



TOWN OF CHAPEL HILL NORTH CAROLINA

MEMORANDUM

Meeting Date: 01/12/2015
AGENDA #11

TO: Roger L. Stancil, Town Manager

FROM: Jason Damweber, Assistant to the Manager
Dwight Bassett, Economic Development Officer

SUBJECT: Asset Management Update

DATE: January 12, 2015

Recommended Council Action

- That the Council receive this report and provide direction on how to proceed with consideration of proposals for Town property assets.

Explanation of Recommendation

- One of Council's adopted goals is to decide on asset management recommendations for remaining Town-owned property under consideration.
- At this time, we are particularly interested in receiving guidance for the properties located at 100 W. Rosemary Street (former Town Hall) and 101 Weaver Dairy Road (Fire Station #4) because of the potential impact they could have on meeting other identified facilities related needs. We are also interested in receiving feedback from Council on three unsolicited proposals we received, and about the possibility of partnering for shared space with Deep Dish Theater.

Context with Key Issues

- On November 11, 2013, Town staff provided an update on the Town's real property assets and sought feedback on next steps for various properties, including 523 East Franklin Street and Fire Station #2 (located at 1003 S. Hamilton Road). On February 10, 2014, Council authorized the Manager to market the property at 523 E. Franklin Street and to explore options for 100 W. Rosemary Street (former Town Hall).
 - On July 2, 2014, Council recommended that Preservation North Carolina enter into a purchase agreement with the University of North Carolina Arts and Sciences Foundation upon exercising their option to purchase 523 East Franklin Street.
 - On September 29, 2014, Council approved a Memorandum of Understanding for a private-public redevelopment project for Fire Station #2.
- In order to learn more about potential interest in certain Town assets, staff solicited letters of interest and proposals for five properties located at 100 W. Rosemary, 2200 Homestead Road (former Sport Art Building), 101 Weaver Dairy Road (Fire Station #4), 1656 E. Franklin Street (Fire Station #3) and 200 Plant Road (Parks and Recreation Offices). Each of these properties had been identified in previous Council meetings as potentially disposable. The proposals received came from private entities as well as from

community organizations interested in partnering with the Town to use the properties differently.

- Staff held a public meeting on May 27, 2014 to explain the proposal format and to solicit feedback on the proposed process. Deadline for submission of proposals was July 31, 2014. We received eight proposals on four properties, summarized as follows:

Solicited Proposals:			
Item #	Property	Price	Use Proposed
1	100 W. Rosemary (former Town Hall)	\$1.3 million	a) Proposed redeveloped site for use by Town for Police, Fire Administration, and Parks and Recreation on vacant land surrounding the building. b) For development for market needs.
2	100 W. Rosemary (former Town Hall)	Lease	Arc of Orange County
3	101 Weaver Dairy Ext. (Fire Station #4)	Appraisal	Market demand use
4	101 Weaver Dairy Ext. (Fire Station #4)	Property exchange	(Existing Site) For market demand use (New Site) Exchanged property is already zoned for office and could be used for Police, Fire Administration, and Parks and Recreation needs.
5	2200 Homestead Road	\$0	Affordable Housing (60% AMI)
6	2200 Homestead Road	\$100,000	Ballroom (for dance organization)
7	2200 Homestead Road	\$400,000	Expansion of approved Bridgepoint development
8	200 Plant Road	\$1	Rezoned to accommodate 45 units of affordable housing

Considerations for Properties that Received Proposals

- **100 W. Rosemary Street (former Town Hall)**
 - In previous discussions about real property assets, Council expressed interest in preserving the building located at 100 W. Rosemary. We received a proposal from a private entity wishing to purchase the property to develop it for either a private or public purpose. If the Town opted for the property to be developed for a public purpose, we would likely need to negotiate a sale or lease-back arrangement with the developer. Under either scenario, the existing building could be maintained per the proposal. We received another proposal from the Arc of Orange County expressing an interest in leasing the building for office space at an undetermined lease rate.
 - Town Staff has also met with local organizations to discuss potential partnerships for shared use of the building as a destination, including use as a museum, visitor

information center, and/or expansion of the Town/UNC/Orange County partnership for a business incubator or co-working space.

- The current tenants of the building are on a no-payment month-to-month lease. Some part of their operations may be affected by the opening of the new IFC facility.
- **101 Weaver Dairy Extension (Fire Station #4)**
 - We believe this property could be disposed of and the proceeds used for other facilities-related needs, including building a new fire station. We believe disposing of this site should be factored into the decision-making process for the design and location of a new public safety facility.
 - One proposal received for the property would be to purchase it at its appraised value to be used based on market demand. The other proposal was to exchange the property with another within a half-mile of the existing site (that meets fire station siting criteria). The site would allow for the construction of a new building estimated at roughly 83,000SF. The zoning for the site currently permits this use.
- **2200 Homestead Road**
 - In previous discussions, Council expressed a strong interest in the mission of [HOPE Community Gardens](#)¹, which currently operates a community garden on this site. Staff is currently working with representatives of HOPE to explore options for further partnership, which may include relocating the gardens at a later date if Council decides to do something different with the property.
 - Proposed uses for this property based on proposals received included selling the property or partnering with an organization to build a ballroom dancing studio, develop affordable housing, and to add it to the previously approved Bridgepoint development.
- **200 Plant Road**
 - We received a proposal to use this property to develop affordable housing units. In order to develop this property, we would need to relocate the Parks and Recreation staff currently housed at the site. That relocation is anticipated in the facility planning study for new space for Police and other town operations. This site provides parking for the adjacent neighborhood park. Replacement parking would need to be addressed if the property is developed.

Additional Property-Related Items for Consideration

- In addition to the proposals received as part of the process, we received the following unsolicited proposals. We are sharing this information at this time for Council's information and further direction:

¹ <http://www.nchopegardens.com/our-mission/>

Per their website, HOPE Gardens mission is to create “a community space that fosters relationships, educates the community, and addresses barriers to food access through shared efforts in sustainable agriculture.”

<u>Unsolicited Proposals:</u>			
Item #	Property	Price	Use Proposed
1	Lot 3-West Franklin Parking lot (adjacent to 411 West)	\$0	15 affordable housing units 21,000SF retail (significant entertainment potential) 38,000SF office
2	Lot 2-East Rosemary Parking lot	\$1.69 million	Mixed-use development (housing, office, and/or retail)
3	121 W. Rosemary (small 9 space leased parking lot)	\$200,000	Parking for Investors Title, short-term, enhanced development opportunity, long-term.

- Town staff has had ongoing conversations in recent years with representatives of Deep Dish Theater about possibly partnering with the organization for shared space at University Mall. The Parks and Recreation Department has expressed interest in doing so in order to create a Town theater program. The shared space could also be used for larger Town meetings. We are interested in Council's feedback on this idea.

Fiscal Note

- Proceeds from the sale of any properties are recommended to be used to meet other one-time capital and facility needs.

Council Goal:

- Create A Place for Everyone
- Develop Good Places, New Spaces
- Nurture Our Community