

Hoke Development & Collaboration

DAVIDSON
COMMUNITY
FOUNDATION



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Presentation to Town of Davidson Commissioners
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Hoke Development & Community Need

- The Hoke development is ideally and uniquely located for affordable housing
- 81 townhome units, 2,000 SF, 3 BR, 2.5 baths, 2-car garages built by Taylor Morrison
- Affordable units dispersed throughout project
- Units available Spring 2022, 2+/- year build-out
- Overwhelming community support for on-site affordable units (Oct '20 public hearing)

Hoke Development & Community Need

Greatest community need exists at lower rental price point:

Income Category	% AMI	AH Needs*
Very low income	<50%	500 units
Low income	50-80%	>95
Moderate income	80-120%	>86

*Based on 2017 UNCC Urban Institute Housing Needs Assessment Study estimates, adjusted for recent developments in Davidson, including units at Summers Walk, Bailey Springs, and Villages at South Main which were completed after the study's publication.

Community Benefits

- Hoke collaborative and community support provides 8 AH units vs \$352,600 PIL contribution
- Leverages the TOD's developer-contributed PIL funds – each \$50,000 of TOD's PIL-funded contribution provides one on-site affordable unit with a retail value of >\$400,000.
- The initiative maximizes community benefit
 - Rentals vs ownership – greatest gap / need for rentals
 - Lower rents meet greater community need
 - 50-80% AMI rental targets capitalize on the developer's and Community Foundation's generosity to meet the greatest community need – ***the development's potential community benefit is maximized.***

Affordable Housing Plan Overview

- Average purchase price of Hoke's affordable units is \$250,000 vs \$400,000+ retail value
- Capital Funding
 - Alliance discounts purchase price by \$1,200,000 for the eight (8) affordable housing units (\$150,000 per unit)
 - Davidson Housing Coalition secures \$1,200,000 in debt financing and possibly grants
 - \$400,000 grant to DHC from the Town from its payment in lieu (PIL) funds
 - \$400,000 grant to DHC from the Davidson Community Foundation

Affordable Housing Plan Overview

- Deal structure and Alliance's generous contribution far exceeds minimum required under the DPO.
- **The properties will be deed restricted as affordable units as determined by DPO.**
- DHC will own the units and rent them at the 50% to 80% AMI level for a family of 4. Target net rents are \$1,000 – \$1,200 per month, exclusive of utilities (DHC pays HOA fees).
- Target rent levels are roughly 50% of market rent for these units, and **serve families making \$42,000 to \$66,000.**

Affordable Housing Plan Overview

- TOD retains an option to purchase the affordable units (Right of First Refusal)
- Default provisions are complex and cover a multitude of scenarios
- One default scenario: developer builds 3 affordable units (equivalent of \$450,000 contribution) and makes \$141,040 PIL to satisfy obligation.
- The Board of Adjustment's variance requires construction of 8 on-site affordable units.

Questions and Discussion