

Item Title: Purchase and Sale Agreements and Amendment to the MOA for Disposition and Development of Affordable Housing on County-Owned Property at 1317 N. Main St., Holly Springs

Specific Action Requested:
That the Board of Commissioners:

1. Authorizes the County Manager to approve an amended Memorandum of Agreement (MOA) between Wake County, the Town of Holly Springs, DHIC, Inc. and MyComputerCareer (MyCC), to coordinate the disposition and development of a 19.89 acre tract of real property ("the Property") located at 1317 N. Main St. in Holly Springs;
2. Authorizes staff to proceed with the subdivision of the Property to accommodate the proposed development of the Property in coordination with the Town of Holly Springs;
3. Directs the County Manager to execute an agreement for the conveyance of a 9+/- acre portion of the Property to DHIC, Inc. pursuant to N.C.G.S. 153A-378(3) for affordable housing development;
4. Directs the County Manager to execute an agreement for the donative conveyance of a 10+/- acre portion of the subject Property to the Town of Holly Springs, NC pursuant to N.C.G.S. 160A-274;
5. Authorizes the Chair to sign the deeds and any other documents necessary to convey the respective portions of the subject Property to DHIC and the Town of Holly Springs.

All agreements are subject to terms and conditions acceptable to the County Attorney. Agreements are also contingent upon the developments receiving local approvals including site plan approval and all necessary permits from the local municipality.

Item Summary:

Purpose: The Board of Commissioners approves all Wake County real estate transactions and related agreements.

Background: Effective September 1, 2019, the Wake County Evaluation and Disposition of County-owned Land for Affordable Housing Policy ("Land Disposition Policy") was approved. In accordance with this policy and in consultation with the Town of Holly Springs in its capacity as the local government having planning and development jurisdiction, a Request for Proposals (RFP #20-006) was released on January 1, 2020 for property located at 1317 N. Main St., Holly

Springs, NC. This is the first development project stemming from the Land Disposition Policy.

Upon closing of the Request for Proposal period, MyComputerCareer (MyCC) represented by Savills USA and DHIC were recommended as the lead applicants and Project Sponsors. Their development proposal includes a plan for subdividing the subject property into two parcels for the construction of affordable housing and to Holly Springs for conveyance to MyCC for economic development.

On July 6, 2020 the Wake County Board of Commissioners approved a non-binding a Memorandum of Agreement (MOA) between Wake County, the Town of Holly Springs, DHIC, Inc. and MyCC for the purpose of setting forth a framework for the planning of agreed upon milestones to advance the proposed development of the Property.

The property was previously declared surplus by the Wake County Board of Commissioners on or about June 5, 2017, which resulted in the initiation of an upset bid process and proposed private sale. However, that sale was not completed after the initial offer was withdrawn.

Board Goal: This Board action complements housing affordability initiatives in the Social and Economic Vitality and Economic Strength goal areas.

Fiscal Impact: Disposition of the Property will occur after satisfactory completion of terms and conditions identified in the MOA. Satisfactory completion and disposition may result in compensation to Wake County as determined through an appraisal of fair market value as described in the MOA and the purchase contracts. Additional request for funding to develop affordable housing may occur through Affordable Housing Development Program.

Additional Information:

The Wake County Evaluation and Disposition of County-owned Land for Affordable Housing Policy established uniform procedures for the evaluation and disposition of available County-owned property to develop affordable housing. The Housing Affordability & Community Revitalization (Housing) Department evaluated properties for potential development of affordable housing. The subject Property located at 1317 N. Main St., Holly Springs is a priority property for disposition and development of affordable housing.



On January 1, 2020, RFP #20-006 was released to the disposition the 19.89-acre tract of undeveloped land (REID # 0414978). The RFP sought a forward-thinking development team to purchase and develop a mixed-income, mixed-use project that included legally-binding, affordable rental or ownership housing as a portion of the total development, as well as uses that meet the needs of the Town of Holly Springs and its residents.

A review committee comprised of Wake County and Town of Holly Springs staff reviewed all responses to the RFP. MyComputerCareer (MyCC) represented by Savills USA and DHIC submitted a joint RFP response; there were no other submissions. Based on their responsive and responsible RFP response, DHIC and MyCC were recommended as Project Sponsors. DHIC, Inc., is a non-profit affordable housing developer that has partnered with the County on multiple development projects. MyComputerCareer, Inc., was founded in Holly Springs in 2008 and currently employs over 250 residents in the Triangle area as an adult technical school with courses taught online and at seven campuses in North Carolina, Indiana, Ohio, and Texas.

Earlier this year, County staff has conducted multiple meetings and land planning discussions with representatives from DHIC, MyCC and the Town regarding the timing and order of development and essential milestones associated therewith. The parties jointly developed and approved a non-binding Memorandum of Agreement (MOA) in early summer, outlining the responsibilities of each party with respect to the proposed development, which are primarily focused on affordable housing and economic/commercial development, described as follows:

1. *Proposed Affordable Housing Development:* A portion of the Property would be set aside for the construction of approximately 125 affordable housing units consisting of family-oriented and senior apartments with incomes less than 60% of Area Median Income (AMI), which is \$39,540 for an individual or \$56,460 for a family of four. Across Wake County, an average of current rental rates for 60% AMI households is \$915 for a one-bedroom or \$1,303 for a three-bedroom. Rental rates are determined by the rental product and local market; however, affordability is defined by the U.S. Department of Housing and Urban Development (HUD) as individuals and families paying no more than 30% of their income on housing costs.
2. *Proposed Economic-Commercial Development:* A portion of the property would be developed as a multistory office building to be occupied by MyComputerCareer to support an anticipated 525 employees. In addition, approximately 10,000 square feet of retail space would be located near the office building designed for businesses that can service office employees, residents of the housing development, and the community at-large. Other potential uses could include a state-of-the-art performing arts theatre capable of providing local, regional, and nationally acclaimed programming.

As the Parties have worked through their respective responsibilities outlined in the MOA, completed preliminary site renderings and discussed development conditions with the Town, it has been determined the Property should be subdivided to accommodate the timing associated with the differing development proposals and the legal covenants and conditions that will apply to the same. The proposed subdivision of the Property would not alter the essential components of the Project Sponsor's RFP response and proposed development but affords both DHIC and MyCC greater flexibility over the timing.

Recent discussions between the County and Town staff regarding oversight and control of the collaborative development have also resulted in a determination that the County is best suited to handle the real estate conveyance between the County and DHIC for parcel dedicated to the construction of affordable housing and the Town is best suited to handle the real estate conveyance of the parcel intended to be sold for commercial development under the Town's economic development policy. Further, given that the Town has situs over the proposed commercial development and the MyCC proposal would not qualify under the County's current economic development policy, the Town is in a better position to control disposition of the tract intended for commercial development.

Accordingly, the County and Town have negotiated a donative conveyance of an approximate 10+/- acre portion of the property ("Town Parcel") for the commercial development and the County will retain ownership of the approximate 9+/- acre portion of the property ("County Parcel") for the purpose of facilitating the development of the planned affordable housing. The County has conditioned the conveyance of either parcel on vested rights to develop the County Parcel for affordable housing.

The MOA amendment will describe the new roles of the Town and County as described herein.

Attachments:

1. Executed Memorandum of Agreement
2. Draft Holly Springs/County Purchase Contract
3. Draft DHIC/County Purchase Contract
4. Proposed Amended MOA
5. Proposed Subdivision Map