some background for the Southside Project Area, “after years of economic disinvestment, the area was found to contain the highest concentrations of vacant properties of any Durham neighborhood and one of the lowest rates of homeownership. Despite the historic disinvestment that has occurred, Southside has certain strategic advantages over other challenged Durham neighborhoods. First, is its proximity to downtown, Forest Hills and other stable neighborhoods, NCCU and the Durham Freeway. Secondly, the area is relatively small, compact and manageable.” The website goes on to state that “the objective of the City’s revitalization strategy for Rolling Hills/Southside Area is to attract long-term, private investment. Within the project area, there are significant redevelopment opportunities over the coming decades. That strategy consists of substantial and focused investments to create new high quality rental and homeownership units to form a critical mass that such private investment can build upon. The City’s hope is that investment on the south side of the Durham freeway will yield

similar returns as the decision to build the Durham Bulls Athletic Park on the north side of the freeway.”

The Phoenix Crossing Shopping Center and the Phoenix Square Shopping Center are zoned Downtown Design-Support 2 (DD-S2). For the Phoenix Crossing shopping center, the developer will remove existing exterior siding and awnings on 3 buildings, tie-in new taller structural metal frame to existing frame on 3 buildings, re-skin 3 buildings with Exterior Insulation and Finish Systems (EIFS) and brick and add electrical wiring, panels and interfaces for historic lamps, building and sign lighting. For the Phoenix Square shopping center the developer will repair holes and worn areas of the parking lot, repair and upgrade sidewalk and curb & gutter for 212 sq. ft., mill and repave, sealcoat and re-stripe the entire parking lot.

These investments will hopefully help them achieve their strategic objectives of increasing businesses for their tenants, providing more jobs for Durham residents and tapping into the growing Heritage Tourism market.

## **Issues and Analysis**

### **Benefits to the City of Durham**

The project could potentially:

- creates a more appealing aesthetic element for the gateway into the Fayetteville Street Corridor and improves the ability to attract more regional clientele;
- strengthens business climate and possibilities for small businesses that want to be in Central Durham, but cannot afford downtown;
- improves the business viability of the two shopping centers (25 businesses are currently located in Phoenix Crossing and 14 businesses are currently located in Phoenix Square); primarily personal and business services with some retail, including restaurants. Also enhances their ability to promote community events.
- creates temporary construction jobs; and
- supports the overall redevelopment of the area as a complement to the Southside Revitalization Project.
- improve a key gateway corridor connecting Southwest Durham and Downtown and including North Carolina Central University could help further the Strong and Diverse Economy goal in the City of Durham Strategic Plan.

It should be noted that M&M, Inc. has approached the City and requested a Neighborhood Revitalization grant. If the City were to enter into a grant agreement under the authority granted by the North Carolina Community Development Statutes, the following elements could comprise deal points:

- No payments will be disbursed until the completion of each phase of the project;
- A proposed holdback after each phase as an incentive to ensure subsequent phases are completed;
- Participation with the Durham-Based Business Plan and Durham Workforce Plan;
- Certification of work must be approved by the City- County Inspections Department;
- Adherence to planning and design guidelines as it relates to the planned building renovations and landscaping improvements.

**Alternatives**

Not applicable

**Financial Impact**

Not applicable

**SDBE Summary**

Not applicable

**Attachments**

Powerpoint Presentation