

# MINUTES

## HOUSING TRUST FUND SELECTION COMMITTEE

Wednesday, June 23, 2021 – 1:30 PM  
City Hall Council Chambers

Members Present: Gary Daniel, City Council Member  
Maurice Jones, City Council Member  
Jim Fatland, City Manager/Finance Director  
Paul Ray, Planning Director  
Christopher Strassner, Planning Board Chair  
Tommy Kilgore, Citizen Member  
Victor Foster, Citizen Member

Staff Present: Denise Hodsdon, Executive Assistant

Guests: Jim Yamin, Workforce Homestead, Inc.

### A. Welcome and Call to Order

Maurice Jones welcomed everyone and called the meeting to order at 1:30 PM.

### B. Certification of Quorum

Quorum was certified by Executive Assistant Denise Hodsdon.

### C. Approval of Minutes of the April 12, 2021 Meeting

Motion by Mr. Strassner, seconded by Mr. Kilgore to approve the minutes of the April 12, 2021 minutes as presented. The motion carried unanimously

### D. Falling Waters Project Request – Jim Yamin, Workforce Homestead, Inc.

Mr. Fatland informed the committee that following the last meeting, he contacted the County and the Commissioners appropriated \$150,000 of American Rescue Funds toward this project. The City Council pledged \$100,000 from the Housing Trust Fund and \$50,000 in additional funding, giving this project a total of \$300,000.

Mr. Yamin thanked the City and the County for the support for the project through commitment of some funding, presuming that he is successful in winning an award of tax credits this year from the NC Housing Finance Agency. The official announcement from the NCHFA is scheduled for mid-August. He is cautiously optimistic about the chances of the project receiving tax credits this year. However,

due to rising construction costs of installing the sewer line and site improvements, he is coming back to the committee to see if there is any extra funding available. Mr. Yamin provided the attached Summary of Permanent Funding Sources and Project Development Budget for the committee's review and discussion. The projected cost for the sewer extension is \$1,500,000. He explained that the gap that is needed to balance the Sources and Uses, and the additional amount he is asking for, is \$847,312. He feels this project would be a perfect fit for the American Rescue Plan funds and was hoping that the City could justify using some of those funds for this project, as not only would the off-site sewer create the delivery of 80 affordable housing units in the City, it would also facilitate further commercial and residential developments along that .6-mile stretch down Rosman Highway, resulting in increased property taxes and sewer and tap fees for the City.

Mr. Yamin said if he were to receive an award from NCHFA in mid-August, he would begin putting together final architectural and civil engineering plans for permit approval and start due diligence for debt financing as well as tax credit equity syndication, and it wouldn't be until the first quarter of 2022 before he would need a commitment from the City for additional funds. He said that without such a commitment he would not be able to close on the financing and the project would not be able to go forward. Typically, one of the roles of the developer in these kind of projects, is to not only build the project, but also to make personal guarantees for the delivery of credits and the completion of construction. He said if he were to accept the tax credits and to enter into commitments with a lender and an equity syndicator, but there is not sufficient commitment for all of the funding for this project, he is not willing to make personal guarantees for those kinds of deliveries. He hopes that the City will be able to step up and be a partner with him on this project and provide this critical piece of financing.

During discussion, Mr. Fatland explained that one of the dilemmas we have is that the City and County had already approved a total of \$300,000 for the project. The City will receive \$2.3M in ARP funds and when City Council approved the budget earlier this week, they earmarked ARP funds for three stormwater projects and a waterline replacement project. Staff was challenged to look at all projects and unfortunately the needs exceed the funds we have.

He said the County will receive over \$6M and they have been talking about projects too, but he is not sure how far the County has gone with allocating their funds. Mr. Jones asked if Mr. Yamin had talked with the County about the additional request. He said he had not yet done that as he doesn't have any contacts at the County level and asked for suggestions on how to proceed making a request there. Mr. Fatland offered to email County Manager Jaime Laughter today to see if she might have a feel if they could help or not.

#### **E. Update re Housing Assistance Corp. Cashiers Valley Road Project**

Mr. Fatland noted that the City had entered into a Memorandum of Understanding to sell a parcel on Cashiers Valley Road to Housing Assistance Corp. for a housing

project and the offer they made was contingent upon Duke agreeing to relocate the poles. Mr. Ray explained that Duke won't allow any housing at all within their 68-foot wide easement. Housing Assistance Corp. has submitted several different iterations of ways to try to make this happen but they couldn't make any of those work so they have moved on to another county at this time. They hope to wait another year and look for another place within the county to do this project. Mr. Ray said we are now free to offer that property to other developers. He said Staff needs a little time to figure out a few things in our ordinance to get that straightened out, but once we do, we can see if we can get a good project underway for affordable or workforce housing.

Mr. Daniel noted that we got two bits of bad news today, but the intent of this committee is still sound. He would support letting the majority of our funds accumulate for larger projects. Mr. Foster noted that we can still help people with repairs to their homes and he would love to see us help out in that way. Mr. Fatland and Mr. Ray explained that we will need to develop a policy, procedures and an application form. Mr. Strassner suggested that we look to Land of Sky for sample policies/procedures. Mr. Ray will see if he can find a policy for the committee to look at.

**F. Set Date for Next Meeting**

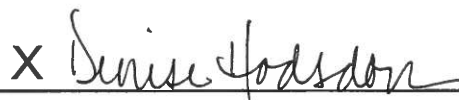
It was decided the committee would meet again when needed.

**G. Adjourn**

There being no further business, the meeting adjourned at 2:48 P.M.

X   
\_\_\_\_\_  
Gary Daniel  
City Council Member

Minutes Approved: September 2, 2021

X   
\_\_\_\_\_  
Denise Hodsdon  
Executive Assistant

**Summary of Permanent Funding Sources  
Falling Waters, Brevard**

| Source:  | NCHFA Tax Credit App | NCHFA Tax Credit App - Maximized QAP Limits | Projected Actual - Balanced S&U | Variance           |
|--|----------------------|---|---------------------------------|--------------------|
| CMI USDA RD 538-Guaranteed Loan                            | \$3,785,463          | \$3,785,463                                 | \$3,785,463                     | \$0                |
| NCHFA RPP Loan   | \$800,000            | \$800,000                                   | \$800,000                       | \$0                |
| Asheville HOME Consortium Loan                             | \$402,862            | \$402,862                                   | \$652,862                       | \$250,000          |
| City of Brevard HTF Loan                                   | \$300,000            | \$300,000                                   | \$1,147,312                     | \$847,312          |
| Federal Housing Tax Credits Equity                         | \$9,999,500          | \$10,618,938                                | \$9,999,500                     | \$0                |
| Deferred Developer Fee                                     | \$265,473            | \$270,000                                   | \$400,000                       | \$134,527          |
| <b>TOTAL SOURCES</b>                                       | <b>\$15,553,298</b>  | <b>\$16,177,263</b>                         | <b>\$16,785,137</b>             | <b>\$1,231,839</b> |
| Funding Gap  | \$0                  | (\$607,874)                                 | \$0                             |                    |
| Credits Per Unit   | \$14,125             | \$15,000                                    |                                 |                    |
| <b>Additional funds requested from the City of Brevard</b> |                      |   |                                 | <b>\$847,312</b>   |

| <b>PROJECT DEVELOPMENT COSTS<br/>Falling Waters, Brevard</b> | <b>NCHFA Tax<br/>Credit App</b> | <b>Projected<br/>Actual</b> | <b>Variance</b>    |
|--|---------------------------------|-----------------------------|--------------------|
| On-site Improvements   | \$2,467,000                     | \$3,167,000                 | \$700,000          |
| Construction of New Buildings                                | \$6,800,000                     | \$6,800,000                 | \$0                |
| General Requirements   | \$556,020                       | \$556,020                   | \$0                |
| Contractor Overhead  | \$196,460                       | \$196,460                   | \$0                |
| Contractor Profit  | \$589,381                       | \$589,381                   | \$0                |
| Construction Contingency                                     | \$530,433                       | \$530,433                   | \$0                |
| Architect's Fee- Design                                      | \$135,000                       | \$135,000                   | \$0                |
| Architect's Fee - Inspection                                 | \$30,000                        | \$30,000                    | \$0                |
| Engineering  | \$60,000                        | \$60,000                    | \$0                |
| Construction Insurance                                       | \$50,000                        | \$50,000                    | \$0                |
| Construction Loan Orig. Fee                                  | \$45,000                        | \$45,000                    | \$0                |
| Construction Loan Interest                                   | \$240,000                       | \$240,000                   | \$0                |
| USDA Fees (App, Commit, Initial Guarantee)                   | \$46,100                        | \$46,100                    | \$0                |
| Construction Period Taxes                                    | \$8,000                         | \$8,000                     | \$0                |
| Building Permit Fee  | \$51,000                        | \$51,000                    | \$0                |
| Water, Sewer and Impact Fees                                 | \$124,723                       | \$124,723                   | \$0                |
| Survey   | \$10,000                        | \$10,000                    | \$0                |
| Property Appraisal   | \$8,000                         | \$8,000                     | \$0                |
| Environmental Report   | \$8,000                         | \$8,000                     | \$0                |
| Market Study   | \$4,400                         | \$4,400                     | \$0                |
| Permanent Loan Origination Fee                               | \$79,250                        | \$79,250                    | \$0                |
| Title and Recording  | \$10,000                        | \$10,000                    | \$0                |
| Real Estate Attorney   | \$25,000                        | \$25,000                    | \$0                |
| Other Attorney's Fees  | \$50,000                        | \$50,000                    | \$0                |
| Tax Credit Fees (App, Allocation, Loan Fees)                 | \$125,768                       | \$125,768                   | \$0                |
| Cost Certification and Accounting                            | \$11,000                        | \$11,000                    | \$0                |
| Tax Credit Monitoring Fee                                    | \$121,600                       | \$121,600                   | \$0                |
| Furnishings and Equipment                                    | \$60,000                        | \$60,000                    | \$0                |
| Developer's Fee  | \$1,080,000                     | \$1,080,000                 | \$0                |
| Rent-up Expenses   | \$35,000                        | \$35,000                    | \$0                |
| Off-site sewer extension                                     | \$968,161                       | \$1,500,000                 | \$531,839          |
| Rent up Reserve  | \$24,000                        | \$24,000                    | \$0                |
| Initial Deposit to Reserve for Replacement                   | \$18,000                        | \$18,000                    | \$0                |
| USDA Lease-Up Reserve  | \$58,464                        | \$58,464                    | \$0                |
| Operating Reserve  | \$264,537                       | \$264,537                   | \$0                |
| <b>DEVELOPMENT COST</b>                                      | <b>\$14,890,298</b>             | <b>\$16,122,137</b>         | <b>\$1,231,839</b> |
| Land Cost  | \$663,000                       | \$663,000                   | \$0                |
| <b>TOTAL REPLACEMENT COST</b>                                | <b>\$15,553,298</b>             | <b>\$16,785,137</b>         | <b>\$1,231,839</b> |