

DreamKey Partners/YWCA Grounds for Change

Request for funding presented to the
Mecklenburg Board of County Commissioners
November 19, 2024



Who We Are



DreamKey Partners is a private, nonprofit organization formed by civic leaders in 1989 to expand high-quality affordable and well-maintained housing and promote neighborhoods.

OUR MISSION:

Our mission is to transform lives, communities, and what is possible through affordable housing.

OUR VISION:

Our vision is thriving communities where everyone has an opportunity to succeed.

Grounds for Change at YWCA Project Overview

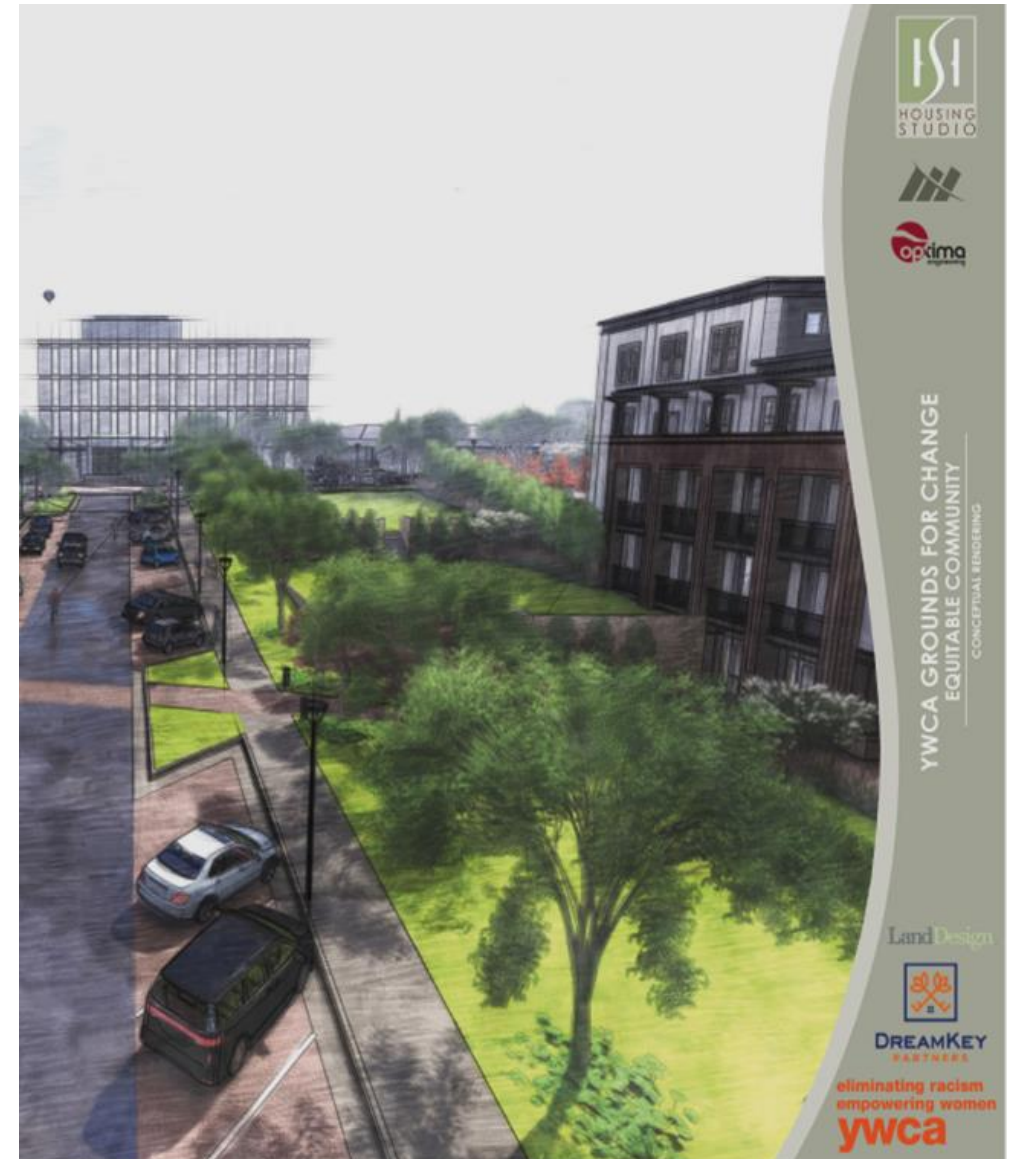


DREAMKEY
PARTNERS

- YWCA Central Carolinas has a long-standing commitment to housing services, offering transitional housing and programs for women and families at its Park Road campus.
- In 2020, YWCA expanded this commitment by partnering with DreamKey Partners, Inc. to develop part of its property into high-quality, affordable apartment homes.
- This new community aims to serve families earning 30% to 60% of the Area Median Income (AMI), furthering YWCA's mission to provide accessible housing solutions.

Grounds for Change at YWCA

Location	3416 Park Road
Units	80
Type	Multifamily Rental
Unit Mix	1, 2 and 3BR
AMI Mix	30% AMI (17 units) and 60% AMI (63 units)
Closing Date	4 th Quarter 2024



Unit and Affordability Mix



Unit Type	Total	30% AMI	60% AMI
1 Bedroom	53	11	42
2 Bedroom	21	4	17
3 Bedroom	6	2	4
TOTAL	80	17	63
		21%	79%

AMI = Area Median Income. Units are available to individuals and families at or below the stated AMI level.

Sources and Uses

USES		SOURCES	
Acquisition	\$ 70	LIHTC	\$ 11,985,564
Hard Costs	\$ 27,002,068	First Mortgage	\$ 5,400,000
Hard Cost Contingency	\$ 1,350,103	City of Charlotte	\$ 6,500,000
A&E Costs	\$ 1,235,525	Truist Low Interest Loan	\$ 1,600,000
Other Soft Costs	\$ 1,184,747	YWCA Subordinate Debt	\$ 5,200,000
Financing Costs	\$ 3,041,907	DreamKey Partners	\$ 1,750,000
Reserves	\$ 293,340	DreamKey Deferred Developer Fee	\$ 576,196
Developer Fee	<u>\$ 1,404,000</u>		
		TOTAL COMMITTED SOURCES	\$ 33,011,760
		DEFICIT/GAP	\$ 2,500,000
<u>TOTAL USES</u>	<u>\$ 35,511,760</u>	<u>TOTAL NEEDED SOURCES</u>	<u>\$ 35,511,760</u>

High Cost Factors

INITIAL DESIGN:

- Grounds for Change was initially designed in 2020
- Originally planned to offer 104 housing units across two buildings
 - 24 townhomes and flats in one building
 - 80 units in one building with structured parking
- COVID-related construction cost increases due to supply chain issues and labor shortages rendered the project financially unviable with hard construction cost exceeding \$400,000 per unit compared to the current average hard cost per unit for LIHTC projects of \$270,000-280,000.
- DreamKey Partners and the development team began working to find cost-saving solutions including a redesign of the project.



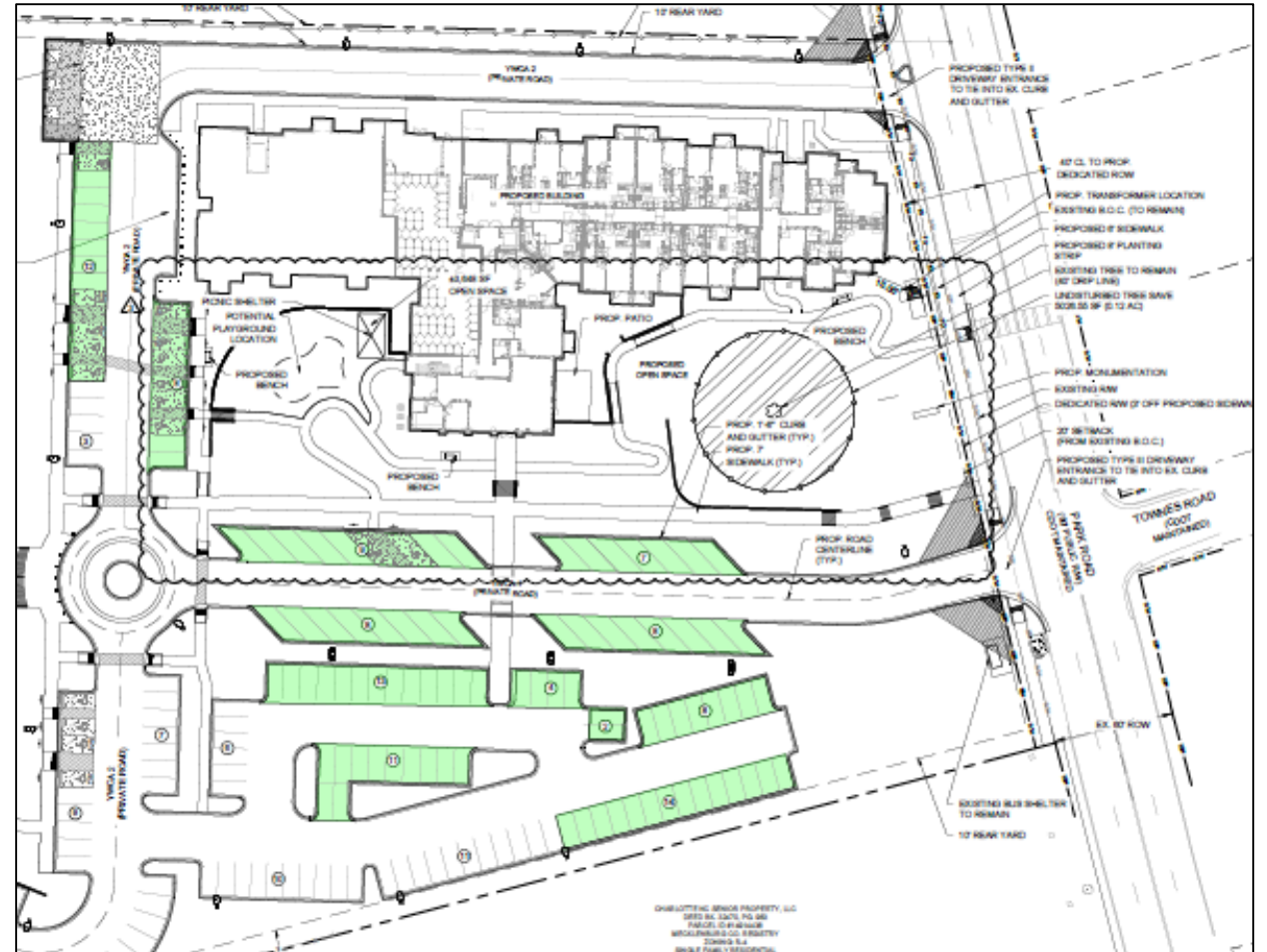
High Cost Factors

REDESIGN:

The 24-unit building was removed to allow for surface parking, eliminating the need for costly structured parking. This resulted in approximately \$63,000 per unit in savings.

However, this change incurred additional design and due diligence costs of about \$400,000 (\$5,000 per unit).

Net cost savings was approximately \$58,000 per unit.



Current Site Plan

High Cost/Gap Factors

SITE-SPECIFIC HIGH COST AND GAP

- The YWCA will remain open during construction with the apartments being built the front half of the property. This increased overall cost to stage construction in phases.
- Site modifications such as replacing driveways and parking (\$1.35M), adding fill dirt (18,000 cubic yards, \$800,000), and installing underground stormwater storage (\$750,000) increased costs over a typical development.
- Overall, site-specific modifications added \$3.3 Million (\$41,250/unit) to the project.
- The gap was also increased by the low AMI (30% AMI and under and 60% AMI and under) targeting which is not typical of new developments.



Despite substantial savings resulting from the redesign, several site-specific restrictions increased project costs due to the need to build a level site and work around existing structures.

Request to Mecklenburg County

\$2,500,000 Request

- Mecklenburg County will make grant to DreamKey Partners.
- DreamKey Partners will use the grant to make a deferred loan to Grounds for Change project at 0% interest for 20 years of \$2,500,000.
- DreamKey Partners will make a commitment to set aside 8 units for County referrals at the Grounds for Change property. All set-aside units will be from 30-60% AMI and below and will be based on the bedroom type needed by the individual household.