

Acquisition of Property by Lease and by Deed – NC State University

ISSUE OVERVIEW

University of the North Carolina System institutions are required to request authority from the University of North Carolina Board of Governors to proceed with certain acquisitions and dispositions of real property.

The NC State University Board of Trustees requests authorization to acquire by lease and by deed University Towers, a privately-owned residential building adjacent to campus. University Towers is approximately 215,000 GSF and includes 916 student beds, a dining facility, and a 470-car parking deck. The property is approximately 2.5 acres. The building was constructed in 1988 and was renovated in the early 1990s.

NC State has leased University Towers for student housing since August 2018. NC State requests authorization to enter into a six-month lease for a total cost of \$2.8 million, commencing July 31, 2023 and expiring no earlier than January 31, 2024. The lease includes an option to extend an additional four months at a monthly rate of \$467,000 per month and expiring no later than May 31, 2024. NC State also requests authorization to purchase the property for \$29.6 million the appraised value. After acquisition, NC State will complete a comprehensive renovation from May 2024 to June 2025.

The purchase of University Towers will provide additional student housing capacity near campus. In Fall 2022, NC State had over 1,800 students on the waiting list for campus housing. The additional housing capacity will also facilitate the future renovation of on-campus housing.

The NC State University Board of Trustees authorized the lease on November 4, 2022.

RECOMMENDATION

It is recommended that the Board of Governors approve this request. This item requires approval by the Council of State.

PO-1

Original and one copy to
State Property Office

**STATE OF NORTH CAROLINA
DEPARTMENT OF ADMINISTRATION
RALEIGH**

***ACQUISITION OF REAL PROPERTY**

Institution or Agency: North Carolina State University

Date: November 3, 2022

The Department of Administration is requested, as provided by GS 146-22 et seq. to acquire the real property herein described, by ~~(purchase)~~, (lease), ~~(rental)~~ or ~~(other specify)~~:

University Towers (Student Residential Building)

This Property is needed for the following reasons and purposes: (attach additional sheets if necessary).

The leased space will provide residential housing for approximately 900 students for six to ten months during the 2023-2024 academic year, pending necessary approvals and closing on the planned acquisition of the Property.

Name and Address of Present Owner:

University Towers Operating Partnership LP, 999 South Shady Grove, Suite 600, Memphis, Tennessee 38120

Description of Property: (attach additional sheets if necessary).

All that certain parcel of land located at 111 Friendly Drive, Raleigh, NC, together with the buildings and improvements erected thereon, containing approximately 2.48 acres of land, a dormitory style building of approximately 213,000 gross square feet and an approximately 470 space parking deck

Term: Six (6) months, with option to renew monthly for an additional four (4) months (maximum term of ten (10) months)

Rental Price: \$2,800,000 for initial six month period; \$467,000 per month thereafter

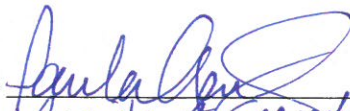
Funding: Lease costs will be paid by the University's Housing Department

Item _____, Other _____.

In the event the above described real property is not acquired, is there other real property available, owned by the State or otherwise, that you believe would, if acquired, fulfill the requirements of your agency? If so, give details. **No.**

Action, recommending the above request, was taken by the Board of Trustees and is recorded in the minutes thereof on November 4, 2022.

Signature


Assistant Secretary
Board of Trustees

*The term "real property" includes timber rights, mineral rights, etc. (GS 146-64)

**ACQUISITION
OF REAL PROPERTY**

ACQUISITION OF REAL PROPERTY BY LEASE

LESSEE: State of North Carolina, North Carolina State University (NCSU)

LESSOR: University Towers Operating Partnership, LP

LOCATION: 111 Friendly Drive, Raleigh, NC

TERM: Commencing July 31, 2023 for a period of six to ten months (Expiration no earlier than January 31, 2024 and no later than May 31, 2024 pending necessary approvals for acquisition of the Property).

AREA: Approximately 2.48 acres of land improved with a dormitory style building of approximately 213,000 gross square feet and an approximately 470 space parking deck

**RENTAL
RATE:** \$2,800,000 for initial six month period; \$467,000 per month thereafter

Comments:

TRANSMITTAL OF REQUEST FOR ACQUISITION/DISPOSITION OF REAL PROPERTY

Form
Number: PO-1

Preparation
Date: November 3, 2022

Request: Approval for acquisition by lease of real property located at 111 Friendly Drive, Raleigh NC to serve as residential housing for approximately 900 students for a period of six to ten months during the 2023-2024 academic year, pending necessary approvals and closing on the planned acquisition of the Property.

Institution: NORTH CAROLINA STATE UNIVERSITY

RECOMMENDED BY CHANCELLOR, NCSU


(Chancellor's Signature)

RECOMMENDED BY COMMITTEE ON
BUILDINGS AND PROPERTY


(Chairman's Signature)

RECOMMENDED BY BOARD OF TRUSTEES,
NCSU


(Chairman's Signature)

RECOMMENDED BY BOARD OF GOVERNORS

(Secretary's Signature)

PO-1

Original and one copy to
State Property Office

**STATE OF NORTH CAROLINA
DEPARTMENT OF ADMINISTRATION
RALEIGH**

***ACQUISITION OF REAL PROPERTY**

Institution or Agency: North Carolina State University**Date:** November 3, 2022

The Department of Administration is requested, as provided by GS 146-22 et seq. to acquire the real property herein described, by (purchase), (~~lease~~), (~~rental~~) or (~~other specify~~):

University Towers (Student Residential Building)

This Property is needed for the following reasons and purposes: (attach additional sheets if necessary).

The Property will provide residential housing for approximately 900 students meeting increased demand for on-campus student housing. The strategic location adjacent to NC State University's campus provides for the efficient expansion of operations and student services in support of the university's mission.

Name and Address of Present Owner:

University Towers Operating Partnership LP, 999 South Shady Grove, Suite 600, Memphis, Tennessee 38120

Description of Property: (attach additional sheets if necessary).

All that certain parcel of land located at 111 Friendly Drive, Raleigh, NC, together with the buildings and improvements erected thereon, containing approximately 2.48 acres of land, a dormitory style building of approximately 213,000 gross square feet and an approximately 470 space parking deck

Term: Perpetual**Acquisition Price:** \$29,600,000.00**Funding:** Self-Liquidating Debt

Item _____, Other _____.

In the event the above described real property is not acquired, is there other real property available, owned by the State or otherwise, that you believe would, if acquired, fulfill the requirements of your agency? If so, give details. **No.**

Action, recommending the above request, was taken by the Board of Trustees and is recorded in the minutes thereof on November 4, 2022.

Signature

Paula [Signature]
Assistant Secretary,
Board of Trustees

*The term "real property" includes timber rights, mineral rights, etc. (GS 146-64)

TRANSMITTAL OF REQUEST FOR ACQUISITION/DISPOSITION OF REAL PROPERTY**Form****Number:** PO-1**Preparation****Date:** November 3, 2022

Request: Approval for acquisition by purchase of real property located at 111 Friendly Drive, Raleigh NC to provide residential housing for approximately 900 students. The strategic location adjacent to NC State's campus provides for the efficient expansion of operations and student services in support of the university's mission.

Institution: NORTH CAROLINA STATE UNIVERSITY

RECOMMENDED BY CHANCELLOR, NCSU


(Chancellor's Signature)RECOMMENDED BY COMMITTEE ON
BUILDINGS AND PROPERTY
(Chairman's Signature)RECOMMENDED BY BOARD OF TRUSTEES,
NCSU
(Chairman's Signature)

RECOMMENDED BY BOARD OF GOVERNORS


(Secretary's Signature)

**ACQUISITION
OF REAL PROPERTY**

PURCHASE

GRANTOR University Towers Operating Partnership LP

GRANTEE The State of North Carolina, NC State University

LOCATION 111 Friendly Drive, Raleigh, NC

SIZE Approximately 2.48 acres, improved with a residential building of approximately 218,000 gross square feet and an approximately 470 space parking deck

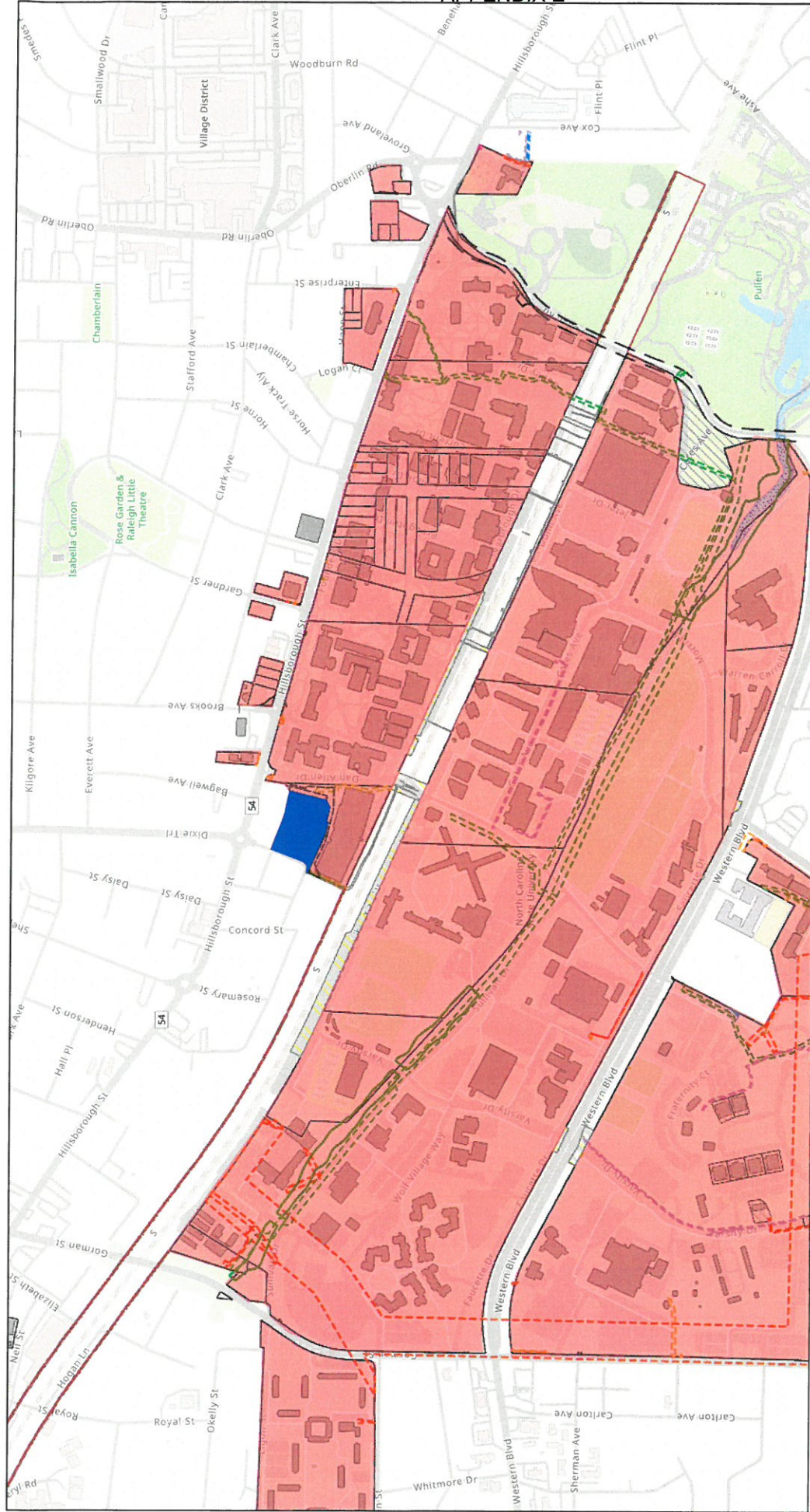
RATE \$29,600,000

TERM Perpetual

USE The subject property will be acquired for use as residential housing for approximately 900 students meeting increased demand for on-campus student housing. The strategic location adjacent to NC State University's campus provides for the efficient expansion of operations and student services in support of the university's mission.

ArcGIS Web Map

APPENDIX E



10/12/2022, 1:57:49 PM

Wake County Floodplain - 2006

1% annual chance of flood

Floodway - No encroachment

NCSU Buildings

Railroad Corridor

NCRR

Parcels

Encumbrances

Lease

Encroachment Agreement

Public Right-of-Way

Water Utility

Telecom Utility

Storm Water

Sanitary Sewer

Gas Utility

Electric Utility

Private Ingress-Egress

County Boundary

Conservation

Easement

Utility

County Boundary

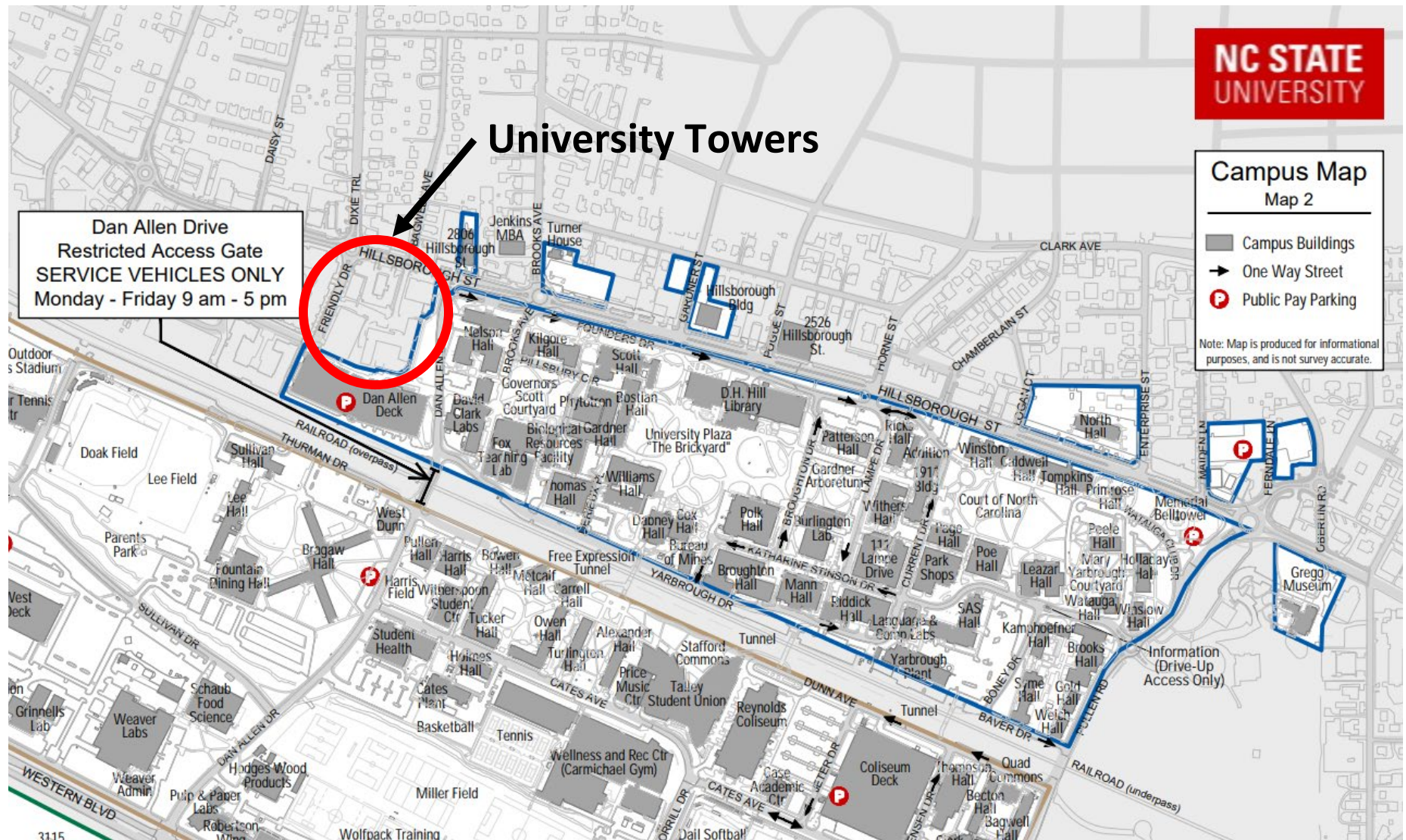
1:9,028

0 0.07 0.13 0.25 0.3 mi

0 0.13 0.25 0.5 km

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APPENDIX E



LOCATION MAP – UNIVERSITY TOWERS, 111 FRIENDLY DRIVE, RALEIGH, NC