

Legislation Text

File #: 15-21404, Version: 1

Sale of City-Owned Land for West Sugar Creek Redevelopment

Action:

- A. Adopt a resolution approving the sale of 4.32 acres of city-owned property at 5342 Reagan Drive and 5350 Reagan Drive (parcel identification numbers: 089-064-47 and 089-064-31) to Prosperity Hidden Valley, LLC for \$1 for the development of affordable housing, and**
- B. Authorize the City Manager, or his designee, to negotiate and execute all documents necessary to complete the sale of the property.**

Staff Resource(s):

Tracy Dodson, City Manager's Office
Monica Holmes, Planning, Design & Development
Rebecca Hefner, Housing & Neighborhood Services

Explanation

- The city-owned property at 5342 Reagan Drive and 5350 Reagan Drive (collectively, the "Property") is located on the southeastern corner of the West Sugar Creek Road and Interstate 85 interchange, in Council District 1. The Property consists of approximately 4.33 acres and is currently zoned N2-B (intended for the development of multi-family dwellings).
- In April 2023, the city acquired the Property for \$4,200,000, which was the estimated fair market value based on a February 9, 2023, appraisal of the Property.
- Prior to the city purchase, the Property was an operating hotel (Economy Inn) with a long history of nuisance and criminal activity.
- On June 29, 2023, the city issued a Request for Proposals (RFP) for the redevelopment of the Property. The primary objective of the RFP was to address the critical need for affordable homeownership opportunities for low- to moderate-income households, and specifically requested the development of affordable, for-sale townhomes on the Property.
- To ensure a smooth transition into the redevelopment phase, the city conducted environmental remediation, building demolition, and rezoning of the Property during the RFP process.
- Three responses to the RFP were received, and Prosperity Hidden Valley, LLC, a North Carolina limited liability company, was selected based on their qualifications, experience, cost, and responsiveness to RFP requirements.
- Prosperity Hidden Valley, LLC (Developer) is a partnership consisting of True Homes, LLC, and Prosperity Alliance, LLC. Both are experienced affordable housing developers that offer a community, mission-oriented approach, with a focus on affordable homeownership especially for households impacted by racial disparities in homeownership. These developers also have a history of social impact including supporting economic mobility initiatives such as youth enrichment services including college scholarships for youth in public housing, and workforce development.
- The proposed development will include the following:
 - A minimum of 39 new construction for-sale residential townhome units.

- All units will be affordable to families earning at or below 80 percent of the Area Median Income (AMI).
 - Affordability period of 20 years.
 - Units may not be leased during the affordability period.
 - The unit purchase price will be limited to the city's House Charlotte maximum home sales price for the year the sale takes place.
 - To ensure that the homes are accessible, the Developer will be utilizing the House Charlotte Downpayment Assistance Program and special mortgage financing options from established banking partners that are available to low-and-moderate-income homebuyers.
- The Property is being conveyed to the Developer for \$1 to enable the construction of the affordable townhome development and to mitigate the need for the city to commit further financial support to the project. The Developer is not seeking additional grant funding from the city.
 - In addition to the development details noted above, the conveyance will include a due diligence period with closing to occur within approximately 60 days from the end of the due diligence period, and a reverter clause that can be enforced if the units are not completed and available for occupancy within three years from the date of the deed conveying the Property to the Developer.

Background

- The Spring 2020 Sugar Creek/I-85 Design Sprint Report and 2022 West Sugar Creek Corridors of Opportunity Playbook recommended reducing the concentration of economy hotels/hotel rooms at the interchange of Sugar Creek and I-85 to support crime and violence prevention in the area including through the acquisition of hotel property for housing development.
- A key priority of the Playbook also included increasing affordable housing homeownership options and maintaining affordability.
- On November 14, 2023, the Planning Commission reviewed the proposed sale of the Property and had no comments.
- This transaction is consistent with the City-Owned Real Estate and Facilities Policy, the Guidelines for Evaluation and Disposition of City Owned Land for Affordable Housing, and supports the recommendations of the I-85/Sugar Creek Corridors of Opportunity Design Sprint and Playbook.

Fiscal Note

Funding: Proceeds to be deposited into the General Capital Investment Plan

Attachment(s)

Map
Resolution