

## 12-07-2022 Town Council Meeting Responses to Council Questions

### **ITEM #16: Receive the Recommendations of the Legion Property Committee and Consider Next Steps on the Future Use of the American Legion Property**

#### **Council Question:**

Could we not move forward with a process to select one or more AH partners that would work with us on resolving the pond (and other, e.g., road network) infrastructure issues rather than waiting on all of the pond issues to be addressed – and the needs of a particular AH provider might influence how we think about the pond. Similarly, I wonder about taking a full year to determine funding options/sources, particularly given that some AH providers (say those that are for sale) will have access to different funding streams than others. Accordingly, might it be possible to revise the timeline to reflect choosing an AH partner in, say, 12-18 months?

#### **Staff Response:**

*The three primary factors influencing the timeline outlined by affordable housing staff for the affordable housing component of the project are the pond, funding, and timelines for tax credits. We are assuming that some of the work is happening concurrently, rather than sequentially, and are prepared to move as quickly as possible to meet Council's interest. Below is additional explanation regarding the proposed timeline.*

- 1. The process of draining the pond would likely take 9-12 months. If the Town were to initiate this process, then the most favorable time to begin (to allow for a full growing season) is next fall. Until we complete this process and have a final stream determination, we will not know exactly how much developable land we have available for a development partner to consider. To maximize the creative options available to consider in terms of project concept and design, staff believe that it's in our best interest to wait at least until that process is underway so that our development partner can assess conditions during the growing season and be prepared to finalize a concept when the final stream determination is made.*
- 2. We do not have funding identified currently to support the estimated subsidy required to pursue a tax credit project on the Legion property (estimated \$3-4 M for a 9% or 4% project with a total of ~150 units). It will be more enticing to have funding identified prior to soliciting a development partner, based on our experience and feedback we have received from regional partners. Should Council have an interest in pursuing a concept other than tax credits, such as a homeownership concept, this would likely significantly reduce the number of affordable units achieved on the site and/or require even more subsidy than what we anticipate for a tax credit deal and would also preclude us from taking advantage of leveraging tax credits for what is one of our most highly competitive sites available in Chapel Hill currently. Council could accelerate identification of funding,*

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*which would put us in a better position to move forward with soliciting a development partner at the appropriate time.*

- 3. Given the anticipated timeline for a final stream determination for the pond, we will not be in a position to apply for tax credits until the fall 2024 (4%) and winter 2025 (9%) tax credit cycle. If this is the project type Council wishes to pursue, this is the ultimate deadline we are working towards.*