

## City Council – Action Request Form

**Date:** May 4, 2020

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

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**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 84 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:**

WDT Development, LLC, whose Managing Member is W. Dennis Tharrington and location is 430 Woodland Road, Henderson, NC 27536, and Broadcraft Construction & Development, Inc., whose president is Stephen Drake and located at 195 Rockbridge Road, Mills River, NC 28732, are applying to the North Carolina Housing Finance Agency (NCHFA) for Low-Income Housing Tax Credits and other NCHFA assistance to construct 84 units of rental housing for seniors at Jay Avenue. The developers are requesting gap financing from the City to ensure feasibility of the project. The tax credit application deadline is May 15, 2020.

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. NCHFA will fund no more than two proposals from Forsyth County, and may not fund any. The developer, WDT Development, LLC, submitted 1 of the 5 pre-applications from Forsyth County, and is the only developer making a request to the city for funding.

**Committee Action:**

<b>Committee</b>	Finance 5/11/2020	<b>Action</b>	Approval
<b>For</b>	Unanimous	<b>Against</b>	
<b>Remarks:</b>			

The proposed development will be one three-story building with a drop-off area at the main entrance. It will consist of 33 one-bedroom and 51 two-bedroom units and serve seniors 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>
21	13	21	29	84

In addition, nine (9) units are targeted to persons with special needs or are homeless, and ten (10) units to mobility-impaired persons. Amenities include a community room with kitchen, computer center with high-speed internet, laundry room, covered picnic shelter with grill, and ample storage space.

The proposed development requires a zoning change by July 15, 2020. If approved by the ~~zoning board~~ zoning board-planning board on May 28<sup>th</sup>, the case will be presented to the City Council as an action item on July 6, 2020.

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. Staff has reviewed financial information submitted by the developers, obtained a credit report and bank verifications of the principals, and checked references from state and local government agencies providing funding. All are satisfactory.

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:

\$8,999,100	Federal Tax Credit Equity
2,725,410	First Mortgage Bank Loan
800,000	State RPP Loan
<u>450,000</u>	Requested City Mortgage Loan
\$12,974,510	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. This commitment is contingent upon an award of 2020 Low Income Housing Tax Credits by NCHFA, attainment of all other sources of financing, availability of City funds, approval of rezoning, and completion of construction in compliance with the provisions of the attached Exhibit A to the Resolution.