

Information Item

Date: August 13, 2018

To: The City Manager

From: Evan Raleigh, Assistant City Manager

Subject:

Consideration of Request for Financial Assistance from Peter's Creek Community Initiative (Southwest Ward)

Strategic Focus Area: Livable Neighborhoods

Strategic Objective: Improve Character and Condition of Neighborhoods

Strategic Plan Action Item: No

Key Work Item: No



The Shalom Project, the North Carolina Housing Foundation and the National Development Council have formed a team called the Peter's Creek Community Initiative (PCCI) to redevelop the Budget Inn property located at the corner of Peter's Creek Parkway and Academy Street. The team has secured an option to acquire the property and proposes to redevelop the site into a mixed-use project with an expected 60 residential units and approximately 4,000 square feet of community facility space. The first phase of the financing process is to secure from local governments, foundations and lending institutions the funding necessary to purchase the property and prepare it for new construction. The proposed second phase of the project financing strategy involves seeking an allocation of Low Income Housing Tax Credits (LIHTCs), available through the North Carolina Housing Finance Agency on a competitive basis.

PCCI has approached the City with a request for funding to assist with the acquisition of the Budget Inn property. The acquisition cost totals \$1.2 million. Staff has identified approximately \$600,000 from a variety of sources that could be dedicated to this project should the Mayor and City Council wish to move forward. The potential sources that could be used for the purposes of property acquisition and the approximate amounts derived from each are listed below:

- 2014 Economic Development GO Bond Funds: \$200,000
- Revitalizing Urban Commercial Areas (RUCA): \$100,000
- Future Housing Development GO Bond Funds: \$300,000 (contingent upon voter approval)

PCCI has approached the County with a request to provide the remainder of the funds needed to acquire the property. The County is currently considering committing the other half of the funds needed for acquisition should an agreement be reached on a joint purchase arrangement with the City.

Under this arrangement, both the City and the County would put forward the funds needed to close and the County would take a lien position on the property. The release any of city funding for the project would be conditioned upon PCCI securing commitments on the remainder of the funding needed for both acquisition and demolition.

Based upon direction from the committee, staff can prepare an item for consideration in September.