

# CITY OF HIGH POINT

## AGENDA ITEM



### **Title: Multifamily Housing Revenue Bonds for Daniel Brooks Phase I**

**From:** Randy McCaslin

**Meeting Date:** November 2, 2020

**Public Hearing:** Oct 12, 2020

**Advertising Date /  
Advertised By:** Oct 4, 2020

**Attachments:** Affidavit of Publication High Point Enterprise  
Certificate and Summary of Public Hearing  
TEFRA Approval Resolution

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### **PURPOSE:**

City Council has been asked to approve the proposed issuance by the Housing Authority of the City of High Point (the "Authority") of not to exceed \$11,000,000 in multifamily housing revenue bonds (the "Bonds") for Daniel Brooks Phase I. Federal tax law requires that tax-exempt bonds issued to finance affordable housing be approved by the elected legislative body of the governmental unit that (a) controls the issuer of the bonds, and (b) has jurisdiction over the area in which the facility is to be located after a public hearing (Internal Revenue Code Section 147(f)). The City Council appoints the commissioners of the Authority under NCGS § 157-34, and the proposed facility is within the jurisdiction of the City. The Authority, at the request of Daniel Brooks Phase I, LLC (the "Company"), proposes to issue the Bonds to finance the acquisition by ground lease of the existing housing development known as Daniel Brooks Homes, which will be demolished, and the construction and equipping of a new 100-unit affordable housing complex (the "Development") on the property. The Authority and the Company have requested the City to approve the issuance of the Bonds for purposes of Section 147(f) of the Code.

### **BACKGROUND:**

On October 12, 2020, the Authority held a public hearing regarding the issuance of the Bonds. A report from the public hearing is attached hereto. The Authority has adopted a resolution giving preliminary approval for the issuance of the Bonds to finance the Development. The Tax Reform Allocation Committee and the North Carolina Housing Finance Agency have allocated bond volume cap to the financing of this Development. The Bonds are expected to be issued in early 2021. The Company will agree to repay the principal, premium, if any, and interest on the Bonds. Neither the Authority nor the City will have any liability whatsoever for the payment of principal or interest on the Bonds, and the Bonds will not affect the City's debt ratios or legal debt limit. Because no taxes or other revenues of the City are pledged to pay these Bonds, the staff of the City has made no financial analysis of the Bonds, the Company or the Development.

### **BUDGET IMPACT:**

There is no direct budget impact by approving this resolution. The City of High Point is participating in this development by providing \$6.5 million in General Obligation bond funding that was approved by voters in November 2019.

### **RECOMMENDATION / ACTION REQUESTED:**

City Council adopt a resolution approving, for purposes of meeting the requirements of the Internal Revenue Code of 1986, as amended, the issuance by the Housing Authority of the City of High Point in an aggregate amount of not to exceed \$11,000,000 of Multifamily Housing Revenue Bonds for Daniel Brooks Phase I.

RESOLUTION PROVIDING APPROVAL OF A MULTIFAMILY HOUSING FACILITY KNOWN AS DANIEL BROOKS PHASE I IN THE CITY OF HIGH POINT, NORTH CAROLINA AND THE FINANCING THEREOF WITH MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE AMOUNT NOT TO EXCEED \$11,000,000

WHEREAS, the City Council of the City of High Point (the “City”) met in High Point, North Carolina at 5:30 p.m. on the 2nd day of November, 2020; and

WHEREAS, the Housing Authority of the City of High Point (the “Authority”) has tentatively agreed to assist Daniel Brooks Phase I, LLC, a North Carolina limited liability company, or an affiliated or related entity (the “Company”), in the financing of the acquisition by ground lease of the existing housing development known as Daniel Brooks Homes located at 1407 West Avenue in the City of High Point, North Carolina, which will be demolished, and the construction and equipping of a new 100-unit affordable housing complex (the “Development”) on the subject property, through the issuance of its Multifamily Housing Revenue Bonds (Daniel Brooks), Series 2020, in an aggregate principal amount not to exceed \$11,000,000 (the “Bonds”); and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), requires that any tax-exempt bonds issued by the Authority for the Development may only be issued after approval by the City after a public hearing with respect to such bonds; and

WHEREAS, on October 12, 2020, the Authority held a public hearing with respect to the issuance of the Bonds to finance, in part, the Development (as evidenced by the Certificate and Summary of Public Hearing attached hereto) and has requested the City to approve the issuance of the Bonds as required by the Code; and

WHEREAS, the City has determined that approval of the issuance of the Bonds is solely to satisfy the requirement of Section 147(f) of the Code and shall in no event constitute an endorsement of the Bonds or the Development, nor shall such approval in any event be construed to obligate the City for the payment of the principal of, premium or interest on the Bonds or for the performance of any pledge, mortgage or obligation or agreement of any kind whatsoever which may be undertaken by the Authority or the Company, or to constitute the Bonds or any of the agreements or obligations of the Authority an indebtedness of the City, within the meaning of any constitutional or statutory provision whatsoever.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HIGH POINT:

1. The proposed low and moderate income housing development consisting of the acquisition, construction and equipping of the Development described above in the City by the Company and the issuance of the Authority’s multifamily housing revenue bonds therefore in an amount not to exceed \$11,000,000 are hereby approved for purposes of Section 147(f) of the Code.

2. This resolution shall take effect immediately upon its passage.

Council member \_\_\_\_\_ moved the passage of the foregoing resolution and Council member \_\_\_\_\_ seconded the motion, and the resolution was passed by the following vote:

Ayes: Council members \_\_\_\_\_

Nays: \_\_\_\_\_

Not voting: \_\_\_\_\_

\* \* \* \* \*

CERTIFICATION

I, Lisa B. Vierling, City Clerk of the City of High Point, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council for the City of High Point, North Carolina, in regular session convened on November 2, 2020, the reference having been in Minute Book \_\_\_\_\_, and recorded in full in Resolution Book \_\_\_\_\_ Pages \_\_\_\_\_.

WITNESS my hand and the corporate seal of the City of High Point, North Carolina, this the \_\_\_\_ day of November, 2020.

\_\_\_\_\_  
City Clerk

(SEAL)

Exhibit A

Certificate and Summary of Public Hearing

(Attached)

## CERTIFICATE AND SUMMARY

The undersigned Chief Executive Officer and the designated hearing officer of the Housing Authority of the City of High Point hereby certifies:

1. Notice of a public hearing (the "Hearing") to be held on October 12, 2020, with respect to the issuance of bonds by the Housing Authority of the City of High Point (the "Authority") for the benefit of Daniel Brooks Phase I, LLC, a North Carolina limited liability company was published on October 4, 2020, in the *High Point Enterprise*. The proceeds of the bonds will be loaned to Daniel Brooks Phase I, LLC and used, together with equity from related 4% low income housing tax credits and other funds, to acquire, construct and equip a new multifamily residential rental development to replace the existing Daniel Brooks Homes.

2. I was the hearing officer for the Hearing.

3. The following is a list of the names and addresses of all persons who spoke at the Hearing: **None**

4. The following is a summary of the oral comments made at the Hearing:

IN WITNESS WHEREOF, my hand and the seal of the Housing Authority of the City of High Point this 12th day of October, 2020.

(SEAL)

By: Angela G. McGill  
Angela G. McGill  
Hearing Officer

AFFP

NOTICE OF PUBLIC HEARING

**Affidavit of Publication**

STATE OF NORTH                      SS  
CAROLINA }  
COUNTY OF GUILFORD }

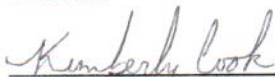
Kimberly Cook, being duly sworn, says:

That she is the billing clerk of the The High Point Enterprise, a daily newspaper of general circulation, printed and published in High Point, Guilford County, North Carolina; that the publication, a copy of which is attached hereto, was published in the said newspaper on

October 04, 2020

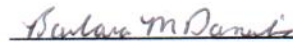
That said newspaper was regularly issued and circulated on those dates.

SIGNED:



the billing clerk

Subscribed to and sworn to me this 4th day of October 2020.



Barbara M Daniels, Notary, Guilford County, North Carolina

My commission expires: February 01, 2022

30140244 30915447

Sonna Green  
McGuireWoods  
434 Fayetteville Street  
Suite 2600  
Raleigh, NC 27601



NOTICE OF PUBLIC  
HEARING ON PROPOSED  
Multifamily Housing  
Revenue Bonds  
FINANCING  
BY THE HOUSING  
AUTHORITY OF THE CITY  
OF HIGH POINT

Notice is hereby given that a Hearing Officer of the Board of Commissioners of the Housing Authority of the City of High Point (the "Authority") will hold a public hearing on its proposed plan to issue multifamily housing revenue bonds in an amount up to \$11,000,000 (the "Bonds") for the financing of the acquisition, construction and equipping by Daniel Brooks Phase I, LLC, a North Carolina limited liability company, or an affiliated or related entity (the "Company"), of a low and moderate income multifamily residential rental facility (the "Development") to replace the existing Daniel Brooks Homes located on the subject property, which will be demolished in connection with the development of the Development. The Development will consist of approximately 100 units located in 7 residential buildings on an approximately 9-acre site at 1407 West Avenue in the City of High Point, North Carolina.

The housing bonds, when and if issued by the Authority, will be issued pursuant to Chapter 157 of the General Statutes of North Carolina and shall not be a debt of the State of North Carolina (the "State"), the Authority, the City of High Point, North Carolina (the "City") or any political subdivision thereof and none of the State, the Authority, the City or any political subdivision thereof shall be liable thereon, nor in any event shall such bonds be payable out of any funds or properties other than those of the Authority derived solely from payments made by the Company.

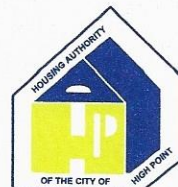
The public hearing, which may be continued or adjourned, will be held on October 12, 2020, at 10:00 a.m. (or as soon thereafter as the hearing is held) at 500 East Russell Avenue, High Point, North Carolina. Any person interested in the issuance of the Bonds or the Development may appear and be heard at the public hearing. Any person wishing to comment in writing on the Development or the issuance of the Bonds should do so, within seven (7) days after the date of publication of this notice to Angela G. McGill, Chief Executive Officer, Housing Authority of the City of High Point, 500 East Russell Avenue, High Point, NC 27260.

HOUSING AUTHORITY  
OF THE CITY OF  
HIGH POINT

By: Angela G. McGill  
Chief Executive Officer  
Oct. 4, 2020



# HOUSING AUTHORITY OF THE CITY OF HIGH POINT



Angela G. McGill  
Chief Executive Officer

October 20, 2020

Randy McCaslin  
Interim City Manager  
City of High Point  
211 S. Hamilton  
P.O. Box 230  
High Point, NC 27261

Subject: Adopt Bond Resolution Providing Approval of a Multifamily Housing Facility Known as Daniel Brooks Phase I in the City of High Point, North Carolina and the Financing thereof with Multifamily Housing Bonds in an Aggregate Amount not to Exceed \$11,000,000

Dear Mr. McCaslin:

The following background information is being provided in preparation for the adoption of the required Bond Resolution by the City Council of the City of High Point (the "City"), solely to satisfy the requirement of Section 147(f) of the Internal Revenue Code of 1986 for Daniel Brooks Phase I.

## Executive Summary

The Housing Authority of the City of High Point ("HPHA") wishes to issue its tax-exempt multifamily housing bonds (the "Bonds") for the benefit of the Daniel Brooks Phase I affordable housing redevelopment project (the "Development"). The project will be spearheaded by HPHA and its private Developer-Partner, Laurel Street Residential, a Charlotte based affordable housing developer. HPHA has agreed to assist Daniel Brooks Phase I, a North Carolina limited liability company, or an affiliate or subsidiary thereof (the "Company"), which is partially owned by an affiliate of HPHA. The project will utilize the Bonds, Low-Income Housing Tax Credit ("LIHTC") equity and funds of the City and HPHA. As a result of the project, 100 apartment units will be constructed and operated exclusively for low- and moderate-income residents of High Point, North Carolina.

HPHA is requesting that the City approve the Bonds in order to satisfy federal law. The Internal Revenue Code requires that the financing be approved by the City Council after HPHA holds a public hearing regarding the financing.

## Participation

HPHA seeks the participation of the City and City Council by the adoption of the attached resolution by City Council, solely to satisfy the requirement of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"). In no event shall said adoption of the attached resolution constitute an endorsement of the Bonds or the Development, nor shall such approval in any event be construed to obligate the City for the payment of the principal of, premium or interest on the Bonds or for the performance of any pledge, mortgage or obligation or agreement of any kind whatsoever which may be undertaken by the HPHA or the Company, or to constitute the



Bonds or any of the agreements or obligations of the HPHA as an indebtedness of the City, within the meaning of any constitutional or statutory provision whatsoever.

This will assist HPHA in developing affordable housing within the City of High Point and begin the Daniel Brooks redevelopment project. In addition, the 100 affordable housing units will support the City's objective of increasing the supply of safe, sanitary, decent affordable housing within the City.

### **Background**

Daniel Brooks Phase I is the first phase of the Daniel Brooks Redevelopment Project. Daniel Brooks Phase I will consist of 100 one, two, and three-bedroom units with rents structured to serve households with incomes at or below 60% of area medium income and below with 28 units set aside as Rental Assistance Demonstration ("RAD") units. The demand for units will naturally come from relocated residents coming back to the property and other citizens of the area that need an affordable unit. The unit mix will consist of 32 one-bedroom, 56 two-bedroom, and 12 three-bedroom units targeted to family households at or below 60% AMI with 28 units designated as project-based voucher units through the RAD program.

The site is serviced by the High Point Transit System which has two routes within a quarter of a mile from the site. These routes provide transportation to places of interest such as schools, shopping centers, and the public library. The Daniel Brooks Homes redevelopment is located in a neighborhood experiencing significant private investment that is demonstrably improving the economic character of the area. This investment is coming from the City of High Point, HPHA, and High Point University (HPU).

The project will be financed with a mixture of private and public funds including \$6,513,058 in LIHTC equity, a \$6,500,000 grant from the City of High Point, a \$5,300,000 permanent loan from a private lender, and a \$109,200 loan from HPHA. The projected total development cost is \$18,422,258.

Daniel Brooks Phase I, LLC will be the Borrower/Owner Entity for this phase of the development. The Owner Entity will be composed of an affiliate of the private Developer, an affiliate of HPHA and the LIHTC investor.

HPHA requests that the City authorize this resolution approving the issuance of the multifamily revenue bonds. HPHA preliminarily approved the project on March 11, 2020 by passing an inducement resolution, and HPHA held a public hearing on October 12, 2020.

If additional information is required, please contact me at (336) 878-2375.

Sincerely,



Angela G. McGill  
Chief Executive Officer

Enclosures