

Item Title: 2025 Affordable Housing Development Program (AHDP) Low-Income Housing Tax Credit (LIHTC) and Non-Tax Credit (NTC) Loan Recommendations

Specific Actions Requested:
That the Board of Commissioners:

1. Approves the following loan recommendations, with funds up to the amounts indicated from federal HOME, CDBG, or County CIP for:

9% LIHTC affordable housing developments including:

1. \$500,000 for Heritage Park Senior Phase 1B in Raleigh, NC
2. \$655,000 for The Canopy in Cary, NC
3. \$1,470,000 for Abbey Spring Apartments in Apex, NC

4% LIHTC affordable housing developments including:

1. \$3,320,000 for Fisher Grove Apartments in Raleigh, NC
2. \$7,100,000 for Chapanoke in Raleigh, NC
3. \$1,400,000 for Biltmore Hills in Raleigh, NC

Non-Tax Credit affordable housing developments including:

1. \$480,000 for Friendship Station in Apex, NC
 2. \$2,650,00 for Grosvenor Gardens in Raleigh, NC
2. Approves up to \$300,000 in additional gap financing for Rose Park Manor in Cary, NC; and
 3. Authorizes the County Manager to execute necessary loan and regulatory documents for approved projects.

All funding commitments are subject to future funding availability and 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 North Carolina Housing Finance Agency (NCHFA). 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 Wake County real estate transactions, including recommended funding commitments for affordable housing development projects.

Background: Annually, the County advertises a Request for Proposals (RFP) to provide gap financing to developers for the production and preservation of affordable housing. The AHDP leverages Federal, State and local funding, as well as LIHTCs. Wake County recommends funding commitments for qualified proposals which are then submitted by developers to NCHFA for competitive tax credit awards.

Since the adoption of the Wake County 20-year Comprehensive Affordable Housing Plan, staff has modified the RFP to reflect community priorities and encourage strong proposals more likely to be funded by the limited and competitive NCHFA tax credit process. These efforts have led to an increase in financed housing units, more units targeting households earning less than 50% of the area median income (AMI), more supportive housing units for vulnerable populations, and improved coordination with developers, municipalities and other partners.

The 2025 AHDP RFP generated a record high twenty (20) new project proposals and one gap financing proposal for a total of \$42,490,000 in gap financing requests from the County. After performing an extensive evaluation process, staff recommends committing funds to eight new project proposals, including three 9% LIHTC developments, three 4% LIHTC developments and two NTC developments totaling 532 new units and 112 preserved units for a total of \$17,575,000. LIHTC developers receiving final funding commitments will move forward to submit a final application to NCHFA for tax credit awards in August 2025. Staff also recommend awarding \$300,000 in additional funding for Rose Park Manor, a previously awarded, 81-unit development.

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

Fiscal Impact: The Board previously appropriated funds for AHDP proposals in the Housing Affordability and Community Revitalization Special Revenue Fund and the Housing Affordability and Community Revitalization CIP Fund. Funding is also planned in both funds' base budget for FY 2026.

Additional Information:

RFP Process Description

The Housing Department released the 2025 AHDP RFP 25-005 in December 2024 with applications due on January 20, 2025. Commitments for recommended proposals allow developers to submit a final LIHTC application to NCHFA by the deadline of May 9, 2025. All applications were scored and ranked by Housing staff with input from various County departments as well as representatives from municipalities where projects were

proposed including the City of Raleigh, Town of Apex, and Town of Cary. All recommended projects met the County's minimum scoring threshold criteria and were determined to be responsive and responsible. Each application is scored based on the following project evaluation criteria:

Criteria	Points
1) Project Viability	
a) Financial Feasibility	30
b) Development Quality	10
c) Development & Management Team	10
2) Wake County Policy Goals	
d) Public Partnerships	5
e) Target Populations	5
f) Affordability Period & Deeper Income Targeting	30
g) Location	10
TOTAL	*100
*Min. 75 pts. to be eligible for recommendation	

The eight proposals being recommended as a result of this RFP originally requested a total of \$18,005,000 in gap financing from the County. After negotiating best and final offers and receiving updated pro forma financial models, County gap financing loans, if approved, would total up to \$17,575,000. These funding commitments would support the development of 524 new affordable rental units and 8 affordable for-sale units for a total of 532 new affordable units. In addition, recommended awards would support the preservation of 112 existing affordable rental units.

The following chart summarizes the recommended proposals, after negotiations with Housing staff.

Project (9%, 4% LIHTC & NTC)	Location	Type	Tenure	Total Units	Wake County Loan	Loan Request per Unit
Heritage Park Senior Phase IB (9%)	Raleigh	Senior	Rental	51	\$500,000	\$9,804
The Canopy (9%)	Cary	Family	Rental	51	\$655,000	\$12,843
Abbey Spring (9%)	Apex	Senior	Rental	56	\$1,470,000	\$26,250
Fisher Grove (4%)	Raleigh	Family	Rental	166	\$3,320,000	\$20,000
Chapanoke (4%)	Raleigh	Family	Rental	200	\$7,100,000	\$35,500
Biltmore Hills (4%)	Raleigh	Family	Rental	50	\$1,400,000	\$28,000
Friendship Station (NTC)	Apex	Family	For-Sale	8	\$480,000	\$60,000
Grosvenor Gardens (NTC)	Raleigh	Family	Rental	62	\$2,650,000	\$42,742
Total				644	\$17,575,000	\$27,290*

*Average Loan Request Per Unit

Staff recommend awarding up to \$300,000 in additional gap financing to support Rose Park Manor, an 81-unit senior LIHTC rental property that was awarded tax credits in the 2023 cycle and has experienced unforeseen cost overruns that jeopardize the project. The table below illustrates the previously awarded funding for Rose Park Manor as well as the new funding amount being recommended.

Project (LIHTC 9%/4%)	Location	Type	Total Units	Wake County Loan	Loan Request per Unit
Rose Park Manor by Beacon Management (9% - Previously Awarded)	Cary	Elderly	81	\$2,340,000	\$32,593
Rose Park Manor by Beacon Management (9% - Additional Requested in 2025)				\$300,000	
Total			81	\$2,640,000	\$32,593

In total, recommended awards would support the creation or preservation of 725 affordable units throughout Wake County, for a total of \$17,875,000. The following table shows the grand total of new funding requests being recommended.

Project (LIHTC 9%/4%)	Location	Type	Total Units	Wake County Loan	Loan Request per Unit
Grand Total			725	\$17,875,000	\$24,655*

*Average Loan Request Per Unit

During the FY2019 budget process, Wake County Board of Commissioners approved a historic \$15 million annual investment to fund affordable housing initiatives included in the 20-year, Comprehensive Affordable Housing Plan. This investment allowed the County to advertise approximately \$10 million in Federal and County funding for the 2025 AHDP RFP cycle. Wake County was able to leverage remaining funds from previous commitment years to make this year's awards, enabled through leveraging one-time Treasury funds to support affordable housing developments awarded in prior cycles.

Developments Recommended for Funding

One of the goals of the AHDP RFP process is to prioritize affordability at levels above what is required by the NCHFA Qualified Allocation Plan (QAP) for tax credit developments. Wake County offers funding proportionate to the level of affordability in each unit to produce additional units serving households at lower AMI levels. Negotiations and updates resulted in a savings of y \$430,000 from what was originally requested. These savings will allow for the County to fund the LIHTC and NTC developments being recommended. Proposed developments and their income targeting are presented in the tables below.

Development Proposals (9%, 4% LIHTC & NTC)	Location	Unit AMI Level							Request
		20%	30%	40%	50%	60%	70%	80%	
Heritage Park Senior Phase IB (9%)	Raleigh	-	13	-	10	28	-	-	\$500,000
The Canopy (9%)	Cary	-	13	-	8	30	-	-	\$655,000
Abbey Spring (9%)	Apex	-	14	-	14	28	-	-	\$1,470,000
Fisher Grove (4%)	Raleigh	9	9	-	16	132	-	-	\$3,320,000
Chapanoke (4%)	Raleigh	-	30	-	40	80	50	-	\$7,100,000
Biltmore Hills (4%)	Raleigh	3	8	-	14	25	-	-	\$1,400,000
Friendship Station (NTC)	Apex	-	-	-	-	2	-	6	\$480,000
Grosvenor Gardens (NTC)	Raleigh	-	7	0	0	51	0	*4	\$2,650,000
Total		12	94	0	102	376	50	10	\$17,575,000
*Market-rate units									

Every proposed rental development has a weighted average affordability of less than 60% AMI. All the 9% developments have a weighted average affordability of 50% AMI. An additional goal is to increase access to quality affordable housing units for vulnerable individuals in need of permanent supportive housing. Wake County's RFP

requires that at least 10% of all rental development units be set aside for the County's rental assistance program. The table below shows the number of supportive units, as well as the proposed rents ranges for all units in each rental development.

Rental Development Proposals (9%, 4% LIHTC & NTC)	Location	Supportive Units			Proposed Rent
		Wake	Other	Total	
Heritage Park Senior Phase IB (9%)	Raleigh	6	6	12	Up to \$1,647 (*PBV Units)
The Canopy (9%)	Cary	6	6	12	\$555 - \$1,275
Abbey Spring (9%)	Apex	6	6	12	\$575 - \$1,450
Fisher Grove (4%)	Raleigh	17	17	34	\$330 - \$1,610
Chapanoke (4%)	Raleigh	20	20	40	\$560 - \$1,900
Biltmore Hills (4%)	Raleigh	5	5	10	\$753 - \$1,561 (**PBV Units)
Grosvenor Gardens (NTC)	Raleigh	7	13	20	\$250 - \$1,250
Total		67	73	140	
*All units at Heritage Park Senior Phase IB will have project-based rental assistance. **25 units at Biltmore Hills will have project-based rental assistance.					

Staff recommends funding eight developments totaling 644 new and preserved units of affordable housing located in Raleigh, Apex, and Cary. The funds for any 9% projects that do not receive tax credits from NCHFA will go back into the housing funds to be used toward additional affordable housing developments.

The table below illustrates currently available and projected FY25-26 funds for development and preservation projects.

Funding Source	Currently Available	Projected FY25-26	Total
County Housing CIP –	4,877,470	10,775,000	\$15,584,494
Federal - HOME	932,481	958,025	\$1,890,506
Federal - CDBG	100,000	300,000	\$400,000
Total Funding	\$5,841,975	\$11,075,000	<u>\$17,875,000</u>

Projects Not Recommended

In total, 12 proposals totaling 1,528 units and \$23,885,000 in funding request are not being recommended for funding. Two proposals met the County's scoring threshold but there is not sufficient funding to make an award. The remaining applications did not meet the scoring threshold in review to be recommended.

Descriptions of Project Proposals

Heritage Park Senior Phase IB (9% LIHTC - New Construction)

Brinshore Development, LLC in partnership with the Raleigh Housing Authority (RHA) requested funding of up to \$750,000 on behalf of the ownership entity to be formed for the construction and permanent financing of Heritage Park Senior Phase IB which is a proposed 51-unit affordable housing complex for seniors to be located in Raleigh at 416 Dorothea Drive. This project is the first phase of the broader redevelopment of the Heritage Park public housing community, which will create over 1,000 new units of mixed-income housing when it is completed.

After negotiating with the applicant, staff recommend awarding up to \$500,000 to support this project. County loan terms consist of 1% interest during construction and 1% on the permanent loan with variable annual repayment for a 35-year term and a balloon payment at the end of the term. The developer has also agreed to a 50-year affordability period, and to restrict 10 units to households earning 50% of the AMI and below, which was not part of the original proposal. Raleigh Housing Authority will maintain ownership of the land underlying the project. During construction and the permanent phase, Wake County would hold third lien position. A bank loan would hold first lien position, and the City of Raleigh in second position. Approximate funding sources are illustrated in the table below.

Proposed Funding Sources	Funding Request
Bank (approx.)	\$ 5,580,000
City of Raleigh	\$ 1,000,000
Wake County AHDP	\$ 500,000
Federal LIHTC Equity (approx.)	\$ 10,939,500
Deferred Developer Fee	\$ 253,381
Total	\$ 18,272,881

The Canopy (9% LIHTC - New Construction)

DHIC, Inc. requested funding of up to \$755,000 on behalf of the ownership entity to be formed for the construction and permanent financing of The Canopy, a proposed 51-unit affordable housing complex for families located at 110 SE Maynard Road in Cary. This project will be constructed on land leased from the Greenwood Forest Baptist Church. The Canopy will be part of a mixed-used development proposed to include 11 units of transitional housing owned and operated by The Caring Place, as well as childcare space owned and operated by Greenwood Forest Baptist Church. The transitional housing and childcare components are being financed separately and were not evaluated as part of DHIC's application. After negotiating with the applicant, staff recommend awarding up to \$655,000 to support this project.

County loan terms consist of 1% interest during construction and 1% on the permanent loan for a 20-year term with variable annual repayments and a balloon payment at the end of the term. The developer has also agreed to a 50-year affordability period. During construction and the permanent phase, Wake County would hold third lien position. A bank loan would hold first lien position, a NCHFA Rental Production Program (RPP) loan in second position, the Town of Cary in fourth position and a NCHFA Workforce

Housing Loan Program (WHLP) loan in fifth position. Approximate funding sources are illustrated in the table below.

Proposed Funding Sources	Funding Request
Bank (approx.)	\$ 3,402,281
NCHFA RPP	\$ 765,000
Wake County AHDP	\$ 655,000
Town of Cary	\$ 550,000
NCHFA WHLP	\$ 500,000
Federal Tax Credit Equity (approx.)	\$ 10,604,170
Deferred Developer Fee	\$ 4,090
Total	\$ 16,480,541

Abbey Spring (9% - New Construction)

Evergreen Construction Company has requested funding of up to \$1,470,000 on behalf of the ownership entity to be formed for the construction and permanent financing of Abbey Spring which is a proposed 56-unit affordable housing complex for seniors located at 0 West Williams Street in Apex. This project was previously awarded tax credits and gap financing in the 2023 cycle. The developer returned their tax credit and gap financing commitments to redesign the project and reapply for funding.

County loan terms consist of 2% interest during construction and 2% on the permanent loan for a 30-year term with variable annual repayments and a balloon payment at the end of the term. The developer agreed to a 50-year affordability period for the property. During construction and the permanent phase, Wake County would hold third lien position. A bank loan would hold first lien position, the Town of Apex in second position, a NCHFA RPP loan in fourth position, and a NCHFA WHLP loan in fifth position. Approximate funding sources are illustrated in the table below.

Proposed Funding Sources	Funding Request
Bank (approx.)	\$ 4,822,000
Town of Apex	\$ 1,470,000
Wake County AHDP	\$ 1,470,000
NCHFA RPP	\$ 840,000
NCHFA WHLP	\$ 500,000
Federal Tax Credit Equity (approx.)	\$ 11,308,869
Deferred Developer Fee	\$ 322,000
Town of Apex Fee Reimbursement	\$ 171,700
Total	\$ 20,904,569

Fisher Grove (4% LIHTC - New Construction)

DHIC, Inc. has requested funding of up to \$3,320,000 on behalf of the ownership entity to be formed for the construction and permanent financing of Fisher Grove which is a proposed 166-unit affordable housing complex for families located at 401 Elders Grove Way in Raleigh. This proposal represents the final phase of the redevelopment of Washington Terrace and is proposed to include retail in addition to residential uses. If Fisher Grove is awarded, the overall redevelopment of Washington Terrace will

represent the conversion of an under-invested multifamily development into a mixed-tenancy, mixed-income, and mixed-use development near downtown Raleigh.

County loan terms consist of 1% interest during construction and 1% on the permanent loan for a 20-year term with variable annual repayments and a balloon payment at the end of the term. The developer agreed to a 50-year affordability period. During construction and the permanent phase, Wake County would hold third lien position. A bank loan would hold first lien position, and the City of Raleigh in second position. Approximate funding sources are illustrated in the table below.

Proposed Funding Sources	Funding Request
Bank (approx.)	\$ 19,985,041
City of Raleigh	\$ 4,980,000
Wake County AHDP	\$ 3,320,000
Federal Tax Credit Equity (approx.)	\$ 20,219,452
Seller Note	\$ 4,000,000
Deferred Developer Fee	\$ 1,437,386
Total	\$ 53,941,879

Chapanoke (4% LIHTC - New Construction)

Harmony Housing Affordable Development, Inc. has requested funding of up to \$7,100,000 on behalf of the ownership entity to be formed for the construction and permanent financing of Chapanoke which is a proposed 200-unit affordable housing complex on County-owned land for families located at 320 Chapanoke Road in Raleigh. Wake County acquired this parcel from Wake Technical Community College in 2021, and the applicant was selected as the preferred developer partner through a competitive RFP process in 2022.

County loan terms consist of 1% interest during construction and 1% on the permanent loan for a 30-year term with variable annual repayments and a balloon payment at the end of the term. Wake County will enter into a 99-year ground lease with the developer, and the property will be exclusively used for affordable housing during that time. During construction and the permanent phase, Wake County would hold second lien position. A bank loan would hold first lien position, and the City of Raleigh in third position. Approximate funding sources are illustrated in the table below.

Proposed Funding Sources	Funding Request
Bank (approx.)	\$ 24,008,000
Wake County AHDP	\$ 7,100,000
City of Raleigh	\$ 4,500,000
Federal Tax Credit Equity (approx.)	\$ 26,550,929
Bond Investment Proceeds	\$ 3,980,874
Deferred Developer Fee/45L Equity	\$ 1,535,815
Total	\$ 67,675,619

Biltmore Hills (4% LIHTC - Preservation/Rehab)

Preservation of Affordable Housing, Inc. has requested funding of up to \$1,400,000 on behalf of the ownership entity to be formed for the construction and permanent financing of Biltmore Hills, an existing 50-unit affordable housing complex for families located at 2227 Garner Road in Raleigh. The property was originally acquired using a bridge loan from the Wake Affordable Housing Preservation Fund. Preservation of Affordable Housing also intends to use a \$1,875,000 WAHPF permanent loan to support this project. from Self-Help Credit Union for the Wake County Affordable Housing Preservation Fund mezzanine permanent loan product.

County loan terms consist of 1% interest during construction and 1% on the permanent loan for a 40-year term with variable annual repayments and a balloon payment at the end of the term. The developer has agreed to a 99-year affordability period. During construction and the permanent phase, Wake County would hold fourth lien position. A bank loan would hold first lien position, Self-Help Credit Union in second position, and the City of Raleigh in third position. Approximate funding sources are illustrated in the table below.

Proposed Funding Sources	Funding Request
Bank (approx.)	\$ 3,239,880
Self-Help CU (WAHPF)	\$ 1,875,000
City of Raleigh	\$ 1,600,000
Wake County AHDP	\$ 1,400,000
Federal Tax Credit Equity (approx.)	\$ 4,669,434
Deferred Developer Fee/Seller Note/45L Equity	\$ 1,745,196
Total	\$ 14,529,510

Friendship Station (NTC – New Construction For-Sale)

Habitat for Humanity of Wake County, Inc. (Habitat) has requested funding of up to \$560,000 for the construction and permanent financing of Friendship Station which is a proposed 8-unit affordable for-sale project for families located within the M/I Homes Friendship Station market-rate subdivision in Apex. The Town of Apex approved an M/I Homes rezoning for Friendship Station which included an affordable housing condition. As a result, Habitat has an opportunity to acquire finished lots from M/I Homes to construct 8 affordable townhomes for low-income first-time homebuyers within the market-rate subdivision.

After negotiating with the applicant, staff recommend awarding up to \$480,000 to support the project. County loan terms consist of 1% interest during construction and 1% on the permanent loan for a 5-year term with variable annual repayments and a balloon payment at the end of the term. Four homes, including two homes restricted to households earning 60% of the AMI or less, will be sold under a ground lease model and will be maintained as affordable for at least 99 years. The remaining four homes will be affordable for 30 years. During construction and the permanent phase, Wake County would hold first lien position. Approximate funding sources are illustrated in the table below.

Proposed Funding Sources	Funding Request
Wake County AHDP	\$ 480,000
Habitat Collateral/ReStores/ Fundraising	\$ 1,674,536
M/I Homes Investment	\$ 300,000
Total	\$ 2,454,536

Grosvenor Gardens (NTC - Preservation/Rehab)

CASA has requested funding of up to \$2,650,000 on behalf of the ownership entity to be formed for the rehabilitation and permanent financing of Grosvenor Gardens which is an existing 62-unit naturally-occurring affordable housing development for families located at 1101 Hillsborough Street in Raleigh. CASA acquired the property in part using a bridge loan through the Wake County Affordable Housing Preservation Fund, and they intend to leverage up to \$3,600,000 in Wake County Affordable Housing Preservation Fund permanent financing.

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. During construction and the permanent phase, Wake County would hold third lien position. A bank loan would hold first lien position, Self-Help Credit Union in second position, and the City of Raleigh in fourth position. Approximate funding sources are illustrated in the table below.

Proposed Funding Sources	Funding Request
Bank (approx.)	\$ 2,893,033
Self-Help CU	\$ 3,600,000
Wake County AHDP	\$ 2,650,000
City of Raleigh	\$ 1,200,000
CPF Grant	\$ 1,500,000
Alliance Health Grant	\$ 432,230
Total	\$ 12,275,263

Attachments:

1. Presentation