



South Creek by Beechwood

May 4, 2021

Developer Story



Developer Story

The Beechwood Organization is ranked at the forefront of privately-owned residential developers nationwide and on the East Coast. It is one of the largest developers of single-family homes, multi-family homes and sophisticated lifestyle communities in New York State and listed #58 of 245 U.S Housing Giants by Professional Builder.

Since 1985, Beechwood has built more than 7,500 homes in 60 communities, averaging 3.9 million square feet in new developments annually since 2017 with new projects on the map from New York to the Carolinas.



Developer Story

Beechwood founder and chief executive Michael Dubb, with son and principal Steven Dubb, are renowned for their innovative and forward thinking in “not just selling a home, but a lifestyle” with signature quality construction and design for the way sophisticated buyers and renters want to live today.

Their company is known for its commitment to thoughtful land planning and design, repurposing disused land, building in harmony with nature and creating a benefit for all residents.



Developer Story

In 2021, Beechwood carries these values forward to the North Carolina market. With thoughtful proposals for new residential developments, starting in Charlotte and Chapel Hill, under the aegis of newly appointed Robert Kardos, Regional President, Carolinas, who has led the development of new construction homes across the Carolinas for more than 35 years.

Beechwood's vision for the Carolinas is to enhance quality of life for both residents and the distinguished communities in which it develops.



Beechwood in Chapel Hill

We have 35 years of experience working with municipalities which have a thoughtful approach to development with the intention of smart growth while maintaining their community's character, history and sense of place.

We have been watching our homeowners leave regions like Long Island and New York for a better quality of life – particularly in North Carolina –and specifically in the Research Triangle.

We have also seen the phenomenon of the “Half Backs” – those former Northeast residents who moved to Florida, but realized that it wasn't for them, and they have now gone “halfway back” by settling in North Carolina.



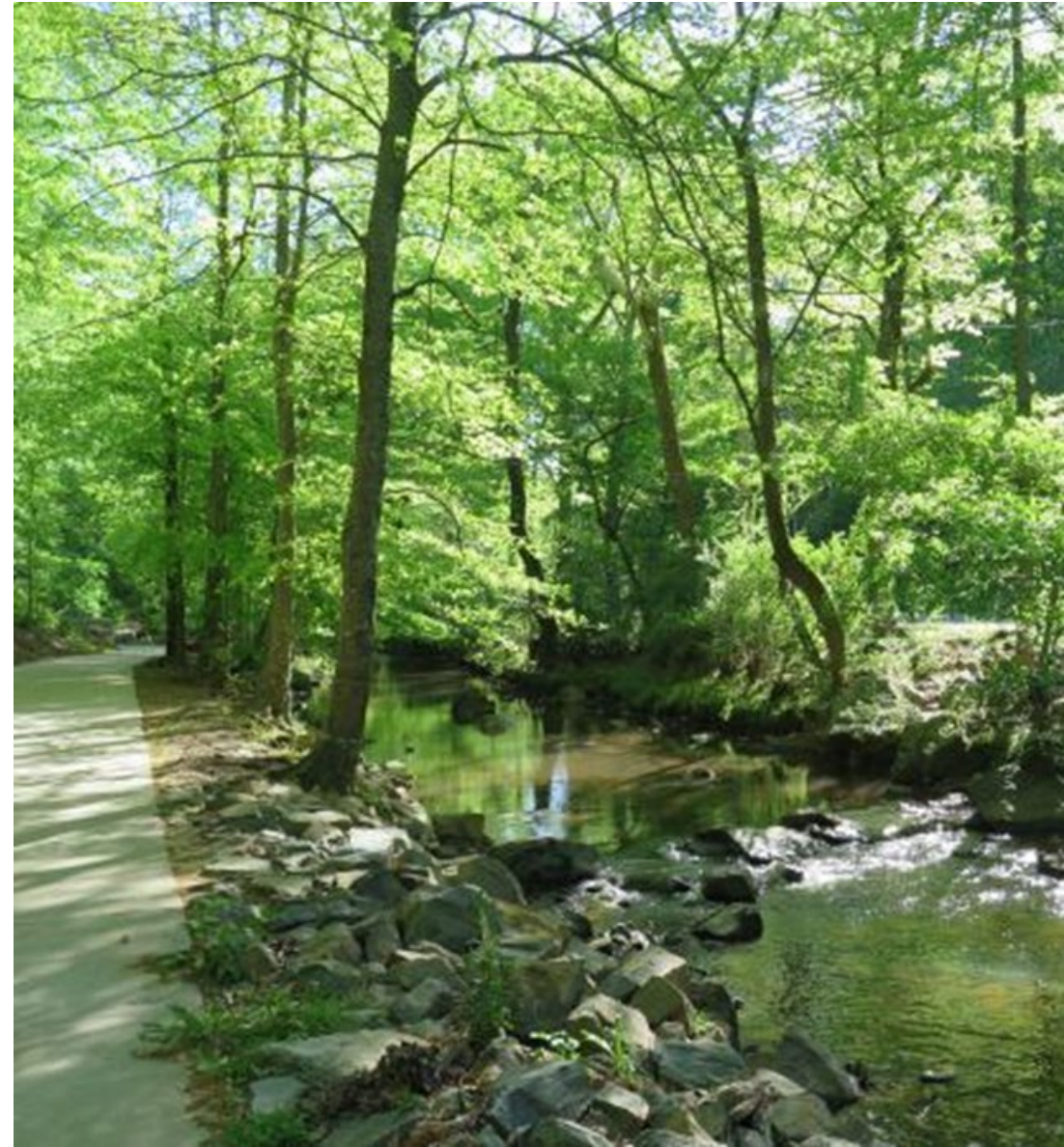
Beechwood in Chapel Hill

We have built a variety of award-winning concepts and communities. We want to bring that approach to smart growth and development in Chapel Hill. When we saw the Obey Creek site, we knew that it could benefit from what is commonly referred to as an “Active Adult Community.” However, we feel that this terminology is limiting to the communities we craft and curate. We are known for working closely with municipalities to provide needed housing for their communities.

In assessing this development site and through intensive market research, **we see the need for “Middle Housing” specifically for the Chapel Hill 55+ population with an affordable/attainable component.** Empty Nesters in Chapel Hill, like in many of the neighborhoods we have built, don’t want to “downsize” but “rightsize.” They want to shed the extra rooms and responsibilities of the family home, without the small spaces of the typical condo building. Our signature housing types provide the solution.

Beechwood in Chapel Hill

Our communities are not just about housing, but about engagement with the neighborhoods and the towns in which we develop. We work to provide community greenspace, walking and hiking trails, parks and preserves. We offer a diverse array of recreation for our homeowners, creating the perfect environment to comfortably and healthfully age in place. Beechwood is committed to building with resiliency and sustainability as guiding principles. The architecture of our communities reflect and speak to the vernacular style of the regions in which we build.





Beechwood Case Studies

Beechwood Case Studies

Country Pointe Plainview in Nassau County, Long Island, New York

A 144-acre community of 750 homes, 115,000 sq. ft. of walkable retail, a 29,000 sq. ft. clubhouse, walking trails and a 57-acre public park. The 55+ age restricted condominium community consists of a mix of suites, villas, townhomes, semi-attached homes and 90 “Golden Age” affordable units.



Beechwood Case Studies

Arverne by the Sea in the Rockaways, Queens, New York City

A ULI award winning 120-acre transit-oriented planned community on a previously vacant redevelopment site. The community was designed to be resilient in the face of increasing hurricane risks and rising sea levels and survived Superstorm Sandy largely unscathed. The community consists of multi-family buildings, attached two and three story structures, retail, restaurants, supermarket, parks, YMCA, charter school and transit plaza. The development provides for a variety of housing - market rate rental, condominiums, two-family owner/renter units, affordable and workforce housing.



Beechwood Case Studies

The Latch Southampton Village, Suffolk County, New York

The Latch is a 5.24-acre adaptive reuse and historically sensitive restoration development of two Stanford White (McKim, Mead and White Architects) structures and the addition of 17 new architecturally contextual Town Houses located one block from Southampton Village.



Beechwood Case Studies

Oak Ridge in Saratoga Springs, Saratoga County, New York

A 52 custom home community adjacent to a 107-acre nature preserve with walking and hiking trails through woodlands and wetlands just outside the historic core of Saratoga Springs, NY. By design, the architecture speaks to the renowned Victorian architecture of old Saratoga.



Team Story



Team Story

As Beechwood enters new markets, our mission is to engage local and regional talent.

Robert Kardos - Beechwood Regional President, Carolinas

Bob has 35 years of experience in progressive regional and national homebuilding in North Carolina: specializing for 20 years in luxury housing and five years in active adult living.

Lee Bowman - Strategic planning and development consultant

A UNC-Chapel Hill graduate and Chapel Hill resident, Lee is providing a full range of development management services, including land planning and engineering, construction and community governance.

David Laube - Noell Consulting

An Atlanta resident with significant experience working with developers in both Chapel Hill and the Town of Chapel Hill, David is providing market intelligence to ensure the full viability of the development.

Team Story

Uri Vaknin - Senior Vice President Marketing and Sales, Beechwood Homes

Uri recently joined Beechwood Homes after 20 years of experience overseeing condominium, townhome, and master-planned communities nationwide, most notably handling the launch of the sales and marketing for 140 West Franklin with Ram Real Estate and Greenbridge Condominiums after the acquisition by Square Mile Capital in Chapel Hill.

Emma Littlejohn - Regional consultant to Beechwood Homes.

Emma has 30 years of experience in every segment of mixed-use development with expertise in workforce and affordable housing, resulting in the creation of SORs, Supportive or Transitional Housing, Veterans Housing, Senior Multifamily Communities. Chapel Hill based projects include Glenn Lennox, Meadowmont and 400 West Rosemary.

Team Story

John Oxenfeld - Architect 505Design

505Design is a Charlotte based multi-disciplinary design firm comprised of architects, graphic designers, and interior designers who specialize in project visioning. With over 15 years of experience creating unique and authentic places, 505Design focuses on developing a clearly articulated vision that is rooted in the project's surroundings while being innovative and forward thinking.

T.C. Morphis Jr. - The Brough Law Firm

Founded in 1988 in Chapel Hill, the Brough Law Firm, PLLC has a statewide practice devoted primarily to land use and local government work, regularly assisting developers obtain zoning and other land use entitlements, as well as serving as general and outside counsel for numerous North Carolina local governments.



Existing Development Agreement

Existing Development Agreement + Zoning



Existing Development Agreement + Zoning

SOUTHCREEK ROW: DEVELOPMENT AGREEMENT MINIMUM AND MAXIMUM DENSITY REQUIREMENTS

	Minimum Development	Maximum Development
Total Floor Area SF	600,000 SF	1,600,000 SF
Residential	0 to 350 units	250 to 700 units
Retail	100,000 to 300,000 SF	225,000 to 475,000 SF
Office	0 to 300,000 SF	150,000 to 600,000 SF
Hotel	0 to 200 rooms	0 to 400 rooms

Source: Town of Chapel Hill Development Agreement

CURRENT DEVELOPMENT AGREEMENT

While SouthCreek Row has in-place entitlements that are secured with a 20-year Development Agreement, the Town of Chapel Hill has indicated a willingness to consider reevaluating current entitlements. The Town may be open to change current entitlements to see a variety of more horizontal uses that complement the Southern Village community, located directly across the street. The existing development agreement could be modified or replaced with conditional zoning but would have to continue taking into account both traffic and environmental concerns.

South Creek – Chapel Hill, NC Market Overview Analysis

Exhibit 1

Chapel Hill Growth, Gentrification, and Implications to New Housing Product Needs

Chapel Hill Households by Age and Income, 2021

Income/Age	15 - 24	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 - 84	85+	Total	Min-Max Rent at 20-33% Income	Min-Max Sales Price at 3x Income
Less than \$15,000	1,248	433	367	116	165	152	149	109	2,739		
\$15,000 - \$24,999	408	218	192	126	182	85	109	68	1,388		
\$25,000 - \$34,999	421	348	243	150	158	96	110	66	1,592		
\$35,000 - \$49,999	257	692	595	252	269	219	190	106	2,580	\$583 - \$1,389	
\$50,000 - \$74,999	300	804	630	309	294	289	222	123	2,971	\$833 - \$2,083	
\$75,000 - \$99,999	62	373	371	306	303	379	185	87	2,066	\$1,250 - \$2,778	\$225,000 - \$299,000
\$100,000 - \$149,999	40	548	694	394	321	517	272	78	2,864	\$1,667 - \$4,167	\$300,000 - \$449,999
Income \$150,000 +	165	580	1,001	1,834	1,510	939	340	91	6,460	\$2,500+	\$500,000+
Total	2,901	3,996	4,093	3,487	3,202	2,676	1,577	728	22,660		

While conservative in overall volume (only 0.3% annual versus 1.2% from 2000 to 2021), the shifting among income bands forecasted here is based on demonstrated evolution that is already occurring in Chapel Hill.

As can be seen, a lack of moderate-income housing solutions are causing a loss in households earning less than \$50,000, and the majority of growth is in those earning greater than \$150,000.

While much of the new apartment development is obtainable for those earning above \$75,000, land and construction costs are making it harder for those earning under \$75k, and especially under \$50k to rent in the community. Garden apartments represent the best opportunity to solve this.

New single-family homes are generally obtainable for those earning above \$150,000, but it is largely only townhome and/or condominiums that are affordable to those earning \$100-150k. Increasing land and construction costs are making it considerably harder for those earning \$75-100k (often starter families) to purchase. Starter family townhomes represent the best opportunity to solve this.

Chapel Hill Household Projected Growth Next 5 Years by Age and Income

Income/Age	15 - 24	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 - 84	85+	Total	Min-Max Rent at 20-33% Income	Min-Max Sales Price at 3x Income
Less than \$15,000	-177	19	19	4	-8	9	17	-1	-118	Land/ construction costs do not justify without subsidy	Land/construction costs do not justify without subsidy
\$15,000 - \$24,999	-89	-1	14	-9	-27	19	21	8	-64		
\$25,000 - \$34,999	-92	5	16	-6	-2	25	17	-6	-43		
\$35,000 - \$49,999	-96	-49	-20	-27	-30	-7	-1	-4	-234	\$583 - \$1,389	
\$50,000 - \$74,999	-30	87	108	-5	-4	57	34	11	258	\$833 - \$2,083	
\$75,000 - \$99,999	-9	12	33	-19	-15	47	27	8	84	\$1,250 - \$2,778	\$225,000 - \$299,000
\$100,000 - \$149,999	6	18	56	8	-11	85	41	6	209	\$1,667 - \$4,167	\$300,000 - \$449,999
Income \$150,000 +	-9	84	251	291	179	228	90	23	1,137	\$2,500+	\$500,000+
Total	-496	175	477	237	82	463	246	45	1,229		

Market Risk Level

- High - Decreasing opportunity for the private sector to hit these price points without subsidy
- Medium - Moderate ability for the private sector to deliver this product without subsidy
- Low - Strong ability for the private sector to deliver this product without subsidy

South Creek – Chapel Hill, NC Market Overview Analysis

Exhibit 2 Chapel Hill Growth, Gentrification, and Implications to New Housing Product Needs

Chapel Hill Households by Age and Income, 2021

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\$35,000 - \$49,999	-96	-49	-20	-27	-30	-7	-1	-4	-234
\$50,000 - \$74,999	-30	87	108	-5	-4	57	34	11	258
\$75,000 - \$99,999	-9	12	33	-19	-15	47	27	8	84
\$100,000 - \$149,999	6	18	56	8	-11	85	41	6	209
Income \$150,000 +	-9	84	251	291	179	228	90	23	1,137
Total	-496	175	477	237	82	463	246	45	1,229

Many of these "lost" households are likely students

Growth heavily provided for by new MF development

Growth heavily provided for by new TH and SFD

Largest segment of the town's growth, limited maintenance-free and/or one level living options to address.

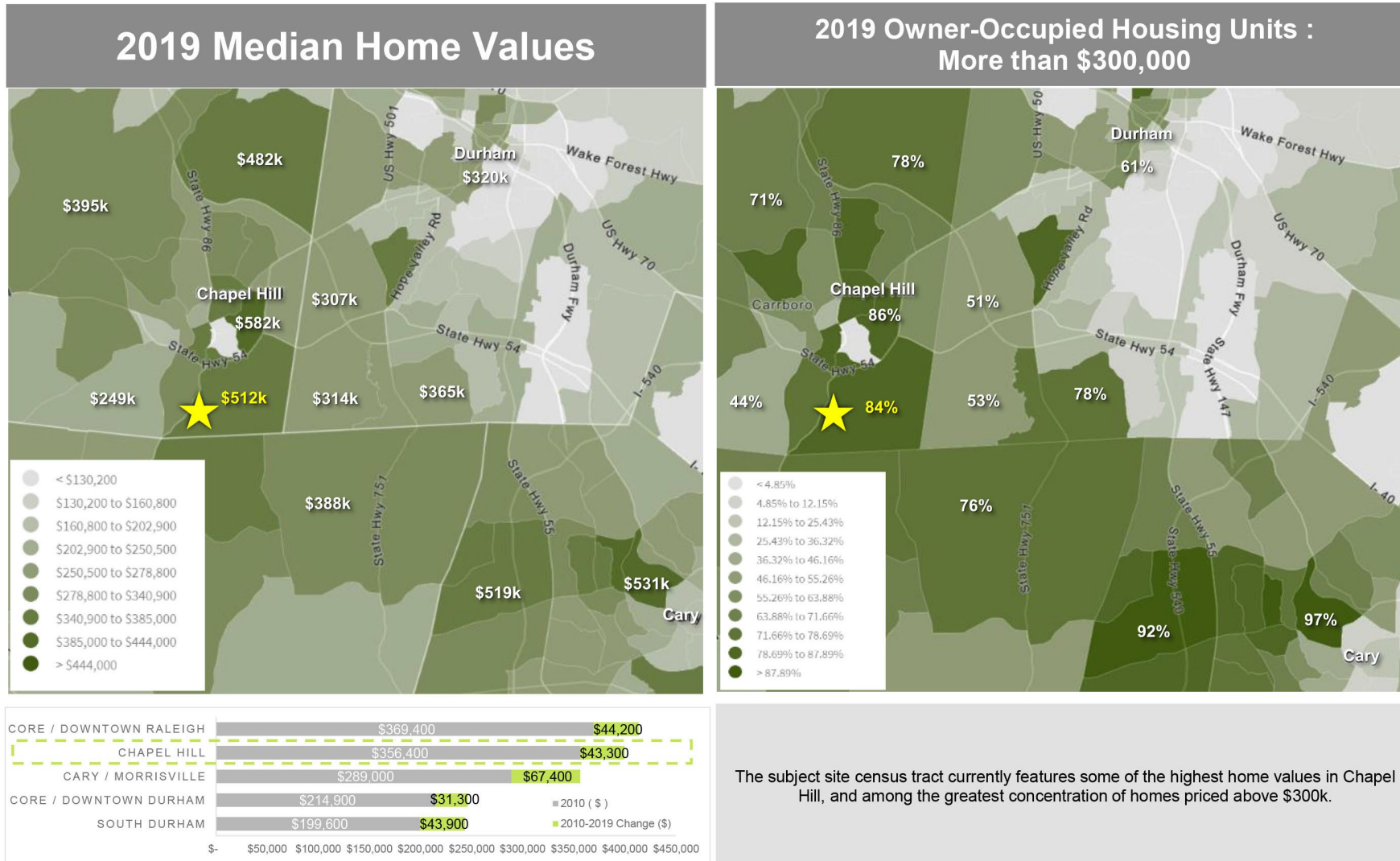
The Town of Chapel Hill currently has an estimated 22,660 households, and is forecasted to add an annual average of 246 per year net, or 4-5 new households per week. All of this net growth is forecasted to come from households earning \$50k+, and 80% of it from those earning \$100k+.

Today Chapel Hill has approximately 9,000 households that earn enough (\$100k+) to qualify for new market rate housing product, and this segment of the Town's population is forecasted to grow at an annual rate of 2.9%, adding approximately 264 households per year. Typically these growth forecasts are conservative and miss significant changes in development patterns, such as the 1,030 new multifamily units recently delivered or under construction in the town. Historically multifamily has been added at a rate of 138 new units per year (since 2000), the recent market surge equates to 206 per year, so this likely signals an additional 68 households per year, for a total growth of 332 households per year, or 3.7%.

Of this growth, 46.4% will be from households 55+, with the vast majority of them, 81%, earning over \$150,000+. A significant portion of this is existing households aging in-place.

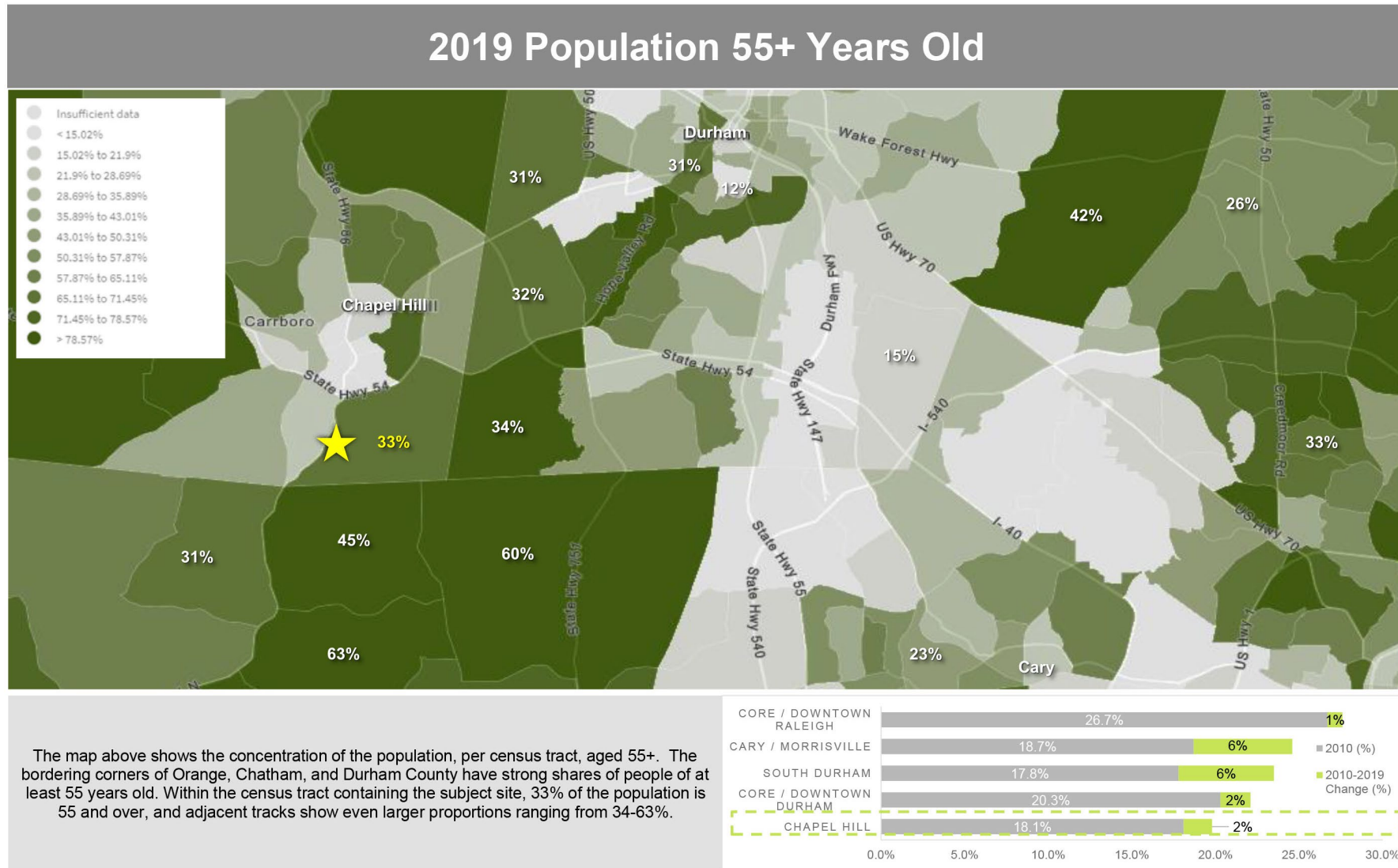
South Creek – Chapel Hill, NC Market Overview Analysis

Exhibit 3
Home Values



South Creek – Chapel Hill, NC Market Overview Analysis

Exhibit 4
55+ Population



South Creek Market Position

Beechwood plans to build a diverse offering of homes to include a minimum of three product types

- Limited supply of new construction for sale product
- Limited availability of new product at price points under \$500,000
- Limited variety of product types (attached and detached)
- Limited for sale product planned and proposed
(only 22 developments in the greater Chapel Hill competitive area including 430 townhomes and 491 Single Family)

COMPOSITE NEW HOME SALES – CHAPEL HILL TOWNSHIP Q1 2021

TOWNHOUSE	COUNT	AVERAGE	MEDI AN
Period	0	\$0	\$0
Y-T-D	0	\$0	\$0
L-T-M	1	\$425,000	\$0
CONDOMINIUM	COUNT	AVERAGE	MEDI AN
Period	3	\$916,500	\$916,500
Y-T-D	3	\$916,500	\$916,500
L-T-M	8	\$675,313	\$710,000
SINGLE FAMILY	COUNT	AVERAGE	MEDI AN
Period	15	\$644,600	\$625,000
Y-T-D	15	\$644,600	\$625,000
L-T-M	56	\$623,848	\$590,500

COMPOSITE RE SALE HOMES – CHAPEL HILL TOWNSHIP Q1 2021

SINGLE FAMILY	COUNT	AVERAGE	MEDI AN
Period	203	\$570,315	\$515,000
Y-T-D	203	\$570,315	\$515,000
L-T-M	1004	\$546,031	\$479,000

South Creek Product

Beechwood recognizes the demand for new residential for-sale product to meet the needs of the existing residents of Chapel Hill and most specifically the over 55 demographic. Few options exist for this downsizing buyer. This product is also in high demand for the relocating 55+ demographic.

Neighborhood Housing Program

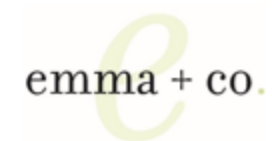
- Homes all for sale single-family
- Homes 100% exterior maintenance free
- Home floorplans to include over 75% with primary bedroom on main level
- A minimum of three product types

Senior Target Market

- 5-mile radius yields over 21% capture rate of targeted demographics, compared to 2.7% from Orange, Durham, Chatham counties and the Raleigh/Durham MSA combined
- Within the census tract containing the subject site, 33% of the population is 55 and over, and neighboring tracts show even larger proportions ranging from 34-63%

PROJECTIONS OF POPULATION AGED 60+ AND OVER

	CENSUS 2000	PROJECTION 2005	PROJECTION 2010	PROJECTION 2015	PROJECTION 2020	PROJECTION 2025	PROJECTION 2030
UNITED STATES	45,797,200	49,712,714	56,922,418	65,551,441	75,487,837	84,652,165	91,129,331
NORTH CAROLINA	1,292,553	1,433,044	1,672,534	1,948,270	2,267,911	2,589,281	2,858,755



South Creek Is...

Deeply influenced by its agrarian roots, natural landscape, dynamic community, and proximity to the University.

It is our goal to create a place that celebrates the area's unique qualities and makes South Creek a vibrant center of learning, wellness and creativity for active adults in the region.



Guiding Principles

1 The Best in Urban Park Living

- Enjoy the nature trail, connectivity, tree-lined streets
- Serene views of Woodland tree canopy
- Urban Parks & Community Gardens

2 Connected to Nature

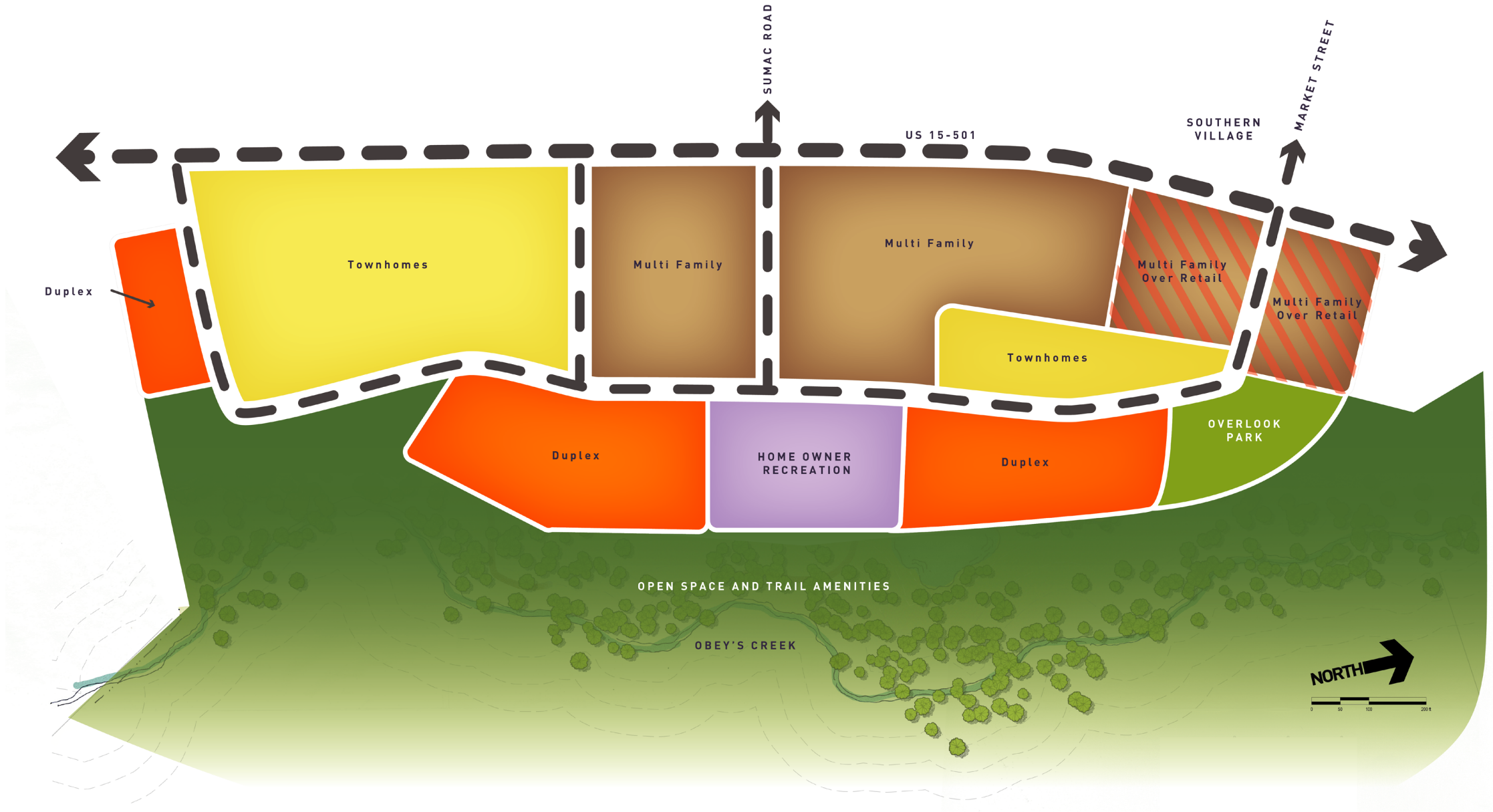
- Natural materials/Color palette
- Use of brick, stone, stucco at base
- Classical yet modern styling.
- Connect indoors & outdoors- ‘Outdoor Rooms’

3 Eclectic Mix of Residential Living

- Low-rise Apartments
- Townhomes
- Condo Flats
- Nature Duplexes

4 Uniquely Chapel Hill

- Provide a welcoming southern gateway
- Rooting in the Piedmont’s vernacular while looking to the future
- Innovative learning opportunities
 - Partnership w/UNC
- Improving people’s lives through social interaction



The Big Moves – Architecture



Inspired by classic
Piedmont towns

Timeless details

Uniquely Chapel Hill

Pedestrian friendly
& welcoming



Our Look



Our Look





Initial Findings

Initial Findings

- Traffic Generated by the New Proposed Uses – only 20% of the previously approved original plan
- Density/Intensity of Proposed Uses – Approximately half of the floor area than the maximum of the original plan
- Wilson Creek Preserve – remain as natural open space with trails as proposed in the original plan
- +/- \$153M Projected Real Property Tax Base – generated by proposed uses at buildout
- Generates real property tax revenue of \$834K for Town
- Generates CHCCS tax revenues of \$309K while not generating any public school students



Questions and Comments



Beechwood Homes

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