



Trent Court
Roadmap to Redevelopment

Prepared for:
City of New Bern

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Council of Development Finance Agencies

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About the Roadmap to Redevelopment

The *Roadmap to Redevelopment* is a product of the [CDFA Brownfields Technical Assistance Program](#), which is funded through a grant from the U.S. Environmental Protection Agency. The program provides technical assistance to brownfields communities on redevelopment finance. For communities that require detailed, hands-on assistance for their redevelopment efforts, CDFA Brownfields Project Response Teams comprised of CDFA staff and technical assistance partners are available to conduct site visits and provide recommendations. The goal of these visits is to offer communities specific, actionable advice that can transform brownfields into economically-productive sites in accordance with the goals and plans of the community. CDFA will coordinate 36 Brownfields Project Response Teams over the life of the program.

The *Roadmap to Redevelopment* was developed through a three-day process that included interviews with numerous stakeholders from the government, business, and non-profit sectors. The plan provides a framework for the financing of the redevelopment of Trent Court.

The *Roadmap to Redevelopment's* recommendations combine the input of development finance experts, CDFA staff, and the interests of stakeholder groups gathered during the Project Response Team site visit. The plan articulates the following recommendations in order to better facilitate the redevelopment of Trent Court and the surrounding area.

Background & History

Background & History:

Trent Court is a public housing complex located in New Bern, North Carolina. In 1940, the New Bern Housing Authority's administrative building, along with 12 residential buildings, was constructed on the site that sits on the Trent River.¹ An additional 17 residential buildings were constructed on the property in 1977.² Today, the property houses over 400 residents in 218 units.³

Trent Court is one of two public housing sites that sit in the Greater Five Points area, a collection of neighborhoods clustered around the commercial area where Broad, Queen and Pollock Streets converge. Considered the "gateway" to downtown, Greater Five Points is located directly west of New Bern's historic core. Many brownfield sites are located within and around Greater Five Points, and have contributed to the contamination of the Trent Court site over the years. A recent Phase 1 Environmental Site Assessment conducted at the site reveals several underground storage tanks on site and the presence of soil and groundwater contaminants that have permeated the site from nearby properties, including a dry cleaner and service station.⁴

A large portion of Trent Court is situated in both the 500 and 100 year flood plain.⁵ According to New Bern residents and City staff, there have been multiple episodes of severe flooding in those buildings throughout the years, and flood mitigation is a high priority in any future redevelopment of the site.

The Greater Five Points area has experienced severe disinvestment, vacancy and blight since the 1950's; the widening of Broad Street and the construction of the John Lawson Bridge negatively impacted the neighborhood by making it easy for outside residents and visitors to pass through or avoid.⁶ Trent Court in particular suffered a steady decline, as many residents who could afford housing elsewhere left the area, leaving behind a lower income population.

Over time, the demographic of Trent Court and the Greater Five Points area has shifted from mixed-race to majority African-American. The Greater Five Points area hosts more than 3,300 residents and represents about 11 percent of New Bern's total population. In a city where African-Americans account for a third of the total population, Five Points' population is disproportionately high at 89 percent African-American.⁷ When compared against the Greater Five Points area, demographic differences are heightened within the two public housing complexes, Trent Court and Craven Terrace. The median

¹ City of New Bern, EJP, Goody Clancy, and Housing Authority of New Bern. (2015). Greater Five Points Transformation Plan Draft 8/31/15. Retrieved from: <http://choicewbern.com/wp-content/uploads/2015/09/New-Bern-Transformation-Plan-final-draft-8-31-15.pdf>

² City of New Bern et al. (2015). Greater Five Points Transformation Plan Draft 8/31/15.

³ City of New Bern et al. (2015). Greater Five Points Transformation Plan Draft 8/31/15.

⁴ Amec Foster Wheeler Environment & Infrastructure, Inc. (2016). Phase 1 Environmental Site Assessment Trent Court Public Housing.

⁵ City of New Bern, Goody Clancy, Kimberly-Horn and Associates, and W-ZHA. New Bern Gateway Renaissance Plan. Retrieved February 2016 from: <https://www.dropbox.com/s/a3hugnabz54fzx8/NewBernRenaissancePlan130102HI2final.pdf>

⁶ City of New Bern et al. (2015). Greater Five Points Transformation Plan Draft 8/31/2015.

⁷ City of New Bern et al. (2015). Greater Five Points Transformation Plan Draft 8/31/2015.

household income is \$8,652, compared to \$29,026; the poverty rate is 83 percent, compared to 36 percent; and female-headed households represent 75 percent of the population, compared to 34 percent.⁸

The revitalization of the Greater Five Points area has been studied extensively since 2000 with various initiatives and planning efforts considered. Most recently, the *New Bern Gateway Renaissance Plan* is the result of a U.S. Environmental Protection Agency (EPA) Brownfields Area Wide Planning Pilot Program; the *Greater Five Points Transformation Plan* is the result of a U.S. Housing and Urban Development (HUD) Choice Neighborhoods Initiative planning grant. Implementation of these community-driven plans is already underway. Both have worked extensively to bolster community support and develop a concept plan and phasing timeline for redevelopment of the two public housing complexes and Greater Five Points area as a whole.

The goal of the planning efforts is to shift the demographic of the neighborhood from that of concentrated poverty to a mixed-use, mixed-income community. The redevelopment of Trent Court and the associated improvements to the Greater Five Points area provide an opportunity to reshape the housing landscape and reclaim the former social and economic vibrancy it once held. The recommendations in this report have taken into consideration the framework that has been established in the *New Bern Gateway Renaissance Plan* and *Greater Five Points Transformation Plan*, and are intended to address the financing of Trent Court. They may also apply to the revitalization of the Greater Five Points area.



Figure 1: Trent Court Residential Buildings

⁸ City of New Bern et al. (2015). Greater Five Points Transformation Plan Draft 8/31/2015.

Recommendations

Part I: Phasing the Redevelopment

At the time of the CDFA Project Response Team visit, the City had recently conducted an RFQ for the project and was in the process of selecting a developer. The proposed redevelopment of Trent Court as outlined in the *Greater Five Points Transformation Plan* involves replacing 218 public housing units of housing with over 337 units of mixed income housing. Because existing Trent Court residents will need to be relocated as buildings are demolished and reconstructed, the phasing of the project is extremely complicated and efficient timing is critical. The current plan outlines various phases of redevelopment, the first of which involves construction of over 150 units. The recommendations below represent critical steps in the phasing process with potential for maximum community benefit and should be considered as the City finalizes redevelopment plans.

- i. Accommodate existing Trent Court residents in off-site housing

The first phase of the redevelopment project involves construction of off-site replacement units, ideally along the Broad Street corridor within the Greater Five Points area. New construction of high quality housing on Broad Street will serve not only to meet the need of relocating existing residents, but will also begin revitalization of another targeted redevelopment area leading into downtown New Bern. The location should be walkable for residents and highly visible for maximum streetscape impact.

- ii. Demolish Trent Court properties located in flood plain

A large portion of the Trent Court site is located within a flood plain. Given the numerous flooding events on site over the years, the buildings located in the flood plain should be demolished as soon as replacement housing is built off-site and residents can be relocated.

- iii. Connect Walt Bellamy Drive

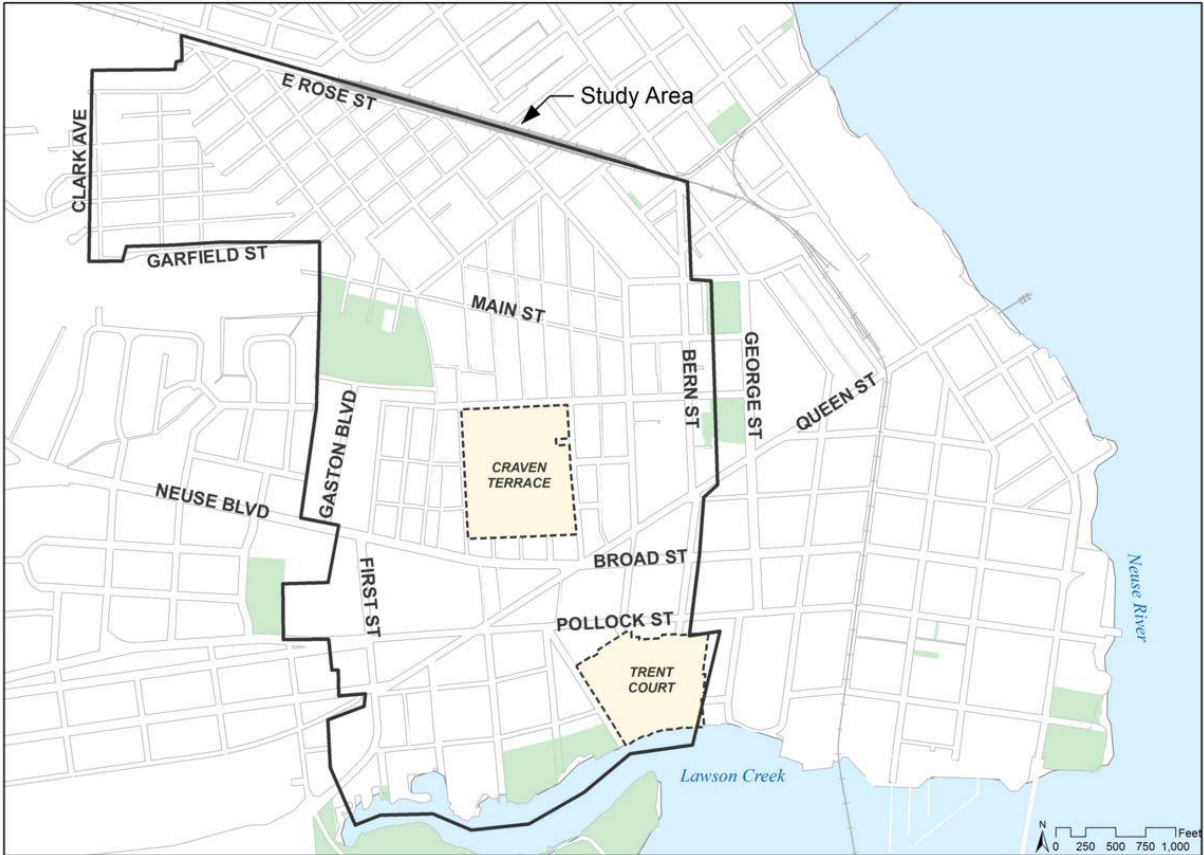
Once the buildings in the flood plain are removed from the site, the City can connect Walt Bellamy Drive near the waterfront in accordance with the *Greater Five Points Transformation Plan*. Connecting this street will improve public access to and from downtown along the waterfront. The connection of the road will complement the completed construction of the waterfront trail running congruently in front of the property.

- iv. Prepare future sites for off-site housing

The City should begin acquiring land to assemble sites for future phases of off-site housing, and obtain demolition permits on buildings that will need to come down.

v. Leverage Low Income Housing Tax Credits (LIHTC)

Ideally, the developer will apply for and receive the 9 percent LIHTC for the project. As these are highly competitive within the state, the housing authority should work closely with HUD to communicate the compelling need of the Trent Court residents and neighborhood. Should 9 percent LIHTC be unavailable, the developer can use the less competitive 4 percent LIHTC. Although this may place additional hardship on the City to finance the development gap, the City should look to fund the gap using some combination of the recommendations presented in the remainder of this report.



Greater Five Points Neighborhood

Figure 2: Map of Greater Five Points area including Trent Court (bottom right) and Craven Terrace (center). Broad Street, Pollock Street, and Queen Street carry traffic through the neighborhood, with Broad Street being the major corridor targeted for redevelopment.

Part II: Establishing Revolving Loan Fund for Brownfields

Through an Area Wide Planning Grant received from the U.S. Environmental Protection Agency, the City of New Bern has identified several brownfield sites that are in need of further assessment and remediation. The City should take efforts to capitalize a revolving loan fund (RLF) targeted to environmental cleanup of properties. As a self-replenishing pool of money, an RLF is capable of providing gap funding to multiple projects over time, utilizing interest and principal payments on old loans to issue new ones.

- i. Apply for EPA Revolving Loan Fund (RLF) Grant

The EPA Revolving Loan Fund Grant provides grant recipients with funds to capitalize a revolving loan fund to make loans and subgrants for the purpose of carrying out cleanup activities on contaminated properties. This competitive grant awards up to \$1M to communities and 60 percent of those funds must be used to implement an RLF for environmental cleanup. The award also requires a 20 percent cost share for the funds.

- ii. Seek private foundation funds

A cost share could be achieved by working with local, national, or regional foundations to match EPA funding and further contribute to cleanup of properties in New Bern and targeted to sites associated with the Trent Court redevelopment project.

Part III: Funding Property Acquisition and Land Assembly

The following sources may be helpful in funding property acquisition as the City begins assembling land for future off-site housing.

- i. Economic Development Administration (EDA) Public Works Program

The EDA offers funding through its Public Works Program to help distressed communities leverage private resources, create jobs, and improve economies. The City is already pursuing EDA funding for a workforce development project just outside of the Greater Five Points area. The City should consider a broader approach that expands its funding requests to encompass the Trent Court housing redevelopment project, since those residents are among the targeted clientele for the new workforce support center. These EDA funds can be used for property acquisition.

- ii. Community Development Block Grant (CDBG) Funds

As an entitlement community, the City of New Bern already receives a modest allocation of CDBG funds to use toward preserving affordable housing, providing services for residents, and creating jobs. The Trent Court redevelopment and many properties within the Greater Five Points area qualify for use of CDBG as projects that serve low-moderate income persons and address blight. Additionally, CDBG funds can be used for property acquisition.

iii. Transit Adjacent Development Resources

The *Greater Five Points Transformation Plan* strongly emphasizes improving public transportation for residents. As discussed during the CDFA site visit, the City and the New Bern Area Metropolitan Planning Organization should consider improving public transit access within the Five Points area. The Federal Transit Authority has provided discretionary funding to cities for these types of projects, and may have resources available through a competitive grant opportunity. Additionally, qualifying the project as a transit adjacent development may strengthen narratives for application of other funds, such as EDA Public Works dollars.

iv. North Carolina Community Development Initiative

The North Carolina Community Development Initiative invests in community development organizations with a focus on strengthening the economy and providing housing in distressed neighborhoods. “Borrowers may be community development corporations (CDCs), nonprofit developers, social enterprises, and existing businesses with projects that meet social/economic benefit tests.”⁹ While the City could not request funds directly, it should support existing businesses and organizations that are invested in the redevelopment in pursuing opportunities for funding.

Part IV: Pursuing a Tax Increment Financing (TIF) District in the Five Points Area

Although not widely practiced in North Carolina, TIF can be a powerful financing tool for local governments, particularly when used in areas of distress where investment is being targeted. The Greater Five Points area provides an opportunity for the creation of a TIF district to help finance the costs of public infrastructure improvements required to support the private development of Trent Court and surrounding area.

i. Conduct TIF Analysis, Education and Advocacy

The City must closely assess the potential for TIF to contribute to project financing by conducting a careful analysis of financial models. Such models should predict the amount of TIF revenue that can be generated over time. The City should also consider involving financial consultants and/or lobbyists to gain necessary traction for the project.

Since TIF has not been widely used in North Carolina, the City should work to ensure that local officials, residents, and project stakeholders are properly educated on the concept and appropriate application of TIF. The creation of a TIF district requires state level approval in North Carolina, so the City should begin a dialogue with the Local Government Commission about the redevelopment plan as soon as possible.

⁹ North Carolina Community Development Initiative. Retrieved from: <http://ncinitiative.org/about/initiativecapital>

iii. Determine TIF boundary according to project phasing

Establishing a TIF district and a respective boundary that coincides with the phasing of the Trent Court redevelopment is critical to understanding where the value capture should begin and how it can be maximized to bridge the development gap on the project. Prior to adopting a plan for a TIF district, the City should work with the project developer to identify during what phase of the project plan a district could be implemented to capture the necessary amount of increment required to repay debt service.

As an important note, under North Carolina law the boundaries of the TIF district may be enlarged only during the first five years after the effective date of the district and only if the area to be added has been or is about to be developed and the development is primarily attributable to development that has occurred within the district, as certified by the Local Government Commission.¹⁰

iv. Determine ideal structure of TIF for Trent Court/Five Points Area

TIF exists in multiple variations and structures. Traditional TIF application can be project-specific or area-wide, depending on the scope of the project and intended use of the revenue stream. Both methods can be used successfully for redevelopment and revitalization; both methods also have limitations and varying levels of risk. The City's analysis should include a comparison of each application to determine which is most advantageous.

Other variations to TIF application in North Carolina include synthetic TIFs and developer financed TIFs. A synthetic TIF mimics a traditional TIF but has the advantage of requiring fewer procedural steps to implement and enjoys fewer restrictions; revenues are still generated on increased property value, but securities are pledged for the debt service.

Developer financed TIF provides an alternative to the traditional issuance of TIF-backed bonds/loans where the developer carries most, if not all, of the risk. Because this approach usually works best with a well-financed developer, the City should investigate the bonding capacity of the prospective developer, which if large enough, may accommodate more flexible forms of financing in the redevelopment of Trent Court.

Each of these TIF variations can be used to finance the same infrastructure costs as a Traditional TIF, but vary in how debt is issued and repaid.

Part V: Forming a Private, Non-Profit Organization to Lead Redevelopment Effort

A redevelopment effort of this scale requires a great deal of organization and leadership, and the City should consider the creation of a private, non-profit corporation to spearhead the Trent Court redevelopment and other neighborhood improvement initiatives for the Greater Five Points neighborhood. The corporation should have an active and representative Board, and at least one full-time staff person to coordinate targeted redevelopment efforts. Such an organization would be eligible

¹⁰ North Carolina Project Development Financing Act. G.S. § 158-7.3 (i)

to apply for some sources of funding that the City is not eligible for, such as the North Carolina Community Development Initiative Funding described above.

i. Compile a representative Board

The board of the corporation should be comprised of individuals who are active in or interested parties to, the redevelopment effort. Board members might include the mayor, an alderman representative, Swiss Bear downtown development representative, and a community college representative. Other causes that should be represented include the promotion of expanding healthcare options, transportation, and other resident services.

ii. Hire a full-time staff person to lead effort

One full-time employee of the corporation would coordinate the Trent Court redevelopment project along with related aspects of the Greater Five Points Transformation Plan that are not directly related to the development (such as improving transportation for residents). This person would work with Board members to ensure that the project is moving forward and responding to the community's needs. The employee's salary could be funded through a foundation or grant.

Part VI: Financing Future Redevelopment in Five Points Area

As the City begins to pursue additional redevelopment opportunities in the Five Points area, the following resources may be helpful to the City and/or to interested developers:

i. Explore potential for using New Market Tax Credits (NMTC)

Although the Trent Court project is not eligible for NMTC due to its residential use, it is located in a NMTC eligible census tract, and is considered to be a highly distressed tract, which is a favorable factor in the ranking system for NMTC projects. If interest arises for a grocery store, healthcare center, day care center, or other commercial use within the Five Points area, the City or developer should contact a Community Development Entity to determine feasibility of utilizing NMTC.

ii. Pursue creative approach to qualifying for Choice Neighborhoods Initiative (CNI) Implementation Grant

Choice Neighborhoods Initiative (CNI) offers grants to communities of up to \$60M, but requires the applicant to have leveraged an equal amount of investments in neighborhood and housing funds in order to qualify. Currently, the City has not met the matching investment amount. CNI grants have been almost exclusively awarded to metro areas. The City should investigate whether an opportunity exists to pool resources with other communities in order to meet the required leverage amount, and be granted a proportionate share of the CNI grant funds.

Trent Court Roadmap to Redevelopment

Additional Resources

As the City of New Bern works through the recommendations in this plan, the following resources may provide useful information.

CDFA Brownfields Financing Toolkit |

[http://www.cdfa.net/cdfa/cdfaweb.nsf/ord/201502_BF_Toolkit/\\$file/CDFA%20Brownfields%20Financing%20Toolkit%2002.02.15.pdf](http://www.cdfa.net/cdfa/cdfaweb.nsf/ord/201502_BF_Toolkit/$file/CDFA%20Brownfields%20Financing%20Toolkit%2002.02.15.pdf)

CDFA Online Resource Database |

<http://www.cdfa.net/cdfa/cdfaweb.nsf/ordsearch.html>

Types of Brownfields Grant Funding (Environmental Protection Agency) |

<http://www.epa.gov/brownfields/types-brownfields-grant-funding#tab-1>

Economic Development Association Funding Opportunities |

<https://www.eda.gov/funding-opportunities/>

<http://www.grants.gov/web/grants/view-opportunity.html?opId=279842>

Tax Increment Financing in North Carolina |

http://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=2597&context=faculty_scholarship

<http://www.sogpubs.unc.edu/electronicversions/pdfs/lfb36.pdf>

<http://www.sanfordholshouserlaw.com/nc-public-finance/2015/1/19/synthetic-tif-or-installment-financing-for-economic-development>

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