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Resolution Approving Loans for Multi-Family Affordable Housing Development Projects for Ryan Ridge Apartments, LLC and Partnership Homes, Inc.

Department: Neighborhood Development
Council District: 1

Public Hearing:
Advertising Date/By:

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PURPOSE:
City Council consideration is requested for a commitment of funds for two multi-family affordable housing development projects previously recommended by the Planning Board and approved by City Council for conditional commitments in May 2017.

BACKGROUND:
In May 2017, City Council authorized conditional commitments to multi-family affordable housing projects which were seeking additional funds for development through North Carolina Housing Finance Agency [NCHFA] programs. Two projects have been selected for NCHFA awards and are ready to move forward.

Ryan Ridge Apartments - 4410-4412 Rehobeth Church Rd - Ryan Ridge Apartments, LLC
New construction of a 60 unit multi-family development for families. One, two and three bedroom units will be constructed. All 60 units are affordable to households under 60% of Area Median Income. NCHFA has awarded an increase to the project's Low Income Housing Tax Credit [LIHTC] funds to produce over $5 million for development equity.
The project cannot be structured to meet HOME Program requirements for funding. On April 19, 2017, the Planning Board had originally recommended $573,449. Uncertainty in the current LIHTC markets reduced the value of the tax credits, requiring an increase in bank loan, NCHFA and City funding.
Staff recommendation: Increase award to $880,000 in City Housing Bond funds at 0.5% interest for a 20 year term with annual fixed payments and a balloon at the end of the term. The City loan will be in second position behind the construction/permanent lender.

Partnership Place Apartments - 603 W. Terrell St. - Partnership Homes, Inc.
Rehabilitation of a 37 unit multi-family development including permanent supportive housing units for families. All units are two bedroom townhouse style. Twenty-three units are affordable to households under 60% and six units are affordable to households under 50% of Area Median Income, an additional eight units have project based voucher assistance. NCHFA has awarded a $500,000 Supportive Housing Development Program deferred loan for 15 years at 0% interest and project based rental voucher assistance to eight units.

The project cannot be structured to meet HOME Program requirements. On April 19, 2017, the Planning Board recommended support of funding this project in the amount of $532,423, which has not changed.

Staff Recommendation: $532,423 in City Housing Bond funds for Supportive Housing Development at 0% interest for 15 years with payment terms to be negotiated with NCHFA and a balloon at the end of the term. Partnership Homes, Inc., will assume existing City debt principal of $411,570.54 from the current owner, Kingsgate Housing, LLC, and the City will forgive approximately $79,064 in accrued unpaid interest. The interest, loan term and payment terms of the existing loan will be modified following negotiation between NCHFA and City. The current City loan will remain in third position behind the construction/permanent lender and current NCHFA loan. The new City loan in the amount of $532,423 will be immediately behind City's current loan. Kingsgate Housing, LLC will sign a modification to the restrictive covenants terminating the expired HOME program restrictions.

BUDGET IMPACT:
Funds are available in the following housing bond sources:
$880,000　483-2201-03.5282 - Multifamily Affordable Housing Development
$523,423　483-2201-07.5282 - Supportive Housing Units for Homeless/Disabled/Veterans

RECOMMENDATION / ACTION REQUESTED:
City Council is requested to approve the multi-family affordable housing development loans to Ryan Ridge Apartments, LLC and Partnership Homes, Inc., as presented and to authorize the City Manager to execute closing documents.