



**Date:** August 21, 2018

**To:** Thomas J. Bonfield, City Manager  
**Through:** Keith Chadwell, Deputy City Manager  
**From:** Reginald Johnson, Director  
**Department of Community Development**  
**Subject:** Presentation – Jackson Street Development Update

### **Executive Summary**

On January 2, 2018 City Council approved a Resolution in support of the Jackson/Pettigrew Street Development and the submittal of a 2018 Low Income Housing Tax Credit application to the North Carolina Housing Finance Agency by the Joint Venture of Self Help Ventures Fund and DHIC Inc. (JV).

On August 9, 2018, the North Carolina Housing Finance Agency announced the allocation of 2018 tax credits which included an award to the Jackson Street development. The development now known as Willard Street Apartments will include 82 units of affordable rental housing for household earning 60 % or below the area median income, ground floor retail and structured parking.

### **Recommendation**

The Department of Community Development recommends that City Council receive the Jackson Street development update.

### **Background**

The purpose of this update is to share next steps and a timeline for the Phase 1 development effort and provide a status report on the Phase 2 effort.

### **Issues/Analysis**

#### Phase 1

The allocation of tax credits is an important step in moving the development of the Willard Street Apartments forward. Next steps include the creation of the limited partnership, site design and approval, architectural design and approval and the selection of an investor for the development effort.

#### Phase 2

The City and the JV have modeled several multi-family rental development concepts to address households at different income levels. All the multi-family rental models require a substantial subsidy from the City to fill the anticipated gap, beyond what is reasonable based on the number of affordable units that can be created. The JV has begun modeling a for-sale option on the second phase to allow the team to assess whether this is a more viable path.

Additionally, as a back-up plan for a 2019 tax credit application submitted by the Durham Housing Authority (DHA) due in January of 2019, the JV would submit a 2019 application for Phase 2 of Willard Street Apartments. As we all are aware that the City of Durham, assuming a

competitive tax credit application(s) is submitted, typically is awarded one tax credit project. To prevent DHA and the JV from competing against each other, upon the release of the individual site scores in April of 2019, the applicant with the lowest site score would remove their application from consideration for Low income Housing Tax Credits. If both applicants were to receive the same score, the JV would remove their application from consideration with DHA submitting a final application in May of 2019. This process ensures that the Durham community has a competitive application for an award of 2019 LIHTC.

**Alternatives**

Not applicable.

**Financial Impact**

Not applicable.

**Equal Business Opportunity Summary**

Not applicable.