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North Chapel Hill

Economic Development Planning

CHAPEL HILL

OPEN2.BIZ



History of our planning efforts

- > Market study – April 2019
- > Follow-up presentations in May & June 2019
- > Staff concepts – Fall 2019
- > Market feasibility – February 2020
- > Staff to refine plan and consider additional feasibility of infrastructure
- > Staff retains McAdams engineering to complete Opinion of Probably Costs for infrastructure
- > Coulter Jewell Thames retained to draft concise concept plan

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Today

- > Projected Infrastructure costs (Opinion of Probable Costs)
- > Further refined concept
- > Update to financial feasibility

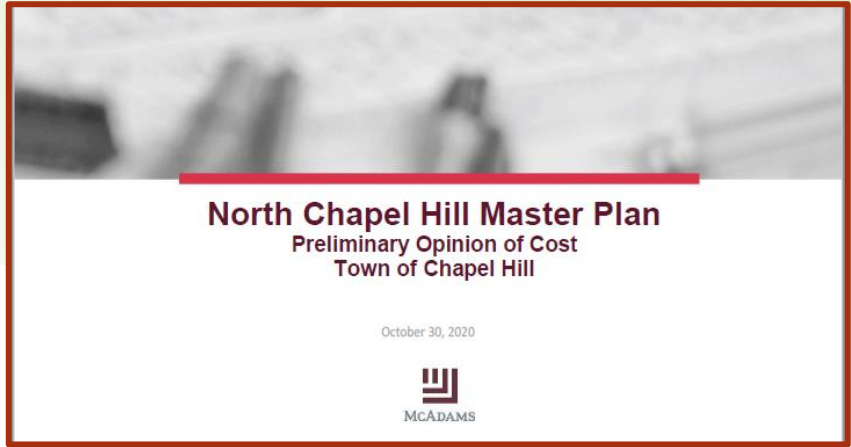
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Engineer's Preliminary Construction Cost Opinion

Project Name: North Chapel Hill Master Plan Infrastructure

Project Number:

Date: 10/30/2020



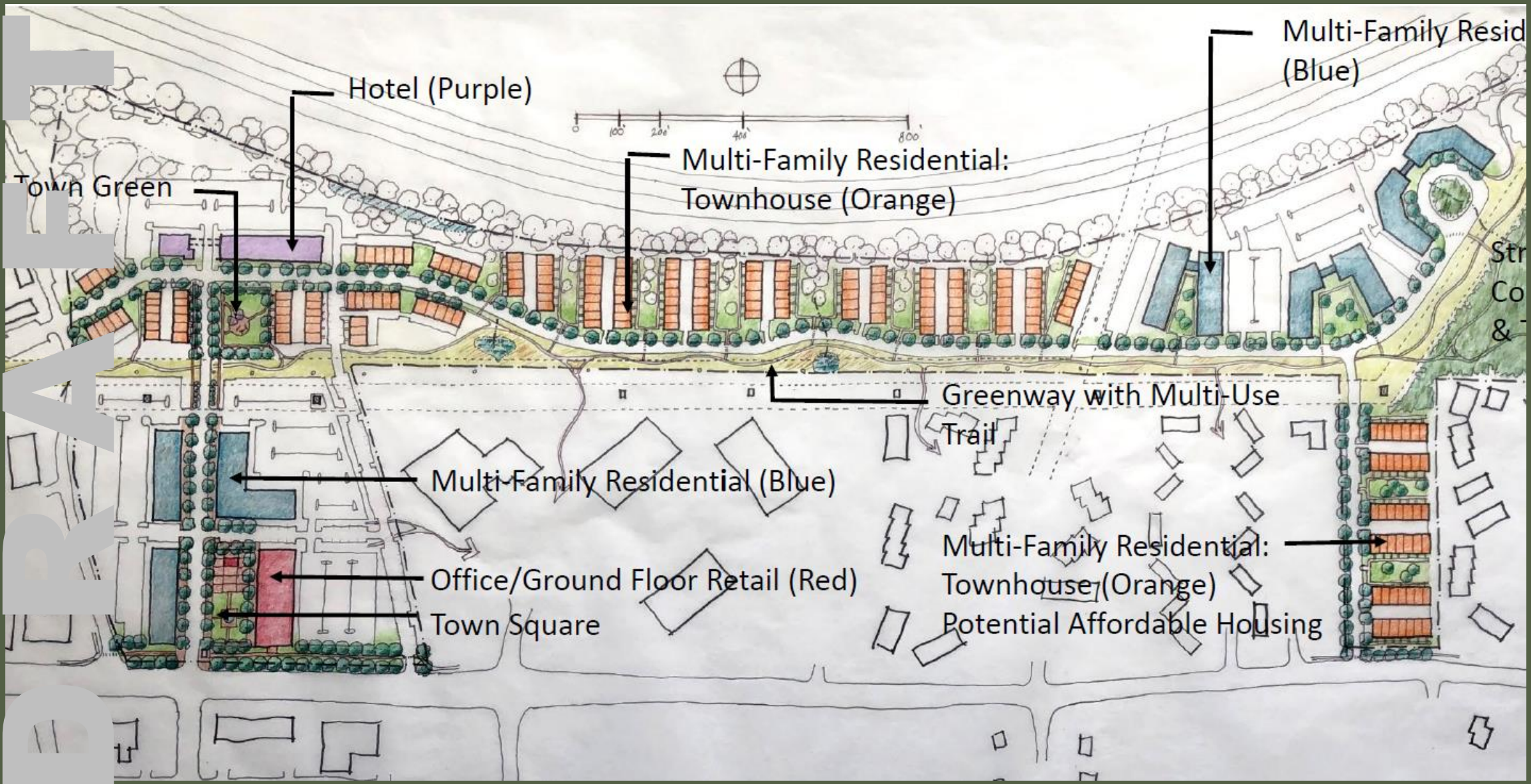
Item No.		2020	2022
		Estimated Cost	Projected Cost
1	Grading	\$ 920,000.00	\$ 1,060,000.00
2	Utilities	\$ 4,250,000.00	\$ 4,860,000.00
3	Streets	\$ 2,570,000.00	\$ 2,940,000.00
4	Asphalt Trail	\$ 350,000.00	\$ 400,000.00
Grand Total		\$ 8,090,000.00	\$ 9,260,000.00

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POTENTIAL DEVELOPMENT PROGRAM

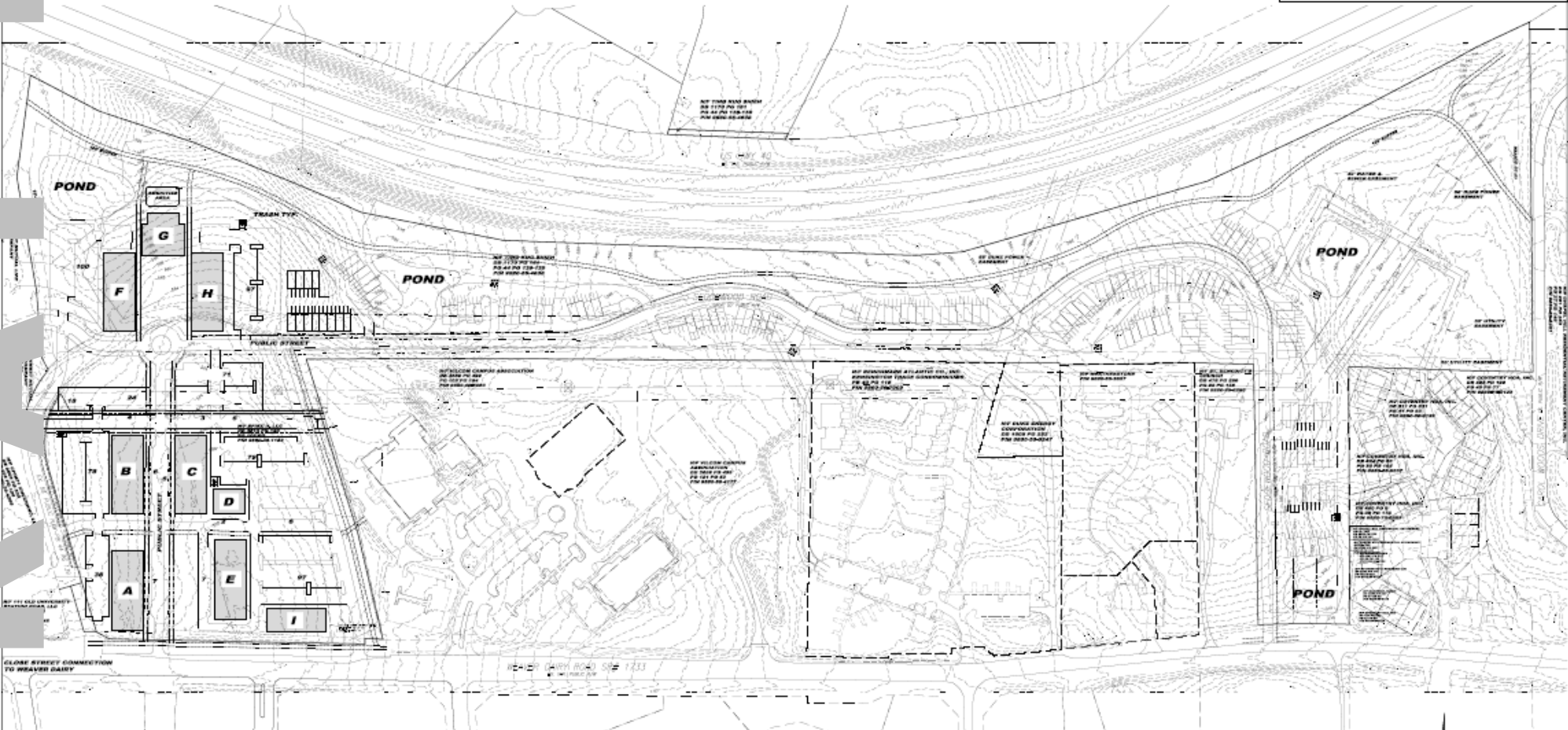
Land Use	Units/ SF	Acres	Dev. Pad Land Value	Dev. Pad Land Value/Acre	Community Benefit
Townhomes/ Condominiums	220	22	\$8.8M	\$400k	"Missing middle product" Affordable for starter families earning \$100-150k
Class A Rental Apartments (Excl. Student)	400	11.4	\$10M	\$875k	While Class-A, this is G- Urban product hitting rents of \$750-1,300/bedroom, salaries of \$28-50k
Retail	20,000	0.8	\$800k	\$1M	Could be Chapel Hill North activated park setting
Office	60,000	2.4	\$2.4M	\$1M	Continued push to grow job base in Chapel Hill
Lodging	150	2	\$3M	\$1.5M	Hotel/motel and property tax
Park Space	-	1.4	\$0	\$0	Added park space that can be heavily activated
Total		40.0	\$25M	\$625k	



Development at 1, 2 & 3 stories

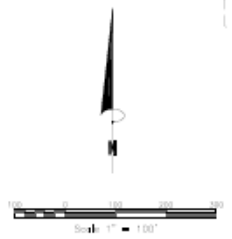


PROJECT NO. 10000000000000000000
 SHEET NO. 1 OF 1
 DATE: 10.06.2020
 PROJECT: DEVELOPMENT AT 1, 2 & 3 STORES
 CLIENT: [REDACTED]
 DESIGNER: [REDACTED]
 SCALE: 1:1000
 PROJECT LOCATION: [REDACTED]



USE	SIZE	STORES	PARKING RATE	PARKING NEEDED	PARKING PROVIDED
RES	48 UNITS	3	1.5/UNIT	72	43
RES	48 UNITS	3	1.5/UNIT	72	130
RES	48 UNITS	3	1.5/UNIT	72	86
OFFICE	35,000 SF	2	3/1000	96	87
RETAIL	35,000 SF	1	4/1000	38	7
OFFICE	35,000 SF	2	3/1000	48	
RETAIL	8,000 SF	1	4/1000	32	
RES	48 UNITS	3	1.5/UNIT	72	100
G	RES (OR HOTEL) 48 UNITS/30 ROOMS	4	1.5/UNIT	72	
H	RES 48 UNITS	3	1.5/UNIT	72	97
OFFICE	35,000	3	3/1000	45	97
I	RETAIL 7,500	3	4/1000	80	
TOTAL				757	647
			± 0.85 shared parking reduction factor	644	
		137	2/UNIT	278	278

CONCEPT PLAN
10.06.2020

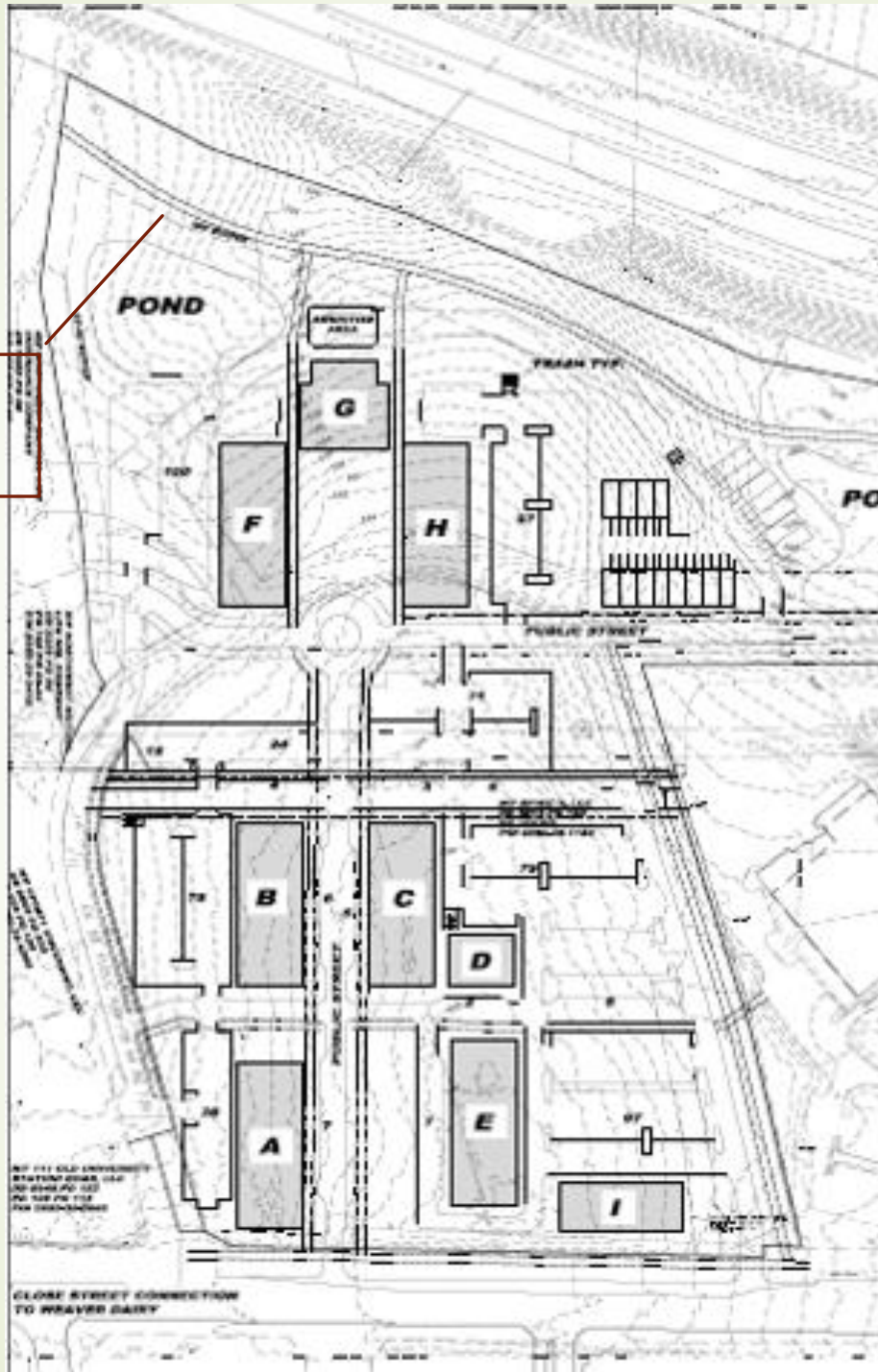


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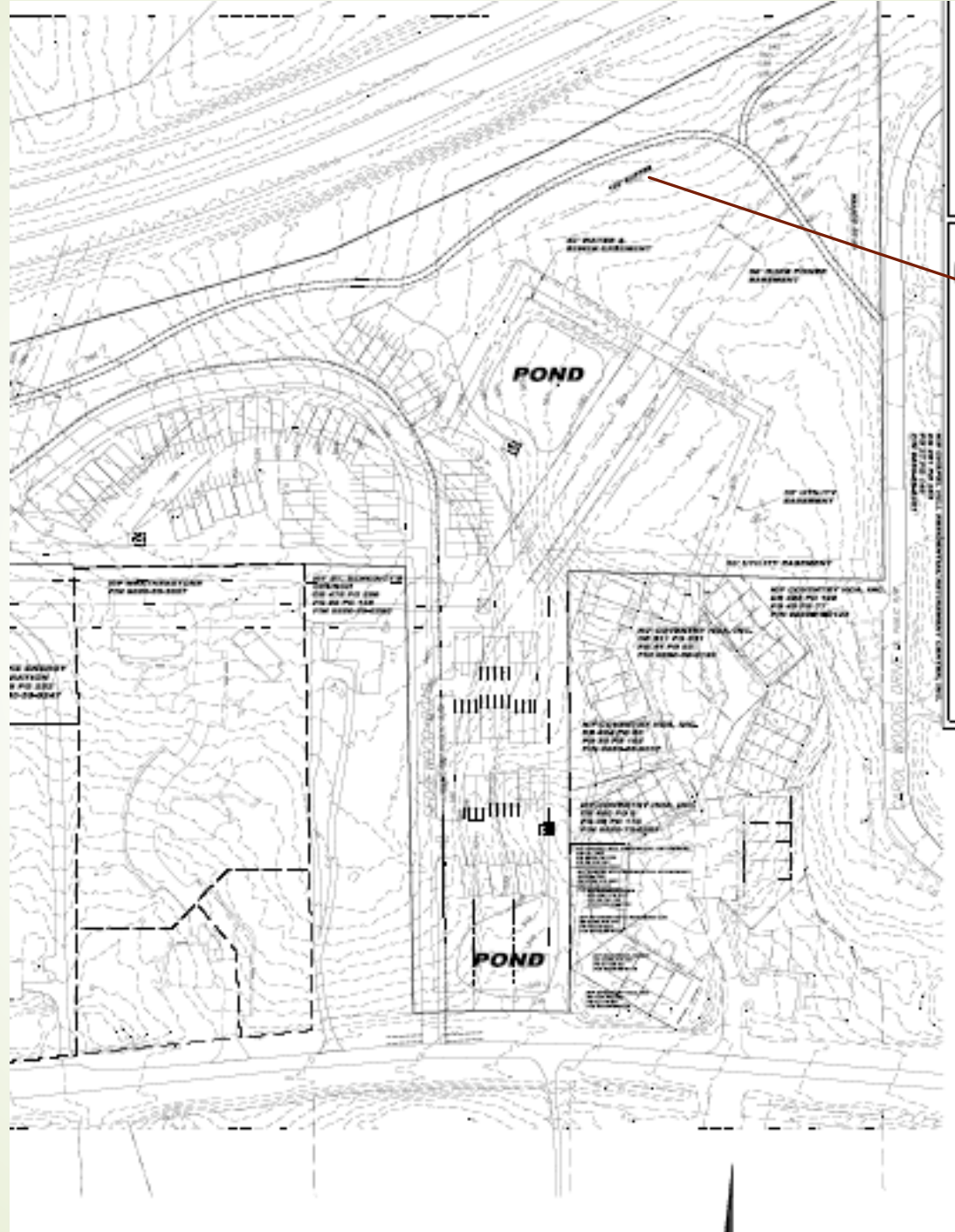
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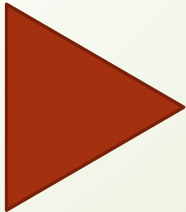
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BUILDING	USE	SIZE	STORIES	PARKING RATE	PARKING NEEDED	PARKING PROVIDED
A	RES	48 UNITS	3	1.5/UNIT	72	43
B	RES	48 UNITS	3	1.5/UNIT	72	130
C	RES	48 UNITS	3	1.5/UNIT	72	86
D	OFFICE	32,000 SF	2	3/1000	96	87
	RETAIL	16,000 SF	1	4/1000	74	
E	OFFICE	16,000 SF	2	3/1000	48	7
	RETAIL	8,000 SF	1	4/1000	32	
F	RES	48 UNITS	3	1.5/UNIT	72	100
G	RES (OR HOTEL)	48 UNITS/90 ROOMS	4	1.5/UNIT	72	
H	RES	48 UNITS	3	1.5/UNIT	72	97
I	OFFICE	15,000	3	3/1000	45	97
	RETAIL	7,500	3	4/1000	30	
TOTAL					757	647
				x 0.85 shared parking reduction factor=	644	
TOWNHOMES		137		2/UNIT	274	274



Residential 240 units
Townhomes 137
Office 63,000SF
Retail 31,500SF

Current development program



DEVELOPMENT PROGRAM COMPARISON

Land Use	Prev. Units/SF	Prev. Dev. Pad Land Value	10/8/20 Concept Plan	10/8 Dev. Pad Land Value	Dev. Pad Land Value Change
Townhomes/Condominiums	220	\$8.8M	137	\$5.48M	-\$3.32M
Class A Rental Apartments (Excl. Student)	400	\$10M	240	\$6M	-\$4M
Retail	20,000	\$800k	31,500	\$1.26M	+\$460k
Office	60,000	\$2.4M	63,000	\$2.52M	+\$120k
Lodging	150	\$3M	90	\$1.8M	-\$1.2M
Park Space	-	\$0	-	\$0	-
Total		<u>\$25M</u>		<u>\$17.06M</u>	<u>-\$7.94M</u>

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FINANCIAL FEASIBILITY GAP

Land Use	Prev. Cost Assumptions	10/8/20 Concept Plan
Total Cost	\$23-25M	\$27M
Dev. Pad Land Value	\$25M	\$17.06M
<u>Dev. Margin (at 0% profit for horizontal developer)</u>	<u>\$0-2M</u>	<u>-\$10M</u>

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FINANCIAL FEASIBILITY GAP

- **Potential ways to close the \$10M gap**
 - Town cover all of the \$8M infrastructure and act as master horizontal developer
 - Increase MF density, every additional market rate unit = \$25k in land value. Additional 80 units = \$2M
- **Affordable requirements** – if the Town want to require a % affordable MF units this increased the financial gap. Every 80% AMI affordable unit = approximately \$50k cost to developer

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Next Steps

1. Consider greater density, up to 5 stories
2. Look at the ability to park the number of units planned
3. Potentially reduce the parking by a small percentage to accommodate
4. Other issues to be addressed



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