

Item Title: Actions Requested to Advance Ryan Spring Affordable Housing Complex

Specific Action Requested:
That the Board of Commissioners:

- 1. Amends the FY 2015-2020 Consolidated Plan and the FY 2018-2019 Action Plan to reprogram up to \$750,000 of prior year Community Development Block Grant (CDBG) public facilities funds to be used as acquisition for the development of affordable housing; and**
- 2. Approve up to \$700,000 in Federal Community Development Block Grant (CDBG) funds for Ryan Spring Apartments, an affordable senior housing development in Cary, NC.**

All funding commitments are subject to terms and conditions acceptable to the County Attorney. Awards are also contingent upon the development receiving local approvals including site plan approval, all necessary permits from the local municipality and an award of tax credits from the NC Housing Finance Agency. In addition, all awards are contingent upon the basic terms as identified in the project descriptions, including funding commitments from the financial partners as identified.

Item Summary:

Purpose: The Board of Commissioners approves all real estate transactions associated with affordable housing developments in Wake County, as well as amendments to US Department of Housing and Urban Development (HUD) Consolidated Plans or Action Plans.

Background: The FY 2015-2020 Consolidated Plan and the FY 2018-2019 Action Plan allocate \$750,000 in prior year public facility funds. Staff request these funds be reallocated for acquisition to develop affordable housing. Acquisition of real property for the development of affordable housing is an eligible CDBG activity.

In May 2017, the Board of Commissioners approved a loan of up to \$750,000 to Evergreen Construction Company (Evergreen), to develop Ryan Spring Apartments in Cary, NC. The 42-unit senior project received a Federal Low-Income Housing Tax Credits from the North Carolina Housing Finance Agency (NCHFA); however, due to unanticipated project increases, funding sources reflect a \$700,000 gap.

Evergreen requested funding through Wake County's Continuous Call for Affordable Housing Projects of up to \$700,000 in additional funding for the development of Ryan Spring apartments. Approval of

the reallocation of up to \$750,000 in prior year CDBG funds will allow Wake County to increase this project loan to ensure successful completion of the Ryan Spring development.

Board Goal: This Board action complements housing affordability initiatives in the Social and Economic Vitality goal area.

Fiscal Impact: Up to \$750,000 in CDBG grant funds will be reprogrammed as acquisition for the development of affordable housing. Up to \$700,000 of this amount will be allocated to provide additional funding to the Ryan Spring Apartments project for acquisition of real property. There will be no change in the County's lien position (2nd), terms of the Wake County loan or affordability requirements. The annual payment schedule will remain the same with a larger balloon payment in year thirty.

Additional Information:

The FY 2015-2020 Consolidated Plan, approved by the Board of Commissioners on May 18, 2015 and the FY 2018-2019 Action Plan approved on June 18, 2018 describe how the Wake County Housing Division will use funds from the US Department of Housing and Urban Development (HUD) to help meet the housing needs of low-income families. Funding is allocated by grant activity type, such as public facility or acquisition, and then by specific project. Major plan amendments, involving the reallocation of funds by activity type or the addition of projects, require public notice, a 30-day public comment period, and Board of Commissioners approval.

A public notice was published in the News & Observer and Que Pasa. The 30-day public comment period began August 30, 2018 through September 30, 2018. No public comment was received.

Ryan Spring – A Senior Living Community, Raleigh

42 units for seniors

Developer: Evergreen Construction Company (Evergreen)

In May 2017, the Board of Commissioners approved a loan of up to \$750,000 to Evergreen, to develop Ryan Spring Apartments in Cary, NC. The project received Federal tax credits; however, there were escalating construction costs and increased costs for skilled labor. Onsite improvements increased by \$325,000 and construction cost increased by \$735,000. Evergreen mitigated some cost increase by decreasing their developer fee by \$292,870 and increasing their bank loan; however, by the time of construction, the new project funding sources continued to reflect a \$700,000 gap.

Evergreen applied for additional tax credits in the 2018 application cycle but did not receive them. They also applied for NCHFA Integrated Supportive Housing Program (ISHP) funds but those funds were no longer available. Evergreen requested additional funding from The Town of Cary; however, they did not have additional funds available at this time.

Evergreen has requested, through Wake County's Continuous Call for Affordable Housing Projects, additional funding of up to \$700,000 on behalf of the ownership entity to be formed, Ryan Spring Housing Associates LLC., for site acquisition of real property for the development of Ryan Spring Apartments. Ryan Spring is located in Cary on Ryan Road near the intersection with Maynard Road. It will provide 42 units for seniors, with 12 units affordable to seniors earning at or below 30% Area Median Income (AMI), 6 units affordable to seniors earning at or below 50% AMI, and 24 units affordable to seniors earning at or below 60% AMI. In addition, five units will be reserved for Wake County Permanent Supportive Housing (PSH) voucher holders. Affordability would be required for at least 30 years.

The total loan from Wake County would increase from \$750,000 to \$1,450,000. The loan terms requested are 2% interest during construction and 2% interest for the permanent loan with a 30-year term. Approximately \$209,599 would be repaid over 23 years; the remainder would be repaid as a balloon in year 30. During construction, Wake County would hold second lien position. A bank construction loan would hold first lien position. In the permanent phase, Wake County would hold a second lien position. A bank loan would hold the first lien position. The funding source for this loan would be Federal HOME and additional CDBG funds.

Sources by Lender	Original Funding Request	New Funding Request
Bank(approx.)	\$ 920,000	\$ 1,100,000
Wake County HOME	\$ 750,000	\$ 750,000
Wake County CDBG	\$ 0	\$ 700,000
Town of Cary	\$ 250,000	\$ 250,000
Workforce Housing Loan Program	\$ 196,811	\$ 250,000
Federal Tax Credit Equity(approx)	\$ 3,896,468	\$ 4,050,827
Other Investment	\$ 392	\$ 47,276
Total	\$ 6,013,671	\$ 7,148,103

Uses by Type	Original Funding Request	New Funding Request
Lot Acquisition	\$ 757,944	\$ 757,944
Const./Onsite Improvements	\$ 3,848,375	\$ 5,030,537
Other Development Cost	\$ 1,407,352	\$ 1,359,622
Total	\$ 6,013,671	\$ 7,148,103

Attachments:

1. Presentation
2. Ryan Spring Updated Proforma
3. Public Notice