

# County of Durham



## County Downtown Parking Deck Development Strategies Review of Financial Plan and Debt Affordability

Presentation to County Commission

November 5, 2018





# Summary

- Durham County economy is strong with continuing growth likely
- Financial management is sound and compares well
- Capital program comprehensively developed and update currently underway
- Parking is needed by the County for employee and other purposes
- Two locations downtown, 300 and 500 block of Main Street, identified as prime locations
- County staff and DFI have a development strategy that includes parking, retail and affordable and market housing uses for the respective sites
- Data produced by DFI is estimated and based upon current market assumptions and could change as the process continues



# Summary Continued

- DEC Associates asked to review the estimated/current market development financial plan and debt affordability for each of the development strategies
- Our firm believes the private development plan is sound, that the addition of housing (especially affordable) is highly warranted and the estimated County cost is currently affordable
- Our firm has reviewed the County debt affordability model and each deck has been included and can be funded from presently dedicated resources
- By moving forward with the parking decks they become automatically one of the first priorities in the CIP currently under development



# Estimated Development Cost Overview

Cost Elements (estimates)	500 Block	300 Block
Plan A*	Affordable housing & other	Market housing & other
County deck cost - debt	\$31,600,000	\$20,300,000
County afford. housing loan	\$3,800,000 (2% int., \$2.3mm) from paygo \$s	n/a
County developer bridge	\$770,000 – paygo \$s	n/a
Plan B*	Affordable housing & other	Affordable housing & other
County deck cost - debt	\$31,600,000	\$17,300,000
County afford. housing loan	\$3,800,000 (2%int., \$2.3mm) from paygo \$s	\$2,800,000 (2%int., \$1.7mm) from paygo \$s
County developer bridge and grant	\$770,000 – paygo \$s	\$1,100,000 – paygo \$s





# Estimated County Debt and County Developer Loans

## County issued long-term debt for garages

(included in debt affordability model)

- Block 500 - \$31,600,000
- Block 300 - \$20,300,000 or \$17,300,000 (afford. housing)

## County issued short-term const. notes - not long-term debt

(repayable by primary developer loan (24-36 months))

- Block 500 - \$12,200,000
- Block 300 - \$8,000,000 (afford. housing)

## Developer loans and bridge/grant

(included in paygo estimates/model)

- Block 500 - \$4.6 million
- Block 300 - \$3.9 million (afford. housing)



# Estimated Private Development Cost Overview

Current and potential cost to County for affordable housing

## 500 Block

- Developer bridge \$770,000
- County loan to developer \$3,800,000 - repayable at sale, County second lien position

## 300 Block

- Developer bridge/grant \$1,100,000
- County loan to developer \$2,800,000 - repayable at sale, County second lien position

Cost totals – Current, bridge/grant \$1.9 million, Potential, non-repayment of loan \$6.6 million\*, Grand total \$8.5 million\*

\*Unlikely due to future value of downtown property



# Questions?