

**Item Title:** Affordable Housing Loan Lien Position Change for Grosvenor Gardens in Raleigh, NC

**Specific Action Requested:**

**That the Board of Commissioners approves a lien position change for Grosvenor Gardens, a 62-unit affordable rental development located in Raleigh, NC, subject to terms and conditions acceptable to the County Attorney.**

**Item Summary:**

**Purpose:** The Board of Commissioners approves all Wake County real estate transactions, including changes to lien position for previously approved transactions.

**Background:** On April 21, 2025, Wake County approved a loan of up to \$2,650,000 to CASA to support the rehabilitation of Grosvenor Gardens, a 62-unit, affordable rental housing development for families located at 1101 Hillsborough Street in Raleigh. County loan terms consist of 1% interest during construction and 1% on the permanent loan for a 50-year term with variable annual repayments and a balloon payment at the end of the term. As initially approved, during the construction and permanent phases Wake County would hold third lien position. First Horizon Bank would hold the first lien position, Self-Help Credit Union in second position and City of Raleigh in fourth position.

The City initially approved a \$2,000,000 permanent financing loan to CASA and recently approved an additional \$1,200,000 of construction-to-permanent financing to support the project. The City will combine their financing into one loan totaling \$3,200,000. As this amount is larger than Wake County's commitment, the City has requested that Wake County's loan be subordinate to the City's loan in the construction and permanent phases. This is consistent with standard practice that places larger loan amounts in higher lien position.

If approved, Wake County would hold the fourth lien position during the construction and permanent phases behind First Horizons Bank in first position, Self-Help Credit Union in second position, and the City of Raleigh in third position. Terms and repayment of the County loan would not change. Staff recommend approving this lien change.

**Strategic Plan:** This action supports Community Health and Wellbeing Goal 1: Create and preserve 2,500 affordable housing units by 2029.

Fiscal Impact: The County will not be contributing additional funding.

**Additional Information:**

CASA acquired Grosvenor Gardens in 2022 and is committed to preserving the development as long-term affordable rental housing. CASA utilized a bridge loan through the Wake County Affordable Housing Preservation Fund (WAHPF) to help acquire the property, and they intend to leverage up to \$3,600,000 in WAHPF permanent financing for this rehabilitation project in addition to gap financing from Wake County and the City of Raleigh. Of the 62 units, seven will be affordable to households earning at or below 30% of the area median income (AMI), 51 units will be affordable at or below 60% AMI and 4 units will be market-rate. In addition, at least 7 units will be set aside for Wake County Rental Assistance Housing Program (RAHP) voucher clients. CASA also partnered with Alliance and HOPE NC to set aside 10 units for adults with intellectual and developmental disabilities. As a condition of Wake County's funding, the minimum affordability period for the project will be 50 years. Renovation is anticipated to be substantially complete by the end of 2025.



**Attachments:**

None.