

City Council – Action Request Form

Date: April 12, 2021

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Tasha Logan Ford, Assistant City Manager
Marla Y. Newman, Community Development Director

Council Action Requested:

Resolution authorizing a permanent financing commitment of up to \$450,000 for development of 72 units of affordable housing for seniors, known as the Villas at Wilshire (South Ward)

Strategic Focus Area: Livable Neighborhoods

Strategic Objective: No

Strategic Plan Action Item: No

Key Work Item: No



Summary of Information:

In May 2020, the Mayor and City Council approved a commitment of \$450,000 in HOME Investment Partnership (HOME) funds for the Villas at Wilshire, subject to the award of 2020 Low Income Housing Tax Credits (“Tax Credits”) from the North Carolina Housing Finance Agency (NCHFA). The developer did not receive a Tax Credit allocation. Now, the developer, WDT Development, LLC, whose Managing Member is W. Dennis Tharrington and location is 430 Woodland Road, Henderson, NC 27536, and Broadcast Construction & Development, Inc., whose president is Stephen Drake and located at 195 Rockbridge Road, Mills River, NC 28732, is applying for 2021 Tax Credits and is requesting a commitment of \$450,000 in HOME funds.

Applicants for Tax Credits proposing to use government gap financing must include a letter of binding commitment from the local government in their applications to NCHFA, which are due May 14, 2021. NCHFA will fund no more than two proposals from Forsyth County, and may not fund any; it received nine pre-applications from Forsyth County.

Committee Action:

Committee	Finance 4/12/2021	Action	Approval
For	Unanimous	Against	

Remarks:

The proposed development will be one three-story building with a drop-off area at the main entrance. It will consist of 29 one-bedroom and 43 two-bedroom units and serve seniors with incomes below 80% of area median income.

Unit Count by Area Median Income				
<30%	31-50%	51-60%	61-80%	Total Units
18	11	15	28	72

In addition, eight units are targeted to persons with special needs or are homeless, and eight units to mobility-impaired persons. Amenities include a community room with kitchenette, computer center with high-speed internet, laundry room, covered picnic shelter with grill, and ample storage space.

Mr. Tharrington, through WDT Development, LLC and affiliates, has over ten years of experience with tax credit development. He has completed projects with tax credits from NCHFA in Henderson, Oxford, and Gastonia. Mr. Drake is a licensed building contractor and through his company, Broadcast Construction & Development, Inc., has more than 15 years of experience building tax credit and other affordable housing developments.

Proposed financing for the development consists of a conventional bank first mortgage loan, a state Rental Production Program (RPP) loan from NCHFA, City funds as a third subordinate mortgage, and funds derived from the tax credits. The preliminary sources are summarized as follows:

\$7,997,200	Federal Tax Credit Equity
2,890,000	First Mortgage Bank Loan
800,000	State RPP Loan
450,000	Requested City Mortgage Loan
<u>10,403</u>	Deferred Developer Fee
\$12,147,603	TOTAL

As City funds are provided as “gap” financing, the final rate and terms will be backed into upon completion of the financing package, and as determined by the requirements of NCHFA and the first mortgage loan.

A resolution to provide a \$450,000 subordinate mortgage loan for the Villas at Wilshire is presented for consideration. The proposed fund source is HOME funds. The commitment is subject to award of 2021 Low Income Housing Tax Credits by NCHFA, attainment of all other sources of financing, availability of City funds, and completion of construction in compliance with the provisions of the attached Exhibit A to the Resolution.