



Legislation Text

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Update on Town Affordable Development Projects: Trinity Court and Jay Street.

Staff:

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Department:

Public Housing
Affordable Housing and Community Connections
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Affordable Housing and Community Connections

Overview:

This item provides an update to Council on the status of two Town-initiated development projects on Town land:

1. The redevelopment of the Trinity Court public housing community
2. The affordable housing development proposed at 110 Jay Street.



Recommendation(s):

That the Council receive the update from Town staff on the Trinity Court and Jay Street affordable housing development projects and provide feedback.

Background:

The Town and its development partners have been implementing predevelopment and planning activities for the Trinity Court and Jay Street affordable housing development projects. Both have developed and submitted concept plans and anticipate submitting development applications by the end of 2021. As part of that effort, they have also been exploring various financing scenarios, and the associated Town subsidy that might be needed.

Leading up to this update to Council, the Town Council has provided input and authorization in various phases of both projects, as outlined in the attachment.

Proposed Financing Plan

As part of this update, staff will describe the plans for the development teams of both projects to pursue a 9% [Low Income Housing Tax Credit <https://www.nchfa.com/rental-housing-partners/rental-developers/rental-development-financing-options/low-income-housing-tax-credits>](https://www.nchfa.com/rental-housing-partners/rental-developers/rental-development-financing-options/low-income-housing-tax-credits) (LIHTC) award to help finance the projects. This is a change from the original proposal that both projects pursue a 4% LIHTC award and has the potential to eliminate an estimated \$2-\$3 Million in Town subsidy for either project. Utilizing a 9% tax credit would also ensure a project reaches a substantial number of very low-income households, since the 9% tax credit program assigns points for projects that set aside at least 25% of units for households earning at or below 30% AMI.

It is important to note that the 9% tax credit program is very competitive and only one application, if any, from Orange County is likely to receive an award per year. Staff is in communication with another project team planning to apply for a 9% tax credit in 2022 (Carraway Village) and are planning around the possible funding scenarios for the three projects as staff prepares for the second allocation of the Town's affordable housing bond in 2022.

Key Action Required for 9% Low Income Housing Tax Credit Application

The item also outlines and describes the key actions needed from the Town to meet the requirements of the 9% LIHTC application. These include:

1. *Demonstrated site control, as evidenced by an option, contract or deed:*

The Applicant or a Principal must have site control by the preliminary application deadline of January 21, 2022, as evidenced by an option, contract, or deed. After receiving feedback from the Council about the proposed path forward this evening, staff plans to return in early January 2022 to seek authorization from Council for the Manager to enter into a ground lease option agreement with the developer for each site, and later a ground lease within 90 days of the developer exercising their option.

2. *Required zoning approvals:*

Required zoning approvals must be in place by the final 9% tax credit application deadline of May 13, 2022. Affordable Housing and Planning staff are working together to establish a development review schedule that will allow Council to consider the rezoning of these 100% affordable housing projects in time to meet this deadline.

3. *A binding letter of commitment for any anticipated Town funding for the project:*

Should the projects require Town subsidy, binding commitments are required to be submitted with the final tax credit application submission. The development teams will need a letter of funding commitment from the Town by May 1, 2022 for the 9% tax credit application and by September 1 for the 4% tax credit application. It is planned for Council to vote on the affordable housing bond funding plan by early May 2022 to allow the developer to meet these deadlines.

Fiscal Impact/Resources: This item is an update only and does not involve the allocation of Town funds toward the project. Though no Council action is required this evening, staff anticipates that at least one of these projects may request Town subsidy in the Spring of 2022.



Attachments:

- Draft Staff Presentation
- Trinity Court and Jay Street Schedule of Project Milestones

The Agenda will reflect the text below and/or the motion text will be used during the meeting.

PRESENTERS: Faith Brodie, Public Housing Director
Emily Holt, Affordable Housing Development Officer

RECOMMENDATION: That the Council receive the update and provide feedback on the Trinity Court and Jay St affordable housing development projects.