

# Tanyard Branch Trace Development Contract & Ground Lease



Council Presentation



June 5, 2024



# Council Consideration

- Authorize the Town Manager to execute a development contract with the Taft-Mills Group for the development of the Tanyard Branch Tract affordable housing community.
- Authorize the Town Manager to execute a ground lease with the Tanyard Branch Trace, LLC for the Town-owned parcel at 110 Jay Street.



# Approved Site Plan

- 48 Affordable Apartments
  - 1-, 2-, and 3-bedroom units
  - Serving 60% AMI and below (12 at <30% AMI)
- Amenities: playground, clubhouse, public access to Tanyard Branch Trail, walking path
- Project is approved and financed, site control granted, awaiting closing before starting construction by fall 2024



# Summary of Agreements

## Development Contract

1. Confirmation of general terms and conditions of development
2. Developer Responsibilities
3. Confirmation of Ground Lease
4. Statement of Town's Anticipated Funding Commitment
5. Protections for the Town

## Ground Lease

1. 99-years, \$1.00 annual rent
2. Town has option to purchase improvements after 15-year LIHTC compliance period
3. Town has right of first refusal if developer sells improvements any time during lease term
4. **Restricts use of land to only plans and improvements allowed by Conditional Zoning Permit approved in April 2022.**

# Next Steps

## SUMMER 2024

- Secure Permitting
- Closing
- Groundbreaking!



## FALL 2024 – FALL 2025

- Construction



## WINTER 2026

- Lease-Up
- Ribbon Cutting!



# Council Consideration

- **Adopt R-7** authorizing the Town Manager to execute a development contract with the Taft-Mills Group for the development of the Tanyard Branch Trace affordable housing community.
- **Adopt R-8** authorizing the Town Manager to execute a ground lease with the Tanyard Branch Trace, LLC for the Town-owned parcel at 110 Jay Street.



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# Conservation Easement

- During rezoning, Council inquired about conservation easement for area outside of site plan
- Legal counsel now advises not to create a conservation easement:
  - Would be revocable by future Council
  - Land use already dictated by Conditional Zoning and ground lease
  - Future disturbance of any additional land requires Council approval
- Don't want to jeopardize LIHTC funding with contradiction between application and agreement





# Project History – Council Touchpoints

■ Project History & Context



**June 2018**

Council Prioritizes Land for Affordable Housing Development



**Spring-Summer 2021**

Advisory Board, Council and Community Feedback on Concept Plan, Refine Site Plans



**Spring 2023**

Council allocates \$1.95M in AH funding

2018



2024

**Fall 2019**

Council Update on Feasibility Analysis, Authorization to Identify Development Partner

**Winter/Spring 2022**

Council Authorizes Site Control, Approves Conditional Zoning





# Development Team



- Chapel Hill, NC-based Affordable Housing Nonprofit
- Community Home Trust is the primary provider of affordable homeownership in Orange County
- Primary goal to strengthen our community with permanently affordable housing opportunities
- Typical homeowners/renters include nurses, university employees, teachers and others, who serve our community but otherwise could not afford to own/rent a home in Chapel Hill/Orange County
- Homes typically sell for between \$90,000 and \$155,000 or 30% to 50% below the market value
- Greenville, NC-based Workforce/Affordable Housing Developer
- TMG has developed more than one thousand units of Workforce/Affordable housing since its formation in 2014
- TMG principals have developed over 100 affordable communities and have a combined 35 years in industry
- Active in North Carolina, Virginia & Maryland
- Ranked in the Top 50 of affordable housing developers nationwide by Affordable Housing Finance Magazine

# Required Conditions to Enter Into Ground Lease

1. Optionee shall have received an allocation of Low Income Housing Tax Credits from the NCHFA

✓ *Awarded 2023 9% LIHTC award in August 2023*

2. Optionee and/or its assignee shall have secured financing

✓ *Financing fully secured*

3. All required governmental approvals have been obtained and any requirements for financing shall have been satisfied

□ *Anticipate all permits in hand by summer 2024*