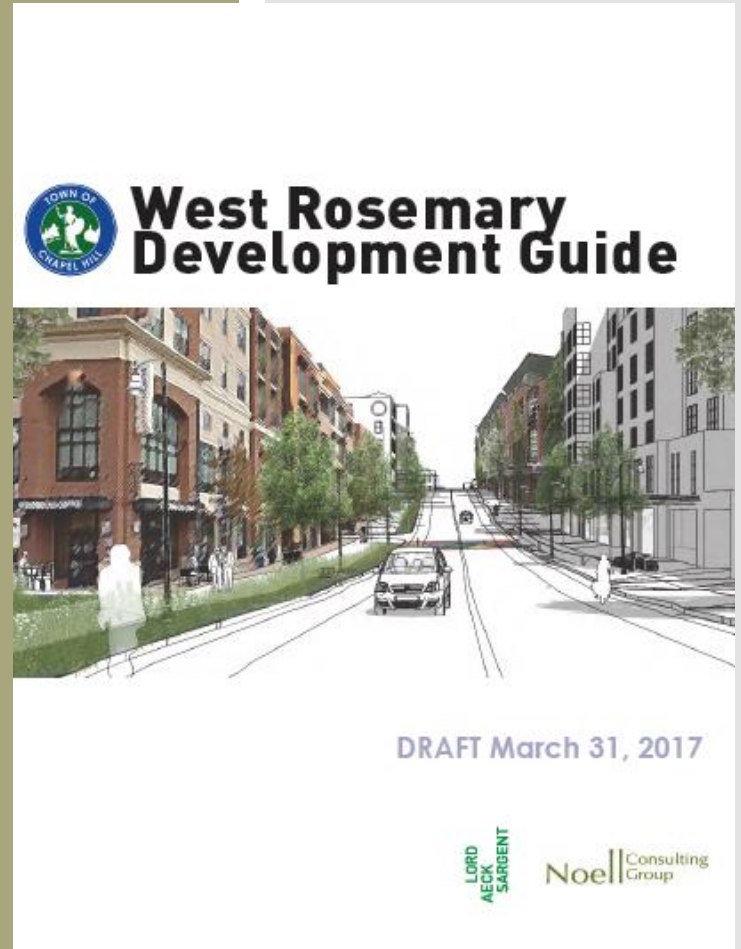


# West Rosemary Street Development Guide Market Analysis Briefing

Council Committee on Economic Sustainability



# Planning Together

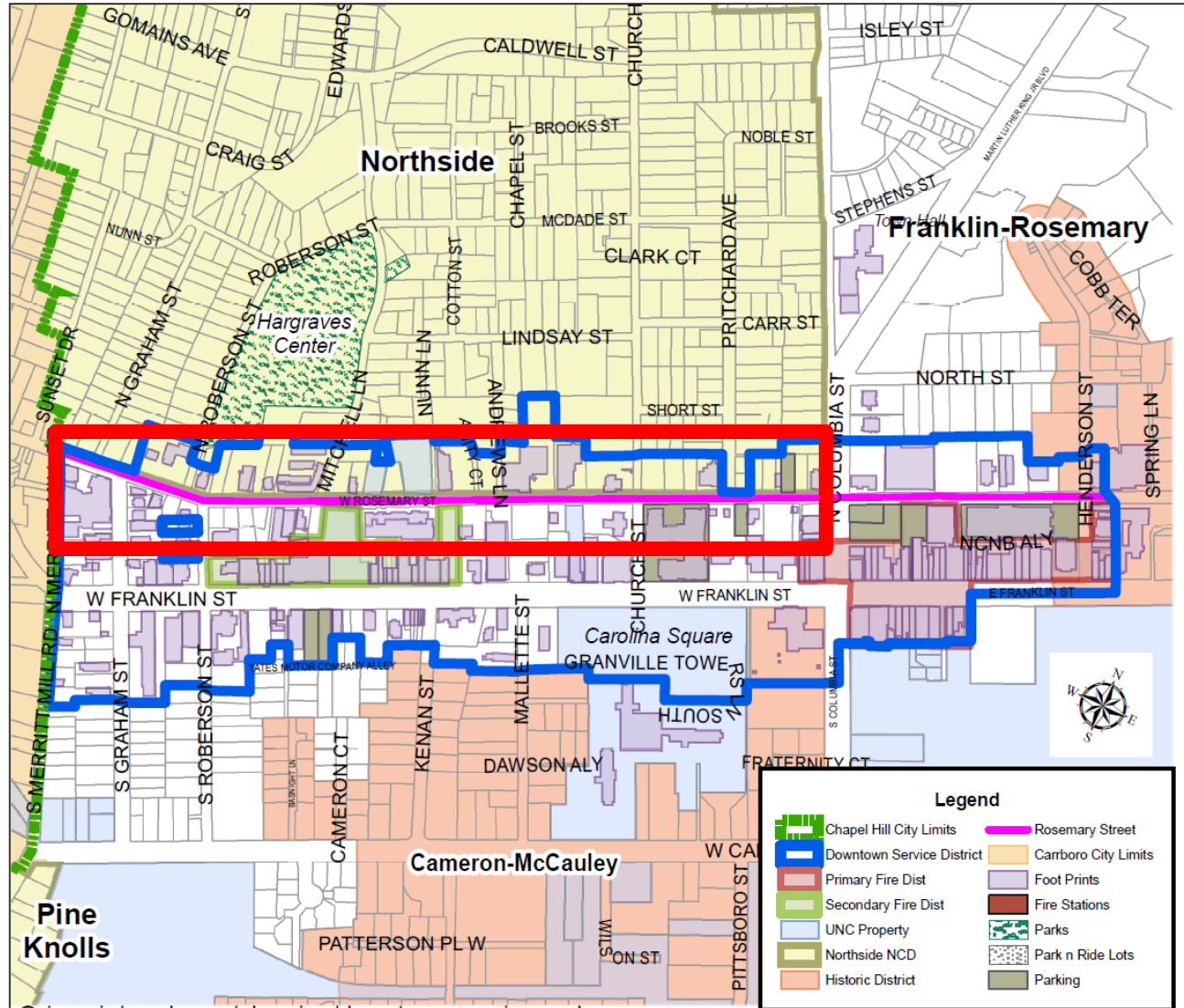
Community

Planning and Sustainability  
+  
Housing and Community  
+  
Economic Development

Choices

Connections

# Project Overview



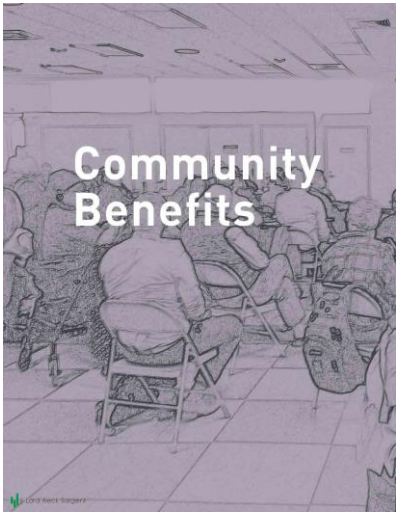
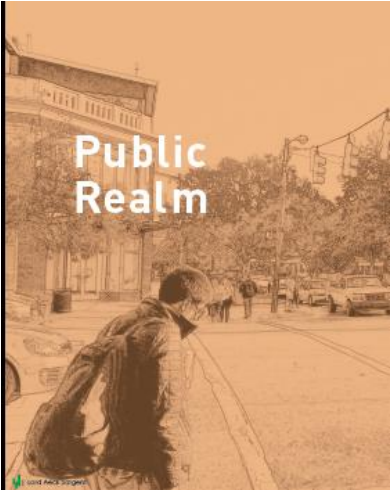
## Project Goal

To create **guidelines** and regulations with **visual representation** of design concepts for West Rosemary Street regarding commercial and economic development that are **consistent with the vision statements of the Northside Neighborhood Conservation District.**

Community  
Priorities  
*(do and don'ts)*

- **Identity:** Historic African American identity
- **Community Benefits:** Affordable housing and business space
- **Restrictions:** Restrict additional student rental housing
- **Compatibility:** Physical size and use
- **Public Space:** Green space
- **Accessibility:** pedestrian priority and parking

# Guide Components





# Market Analysis

## Market Analysis

### Development Cost & Density

The following table shows the discrepancy between the types of land use desired by the community (low density, retail) versus what the forecasted market demand is projecting (multi-family residential, condominiums). It also shows the approximated land value per acres for each land use type, and the minimum required density (number of floors) and ideal location along the West Rosemary corridor to make the development solvent.

Building Type	Closest In line with:	Community Vision	Market Demand	Land Value (\$/Acre)	Density (Floors)	Location
Single Family 	✓	✓	✓	\$500k	1	Neighborhood Adjacent
Townhouse 	✓✓✓	✓	✓	\$1M	2	Neighborhood Adjacent
Retail 	✓✓✓	✓	✓	--	--	Only at Corners
Multi-Family Apartments 	✓	✓✓✓	✓✓✓	\$1.5M	4	Along Rosemary (lg. lot)
Mid-Rise Office 	✓✓	✓✓	✓✓	\$2M	4	Along Rosemary (lg. lot)
High-Rise Office 			✓✓	\$2.5M	8	Along Rosemary (lg. lot)
High-Rise Condo 			✓✓✓	\$3.5M	8	Rosemary Corner Lot
Hotel 			✓✓	\$4M	4-8	Rosemary Corner Lot

# Land Prices and Density of Residential Development

## FIXED

### Development Costs

- Construction
- Soft cost:  
%20-%25
- Profit margins:  
%20-25%

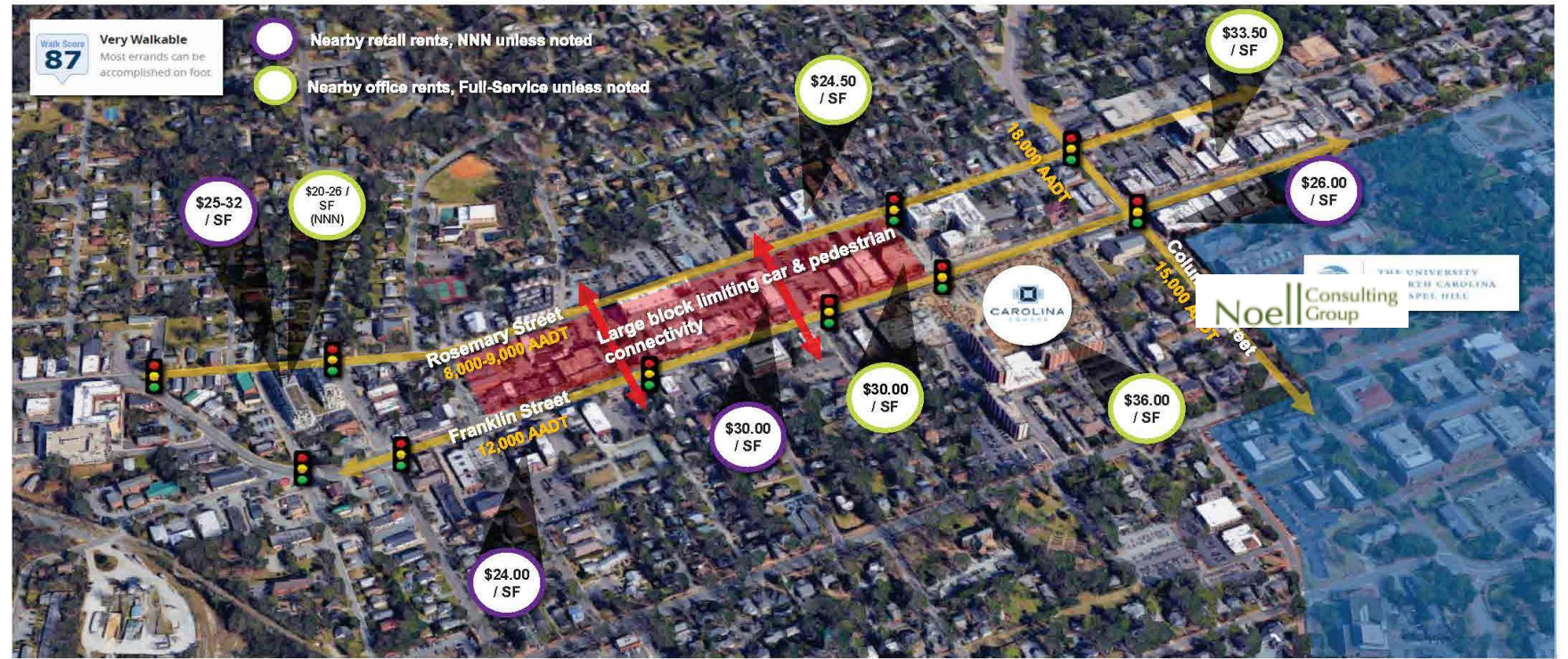
## VARIABLE

### Density

- \$1Million or  
less: 2 stories
- \$2M-\$3M: 4-5  
stories
- \$4.5: 7-8  
stories

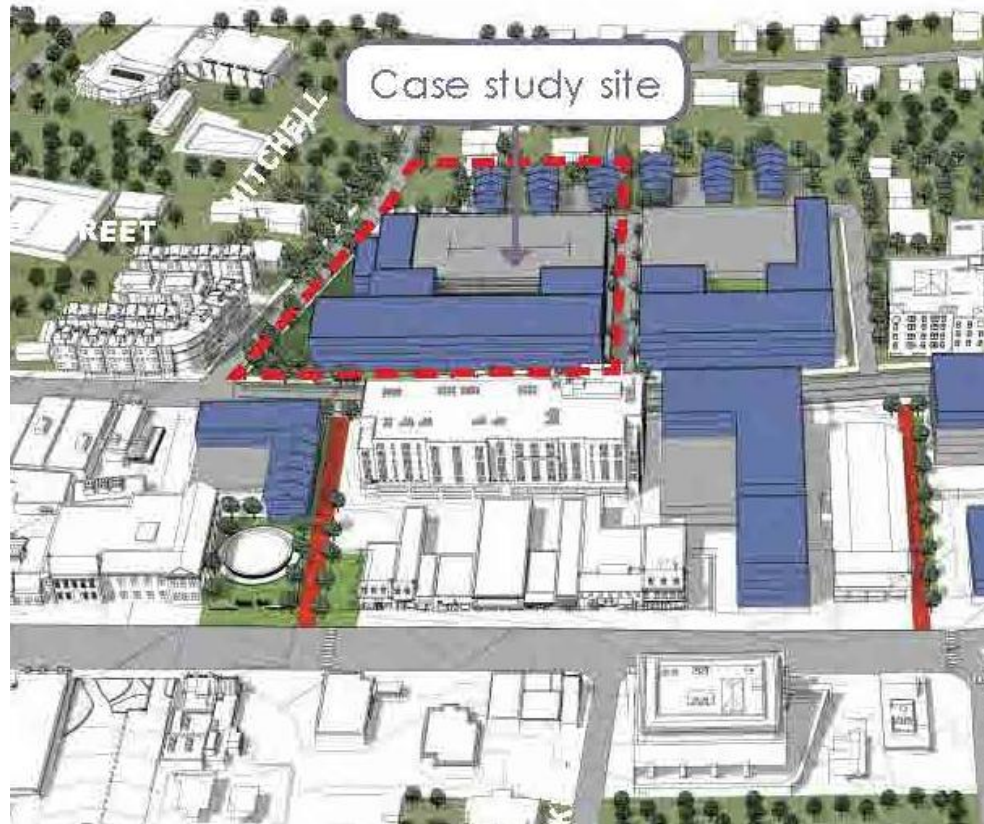


# Retail and Office



- Walkable environment near major employment core and nearby restaurants and nightlife.
- Lack of connection between Rosemary and Franklin, relatively low AADT (annual average daily traffic) for retail.
- Market is reliant on UNC and UNC Health Care, provides roughly 70% of local employment. Carolina Square is 60% leased by UNC.
- Chapel Hill is not as well positioned as other locations in the region in terms of adjacencies and Downtown lacks immediate highway access so it is not as connected to the rest of the region.

# Market Case Study



- Line both sides of the street with infill development to activate the street
- Limit the height on the north side of the corridor
- Transition building heights down to adjacent residential and buffer neighborhoods
- Limit the amount of surface parking and use structured parking where possible
- Provide space for pedestrian connections and pocket parks

# Market Case Study



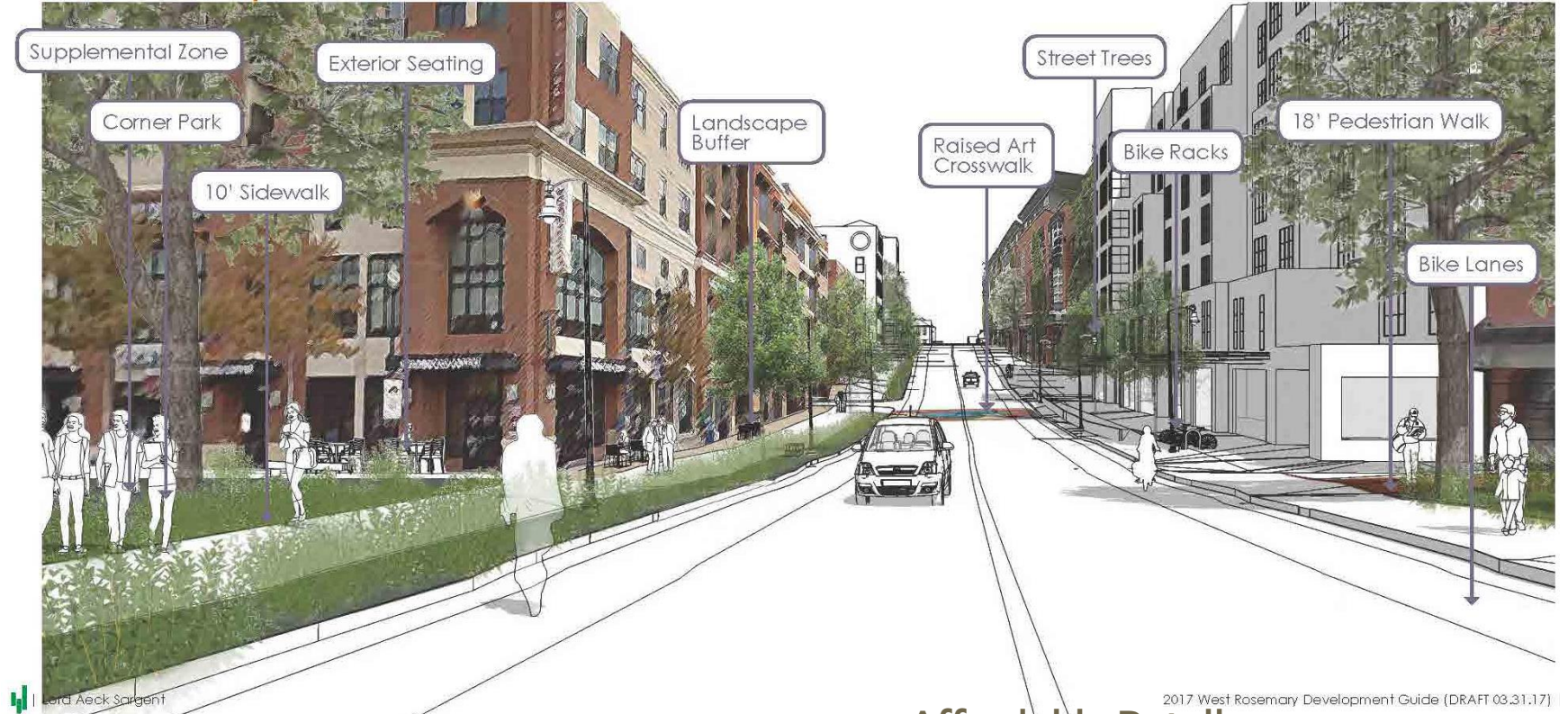
## Assumptions:

- 2.3 Acres
- \$4.5M (\$1.96M per Acre)

## Outcomes:

- 226 Structured Parking Spaces
- 4 Stories
- 150 Units at market rate rental, 1-2 Bedroom
- 10,000 SF Retail

# Market Case Study



## Affordable Housing

- Affordable Housing Density Bonus/Subsidy
  - 20% of units at 80% AMI: 39 density bonus/ \$2.3M
  - 20% of units at 60% AMI: 69 density bonus/\$4.4M

## Affordable Retail

- Retail Subsidy to reduce rent or increase space
  - \$10 per square foot = 44 Density Bonus/2.6M
  - 25,000 square foot = 67 Density Bonus/4M Subsidy

# Market Analysis Summary

- **Land Prices**
  - \$1M-4.5M
  - Drives density, height and development typology.
- **Retail**
  - Not currently strong market for retail. Focus on corners.
- **Office**
  - Ground floor could be affordable and shareable office space.
- **Residential**
  - Consider age restrictions and not allowing co-signers.
  - 55+ and millennials is a viable market
- **Affordable Housing**
  - Requires Subsidy: Land buy-downs or public financing of portions of the development such as public space or parking