

August 23, 2019

Mr. Maurice Jones
Town Manager
Town of Chapel Hill
405 Martin Luther King, Jr. Blvd.
Chapel Hill, NC 27514
919-969-2063 (fax)
manager@townofchapelhill.org

Re: Glen Lennox Development Agreement Annual Report for 2018-2019

Dear Mr. Jones,

Please find attached the annual report for Glen Lennox as stipulated by Sections 4.12 and 5.20 of the Glen Lennox Development Agreement. This report presents data on activities that occurred between July 1, 2018, and June 30, 2019. It demonstrates good faith compliance with the terms of the Development Agreement through June 30, 2019.

In summary, the time frame for this year's annual report saw continued design, planning, and collaboration with Town staff. There is noticeable construction progress on site with the early stages of our first permitted apartment building coming out of the ground. The first units in this building remain on track to deliver in October of 2020.

The second project in the Glen Lennox redevelopment made significant progress this past year as well. In December of 2018, the Town issued a DACP (Development Agreement Compliance Permit) for the first office building at Glen Lennox, to be named The Gwendolyn. In early summer of 2018, the review for a building permit was begun with the goal of starting construction in September 2020.

Related to the above office project, in June of 2018, the Town Council approved a 5-year performance grant totaling roughly \$2.23 million to incent office development in the Town at Glen Lennox. It is this grant that enabled Grubb Properties to begin construction on The Gwendolyn.

Grubb and Town staff team members have been working together throughout 2018 and 2019 to ensure that both the Development Agreement and the vision for Glen Lennox are being implemented to the best of our abilities. We expect and look forward to the ongoing joint efforts and collaboration needed throughout the entire process to realize the vision of the Development Agreement.

Sincerely,

Tim Jezisek
Vice President, Development
Grubb Properties

Glen Lennox Development Agreement
2018- 2019 Annual Report

1. One time change in floor area of 1,000 square feet or fewer to approved DACP (Section 4.9(b)(9))

There have been no changes of 1,000 SF or less to the floor area of the approved DACP plans.

2. Individual Development Agreement Compliance Permits issued (Section 4.12)

A Development Agreement Compliance Permit (DACP) was issued in December 2018 for the first office building. A DACP administrative modification was submitted in May for that first office building to account for the addition of a ~6,500 SF fitness center and cycle center.

Similarly, a DACP administrative modification was submitted in the spring for the DACP issued for the first apartment building, which is already under construction. This DACP modification was focused on re-designing the intersection of the future Glen Lennox Dr, Hayes Rd, and 15-501 to make it more bicycle and pedestrian oriented/safe as part of the larger push by Grubb Properties to make Glen Lennox a bicycle-friendly community and helpful part of the Town's larger connectivity and mobility plans.

3. Infrastructure installed (Section 4.12)

Flemington Road was re-aligned, and the on-site portion of Glen Lennox Drive, including water and sewer, was built/installed. The underground stormwater management system for Block 7 was installed as well.

4. Status of participation by the Town, Developer Owners, Representative and the Parcel Owners in the provision of or financing of public infrastructure for the Development (Section 4.12)

In June of 2018, the Town Council voted to approve a 5-year performance grant totaling ~\$2.23 million based on the delivery of 488,000 square feet of office space at Glen Lennox. The 5-year clock starts in 2021, after the delivery of the first office building. Glen Lennox must deliver the full 488,000 square feet of office space and pay applicable property taxes on those buildings in order to earn the full grant amount, ensuring that the Town's tax revenue will always remain neutral and eliminating risk for the Town if the office space is not built. The performance grant also includes an annual report to the Town Council to discuss progress and efficacy of this program.

5. Dedications and acquisitions of infrastructure by the Town, Developer Owners, Representative and Parcel Owners (Section 4.12)

Right-of way was dedicated to the Town for the realigned Flemington Road and the new Glen Lennox Drive.

6. The projected schedule for Development of the Property in the forthcoming year (Section 4.12)

- Construction for the Phase 1 apartments, clubhouse, and parking deck will continue. The parking deck, currently the most visible element of construction, will complete in the spring of 2020. Framing of apartments began in August of 2019 and will continue through spring.
- This fall will also see the beginning of construction for The Gwendolyn, the first office building in the redevelopment. It is scheduled to complete in August or September of 2020.
- Road work along 15-501 and Hayes Road (NCDOT jurisdiction) will begin this fall.
- Nearly all construction for this first phase of development will be complete by October 2020. Final apartment construction is scheduled to complete January 2021.

7. For-sale affordable housing monitoring system, income levels, and new units built (Section 5.2.d)

For-Sale Affordable Housing	7/1/18-6/30/19
Total New Units	0
Cumulative Total	0
Affordable Units	0
% Affordable	0%

No for-sale affordable housing has been developed this past year. When for-sale housing is planned, a monitoring system will be created for the affordable units.

8. For-rent affordable housing monitoring system, income levels, and new units built (Section 5.2.d)

For-Rent Affordable Housing	7/1/18-6/30/19
Total New Units	0
Cumulative Total	396
Vested Renters	32
% Vested	8%
Avg. Vested Renter Rent / Unit	\$920

All apartment resident lease information is entered into Yardi Software. The move-in dates and the rental amounts are tracked. A notice is automatically sent out to every resident 90 days before their lease renewal notifying them of their upcoming rent renewal rate. Residents who have lived in Glen Lennox for more than 5 years are only allowed a rent increase equal to the Consumer Price Index with a floor of 2% and a ceiling of 5%. On a monthly basis, management uses Yardi Software to verify the current number of long term residents. Current residents' income data will be gathered as allowed for future rental housing development. Town staff and Grubb team members collaborated last year to create a postcard notification from the Town to remind residents of the Vested Renter program and benefits.

Of note is a new pilot program being developed voluntarily in conjunction with Community Home Trust (CHT) and Justice United. CHT, Justice United, and the Chamber approached Grubb last year with a proposal to bring more affordable housing online more quickly. Grubb Properties readily agreed and committed to leasing a number of units through a master leasing program managed by

CHT. CHT master leases a collection of units, then rents those units at a subsidized income-based rate to individuals qualified and selected by CHT. This allows more low income and very low income individuals and families to live closer to jobs, services, and public transportation. The first renters moved in during the spring of 2019, with 5 designated pilot units being rented by April 2019. The Operations team at Glen Lennox continues to work with CHT and Justice Untied to monitor and measure efficacy.

CHT Units	Type	Move-in Date	Market Rent	Rent Charged	CHT subsidy	Net Resident Rent
1 Audley Lane	2-bd	4/12/2019	\$ 860	\$ 850	\$ 577	\$ 273
2 Hamilton Road	1-bd	4/5/2019	\$ 780	\$ 775	\$ 485	\$ 290
3 Hamilton Road	1-bd	4/5/2019	\$ 850	\$ 775	\$ 565	\$ 210
4 Hayes Road	1-bd	5/2/2019	\$ 850	\$ 775	\$ 444	\$ 331
5 Maxwell Road	2-bd	5/1/2019	\$ 860	\$ 850	\$ 617	\$ 233

9. A trip generation table showing the following (Section 5.4(b)(ii))

A. Land use type built and a location map of the buildings

N/A. No new buildings have been delivered.

Land Use	6/30/19	New	Total
Residential -For Sale (units)	-	-	-
Residential - For Rent (units)	396	-	396
Commercial/Retail (sf)	21,276	-	21,276
Office (sf)	5,084	-	5,084
Medical Office (sf)	-	-	-
Hotel (rooms)	-	-	-
Group Care Facility (beds)	-	-	-
Place of Assembly (count)	-	-	-

B. Number of trips generated for each land use type

No development has occurred that has delivered units/office space for occupancy; so, there has been no new trip generation. However, the first part of Phase 1 development has seen the demolition of 44 units. Consequently, trip generations have actually *decreased* temporarily by roughly 400 daily trips (per the trip generation table in the Oct 2013 TIS). This will last until Q3 2020, when leasing of the new apartments is anticipated to begin and office space can be leased.

C. Comparison of trip generation table with the vehicle trips generated in the October 2013 TIS

Total External Daily Vehicle Trips (EVT) Added to Adjacent Streets	
Total New Daily EVT Projected by TIS Oct 2013 (Table ES-3)	16,557
Max New Daily EVT Allowed by DA	17,557
New Daily EVT Generated 7/1/18-6/30/19	0
Total New Daily EVT Generated by Development	0

10. Tax status of any Development or change in tax status of any property in the prior year (Sec 5.5)

There has been no change in tax status for any portion of the property. No buildings are tax-exempt.

11. Related Information of Note (Section 5.20(c))

- a) Minor Modification to the Development Agreement: A Minor Modification to the Development Agreement was submitted to staff in April 2019. This modification, approved in August of 2019, formally allows the street section of Glen Lennox Drive to be reconfigured slightly to emphasize bicycle and pedestrian safety and connectivity via the addition of a protected and dedicated cycle track on either side of the road. The Development Agreement prescribes all main street sections in Glen Lennox, hence the need for the Minor Modification. Minor Modifications are approved by the Town Manager.
- b) Wayfinding plan: The Development Agreement contemplates a property-wide wayfinding plan for pedestrians and bicyclists. Grubb team members met with staff in early summer to begin drafting this document, which will require Council approval.