

**APPROVED MINUTES OF THE
REDEVELOPMENT COMMISSION
OF GREENSBORO
SPECIAL MEETING
FEBRUARY 19, 2014**

The special meeting of the Redevelopment Commission of Greensboro (RCG) was held on Wednesday, February 19, 2014 in the Plaza Level Conference Room of the Melvin Municipal Office Building, commencing at 5:05 p.m. The following members were present: Chair Dawn Chaney, Charles McQueary, and Clinton Gravely. Staff present included Dyan Arkin, Chancer McLaughlin, and Hanna Cockburn. Also present was Jim Blackwood, Attorney for the Commission, and Nancy Hoffmann, City Councilwoman and RCG liaison.

Ms. Arkin introduced Dana Clukey who is a new planner in the department.

SOUTH ELM STREET REDEVELOPMENT AREA:

(a) Presentation of South Elm Street Redevelopment Master Plan

Ms. Arkin gave a brief history of the process leading up to the presentation of the Redevelopment Master Plan.

Bob Chapman, 2525 Lanier Place, Durham, North Carolina, is a partner with South Elm Development Group (SEDG). He stated that the Downtown University Center will be the anchor tenant for the South Elm Street Redevelopment Area. He introduced John Merrill, Downtown University Center steering committee, who was in the audience. During the ongoing community outreach effort by SEDG, it was decided to adopt the name Union Square at South Elm for the entire area.

Mr. Chapman gave a PowerPoint presentation showing highlights of the Master Plan. He stated that they have been working with the Downtown Greenway designers to incorporate interesting water features in the portion of the Greenway that will run through the South Elm development area. In addition, he said that Lee Street will become Gate City Boulevard.

Mr. Chapman described the footprint of the Union Square Campus. The first of the two proposed buildings will be 105,000 square feet with ground floor retail to enliven the square. A pedestrian walkway will go between the two buildings.

Mr. Chapman discussed the possibility of a new hotel on the site. Four major national brand hotels have toured the site and given good feedback. A 93,000 square foot office building is planned for the site and it will also have retail on the ground floor. The upper stories of the building could become populated by medical related uses. Mr. Chapman also pointed out the proposed three or four story apartment building located on property the Redevelopment Commission traded to members of the Sidney Gray family. The parking garage along South Elm Street will be two decks and will house retail on the ground floor. He described the locations of proposed restaurants, shops, and food trucks. Mr. Chapman stated that a great deal of effort is being put toward traffic calming to improve access to the area from across Gate City Boulevard.

A 12-year build out was originally planned for South Elm Street. However, with the introduction of the Union Square Campus build out could occur in a four-year period. A 24-month build out is planned for the Union Square Campus. Construction is expected to begin late this year or next year with occupancy of the building

sometime during the summer of 2016 in anticipation of the fall semester. Mr. Chapman reviewed data on job creation during the build out along with permanent jobs after completion. He conservatively estimated that 333 new jobs would be created with the project. Most of the new jobs would be related to the Union Square Campus.

Mr. Gravely joined the meeting at 5:26 p.m.

Chair Chaney commented that although she is pleased the Union Square Campus is coming to the area, there is concern that it will consume about 60 percent of the acreage not including the two parking garages. She asked what is being done to provide services for the surrounding areas.

Mr. Chapman stated that if Union Square Campus builds both of the buildings they envision, only one-third of the total site will be utilized. He said SEDG is committed to having vital street life and a 24-hour city environment. The project will continue the recreational, cultural, and night life already in existence in the downtown area. All street frontages facing the square will be filled to provide people with opportunities for use. His preference is to focus on locally owned authentic businesses.

Celestine Simmons, 612 Martin Luther King Jr. Drive, pointed out that New Zion Church plans to build a church on Martin Luther King, Jr. Drive. She asked if Union Square at South Elm will tie into New Zion Church. Mr. Chapman replied in the affirmative and indicated that as many as 100 apartments are planned for the A-2 parcel. He noted that the Greenway will run through the parcel. He felt the apartments on A-2 should happen after New Zion gets the church under construction and after the apartments at Union Square Campus are under construction so that they can have joint management which would reduce rents.

Carl Brower, Ole Asheboro neighborhood resident, asked why the decision was made to build the A-2 apartments following the Union Square at South Elm apartments. Mr. Chapman said that construction would occur at the same time, not afterward. He explained that the Union Square at South Elm apartments is immediately following the Union Square Campus on the schedule for construction. It makes sense to bring all the apartments online at the same time to combine management for greater efficiency as well as to attract developers.

Responding to a question, Mr. Chapman stated that the Union Square apartments will start one year after construction begins on the Union Square Campus.

Mr. Brower expressed his disappointment with the decision to delay building the A-2 apartments and he cited promises made over the years by the City to the Ole Asheboro neighborhood. He pointed out that the New Zion construction will start soon and it was their expectation that the A-2 apartments would begin at the same time or shortly thereafter, not 12 months or in another 24 months. Mr. Chapman clarified that the Master Plan indicates a timeline of 12 months for construction of the Union Square apartments, not 24 months.

Chair Chaney stated that as soon as definite start dates have been determined, a realistic projection should be made as to when the next phase will start. The projection can be relayed to the neighborhood and other people who share this legitimate concern.

Ms. Arkin pointed out that 333 potential jobs have been discussed. The requirement by the federal government for job creation is 130 jobs. Therefore, the development will more than double the requirement. Due to the Union Square Campus, completion of the South Elm Street construction site will be a four to five-year program, not the original 12-year projection.

Ms. Arkin commented that it is still somewhat unknown how quickly things will unfold. If an important developer shows up, it would be unlikely they would be turned away. There is potential for an entity to show up sooner than later.

Ms. Arkin stated that a Request for Qualifications has been sent out for a design team to work on infrastructure. Construction of the infrastructure is expected to begin in July, 2014.

Responding to a question from Mr. Gravely, Mr. Chapman indicated that a target of 20 percent MWBE (Minority and Woman-owned Business Enterprise) participation has been set. He explained that the process of monitoring would be on a dollar volume basis in addition to subcategories by minority and women-owned businesses to determine how the participation is divided up. There is a detailed reporting requirement in the Master Development Agreement. Reports will be made available to the Commission beginning in October, 2014. He indicated that subdevelopers will be required to submit a plan describing how they plan to monitor MWBE participation to match the overall goal.

Ms. Arkin stated that staff and the City will thoroughly vet subcontractors before they are recommended to the Redevelopment Commission. Mr. McQueary suggested that the decision-making process by the RCG be expedited when needed while still providing time for necessary research.

OLE ASHEBORO REDEVELOPMENT AREA:

- **Single Family Residence Purchase Request from Owners at 612 and 618 Martin Luther King, Jr. Drive.**

Mr. McLaughlin referred to a map of the MLK-North redevelopment area and stated that 612 and 618 Martin Luther King, Jr. Drive are directly across the street from the MLK North A-4 property. The MLK North A-4 site was recently approved for development.

He explained that the RCG created a financing program in 1991 for homes they owned in the Ole Asheboro and Arlington Park redevelopment areas. Federal dollars were used to acquire dilapidated houses designated as contributing structures in the South Greensboro National Register of Historic Places. Due to the historic designation, the City had to devise an agreement to govern the disposition of the residential structures. The City was required to make a good faith effort to rehabilitate historic properties acquired with federal funds before any demolition could be considered. The agreement also required the City to create a marketing plan that included financial assistance in the form of a grant to cover a gap between any rehabilitation costs that could potentially exceed the after-rehabilitation appraisals.

Mr. McLaughlin introduced Celestine Simmons, owner of 612 Martin Luther King, Jr. Drive, along with Tanya and Anthony Bynum, owners of 618 Martin Luther King, Jr. Drive.

Ms. Simmons has indicated to staff that 612 Martin Luther King, Jr. Drive was purchased through this program under the assumption that the City of Greensboro would be performing several activities outlined in the Ole Asheboro Redevelopment Plan adopted in 2004. Ms. Bynum has indicated that 618 Martin Luther King, Jr. Drive was purchased under the same assumptions.

Both parties have indicated in their submitted proposals to staff that an extensive amount of renovations were made to the residences in compliance with the South Greensboro National Register of Historic Places under the district regulations after they had acquired the two properties. To date, many of the recommendations of the Ole Asheboro Redevelopment Plan and the MLK (Martin Luther King, Jr. Drive) TND (Traditional Neighborhood Development) Plan have not materialized into development. They do not feel they have received a fair return on their investments and the City has not completed many of the area

redevelopment activities that initially sparked their interest in purchasing the homes. Both parties indicated their property values have been reduced due to property blight tied to the lack of redevelopment and they have failed in several attempts to sell their properties. In terms of the request, Ms. Simmons is requesting that the City purchase her home for a price of \$247,000 based on an appraisal made in 2006 and documented rehabilitation expenditures between 1997 and 2000. Ms. Bynum is requesting that the RCG purchase 618 Martin Luther King, Jr. Drive for \$162,000.00. Both parties are requesting a 60-day time period to vacate the residences if the sale is approved by the Commission.

Mr. McQueary felt that updated appraisals should be provided before any decisions could be made.

Chair Chaney asked if any historic tax credits were used for renovation of the historic buildings. Ms. Simmons replied in the affirmative.

Ms. Simmons commented that a current appraisal would yield a lower value that would not be appropriate for reimbursement. She has not been able to sell her property and felt that the Family Dollar across the street and the strip center further down the street will serve to diminish her property value even more.

Ms. Bynum stated that her property value would also be lower due to the vacant properties located beside her property. She noted that her property has not appreciated like the Southside development on the other side of the bridge.

Ms. Simmons is approaching the City with this request because they have not followed through with their promises and as a consequence, she has experienced a significant loss on her house. She felt it was not fair for her to carry this burden.

Responding to a question from Chair Chaney, Ms. Arkin and Mr. McLaughlin stated that they was not aware of any instance where the Redevelopment Commission bought back rehabilitated private property because its value was not in keeping with the current market niche. Counsel Blackwood agreed that in his 30-year tenure with the City, the Commission has never bought back rehabilitated private property.

Ms. Simmons pointed out that townhouses cannot be built across the street due to a new market study; however, apartments are planned for the next block. She questioned why apartments could not be built across the street from her property. Chair Chaney responded that the town homes originally designed there would have been for sale to the prospective owners whereas an individual owner usually owns the entire apartment complex. Ms. Simmons felt that the property across the street should be apartments and not the big box business indicated by the market study.

Ms. Simmons clarified that the appraisal represented in her request was based on the value when the property was rehabilitated. A current appraisal will reflect a much lower value because of the economy and the fact that nothing has been done to the area. She felt that the original plan for town homes would have increased values in the area.

Chair Chaney expressed concerned that the Commission not only has no history of buying back rehabilitated private property, it is unknown if the RCG has the resources available to address the purchase.

Ms. Simmons noted that at the most recent City Council meeting; there was intent to make corrections to the process of certain things that were done incorrectly. She suggested that buying back these two properties might set a precedent if this situation occurs again.

City Councilwoman Hoffmann asked Ms. Simmons what she felt the City did incorrectly in regard to her property. Ms. Simons stated that she has been a strong advocate for the neighborhood from the beginning

and she described the neighborhood's pride and positive intentions for the area. Ms. Simmons cited examples of positive growth in other areas of the City and she stated that no one thinks of coming to Martin Luther King, Jr. Drive.

Ms. Bynum stated that the City has not stood behind the initial plans that were provided when they invested in these homes. The initial plans stopped at Southside and did not come across the bridge. The City's commitment was to help the redevelopment of the neighborhood as described in the Ole Asheboro Redevelopment Plan.

Mr. McLaughlin stated that recommendations of Ole Asheboro Redevelopment Plan created the MLK North TND plan. Those plans recommended development of the four key pieces of property, A-1 through A-4.

City Councilwoman Hoffmann pointed out that will all that is currently happening in this area of town; redevelopment is not out of the question.

Mr. McLaughlin identified the location the two subject properties on a map in relation to the four lots identified in the MLK North project area.

Counsel Blackwood stated that the MLK North Plan is an amendment to the Ole Asheboro Redevelopment Plan in 2004. He stated his opinion that in terms of what occurred; things that transpired after the two properties were acquired are not legally germane to where things stood at the time of purchase. Instead of focusing on what occurred after the two houses were purchased, it is more practical to look at what documentation was in existence at the time of purchase. He was unsure if the townhomes had been proposed in the mid-1990s.

Chair Chaney acknowledged the legitimate concerns of Ms. Simmons and the Bynum's but stated that the Commission cannot control what didn't happen in terms of development. In addition, she was not sure if the funds were even available for the buyback.

It was pointed out that an analysis was made several years ago that showed over 20 million dollars of City funding went into the Arlington Park, Ole Asheboro, and Gorrell Street neighborhoods. A significant amount of money and work has been done and it is not unusual to have some projects that the market will not create.

Mr. McQueary felt that a conversation is needed between the two homeowners and the City based on facts as to what happened during this time period. More information is needed for a judgment to be rendered. He suggested that both sides put on paper a better description of what happened to be better able to compare areas of disagreement.

Mr. McLaughlin stated that staff would look into what documentation was in place in terms of a City-initiated process at the exact time the two homes were purchased. They will research possible commitments by the City in the Ole Asheboro Redevelopment Plan of 1997 that was in place when the houses were purchased.

Mr. Brower stated that one of the reasons developers have never come to the area was because the City did not follow up with promises made in the 1990s to work on the infrastructure. He acknowledged that over 20 million dollars had been spent in the three neighborhoods; however, the money was primarily spent on the MLK streetscape and buying properties in the three neighborhoods.

Mr. Gravely asked staff to determine the availability of resources that might be used to sustain the homeowner's request.

Counsel Blackwood stated his position that no commitment was made on the part of the Redevelopment Commission or the City that development would absolutely occur as a legal obligation taken on as an inducement for their purchase and renovations of the property.

Ms. Arkin clarified the Commission's request for staff to research, analyze and summarize documentation along with funding sources. The information will be presented to the Commission at their next meeting.

STAFF UPDATES:

Ms. Arkin stated that the Request for Qualifications for the Willow Oaks Village Center has been postponed in order to allow more time for review and input from stakeholders.

Ms. Arkin stated that Mr. Daniels has resigned from the Commission. Angela Harris has been appointed as the newest member of the Redevelopment Commission. Ms. Harris was present in the audience and introduced herself to the Commission.

Mr. McLaughlin updated members on the EDGE (Eastern Development Growth Enterprise) property. The Zoning Commission has approved the development of an urban farm on the EDGE property. They are currently filing for TRC (Technical Review Committee) approval. He anticipated that construction should begin soon.

Ms. Arkin provided an update on the properties recently purchased in Willow Oaks, 1602 and 1604 McConnell Road. The developer who sold the property to the Commission and Builders of Hope are working together to respond to the current Request for Proposals.

Chair Chaney indicated that staff has provided a list of properties in Districts 1 and 2 that are owned by the Redevelopment Commission. She met recently with City Councilwoman Sharon Hightower and City Councilman Jamal Fox to discuss the potential for development in these areas with a focus on bringing good housing to these neighborhoods.

Responding to comments made by Mr. McQueary, staff assured members that contractual agreements through the Redevelopment Commission are subject to internal checks and balances. All agreements are subject to thorough internal audits.

Mr. McQueary asked that monthly reports of open contracts be made available to the Commission.

ADJOURNMENT:

There being no further business before the Group, the meeting adjourned at 7:00 p.m.

Respectfully submitted,

Sue Schwartz
Planning and Community Development, Director

SS:sm/jd