



**Durham Tech Properties, LLC
Durham Technical Community College Foundation
Request for Qualifications Statements for LIHTC Development Partner
June 30, 2021**

Summary

Durham Tech Properties, LLC (DTP), a wholly-owned subsidiary of the Durham Tech Foundation, is seeking an experienced affordable housing development partner to build approximately 125 apartments on land that Durham Technical Community College (Durham Tech) owns in Durham, North Carolina. Capital sources will likely include bond volume cap and 4% Low Income Housing Tax Credits (LIHTC), financing from the City of Durham, and other resources. DTP intends to select a developer in July 2021 to then respond to an RFP that the City of Durham will issue later in the summer.

Background

Durham Tech serves more than 18,000 students annually through curriculum, continuing education, and basic skills programs. Approximately half of curriculum students receive some form of financial aid. Our main campus is located on the southeastern edge of Durham in one of the City's most underserved areas, and several Durham Housing Authority communities are within a two-mile radius. Over the past several years, Durham Tech has advanced a campus-wide commitment to mitigate barriers to student financial stability and success through scholarships, emergency aid, and a network of economic support services. Despite these critical resources, students continue to face a lack of stable, affordable housing. To address this need, Durham Tech has explored the opportunity to develop affordable housing on a parcel of college-owned land, not only through the college's lens but through the broader lens of the city's affordable housing challenges.

Community and Student Need

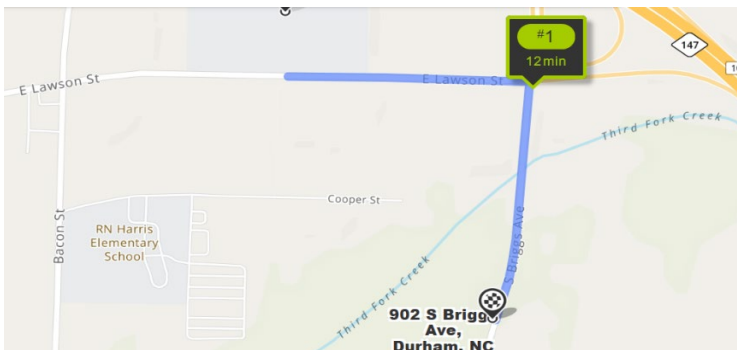
The case for creating and preserving affordable housing in Durham has been effectively articulated, most notably in the successful effort to pass the \$95 million affordable housing bond in November 2019: Durham will need over 16,000 affordable housing units simply to meet the needs of those households that are paying over 50% of their income for housing. This number will likely increase as housing costs in Durham continue to rise, given that the majority of low-income households in the city live in privately owned, non-income restricted units that may become increasingly expensive over time (City of Durham FAQ).

A recent survey of more than 700 students revealed that more than 50% had experienced some form of housing insecurity in the past twelve months, and nearly 20% reported being homeless for some portion of that timeframe.

It is clear that individuals who lack stability in their personal lives (housing, access to food, transportation, and/or reliable health care) are far less likely to effectively take advantage of educational opportunities available to them. And these are the people within our community who most need continued education to secure family-sustaining incomes. In sum, Durham Tech sees this proposed project as both an opportunity to meet our students' basic needs as well as to help address the broader community's call-to-action for solutions to our growing affordable housing crisis.

Project Specifics

Durham Tech's real property includes a parcel of 10.074 acres (6.674 usable acres) on Briggs Avenue, approximately one-quarter mile from the main Durham campus. It is directly across the street from the Employment Security Commission and situated near the Briggs Avenue Community Garden. Because the property is separated from the campus by wetlands, it cannot be easily developed for direct educational purposes. However, a recent charrette sponsored by Durham Tech and the Durham Chapter of Habitat for Humanity revealed that the buildable acreage can possibly accommodate between 110 and 140 units in a multi-family environment. This is an opportunity that the college's leaders (the President and the Board of Trustees) are eager to pursue.



Left: Walking map (indicated by blue line) plots a 12-minute route to Durham Tech's main campus.

A proposed walking trail could provide non-street access to Durham Tech and R N Harris Elementary.

Further Analysis

In order to further explore the feasibility of developing affordable rental housing on the Briggs Avenue site and to better understand successful models of affordable housing that serve students, the DTP and the Durham Tech Foundation asked Gregg Warren of Raleigh (recently retired leader of DHIC, Inc. and widely recognized expert in affordable housing) to further research this opportunity.

Warren's report (Attachment A) identified several examples of successful approaches used to serve housing insecure students with LIHTC housing or other affordable housing resources. The report explored LIHTC student rules, fair housing issues and the general "public use" provisions in LIHTC rulings. The report concluded that a tax credit developer could establish a preference in the Tenant Selection Plan required by the NC Housing Finance Agency for housing insecure students enrolled at Durham Tech. The number of apartments that could be set aside under this preference is likely to range from 20 to 30 apartments.

Upon review of this report by Durham Tech leadership, the Durham Tech Foundation formed a separate LLC (DTP) anticipating that this entity would best serve as owner of the new LIHTC apartments to be developed on the Briggs Avenue Site. Under Warren's guidance, JDavis Architects of Raleigh prepared the following sketch site plan for the property yielding 124 apartments.



This concept will be refined by the development partner selected by DTP.

RFQ Submission Requirements

DTP invites developers with a proven track record of delivering quality affordable housing developments utilizing Low Income Housing Tax Credits to submit a Statement of Qualifications in response to this RFQ.

Respondents must submit 5 printed copies of their response in addition to a USB drive with an electronic copy of their response in PDF format, no later than 3 p.m. EST, Wednesday, July 21, 2021. Responses should be addressed and delivered before the due date and time to:

Melissa Chappell, Executive Director
Durham Tech Foundation
1637 E Lawson St
Durham, NC 27703

Complete RFQ responses will be evaluated according to the criteria described below. The RFQ responses should address the following:

1. **Cover Letter:** Respondents should prepare a letter, no more than 2 pages in length, summarizing their response to the RFQ and their interest in this development opportunity. The cover letter should provide an overview of the proposed development team and include the name, email address and phone number of the Respondent's designated point of contact.
2. **Development team qualifications:** If a team approach is planned in response to this RFQ, the narrative should include a description of all entities comprising the development team. Respondents should include an organizational chart showing the relationship between firms assembled to respond to this RFQ. In addition to the organizational chart, Respondents should include the resumes of key principals and describe their intended role on the project team. The proposal should identify the primary project manager that will lead the initiative. The proposal should note whether the developer is likely to use JDavis Architects as architect of record for the project or if they have options they wish to propose.

Respondents should complete the information requested in Attachment B setting forth the current summary of projects completed or under development during the past 4 years.

Respondents should be aware that the City of Durham has established goals of 11% minority and 7% women underutilized business enterprise utilization on City-funded affordable housing projects. Respondents should complete the forms found in Attachments C and D which set forth participation documentation and employment statistics. Respondents are encouraged to provide supporting narrative to describe past and proposed efforts to enhance opportunities for minorities and women.

Additionally, DTP plans to engage students, residents and other area stakeholders in planning for this development. Respondents should provide examples of how they have engaged community interests and promoted equity in past development work and strategies to listen, plan and implement ideas that arise from these conversations.

3. **Relevant project experience:** Respondents should demonstrate their ability to succeed at designing, constructing, and managing the development of the Durham Tech site. At a minimum, respondents should have a placed in service at least one 4% North Carolina LIHTC development during the last three years.

DTP is seeking a development partner that has a record of excellence in terms of project execution, timeliness in completion, innovative and attractive design, and effective partnerships with public and private sector financing sources. Respondents should provide descriptions (3 page maximum) of three projects completed or under construction that best exemplify the capabilities of the team.

For all projects submitted as examples of relevant previous experience, respondents should provide project location; project size and program description, including phasing; completion date or expected completion date; public sector involvement, if any; partnerships or joint ventures with other partners, if any; total project costs and financing structure; and a representative image (or images) of the project.

DTP is committed to making sure that this development will serve students and the larger Durham community over a long period of time. To that end, respondents should address the following in their proposal:

- Have you ever agreed to extended use periods to maintain affordability over a longer term than 30 years? If so, please provide details.
- Have you ever sold your interest in a tax credit property to another party or sold the entire property to another entity? If so, please provide details.
- Have you ever granted a first right of refusal to a specific non-profit entity in any of your transactions? Would you consider that in this development?

4. Financial Capability: Respondents should provide detailed information, in the form of a narrative description, about their ability to financially fulfill the obligations of the development project. Respondents should provide the following information:

- Information about the Respondent's history of raising capital, and resources available to complete this project.
- Audited financial statements for fiscal years ending in 2018 and 2019 (and 2020 if available). If there were there any findings or qualified opinions in your audits, please explain corrective action.
- A statement indicating that the Respondent does not currently and has not had any loans in default within the past 10 years, and has not filed for bankruptcy, had a project foreclosed on, or faced government fines. Alternatively, if any of these have occurred, include a description of the actions and the project-related circumstances in which the actions took place.
- Description of any litigation that has been filed against the development team or its members related to real estate projects during the past 10 years, as well as the outcome of that litigation. If no litigation has been filed, please include a statement to this effect.
- Description of whether the development team has, within the last 5 years, ever needed to go back to public sector lenders asking for additional funding after receipt of a commitment? If so, please describe the circumstance.

5. References: In Attachment B, respondents should provide a local government reference for each development project in addition to syndicators that provided LIHTC equity. The Durham Tech Foundation anticipates communicating with a select number of references listed in the response.

Selection Process and Evaluation Criteria

Durham Tech will evaluate proposals submitted using the following selection criteria:

- Demonstrated capacity to undertake innovative partnerships.
- Strength and experience of leadership including proposed project manager.
- Excellence in project execution, design, and quality.
- Financial strength.
- References from past funders and partners.
- Track record in diversity, equity, and inclusion including demonstrated experience engaging community in development processes and promoting equitable development outcomes.

It is expected that DTP will interview representatives of developers who submit proposals that are most responsive to these selection criteria. Upon selection of the top candidate, DTP and the developer will enter negotiations to determine key development principles and responsibilities and prepare to submit a funding request to the City of Durham later in the summer.

Questions regarding this RFQ should be directed in writing to Melissa Chappell by email at chappellm@durhamtech.edu no later than July 14, 2021, at 5:00 PM. All questions and answers will be posted on the Durham Tech Foundation website at www.durhamtech.edu/foundation/rfq. Potential Respondents are encouraged to attend an online briefing session which will be held on July 9, 2021, at 2:00 PM

Timeline

Request for Qualifications Issued	June 30, 2021
On-Line Briefing Session	July 9, 2021
Response Due to Durham Tech	July 28, 2021
Interviews with Leading Prospects	Week of August 9, 2021
Selection of Development Partner	Week of August 16, 2021
Application Submitted to City of Durham	September 15, 2021
Preliminary NCHFA Application Submitted	January 2022
Final NCHFA Application Submitted	May 2022
NCHFA Bond Volume Cap Approved	Summer 2022

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Listing of Attachments

- a. Report Investigating Housing Options for Students
- b. Summary of LIHTC Development Activity Since January 1, 2018
- c. Developer employment statistics

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**Attachment A: Report Investigating Housing Options for
Students**

Durham Tech Foundation

Durham Tech Properties, LLC Durham Technical Community College Foundation Report Investigating Housing Options for Students March 25, 2021

Summary of Assignment and Conclusion

The Durham Tech Foundation wants to help housing insecure students move into more stable, safe, and affordable rental housing. The Foundation is particularly interested in learning whether an affordable housing community that utilizes Low Income Housing Tax Credits (LIHTC) can meet some of this need and in answering the following fundamental feasibility questions:

- √ What feasible resources are available to finance affordable rental housing for a post-secondary student population?
- √ Does this specific site meet minimum requirements under the relevant financing programs?
- √ How do these financing sources regard targeting their assisted units to community college students with limited incomes?
- √ How have other investors in the nation used the Low Income Housing Tax Credits (LIHTC) to serve post-secondary limited income students?
- √ Given fair housing restrictions, how have analogous projects maximized student absorption in their portfolios?
- √ How does such a project fit within current local and state housing policies and priorities?

To answer these questions, I communicated with representatives from the NC Housing Finance Agency, LIHTC tax credit investors, fair housing attorneys, property managers and organizations across the country that were operating analogous student housing programs. A complete list of these contacts is included in Exhibit 2.

My conclusion is that the 10-acre property owned by Durham Tech is a feasible location for rental housing financed with Low Income Housing Tax Credits. If built, Durham Tech could establish a preference for LIHTC eligible students that would effectively place students at the top of the list of applicants. In order to serve low income students, subsidy would be required from the City, State and/or Durham Housing Authority. Further, to ensure success serving high risk students, the Foundation must make a commitment to provide case management services to prepare students for successful tenancy at the apartment community.

Financing Considerations

Most affordable rental housing constructed in the past 30 years in the United States has been financed with equity provided by investors that purchase tax credits that are allocated to developers by state housing finance agencies. The Low Income Housing Tax Credit (LIHTC) program was created in 1986 and is the largest source of new affordable rental housing in the United States. There are about 2,000,000 tax credit units today and this number continues to grow by an estimated 100,000 annually. The program is administered at the federal level by the Internal Revenue Service (IRS).

These tax credits are provided to each State based on population and are distributed to the State's designated tax credit allocating agency which in North Carolina is the North Carolina Housing Finance Agency (NCHFA). Every year, the NCHFA publishes a [Qualified Allocation Plan](#) (QAP) which describes how tax credits will be awarded.

On their own, tax credit subsidies provide a moderate level of affordability to tenants because project debt is reduced, and the program requires rent restrictions for up to 30 years. However, many units or tenancies are subsidized through additional sources of federal or state funding, which allow for deeper affordability for low income families.

There are two types of tax credits. A 9% tax credit covers about 70% and a 4% credit about 30% of the cost of a development. In North Carolina 9% tax credits are allocated by the NCHFA on a competitive basis during an annual application process which starts in late January. There are numerous fine points and limitations regarding the 9% LIHTC awards in NC including:

1. In any given year, only 1 in 3 (or 4) applicants are successful in receiving a 9% LIHTC award because the demand far outstrips the amount of 9% credits available.
2. There are geographic limits on 9% tax credit awards. Typically, only one 9% LIHTC award is announced in Durham and in some years, no Durham applications received an award.
3. There is a limit on the amount of tax credits awarded to any single project. Effectively, this limits the project size to approximately 80 units. In 2021, the average size of a project seeking a 9% LIHTC award in metropolitan areas was 79 apartments.
4. In order to effectively compete for a 9% tax credit award, the proposed site for the apartments must meet certain proximity requirement to schools, parks, groceries, transit and other amenities.

The 4% LIHTC program in North Carolina has none of the restrictions listed above -- but the program does have these key restrictions and limitations.

1. 4% credits are only available if the developer seeks tax exempt financing from a local housing authority or from the NCHFA.

2. There are no caps on the amount of 4% tax credits that can be awarded by the state and currently, there are no limits on the bond volume authority that can be approved in North Carolina.
3. Tax exempt financing is more complicated with higher transaction costs involving bond underwriters, attorneys and accountants.
4. Unlike the 9% tax credit competition, there are more opportunities to submit applications for tax exempt financing (technically referred to as bond volume applications) in any given year.

Equity derived from the sale of tax credits to investors is rarely sufficient to make proposed affordable housing developments economically feasible. Often, low cost favorable financing is available from local governments and the NCHFA. Through its voter approved bond issues, a set aside of local tax revenues for affordable housing and HUD funds, the City of Durham is a critically important partner in any LIHTC project.

While equity raised through the sale of tax credits will help to reduce rents in LIHTC developments, these rents may still not be affordable to lower income students. One way to address this issue is for the Durham Housing Authority to convert some of its mobile Housing Choice Vouchers to project based assistance. DHA recently did this with its Willard Street Apartment project for 21 units where DHIC can still collect relatively high rents for the assisted apartments but residents only pay 30% of their income for rent and utilities.

Site Considerations for a Successful LIHTC Application

The NCHFA has a detailed scoring system to determine which projects it will fund each year. For the 9% competition, a perfect site score is a pre-requisite to be come. I conducted a review of the neighborhood, amenities in the area and concluded that the Briggs Avenue site will receive the maximum Site Evaluation score of 60 as allowed under the QAP (Exhibit 3). Bond volume cap applicants are only required to have a Site Evaluation score of 45. In any event, the site appears to be qualified for either a 9% or 4% LIHTC award. Please note that I was not asked to undertake a more detailed analysis regarding the suitability of the site for multifamily development.

Limitations of Students in LIHTC and HUD Section 8 Housing

Households consisting of one or more full time Durham Tech students will generally be ineligible for LIHTC housing unless it meets one or more of the following exceptions which generally make allowances for non-traditional student households.

- Household is comprised of a single parent(s) with minor children where neither the parent nor at least one child is claimed as a dependent on someone else's tax return other than the absent parent of the children.
- Household receives Temporary Assistance for Needy Families (TANF/Work First).



- Student is enrolled in a job training program similar to the Job Training Partnership Act, Workforce Investment Act, or under other similar Federal, state, or local programs.
- Student was previously in foster care.
- All household members are married and entitled to file a joint tax return.

HUD has slightly different rules regarding the eligibility of student household for Housing Choice Vouchers (aka. Section 8). If a household contains a full or part-time student at an institution of higher education, then they are ineligible for assistance unless the student meets AT LEAST one of these eligibility exceptions:

- Over the age of 24
- Veteran of the U.S. military
- Married
- Has a dependent child who resides with the household member at least 50% of the time
- Is a person with disabilities receiving Section 8 assistance?
- Can demonstrate independence from their parents, including additional qualifiers such as:
 - Orphan
 - Ward of the court
 - Emancipated minor
 - Homeless or at risk of being homeless
 - Not claimed as a dependent by parents or legal guardians
 - Provide certification of the amount (or lack thereof) of financial assistance provided by parent(s)

Comparing Student Rule Exceptions for Low Income Housing Tax Credit and HUD housing assistance

Student Rule Exception	LIHTC	HUD
Household receives Temporary Assistance for Needy Families (TANF/Work First)	✓	
Student is enrolled in a job training program similar to the Job Training Partnership Act, Workforce Investment Act, or under other similar Federal, state, or local programs (<i>Seek further definition</i>)	✓	
Student was previously in foster care	✓	
All household members are married and entitled to file a joint tax return (i.e. Married couple with no dependents)	✓	✓
Single parent with dependent children who reside with the household member at least 50% of the time*	✓	✓
Two-parent household with dependent children		✓
Veteran of the U.S. military		✓
At least 24 years old		✓

Homeless or at risk of being homeless		
If under the age of 24, able to demonstrate independence from his/her parents		

*LIHTC further definition: And who cannot be claimed as a dependent on someone else’s tax return other than the absent parent of the children

If funding sources are blended for the unit under consideration, applicants will need to meet BOTH sets of eligibility considerations.

Income Requirements and Levels of Affordability

To help understand the income requirements and levels of affordability which would be offered through LIHTC and Project-Based Section 8, we can consider the Willard Street Apartments in Durham as an example. Willard Street blended financing through LIHTC and Project Based Section 8, with 21 out of 82 units provided by the Durham Housing Authority as Project Based Section 8 units. Willard Street is a partnership between Self-Help, DHIC, DHA, City of Durham, and public/private funders.

Applications opened in December 2020, with these levels of affordability:

Unit Size	Funding Source	Max Income (AMI)	Max Income by HH Size	# of Units	Rent
1-BR	LIHTC and Section 8	30% AMI	1: \$19,110 2: \$21,840	11	\$756 but tenant pays 30% of household income
2-BR	LIHTC and Section 8	30% AMI	2: \$21,840 3: \$24,570	10	\$861 but tenant pays 30% of household income
1-BR	LIHTC Only	60% AMI	1: \$38,220 2: \$43,680	28	\$745
2-BR	LIHTC Only	60% AMI	2: \$43,680 3: \$49,140	33	\$900

HUD publishes income adjustments and rents on an annual basis. It should be noted that the rents for Willard Street are below the maximum allowed by HUD under the LIHTC program. Actual rents selected by developers reflect market studies and the requirements of other funding sources.

LIHTC Tenant Selection Procedures

The North Carolina Housing Finance Agency requires that LIHTC property managers prepare a [Tenant Selection Plan](#) that aligns with HUD’s requirement for housing entities to affirmatively further fair housing. The plan describes how waiting lists will be constructed, and priority preferences for particular populations such as the homeless or those being displaced.

LIHTC properties have always been required to offer housing to the general public and there has been some concern over time that providing housing only to artists, for

example, violated the public use rule. Recently however, the IRS issued Revenue Procedure 2019-17 which clarifies that It is now possible to use tax-exempt bonds and the 4% LIHTC credit to finance projects with restrictions or preferences in favor of tenants such as military veterans and, depending on the state in which the project is located, teachers, police officers, farmworkers, and other groups. This is a particularly important point for Durham Tech.

Tenant Selection Plans can target specific populations to reside in LIHTC properties several ways.

1. Directly limit occupancy of some or all of the apartments to certain types of tenants.
2. Establish a preference for a certain type of tenant. This preference could include setting aside a certain number of apartments for this class of tenant.

The NCHFA requires all LIHTC projects (9% and 4%) to target ten percent (10%) of the total units to persons with disabilities and/or persons who are homeless. This preference will supersede any other preferences sought by a LIHTC developer.

Successful Housing Models Serving Students

Maggie West of Durham Tech and I searched out other successful models for serving housing insecure students at post-secondary educational institutions. I also checked with three different national syndicators of tax credits to identify programs that would be relevant to Durham Tech. These models are summarized below.

[Family Scholar House \(FSH\), Louisville, Kentucky](#): This program is the best example of a successful program which places students in LIHTC housing. The Family Scholar House (FSH) program was launched in Louisville, KY in 1995. The FSH model incorporates 3 phases for their clients: pre-residential, residential, and post-residential.

- *Pre-Residential*: Anyone (not just single parents / foster care alumni) can start off at this level. The program offers life skills training such as navigating educational choice and basic needs like food and nutrition.
- *Residential*: In order to qualify for LIHTC housing, participants must be a single parent or foster care alumnae and they must be full-time students. The participants earn points through their engagement in the pre-residential portion of the programming, and as they earn points, they make their way up the waiting list for housing. The program is more structured once participants enter the Residential stage, as participants are required to meet with an academic coach twice a month and a family support advocate once a month.
- *Post*: Once you graduate from your academic program, you have 90 days to exit the residential program. 70% of their participants graduate, which is a much higher percentage relative to single parents as a sub-population of students in Louisville.

The housing offered to FSH participants was developed by a Louisville based for-profit LIHTC developer with property management provided by a third party private firm.

There are 6 properties that are dedicated to FSH participants. Most of the properties have Project-Based Section 8 vouchers funded by the local housing authority or the Kentucky Housing Corporation (the equivalent to the NC Housing Finance Agency). All 6 properties are located close to the University of Louisville and/or Jefferson Community & Technical College.

The Tenant Selection Plan for FSH rental developments notes that “in order to qualify to live at the Louisville Scholar House you must be an active participant in good standing with The Family Scholar House Program”. This is not a preference, but a requirement and it creates a natural tension between the goals of FSH and the property management company and equity investor who seek to always maintain full occupancy.

The Family Scholar House Program has received national recognition from HUD for Economic Empowerment and is now looking to expand by allowing other nonprofits to become affiliates. They are in conversations to expand to Wake County in partnership with a new non-profit organization. Further, the Kentucky Housing Corporation has adopted this model and created a statewide [Scholar House Program](#).

The FSH program has been successful in providing safe, secure, and affordable housing for single parents and foster care alumni that are pursuing post-secondary education. Its success is largely attributable to creative leadership that enjoys significant support in the greater Louisville area and a comprehensive case management system to support clients as they move towards economic independence.

[While In-School Housing Program \(WISH\), King County, Washington:](#) Launched in 2020, this program is directed at serving homeless students at Highline College (a community college) through a partnership with King County Housing Authority (KCHA). The housing authority reserves 40 housing choice vouchers (Section 8) set aside for homeless students who are attending Highline College. The students are then given the opportunity to find housing on the private market. The housing vouchers terminate 6 months after students complete their program at Highline. The assumption is that the students will then be able to pay market rates for their current apartments after they graduate, or they may move elsewhere. HUD named the King County Housing Authority a Moving to Work (MTW) agency in 2003. MTW gives KCHA waivers from certain HUD regulations and provides KCHA to tailor programs like this partnership with the college.

Highline College is located just south of the airport in an area experiencing gentrification. Three out of four Highline students identify as people of color.

This program design originally included GED/ABE students, but is currently only serving curriculum students. Overall Highline has a student body of about 16,000 students. Students enrolled as GED/language learners comprise about 4,000 of the student body.

The college currently has two people each managing a caseload of 20 households in addition to existing full time job responsibilities and this workload has proven difficult to

handle. The college would like to have on full time dedicated case manager. One impediment to serving this vulnerable student population is that potential participants have outstanding debt with previous landlords. Since property management companies typically check for references with past landlords, the case workers often seek assistance to pay off that debt.

The WISH program has partnerships with United Way and other organizations that provide crucial support to program participants. The United Way offers financial counselling and helps to identify public benefits that students might qualify for. The Food Bank drops off food at the College and the United Way pays for DoorDash to deliver the food to program participants. A local non-profit provides used furniture to lower income households and the College pays a flat rate of \$150-200 to furnish an apartment for program participants.

[College Housing Assistance Program \(CHAP\), Tacoma Washington](#). Similar to the WISH program, the Tacoma Housing Authority (THA) works with the Tacoma Community College and University of Washington - Tacoma to provide housing choice vouchers for 300 homeless or near homeless students. But the program goes further than their neighboring housing authority. THA is another HUD Moving to Work Housing Authority and has used some of the flexibility under this program to purchase existing housing close to campus to rent out to student participants in the program. Further, THA has also master leased apartments from existing apartment communities close to the campus.

The rental assistance provided by THA is limited to one year after participants receive a postsecondary credential. Both the community college and university provide case management services and maintain a fund to help students pay security deposits.

[Chandler Ridge Apartments, Raleigh, NC](#). Chandler Ridge is 192 unit LIHTC community with another 36 market rate apartments that is located directly across Hwy 401 South from the southern campus of Wake Tech. The property was completed in 1999. Most of the apartments are 2 bedroom, 2 bath units with some 3 bedroom 2 bath units. Given that the affordable units have passed the 15-year compliance period for LIHTC, the limitations of the student rule no longer applies but rents and income limitations for residents remain in place until the property reaches the 30 year compliance date.

According to property management staff at WAJ Management, there were few Wake Tech students who chose to live at the property—perhaps 10-15% at any given time. While property management staff maintain informal contacts with Wake Tech, there was no concerted effort to place students at Chandler Ridge, nor were there preferences in the tenant selection priorities for students or housing insecure families or individuals. The owner/developer/property management company overseeing Chandler Place is a well-established Raleigh-based for-profit affordable housing company.

Fair Housing Considerations

Can LIHTC developers limit occupancy to students? I asked that question to [Kathleen Williams](#), a fair housing attorney and former Southeast Regional Director of the HUD's Office of Fair Housing and Equal Opportunity. Her answer is 'yes', which affirms the approach that Family Scholar House takes in Louisville. But is the Louisville model the best approach for Durham Tech?

Conversations with Tax Credit Investors

The affordable housing tax credit industry is a well-established and sophisticated one that works with corporations that wish to invest in LIHTC projects. Such corporations rarely have the expertise nor the inclination to delve into the details of individual LIHTC property proposals and instead choose to work with syndicators who package together corporations looking for tax credit investments and developers. The syndicator underwrites each project looking not only at the financing structure but also market considerations and the competency and financial strength of the developer.

I reached out to three tax credit syndicators: [Enterprise Housing Credit Investments](#), [National Equity Fund](#) and [National Affordable Housing Trust](#). Some were familiar with the Family Scholar House model and others were broadly familiar with the Washington State models although none had invested in either development. One investor was familiar with another approach where a certain portion (20%) of the apartments in a new construction project were not designated as tax credit units and were instead master leased to the college which could in turn lease the units to students. While the amount of equity invested in the project was reduced, this was partially offset by rents which were apparently higher than LIHTC rents. However, there was consensus among these syndicators that this was not an ideal approach. These investors noted that there was a natural tension between the goal of holding out units for students and the property management and investor goal to always maximize occupancy. Further, terminating tenancy after a student graduates or drops out of school also works against investor interests and some may question whether that is in the best interest of the former student.

Conclusions

1. The Briggs Avenue Property meets the current North Carolina Housing Finance Agency Site Standards thus making the property eligible for consideration of a bond volume cap award (4% credits) or a 9% award. Conversations with the NCHFA have indicated a willingness to entertain a proposal that targets housing insecure students.
2. Significant funding from the City of Durham or another source will be required under either LIHTC scenario to make the project economically feasible and affordable to student tenants. Project based rental assistance from the Durham Housing Authority should be sought.

3. The importance of case management offering student support services prior to occupancy cannot be underestimated. This work is needed to ensure that past due rent (from prior tenancies) and required rent and utility deposits can be paid, and that needed furniture and food is secured. Funds to support this work need to be identified if this initiative is to move forward.
4. The tenant selection plan should state a preference for Durham Tech students who meet LIHTC standards. Given that this is a new initiative for Durham Tech, very few if any, developers or investors would want a strict mandate that all units be occupied by Durham Tech students.
5. If it can be determined that there is support for this development from the City and DHA, Durham Tech should move forward and issue an RFQ or RFP seeking proposals from qualified LIHTC developers.

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List of Exhibits

1. Qualifications of author
2. Communications during the study
3. Briggs Avenue NCHFA Site Score

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Exhibit 1: Qualifications of Author

Gregg Warren is well-known as a thought leader and producer of high-quality affordable housing during his 34 years at the helm of DHIC, Inc., a non-profit housing development group based in Raleigh. Gregg retired from DHIC in May 2020 and is now working on a limited basis for his wife's community development practice, Debby Warren Consulting, Inc.

DHIC is widely recognized as the market leader for affordable housing in the Research Triangle region. Under Gregg's leadership, DHIC has constructed and/or rehabilitated 44 apartment communities totaling more than 2,700 affordable apartments across nine counties and it currently has four projects totaling an additional 630 units under development. Together these apartment projects have leveraged \$423 million in direct investment from both the private and public sectors. DHIC is the Triangle's largest owner of affordable rental housing.

In 2019, Gregg was appointed by Mayor Nancy McFarlane to serve on the Board of Commissioners of the Raleigh Housing Authority. Gregg also serves on the Board of [Community Housing Capital](#) a lender to non-profit housing developers across the country. Gregg has received numerous awards for his contributions to field of affordable housing and was recently honored by the [Raleigh News and Observer](#) as "[Tar Heel of the Year](#)" in December 2019.

**Durham Tech Properties, LLC
Durham Technical Community College Foundation
Report Investigating Housing Options for Students
March 25, 2021**

Exhibit 2: Communications During the Study

Property Management Companies

Emily Legg 3/12/21, Regional Property Manager for WAJ Management, Raleigh, NC

Mike Hynes, CEO, Winterwood Management, Lexington, KY

Travis Yates, CEO, Beacon Property Management, Louisville, KY

David Eagan, CEO, Community Management Corporation, Winston Salem, NC

LIHTC Investor/Lenders

Bob Powers, Executive Director, Pacific Northwest Market Leader, Chase Community Development Banking

Philip Porter, Vice President, Enterprise Housing Credit Investments

Bryan Hollander, Vice President, Enterprise Housing Credit Investments

Karen Przepyszny, Senior Vice President, National Equity Fund

Paul Cummings, Senior Vice President, National Affordable Housing Trust

North Carolina Housing Finance Agency

Scott Farmer, Executive Director

Fair Housing Attorney

Kathleen Williams, Williams, Edelstein and Tucker, PC

Tacoma Housing Authority

Kathy McCormick, Real Estate Development Director

April Black, Deputy Executive Director

Durham Tech Properties, LLC Durham Technical Community College Foundation Report Investigating Housing Options for Students March 25, 2021

Exhibit 3: Briggs Avenue Site ScoreBr

2021 NCHFA Site Evaluation Template
Durham Tech Foundation
902 S. Briggs Ave
Durham, NC

Place X in Appropriate Column

		Good	Fair	Poor	Relev.	Notes
(i) NEIGHBORHOOD CHARACTERISTICS - MAX 10 POINTS						
10						
(ii) AMENITIES - MAX 38 POINTS						
<i>Primary Amenities - Max 26 Points</i>						
		<i>Distance in Miles</i>				
		≤ 1.5	≤ 2	≤ 2.5	≤ 3.5	
Grocery					X	6 Food Lion is 2.7 miles
Shopping		X				7 Family Dollar, Bacon Street .8 mile
Pharmacy		X				7 Russell's Pharmacy and Shoppe, 2116 Angier Ave. 1 mile
		CALCULATED TOTAL				20
		APPLICATION TOTAL				20
<i>Secondary Amenities - Max 12 Points</i>						
		<i>Distance in Miles</i>				
		≤ 1.5	≤ 2	≤ 2.5	≤ 3.5	
Other Primary Amenity				X		3 Walgreens 1812 Holloway Street, 2.3 miles
Service			X			2 Exxon on S. Alston, 1.6 miles--need to double check
Healthcare			X			2 Lincoln Community Health Center, 1.9 miles
Public Facility			X			2 Campus Hills Park, 2000 S. Alston Ave, 1.8 miles
Public School (Family)		X				3 RN Harris Elementary School, 1 mile,
Senior Center (Elderly)						FALSE
Retail			X			2 Burger King on S. Alston
		CALCULATED TOTAL				14
		APPLICATION TOTAL				12
<i>Other Amenity Characteristics</i>						
Commitment of Native American Housing Assistance Funds	Yes					0
Transit stop with covered waiting area	No			X		6
Transit stop without covered waiting area	Yes	X				FALSE
		CALCULATED TOTAL				0
		APPLICATION TOTAL				FALSE
		AMENITIES SUBTOTAL				38
(iii) SITE SUITABILITY - MAX 12 POINTS						
		<i>Yes</i>				
		X				3
No Incompatible Use	No					3
No negative features	Yes	X				3
Visible to Potential Tenants	Yes	X				3
Safe Access to Site	Yes	X				3
		CALCULATED TOTAL				12
		APPLICATION TOTAL				60
		CALCULATED TOTAL				60
		APPLICATION TOTAL				Maximum is 60

**Durham Tech Properties, LLC
Durham Technical Community College Foundation
Request for Qualifications Statements for LIHTC Development Partner
June 30, 2021**

**Attachment B: Summary of LIHTC Development Activity Since
January 1, 2018 (Use [Excel Spreadsheet](#) to Complete)**

Durham Tech RFQ				
Attachment B: Summary of LIHTC Housing Development Activity Since 1/1/2018				
Developer Name:				
	Project 1	Project 2	Project 3	Project 4
Project Name				
Location				
# of Units				
Total Budget				
Local Government Financing? 4% or 9%				
Site Control Date				
LIHTC Award Date				
Construction Start Date				
Construction Completion Date				
90% Occupancy Date				
Local Government Contact				
Syndicator Contact				

**Durham Tech Properties, LLC
Durham Technical Community College Foundation
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June 30, 2021**

Attachment C: Developer Employment Statistics (Use [Excel Spreadsheet](#) to Complete)

Durham Tech Foundation RFQ															
Attachment C: Summary of Developer Employee Statistics															
Developer Name:															
Employment Category	Total Employees	Total Males	Total Females	Males						Females					
				White	Black	Hispanic	Asian or Pacific Islander	Indian or Alaskan Native	Other, Unknown, Multiple	White	Black	Hispanic	Asian or Pacific Islander	Indian or Alaskan Native	Other, Unknown, Multiple
CEO															
Executive Team															
Project Manager															
Professional															
Technical															
Clerical															
Labor															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

July 8, 2021 DTP Q&A

1. The RFQ mentions that the land is currently owned by Durham Tech. Is there a lease between DTP and Durham Tech anticipated? Or would the land be sold to DTP?
[The latter. We anticipate that DTP will be entering into a purchase agreement with the College this summer.](#)
2. If a lease is contemplated, would below market rate terms be considered to assist with the project's feasibility? [Below market terms are not contemplated at this point in time.](#)
3. Is it anticipated that the walking trail to Durham Tech's main campus would be a cost to/incorporated in the project, or otherwise? [This could be an element incorporated but is not required.](#)
4. Is the land currently zoned for multi-family use? [It is currently zoned Office and Industrial. Multifamily housing is a permitted use under this zoning.](#)
5. Are there any other known environmental factors (besides the wetlands) that could be a hinderance to developing housing on the site or using federal HOME funds for said development? [Not to our knowledge. A Phase I Environmental Site Assessment was completed October 2020. Their opinion was that no additional assessment was warranted at that time.](#)
6. The RFQ states that DTP would serve as the owner of the apartments. Is it envisioned that the operating agreement for DTP would be amended and restated to allow for a developer member to enter? Would there be an affiliate of Durham Tech in the ending ownership structure? [DTP was determined to best serve as steward/manager of this project in the predevelopment phase. It is envisioned that eventually DTP would be part of a multi-member LLC with the affordable housing developer as lead partner.](#)
7. Regarding your question "have you ever granted a first right of refusal to a specific non-profit entity in any of your transactions" and "Would you consider that in this development" to what aspect of the transaction are you specifically referring? [It is our understanding the LIHTC transactions typically have a "right of first refusal" option to purchase the property or the general partner's interest after the completion of the initial 15 year compliance period. We are interested if that ROFR could be granted to a qualified Durham Tech affiliate.](#)
8. Are there any liquidity requirements for the developer partner from Durham Tech Foundation's perspective? Any other financial covenants? [No specific requirements have been set by Durham Tech at this point.](#)
9. Would the developer partner receive the entire developer fee? [We expect that the development partner will receive a significant portion of the development fee however, this is a matter that will be subject to negotiations.](#)
10. How is it anticipated that pre-development costs would be shared? [We expect that the developer would be prepared to cover most of the pre-development costs but again, this will be subject to negotiations.](#)
11. Is there student or family specific programming anticipated for the site following the completion of construction? If so, would this come from the project's cash flow or would Durham Tech Foundation fundraise/set aside funds for this purpose? [Durham Tech recognizes that programming would be helpful to aid in preparing and supporting housing insecure students to fill a portion of these units. It is possible that some activities could be sponsored by Durham Tech or its Foundation; however, given that the majority of the units would be open to any community resident, funding from other sources would also be useful.](#)
12. How would the property be managed? Is a third party management company contemplated here and would that be up to developer's discretion on which company, if so? [DTP is open to a](#)

third-party management company and is interested in understanding the applicant's history of working with such partners.

13. As noted in the RFQ, the preliminary NCHFA site score meets 9% or 4% LIHTC award requirements. Please explain the suggestion in the summary regarding 4% LIHTC funding rather than 9%. Is there a certain target date for completion of this project? [The primary reason for considering a 4% award is to maximize usage of the site. Based on current NC QAP limitations on credits, the maximum number of units is about 80 for 9% awards. Additionally, the process in Durham is highly competitive to receive a 9% award. At best in a given year, one award is received and, in some years, none are. While that may change, the aim is to move forward efficiently—though there is not a specific target date for project completion.](#)
14. The RFQ advises that DTP and Durham Tech enlisted the expertise of Mr. Gregg Warren to research this opportunity to develop housing for housing insecure students. Can you please advise what capacity does Mr. Warren serve in the process? Will Mr. Warren play an instrumental role in determining which developer will be awarded this project? [Gregg Warren assisted in developing the RFQ and the essential elements needed to date to discern the feasibility of this project. Information in the RFQ sets forth the selection criteria and interview process. An ad hoc committee of the Durham Tech Properties Board will serve on the selection committee and will make a recommendation to the full Board for their approval. Mr. Warren will be available to the committee as a subject matter expert.](#)
15. Can you please advise if you currently have site control for the above referenced parcel? Can you please advise us of the process involved in obtaining site control and when you anticipate receiving site control? [Durham Technical Community College currently owns the land. The Durham Tech Board of Trustees must approve the sale of College land to DTP. It is anticipated that a called meeting of the Board of Trustees and the Durham Tech Foundation Board of Directors will approve a purchase agreement this summer. The State Board of Community Colleges would then also consider and need to approve the sale.](#)