

CITY OF HIGH POINT

AGENDA ITEM



Title: Inducement Resolution for Wendover Heights

From: Michael E. McNair, Director

Public Hearing: No

Meeting Date: May 3, 2021

Advertising Date: N/A

Advertised By: N/A

Attachments:

Site Plan
Resolution

PURPOSE:

One of the projects proposed in the 2021-22 Annual Action Plan involves the use of multifamily housing revenue bonds. The developer, Wynnefield Forward, LLC, has requested that the City assist it in financing the acquisition, construction and equipping of a multifamily residential rental development to be known as Wendover Heights and located at 5000 W. Wendover Avenue. The City is asked to assist the developer by preliminarily approving the issuance of the bonds subject to approval by the North Carolina Housing Finance Agency (NCHFA). If the development receives a bond allocation from the NCHFA, a public hearing known as a TEFRA (Tax Equity and Fiscal Responsibility Act of 1982) will be required later (tentatively August 2021). The developer has applied for a bond allocation in an amount now estimated not to exceed Twenty Million Dollars (\$20,000,000) to provide all or part of the cost of the Development. There will be no obligation, financial or otherwise, placed upon the City Council of High Point to issue the bonds.

BACKGROUND:

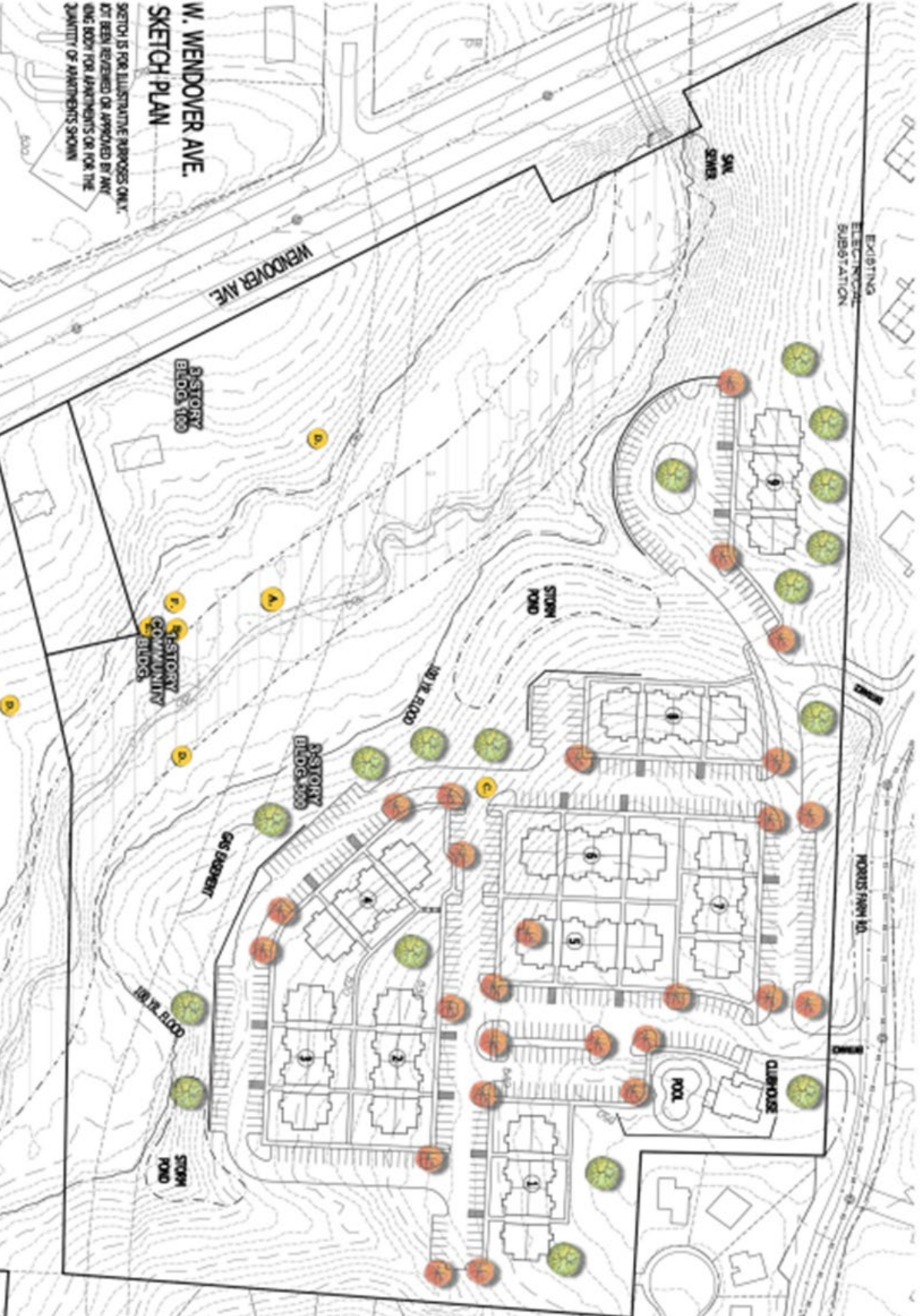
Under N.C.G.S. 160D-1311(b), cities are authorized to exercise the powers of a housing authority, including acting as the Issuer of tax-exempt multifamily housing bonds. The proceeds will be loaned to Wynnefield Forward, LLC.

BUDGET IMPACT:

There is no budget impact.

RECOMMENDATION / ACTION REQUESTED:

The Community Development and Housing Department recommends approval of the resolution giving preliminary approval to issuance of multifamily housing revenue bonds to finance the acquisition, construction and equipping of Wendover Heights and that the appropriate City official and/or employee be authorized to execute all necessary documents.



W. WENDOVER AVE.
SKETCH PLAN

SKETCH IS FOR ILLUSTRATIVE PURPOSES ONLY.
NOT BEEN REVIEWED OR APPROVED BY ANY
ONE BODY FOR APPLICANTS OR FOR THE
QUANTITY OF APARTMENTS SHOWN

RESOLUTION GIVING PRELIMINARY APPROVAL TO ISSUANCE OF
MULTIFAMILY HOUSING REVENUE BONDS TO FINANCE THE
ACQUISITION, CONSTRUCTION AND EQUIPPING OF WENDOVER
HEIGHTS

WHEREAS, the City Council (the “City Council”) of the City of High Point, North Carolina (the “City”) met in High Point, North Carolina at 5:30pm on the 3rd day of May, 2021; and

WHEREAS, pursuant to Section 160D-1311(b) of the General Statutes of North Carolina, the City is granted the power to exercise directly the powers of a housing authority organized pursuant to the North Carolina Housing Authorities Law, Article 1 of Chapter 157 of the General Statutes of North Carolina, as amended (the “Act”); and

WHEREAS, the Act in N.C.G.S. §§ 157-9 and 157-37 gives the City, acting as a housing authority, the power “to provide for the construction, reconstruction, improvement, alteration or repair of any housing project” and “to borrow money upon its bonds, notes, debentures or other evidences of indebtedness and to secure the same by pledges of its revenues”; and

WHEREAS, Wynnefield Forward, LLC, a North Carolina limited liability company, or an affiliated or related entity (the “Company”), intends to provide affordable housing in the City; and

WHEREAS, the Company has requested that the City assist it in financing the acquisition, construction and equipping of a 216-unit multifamily residential rental development to be known as Wendover Heights and located at 5000 W. Wendover Avenue in the City (the “Development”); and

WHEREAS, the Company has described to the City the benefits of the Development to the City and the State of North Carolina and has requested the City to agree to issue its multifamily housing revenue bonds in such amounts as may be necessary to finance the costs of acquiring, constructing and equipping the Development; and

WHEREAS, the City is of the opinion that the Development is a facility that can be financed under the Act and that the financing of the same will be in furtherance of the purposes of the Act;

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

1. It is hereby found and determined that the Development will involve the acquisition, construction and equipping of a multifamily housing facility, and that therefore, pursuant to the terms and subject to the conditions hereinafter stated and the Act, the City agrees to assist the Company in every reasonable way to issue bonds to finance the acquisition, construction and equipping of the Development, and, in particular, to undertake the issuance of the City’s multifamily housing revenue bonds (the “Bonds”) in an amount now estimated not to exceed Twenty Million Dollars (\$20,000,000) to provide all or part of the cost of the Development.

2. The City intends that the adoption of this resolution be considered as “official action” toward the issuance of the Bonds within the meaning of the regulations issued by the Internal Revenue Service pursuant to Section 1.150-2 of the Treasury Regulations issued under the Internal Revenue Code of 1986, as amended (the “Code”).

3. The Bonds shall be issued in such series and amounts and upon such terms and conditions as are mutually agreed upon between the City and the Company. The City and the Company shall enter into

a “financing agreement” pursuant to the Act for a term and upon payments sufficient to pay the principal of, premium if any, and interest on the Bonds and to pay all of the expenses of the City in connection with the Bonds and the Development. The Bonds will be issued pursuant to an indenture or security agreement between the City and a trustee (the “Trustee”) or the bondholder which will set forth the form and terms of the Bonds and will assign to the Trustee for the benefit of the holders of the Bonds, or directly to the bondholder, the City’s rights to payments under the financing agreement, except the City’s right to payment of fees and expenses and indemnification. The Bonds shall not be deemed to constitute a debt or a pledge of the faith and credit of the State of North Carolina or any political subdivision or agency thereof, including the City, but shall be payable solely from the revenues and other funds provided under the proposed agreements with the Company.

4. The City hereby authorizes the Company to proceed, upon the prior advice, consent and approval of bond counsel and the City’s counsel, to obtain approvals in connection with the issuance and sale of the Bonds and to obtain an allocation of a sufficient amount of the State of North Carolina’s “private activity bond limit”, as required by Section 146 of the Code and as defined in Section 146 of the Code, for the Bonds.

5. It having been represented to the City that it is desirable to proceed with the acquisition, construction and equipping of the Development, the City agrees that the Company may proceed with plans for such acquisition, construction and equipping, enter into contracts for the same, and take such other steps as it may deem appropriate in connection therewith, provided that nothing herein shall be deemed to authorize the Company to obligate the City without its written consent in each instance to the payment of any monies or the performance of any act in connection with the Development and no such consent shall be implied from the City’s adoption of this resolution. The City agrees that the Company may be reimbursed from the proceeds of the Bonds, if and when issued, for all qualifying costs so incurred as permitted by Treasury Regulations Section 1.150-2.

6. All obligations hereunder of the City are subject to the further agreement of the City and the Company to terms for the issuance, sale and delivery of the Bonds and the execution of a financing agreement, indenture or security agreement and other documents and agreements necessary or desirable for the issuance of the Bonds. The City has not authorized and does not authorize the expenditure of any funds or monies of the City from any source other than the proceeds of the Bonds. All costs and expenses in connection with the financing and the acquisition, construction and equipping of the Development, including the reasonable fees and expenses of the City’s counsel, bond counsel and the agent or underwriter for the sale of the Bonds, shall be paid from the proceeds of the Bonds or by the Company, but if for any reason the Bonds are not issued, all such expenses shall be paid by the Company and the City shall have no responsibility therefor. It is understood and agreed by the City and the Company that nothing contained in this resolution shall be construed or interpreted to create any personal liability of the officers or council members from time to time of the City.

7. The officers of the City are hereby authorized and directed to take all actions in furtherance of the resolution and the issuance of the Bonds.

8. The City hereby approves McGuireWoods LLP, Raleigh, North Carolina, to act as bond counsel for the Bonds.

9. This resolution shall take effect immediately.

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: _____

Nays: _____

Not voting: _____

* * * * *

I, Lisa B. Vierling, City Clerk for the City of High Point, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and complete copy of so much of the proceedings of the City Council for the City of High Point, North Carolina, at a regular meeting duly called and held on May 3, 2021, as it relates in any way to the resolution hereinabove set forth, and that such proceedings are recorded in the minutes of the City Council.

WITNESS my hand and the seal of the City Council of the City of High Point, North Carolina, this _____ day of May, 2021.

(SEAL)

Lisa B. Vierling, City Clerk
City of High Point, North Carolina