THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: March 22, 2022

Subject: Proposed lease agreement with Reed Creek Greenway Plaza (RCGP) LLC for exclusive use of half of the parking area that will serve both the RCGP's proposed mixed use development and users of the Reed Creek Greenway.

Staff Resource(s): Ellen McKinnon, Real Estate Coordinator,
Nikki Reid, Community & Economic Development Director
Jannice Ashley, Sr. Assistant City Attorney

Action Requested: Approval of a resolution to authorize a lease agreement with Reed Creek Greenway Plaza for a parking lot at Cauble & Broadway Streets, authorizing the City Clerk to advertise for upset bids, and authorizing the City Manager to execute the lease agreement if no alternate bids are received.

Background:

- The City of Asheville owns a vacant parcel at Broadway and Cauble Streets, 9649-14-2727-00000 that was acquired from NCDOT in March 2000 after the completion of improvements to Broadway Street.
- RCGP, LLC owns four tracts of land on Broadway Avenue (9649-14-2559-00000, 9649-14-3514-00000, 9649-14-3483-00000 & 9649-14-3592-00000) where it proposes to build a mixed use development at 427 Broadway that will include residential dwelling units.
- RCGP, LLC has agreed to reserve 20% of the units as affordable housing units.
- RCPG, LLC has proposed to the City that they build at their sole cost and expense a paved parking lot on the City parcel with plans approved by the City.
- The cost of the construction is estimated to be $168,525.
- In return for the completed parking lot, RCGP, LLC would receive rent credit and the right to use half of the 26 parking spaces on an exclusive basis.
- The other half of the parking spaces will be non-exclusive, for use by the public (such as people using the adjacent Reed Creek greenway)
- As per the proposed lease agreement, the City would agree to provide a rent credit for the full construction amount.
- The Real Estate Office estimates the rental value of the parking spaces is $60 per parking space for a total of $18,720 per year.
- Given the fact that the parking lot is non-exclusive and meant to be shared for parking access to the Reed Creek Greenway, the estimated annual lease rate is reduced to $9,360.
- Based on a preliminary cost of $168,525, the developer's rent credit allows for a lease for parking for approximately fifteen (15) years.
- After construction is completed, the rent credit amount will be adjusted.
- The City intends to structure this term as an initial 5 year term, with the option to extend the lease for another two 5 year periods at the sole discretion of the City.
- Should the City decide not to grant the renewal options, the rent credit shall be forfeited and no monies will be owed by the City to RCGP.
- NC State Law requires that any lease over 10 years must be handled through the upset bid process.
- If the City Council approves the following resolution, the City Clerk will be directed to publish an advertisement for upset bids for a period of 10 days, in which any interested party may upset the

current bid to perform $168,525 worth of parking lot improvements to the property in lieu of rent payments and in exchange for non-exclusive use of the parking spaces, with rental abatement/credit calculated at the current fair market value ($9,360.00 per year), plus a 2% escalation rate of per year, for an initial five year term, with the option to renew for an additional two five year periods at the sole discretion of the City of Asheville.
- The statutes require that a qualifying bid must increase the current offer by 10% of the first $1,000 and 5% of the remainder.
- As set forth in the resolution, if no qualifying upset bids are received, then the City Council agrees to further authorize the City Manager to execute the lease agreement with RCGP, LLC.

Council Goal(s):
- Well Planned and Livable Community
- Quality Affordable Housing

Committee(s):
- Planning & Economic Development

Pro(s):
- RCGP, LLC will be constructing a new parking lot, together with a landscaped buffer along the creek, at their sole expense.
- The parking will support the adjacent new residential complex developed by RCGP,LLC which will have 20% of its units reserved for affordable housing at 60% AMI.
- Available parking in the lot will offset pressure on street parking in the adjacent neighborhood.
- Parking will be available for users of the Reed Creek Greenway and the general public.

Con(s):
- City residents and users of the Reed Creek Greenway will not have exclusive use of the newly constructed parking lot.
- The property cannot be used for an alternative purpose for at least 5 years.

Fiscal Impact:
- No funds are exchanging hands as part of this agreement.

Suggested Motion:
- Motion to approve a resolution authorizing the City Manager to approve a lease agreement with RCGP, LLC for non-exclusive use of the parking lot to be constructed at Broadway & Cauble upon the terms and conditions stated herein, and authorizing the City Clerk to advertise for upset bids, and authorizing the City Manager to execute the lease agreement if no alternate bids are received.

Attachment(s)
- Resolution
- Location Map
- Parking Lot Design

RESOLUTION NO. 22-_____

RESOLUTION AUTHORIZING A LEASE AGREEMENT WITH REED CREEK GREENWAY PLAZA, LLC FOR NON-EXCLUSIVE USE OF A PARKING LOT TO BE CONSTRUCTED AT LESSEE'S COST, AT BROADWAY AND CAUBLE STREETS, AUTHORIZING THE CITY CLERK TO ADVERTISE FOR UPSET BIDS, AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE LEASE AGREEMENT IF NO OTHER BIDS ARE RECEIVED

WHEREAS, the City of Asheville is the owner of real property located at Broadway and Cauble Streets; and

WHEREAS, Reed Creek Greenway Plaza, LLC ("RCGP") , has offered to construct a 26 space parking lot on the City property at an approximate cost of $168,525 in exchange for the City's agreement to lease the property to RCGP for non-exclusive use of the parking lot; and

WHEREAS, Reed Creek Greenway Plaza, LLC, has agreed to non-exclusive use of half of the 26 spaces for use by the general public (including use by those accessing the adjacent Reed Creek greenway); and

WHEREAS, per the proposed lease agreement, Reed Creek Greenway Plaza, LLC will receive full rental abatement/credit in consideration for their construction of a parking lot with improvements at Broadway and Cauble Streets as set forth in the terms of the lease agreement wherein Reed Creek Greenway Plaza, LLC is granted a 5 year term with the option to renew for two 5 year periods at the City's sole discretion. The rental abatement/credit is calculated at the current fair market value ($9,360.00 per year), plus a 2% escalation rate of per year; Should the City decide not to grant the renewal options, the rent credit shall be forfeited and no monies will be owed by the City to RCGP; and

WHEREAS, N. C. Gen. Stat. sec. 160A-272 authorizes the City to enter into lease agreements for terms longer than 10 years by following any of the procedures authorized by N. C. Gen. Stat. sec. 160A-269 for the sale of real property such as upset bids; and

WHEREAS, the City Council of the City of Asheville proposes to accept/approve the lease agreement and the aforementioned terms, subject to the upset bid process;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

The City Clerk is hereby authorized to publish a notice of intent of the City of Asheville to lease certain property at Broadway and Cauble Streets to Reed Creek Greenway Plaza, LLC. The notice shall contain a general description of the property, the amount and terms of the offer as described herein and a notice that within ten days any person may raise the bid by not less than 10% of the first $1,000.00 and 5% of the remainder. If no qualified competing bids are received during the ten day upset bid period, then the City Manager is hereby authorized to execute the aforementioned lease agreement with Reed Creek Greenway Plaza, LLC and any and all documents necessary to give effect to this resolution.

Read, approved and adopted this 22nd day of March, 2022.

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City Clerk Mayor

Approved as to form:

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City Attorney