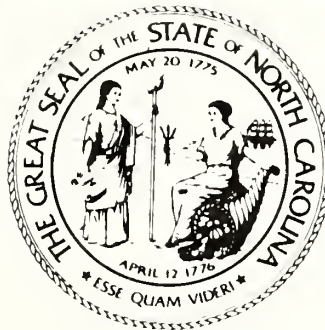


STUDY
COMMISSION
REPORTS
7/12/85

SCR-154

STATE GOVERNMENT COMPLEX STUDY COMMISSION



**REPORT TO THE
1985 GENERAL ASSEMBLY
OF NORTH CAROLINA
1986 SESSION**

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STATE LEGISLATIVE BUILDING
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June 5, 1986

TO THE MEMBERS OF THE 1985 GENERAL ASSEMBLY
(REGULAR SESSION, 1986)

The State Government Complex Study Commission herewith submits its findings and recommendations on the state-owned block of land bounded by Jones, Person, Edenton, and Blount Streets.

Handwritten signature of Robert L. McAlister in cursive script.

Representative Robert L. McAlister

Handwritten signature of William D. Goldston in cursive script.

Senator William D. Goldston

Co-chairmen

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STATE GOVERNMENT COMPLEX
STUDY COMMISSION

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INTRODUCTION

In 1981 the City of Raleigh commissioned a planning and real estate development consultant (Zuchelli, Hunter & Associates) to analyze the downtown's economic growth potential and identify certain key development opportunities that the City should pursue. Among the consultant's recommendations was the proposal to develop new market rate housing within the State Government Complex. Two blocks south of the Governor's Mansion were suggested and several issues were identified for the City to resolve. These concerned the State's role in private development, the integration of private land use within the State Complex, the release of public land, the feasibility of downtown housing and the impact on traffic, historic areas and security.

Shortly after the report was submitted, a special City-State Task Force was formed. In response to further questions and concerns, the City retained another consultant, Foran & Greer, with marketing and architectural expertise. This report was presented to State officials in the Spring of 1983. It supported the concept's feasibility and recommended a site design and architectural format for the block south of the Governor's Mansion.

The City's proposal was discussed at length by various state officials and the following findings were submitted:

(A) G.S. 146-22.1 provides, in pertinent part:

"§146-22.1. Acquisition of property.--In order to carry out the duties of the Department of Administration as set forth in Chapters 143 and 146 of the General Statutes, the Department of Administration is authorized and empowered to acquire by purchase, gift, condemnation or otherwise:

(3) An area in the City of Raleigh bounded by Edenton Street, Person Street, Peace Street, the right-of-way of the main line of Seaboard Coast Line Railway and North McDowell Street for the expansion of State governmental facilities, the public interest in, public use of, and the necessity for the acquisition of said area, being hereby declared as a matter of legislative determination."

(B) Since G.S. 146-22.1 (3) clearly states the boundaries of the State Government Complex and the usage of the land within those boundaries, legislative approval would be required in order for the State to convey a portion of this area to the City of Raleigh for a different use.

Therefore, the 1985 General Assembly created the State Government Complex Study Commission to make a study of the block of land bounded by Jones, Person, Edenton and Blount Streets and make a recommendation on the use of or disposal of this block of land to the General Assembly no later than June 15, 1986.

STATE GOVERNMENT COMPLEX

STUDY COMMISSION

LEGISLATIVE MANDATE TO THE COMMISSION:

- (1) To investigate the feasibility of using property located in the block south of the Governor's Mansion and bounded by Jones, Person, Edenton and Blount Streets for the development of quality housing.
- (2) To consider the plans, if any, which the Capitol Planning Commission has made for the use of the property; both short and long term.
- (3) To study the concept of developing housing for sale on leased property and how that concept might be adapted to use in this area and what revenues might be realized by the State.
- (4) To give particular attention to the development of the surrounding area both in and out of the designated State Government Complex, including the question of security for the safety and well-being of the Governor and the Governor's Mansion.
- (5) To report on any required construction of a State government facility for short term use of the property.
- (6) To consider the feasibility of constructing a parking garage below the site for operation by the State on a revenue producing basis.
- (7) To study the use of air rights and how they might be used to facilitate such a development.
- (8) To report if no reasonable State use of the property is likely and to recommend disposal of the property by the State.
- (9) To report its findings and recommendations to the Governor and the General Assembly, and to make publication of same no later than June 15, 1986.

COMMISSION PROCEEDINGS

The Commission held its first meeting on January 8, 1986. Charles Holliday of the State Property Office gave a history on the acquisition of the property bounded by Jones, Person, Edenton and Blount Streets (See Appendix A). George Chapman, Director of Planning for the City of Raleigh presented their proposal for use of the property as follows:

Housing: 120 units, townhouse and condominium flats; 3 story building clusters over enclosed parking. 1,000 square foot units priced at \$75-\$85/square foot. \$10,000,000 development cost excluding land.

Parking: 600 to 800 spaces for state employees on 2 levels beneath housing platform. \$6,400,000 development cost at \$8,000/space.

Funding Resources for Parking:

- (1) Lease air rights over parking based on 10% return on \$10/square foot value, 50 to 75 years = \$175,000/year.
- (2) Parking revenues (gross) on 700 monthly employee spaces at \$20/month = \$168,000/year.
- (3) Total income - \$343,000/year would support debt service on 10%, 25 year revenue bonds in the amount of \$3,145,000.
- (4) Remaining funds from reserves - \$3,255,000

Buie Costen from the Attorney General's Office apprised the members of the legal considerations regarding the use of this property. And Ray DeBruhl, Director of the State Building Division discussed the update of the 1971 Master Plan for the State Government Complex which was currently under way.

The February 12 meeting was primarily devoted to presentations by various state departments concerning their immediate and long-term space needs. Other discussion concerned the need for state employee parking, visitor parking and security requirements that might result from housing development in the government center.

In March the Capital Planning Commission held a Public Forum in the Archives and History Building auditorium to receive input from the citizens concerning the future development of the State Government Complex. Several of our commission members attended.

At the March 12 meeting, the Commission met in the Carrie-Strong house on Person Street immediately behind the block of land being studied. The City discussed development of housing on leased land, the rights of the lessee, and the preliminary findings of the Urban Land Institute Panel regarding the Raleigh Downtown Plan Update. Ray DeBruhl presented a status report on the Master Plan Update for the State Government Complex and satellite state complexes in Wake County. The Commission planned to make its recommendations at the April meeting.

FINDINGS AND RECOMMENDATIONS

FINDING AND RECOMMENDATION # 1:

From 1951 to 1973 the State, under threat of condemnation, purchased all tracts of land bounded by Jones, Person, Edenton and Blount Streets. This property was within the boundaries established by the Legislature and as set out in G.S. 146-22.1(3) for the expansion of State Government facilities. Based on information provided to the Commission concerning the short and long term space needs of the State, the majority of the Commission agreed that the State still had reasonable use for the land. It was therefore moved and passed that the State retain ownership, control and air rights to the block south of the Governor's Mansion bounded by Jones, Person, Edenton and Blount Streets.

FINDING AND RECOMMENDATION # 2:

The Capital Planning Commission currently has the firm of Paton, Zucchini and Associates updating the 1971 Master Plan for the State Government Complex. The final plans will be presented to that Commission on May 13. Since the State Government Complex Study Commission has finished its deliberations, the members recommended that those plans be considered by the General Assembly. In addition, the Commission recommended that no construction be done on this block that would detract from the Governor's Mansion and the surrounding historical area or that would in anyway present a security problem for the Governor and his family.

FINDING AND RECOMMENDATION # 3:

Ray DeBruhl, Director of the State Building Division, had apprised the Commission in various meetings of the great need for more state employee and visitor parking. A survey of parking needs is currently underway, however a survey done about two years ago indicated a need for 3,620 parking spaces then and an additional 1,510 spaces in the next five years. There is also an urgent need for convenient visitor parking during the legislative sessions. The Commission members unanimously recommended that a two-level underground parking garage for state employees and/or visitors be constructed on this block. Also, the Commission recommended that the Governor and the General Assembly give consideration to a park facility on this site for tourists, school children, other North Carolina citizens, and official government functions.

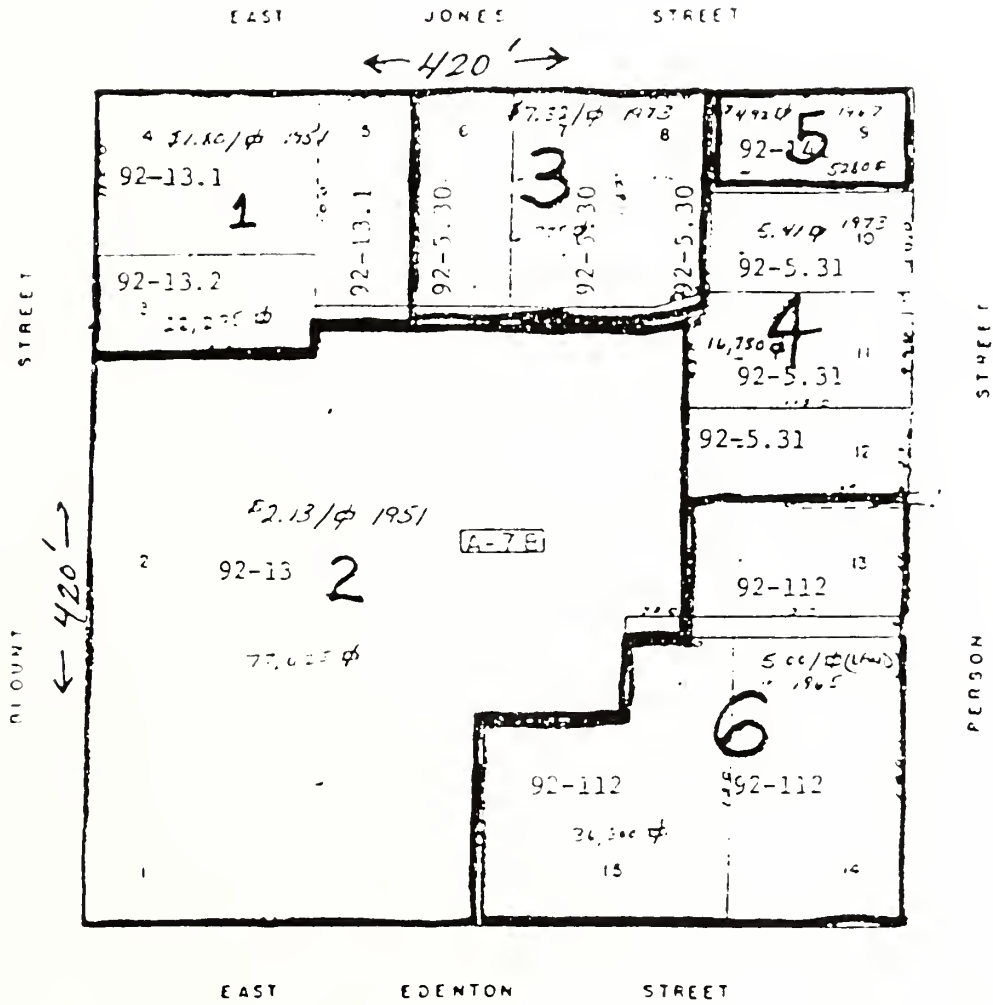
FINDING AND RECOMMENDATION # 4:

The City of Raleigh presented consultant studies and plans for development of private housing on the block south of the Governor's Mansion and showed how this would enhance the development and restoration currently underway in downtown Raleigh. They also provided information on the leasing of air rights in other states. However, based on the findings and the recommendations in # 1 and # 3 above, no recommendation for the development of housing on this block was made by the Commission.

BLOCK - SOUTH OF GOVERNOR'S MANSION

1. Tract was sold to State under threat of condemnation in August, 1951. Seller was Alfred Williams, et al. Purchase price was \$40,000 or \$1.80 per square foot. (22,275 sq. ft. @\$1.80/sq. ft.)
2. Tract was purchased from W. S. Murchison, et ux in May of 1951. This was the site of the old Mansion Park Motel. Purchase price was \$165,000 which was a negotiated uneventful sale. (77,625 sq. ft. of land or \$2.13 per sq. ft.)
3. Tract was acquired through hostile condemnation proceedings in February of 1973. Property was owned by F. Carter Williams, et al. Court appointed commission awarded the owner \$119,825 (\$24,000 over State's offer) as just compensation. Property owner entered a joint venture with the owner of tract 4 for the purpose of building a "high-rise apartment building". (land area 16,375 sq. ft. or \$7.32 per sq. ft. of land)
4. Tract was acquired through hostile condemnation proceeding in February of 1973. Property was owned by Mrs. W. Carey Parker. Court appointed commission awarded the owner \$90,588.50 (\$15,000 over State's offer) as just compensation. Property owner entered a joint venture with the owner of tract 3 for the purpose of building a "high rise apartment building". (land area 16,730 sq. ft. or \$5.41 per sq. ft.)
5. Tract was sold to State under threat of condemnation in November of 1967. Seller was Dr. A. Hewitt Rose, Jr., et al. Purchase price was \$26,000. (5,280 sq. ft. land x \$4.92/sq. ft.)
6. Tract was sold to State under threat of condemnation in September of 1965. Seller was Raleigh Motel, Inc. Purchase price was \$350,000. (Land area 36,300 sq. ft. at \$5.00 per sq. ft. = \$181,500 land, 168,500 improvements)

GOVERNOR'S
MANSION



TOTAL SQUARE FEET IN BLOCK:
176,400

PART XVII. ---STATE GOVERNMENT COMPLEX STUDY COMMISSION.

Sec. 18.1. There is hereby established a State Government Complex Study Commission. The Commission shall consist of nine members. Three members shall be appointed by the Governor, three members by the President of the Senate, and three members by the Speaker of the House. The Speaker of the House and the President of the Senate shall appoint a cochairman each from the membership of the Commission. The Commission may also elect such other officers as it deems necessary.

Sec. 18.2. The Governor, the President of the Senate and the Speaker of the House shall make their appointments by July 1, 1985, or as soon thereafter as is practicable. Members shall serve until their report is filed with the Governor and the General Assembly.

Sec. 18.3. It shall be the duty of the Commission to investigate the feasibility of using the property located in the block located south of the Governor's Mansion and bounded by Jones Street, Person Street, Edenton Street and Blount Street for the development of quality housing. The Commission shall consider the plans, if any, which the Capital Planning Commission has made for the use of the property; both short and long term. The Commission shall also study the concept of developing housing for sale on leased property and how that concept might be adopted to use in this area and what revenues might be realized by the State. The Commission shall give particular attention to the development of the surrounding area both in and out of the designated State Government Complex. This evaluation shall include the question of security for the safety and well-being of the Governor and the Governor's Mansion. If the Commission should determine that short term use of the property requires the construction of a State government facility, then it shall so report. The Commission shall also consider the feasibility of constructing a parking garage below the site for operation by the State on a revenue producing basis. Such a facility should be at least large enough to replace any surface parking lost because of development of the surface of the tract. The Commission is also directed to study the use of air rights and how they might be used to facilitate such a development. Finally, if the Commission determines that no reasonable State use of the property is likely, it shall so report and shall recommend disposal of the property by the State.

Sec. 18.4. The Commission shall report its findings and recommendations to the Governor and the General Assembly, and shall make publication of same no later than June 15, 1986.

Sec. 18.5. The members of the Commission shall receive per diem, travel, and subsistence allowances in accordance with the provisions of G.S. 138.5.

Sec. 18.6. There is appropriated from the General Fund to the Legislative Services Commission for the work of the State Government Complex Study Commission the sum of ten thousand dollars (\$10,000) for fiscal year 1985-86.

