

03-23-2022 Town Council Meeting Responses to Council Questions

ITEM #2: Staff Update: Real-Time Passenger Information System Contract

Council Question:

On January 26, Council approved an item for the manager to negotiate a contract to update our Cubic DCUs at a cost of \$300,000. Was this expenditure cancelled given that we're changing vendors? If so, will that \$300,000 be put toward the new \$1.4M expenditure?

Staff Response:

While these projects are similar in nature, they are separate projects. The January 26th Council approval allows us to repair our current system with Cubic to provide customers real-time arrival information until the new GMV Syncromatics system is fully functional. While we tried to provide a seamless transition from one system to another our Initial estimates from GMV Syncromatics show full implementation of a new system to be around 18 months. Transit staff is also working with Cubic to install a solution that will be below the \$300,000 that was approved.

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ITEM #3: Consider Authorizing a Memorandum of Understanding for the 828 Martin Luther King, Jr. Blvd. Redevelopment Project

Council Question:

Could you please outline the pros and cons of limiting the development on the site to just the MSC? Pros and cons of selling vs leasing to Belmont Sayre?

Staff Response:

Pros of MSC Only:

- *Additional land for other uses (ex. Recreation space, gathering space, open space)*
- *Lower traffic impacts*
- *Beneficial, productive reuse of brownfield site*
- *Low density*
- *Solves MSC siting*
- *No change in site use*

Cons of MSC Only:

- *MSC will be incrementally more expensive to build and maintain at MLK due to remediation costs without additional development to offset expenses.*
 - *Town would bear the full responsibility for site remediation/mitigation (estimated to be an additional \$5M+ above construction costs).*
 - *The Town would be solely responsible for the site into the future including maintenance of remedial and mitigation measures (ex. Retaining wall, stormwater, etc.).*
- *The Town gets no benefit from the Brownfield tax credits.*
- *The Town gets no future tax revenue from private development.*
- *Lack of density to support current and future transit plans along a key transit corridor.*

Pros and cons of selling vs leasing to Belmont Sayre

- *Given the legal and financial considerations, it was determined that selling the entire parcel and leasing the MSC from Belmont was not the best option for the Town. The Town would retain ownership of the land for the MSC site and the Bolin Creek Trail.*

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Council Question:

If we include housing on the site, it could be an attractive option for town staff working there to also live there. Would be able to include language in the agreement that aligns rent/purchase price with Town salary scales for those staff in some way and/or have it serve as dedicated/priority Town housing?

Staff Response:

Staff and the development team have been exploring potential partnerships for municipal and teacher employee housing through a partnership with the SECU Foundation. If Council determines this to be a priority, this could be a negotiation term for the Economic Development Agreement.

Council Question:

What is the reason for such an expedited timeline for the project?

Staff Response:

The project addresses two important needs: the Town needs a new Municipal Services Center (MSC) facility, and the contamination on the 828 MLK site needs to be addressed. We have conducted temporary measures to improve site safety, but permanent measures must be implemented to do so effectively. Executing an Economic Development Agreement (EDA) by June 2022 with the development partner (Belmont-Sayre) that was selected by RFQ process in January of 2021 will keep these initiatives moving forward. The entitlement process will take another year, and construction is unlikely to begin before Spring of 2024 with occupancy in 2025.

The discovery of coal ash occurred in 2013 and Town staff have been studying the site since that time. In 2018 the Town led a land use planning initiative to envision future site uses that was paused at Council's request for additional risk assessment information. At this point, additional studies are dependent on direction and decision from Council on the future of the site.

Council Question:

Who will be paying for the services of a new/contract planner designed to speed the process (item I, p. 37)?

Staff Response:

This cost would be covered by the Town to minimize burden on existing Planning staff.

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Council Question:

The only timeline trigger I see for the EDA is that it be 45 days after completion of the concept plan review. Will we have substantially complete information by then about the requirements and fiscal implications of what DEQ would require in their Brownfields Agreement, and their analysis of safe uses for a remediated site?

Staff Response:

The preliminary conversation with DEQ is to check in with the Brownfields staff about the concept for redevelopment, identify any concerns or requests for additional information, and identify steps forward towards a Brownfield Agreement. It should also be clarified that DEQ will not analyze the site and tell the Town what to build. The Town must present a concept with intended uses, and DEQ then provides feedback on how to make the site safe for the intended reuse.

Council Question:

What kind of assistance will Belmont be providing to relocate the police station? Or is that being negotiated in the EDA?

Staff Response:

The extent of assistance to be provided will be negotiated in the EDA.

Council Question:

On page 39, item D, it says that in negotiating the land purchase price, the negotiation will consider the value of future property taxes. Can we add language to make sure this is net value, after cost of services?

Staff Response:

This is a topic for EDA negotiations. A better understanding of the private development component is required in order to conduct a cost-of-service analysis.

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ITEM #4: Orange County Crisis Diversion Facility Update

Council Question:

What does the County's new commitment to the Carrboro library facility mean in terms of when they would be able to fund this project?

Orange County Staff Response:

The County's increased funding commitment for the Carrboro Library facility is not expected to alter the timetable for developing the Crisis-Diversion Facility, which is still in the design phase. The County has allocated \$250,000 for initial design work. This initial design work will inform future funding needs.

Council Question:

The staff memo notes that there are no immediate fiscal impacts to the town, but that funding requests would be made of the Town and Orange County. Would this include Hillsborough and Carrboro (and Mebane) as well?

Orange County Staff Response:

Orange County has not developed a funding proposal at this time. A proposal will be developed as part of the next phase of work and will depend on the property identified, more detailed design plans, which providers are involved and the costs for the required licensing and scope of services. The RFP being issued by the County for the design phase will include requests for this information. Every potential funding source, including private donors, grants, UNC, UNC Health, and municipal/governmental entities, will all be part of the capital campaign and discussion for supporting the operations of this critical resource for our residents.

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ITEM #6: Open the Legislative Hearing: Conditional Zoning Application for 751 Trinity Court

Council Question:

What is the current thinking on management of the units after they are built? What are the pros and cons of the Town retaining management?

Staff Response:

The development team Community Housing Partners (CHP) will manage and maintain the property. It will no longer be a part of the Public Housing portfolio. Ultimately the project's equity investor and the North Carolina Housing Finance Agency (NCHFA) have approval rights of the selected management company. The selected property management entity must have the certifications required by NCHFA for the Low-Income Housing Tax Credit (LIHTC) program. In addition, any selected firm will be property vetted and have a proven track record in the successful management of affordable housing tax credit communities.

Council Question:

What is the proposed affordability period?

Staff Response:

The affordability period for LIHTC projects is 30 years – the term of the Ground lease is 99 years which allows the Town to maintain control of the affordability of the property through the terms of the ground lease for 99 years.

Council Question:

The application is no longer referring to this as a RAD conversion - is this intentional? If so, why?

Staff Response:

It is still a Rental Assistance Demonstration (RAD) conversion.

Council Question:

The application does not include AMI requirements and also refers to a 60AMI cap and an 80AMI cap in different places. Are these still intended to be housing choice voucher-based units? Shouldn't this be spelled out in the approval?

Staff Response:

Yes, the 40 units that existed before the conversion are intended to be housing choice voucher

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units. The Section 8 Project Based Rental Assistance Program (PBRA) is intended to provide rental subsidies for eligible tenant families residing in newly constructed, substantially rehabilitated, and existing rental and cooperative apartment projects. Under the PBRA program, developers (for-profit or non-profit) would build low-income housing and HUD would make up the difference between the HUD approved rent (Contract Rent) for the assisted unit and the HUD-required rental contribution from eligible tenant families.

Council Question:

Shouldn't the detail on affordability as shared in January be stated in the agreement (per the Council Q&A): "A long-term contract as required by law will renew this contract in perpetuity. The 40 units that are served by the Housing Choice Vouchers would serve households earning up to 50% of the Area Median Income and would continue to guarantee that those households would not spend more than 30% of their income on rent...up to 14 (35%) of the 40 RAD units would serve households at or below 30% AMI, and 26 (65%) would serve households serving between 30% and 50% AMI."

Staff Response:

As a result of the 40 project-based vouchers and the 9% LIHTC restrictions, 14 of the units will serve residents with incomes up to 30% AMI and the balance of the voucher units (26) will serve residents up to 50% AMI. The affordability parameters will be included in the final agreement.

Council Question:

The Town has criteria for our public housing that allows for more flexible admissions than is common in the private market. The County voucher program also has eligibility and prioritization criteria. This has been established over many years as an important value for the Town and is a critical component of our public housing program. How can we ensure that at least the 40 replacement units maintain that same eligibility criteria?

Staff Response:

The Developer, Community Housing Partners (CHP), has agreed to use the waiting list as supplied by the Public Housing Office (allowing those flexible admissions) and it would certainly be a condition in any agreement moving forward.

Council Question:

How will this avoid being student housing?

Staff Response:

Using the current Public Housing waiting list would more than likely ensure that families are selected for the unit as they become available. Also, fulltime students are not eligible per federal

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regulations unless they fall within the exemptions outlined (Student receives Temporary Assistance for Needy Families (TANF) assistance, was in foster care, enrolled in the Job Training Partnership Act, single parents if not dependents, married couple entitled to file joint taxes).

Council Question:

Are the proposed class 2 bike spaces sheltered?

Staff Response:

No, the spaces are not sheltered. Each unit will have a storage closet that may be used for covered storage.

Council Question:

Is there an existing sidewalk connecting the property to the nearest bus stop or does it need to be added?

Staff Response:

There is an existing sidewalk to Pritchard Street Extension.

Council Question:

Could the applicant provide a list of proposed community amenities, such as community/club house space, etc.? In January, the list included: community room, outside covered gathering space, playground, electric car charging, and walking path to Tanyard Branch Trail.

Staff Response:

The new development would include: a community room, office, tot lot, playground, grilling station, and covered outdoor gathering space. The walking path is a Town of Chapel Hill amenity that is maintained by the Parks & Recreation Department.

Council Question:

Who would own the land on this site after redevelopment?

Staff Response:

On January 12, 2022 Council [authorized](#)¹ the Manager to execute an Option to Ground Lease Agreement with Community Housing Partners (CHP) for the Trinity Court site, which was executed on January 14, 2022. This agreement gives the developer the exclusive option (for 3

¹ <https://chapelhill.legistar.com/View.ashx?M=F&ID=10400945&GUID=74AC7208-ED62-4F0B-A9B6-0BA66FE61CC1>

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years) to enter into a 99-year ground lease with the Town to build the proposed site plan on the Trinity Court property if and when the following conditions are met:

- All government approvals necessary for the proposed development of the property are in place*
- The project is awarded Low Income Housing Tax Credit (LIHTC) funding from North Carolina Housing Finance Agency*
- All funding sources needed for development and construction are secured*

Through the ground lease, the Town will maintain ownership of Trinity Court.

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ITEM #7: Open the Legislative Hearing: Conditional Zoning Application for 110 Jay Street

Council Question:

What is the current thinking on management of the units after they are built? What are the pros and cons of the Town retaining management?

Staff/Development Team Response:

The Town has always contemplated having an outside entity to manage the Jay Street property once built. The management company will be vetted and selected jointly by TMG and CHT during construction, but ultimately the project's equity investor and the North Carolina Housing Finance Agency (NCHFA) have approval rights of the selected management company. The selected property management entity must have the certifications required by NCHFA for the Low Income Housing Tax Credit (LIHTC) program. In addition, any selected firm will be vetted and have a proven track record in the successful management of affordable housing tax credit communities.

Council Question:

Is the affordability period 30 years or 99 years - says both in different places?

Staff/Development Team Response:

The affordability period for the initial tax credit allocation under the LIHTC program is a minimum of 30 years. There is typically an opportunity to re-syndicate the tax credits and secure an additional allocation of tax credits that effectively creates a 45-year affordability period from the initial tax credit allocation. In addition, the execution of a 99-year ground lease on the property allows the Town to ensure permanent affordability.

Council Question:

Affordability cap 60 or 80% - says both in different places?

Staff/Development Team Response:

The units are planned to serve households earning at or below 30% and up to 80% of Area Median Income (AMI). The average household income served will be less than 60% of AMI.

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Council Question:

Does the community building still include a multipurpose room, fitness center and computer lab?

Staff/Development Team Response:

Yes. In addition to these things, the community building will also include a laundry room with coin-operated equipment for tenants that do not have their own washer/dryer to use in their unit.

Council Question:

Are we pursuing discussions over ground leasing, rather than selling/donating the site to the developer?

Staff Response:

Yes. On January 12, 2022 Council [authorized](#)² the Manager to execute an Option to Ground Lease Agreement with Taft-Mills Group for the Jay Street site, which was executed on January 20, 2022. This agreement gives the developer the exclusive option (for 3 years) to enter into a 99-year ground lease with the Town to build the proposed site plan on the Jay Street parcels if and when the following conditions are met:

- *All government approvals necessary for the proposed development of the property are in place*
- *The project is awarded LIHTC funding from NCHFA*
- *All funding sources needed for development and construction are secured*

Through the ground lease, the Town will maintain ownership of the Jay Street parcels and is not contemplating selling or donating the land to the developer.

² <https://chapelhill.legistar.com/View.ashx?M=F&ID=10400945&GUID=74AC7208-ED62-4F0B-A9B6-0BA66FE61CC1>