



Chatham County, NC

Legislation Text

File #: 18-2462, **Version:** 1

Vote on a request to approve request by developer regarding Henry Siler School.

In accordance with the Board's goal to increase the affordable rental housing in the county, staff has advertised a request for proposals for the redevelopment of the Henry Siler School site. The county asked that proposals preserve the existing building envelope and historic character, while redeveloping and expanding the building to accommodate the need for affordable housing units. The RFP was developed and tailored to attract developers that would be strong candidates for the 9% Low Income Housing Tax Credits that will be awarded by the North Carolina Housing Finance Agency. While the RFP envisions the developer utilizing low income tax credits to finance the project, it is anticipated that the county will be asked to provide concessions to the developer to in order to make the project viable.

The county published the first request for proposals on September 25, 2017 and closed advertisement on October 26, 2017 and did not receive any responses. After a developer contracted the county with interest, the county re-advertised on December 6, 2017 with a closing date of December 14.

Based on the response to the second advertisement, the County favorably recommends selecting Third Wave Housing, LLC as the developer for the Henry Siler Affordable Housing Project to compete for the 9% Low Income Tax Housing Credits awarded by the North Carolina Housing Finance Agency in August of 2018. The developer is proposing a 34-unit project with 1-and 2-bedroom homes that target those making as low as 30% of area median income. The development will target working class individuals, seniors, disabled persons, and the homeless to the extent possible. Third Wave housing is well experienced in affordable housing development, and several projects in its portfolio are adaptive reuse construction, like the Henry Siler project.

Staff is asking the Commissioner's to approve the selection of Third Wave Housing, LLC to apply for low income housing tax credits to redevelop the Henry Siler School into affordable rental housing units, and authorize staff to analyze and negotiate concessions that may be exchanged with the developer to ensure project viability.

Concessions that the developer has asked of the county include:

- Having the building and land donated
- Waiver of impact, tap, or related fees typically associated with development (some of these include Town of Siler City fees). Note that school impact fees cannot be waived, but the county could appropriate funds to cover the fees for the developer.
- County pay all application fees and third-party costs to submit application to NCHFA (approximately \$15,000)
- Rezoning and site plan approval support/assistance. Rezoning has already been obtained.
- \$120,000 to avoid negative points on the NCHFA application for deferred developer fees (could be structured as soft mortgage). Staff recommends structuring as a loan.

- Documentation that the NCHFA agency application requires of the local government

All but the upfront costs to submit the application will be awarded only if the project is successfully awarded the low-income housing tax credits.

A contract will be needed with Third Wave Housing Inc., if awarded tax credits.

Action is needed now because the LIHTC tax credit application is due January 19 and there is not sufficient time for the developer to prepare its application after the January 16 meeting.

Recommendation:

Approve the concessions requested by the developer and work with the developer to submit an application for LIHTC in January 2018.