

**Town Properties Task Force**

**Recommendations for Strategic Uses  
of Town-Owned Properties**

**Town of Chapel Hill Town Council**

**June 26, 2017**

## **Executive Summary**

The Town Council established the Task Force on Strategic Uses of Town Properties, also known as the Town Properties Task Force (TPTF), on January 18, 2017. The TPTF was established to undertake a strategic evaluation of Town-owned properties and recommend clear guidelines for considering proposals for use and/or sale of Town properties. The TPTF has developed recommendations related to processes and individual tracts of real property that could achieve greater clarity and more successes in achieving Town goals.

The group initially reviewed all Town properties. However, early in the process the TPTF agreed to restrict its review to a set of twenty-two priority properties that have the potential to be re-purposed in a way that could benefit the community. Once the list of priority properties was established, the Task Force toured the properties, identified potential issues, agreed to possible uses of the properties, and developed specific recommendations for each tract.

The TPTF also formulated a set of guiding principles that if adopted are intended to assist the Council and staff in evaluating proposals related to real property and were used by the TPTF with deliberation.

The TPTF preliminary recommendations and findings were presented to the public on June 8.

Recommendations related to specific properties were grouped in one of three categories:

### **Properties Recommended for Re-Use**

- Develop timeline and issue Requests for Proposals with criteria and evaluation consistent with the Guiding Principles

### **Properties Requiring Additional Planning**

- Conduct further study and planning with public input to refine uses, subject to Council approval.

### **Property Decisions Related to Unsolicited Proposals**

- Establish procedures for disposal, repurposing, and acquisition of real property that involve a transparent and predictable process based on the Guiding Principles and priority uses.

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## **Charge to the Town Properties Task Force**

The Town Council established the Council Task Force on Strategic Uses of Town Properties on January 18, 2017, pursuant to Resolution 2017-01-18/R-9. The resolution also provided for the group to be referred to as the “Town Properties Task Force” and/or “TPTF.”

Council charged the Task Force with developing a strategic framework and initial ideas for specific Town-owned sites. The charge called for the Task Force to provide a report for Town Council review in June 2017 and provided for the Council to discharge the Task Force upon Council’s acceptance of the Task Force’s report unless the Council took action to extend it.

## **Background & Rationale**

The Town of Chapel Hill owns a large portfolio of real property. The Town periodically assesses properties in its holdings to determine how they might be used differently to further the Town’s goals. Those assessments included a process that began in 2012 with the help of the Real Property Asset Review Group to evaluate Town-owned properties. These prior efforts resulted in the Town re-deploying selected properties to advance Town goals as well as receiving proposals for uses of Town-owned properties.

Over the past few years and as a result of periodic assessments, the Town has re-deployed selected properties to advance Town goals, including:

- Redevelopment of Parking Lot 5 into the 140 West Franklin mixed use development in support of Downtown revitalization

- The sale of a landmark building, the old Library on East Franklin Street, to be repurposed by the UNC Arts and Sciences Foundation for offices and meeting spaces, and
- Redevelopment of the Fire Station 2 site on Hamilton Road to include a new fire station as well as a mixed use development.

The Town occasionally receives unsolicited proposals for redevelopment of some Town-owned properties. Examples include Parking Lot 2 and Fire Station 4. However, no formal guidelines are in place for evaluating such proposals.

Recognizing these factors, the Council established the Town Properties Task Force to develop a strategic framework and initial ideas for specific Town-owned sites and to provide greater clarity in decision-making around use of Town properties

## **Membership of the Town Properties Task Force**

The members appointed to the Task Force represented a variety of interests and expertise. Those appointed were:

Jessica Anderson, Town Council member  
Millicent Bowie, real estate professional  
Dan Levine, affordable housing representative  
Gordon Merklein, UNC representative  
Michael Parker, Town Council member and Task Force Chair  
Doug Rothwell, community member  
Bruce Runberg, community member  
Don Tise, architect  
Rosemary Waldorf, member of the previous Real Property Assets Review Group  
Kevin Hicks, community member (resigned).

Town of Chapel Hill staff providing support to the Task Force were:

Bill Webster, Planning and Development Manager for the Parks and Recreation Department

Carolyn Worsley, Assistant to the Town Attorney

Deborah Squires, Senior GIS Technician

## **Overview of the Task Force’s Process**

The Task Force began work in February 2017 and met seven times through mid-June. The Task Force also conducted a two-session public input meeting on June 8, 2017. All meetings were open to the public. Minutes and meeting materials are available on the [Town Properties Task Force page](#) on the Town of Chapel Hill website).

Work began by focusing on 22 Town-owned sites that might be available for alternative uses, which the Task Force referred to as “potential priority properties.” This list was developed following a review of all Town-owned properties to exclude properties for which development or re-purposing would be unlikely due to factors such as:

- Current use: Is the property already being used?
- Ability to develop the property: Are there restrictions such as floodplains or steep slopes?
- Size: Some tracts are too small to be developed or repurposed.
- Legal constraints: Are there known easements or deed restrictions that would prohibit development?

For its second meeting, the Task Force took a driving tour of Town-owned properties and began discussing the potential uses and noting key questions and issues for each site, contemplating questions such as:

- What strategic need(s) would the property meet?
- What are some possible options for use of the property?

## **Task Properties Task Force Meetings**

### **January 18, 2017**

Town Council Established  
Task Force | Appointed Members

### **February 10, 2017**

Kick-Off Meeting | Agreed to Work  
Plan | Selected Priority Properties

### **March 2, 2017**

Driving Tour of Priority Properties

### **March 23, 2017**

Reviewed Priority Properties |  
Discussed Priority Uses to Further  
Town Goals

### **April 5, 2017**

Prioritized Properties | Agreed to  
Guiding Principles | Identified  
Priority Uses

### **May 4, 2017**

Discussed Initial Decisions on  
Priority Properties | Discussed  
Preliminary Recommendations

### **May 26, 2017**

Finalized Preliminary  
Recommendations

### **June 8, 2017**

Present Recommendations to Public  
| Received Comments

### **June 16, 2017**

Reviewed Public Comments |  
Discussed Proposal Process |  
Authorized Additional Revisions as  
Needed

### **June 26, 2017**

Presented Report to Town Council

- What is a timeframe for uses?
- Are there interdependencies to consider?
- Are there challenges associated with development of the property?

The Task Force discussed and developed a list of principles to guide the Town in evaluating the future use of Town properties. The Task Force also discussed and identified priority uses for properties based on Town needs.

Consensus on preliminary recommendations for specific properties emerged during discussions over several meetings. Preliminary recommendations were presented for public comment on June 8, 2017. The Task Force reviewed public comment and finalized recommendations at its June 16, 2017 meeting.

## **Guiding Principles**

The Task Force drafted a set of “Guiding Principles for Evaluating Town-Owned Properties.” The guidelines identify key considerations for evaluating potential uses/re-uses of Town-owned properties. Guidelines first address when it might be appropriate to dispose of

Town property. Guidelines then identify additional considerations should an initial evaluation determine that disposal might be appropriate. The Task Force agreed to the content of the Guidelines on April 5, 2017.

### **Guiding Principles for Evaluating Town-Owned Properties** (Town Properties Task Force, April 2017)

#### **Should the Town Dispose of Property?**

- Disposal can be considered if the property has no significant public value, results in high costs to the Town, or private ownership would bring new value to the community.
- Disposal/repurposing decisions should take into account current and anticipated future Town facilities and infrastructure needs.
- Town properties should not be disposed of solely for cash, except in such cases where the proceeds will be invested to support strategic initiatives or where no “public use” is appropriate. Disposition should always be in furtherance of the Town’s strategic goals.
- A public benefit can be gained by banking publically-owned properties until such time as they may be needed, even if there is no use for these properties at the present time.
- The Town should utilize independent financial analysis to make informed decisions.
- The Town should consider the full economic value—sale proceeds plus projected property and sales tax revenues in making disposition decisions.
- The Town should actively seek out and consider input from stakeholder groups.
- The Town should maximize opportunities to collaborate with other public organizations to share resources and facilities.
- The Town should not accept donations of real property unless there is a significant public benefit.

#### **If Disposal Makes Sense, How Should the Town Proceed?**

- Disposition will be in accordance with North Carolina General Statutes, meaning that *most* property sales will go through a public request for proposals or upset bid process. Certain uses, such as affordable housing, may allow for private negotiated sale.
- Insofar as possible, the Town should use long-term leases (50+ years) rather than outright sales in order to preserve control over uses and allow the possibility of reversion to the Town in the future.
- Land swaps/trades can be considered.
- Property disposition shall be guided by Town Council-adopted community plans, and shall focus first on uses not likely to occur through dynamics of the private real estate market alone.
- The Town shall establish a disposition process that screens potential purchasers to ensure that they are qualified (track record) to carry out the development proposed. Even then, Town should reserve a right of reversion/re-purchase if buyer does not deliver the proposed use within certain period of time from acquisition.
- The Town shall make properties available at below market rate, as low as \$1, for uses that support public interests such as affordable housing. In such cases, the purchaser must demonstrate that it needs this in-kind subsidy.
- The Town should have the flexibility to acquire adjacent property in order to maximize the financial or programmatic value of Town-owned sites prior to disposition.

## **Priority Uses**

The Task Force drafted a list of “Priority Uses of Town-Owned Properties to Further Town Goals” to identify ways that Town-owned property could be used to support or further goals of the Town of Chapel Hill. The Task Force agreed to the list of priority uses on April 5, 2017.

### **Priority Uses of Town-Owned Properties to Further Town Goals (Town Properties Task Force, April 2017)**

- Affordable housing, including mixed income opportunities
- Conventional market uses in high value locations, such as corner retail opportunities
- Cultural Arts
  - Instructional | Gallery space | Workspace | Performance space | Children’s museum or other family-focused amenity
- Facilitate development of affordable office space to nurture and retain entrepreneurial companies
- Hold for future community needs not yet anticipated (i.e., land bank)
- Infrastructure (such as stormwater facilities)
- Non-profit and small business office/retail space at affordable rents
- Parking
- Open space for preservation of stream corridors, wildlife corridors, and trails
- Recreation including indoor facilities, and outdoor facilities, such as playing fields
- Schools
- Town offices or other needed facilities

## **Task Force Recommendations**

### **Related to Specific Priority Properties**

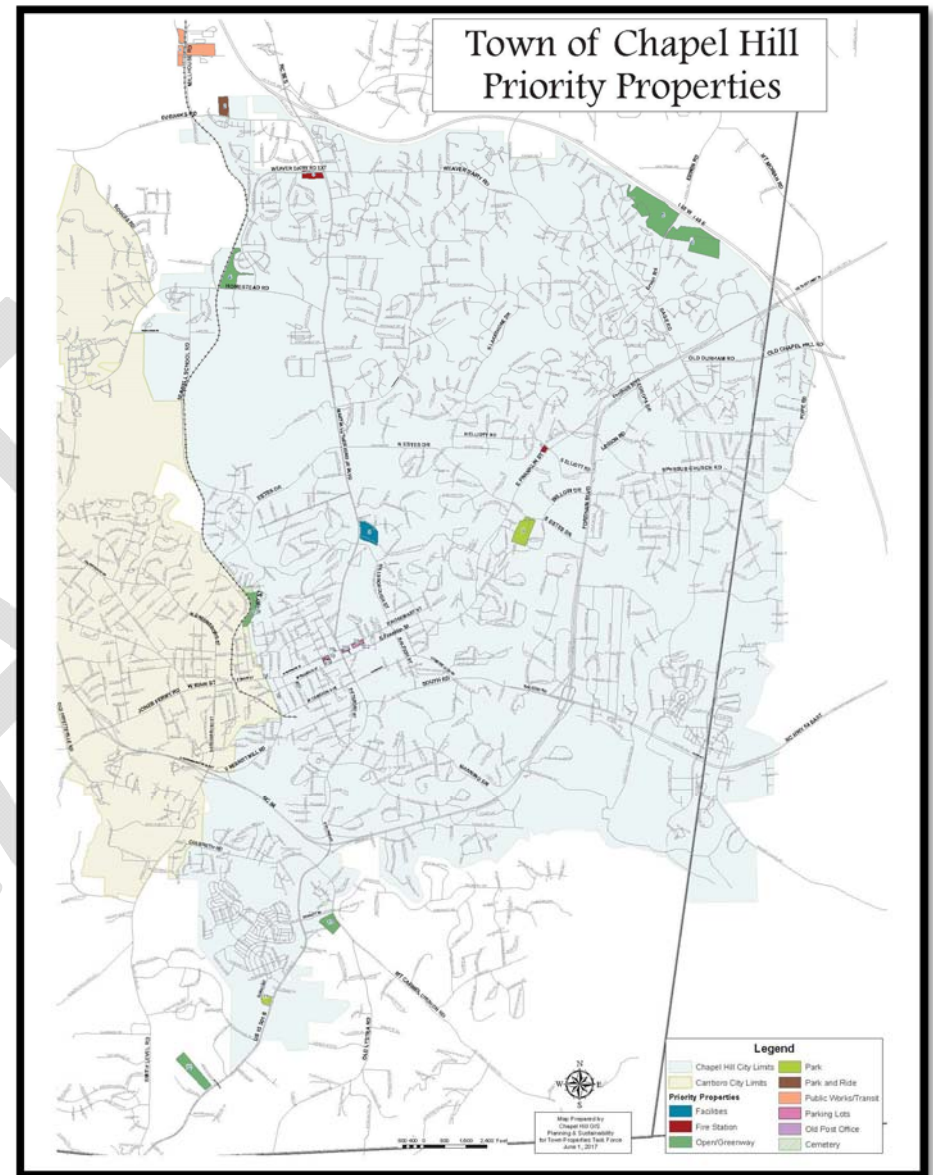
The Task Force chose 22 town properties for detailed review. The Task Force visited all of the properties, discussed costs and benefits related to each. The Task Force then considered several options and made three general levels of recommendations:

- For some properties the Task Force recommended making no changes to the current uses.
- For most properties the Task Force recommend further study to see if properties could be repurposed in some way that would benefit the community. These properties have more complex issues that need further study to balance competing needs,
- Take immediate action to make properties on Jay Street available for affordable housing and begin the process to make the Plant Road property available for affordable housing once the Parks and Recreation offices can be relocated.

On the following pages are the Task Force’s specific recommendations.

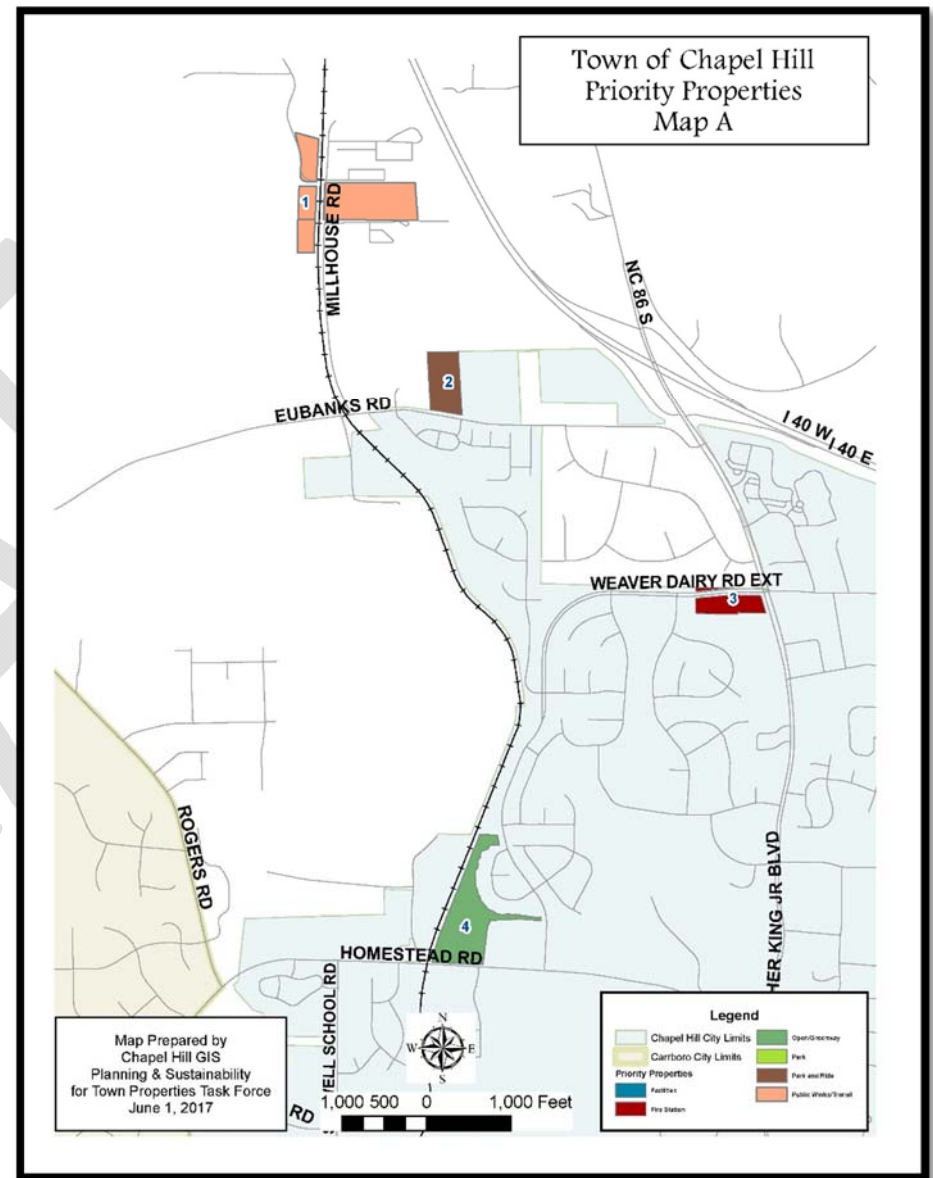
## Consolidated List of Properties

- | <u>No.</u> | <u>Location</u>  |
|------------|--|
| 1          | <b>6850 Millhouse Rd.</b> (west side of road)<br><b>6900 Millhouse Rd.</b> (east side of road between Chapel Hill Transit Center and Town Operations Center)   |
| 2          | <b>Eubanks Road Park and Ride Lot</b> , 200 Eubanks Rd.  |
| 3          | <b>Fire Station #4</b> , 101 Weaver Dairy Rd. Ext. at intersection with Martin Luther King Jr. Blvd.   |
| 4          | <b>2200 Homestead Rd.</b>  |
| 5          | <b>Open space known as the Dry Creek properties</b> , Southwest corner of Erwin Road and I-40  |
| 6          | <b>Open space known as the Dry Creek properties</b> , Southeast corner of Erwin Road and I-40  |
| 7          | <b>Fire Station #3</b> , 1615 E. Franklin St. at intersection with Elliott Road  |
| 8          | <b>Parks and Recreation Department Office</b> , 200 Plant Rd.  |
| 9          | <b>Police Center</b> , 828 Martin Luther King Jr. Blvd.  |
| 10         | <b>Open Space – Mount Carmel Church Rd.</b> , near the intersection of Bennett Road and Mt. Carmel Church Road   |
| 11         | <b>Southern Community Park Parcel</b> , 100 Sumac Rd.  |
| 12         | <b>Open Space – 1610 US 15-501 South</b>   |
| 13         | <b>Open space in the Northside area (small tract)</b> , south of Village Drive and east and south of Jay Street<br><b>Open space in the Northside area (large tract)</b> , east of the Norfolk Southern Railroad |
| 14         | <b>Parking Lot</b> , 604 W. Rosemary St.   |
| 15         | <b>Parking Lot</b> , 108 Graham St.  |
| 16         | <b>Parking Lot</b> , 415 W. Franklin St.   |
| 18         | <b>Parking Lot</b> , 127 W. Rosemary St.   |
| 20         | <b>Parking Lot #2</b> , 100 E. Rosemary St. at intersection with Columbia Street   |
| 21         | <b>Wallace Parking Deck</b> , 150 E. Rosemary St.  |
| 22         | <b>Old Post Office</b> , 179 E. Franklin St.   |



## Recommendations

- A-1 (left) 6850 Millhouse Rd. (west side of road)**  
6 acres (approx.)
- Explore ways to work with developers to realize the vision of the Town Council’s adoption of the light industrial zoning to support a variety of light industrial uses in the area.
  - Determine if Town properties could enhance the development of Orange County’s 80 acres north of Millhouse Road for recreational use.
- A-1 (right) 6900 Millhouse Rd. (east side of road between Chapel Hill Transit Center and Town Operations Center)**  
10 acres (approx.)
- Do not consider for reuse until decisions are made about the location of a proposed solid waste transfer station and/or whether the property will be needed for bus parking or other Town purposes.
- A-2 Eubanks Road Park and Ride Lot, 200 Eubanks Rd.**  
6.22 acres
- Take no further action to study possible uses of the property until more information is available related to use from the planned Bus Rapid Transit (BRT) and the Carraway Village development.
- A-3 Fire Station #4, 101 Weaver Dairy Rd. Ext. at intersection with Martin Luther King Jr. Blvd. 5.43 acres**
- Take no action until a new location is found for the training center in partnership with other local agencies.
  - If the training center is relocated, explore private/public partnership opportunities similar to Fire Station #2 on Hamilton Road for rebuilding the station on site or relocate the fire station and repurpose the property.
  - Any redevelopment of the site, including rebuilding of the fire station on site, should enhance the visual impact of Chapel Hill’s northern gateway.
- A-4 2200 Homestead Rd. 14.25 acres**
- Task Force affirms efforts currently underway between the Town, UNC Health Care, and other housing partners to utilize this site for affordable housing projects.





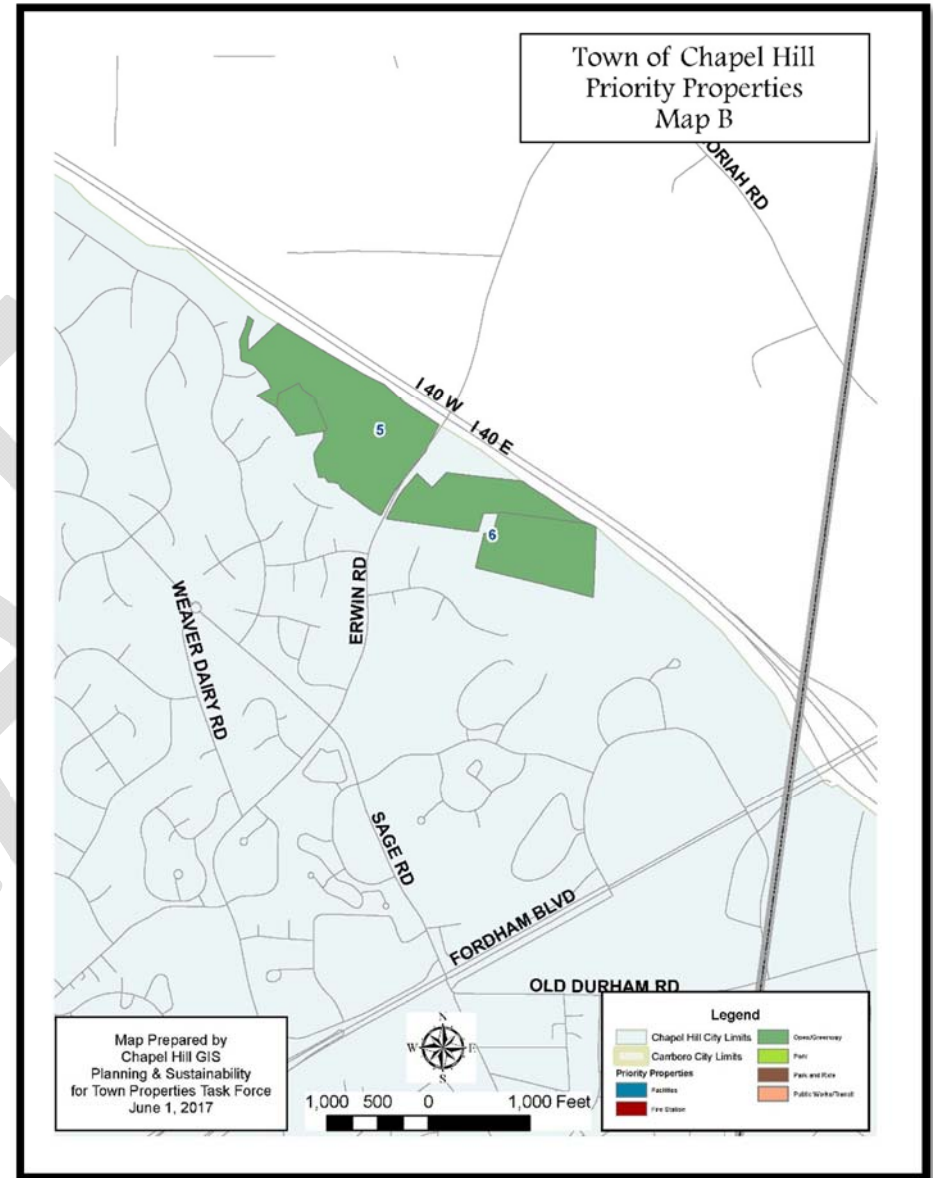
## Recommendations

**B-6** Open space known as the Dry Creek properties, Southeast corner of Erwin Road and I-40 71.37 acres

- These properties were purchased for parks and open space purposes. They provide critical buffers for the Dry Creek wetlands, wildlife habitat, and a future greenway corridor. Continue to manage them as open space and a possible neighborhood park, as specified in the Parks Master Plan.

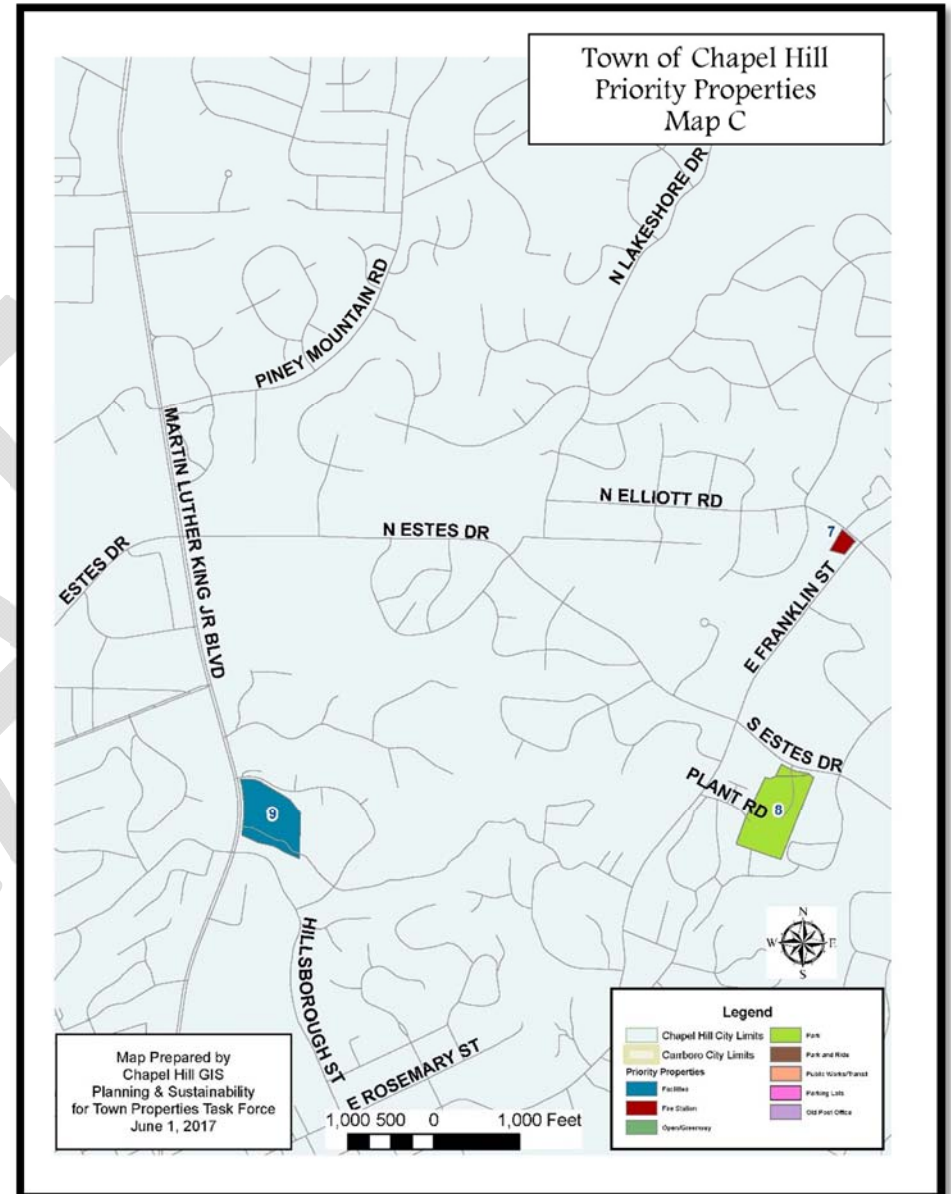
**B-5** Open space known as the Dry Creek properties, Southwest corner of Erwin Road and I-40 35.53 acres

- These properties were purchased for parks and open space purposes. They provide critical buffers for the Dry Creek wetlands, wildlife habitat, and a future greenway corridor. Continue to manage them as open space and a possible neighborhood park, as specified in the Parks Master Plan.



## Recommendations

- C-7 Fire Station #3, 1615 E. Franklin St. at intersection with Elliott Road 1.05 acres**
- The fire station is obsolete and should be replaced.
  - If it is determined that the fire station should not be relocated, explore a public-private partnership for redevelopment of the site in conjunction with a new fire station similar to Fire Station #2 on Hamilton Road. This type of relationship likely would also be enhanced by acquisition of the adjoining property.
  - If the fire station is relocated to an appropriate site, then sell this site for development, possibly enhanced by the acquisition of a neighboring parcel.
  - Possible uses other than for a fire station might include: Retail, Office, Housing, Cultural arts
- C-8 Parks and Recreation Department Office, 200 Plant Rd. 3.2 acres (Approx.)**
- Actively explore opportunities to develop affordable housing due to this site's central location, proximity to shopping and transit access, and lack of physical constraints.
  - Explore an alternative community benefit should affordable housing prove not to be feasible.
  - Any actual re-development will be contingent on relocating the existing Town functions on the site, most likely to a Municipal service facility housing several Town functions.
- C-9 Police Center, 828 Martin Luther King Jr. Blvd. 10.24 acres**
- Although the site has the potential to be valuable, either financially or for a community benefit use, the presence of coal ash makes planning extremely problematic at this time.
  - Relocating the Police Center into a proposed Municipal Service facility will be required before the site can be repurposed or disposed of.
  - It appears that ongoing environmental assessment and remediation work will require a year for completion. During this time, the Town may wish to explore options for working with private developers for potential site redevelopment through the North Carolina Brownfields Program and/or engaging UNC School of Government's Development Finance Initiative to investigate other potential funding sources for redevelopment.



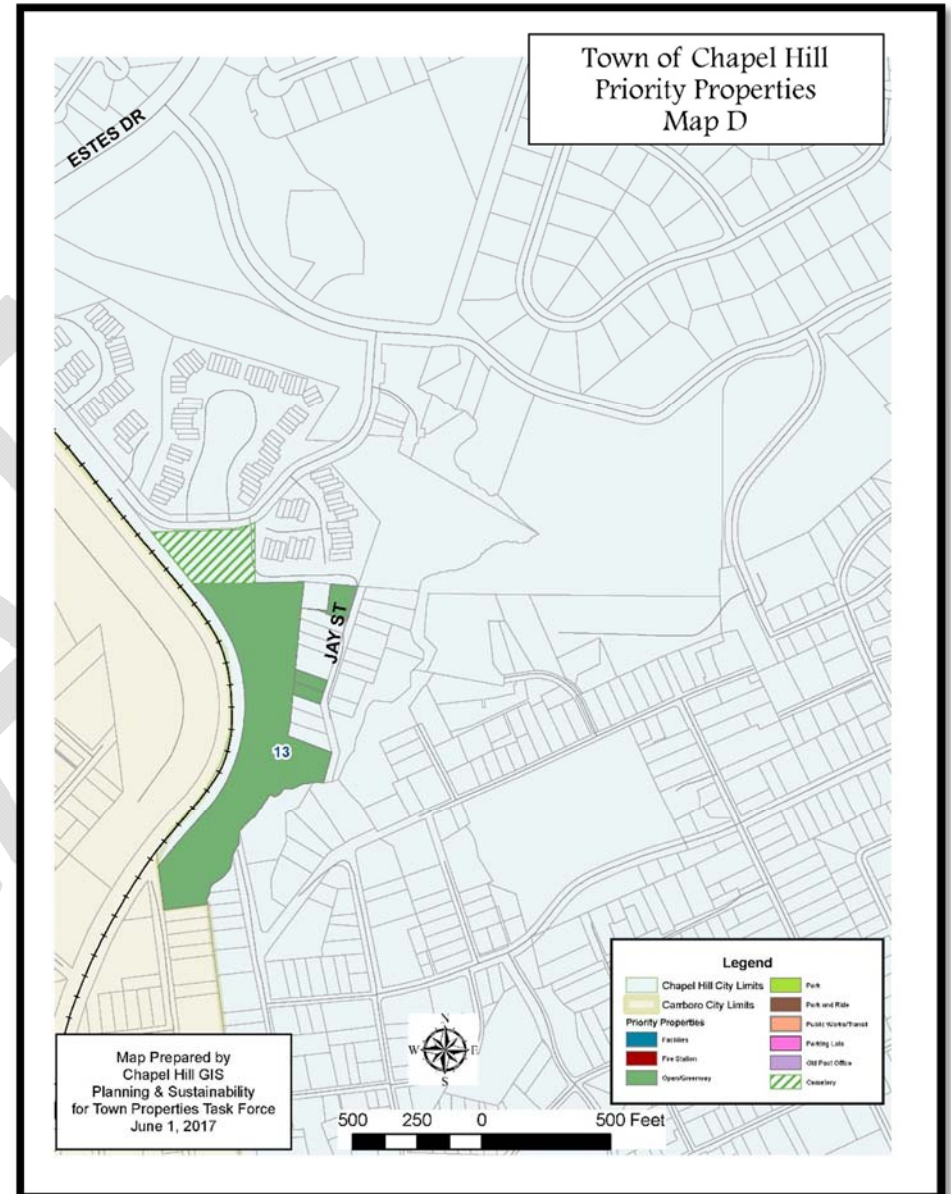
## Recommendations

**D-13 (3 small)** **Open space in the Northside area (small tracts), south of Village Drive and east and south of Jay Street**  
One tract of .28 acres and two adjacent tracts of .14 acre and .13 acre

- Partner with a non-profit provider and offer the lots on Jay Street as potential affordable housing opportunities.

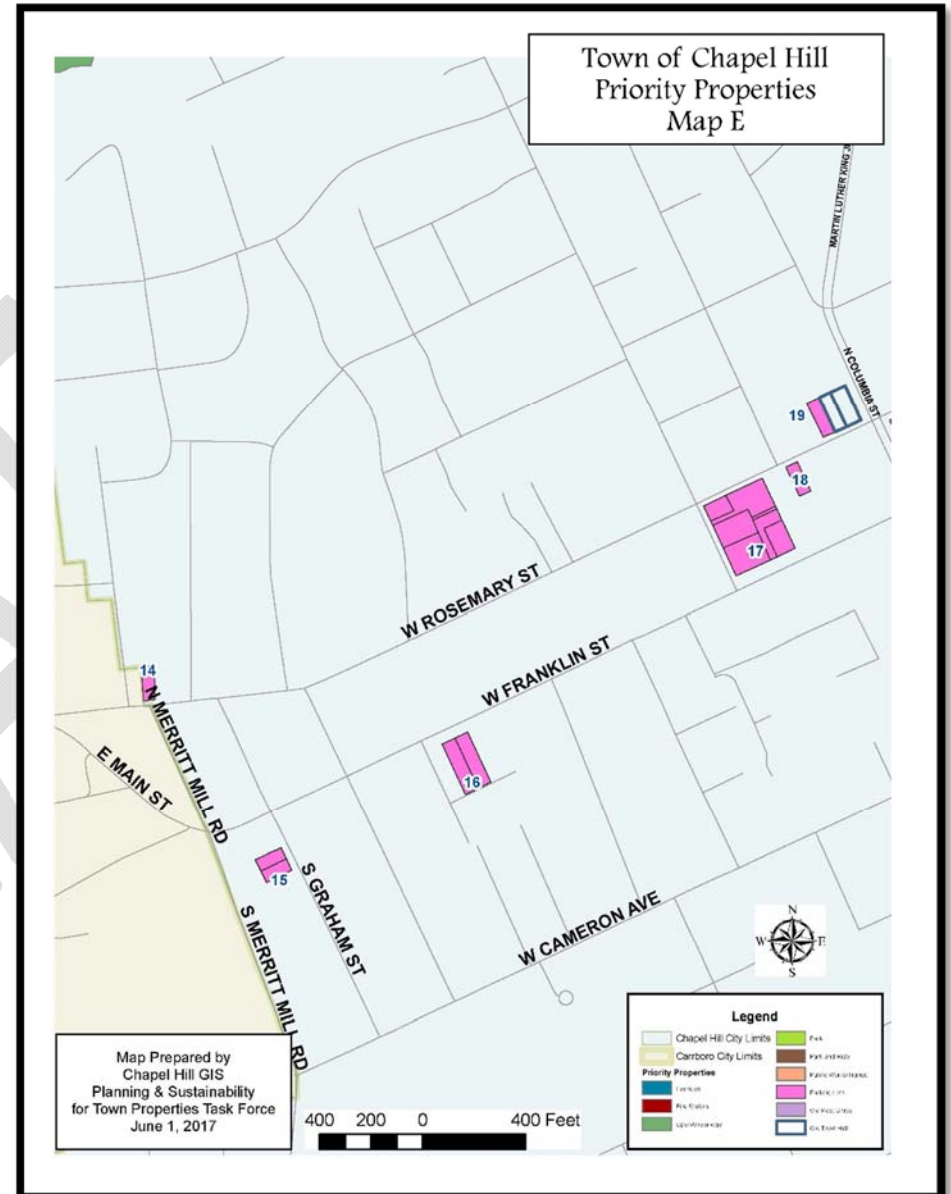
**D-13 (large)** **Open space in the Northside area (large tract), east of the Norfolk Southern Railroad 7.34 acres**

- Due to potentially difficult access issues, continue to manage portions of the property as open space and preserve the corridor of the future campus-to-campus bike trail.



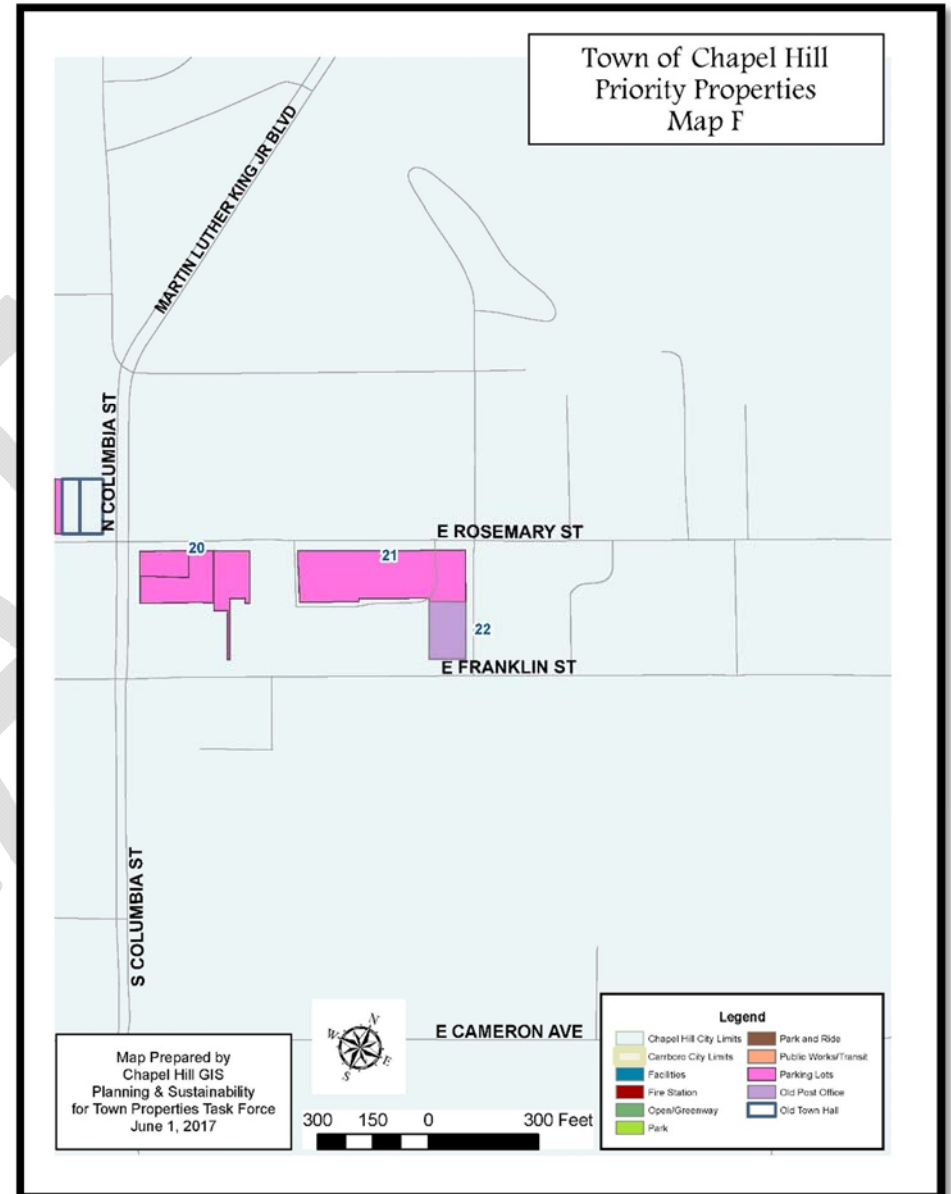
## Recommendations

- E-14 Parking Lot, 604 W. Rosemary St. .54 acre**
- Postpone decisions as to possible uses of smaller parking lots in the downtown until such time as a comprehensive overall parking plan is adopted for the downtown area.
- E-15 Parking Lot, 108 Graham St. .12 acre**
- Postpone decisions as to possible uses of smaller parking lots in the downtown until such time as a comprehensive overall parking plan is adopted for the downtown area.
- E-16 Parking Lot, 415 W. Franklin St. .54 acre**
- Focus on cultural and/or performing arts space, market and/or affordable housing, or office/incubator space uses.
  - Any commercial redevelopment of this site would require some dedicated parking to be financially viable and would need to be done in conjunction with parking solutions that replace the current surface parking while being respectful of the surrounding neighborhoods.
- E-18 Parking Lot, 127 W. Rosemary St. .14 acre**
- Postpone decisions as to possible uses of smaller parking lots in the downtown until such time as a comprehensive overall parking plan is adopted for the downtown area.



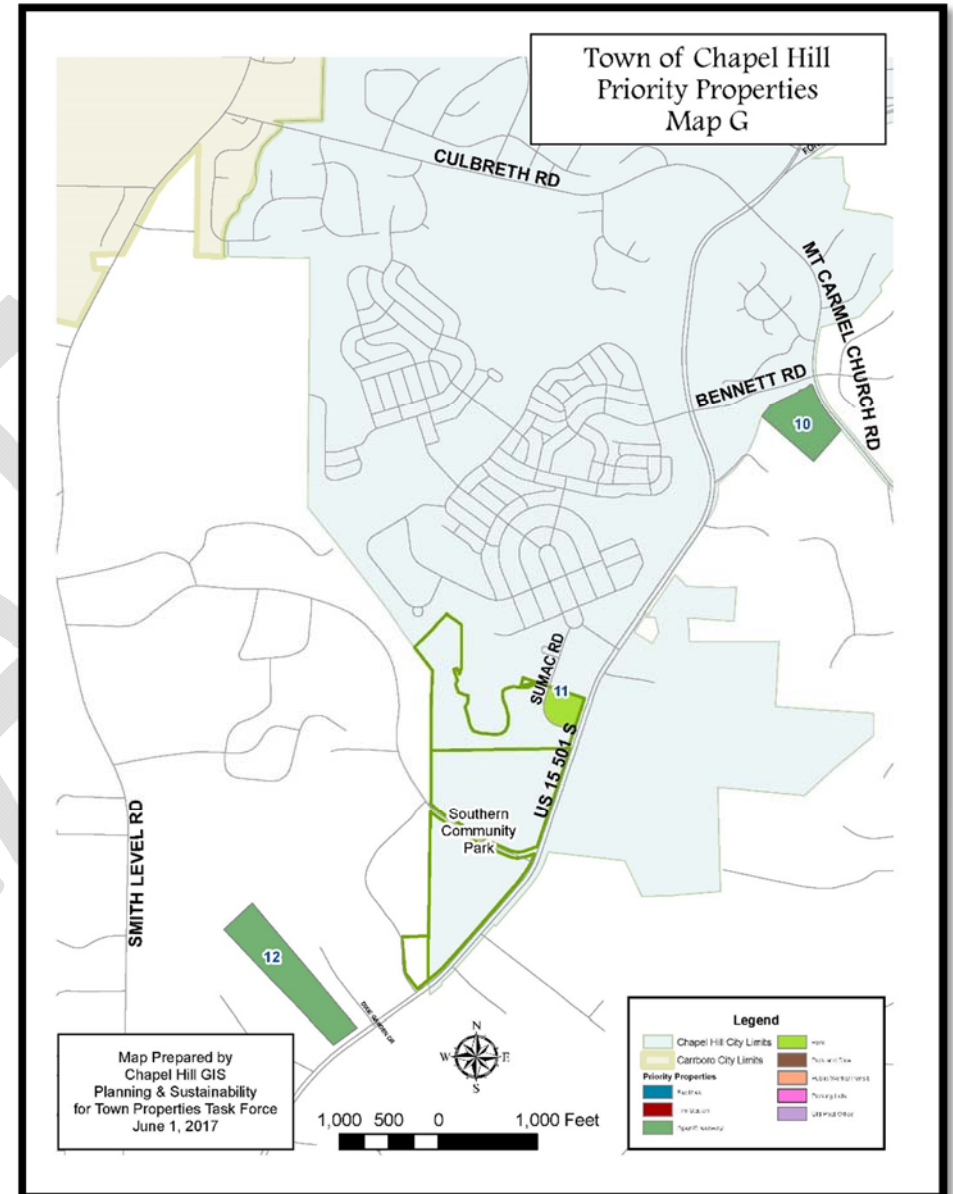
## Recommendations

- F-20 Parking Lot #2, 100 E. Rosemary St. at intersection with Columbia Street 1 acre**
- Holds high financial/community benefit value.
  - Plan for use to create vibrancy and make the Rosemary/Columbia intersection a destination that attracts people to the Downtown.
  - Develop a “four corners” strategy for the entire intersection to foster coordination among owners/developers interested in creating a “sense of place” and transforming the Rosemary/Columbia intersection into a true Downtown destination.
  - Maximize parking potential of Wallace Deck to support redevelopment and new parking demand
- F-21 Wallace Parking Deck, 150 E. Rosemary St. 1.42 acres**
- Continue exploring adding floors to the top of the building for parking and perhaps wrapping the outside of the deck to possibly provide shops, residences, or artists’ studios to the building.
  - A final decision on the amount of parking added should be made in conjunction with an understanding of the future uses and needs of Parking Lot # 2 and after downtown development
  - This parking deck is important from the perspective of providing parking for the downtown and should continue to do so for the foreseeable future.
  - Consider options that allow developers to “purchase” space in the Wallace Deck in lieu of constructing their own building.
- F-22 Old Post Office, 179 E. Franklin St. .36 acres**
- The building has historical significance (e.g., murals) which is enhanced by its location fronting Peace and Justice Plaza and McCorkle Place. It is currently underutilized from that perspective.
  - Continue active discussions regarding how to utilize this building to its full potential.
  - The building would be well suited for some cultural arts or other high community value use function, including a renovation or expansion of the Teen Center, perhaps in collaboration with UNC, if/when the existing court and post office functions can be relocated.



## Recommendations

- G-10 Open Space – Mount Carmel Church Rd., near the intersection of Bennett Road and Mt. Carmel Church Road 7.37 acres**
- Land-bank the property for possible future consideration unless a compelling proposal is made.
  - In the interim continue to manage the property as open space.
- G-11 Southern Community Park Parcel, 100 Sumac Rd. 2.7 acres (Approx.) on north side of Sumac Road 1.5 acres (Approx.) on south side of Sumac Road .6 acres (Approx.) inside of the park**
- The future use of a portion of this area was addressed in the Southern Village Park and Ride Lot potential scenarios formulated in 2015.
  - Reserve this property for integration into potential redevelopment of the Southern Village Park and Ride Lot area and/or connectivity with the proposed Obey Creek project over US 15-501. Should these plans not come to fruition, then the parcel could be considered for a community benefit/cultural arts use.
  - There are four parcels in Southern Community Park, totaling approximately 4.8 acres that the Task Force reviewed. Three are within the Southern Village Park and Ride Development Plan adopted in 2015. No further action on these parcels should be undertaken until a determination about the implementation of the Parks & Recreation Master Plan is made. The fourth parcel, although small (about .6 acres), could be considered for an indoor recreational/cultural arts use.
- G-12 Open Space – 1610 US 15-501 South 12.76 acres**
- Land-bank the property until other developments, such as Obey Creek, take place, particularly in light of the fact that there is no OWASA water or sewer service.
  - Consider this parcel for relocation of the park and ride lot should redevelopment of the Southern Village Park and Ride area occur.



## **Decision-Making Procedures**

The Task Force has identified three general areas for proceeding with its recommendations to Council. We believe the recommendations could be implemented in an efficient manner by taking the following actions:

### **Properties Recommended for Re-Use**

The Town should move forward to re-purpose properties for which a clear use has been defined, and which could be repurposed in a reasonable time frame. This category could apply to the following properties:

- Northside Open Space (Lots on Jay Street)
- Millhouse Road Properties
- 200 Plant Road

For these properties the Town staff should develop an overall timeline for action and then move ahead with Requests for Proposals, such as has been used in the past. Requests for Proposals and any evaluation criteria should be consistent with the Guiding Principles developed by the Task Force and adopted by Council. At an appropriate time, determined by the Town Manager, the proposals should be brought to the Council for review and approval.

### **Properties Requiring Additional Planning**

The Task Force has identified several properties, which may better serve the community in some other use, but require additional information and/or planning. This category could apply to the following properties:

- Parking Lot No.2 and other downtown parking lots
- Fire Station #3

- Police Station
- Old Post Office

The Town staff should develop work plans for repurposing each property that would determine feasibility, needs, and best uses. These plans should be developed with appropriate community input. Once plans are developed with recommended implementation actions, they should be brought to Council for approval.

### **Property Decisions Related to Unsolicited Proposals**

The Town often receives requests from citizens, businesses, and organizations asking that the Town engage in activities related to real property, such as:

- Sell property for individual or commercial purposes
- Donate property to non-profit organizations to benefit the community
- Exchange property for a variety of reasons
- Engage in private/public partnerships utilizing town-owned property resources
- Purchase private property or accept donations of private property

The Task Force recommends that the staff prepare a draft revision of the Council Procedures Manual that would establish procedures and processes to ensure a transparent and predictable process related to the disposal, repurposing, and acquisition of real property. These procedures should be based on the Task Force's recommended Guiding Principles. Once complete, the draft procedures should be brought to Council for approval and inclusion in the Council's Procedures Manual.

## **Next Steps**

We believe that the Task Force has provided a general framework for the Town to consider when dealing with real property issues. We believe that the Council should authorize the Manager to consider this report and to develop a detailed implementation plan for further Council consideration. Portions of such a plan might include:

- A process to develop a detailed policy for consideration of offers related to real property. The policy should include guidance on how to proceed if the town receives offers to purchase or re-use Town properties or offers to sell property to the town.
- Recommended process for implementing the Task Force's recommendations related to using the Plant Road property for affordable housing once the Parks and Recreation offices have been moved.
- Implementation strategy for studying properties that require more study, such as the Old Post Office, Parking Lot # 2, the Wallace Parking Deck, and Fire Station #3.
- A process to quickly make the Jay Street properties available for affordable housing.