

Information Item

Date: August 21, 2023

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

From: Patrice Toney, Assistant City Manager
Tanya Skillman, Housing Development Manager

Subject:

Information on The Lofts at Motor Rd., a two hundred sixteen-unit (216) multi-family affordable housing development financed by 4% NCFHA Low-Income Affordable Housing Tax Credits seeking conveyance of a city-owned lot [parcel number 6847-17-4852] and gap financing of \$6.5 million. (Northeast Ward)

Strategic Focus Area: Livable Neighborhoods

Strategic Objective: Yes

Strategic Plan Action Item: Yes

Key Work Item: Yes



Wynnefield Properties, located at 5614 Riverdale Dr, Jamestown, NC 27282 is proposing to develop 216 units of affordable rental housing at the intersection of Motor Road and Old Walkertown Road (to be known as “The Lofts at Motor Rd”).

The proposed development will consist of (7) three-story buildings totaling 216 units, including 36 one-bedroom, 96 two-bedroom, and 84 three-bedroom units. Units will be set aside to target affordable rents as follows:

30% AMI	50% AMI	80% AMI	Total Units
45	66	105	216

Community amenities include a community building with coin laundry facilities, a computer center, and a common area for resident use or community activities. Additionally, the community will include sidewalks, benches, a playground, and a picnic shelter with a grilling area. Each apartment will be equipped with a range and range hood, dishwasher, frost-free refrigerator, pantry, central cooling/heating, and outside storage. Ten percent of the units will be ADA units with half of them having roll-in showers. Rents will range from \$394-\$1,156 per month for a one-bedroom unit, \$473-\$1,387 per month for a two-bedroom unit, and \$541-\$1,603 for a three-bedroom.

The estimated total development costs of the project are estimated to be \$41,057,339. The proposed capital stack for the development consists of a conventional permanent loan, a City Loan in a subordinate lien position sourced from ARPA-Enabled funds, tax credit equity, and deferred developer fees.

Permanent Debt	19,750,000
City Loan	6,579,533
Tax Credit Equity	13,227,807
<u>Deferred Developer Fee</u>	<u>1,500,000</u>
TOTAL DEVELOPMENT SOURCES	41,057,339

As City funds are provided as “gap” financing, the proposed terms are as follows:

Loan Amount: \$6,579,533 Interest: 2.5%

Term/Payment: The loan shall be for a 30-year term commencing on the date the loan funds are disbursed and maturing 20 years from such date. The first annual payment will commence upon the occurrence of Stabilization and one (1) year after the project’s first position permanent loan closing. Principal and interest will be due on the Maturity Date with payments based on up to 50% of cash flow annually. The City shall execute such subordination agreements as required by the senior lenders and will subordinate to other lenders, as necessary.

Draw Schedule: the Loan Funds shall be disbursed to Borrower as follows: 10% at closing, 15% at 50% completion, 25% at 75% Completion, and the balance at 100% Completion.

Additionally, for this Phase I, approximately 18.50 +/- acres of parcel number 6847-17-4852 located at Old Walkertown and Motor Rd will be conveyed to the project at the Equity Closing via a ground lease agreement in adherence to the City’s Affordable Housing Policy.

The sale of city property will be subject to the city’s Housing Justice Act and Affordable Housing Ordinance including the restrictive covenants in said ordinance which require the units to remain affordable for at least 30 years.

Wynnefield Properties was established in 1987. It specializes in multi-family development with an emphasis on financing with Section 42 tax credits and various other forms of financing leveraged to create affordable housing. Its residential, real estate portfolio includes over 2,000 units in 38 projects located in North Carolina.

Wynnefield Properties is seeking conveyance of a city-owned lot [parcel number 6847-17-4852] and gap financing of \$6.5 million. This equates to \$30,092 per door in gap financing for 216 affordable housing units. APRA funds earmarked for affordable housing will be used for this project.