SUMMARY OF PROPOSED LEASE/OPTION TO PURCHASE

Landlord: Brevard-Davidson River Presbyterian Church ("Church")

Tenant: City of Brevard ("City")

Premises: Approximately 4 acres of undeveloped property behind existing Church facilities

Term: 3 years

Rent: $1.00 per year

Taxes: City pays or reimburses Church

Insurance and Indemnity: City carries liability insurance of at least $5,000,000 and protects the Church from any claims or losses up to this amount

Permitted Use during Lease: City can only conduct feasibility studies to pursue a possible Affordable Rental Housing development

Definition of Affordable Rental Housing: Affordable Rental Housing is defined as rental housing for low-to-moderate income (LMI) households who earn 80% or less of the Area Median Income (AMI). See Table 1 below for a summary of LMI annual income limits by household size.

Option to Purchase: City may purchase Premises for $1.00 before expiration of the Lease

A. **Conditions:** City must have development partner reasonably acceptable to Church that will develop the Premises only for multi-family Affordable Rental Housing units.
B. **Restriction in Deed:** The Property conveyed shall only be used for the development of Affordable Rental Housing
C. **Reverter:** At least 24 units must be completed in compliance with the Permitted Use within 5 years (with an additional 12-month cure period) or the Premises reverts to Church
D. **Access:** No access over Church's existing facilities

Structure: The City and Church, in conjunction with UNC School of Government's Development Finance Initiative (DFI), have discussed several different ways to structure this joint project, including: (1) a donation of the land to the City, (2) a long term ground lease to the City and sub-lease to a developer, in which case the Church would continue to own the underlying ground in perpetuity, or (3) a short-term lease to the City with an option to purchase the land for a restricted use. To determine the structure, the Church considered the following goals for the property: i) maintain some control over the Property until it is determined whether or not an Affordable Rental Housing development is feasible, ii) keep the responsibility/liability to the Church at a minimum in the future, and iii) make sure the Premises are used for the intended purpose in perpetuity: affordable rental housing. These goals are met by the structure detailed in the current agreement: a short-term lease to determine development feasibility with an option for the City to purchase the property subject to a restrictive covenant that the Premises must be used as Affordable Rental Housing.

Table 1. U.S. Department of Housing and Urban Development, Annual Income Limits for Transylvania County, North Carolina, 2024

AMI	1-person	2-person	3-person	4-person
30% Extremely Low Income	$16,170	$18,480	$20,790	$23,100
50% Very Low Income	$26,950	$30,800	$34,650	$38,500
80% Low-to-Moderate Income	$43,120	$49,280	$55,440	$61,600