

05-12-2021 Town Council Meeting Responses to Council Questions

ITEM #2: Concept Plan Review: Aspen Chapel Hill, 701 Martin Luther King Jr. Blvd.

Council Question:

When was the Union Chapel Hill Affordable Housing Program created?

Staff Response:

The Grove Park Special Use Permit was approved by Council in October 2015. As the project progressed through Final Plans and construction, adjustments were made to the affordable housing program.

Council Question:

Can we be provided with a description of the Union chapel Hill affordable housing program?

Staff Response:

A copy of the affordable housing performance agreement for the Union Chapel Hill is attached.

Council Question:

Could Housing staff please provide their assessment of the affordable housing plan offered by the applicant? What have been the pros and cons of the arrangement with the Union?

Staff Response:

Since this project is still a concept plan, Housing staff has not evaluated the specifics of the project. Housing staff can provide some general information. There are several benefits to a master leasing arrangement similar to the agreement with Union Chapel Hill:

- *The Town gains affordable units into our inventory for an extended period of time at no acquisition or development cost.*
- *New affordable units have less repair and renovation needs than older units.*
- *In some cases, the property owners are responsible for many of the maintenance needs.*
- *The Town can establish eligibility requirements and rental rates consistent with the Council's affordable housing goals (i.e. employee housing, Transitional Housing).*
- *We receive monthly rental income that can be used to support the Town's overall affordable housing efforts.*
- *This model is also consistent with best practices by facilitating the creation of more mixed income neighborhoods in Chapel Hill.*

There are also several challenges to consider with a master leasing arrangement:

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- *In this case, the percentage of units designated for affordable housing is lower than what is typically expected in new development (2% of the units rather than 15%).*
- *There are property management costs associated with the master leasing model.*
- *Legal documents need to be prepared, reviewed, and agreed upon by all parties which can be challenging and time consuming.*
- *Delays and additional conversations will be needed if the property is sold to a new owner without experience in this type of arrangement and who was not party to the original agreement but is expected to implement the agreement.*

Council Question:

Why are they seeking OI-3 zoning?

Staff Response:

We recommend further discussions with the applicant.

Council Question:

Does the developer have massing images of the site taken from eye level, not bird's-eye, to give a better idea of how the building will be experienced in real life?

Staff Response:

The applicant is working to provide the massing images.

AMENDMENT TO AFFORDABLE HOUSING PERFORMANCE AGREEMENT

This Amendment to Affordable Housing Performance Agreement (the "Amendment") is made to be effective as of the 12th day of December, 2019, by and between GDG Grove Park, LLC (the "Company" or "Applicant") and the Town of Chapel Hill (the "Town").

RECITALS

- A. The Town and the predecessor in interest to the Company, an entity called Townhouse Apartments LLC, entered into an Affordable Housing Performance Agreement dated January 6, 2018 (the "Agreement"), a copy of which is attached hereto as Exhibit A and incorporated herein by reference.
- B. The Agreement was intended to implement some of the terms of a Special Use Permit (the "SUP") approved by the Town dated October 26, 2015 which permitted the improvement of certain real property located at 425 Hillsborough Street in the Town of Chapel Hill (the "Property"), with apartments and townhouses (the "Project").
- C. Specifically, the SUP requires the developer of the Property and the Project to lease a certain number of apartment units and townhouse units to the Town at a nominal rate, so that the Town can sublease those units to qualified applicants as part of its affordable housing program.
- D. The Company is the successor in interest to Townhouse Apartments, LLC the original applicant for the SUP.
- E. The Company applied for a minor modification to the SUP, which the Town approved on December 11, 2019.
- F. The minor modification changed the number and type of units which the Company will be leasing to the Town.
- G. Therefore, in order to make the Agreement and the SUP consistent, it is necessary to amend the Agreement.

Now, therefore, in consideration of the Premises, the unamended terms of the Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by both parties to this Amendment, the Town and the Company agree as follows:

1. **Recitals**. The foregoing recitals are true and correct and are incorporated herein as material terms of this Amendment.
2. **Affordable Units Rental Requirements**. Section 2 (A)(i) of the Agreement (i.e., Exhibit A) is removed in its entirety and the following substituted for it in the Agreement.
 - i. The Applicant will provide 5 affordable dwelling units to the Town or its assigns (an entity or entities to be designated by the Town) to be leased at a cost of \$1.00 per month per unit by the Town. Specifically, the Applicant will offer:
 - a. two two-bedroom townhouse units, utilities (water, sewer and electric) included; and

b. three three-bedroom townhouse units, utilities (water, sewer and electric) included.

3. Acceptance of Conditions. ~~GDG~~ ^{COMPANY (BC)} further agrees and accepts, for itself and its successors and assigns, that the terms of the SUPM as amended by the Minor Change and as reflected in this Agreement are lawful and authorized conditions attached to the Grove Park SUPM and Minor Change and to this development by virtue of the 2009 R-SS-C conditional use rezoning. ~~GDG~~ ^{COMPANY (BC)} further agrees and confirms that the terms required by the SUPM, Minor Change and this Agreement, do not constitute a tax, fee or monetary contribution not specifically authorized by law. ~~GDG~~ ^{COMPANY (BC)} for itself, its successors and assigns, affirmatively acknowledges adequate consideration for this Agreement and waives any claim for return or reimbursement under N.C.G.S. Sec. 160A-363(e) or any other legal theory.

4. Except as amended hereby, the terms of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment has been executed and sealed by the parties acting in their official capacity to be effective as of the date specified above.

~~OWNER~~ ^(BC) COMPANY:

GDG GROVE PARK, LLC, a Delaware limited liability company

By: GDG Grove Park Venture, LLC, a Delaware limited liability company, its sole member

By: GDG Grove Park Holdings, LLC, a Delaware limited liability company, its managing member

By: Ben Liebetrau

Name: BEN LIEBETRAU

Title: VICE PRESIDENT

STATE OF South Carolina

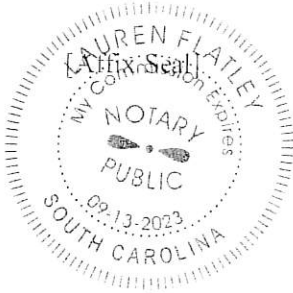
COUNTY OF Charleston

I, Lauren Flattery, a Notary Public of the County and State aforesaid, do hereby certify that Ben Liebetrau, whose identity has been proven by satisfactory evidence, said evidence being:

- I have personal knowledge of the identity of the principal(s)
- I have seen satisfactory evidence of the principal's identity, by a current state or federal identification with the principal's photograph in the form of a _____
- A credible witness has sworn to the identity of the principal(s).

personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal this the 13 day of December, 2019.



Lauren Flatley
Notary Public

My Commission Expires: 09/13/2023

TENANT:

TOWN OF CHAPEL HILL, a North Carolina municipality

By: Loryn B. Clark

Name: Loryn B. Clark

Title: Executive Director for Housing + Community

STATE OF NC

COUNTY OF Orange

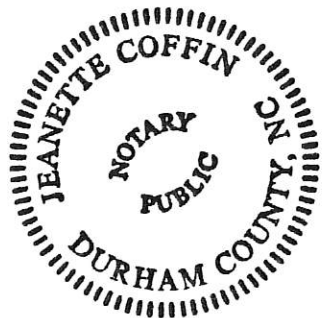
I, Jeanette Coffin, a Notary Public of the County and State aforesaid, do hereby certify that Loryn B. Clark, whose identity has been proven by satisfactory evidence, said evidence being:

- I have personal knowledge of the identity of the principal(s)
- I have seen satisfactory evidence of the principal's identity, by a current state or federal identification with the principal's photograph in the form of a _____
- A credible witness has sworn to the identity of the principal(s).

personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal this the 11 day of Dec, 2019.

[Affix Seal]



Jeanette Coffin
Notary Public

My Commission Expires: 4/16/22