

# Funding Request: Ryan Spring Affordable Housing Complex

Wake County Board of Commissioners

October 15, 2018



# Background

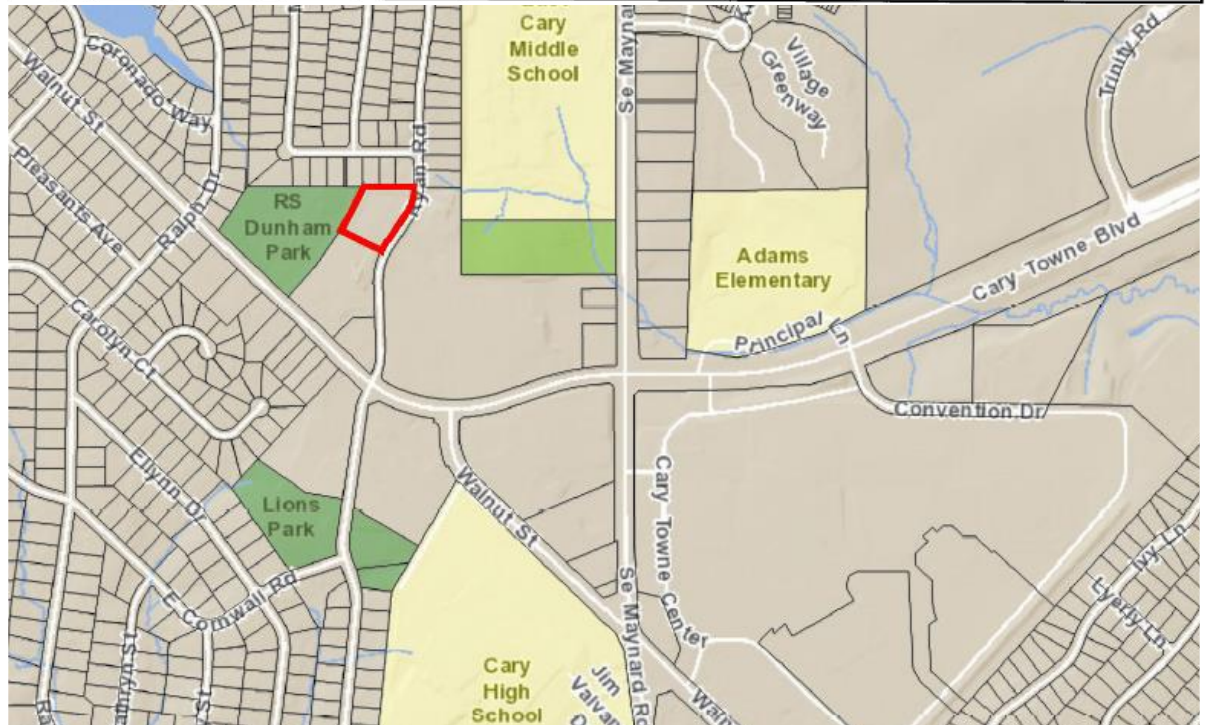
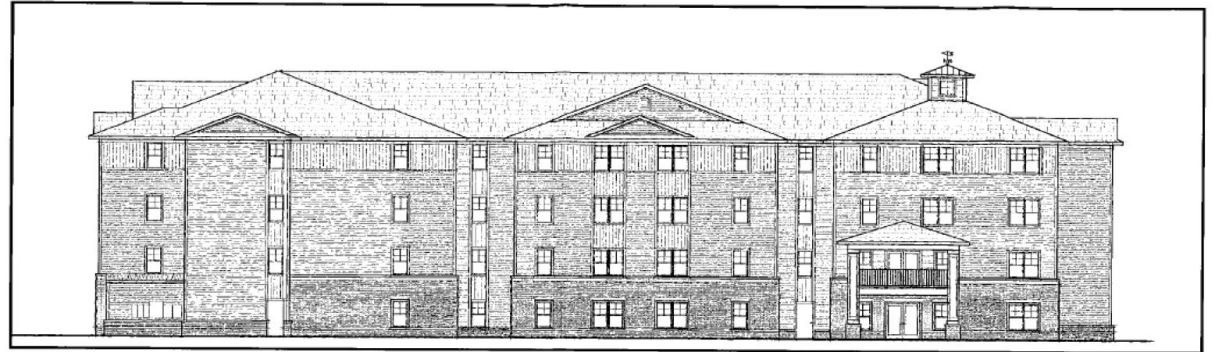
- In May 2017, the Board approved a loan of up to \$750,000 in Federal HOME Investment Partnership (HOME) funding to develop Ryan Spring Apartments
  - Ryan Spring is a 42-unit elderly complex located in Cary developed by Evergreen Construction Company (Evergreen)
- The loan of up to \$750,000 in HOME funding will not change
- The project received a Federal tax credits in August 2017; however, by the time of construction there were unexpected cost increases totaling \$1 Million for construction and on-site improvements
  - Evergreen mitigated cost by decreasing their development fee and increasing their bank loan, but a \$700,000 funding gap remained

# Background

- Evergreen requested increased funding from several other sources prior to approaching the County
  - NC Housing Finance Agency 2018 Low-Income Housing Tax Credits (LIHTC)
  - NC Housing Finance Agency Integrated Supportive Housing Program (ISHP)
  - Town of Cary Community Development Block Grant (CDBG) funding
- As a last resort, in June 2018, Evergreen requested funding through Wake County's Continuous Call for Affordable Housing Projects of up to \$700,000 in additional Community Development Block Grant (CDBG) funding for a total loan amount of \$1,450,000

# Project Details

- **Location:** Cary
- **42 Units – 9% LIHTC**
  - 30% AMI and below: 12 units
  - 50% AMI and below: 6 units
  - 60% AMI and below: 24 units
- **Target:** Elderly
- **Type:** New Construction
- **Terms:** 30-years @ 2%, Balloon
- **Supportive Units:** 20%



# Request for Funding

- Capital Development Increases
  - Onsite Improvements: \$325,000
  - Construction: \$735,000
  - Impact Fees: \$85,000
- Decreased Developer Fee by \$292,870 to cover the additional increased costs
- Also, increased bank loan by \$180,000

Sources	
Bank Loan (approx.)	\$1,100,000
County 2017 Request (HOME)	750,000
County 2018 Request (CDBG)	700,000
Town of Cary	250,000
Workforce Housing Loan	250,000
Federal Tax Credit Equity (approx.)	4,050,827
Other Investment	\$47,276
<b>Total</b>	<b>\$7,148,103</b>

Uses	
Lot Acquisition	\$757,944
Const./Onsite Improvements	5,030,537
Other Development Cost	1,359,622
<b>Total</b>	<b>\$7,148,103</b>

# Reallocation of CDBG Funds

- The Consolidated and Annual Action Plan 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 require public notice, a 30-day public comment period, and Board of Commissioners approval.
- This Item request to reallocate \$750,000 in available CDBG funds from the Public Facilities activity to the Acquisition of Real Property activity
  - Of the reallocation, \$700,000 will be used to fund Ryan Spring
  - A balance of \$50,000 will remain available for future acquisition projects

# Takeaways

- Request will provide additional gap funds in the amount of \$700,000 from Federal CDBG funds for the development of Ryan Spring, a senior living community, consisting of 42 units in Cary
- Wake County will loan a total amount up to \$1,450,000, including the original loan of up to \$750,000 in Federal HOME funding plus the new loan of up to \$700,000 in Federal CDBG funding
- Development leverages a \$4.05 Million Low-Income Housing Tax Credit (LIHTC) award from NC Housing Finance Agency in 2017
- Ryan Spring will provide 12 units at or below 30% of AMI and 5 units reserved for Wake County supportive housing clients
- Development addresses Social and Economic Vitality Board Goal

# Recommendation

- Amends the FY 2015-2020 Consolidated Plan and the FY 2018-2019 Action Plan to reallocate up to \$750,000 of prior year CDBG funds from public facilities to acquisition of real property projects
- Approve additional financing up to \$700,000 in Federal CDBG funds for Ryan Spring Apartments, an affordable senior housing development in Cary