



March 4, 2022

MEMORANDUM

TO: DHIC Executive Committee
Mia Bailey, *Chair*
Betsy Rozakis, *Vice Chair*
Tyler Craft
Gordon Grubb
Jordan Maness

FROM: Yolanda Winstead

SUBJECT: March, 2022 Executive Committee Meeting Notice and Agenda Package

The **DHIC Executive Committee** meeting will be held on **Wednesday, March 9, 2022 at 1:00PM**. This meeting will take place via Zoom.

If you haven't done so already, please let Liz Martin know if you will be able to attend the meeting. She can be reached at liz@dhic.org.

Thank you.

PROPOSED AGENDA

I. Review of the Agenda

II. **Consent Agenda**

The following items are considered routine and may be enacted by one motion and second. Any board member may request that an item be removed from the Consent Agenda for further discussion. The Consent Agenda consists of the discussion, consideration, and approval of the following items:

- A. **Review and approval of the minutes from the February 9, 2022 Executive Committee meeting.**
- B. Cash Balance & LOC Report (enclosed)
- C. Review of Current Developments (enclosed)
- D. Pipeline Projects (enclosed)

III. **Affordable Housing Program Plan Resolution**

IV. Other Business

V. Adjournment

Note: Items in **BOLD** are discussion items | Items in **BOLD** are action items

DHIC, Inc.
Executive Committee Meeting

February 9, 2022

Zoom

1:00PM

Members present: Mia Bailey, Gordon Grubb, Betsy Rozakis, Jordan Maness, Tyler Craft

Staff present: Yolanda Winstead and Liz Martin

Mia Bailey called the meeting to order at 1:02PM.

Consent Agenda

The consent agenda included the January 12, 2022 Joint Executive and Real Estate Development Committee minutes.

Betsy Rozakis made a motion to approve the consent agenda as presented. Gordon Grubb seconded the motion. Motion approved.

Non-Board Member Committee Appointments

Yolanda gave an overview of this strategy to help identify and develop a diverse and inclusive pipeline of future board candidates. The approach allows the board to appoint volunteers to serve on DHIC Committees prior to being considered for appointment to the Board of Directors. Committee service will provide an opportunity to cultivate and train future leaders. Service on a committee as a Non-Board member is not a prerequisite for nomination to the board and in no way changes the board's current process or authority for nominating board members and committee assignments. It simply serves as an additional board development tool. Yolanda and Mia then gave a brief background on Ashleigh Hales and asked for a motion from the Executive committee.

Tyler Craft made a motion to bring this recommendation to the full board. Gordon Grubb seconded the motion. Motion approved.

Other Business

Yolanda noted that the Real Estate Development team successfully submitted preliminary tax credit applications for Ripley Station, Creston Commons and The Indigo (f/k/a Caraway Village). Yolanda acknowledged that with Ripley Station and Creston Commons both being submitted as 9% rehab projects we are competing against ourselves. The rehab project that is not awarded would be included in the preservation portfolio transaction. Yolanda said that we previously indicated that we would most likely not submit The Indigo, but after further discussion with the partners, the decision was made to move forward with the application.

Yolanda also shared that DHIC recently received a \$10,000 donation from First Horizon that they pledged to DHIC in 2021.

Lastly, Yolanda noted that we will be having interviews later this week with three candidates for the VP of Resource Development & Partnerships position. She thinks that the candidates all have prior experience that would be useful to DHIC.

At this time, the DHIC staff left the meeting at 1:22pm and the Executive committee went into executive session.

There being no further business, Mia Bailey adjourned the meeting of the DHIC Executive Committee at 1:40pm.

Approved by a vote of _____ in favor and _____ against, this the _____ day of _____, 2022 as an accurate and true copy of the Meeting Minutes of the Executive Committee of DHIC, Inc.

Attest:

Jennifer Foell, Secretary

DHIC Executive Committee Meeting

03/09/22

Agenda Item II (B): Cash Balance and Line of Credit Report

Balance as of 02/28/22

Unrestricted & Designated Operating Cash Balance	
<i>Use : Available for Operations</i>	
PNC Operating Acct	506,664
First National Operating	2,420,109
First National Savings	1,000
Total	<u>2,927,773</u>
<u>Comments</u>	
Cash will be used to pay off the First Horizon LOC in March 2022.	

Designated Cash: Board Designated Reserves of \$1.8M	
<i>Use : Available for temp loans to development projects or operations while waiting to collect dev fees; balance to be fully funded back to \$1.8M by 12/31 each year.</i>	
Truist Board Designated Acct	4,939
M&F Board Designated Acct	250,000
First National	1,551,212
Total	<u>1,806,151</u>
<u>Comments</u>	
Accounts to be rebalanced in March 2022.	
<i>Original Sources: \$600k NW Capital; \$1.2M operations.</i>	

Designated Capital Funds Balance	
<i>Use : Capital funds are available for loans to Development Projects as needed; 2nd mortgage funds may be loaned to HOC clients as needed</i>	
First National - NeighborWorks (NW) Capital funds	778,196
First National - 2nd Mortgage Program	210,223
Truist - HUD 2nd Mortgage Account	122,571
Truist - NW 2nd Mortgage Account	116,339
Total	<u>1,227,329</u>
<u>Comments</u>	
NeighborWorks balance is fully unrestricted per our Capital Conversion Agreement.	

Restricted & Designated Other Funds	
<i>Use : Available for other restricted and/or designated purposes as noted</i>	
First National - Resident Resilience Fund	383,699
PNC - Designated Savings-W.Terrace	210,955
First Horizon - LIFT	2,944
Total	<u>597,599</u>
<u>Comments</u>	

Lines of Credit			
Use: Available for temporary use in any capacity as long as there is a known source of repayment			
	<u>Amount drawn:</u>	<u>Terms and Comments on the Lines of Credit:</u>	
First National Bank Revolving LOC - \$500k line	-	dated 5/21/15, prime + .5 renewal complete 10/31/21	due 11/1/22
First Citizens Revolving LOC - \$700k line	-	dated 10/16/15, prime + .5 extension complete 01/19/22	due 01/19/24
First Horizon LOC \$ 1.0M line (\$500k Broadstone land purchase; \$500k various pre-dev)	1,000,000	dated 9/29/16, 1 mth LIBOR Rate Plus 2.30% renewal complete 12/01/21	due 12/05/22
First Citizens BFAH, LLC LOC - \$5.0M line (\$1.7M Broadstone land purchase)	1,700,000	dated 12/21/22, prime	due 12/20/24
EQ2-Wells Fargo \$400k (line remains drawn until maturity)	400,000	dated 5/29/12; 2% int-extended 2 yrs + add'l 4 yrs	due 6/14/22

DHIC Executive Committee Meeting
 March 9, 2022
 Agenda Item II (c): Review of Current Developments

PROJECT INFORMATION	STATUS
Capital Towers Apartments, Raleigh Total Units (Post-Construction): 297 Total Affordable: 297 Development Cost: \$47,760,638	We are in the process of converting to permanent financing. The draft cost certification is complete. We have formally requested assistance from Enterprise to mitigate the impact of the adjusters to the extent possible.
Willard Street, Durham Total Units: 82 Total Affordable: 82 Development Cost: \$20,900,000	Willard Street converted to permanent financing on December 30, paying off the construction loan from First Horizon. The project received fully-executed 8609s from NCHFA and met its required tax credit delivery. Willard Street received the Best Mixed-Use Project award from the Triangle Business Journal at the 2022 SPACE Awards. A request is in process for the final investor equity. The project was handed off to DHIC Asset Management in January as a stabilized property.
Pennington Grove 2, Garner Total Units: 69 Total Affordable: 69 Development Cost: ~\$11,400,000	Final CO received 12/23/21. 54 of 69 units occupied, working on draft cost cert/conversion preparation.
Washington Terrace Phase 3/ Townhome lots	Currently undergoing final push on sitework; schedule shows mid-to-end of March completion. Second North State Bank loan for \$1.9mm closed and available. Continuing conversations with Stanley Martin over final minor title details prior to anticipated Q2 '22 closing; architecture approved. Final cost of rock removal and haul-off currently being reviewed; ~\$200k in Hard Cost contingency more than adequate at this time. Moving forward with discussions concerning plan for East lot.
Booker Park South, Raleigh Total Units: 68 Total Affordable: 68 Development Cost: ~\$13,100,000	The land was successfully acquired by the partnership in order to meet the 10% test for NCHFA in September, 2021. Closing occurred in December, 2021. Site plan review is complete and building permits were issued in January, 2022. A seller note is in place to cover the funding gap and DHIC plans to submit for whatever funds NCHFA provides to close the funding gap and pay off the seller note. NCHFA acknowledged receipt of credit exchange request and issued a notice to allocate equal amount of tax credits to the project from the agency's 2022 credit ceiling.
Primavera, Raleigh Total Units: 164 Total Affordable: 164 Development Cost: \$32,500,000	Due to the rock related change order and schedule delay, the project is on a watchlist and we will be under extra scrutiny; 5 th 3 rd requested we split the \$1mm contingency shortfall 50/50. DHIC to put up \$500k, which will be released at specific construction completion percentages. We have identified enough cost savings to get the expended contingency amount back down to the originally budgeted amount. Site utilities installation and excess soil removal continue.

<p>Broadstone Walk Apex 164 units (Family 4%) Est. Total Development Costs: \$33,600,000</p>	<p>Major Site Plan conditionally approved; final site submittal on 2/17. 1st round of Building Permit comments received; incorporating revisions ahead of resubmittal anticipated as soon as NCHFA completes its review. Building permits anticipated Q2 2022. Awaiting HKJ pricing – anticipated 2/18. Letter drafted to request switch to 40@60 set-aside; awaiting pricing information before submitting as that will trigger a Project Update. Apex and Wake Co have both approved add'l \$500k in funding for \$1mm total; this is \$500k below the requested amount between both partners. Potential to go back to Wake Co again for remaining \$500k; awaiting pricing to make determination.</p>
<p>Ashton Place Durham 51 units (Seniors 9%) Est. Total Development Costs: \$11,360,000</p>	<p>Site planning work continues; the initial site plan was submitted on 1/14/22, and a response from the City is expected in mid-February. Cline Design continues work on building permit plans and is currently working to deliver an 85% construction set in late March. The project team is reviewing debt and equity options now, and closing is tracking for July/August 2022.</p>
<p>Milner Commons Raleigh 156 units (Seniors 4%) Est. Total Development Costs: \$27,151,000</p>	<p>We received \$610,000 in ARPA funds to pay for the asbestos abatement and demolition of the buildings currently on the site. We have selected Foss Demolition as the contractor to do this work. After Clancy & Theys informed us that they did not have the capacity to complete construction of the project, we identified Frank L. Blum as the new general contractor. Frank L. Blum has extensive experience in senior living product and is currently completing PHI's \$150MM expansion in Cary, NC. We expect a significant increase to construction cost since the August 2021 pricing we received and are working to mitigate the impact on the project. We have received one equity proposal from CAHEC and are waiting on proposals from Enterprise, RBC, and WNC.</p>
<p>Sportsmanship Crossing Holly Springs 124 units (Family 4%) Est. Total Development Costs: \$25,000,000</p>	<p>The project team continues to work through site pricing and construction coordination with the neighboring developer (Capital Associates). In the meantime, the project team is soliciting interest from potential equity and debt partners.</p>
<p>Hardee Street Durham 132 units (Family 4%) Est. Total Development Costs: \$28,700,000</p>	<p>DHIC and Self-Help have submitted the site plan for its third review by the City of Durham. We anticipate having 100% construction drawings from Cline Design by February 21, 2022. We will request updated numbers from WeaverCooke once we have the 100% construction drawings and have received any comments from the City of Durham to the site plan. We have received letters of interest from two equity syndicators (WNC and CAHEC) and hope to receive a letter from RBC shortly.</p>

DHIC Executive Committee Meeting
 March 9, 2022
 Agenda Item II (d): Pipeline Projects

PROJECT INFORMATION	STATUS
<p>The Indigo Chapel Hill 51 units (Senior 9% - New Construction) Est. Total Development Costs: \$10,500,000</p>	<p>DHIC submitted a preliminary 9% tax credit application for the development of 51 units of senior (55+) housing in Chapel Hill. The site does not receive a perfect site score, but DHIC submitted the project as a CHDO-sponsored development. This would give the project an additional chance at being funded. The Town of Chapel Hill is supportive of the application.</p>
<p>Ripley Station Raleigh 48 units (Family 9% - Rehab) Est. Total Development Costs: \$6,700,000</p>	<p>DHIC submitted a preliminary 9% tax credit application for the rehabilitation of Ripley Station, located in Raleigh. As part of the rehab, the project would receive necessary site improvements to bring accessibility up to current code as well as interior and exterior building improvements to address life safety systems, accessibility, replace major systems, and improve the overall aesthetics and finish of the property.</p>
<p>Creston Commons I and II Southern Pines 80 units (Family 9% - Rehab) Est. Total Development Costs: \$14,000,000</p>	<p>DHIC submitted a preliminary 9% tax credit application for the rehabilitation of Creston Commons I and II, located in Southern Pines. As part of the rehab, the project would receive site improvements to bring accessibility up to current code as well as interior building improvements to address life safety systems, accessibility, and replace major systems. The rehab will also address significant exterior needs due to failures of the building envelope.</p>
<p>DHIC Preservation Rehab Raleigh, Bayboro, Siler City, Cary, Southern Pines, Greenville Up to 755 units (4% and 9%) Est. Total Development Costs: To be determined</p>	<p>Evaluation and analysis are underway on the rehabilitation of up to 16 existing projects in DHIC's portfolio. These projects are located in six cities and five counties across the state. DHIC met with NCHFA regarding the roughly \$9.4 million in outstanding NCHFA debt on the portfolio and the agency is willing to work cooperatively to restructure debt as needed to facilitate the rehab of these units. Rehabilitation is expected to take place with tenants in place. DHIC is anticipating submitting a pooled 4% tax-exempt bond applications on the projects that are not financed through 9% rehabilitation awards. Currently, Ripley Station and Creston Commons have 9% rehab applications under consideration by NCHFA, as noted above.</p>

**RESOLUTIONS OF THE EXECUTIVE COMMITTEE
OF THE
BOARD OF DIRECTORS OF
DHIC, INC.**

The Executive Committee (the “Committee”) of the board of directors (the “Board”) of DHIC, Inc., a North Carolina nonprofit corporation (“DHIC”), acting at a duly called meeting and in accordance with DHIC’s bylaws, does hereby adopt the following resolution:

ADOPTION OF AFFORDABLE HOUSING PROGRAM PLAN

WHEREAS, DHIC is a nonprofit corporation that provides affordable homeownership opportunities to low- and moderate-income homebuyers in North Carolina;

WHEREAS, DHIC has developed a program plan that describes the activities DHIC does or will conduct to advance affordable homeownership opportunities for such homebuyers and which specifies the geographies in which such activities are carried out (the “Affordable Housing Program Plan”);

WHEREAS, DHIC’s Affordable Housing Program Plan is set forth on Exhibit A, a copy of which is attached hereto and incorporated herein (collectively, the “AHPP”);

WHEREAS, DHIC wishes to adopt the AHPP and to submit the same to the United States Department of Housing and Urban Development (“HUD”); and

WHEREAS, the Executive Committee, acting for itself, and in its capacity to act for and on behalf of the Board, has determined that it is advisable and in the best interests of DHIC to approve and adopt the AHPP on behalf of DHIC and to submit the AHPP to HUD.

NOW, THEREFORE, BE IT RESOLVED, that the AHPP is hereby adopted and approved on behalf of DHIC.

BE IT FURTHER RESOLVED, that Sheila Porter, in her capacity as DHIC’s Vice President of Homeownership Center Services, is hereby directed to submit the AHPP to HUD on behalf of DHIC.

CERTIFICATION

The undersigned hereby certifies that he/she is the duly elected and qualified Secretary of DHIC, a nonprofit corporation duly formed pursuant to the laws of the State of North Carolina, that the foregoing is a true record of the resolutions duly adopted at a meeting of the Executive Committee of the Board of Directors of DHIC, that the meeting was held in accordance with the state law and with the bylaws of DHIC, and that the resolutions are now in full force and effect without modification or rescission.

IN WITNESS WHEREOF, I have hereunto signed my name as Secretary of the DHIC, this the _____ day of March, 2022.

DHIC, Inc.

Jennifer Foell, Secretary

Exhibit A

AHPP

See attached.



DHIC HOMEOWNERSHIP CENTER AFFORDABLE HOUSING PROGRAM PLAN 2022

DHIC's Homeownership Center (HOC), one of four DHIC lines of business, is a unique and comprehensive resource, providing group homebuyer education classes, one-on-one pre-purchase and post-purchase counseling, and access to downpayment assistance programs. The HOC also provides foreclosure prevention counseling services for homeowners who may be at risk of losing their homes. Our core market is the Wake County and Research Triangle region in North Carolina however, we also serve families in Durham and Johnston counties. (See uploaded attached list of zip codes)

The source of current operating funds for the HOC includes a fee-for-service counseling contract with the City of Raleigh (successfully secured since 2006), NCHFA administrative fee for processing Community Partners Loan Pool transactions, annual HUD Housing Counseling grant, client counseling fees, and grants provided by lenders and foundations. HOC costs beyond what is self-generated is covered with DHIC unrestricted revenue. In the past, the source of funds for secondary loans has been NeighborWorks® America, the City of Raleigh, HUD, Fifth Third Bank and the Wells Fargo Foundation (Neighborhood LIFT Program). The source of funds for the most current loan pool is a grant provided by Capital Bank, now First Horizon, and repaid loans from previous sources. The HOC will continue to explore opportunities for funds to provide secondary loans. (See uploaded documentation for source of funds for secondary loans)

All of the HOC services provided, help low- to moderate income buyers to become credit ready, navigate the mortgage application process, and purchase their first home which results in asset building and creating wealth for themselves and their future generations. Wake County average home prices continue to be out of reach for low – to – moderate income households. Downpayment assistance programs aid in reducing the affordability gap.

The HOC annually participates in outreach activity that includes presentations to churches and community based organizations, participation in local fairs, promotion at DHIC's rental communities and media contacts. Referrals are also encouraged from existing clients, lenders and realtors. During the last 10 years, the HOC graduated 3,980 clients from its eight- hour homebuyer workshops and 1,270 clients became homebuyers. The income level of 85% of the 1,120 homebuyers was below 80% of the area median income.

The HOC staff consists of the VP of Homeownership Center Services, one full-time Sr. Administrative Coordinator, two full-time Counselors that includes a bilingual Counselor and

one Lending Manager / Counselor. Staff also includes a full-time Administrative Assistant / Loan Processor who provides support for lending, counseling, and education administrative tasks. Staff is well trained and certified in counseling, also having experience in mortgage origination and real estate sales. HOC has officially adopted the National Industry Standards for Homeownership Education and Counseling. CounselorMax is the client management system used for data entry and quarterly reporting. The following counseling services are provided:

Bringing Home the Dream Workshop: We utilize the comprehensive curriculum developed by NeighborWorks® America, which is delivered by our staff, in addition to guest speakers, such as lenders, Realtors, home inspectors and insurance agents. The HOC provides twelve workshops per year and certificates are issued at the end of the class. Spanish workshops are also provided as needed. (8 hrs/client)

eHome America: This on-line training option is ideal for participants who prefer self-paced and independent learning. We are planning to more heavily market and expand utilization of this platform in the next three years. (8hrs/client)

Counseling Phase 1 -- Credit and Readiness Review: We review credit, income, and bank statements, and identify any obstacles to becoming a homeowner. We assist with a corrective action plan and assign “next step” tasks to get the client on their way. (Avg. 2 hrs/client)

Counseling Phase 2 -- Budgeting and Credit Repair: The counselor continues to assign the client tasks, encourage accountability, and collect necessary documentation for credit agencies or lenders. (Avg. 5 hrs/client)

Counseling Phase 3 -- Loan Prequalification: When a client is mortgage ready, a loan prequalification package is sent to three pre-screened lenders, chosen by the client, on DHIC’s preferred lender list. The lender evaluates the information and provides a prequalification letter and a Loan Cost Estimate. The client ends up with a better understanding of the amount they can afford to pay for a home. We can also introduce clients to downpayment assistance or other first-time buyer resources, for example, those of the NC Housing Finance Agency or the City of Raleigh. (Avg. 3 hrs/client)

Post Purchase Evaluation: We aim to make contact with our first-time homebuyers on their one-year anniversary. We seek to assess their satisfaction with their home and mortgage, and determine whether additional post-purchase counseling, including default mitigation, may be necessary. If so, we invite clients in for a face-to-face session to discuss any change in the client’s financial situation including change in credit score, debt load, savings, income, and ratios. We also review the current mortgage to see if the client is a candidate for refinancing. (Avg. 1 hr/client)

Loss Mitigation Consultation and Resolution Services: HOC offers assessment, counseling and support for homeowners who are concerned about or at risk of foreclosure. We also identify clients who may be eligible for settlement payments or other services. (Avg. 5-8 hrs/client)

Current fees for counseling services are as follows:

\$50.00 - Individual Counseling

\$99.00 – On-line Education

\$20.00 – Workshop Materials

Loss Mitigation Counseling – No Fee

The current loan product will have a processing fee of \$300 which will not be part of the secondary lien.

The number of secondary financing loans provided per year will be subject to the amount of funds available for the loan pool. Our current loan pool will provide down payment assistance for up to 20 households.

The HOC has a servicing agreement with SunTrust, now Truist, for existing loans with monthly payments. (Copy of agreement is provided in "Other Business Partners). The current pool of funds will be used to provide single pay loans which will be serviced by the HOC.

The current loan pool will provide downpayment assistance loans up to \$25,000 for first-time homebuyers whose household incomes are below 80% AMI. The interest rate is at 0% with repayment due upon sale or refinance. Equity sharing and Right of First Refusal will apply. All borrowers must complete the Homebuyer Education course. (See uploaded Loan Program Summary along with all legal instruments)

The HOC Lending Manager has a Mortgage License and will be responsible for ensuring files are underwritten according to guidelines stated in the approval letter and FHA guidelines. The VP of Homeownership Center Services also has previous mortgage lending experience and will provide oversight to the lending program to include file reviews and audits.



**DHIC, Inc. Down Payment Assistance Loan Guidelines
First-Time Home Buyers (2/01/2022)**

Loan Amount – Up to \$25,000

Payments – Single pay

Term – 30 years payable upon sale or refinance.

Interest Rate – 0%

Shared Equity – See Shared Equity Agreement

Right of First Refusal – DHIC will retain for the life of the loan

Lien Position – Subordinate to all other loans. Funds are intended to be last money in to qualify for purchase, after other DPA resources are depleted or maximized.

First Mortgage Products – DHIC DPA can be used with Conventional, FHA, VA, and the USDA Guaranteed Program.

Lending Area – Restricted to Wake, Durham and Johnston Counties.

Income – Household income cannot exceed 80% AMI.

Borrower Minimum Investment - \$1000

Net Asset Limit - \$10,000

Processing fee - \$300

Maximum Combined LTV – Per first mortgage guidelines. CLTV can go as high as 105%.

Ratios – 32/43

Minimum Credit Score – 620

Homebuyer Education – Required for all borrowers.