

## City Council – Action Request Form

**Date:** April 9, 2024

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

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**From:** Patrice Toney, Assistant City Manager  
Shantell McClam, Neighborhood Services Director  
Tanya Skillman, Assistant Housing Development Director

**Council Action Requested:**  
Resolution Authorizing Permanent Financing for Development of 60 Units of Affordable Rental Housing for Families Known as Poplar Forest at Old Vineyard (Southwest Ward)

**Strategic Focus Area:** Livable Neighborhoods  
**Strategic Objective:** No  
**Strategic Plan Action Item:** No  
**Key Work Item:** No



**Summary of Information:**

Poplar Development Group, LLC, whose Managing Member is Bryan Hollander and location is 600 Park Offices Drive, Suite 308, Durham, NC 27709, and DRM Development Group, LLC, formed by the principal officers of Weaver Cooke Construction, are applying to the North Carolina Housing Finance Agency (NCHFA) for Low-Income Housing Tax Credits (tax credits) to construct 60 units of rental housing for families on 4118 Old Vineyard Road to be known as Poplar Forest at Old Vineyard. The developer is requesting gap financing from the City to ensure feasibility of the project. The tax credit application deadline is May 10, 2024.

Applicants for tax credits proposing to use government gap financing must include a letter of binding commitment from the local government in their full applications to NCHFA. NCHFA may fund one or two proposals from Forsyth County and may not fund any. NCHFA received eight pre-applications from Forsyth County, and the developer is one of three making a request to the City for funding.

**Committee Action:**

<b>Committee</b>	CD/H/GG – 4/8/24 F – 4/9/24	<b>Action</b>	CD/H/GG – Approval F- Approval
<b>For</b>	Both Unanimous	<b>Against</b>	
<b>Remarks:</b>			

The proposed development will be two three-story garden style buildings with a community building. It will consist of nine one-bedroom, 36 two-bedroom, and 15 three-bedroom units and serve families with incomes below 80% of area median income.

<b>Unit Count by Area Median Income</b>				
<b>&lt;30%</b>	<b>31-50%</b>	<b>51-60%</b>	<b>61-80%</b>	<b>Total Units</b>
15	10	9	26	60

Amenities include a community room with fitness facilities, a computer center, a multipurpose room with a kitchen for community events, laundry facilities, and energy efficiency measures above and beyond NC’s Energy Star requirements. The site will also have a picnic shelter, grill area, and playground.

The project will be developed by a joint venture of Poplar Development Group, LLC and DRM Development, LLC. Poplar Development was formed in 2023 with Bryan Hollander and Michael Rodgers guiding the financing and development functions, respectively. Michael Rodgers worked for the non-profit housing developer DHIC in Raleigh developing tax credit projects for nearly ten years. DRM Development was formed by the principals of Weaver Cooke Construction, who have overseen the construction of thousands of affordable housing units for families and seniors in the Triad and throughout North Carolina.

Proposed financing for the development consists of a conventional bank first mortgage loan, a City funds as a second or third subordinate mortgage, a Rental Production Program (RPP) loan and Workforce Housing Loan Program (WHLP) funds from NCHFA, deferred developer fee, and funds derived from the tax credits. The preliminary sources are summarized as follows:

\$11,070,000	Federal Tax Credit Equity
4,056,950	First Mortgage Bank Loan
2,000,000	Requested City Mortgage Loan
1,200,000	Rental Production Program Loan
1,668,340	Workforce Housing Loan Program
<u>157,861</u>	Deferred Developer Fee
\$20,153,151	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 \$2,000,000 subordinate mortgage loan for the Poplar Forest at Old Vineyard is presented for consideration. The proposed fund source is HOME funds. This commitment is contingent upon an award of 2024 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.