

Chatham County Affordable Housing Advisory Committee Meeting

|April 7, 2022| 6:00pm-8:00pm| In Person Meeting with Virtual Option|

Chatham Community Library Holmes Meeting Room
(197 NC Highway 87 N, Pittsboro, NC) And ZOOM Option

AHAC Members Present: Susan Levy, Richard Poole, John Foley, Anita Badrock, Alirio Estevez, Kyle Shipp, Chip Price (Zoom), Pamela Baldwin (Zoom), Linette Tyson (Zoom)

Others Present: Bryan Thompson (Chatham County), Stephanie Watkins-Cruz (Chatham County), Jennifer Lampman (Wallick Communities), Erika Brown (Triangle J COG)

1. Welcome and Ice Breaker:

Susan Levy, Chair, opened the meeting and welcomed those present.

2. Public Comment

No members of the public were present.

3. Adopt Meeting Minutes

The meeting minutes from the March 7th meeting were reviewed. Richard Poole motioned to approve the minutes and Kyle Shipp seconded. The meeting minutes were approved unanimously as presented.

4. Wallick Communities – Oak View Update

Jennifer Lampman from Wallick Communities was presented by Stephanie Watkins-Cruz. A request for Oak View at Siler City, a 72-unit Low Income Housing Tax Credit project, to reconsider the previous request for \$200,000. A reminder that the project was awarded Tax Credits in August 2021. The project was previously using income averaging as a way to target between 30% - 80% AMI units. Income averaging was no longer a viable option due to the IRS requirements around needing to specifically select units that will permanently be at certain income levels, whether 30%, 60% or 80% AMI. This was problematic for Fair Housing laws and put the project at increased liability. Unfortunately, reduced ability to market units at 80% AMI, but also had to remove the 30% AMI units – removing the income averaging component of the project.

In addition, construction costs are on the rise and have continued to spike, despite some level of levelling out in the market prior to the winter. Finally, the third increase in cost challenge was related to the increasing interest rates. Previously, the project had a debt product with Rural Development, but the delay in closing associated with USDA loans, as interest rates would have increased before the loans could be closed. Wallick was able to secure conventional debt in a quicker timeline, avoiding the increase in the interest rate hike. Overall, despite these changes, the project was \$1.4 million over budget largely to construction cost increases.

Through a series of other changes, the budget overruns were able to be decreased by \$1 million. These changes include:

- Deferring more of the developer fee

- Additional funds from the equity partner, CAHEC, by increasing the sale of tax credit by \$0.01 per dollar of tax credit sold
- Securing a permanent conventional loan with more flexible underwriting criteria

Jennifer Lampman is here today to request 200,000 requested in the fall 2021 cycle, which was deferred at the time by AHAC. By providing the \$200,000, this assists in closing the gap, though any above that will be helpful. Wallick is confident that the debt gap will be met given their experience.

Richard Poole requested if she could provide more information on income averaging? One way to look at is that there are more 60% AMI households that will be served, but we had to remove 80% AMI and also 30% AMI households. Stephanie Watkins-Cruz provided an update regarding what funds are currently available to support affordable housing at this moment. Initially, we deferred the request as it was \$200,000 more than what was in the HTF in the fall. However, there are Article 46 tax sales funds we can contribute.

As of April 6, 2022, the amount available from sales tax is \$322,851. Originally, it was estimated that the sales tax would bring in \$200,000 for this current year (FY21-22). The additional \$122,00 was from the previous year's collection of sales tax (FY20-21). Note that there are still uncollected funds for the current FY that have not be incurred.

In addition, there are another \$123,743 in funds from the in-lieu payment from Briar Chapel that staff would like to administratively take to Board of County Commissioners for approval to allocate to this project as well.

Anita Badrock asked when the project would close for construction. The answer is the project would close June/July and begin construction in July/August. Everything has to be completed December 31, 2023. Essentially the timeline is September 2023, though it may need through December 2023. What are the ramifications if the target is not met? Jennifer Lampman explained that Wallick Communities would be on the line in that situation to pay if they do not meet that deadline.

Chip Price noted that there is a limited amount of staff who can help with permitting and the impact of the megasite impact on this project. Bryan Thompson mentioned that there is a lot of discussion regarding budget and need to increase staffing in order to keep up with the demand, as well as the large development at the Moncure megasite. Hopefully the County will have a funding commitment to meet those demands. There have been some staff that the County has already brought on to assist with some of the backlog and existing requests. Bryan Thompson noted that there is not currently an expedited process for affordable housing at this time.

Kyle Shipp asked whether the funding approval should be a separate decision from ...

Alirio Estevez asked whether the property will be fairly marketed to the community in terms of making materials available in multiple languages, etc. Anita Badrock also asked whether the project will accept Section 8 vouchers – yes, they will be. Pamela Baldwin asked whether the funding will be made contingent on closing in June? Jennifer Lampman stated it makes sense to make it tied to a date further out than June, but understand the need for unrestricted commitment of funds despite not closing in June.

5. Vote on Deferred Oak View Award

Richard Poole made a motion to approve the original \$200,000 in funding requested in the fall 2021 HTF application cycle to come from the Article 46 Sales Tax proceeds. John Foley seconded. The motion passed unanimously.

Kyle Shipp made a motion to approve the additional \$122,851 from the Article 46 Sales Tax revenue for affordable housing. Susan Levy made a note that she was unsure whether the Tax Revenue is within AHAC's purview. Stephanie Watkins-Cruz mentioned that we started to talk about a process for considering a process to allocated Article 46 Sales Tax, but have not finalized that process. We know that in the future, the Sales Tax revenue from Article 46 will be available in the future aside from the HTF application cycle. So, we will be in this situation in the future. There is most likely that AHAC will get requests throughout the year for additional funding from the Article 46 funding, outside of the HTF cycle.

Overall, the group thinks its probably best to discuss the process for allocating Article 46 Sales Tax funding. The funding allocation changes throughout the year as sales tax is collected, and usually is about a 3 month lag. Stephanie suggested that the group receive regular updates about the amount of revenue that is currently available – possibly on a quarterly basis.

Susan asked staff whether we could use the payment in lieu funding instead of Article 46 Sales Tax. In total, there is \$123,473 available. Richard Poole suggested that we have a rolling application cycle for Housing Trust Fund.

Kyle suggested the idea of adding a standard amount of sales tax revenue to the HTF pot in the fall and then have an ability to likely make another suggestion for funding awards in the spring when we have a better idea of how much money will be collected through Article 46. Anita Badrock noted that it might be smart to check in with projects regularly and have them explain if their financial projections have changed for projects we have funded. This helps us ensure we are partnering with responsible organizations. Anita asked what this funding would do to assist the project if we allocated additional funding. Any additional funding that is provided would go straight to the construction budget. Simultaneously, the construction numbers are being reviewed again. Anita noted that we may not have a process, but we have a partner.

Susan posed the question, all those in favor of awarding the Article 46 Sales Tax Revenue to the Oak View project in the sum of \$122,851. All approved unanimously. The group decided to review the process for Article 46 Sales Tax revenue. Also, the group wants to discuss the Briar Chapel in lieu fees in the future as well.

6. Subcommittees Breakout Time (Identifying: Scope & Purpose) Discussion

This agenda item was not covered and will be moved to a future meeting.

7. Updates

Discussion

- a. *Towns*
- b. *Staff*

Meeting adjourned at 8:12pm.

Next AHAC Meeting: May 5, 2022

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