

Repositioning Committee

Minutes

11/10/20

Present: Eric Braun, Arne Morris (late to meeting), Bahati Mutisya, Gregg Warren, Wayne Felton

Absent: None

RHA staff: Donna Perez, Jennifer Morgan, Liz Edgerton, Gwen Wall

Review and approval of minutes

Commissioner Braun moved and Commissioner Morris seconded approval of the Minutes from the October 12, 2020 meeting. A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, Arne Morris, Bahati Mutisya, Gregg Warren,

Nay: None

Mr. Felton introduced the RHA staff to Mr. Paul.

Rezoning Update with Mack Paul

Morningstar discussed the process and timeframe of rezoning Heritage Park. He said it is a straight-forward site in terms of the City of Raleigh's guidance. It is downtown mixed-used and within the central business district designation. It is also immediately adjacent to the Western Blvd. Bus Rapid Transit Line. For all of these reasons, it supports more height and density than RHA would seek for this site.

The city's framework is judged by three elements in zoning:

1. Base district. This property is R10 now and RHA would be allowed to zone it to DX because it is adjacent to a DX zoning. That would be the component that would say what uses will be done on the site.
2. Height. Raleigh has 3, 5, 7, 12, 20, or 40 stories. RHA could option in-between, if needed. This site would support up to 20.
3. Frontage. This is a layer of zoning that governs the relationship of buildings to the street. This site is in an urban setting so that component would want to interface with the street.

The other aspect of this site is more complicated. On the positive side, there is support for more affordable housing politically as well as from the community. There could be pressure to do more density than RHA staff feels can be managed comfortably.

RHA staff will be navigating conversations with the city and public about what RHA does, how it manages its projects, what mix of different types of uses will be on the site. Another concern that staff will hear is the issue of displacement – the residents who live there now and how they will be treated (making sure there is continuity in housing). Communicating with the current residents is imperative.

Additionally, there is a new requirement coming that now you will need to notify the people who are renting – not just owning. There are people in the surrounding area who live there and rent. They will need to be identified and communicated with.

The zoning piece is straightforward and the communication piece will be a little bit trickier.

Commissioner Warren asked how community engagement is being approached now and if they are recommending more than two meetings. Mr. Paul said the CACs were once a big part of community outreach and the rezoning process and the City Council terminated the CACs in January 2020. Some of the CACs continue to meet, even though they aren't recognized by the City Council. The southwest and central CACs continue to meet. The southwest CAC is more informal and want any projects in that area of town to keep them apprised of what is going on. The central CAC continues to meet but haven't reviewed zoning cases since January. This is something to think about – whether to go to any CACs. However, there is a new neighborhood process where everyone within 500 feet of the project is notified. Then another meeting with everyone within 1000 foot radius is notified – and not just owners, but renters, too.

Mr. Paul said what they usually do is look at where the property is and think about who are the main stakeholders in that area:

- Boylan Heights has a neighborhood association that meets every month.
- Dix Park Conservancy

Also give the Planning Commission and City Council a heads-up of what is coming so they know about it.

Commissioner Warren asked about the expected timeframe. Mr. Paul said it will be about six months – COVID has delayed the process by 1– 2 months. There are 2 prerequisites that need to be done before it can be filed:

- Neighborhood meeting
- Pre-application meeting with staff

All of this take approximately 1 month (early December will be the earliest that RHA would be able to file). Once filed, there is a 4-6 week timeframe where the staff is looking at the application and will send a comment letter that may lead to additional zoning conditions.

Commissioner Braun said it doesn't appear that the current City Council will have a problem with a 20-story request. He asked Mr. Paul if he thinks there is any reason RHA shouldn't ask for 20 stories to make the project more flexible. Mr. Paul said it's hard to know for sure – there could be some push-back since it is close to the historic Boylan Heights neighborhood. However, there are 20-story buildings around the area of Heritage Park.

Commissioner Braun asked about the West Street extension that goes through the property and how it will affect the zoning case. Mr. Paul said the West Street extension concern has died down a bit since the new City Council has come in. He thinks some of the images from JDavis that show West Street on the site will be helpful.

Commissioner Braun said RHA should use West Street strategically because it is going to impact the site. He said that seems to be a leverage point when asking for rezoning. Mr. Paul agrees – it is not an inexpensive endeavor to construct West Street and RHA should have conversations with the city that some sort of partnership with them is expected.

Commissioner Warren said, with Washington Terrace, those costs were built into DHIC's Pro Forma. The City of Raleigh provided financing for DHIC – not specifically for the streets, but to fill a gap in the financing that included some of the costs of the public streets.

Commissioner Warren said he doesn't think RHA should take city participation for the project off the table - particularly with the passage of the Affordable Housing Bond. Mr. Felton asked Mr. Zucchini or Donna Perez to comment further about that since they had meetings with the city. Mr. Felton said that RHA is definitely not taking the city off the table for partnership.

Mr. Zucchini said they met with Ken Bowers and the Transportation Director and they are very supportive. They think there is going to be some opportunities for city participation with West Street. They realize how large a construction project it will be. Mr. Zucchini said without the help of the city, this project will be a huge cost with the burden of West Street. It is a 90 ft. right-of-way, with grade going both ways. A 12-acre project is going to have huge roadway costs to achieve what is betterment for the city.

Commissioner Braun added that it's a huge impact on the property, from a land-planning perspective.

Commissioner Braun asked if RHA should plan on having a meeting with the new Planning Director to make sure he is aware of this. Mr. Zucchini suggested the Planning Director and Transportation Director together in a meeting would be very helpful.

Commissioner Warren asked Mr. Paul if RHA would be submitting site plans along with the rezoning process. Mr. Paul said the site plans will not be submitted during the rezoning process. However, he thinks it's helpful to have some concepts in mind as you go through the process to help people understand what might happen.

Commissioner Braun said city staff and elected officials need to be aware that the road will have substantial impact on how RHA designs the project. Therefore, either RHA needs to get the city's help with financing and/or it increases the need for RHA to have flexibility with the project. RHA might need more height than staff thinks.

Commissioner Warren said the 20-story request is based on the assumption that RHA may need to – or choose to – sell a portion of the property to another developer to generate income. It's not that RHA is intending to go 20 stories on anything it develops. Commissioner Braun agreed with this assumption. Mr. Felton and Donna Perez also agreed with this.

Commissioner Mutisya asked for clarification – is the 20-story rezoning in case RHA wants to sell the property to another developer? Commissioner Warren said only if RHA wants to sell a

portion of the property to another developer. RHA's intent is to build back more affordable units and public housing units than what exists already on the site.

Commissioner Braun said it could include a ground lease as well.

Mr. Felton asked if the rezoning for 20 stories would be only a portion of the property - around South Street. Commissioner Braun said RHA should ask for 20 stories on the whole property and see what happens. It can be fine-tuned later.

Mr. Paul said if RHA is zoned for 12, they might get a bump up to 20 with EDAT (Equitable Development Around Transit) if there is affordable housing built. It hasn't been approved yet – it is still under review.

Commissioner Warren asked if RHA is preparing for additional resident meetings. Mr. Felton said staff is discussing how to have those meetings. Many residents don't have access to the internet so there will need to be some creative in-person meetings (while maintaining social distancing).

Commissioner Warren asked if staff will be ready for a December application submission. Mr. Paul said there was some discussion about an early December submission. However, it's up to RHA and the Board. The neighborhood meeting will need to be targeted with notice sent 10 days in advance.

Review existing redevelopment plan options with Larry Zucchini

JDavis discussed the 3 options:

Program A

- Townhomes.
- Senior Housing Building.
- Corridor buildings with affordable apartments.
- Slightly higher density than what is in Heritage Park currently.

Commissioner Warren asked if there would be a community building on the property – for a learning center or healthy entity. Mr. Zucchini said it would be in the basement of one of the buildings and not free-standing.

Commissioner Warren asked why not make it free-standing. Mr. Zucchini said because it would displace parking space and/or unit count. He said this plan would accommodate a free-standing community center, though. Commissioner Warren said that might be a future discussion item.

Commissioner Morris asked about the purpose of the commons. Mr. Zucchini said it is the open park space through the neighborhood. He mentioned that parking is an issue that needs to be considered if going denser.

Commissioner Warren said it would be helpful to find out how many residents at Heritage Park have a car. Mr. Felton said staff can check on that.

Program B

- Townhomes
- More density with larger corridor buildings.
- Different senior building.
- Retail showing on plans that will become units.
- Biggest difference is attempting to get unit count up while leaving the corner site for a hotel.
- Hotel would have a deck that would support additional residential parking.
- City could possibly help with the financing of the deck.
- Park is moved.

Program B1

(Mr. Zucchini was unable to show the final plan via Zoom.)

- Larger plan.
- Possibly some shared parking with the city.
- Would get the unit count up to 500.

Commissioner Mutisya asked if there were any additional buildings, such as a daycare, on this program. Mr. Zucchini said all of the other programs were in this plan – daycare, small park, etc.

Mr. Felton asked about the streets. How is West Street going to affect the traffic through Heritage Park? Also, will Dorothea Drive change in size? Mr. Zucchini said Dorothea Drive will be a 64 ft. right-of-way. West Street will be the main street, with parking on both sides. It will likely have a lot of traffic coming off Western Blvd. Dorothea Drive will have less traffic.

Mr. Felton asked if there is a comparable street in Raleigh to get an idea of the traffic. Mr. Zucchini said it won't be high-speed traffic, just a high number of cars.

Commissioner Warren asked if West Street will connect to Western Blvd. Mr. Zucchini said yes – that's another reason to go to city transportation and talk about the traffic configuration. It should be up to the city to design the West Street extension.

Commissioner Warren asked if Dorothea Drive would connect to South Dawson under this plan. Mr. Zucchini said yes.

Commissioner Warren asked if the city needs to bless that plan. Mr. Zucchini said yes, and, informally, they have. Mr. Zucchini said he and Donna Perez are having a difficult time scheduling another meeting with the city.

Commissioner Warren suggested they discuss the vision of Heritage Park.

Vision Statement

- Residents and Board do not want to sell Heritage Park and move residents to another location or locations.
 - Need to keep the option open to sell a portion of the property.

- There will be temporary relocation.
- Include mixed income units on the property.
 - At Walnut Terrace, RHA has 145 public housing units – the rent is based on their income. There are 147 affordable market rate units which are owned by CAD and 75% of the residents in those units must be making 80% or less AMI.

Commissioner Warren asked how many public housing units would RHA need to build at Heritage Park to allow the current residents to move back. Mr. Felton said 122 units.

Commissioner Warren asked if there will be market rate units at the redeveloped Heritage Park that are not income-restricted. Mr. Felton asked what price point he is thinking about. Commissioner Warren said he's only thinking about unsubsidized housing – no specific price point.

Commissioner Braun suggested that staff determine what the total number of units that RHA is comfortable managing that are affordable and market-rate affordable. After that unit count is built into the property, RHA could allow for a private developer to come in and lease from RHA to generate a significant income. It might have first floor retail and fully market-rate apartments, whatever the market will bear. It could generate a lot of income and create a good community.

Commissioner Morris said that's what is going on all around that property. Should RHA keep it to affordable housing and affordable market-rate housing so that it isn't taken away from lower-income individuals?

Commissioner Braun said RHA should first determine what the "wish list" is for the site. After that is determined, a portion of the property can be used to partner with, lease, or sell to a private developer that is willing to build fully market rate units to generate revenue to RHA. It's not taking away from what staff chooses to build.

Commissioner Warren suggests that RHA commit to the community and residents to deliver on a one-to-one ratio of affordable units currently on the site.

Commissioner Mutisya said RHA should be doing more than a one-to-one ratio. There may be questions if RHA leases out a portion of the land to a private developer – is that taking away space that can be used as services for the low-income residents of Heritage Park?

Commissioner Braun said providing office space for the residents is also something that should be considered. There is already daycare on the site. The RHA staff and Board together should determine first what should be on the site for the RHA residents. After that is accomplished, there might be a small portion of land that could be leased to a private developer. It is a potentially significant income stream.

Mr. Felton said he looks at Heritage Park a little like the Capitol Park redevelopment. Capitol Park was a catalyst of what has gone on around the community. His concern is if a portion is carved off for a private developer, there will be gentrification conversations.

(Commissioner Mutisya had to leave the meeting.)

Commissioner Warren said he would like to see a community building on site where the residents can meet for supportive services, etc.

Commissioner Warren said once those 122 replacement units are built into the program, next would be market-rate affordable – how many units can be built. This should determine what design program is chosen. After that, it may be determined that a portion of the parcel can go to a hotel or a ground lease.

Commissioner Warren said the first priority must be to build the replacement housing for the residents of heritage Park.

Mr. Zucchini said they have not tested maximum density levels for the site. If the townhomes weren't a program item, there could be higher density on the site.

Commissioner Braun said he would like RHA to consider universal design principles for people who don't necessarily need a handicap unit.

Commissioner Morris said he would like the Committee to think about what the property is going to look like in 30–40 years. High density properties need a vision for what it will look like today as well as into the future.

The Committee determined that it will meet again on Tuesday, November 17th.