

Legislation Text

File #: 15-21680, Version: 1

Option and Lease of City-Owned Property for Affordable Housing

Action:

- A. Adopt a resolution approving an option to ground lease agreement and a 99-year ground lease of 1.73 acres of city-owned property located at 7605 University City Boulevard (parcel identification number 049-241-15) with Merit AH, LLC, and**
- B. Authorize the City Manager, or his designee, to negotiate and execute all documents necessary to complete the option and ground lease of the property.**

Staff Resource(s):

Rebecca Hefner, Housing & Neighborhood Services
Phil Reiger, General Services
Gregory Crawford, General Services

Explanation

- On February 14, 2022, City Council authorized the City Manager and staff to work with Merit AH, LLC, a North Carolina limited liability company (Merit), and an affiliate of DreamKey Partners, Inc. and Conifer Realty, LLC, to finalize a preliminary affordable housing proposal and negotiate a long-term ground lease for an affordable multi-family rental housing development proposed to be called The Merit Apartments (Development).
- The Development is proposed to consist of 68-units and will be located on approximately 1.73 acres of city-owned property at 7605 University City Boulevard (parcel identification number 049-241-15) zoned TOD-NC and in Council District 4 (Property).
- Merit has requested a one-year Option to Ground Lease (Option) the Property with two, six-month extension options (collectively, the Option Period). During the Option Period, Merit will perform due diligence and secure financial commitments before exercising the Option.
- The extension options will be conditioned upon Merit successfully receiving a 2024 Low Income Housing Tax Credit Award from the North Carolina Housing Finance Agency as applicable and demonstrating substantial progress in finalizing their overall project financing.
- The terms of the Ground Lease are as follows:
 - Lease Term: 99 years
 - Affordability Period: 99 years
 - Rent: \$1.00/year
 - Housing Units: Merit will be responsible for the development and operation of affordable housing consisting of a minimum of 68 rental housing units all of which shall adhere to Low Income Housing Tax Credit and all city funding requirements, as applicable, and include the following proposed unit mix:
 - 17 units ≤30 percent Area Median Income
 - 19 units 31-50 percent Area Median Income
 - 16 units 51-60 percent Area Median Income
 - 16 units 61-80 percent Area Median Income

Background

- On August 27, 2018, City Council adopted the Housing Charlotte Framework (Framework), which recommends expanding the supply of high-quality rental housing by using publicly owned land for

- housing development.
- On November 9, 2021, the city issued a Request for Proposals (RFP) seeking developers to construct affordable housing on city-owned property, including the 7605 University City Boulevard parcel. Council received a briefing of the recommended proposals on February 7, 2022, including Merit's development proposal.
- This action is consistent with the Framework and Council-adopted City-Owned Real Estate and Facilities Policy and Guidelines for Evaluation and Disposition of City-Owned Land for Affordable Housing.

Attachment(s)

Map
Resolution