



Legislation Details (With Text)

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On agenda: 1/15/2019 **Final action:** 1/15/2019
Title: Resolution Authorizing a Commitment of \$900,000 in Federal HOME Program Funds to Muirs Landing LLC (Affordable Housing Management, Inc., Managing Member) for a Multi-Family Affordable Housing Development Project

Sponsors:

Indexes:

Code sections:

Attachments: 1. Memo for M_WBE Review Muirs Landing Apartments.pdf, 2. 18-0656 Res Muirs Landing Commitment.pdf

Date	Ver.	Action By	Action	Result
1/15/2019	1	City Council	adopt	Pass

Resolution Authorizing a Commitment of \$900,000 in Federal HOME Program Funds to Muirs Landing LLC (Affordable Housing Management, Inc., Managing Member) for a Multi-Family Affordable Housing Development Project

Department: Neighborhood Development
Council District: 4

Public Hearing: Not Applicable
Advertising Date/By: Not Applicable

Contact 1 and Phone: Stan Wilson, 336-373-2509
Contact 2 and Phone: Cynthia Blue, 336-433-7376

PURPOSE:

City Council consideration is requested for a commitment of \$900,000 in federal HOME program funds to Muirs Landing LLC (Affordable Housing Management, Inc. is Managing Member) for the Muirs Landing multi-family affordable housing development project.

BACKGROUND:

On April 17, 2018, City Council approved commitments for multi-family projects submitted under the Affordable Housing Development Request for Proposals [RFP]. At that meeting, City Council approved time-limited commitments for the Bells Summit and Muirs Landing projects contingent upon the receipt of Low-Income Housing Tax Credit awards [LIHTC]. There were not enough funds in the RFP to fully fund all projects, so the Muirs Landing project was awarded the remainder RFP funds of \$401,563. The non-profit developer, Affordable Housing Management Inc., had to make up the difference in the funding gap with additional bank debt and deferred developer fee to complete their final LIHTC application. In August, the Muirs Landing project received a LIHTC award from the North Carolina Housing Finance Agency. The Bells Summit project did not receive a LIHTC award.

Project Description:

Muir's Landing - 4803 Kenview Street.

Project Request: \$900,000 Funds Previously Committed: \$401,563 Recommended Funding: \$900,000

New construction of 72 family apartment units affordable to households at 30%, 50% and 60% of area median income. Total Development Budget: \$11,053,893

This project includes units serving households at extremely low income levels (30% and 40% of area median income) and the increase in bank loan will be difficult for the non-profit developer to carry long term with reduced rental rates. The staff recommendation is that the Muir's Landing project receive the additional amount of available RFP HOME funds necessary to offset construction increases, and the increase to the bank loan and the deferred developer fee. The additional funds will also put the City in second lien position ahead of an \$800,000 NCHFA loan in third position.

The developer and contractor have worked with the City MWBE office and established the following project MWBE goals: 7% WBE, 8% MBE. An MWBE letter is attached.

BUDGET IMPACT:

Total project request: \$900,000

Funds are available in the following HOME Program sources:

\$ 90,672.02 213-9014-02.5282

\$ 585,637.52 213-9015-02.5282

\$ 223,690.46 213-9016-02.5282

\$ 900,000.00

RECOMMENDATION / ACTION REQUESTED:

City Council approval is requested for the issuance of a final commitment to Muir's Landing LLC (Affordable Housing Management, Inc. is Managing Member), subject to environmental review approval from HUD, for \$900,000 in HOME program funds for a second position loan for the Muir's Landing project located at 4803 Kenview Street and to authorize the City Manager to execute loan closing documents.