

From: Roger Stancil
Sent: Tuesday, March 20, 2018 6:59 PM
To: Allen Buansi; Donna Bell; Hongbin Gu; Jeanne Brown; Jess Anderson; Karen Stegman; Town Council; Michael Parker; Nancy Oates; Pam Hemminger; Rachel Schaevitz; Roger Stancil; Ross Tompkins
Cc: Loryn Clark; Ben Hitchings; John Richardson; Amy Harvey; Beth Vazquez; Carolyn Worsley; Catherine Lazorko; Christina Strauch; Dwight Bassett; Flo Miller; Mary Jane Nirdlinger; Rae Buckley; Ralph Karpinos; Ran Northam; Roger Stancil; Sabrina Oliver
Subject: Council Question: Item 7: Blue Hill District
Attachments: E-F TIA Table 12.docx

Council Question: How are we doing in realizing increased tax revenue. We expected that the higher tax revenue would pay for the \$10 million in road improvements and Town Hall renovations.

Staff Response: *The EF (Blue Hill) TIF is intended to pay for improvements in the Blue Hill District only. The Town Hall improvements are being paid from the Debt Management Fund. The total estimated cost of EF (Blue Hill) public improvements is \$7.41 million. This includes Phase II (Elliott Road Extension) that is currently being designed. The following is the Ef (Blue Hill) Scorecard balance of debt service and incremental tax revenue projected for the first 10 years of the project.*

Ephesus Fordham District - Score Card

	FY2016-17	FY2017-18	FY2018-19
Revenues			
Incremental Property Tax	\$ -	\$ 499,190	\$ 549,190
Expenditures			
Debt Service Payments	\$ 434,941	\$ 435,224	\$ 670,224
Revenue less Expenditures	\$ (434,941)	\$ 63,966	\$ (121,034)
Revenue less Expenditures Cumulative	\$ (434,941)	\$ (370,975)	\$ (501,009)

Based on our assumptions concerning future development and borrowing an additional \$2.6 million for Phase II in FY19, the TIF should break even and begin to generate revenue in excess of debt service costs in FY23. It is the nature of TIFs that the investment in public improvements precedes the growth in tax base. Therefore, it usually takes several years for revenues to catch-up to debt service costs. For Ef (Blue Hill) debt service payments started one year before we began counting the tax increment in FY18.

Council Question: The report shows a 71 percent increase in assessed value between 2014 and 2017. How much of this is attributable to an increase in the valuation of existing properties and how much is due to new construction?

Staff Response: *response still under development*

Council Question: In the discussion of the Elliott Rd. extension, reference is made to "applicant." Has an application for this part of the district been received?

Staff Response: *No. No application has been received, so the term “prospective applicant” would be more accurate at this time.*

Council Question: When the district was created in 2014, the Council made a decision to remove three areas on the SE side of Elliott Rd. from the rezoning so as to explore means for obtaining affordable housing there. What is the status of this effort?

The report notes an increase of 19 percent in impervious surface treated. Is this increase in surface required to be treated or surface that has actually been treated?

Staff Response: *The percentage increase is for both constructed and permitted projects. This means that stormwater treatment is either online today or will be online in the next year or two, depending on the timing of construction. Projects in the “permitted” category include Hillstone and Fordham Boulevard Apartments. The completed projects with stormwater treatment are CVS, Berkshire, Rams Plaza Outparcel and Greenfield Place and Commons. For the Greenfield projects, approximately 50% of treatment is online today, with the remainder coming soon as construction for Greenfield Commons continues.*

Council Question: How does pending construction of the Fordham Apartments factor into the narrative of impervious surface and stormwater?_

Staff Response: *The Fordham Boulevard Apartments project will be providing onsite stormwater treatment and is included in the percentage of impervious surface treated shown within the report.*

Council Question: What buildout numbers for each type of use have been used in the Traffic Impact Analysis?

Staff Response: *Please see the table located on page 20 of the August 2017 draft 2030 Future Conditions Technical Memorandum for the Ephesus-Fordham (Blue Hill) TIA.*

Council Question: How much of the current affordable housing referred to on p. 69 in the district is currently rental vs. owned?

Staff Response: *response still under development*

Council Question: How much of the new affordable housing referred to on p. 70 is rental vs. owned?

Staff Response: *response still under development*

Council Question: Please add a slide for “Pending Applications” with information on development applications that have been received but not yet approved. On the slide, please include charting to demonstrate the resulting total square footage, %market rate vs affordable housing, “net” Affordable Housing and other significant benchmarking information if these go through as presented.

Staff Response: *We will have a “Pending Applications” slide as part of tomorrow night’s presentation.*

Ephesus Fordham District - Score Card

	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26
Revenues										
Incremental Property Tax	\$ -	\$ 499,190	\$ 542,168	\$ 808,730	\$ 808,730	\$ 808,730	\$ 808,730	\$ 808,730	\$ 808,730	\$ 808,730
Expenditures										
Debt Service Payments	\$ 434,941	\$ 435,224	\$ 673,829	\$ 668,652	\$ 663,297	\$ 657,766	\$ 652,058	\$ 646,173	\$ 641,201	\$ 634,846
Revenue less Expenditures	\$ (434,941)	\$ 63,966	\$ (131,661)	\$ 140,078	\$ 145,433	\$ 150,964	\$ 156,672	\$ 162,557	\$ 167,529	\$ 173,884
Revenue less Expenditures Cumulative	\$ (434,941)	\$ (370,975)	\$ (502,636)	\$ (362,558)	\$ (217,125)	\$ (66,161)	\$ 90,511	\$ 253,067	\$ 420,596	\$ 594,480

Table 12. ITE Trip Generation Details – E-F District Developments

Development	Land Use	ITE LUC	Variable	Daily			AM Peak			Noon Peak				PM Peak		
				Enter	Exit	Total	Enter	Exit	Total	Adj %	Enter	Exit	Total	Enter	Exit	Total
1 - Fordham Blvd Apartments	New Apts	220	273 DU	889	889	1778	28	110	138	50%	34	42	76	109	59	168
	EXISTING DAYS INN	310	50 Rooms	-205	-205	-410	-16	-11	-27	50%	-8	-7	-15	-15	-15	-30
NET IMPACT				684	684	1368	12	99	111		26	35	61	94	44	138
2 - Quality Inn Redevelopment	New Apts	220	236 DU	777	777	1554	24	95	119	50%	30	37	67	96	51	147
	New Hilton Hotel	310	97 rooms	396	396	792	30	21	51	50%	15	12	27	30	28	58
	New Hotel	310	100 rooms	409	409	818	31	22	53	50%	16	13	29	31	29	60
	EXISTING QUALITY INN	310	75 rooms	-307	-307	-614	-24	-16	-40	50%	-12	-10	-22	-23	-22	-45
	EXISTING RESTAURANT	932	6k SF	-382	-382	-764	0	0	0	100% AM	-36	-29	-65	-35	-24	-59
NET IMPACT				893	893	1786	61	122	183		13	23	36	99	62	161
3 - Crown Honda Redevelopment	New Apts	220	315 DU	1016	1016	2032	32	128	160	50%	39	49	88	124	67	191
	EXISTING CROWN HONDA	N/A	N/A	0	0	0	0	0	0	50%	0	0	0	0	0	0
NET IMPACT				1016	1016	2032	32	128	160		39	49	88	124	67	191
4 - Park at Chapel Hill Apts	New Apts	220	700 DU	2183	2183	4366	69	278	347	50%	45	84	129	109	59	168
	EXISTING APARTMENTS	220	198 DU	-662	-662	-1324	-20	-81	-101	50%	-9	-24	-33	-15	-15	-30
NET IMPACT				1521	1521	3042	49	197	246		36	60	96	94	44	138
5 - University Inn Redevelopment	New Hotel	310	100 rooms	409	409	818	31	22	53	50%	16	13	29	31	29	60
	New Retail	820	13.8k SF	295	295	590	8	5	13	100%	16	16	32	24	27	51
	EXISTING UNVRSTY INN	310	132 rooms	-539	-539	-1078	-41	-29	-70	50%	-20	-17	-37	-40	-39	-79
	EXISTING OFFICE BLDG	710	8k SF	-44	-44	-88	-11	-1	-12	75%	-5	-4	-9	-2	-10	-12
	EXISTING RETAIL BLDG	820	12k SF	-256	-256	-512	7	5	12	100%	-8	-9	-17	-22	-23	-45
NET IMPACT				-135	-135	-270	-6	2	-4		-1	-1	-2	-9	-16	-25
Overall E-F District Build Net Trip Generation				3979	3979	7958	148	548	696		113	166	279	402	201	603

Amy Harvey

From: Roger Stancil
Sent: Wednesday, March 21, 2018 5:25 PM
To: Allen Buansi; Donna Bell; Hongbin Gu; Jeanne Brown; Jess Anderson; Karen Stegman; Town Council; Michael Parker; Nancy Oates; Pam Hemminger; Rachel Schaevitz; Roger Stancil; Ross Tompkins
Cc: John Richardson; Amy Harvey; Beth Vazquez; Carolyn Worsley; Catherine Lazorko; Christina Strauch; Dwight Bassett; Flo Miller; Mary Jane Nirdlinger; Rae Buckley; Ralph Karpinos; Ran Northam; Roger Stancil; Sabrina Oliver
Subject: FW: Council Question: Item 7: Blue Hill District
Attachments: E-F TIA Table 12.docx
Importance: High

Additional responses. I am sorry for the lateness of this information.

From: John Richardson
Sent: Wednesday, March 21, 2018 4:50 PM
To: Roger Stancil <rstancil@townofchapelhill.org>
Subject: RE: Council Question: Item 7: Blue Hill District
Importance: High

Roger,

I am following up with additional responses to the Council Questions for Blue Hill (#7). All responses are shown below, with new ones in **blue**.

John

Council Question: Can you please provide a link to the 2014 materials which describe phasing and goals?

Staff Response: *Staff will provide some additional explanation of phasing as part of the presentation. Also, PDF Page 50 of the staff's April 21, 2014 [presentation to Council](#) shows a map of the district and the projected phasing of new development. Pages 99 and 100 of the September 27, 2017 [Blue Hill District Report](#) provide more detail about the timing of projects as they have occurred relative to the 2014 phases. As a follow-up to the presentation, staff can provide additional information on this topic. _*

Council Question: When talking about square footage, please also provide "net new" for each category (including hotel) so that we can understand the overall impact and trends.

Staff Response: *We will begin to address this in the presentation and will track/reflect this in our future reports.*

Council Question: When the district was created in 2014, the Council made a decision to remove three areas on the SE side of Elliott Rd. from the rezoning so as to explore means for obtaining affordable housing there. What is the status of this effort?

Staff Response: *Of the areas originally considered by the Council for new Blue Hill (Ephesus-Fordham) zoning regulations in 2014, those located south of Elliott Road between Franklin Street and Fordham Boulevard were selected and pulled from immediate consideration for the purpose of developing an affordable housing incentive. During our review, we found a topography issue that would add to the cost of construction on that side of the street. In order to create retail*

storefronts at street level, there are multiple parcels that would need to remove substantial dirt to get that level. We also had conversations with several of the property owners about a density bonus and their interest in the rezoning and the density benefit. We found none that felt it to be a motivating factor to redevelop their property.

When we provided this information, the Council delayed making a decision about this rezoning and asked the staff to consider alternatives that could incentivize development of affordable housing in these areas.

In October 2016, the Town hired consultant David Rosen and Associates to prepare a [comprehensive affordable housing analysis](#)^[1] for the Town and also provided an [affordability gap analysis](#)^[2] of specific sites in the community. The analysis revealed that the subsidy required to produce lower income rental housing in Areas 1-4 could be approximately \$147,000 per housing unit. The high level of subsidy needed to achieve affordability leads us to continue to evaluate other options to create below market housing opportunities within the District.

In 2017 we met and explored finance tools that might help with the development of additional affordable housing in the district. We explored whether the adopted Municipal Service District could provide an income pool so that we could subsidize additional affordable housing there. We talked about creating a program that would subsidize individual units on an annual basis from the occupant side.

We will continue to explore methods to increase a range of housing opportunities throughout the District and could present our findings and recommendations to the Council in the fall of 2018. Recommendations could include but are not limited to:

- Density bonuses based on income levels served;
- Town subsidy;
- Partnerships to provide housing for public employees such as local/County government or school system employees;
- Revisions to the District boundaries to increase housing options, improve connectivity and facilitate/attract future development of a variety of housing with the District's streamlined development review process (typically 4-6 months);
- Develop options for zoning that can support a multi-pronged approach to achieving the Town's housing goals within the District; and
- Evaluate if methods used to support development of below market rate housing in other areas of Town and other communities could benefit the Blue Hill District

Council Question: How are we doing in realizing increased tax revenue. We expected that the higher tax revenue would pay for the \$10 million in road improvements and Town Hall renovations.

Staff Response: The EF (Blue Hill) TIF is intended to pay for improvements in the Blue Hill District only. The Town Hall improvements are being paid from the Debt Management Fund. The total estimated cost of EF (Blue Hill) public improvements is \$7.41 million. This includes Phase II (Elliott Road Extension) that is currently being designed. The following is the Ef (Blue Hill) Scorecard balance of debt service and incremental tax revenue projected for the first 10 years of the project.

Ephesus Fordham District - Score Card

	FY2016-17	FY2017-18	FY2018-19
Revenues			
Incremental Property Tax	\$ -	\$ 499,190	\$ 54
Expenditures			
Debt Service Payments	\$ 434,941	\$ 435,224	\$ 67
Revenue less Expenditures	\$ (434,941)	\$ 63,966	\$ (13)
Revenue less Expenditures Cumulative	\$ (434,941)	\$ (370,975)	\$ (50)

Based on our assumptions concerning future development and borrowing an additional \$2.6 million for Phase II in FY19, the TIF should break even and begin to generate revenue in excess of debt service costs in FY23. It is the nature of TIFs that the investment in public improvements precedes the growth in tax base. Therefore, it usually takes several years for revenues to catch-up to debt service costs. For Ef (Blue Hill) debt service payments started one year before we began counting the tax increment in FY18.

Council Question: The report shows a 71 percent increase in assessed value between 2014 and 2017. How much of this is attributable to an increase in the valuation of existing properties and how much is due to new construction?

Staff Response: Information will be provided as part of the presentation.

Council Question: In the discussion of the Elliott Rd. extension, reference is made to “applicant.” Has an application for this part of the district been received?

Staff Response: No. No application has been received, so the term “prospective applicant” would be more accurate at this time.

Council Question: When the district was created in 2014, the Council made a decision to remove three areas on the SE side of Elliott Rd. from the rezoning so as to explore means for obtaining affordable housing there. What is the status of this effort?

The report notes an increase of 19 percent in impervious surface treated. Is this increase in surface required to be treated or surface that has actually been treated?

Staff Response: The percentage increase is for both constructed and permitted projects. This means that stormwater treatment is either online today or will be online in the next year or two, depending on the timing of construction. Projects in the “permitted” category include Hillstone and Fordham Boulevard Apartments. The completed projects with stormwater treatment are CVS, Berkshire, Rams Plaza Outparcel and Greenfield Place and Commons. For the Greenfield projects, approximately 50% of treatment is online today, with the remainder coming soon as construction for Greenfield Commons continues.

Council Question: How does pending construction of the Fordham Apartments factor into the narrative of impervious surface and stormwater?

Staff Response: *The Fordham Boulevard Apartments project will be providing onsite stormwater treatment and is included in the percentage of impervious surface treated shown within the report.*

Council Question: What buildout numbers for each type of use have been used in the Traffic Impact Analysis?

Staff Response: *Please see the table located on page 20 of the August 2017 draft 2030 Future Conditions Technical Memorandum for the Ephesus-Fordham (Blue Hill) TIA.*

Council Question: How much of the current affordable housing referred to on p. 69 in the district is currently rental vs. owned?

Staff Response: *The new units included in “current affordable housing” pie chart and referred to on pages 69 and 70 represent the rental units created by DHIC’s Greenfield Place and Greenfield Commons projects for a total of 149 units.*

Council Question: How much of the new affordable housing referred to on p. 70 is rental vs. owned?

Staff Response: *The new units included in “current affordable housing” pie chart and referred to on pages 69 and 70 represent the rental units created by DHIC’s Greenfield Place and Greenfield Commons projects for a total of 149 units. (Same response as directly above)*

Council Question: Please add a slide for “Pending Applications” with information on development applications that have been received but not yet approved. On the slide, please include charting to demonstrate the resulting total square footage, %market rate vs affordable housing, “net” Affordable Housing and other significant benchmarking information if these go through as presented.

Staff Response: *We will have a “Pending Applications” slide as part of tomorrow night’s presentation.*

^[1] <http://www.townofchapelhill.org/town-hall/departments-services/housing-and-community/affordable-housing-policy/comprehensive-affordable-housing-analysis>

^[2] <http://www.townofchapelhill.org/home/showdocument?id=35844>

Table 12. ITE Trip Generation Details – E-F District Developments

Development	Land Use	ITE LUC	Variable	Daily			AM Peak			Noon Peak				PM Peak		
				Enter	Exit	Total	Enter	Exit	Total	Adj %	Enter	Exit	Total	Enter	Exit	Total
1 - Fordham Blvd Apartments	New Apts	220	273 DU	889	889	1778	28	110	138	50%	34	42	76	109	59	168
	EXISTING DAYS INN	310	50 Rooms	-205	-205	-410	-16	-11	-27	50%	-8	-7	-15	-15	-15	-30
NET IMPACT				684	684	1368	12	99	111		26	35	61	94	44	138
2 - Quality Inn Redevelopment	New Apts	220	236 DU	777	777	1554	24	95	119	50%	30	37	67	96	51	147
	New Hilton Hotel	310	97 rooms	396	396	792	30	21	51	50%	15	12	27	30	28	58
	New Hotel	310	100 rooms	409	409	818	31	22	53	50%	16	13	29	31	29	60
	EXISTING QUALITY INN	310	75 rooms	-307	-307	-614	-24	-16	-40	50%	-12	-10	-22	-23	-22	-45
	EXISTING RESTAURANT	932	6k SF	-382	-382	-764	0	0	0	100% AM	-36	-29	-65	-35	-24	-59
NET IMPACT				893	893	1786	61	122	183		13	23	36	99	62	161
3 - Crown Honda Redevelopment	New Apts	220	315 DU	1016	1016	2032	32	128	160	50%	39	49	88	124	67	191
	EXISTING CROWN HONDA	N/A	N/A	0	0	0	0	0	0	50%	0	0	0	0	0	0
NET IMPACT				1016	1016	2032	32	128	160		39	49	88	124	67	191
4 - Park at Chapel Hill Apts	New Apts	220	700 DU	2183	2183	4366	69	278	347	50%	45	84	129	109	59	168
	EXISTING APARTMENTS	220	198 DU	-662	-662	-1324	-20	-81	-101	50%	-9	-24	-33	-15	-15	-30
NET IMPACT				1521	1521	3042	49	197	246		36	60	96	94	44	138
5 - University Inn Redevelopment	New Hotel	310	100 rooms	409	409	818	31	22	53	50%	16	13	29	31	29	60
	New Retail	820	13.8k SF	295	295	590	8	5	13	100%	16	16	32	24	27	51
	EXISTING UNVRSTY INN	310	132 rooms	-539	-539	-1078	-41	-29	-70	50%	-20	-17	-37	-40	-39	-79
	EXISTING OFFICE BLDG	710	8k SF	-44	-44	-88	-11	-1	-12	75%	-5	-4	-9	-2	-10	-12
	EXISTING RETAIL BLDG	820	12k SF	-256	-256	-512	7	5	12	100%	-8	-9	-17	-22	-23	-45
NET IMPACT				-135	-135	-270	-6	2	-4		-1	-1	-2	-9	-16	-25
Overall E-F District Build Net Trip Generation				3979	3979	7958	148	548	696		113	166	279	402	201	603