

11-29-2023 Town Council Meeting

Responses to Council Questions

ITEM #7: Consider Approving the Proposed Affordable Housing Loan Fund (AHLF)

Council Question:

Could staff or Self-Help please provide some information about the Durham and Greensboro funds, such as amount, donors, uses, etc.?

Staff Response:

The table below provides more information on three regional affordable housing loan funds that Self-Help is currently working on.

<i>Fund Name</i>	<i>Amount</i>	<i>Loan Period</i>	<i>Eligible Uses</i>	<i>Top Tier Funders</i>	<i>Impact</i>
Durham Affordable Housing Loan Fund (2019)	\$10M	10 years	Acquisition	City of Durham, Duke (~30%)	1 st round of funds expended as 5- year loans in 3 years, supported >200 units
Wake County Affordable Housing Preservation Fund (2022)	\$61.6M	20 years	Acquisitions	Wake County, City of Raleigh (~25%)	Est. to support >3,100 units
Greensboro Housing Fund (2023)	~\$30M	15 years	Acquisition, refinance, rehab, possibly new construction	City of Greensboro, Community Foundation	Est. to preserve 900-1,100 units

To date, the Wake County fund supported a 2022 acquisition of a 62-unit historic affordable apartment community in downtown Raleigh with a \$7 million loan to CASA. The City of Raleigh also awarded about \$2 million to support the acquisition. Self-Help has reported that two additional loan prospects are currently in the underwriting process.

The Durham fund was fully deployed within 3 years. Examples of projects funded include a loan to the Durham Community Land Trust to acquire 54 scattered site units in East Durham and a loan to Reinvestment Partners to acquire a condemned YWCA building.

11-29-2023 Town Council Meeting

Responses to Council Questions

Council Question:

How was the amount of \$715,000 determined? Wouldn't a larger amount, given the leverage, allow for a significantly more robust fund?

Staff Response:

Given the amount of Town funding currently available and the guidance received from Self-Help on anticipated deployment and leverage from private investors, Town staff calculated the funds needed to establish a \$20 million loan fund. The Town anticipates that \$5,715,000 in top-tier funding combined with about \$14.3 million in leverage investment will reach our \$20 million fund goal.

Self-Help indicated some uncertainty about the speed that the fund could be deployed in the Chapel Hill market, given market conditions, the lack of local subsidy available to further support projects, and the unknown timing of when projects that may benefit from the fund will be ready for financing.

In addition, the Town is seeking to maximize its fund contribution with available funding while also preserving flexible local funding for projects with immediate funding needs. Staff intend to release the funds available in the Affordable Housing Development Reserve in FY24 Q3.

Council Question:

Can funds be added at a later date?

Staff Response:

Yes, additional Town funding can be added once the fund is established and the fund administrator has a better sense of demand for funding products, investor interest, the local market, and supplemental financing sources. Town staff will remain in close communication with the fund administrator and proactively propose that the Council consider approving additional funding to support the AHLF, should it be needed.