

**Item Title:** Affordable Housing Funds for Parkside Apartments in Raleigh, NC

**Specific Action Requested:**

**That the Board of Commissioners approves a loan of \$5,755,000 to support the construction of Parkside Apartments, an affordable family housing development to be located in Raleigh, NC.**

**All funding commitments are subject to terms and conditions acceptable to the County Attorney. In addition, all awards are 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. 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 low-income housing tax credits applications.

**Background:** Wake County routinely considers affordable housing projects to recommend for tax credits. While the 9% tax credit final application is due in May, the 4% tax-exempt bond application stays open from May through October with the final application due in January. In June 2023, Blue Ridge Atlantic Development submitted a funding application for Parkside Apartments, a 144-unit affordable rental development for families to be located at 1327/1329 Kent Road in Raleigh.

The developer has requested \$5,755,000 at 2% interest for 30 years with a variable repayment and a balloon payment at the end of the term. Staff recommend funding this request through the Affordable Housing Development Program (AHDP). The City of Raleigh will acquire the site and lease it to the developer through a land lease. Wake County will be in second lien position behind a first mortgage loan. Wake County's funding award is pending award of 4% Low Income Housing Tax Credits from the North Carolina Housing Finance Agency.

**Board Goal:** This action supports Community Health and Vitality Goal 5: Create and preserve affordable housing.

**Fiscal Impact:** The Board previously appropriated funds for Affordable Housing Development Program proposals in the Housing Affordability and Community Revitalization Special Revenue Fund and the Affordable Housing CIP Fund. The Board also appropriated funds for proposals

in the American Rescue Plan Fund, with the most recent appropriation on October 17, 2022. Sufficient funding remains available.

**Additional Information:**

Blue Ridge Atlantic Development has requested funding of up to \$5,755,000 on behalf of the ownership entity to be formed for the permanent financing of Parkside Apartments which is a proposed 144-unit affordable housing complex for families to be located at 1327/1329 Kent Road in Raleigh. This application was responsive and responsible, and met the County’s threshold requirements of a complete application. Approximately 45% of the units in the proposed development will serve households earning up to 50% of the Area Median Income (AMI), including 10% of units serving households earning up to 30% of the AMI. The project, as underwritten, maintains a debt coverage ratio of at least 1.15 for the term of the loan, is located in Wake County, has site control, and has units designated for permanent supportive housing. The application was scored based on the following project evaluation criteria:

| <b>Criteria</b>                    | <b>Points</b> |
|------------------------------------|---------------|
| <b>1. Project Viability</b>        |               |
| a) Financial Feasibility           | 30            |
| b) Development Quality             | 10            |
| c) Development & Management Team   | 10            |
| <b>2. Wake County Policy Goals</b> |               |
| d) Target Populations              | 10            |
| e) Deeper Affordability Targeting  | 30            |
| f) Location                        | 10            |
| <b>TOTAL</b>                       | <b>100</b>    |

The following table illustrates the proposed unit mix of Parkside Apartments. A goal of the Affordable Housing Development Program is to provide housing affordable to households earning 50% of the AMI or less. Approximately 45% of units at Parkside Apartments will be affordable at 50% of the AMI or less.

| <b>4% Development Proposal</b> | <b>Location</b> | <b>Unit AMI Level</b> |            |            |            |            |            |
|--------------------------------|-----------------|-----------------------|------------|------------|------------|------------|------------|
|                                |                 | <b>30%</b>            | <b>40%</b> | <b>50%</b> | <b>60%</b> | <b>70%</b> | <b>80%</b> |
| Parkside Apartments            | Raleigh         | 15                    | 0          | 50         | 52         | 0          | 27         |

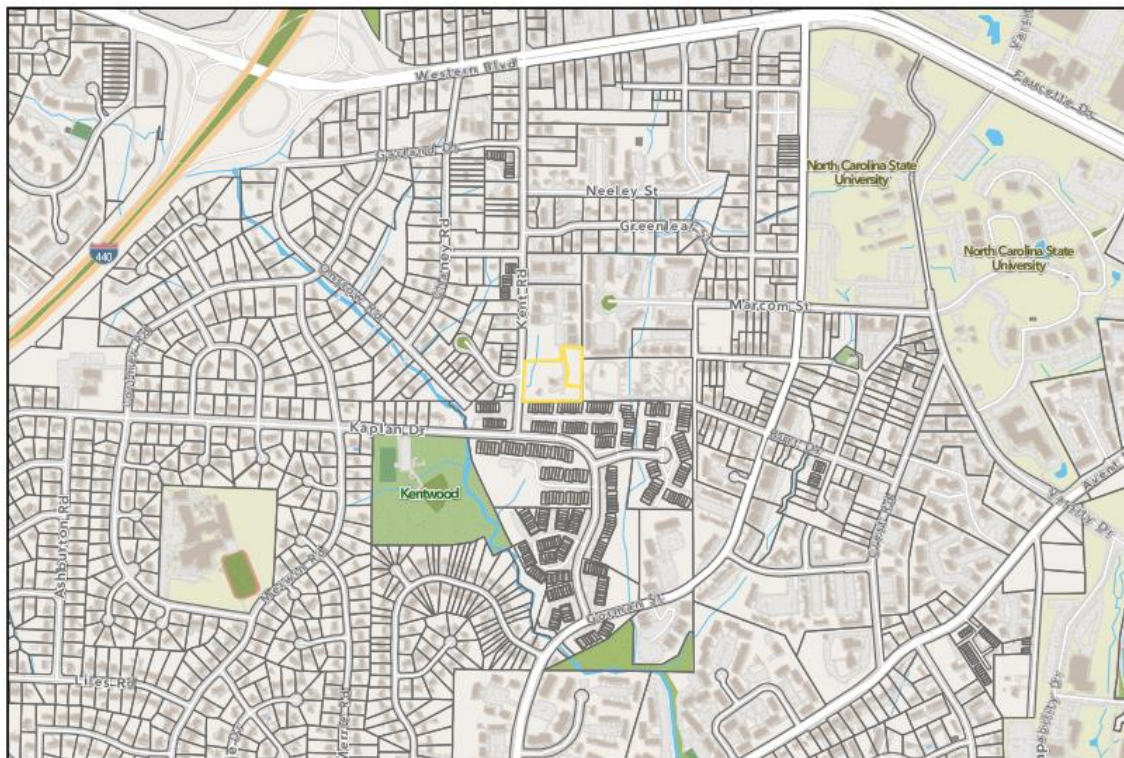
Another goal is to increase access to quality affordable housing units for individuals in need of permanent supportive housing. Wake County requires that 10% of every development’s units be set aside for the County’s Rental Assistance Housing Program (RAHP) voucher program. Blue Ridge Atlantic Development will set aside 10% of the units at Parkside Apartments for RAHP vouchers, in addition to the 10% of units set-aside for NCHFA’s Key program which targets individuals with behavioral health needs. The developer has also entered into a Memorandum of Understanding with The Arc of North Carolina to provide referrals and supportive services for up to 10% of units at the property. The table below shows the number of supportive units, as well as the proposed rents ranges for all units in the development.

| 4% Development Proposal | Location | Supportive Units |       |       | Request      | Proposed Rent & Utility |
|-------------------------|----------|------------------|-------|-------|--------------|-------------------------|
|                         |          | Wake             | Other | Total |              |                         |
| Parkside Apartments     | Raleigh  | 15               | 30    | 45    | \$ 5,755,000 | \$637 - \$2,017         |

County loan terms consist of 2% interest during construction and 2% on the permanent loan for a 30-year term. The loan will be repaid with a variable repayment schedule with a balloon payment at the end of the term. During construction and in the permanent phase, Wake County would hold second lien position. A bank loan would hold first lien position. The City of Raleigh will acquire the development site and lease it back to the developer for a nominal fee. The City will maintain ownership of the land for exclusive use as affordable housing. Approximate funding sources are illustrated in the table below. Blue Ridge Atlantic Development is deferring 50% of its developer fee, which is the maximum allowed by NCHFA.

| Parkside Apartments Lender Summary  | Funding Request      |
|-------------------------------------|----------------------|
| Bank (approx.)                      | \$ 16,640,000        |
| Wake County                         | \$ 5,755,000         |
| Federal Tax Credit Equity (approx.) | \$ 17,459,153        |
| Developer Investment                | \$ 2,062,080         |
| Deferred Developer Fee              | \$ 1,392,046         |
| City of Raleigh Site Acquisition    | \$ 6,000,000         |
| <b>Total</b>                        | <b>\$ 49,308,279</b> |

A map of the project site is below.



**Attachments:**  
None.