



# EmPOWERment, Inc. Request to Convey Town-Owned Land at 107 Johnson Street for Affordable Housing Development



## Overview

EmPOWERment, Inc. requests the Town of Chapel Hill donate the vacant Town-owned parcel located at 107 Johnson Street in the Pine Knolls neighborhood for the creation of permanently affordable housing. This memo provides information on the project proposal, staff's analysis and recommendation to approve conveying the property, and proposed conditions of conveyance.

## Proposal from EmPOWERment, Inc.

EmPOWERment's plan is to combine the Town-owned lot in the Pine Knolls neighborhood with two adjacent parcels to develop approximately 10 multi-family affordable rental housing units, named PEACH Apartments.

The Town Council awarded EmPOWERment \$101,000 in [January 2020](#) of Affordable Housing Development Reserve funding for the acquisition of an adjacent parcel and pre-development related expenses. In [June 2020](#), the Town Council awarded EmPOWERment \$200,000 of Affordable Housing Bond funding for the development of the project. In [November 2020](#), the Town Council awarded an additional \$200,000 of Affordable Housing Development Reserve funding for development of the project. The Town received an appraisal of the property in August 2020, which valued the Town-owned parcel at \$135,000.

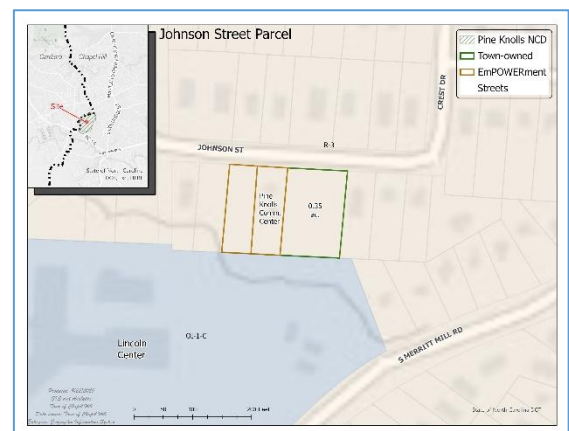
The PEACH Apartments project has completed concept plan review and EmPOWERment has submitted a conditional zoning application to receive zoning approvals required for the project to be developed.

## Site

### 107 Johnson Street (PIN 9788032946)

#### ■ Key Information

- .35-acre parcel in the Pine Knolls Neighborhood
- Vacant Town property with no current plans for use
- The property was purchased in 1992 using \$35,000 of 1989 Parks and Open Space Bond funds. The parcel was originally described as providing additional space for active recreational purposes for the Pine Knolls Neighborhood Association Community Center property next door, which EmPOWERment has now purchased.
- Appraised value: \$135,000.



## Analysis

### 1. Public Purpose for Land Conveyance – Affordable Housing

- A. Based on the analysis outlined in Appendix A, the dollar value of reduced rents for low- and moderate-income future renters will surpass the monetary value of the donated property in a little over 2.5 years.
- B. This request is similar to other land conveyance requests approved by the Town Council to create permanently affordable housing in the Northside and Pine Knolls neighborhoods, including the Grisham Cottages, the Mitchell Lane PeeWee Duplex, and the DHIC Greenfield development.
- C. The Town is able to transfer property to be used as affordable housing following the procedures established in [N.C. General Statute 160A-279](#), and may change the use of the property under [N.C. General Statute 160A-265](#).

### 2. Guarantee of Public Purpose

- A. To ensure the land conveyed is used for a public purpose of affordable housing, EmPOWERment has proposed the following conditions:
  - Deed Restriction: Placing a deed restriction on the property limits future residents of the property to households at or below 80% of the area median income.
  - Reversionary Clause: Requiring a reversionary interest in the Town and/or transfer of ownership to the Town of the land and improvements thereon if EmPOWERment is dissolved. The intent is to allow the Town to take back or receive ownership of its parcel, as well as any parcels that have been combined with the Town's parcel for the project. Staff are also recommending that the following conditions trigger the reversionary interest and/or transfer rights: a) If the project does not move forward in a reasonable time period as set forth in a written agreement, or b) If the project no longer serves its intended affordable housing purpose for the number of years specified by the Town.
  - Requiring creation and execution by EmPOWERment of a written agreement to the satisfaction of the Manager between EmPOWERment, Inc. and the Town that includes the conditions stated above and any related terms necessary to bring about and permanently secure the continued affordable housing purpose of the conveyance.
- B. EmPOWERment has applied for a conditional zoning application for this project. If the Town approves the conditional zoning application, the Town and EmPOWERment would agree on additional stipulations in their zoning approval to further outline EmPOWERment's affordable housing commitment.

### 3. Consistency with Council's Affordable Housing Goals and Northside and Pine Knolls Efforts

- A. Below is the staff's analysis of the proposed project's consistency with Town Goals and Northside and Pine Knolls Community Plan.

Plan	Goal	Consistent with Goals
<a href="#">Town Council Goals</a>	Increase access to housing across a range of incomes, and to strive for more equitable outcomes and opportunities for historically underserved populations	✓
<a href="#">Affordable Housing Work Plan</a>	Identify Properties for Affordable Housing Development	✓
<a href="#">Northside and Pine Knolls Community Plan</a>	Development of Affordable Ownership and Rental Housing Opportunities	✓

**Staff Recommendation**

Staff recommends the Town convey the land to EmPOWERment, Inc. for the purpose of creating affordable housing, with the following conditions:

1. **Deed Restriction:** Placing a deed restriction on the property limits future residents of the property to households at or below 80% of the area median income.
2. **Reversionary Clause:** Requiring a reversionary interest in the Town and/or transfer of ownership to the Town of the land and improvements thereon if EmPOWERment is dissolved. The intent is to allow the Town to take back or receive ownership of its parcel, as well as any parcels that have been combined with the Town’s parcel for the project. Staff are also recommending that the following conditions trigger the reversionary interest and/or transfer rights: a) If the project does not move forward in a reasonable time period as set forth in a written agreement, or b) If the project no longer serves its intended affordable housing purpose for the number of years specified by the Town.
3. **Written Agreement:** Requiring creation and execution by EmPOWERment, Inc. of a written agreement to the satisfaction of the Manager between EmPOWERment, Inc. and the Town that includes the conditions stated above and any related terms necessary to bring about and permanently secure the continued affordable housing purpose of the conveyance.

## Appendix A

### Public Value Analysis

The below table shows the value generated to the public through reduced rental rates for low- and moderate-income residents compared with the value of the land donation from the Town.

<b>Property Value</b>	<b>\$ 135,000</b>
<b>Years to Achieve Property Value</b>	<b>2.66</b>

#### Value of Reduced Housing Cost

Unit	Type	Fair Market Rent	Proposed Rent	Public Value Per Month	Public Value Per Year
1	Efficiency	972	350	622	7,464
2	Efficiency	972	350	622	7,464
3	One bed	974	450	524	6,288
4	One bed	974	450	524	6,288
5	One bed	974	450	524	6,288
6	One bed	974	450	524	6,288
7	Two bed	1,134	908	226	2,712
8	Two bed	1,134	908	226	2,712
9	Two bed	1,134	908	226	2,712
10	Three bed	1,493	1,276	217	2,604
<b>Total</b>		<b>\$ 10,735</b>	<b>\$ 6,500</b>	<b>\$ 4,235</b>	<b>\$ 50,820</b>