City of Charlotte

Charlotte-Mecklenburg
Government Center
600 East 4th Street
Charlotte, NC 28202

Legislation Text

File #: 15-18054, **Version:** 1

Affordable Housing Development Support Request

Action:

A.   **Reallocate up to $700,000 of Housing Trust Fund support from the Evoke Living at Westerly Hills multi-family affordable housing development, to further support the development of the Evoke Living at Morris Field multi-family affordable housing development, and**

B.   **Adopt a budget ordinance appropriating $500,000 from Crosland Southeast, or an affiliate, to the General Capital Projects Fund.**

Staff Resource(s):
Shawn Heath, City Manager's Office
Rebecca Hefner, Housing and Neighborhood Services

Explanation
- On April 26, 2021, City Council approved a $3,000,000 Housing Trust Fund (HTF) allocation for the development of Evoke Living at Morris Field, a 132-unit new construction affordable housing development to be developed, owned, and operated by Morris Field Housing, LLC, an affiliate of Crosland Southeast and Opportunities South, LLC (Developer).
- The development is located at 3628 Morris Field Drive in Council District 3 and will serve households earning up to 80 percent of the Area Median Income (AMI) with income averaging of 60 percent of AMI for the entire development. Of the 132 new units, 26 will serve households that earn 30 percent of AMI or less.
- The development has experienced a new financing gap as a result of pandemic-related cost escalation. Staff has worked with the Developer to identify possible sources to fill this gap. Additional sources in the amount of approximately $4.7 million have been identified, including:
    - additional support through the Low-Income Housing Tax Credit program (approximately $2.4 million),
    - extending the amortization period of other project debt financing (approximately $1.8 million), and
    - deferred developer fees ($500,000).
- Even after identifying these additional funding sources, a financing gap still exists for which the Developer has requested the City's assistance through additional HTF support for the Morris Field development.
- The City proposes and requests authority to reallocate up to $700,000 of HTF support, previously allocated to the Developer's Evoke Living at Westerly Hills development, to fill the remaining gap. This is possible due to cost savings on the Westerly Hills project. The reallocated amount will come from the following sources:
    - up to $500,000 of HTF funds drawn down by the Developer for the Evoke Living at Westerly Hills development will be returned to the City, reappropriated, and allocated to the Evoke Living at Morris Field development, pending Cost Certification by the North Carolina Housing Finance Agency, and
    - an additional $200,000 in HTF funds that were originally allocated to the Westerly Hills development but have not yet been drawn down by the Developer will be reallocated to the Morris Field development.

Background
Evoke Living at Westerly Hills:
- On July 22, 2019, City Council approved a $2,000,000 HTF allocation for the development of Evoke Living at Westerly Hills by Crosland Southeast, a 156-unit affordable housing development located at 2503 Westerly Hills Drive in Council District 3. The development was completed in December 2021.

Evoke Living at Morris Field:
- In conjunction with the original $3,000,000 HTF allocation, the Developer applied for four percent low-income housing tax credits and a housing bond allocation capacity from the North Carolina Housing Finance Agency (NCHFA) to finance the land acquisition and construction of the Evoke Living at Morris Field development. In August 2021, NCHFA awarded the four percent tax credits and bond allocation.
- On February 28, 2022, City Council adopted a resolution granting INLIVIAN's request to issue multi -family housing revenue bonds in an amount not to exceed $19,500,000 for the Morris Field development.

Charlotte Business INClusion
All HTF funded projects and their developers are subject to MWSBE goals determined based on the amount of the HTF allocations received.

Fiscal Note
Funding: Housing Trust Fund

Attachment(s)
Budget Ordinance