



Legislation Text

File #: ID 19-0211, **Version:** 1

Resolution Authorizing a Commitment of \$2,186,660 in Federal HOME Program and 2016 Housing Bond Funds to Affordable Housing Management, Inc., The Oakleigh Senior 1, LP (Prestwick Development Company, LP), Richardson Village II, LP (Beacon Management) for Multi-Family Affordable Housing Development Projects

Department: Neighborhood Development
Council District: 2

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

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PURPOSE:

As recommended by the Planning Board, City Council consideration is requested for a commitment of \$2,186,660 in federal HOME program and 2016 Housing Bond funds to Affordable Housing Management, Inc., The Oakleigh Senior 1, LP (Prestwick Development Company, LP), Richardson Village II, LP (Beacon Management) multi-family affordable housing development projects.

BACKGROUND:

A request for proposals for the FY2019 Multi-Family Affordable Housing Development was issued in February 2019. The total projected amount available for commitment was \$2,193,511 in federal HOME funds and 2016 Housing Bonds. The applicants are competing for Low Income Housing Tax Credits from the North Carolina Housing Finance Agency [NCHFA].

At the March 20, 2019 meeting, the Planning Board recommended \$2,186,660 in funding as outlined on the attached summary for FY2019 Multi-Family Affordable Housing Development to fund the following projects:

The Oakleigh - 526 Douglas Street and 920 Pearson Street - \$1,150,000 in federal HOME funds. This is new construction of an 80-unit multifamily development for the elderly (55+). The total development cost: \$12,258,660. Loan terms: an interest only loan with a 1% interest rate, 35-year term and amortization. The City loan will be in second lien position behind a bank loan.

Richardson Village - 600 DeWitt Street - \$431,866 in federal HOME funds. This is the rehabilitation of a 24-unit multifamily development serving families. Total development cost: \$3,117,090. Loan terms: 1% interest rate, 20-year term and amortization. The City will be in third lien position behind a bank loan and NCHFA loan.

Windhill Development - 201 Windhill Court - \$604,794 in 2016 Housing Bond funds. This is the rehabilitation of a 60-unit multi-family development for families. Total development cost: \$10,147,068. Loan terms: 0% interest rate, 20-year term and amortization. The new City loan will be in third lien position behind

the bank loan and NCHFA loan. An existing City loan of \$379,877 with a remaining balance of approximately \$368,877 will be in fourth lien position and will be assumed with the original terms and conditions.

The M/WBE Office reviewed the applications for Minority/Women Business Enterprise participation on the development team. Prior to closing, the good faith efforts will be established and reviewed for each project.

BUDGET IMPACT:

Funds are available in the following accounts:

\$ 106,432.68 - 213-9016-02.5282 HOME Program

\$ 641,071.00 - 213-9017-02.5282 HOME Program

\$ 834,362.32 - 213-9018-02.5282 HOME Program

\$ 604,794.00 - 483-2201-03.5282 Multifamily Affordable Housing Bond

\$2,186,660.00

RECOMMENDATION / ACTION REQUESTED:

City Council approval is requested for the issuance of time-limited conditional commitment letters to The Oakleigh Senior 1, LP, for The Oakleigh project; Richardson Village II, LP for the Richardson Village project; and Affordable Housing Management, Inc. for the Windhill Development project, contingent on the receipt of the Low-Income Housing Tax Credits award and environmental clearance.

Additionally, City Council is requested to further authorize financing commitments including a second position City lien for The Oakleigh Senior 1, LP for The Oakleigh project; a third position City lien for Richardson Village II, LP for the Richardson Village project; a third position City lien on the new loan and a fourth lien position on the existing City loan for Affordable Housing Management for the Windhill Development project; and to authorize the City Manager to execute loan closing documents.