



BELLA VISTA

DEVELOPMENT GROUP

TO: Chapel Hill Housing Advisory Board

DATE: January 14, 2020

RE: Concept Plan Submittal – BELLA VISTA AT MEADOWMONT VILLAGE CENTER

Background and Conceptual Affordable Housing Plan

We welcome feedback from the Housing Advisory Board (the “HAB”) as we review affordable housing options for the Bella Vista at Meadowmont Village Center development project (the “Project”).

On November 12, 2019, Bella Vista Development Group (“Bella Vista”) presented a Concept Plan for the Project to the Community Design Commission (“CDC”). At that time, a residential component was being considered and was included as part of the presentation to the CDC. Subsequent feedback from the community regarding the inclusion of a residential element was positive and encouraging. As such, Bella Vista will include a residential element consisting of approximately 25 for-sale condominiums as part of the Project.

Bella Vista believes in serving those who serve the community and supports the Town’s Inclusionary Zoning Ordinance (the “IZO”). Navigating the complexities of the affordable housing industry is a daunting task and Bella Vista looks forward to receiving feedback and guidance from the HAB regarding these regulations.

Bella Vista is scheduled to present its Concept Plan before the Town Council on March 4, 2020. Although the scope of the Project has not been finalized, it is contemplated that it will consist of approximately 150,000 SF of Class A office space with structured parking, 25 residential condominiums and a small retail component. The scope of the Project will continue to evolve as Bella Vista advances through the Town’s entitlement process and collects additional input from Town Council, the Town’s Advisory Board and the overall community.

In this memorandum, we offer background about the Project and provide our current considerations regarding an affordable housing component.

Background – Developer’s Strong Chapel Hill Roots

Having grown up in Glen Lennox apartments and graduated from Chapel Hill High School, Mariana Molina, founder and CEO of Bella Vista Development

Group LLC has a strong personal connection with her Chapel Hill roots. Though she moved away to attend college, she has maintained close ties to Chapel Hill. Her bond with Chapel Hill grew

stronger when she married Craig Davis of Craig Davis Properties, Inc., the original developer of the Meadowmont Village Center.

Bella Vista is a NC company dedicated to creating environments that are sustainable, beautiful, and functional. By promoting the advancement of women in the commercial real estate industry, Bella Vista has created a unique, team-driven approach to the development process where greatness is measured by the success of its projects. Currently all consulting, design and construction firms associated with the Project are majority woman-owned, local NC companies.

The Project is being co-developed by Bella Vista and Craig Davis Properties, Inc. with the support of the master developer of Meadowmont, East West Partners.

Background - Location

The Project is to be located in the western portion of the Meadowmont Village Center on the south side of West Barbee Chapel Road (the “Project Site”). As part of the Village Center, the new building is proposed in the existing surface parking lot located on the western edge of the Village Center. The new building will be constructed on structured parking. As anticipated by the 1997 Master Land Use Plan document, the Project will provide a building face on West Barbee Chapel Road. The building will also provide vistas of the meadow between Barbee Chapel Road and the UNC Health Care building.

The Project Site is accessed from Meadowmont Lane and/or West Barbee Chapel Road. The new building, as part of the Village Center, borders the meadow and is across the street from the Greenway Condominiums and the ARC of Chapel Hill apartments.

Background - Proposed Use

Bella Vista, with input from the Town and the community, recognized the need for the Town to attract businesses and increase its tax base. By bringing Class A office space and increased foot traffic to the area, this Project will give Meadowmont Village the economic boost that it needs to solidify its place among the top mixed-use communities in the Raleigh-Durham-Chapel Hill market.

The Bella Vista Project is proposed with an office/clinic element, a residential condominium element, and a small retail component, upon structured parking. As part of the office development, affordable entrepreneurial space is being considered as a component of the new development.

At this time, Bella Vista anticipates that approximately one-third of the Project may be devoted to housing, most likely not to exceed 50,000 sq. ft., or approximately 25 residential condominium units.

Background - History of Site

The Meadowmont Master Land Use Plan (the “MLUP”) was initially approved by the Town in 1995.

Development continues to occur in the overall Meadowmont community. A number of adjustments to the MLUP have occurred over the years. Several lots remain which have assigned development allocations of floor area but have not yet been built. For example, lots at the northeast and southeast corners of Meadowmont Lane at Barbee Chapel Road are approved for future development. Also, we understand there is an undeveloped lot on the south side of Hwy. 54.

Additionally, the Village Center has identified development which has not yet been constructed. The Village Center was originally approved as part of the 1995 MLUP. The Village Center is not complete: committed floor area has not yet been constructed. Within the Village Center, the MLUP identifies a building on West Barbee Chapel Road situated on the Project Site, between the existing UPS Store and the main meadow, as well as residential development lining the main meadow between West Barbee Chapel Road and the existing UNC Health Care building.

The existing parking lot at the Project Site is where the Bella Vista Project is planned. As anticipated by the 1997 MLUP, the Bella Vista building is to front West Barbee Chapel Road and create a presence on the street.

Bella Vista’s development proposal for the Project will likely involve a rezoning to allow additional floor area at the Village Center to complete this vision. The Village Center was not built to what zoning allowed at the time. Approximately 131,000 square feet of non-residential floor area attributed to the Village Center was not assigned to the Village Center Special Use Permit. We understand that some of that Village Center floor area was subsequently reallocated to development on the south side of Hwy. 54.

Of the non-residential floor area not committed to undeveloped lots from the MLUP, approximately 22,000 square feet of space remain available for allocation. Based on preliminary meetings with Town staff, we believe the construction of the Project will require an approximately 130,000 additional square foot allocation. Therefore, a rezoning application is anticipated.

Following Concept Plan review, Bella Vista will submit the following formal development applications:

1. A Master Land Use Plan Modification to replace development within this portion of the Village Center parking lot and allow additional floor area at this location.
2. A rezoning application to supplement the remaining allocation of floor area and claim the allocated floor area for this project.
3. A new Special Use Permit application to allow construction of the proposed office/residential/commercial parking deck structure.

Conceptual Affordable Housing Plan

As applicable, Section 3.10 of the IZO requires development applications that have five or more for-sale residential units to provide 15% of the units at prices that are affordable to low- to moderate-income households. The Town may consider the following alternatives to the construction of affordable units on-site as a way to comply with Section 3.10 if the alternative is determined by the Town Council to better achieve the goals, objectives and policies of the comprehensive plan than providing affordable units on-site:

- Land dedication,
- Dedication of existing units at an alternative location,
- Off-site construction of affordable housing, and
- A payment in lieu of housing.

Bella Vista is exploring the provision of on-site affordable housing as well as alternatives that may help the Town achieve its affordable housing goals while recognizing the financial impacts on the feasibility of the Project. We look forward to receiving input from the HAB in this regard.

These options, identified in the IZO, are discussed below:

1. On-site affordable housing.

If 25 dwelling units are proposed as part of the Project, the IZO calls for 15% affordable housing at this location. As such, 3.75 affordable units would be required. We understand that would translate to 3 affordable units with a proportionate payment-in-lieu for the remaining .75 unit. We understand the payment-in-lieu amount is set at \$85,000 per affordable unit. We further understand the following ordinance provisions:

“(a) In development projects subject to these regulations, at least one affordable housing unit or lot and at least fifty (50) percent of the affordable housing units or lots shall be offered for sale to low-income households at a price that on average is affordable to a household with an annual income that is at or below sixty-five (65) percent of area median income, based on household size for the Durham-Chapel Hill Metropolitan Statistical Area, as determined by the United States Department of Housing and Urban Development (HUD).

(b) Any remaining affordable units or lots shall be sold to low-income households at a price that is affordable to a household with an annual income that is at or below eighty (80) percent of area median income, based on household size for the Durham-Chapel Hill Metropolitan Statistical Area, as determined by the United States Department of Housing and Urban Development (HUD).”

We believe this means that, if on-site affordable housing is provided, 2 of the 3 units would need to be available to families at or below 65% AMI with the 3rd unit at or below 80% AMI. Plus, a payment of \$63,750 would be provided to the Town’s affordable housing fund (.75 x \$85,000).

If this option is considered, Bella Vista would work with Town staff and an entity such as the Community Home Trust to comply with the Town requirements including pricing, dwelling unit finish, and amenities of the development. We would work to create units of a size and arrangement that will be successfully marketed and sold to households that will change in make-up and income capabilities over time just as the Town income qualification limits and needs will change over time.

2. Land dedication.

We would welcome the opportunity to understand some of the anticipated affordable housing efforts the Town has underway to learn if a better alternative to on-site affordable units might be achieved with a carefully considered land dedication.

3. Dedication of existing units at an alternative location.

Learning about the anticipated affordable housing efforts the Town has underway might expose a better alternative to on-site affordable units that could be achieved with the dedication of existing units at an alternative location.

4. Off-site construction of affordable housing.

We would welcome the opportunity to explore the affordable housing efforts the Town has underway to learn if a better alternative to on-site affordable units might be achieved with off-site construction of affordable housing.

5. Payment-in-lieu of housing.

Exploring the Town's ongoing affordable housing efforts may help us to learn if a better alternative to on-site affordable units might be achieved with a payment-in-lieu to contribute to funding of a larger affordable housing project.

Bella Vista also seeks to explore the following: Are there alternative considerations that would further the Town's affordable housing objectives? We know much work is underway in Town using both the affordable housing bond money as well as other town resources. Are there opportunities for complementary efforts? Are there partnership options to consider?

We intend to engage in detailed discussions with the town Affordable Housing staff and with the Community Home Trust. We understand a leadership change has occurred at the Community Home Trust and we look forward to meeting with the new executive director in the early part of this year.

Are there other organizations we should meet with as we explore options for compliance with the town affordable housing regulations?

We are also considering the creation of affordable entrepreneurial office space and have questions about how this affordable element would be considered.

We look forward to receiving feedback from Town staff, Community Home Trust staff, and the Housing Advisory Board as we review options for compliance with the Town's Inclusionary Zoning provisions.

Thank you.