

**Item Title:** Affordable Housing Loan Modification and Multi-Year Contract for King's Ridge Apartments

**Specific Action Requested:**  
**That the Board of Commissioners:**

- 1. Approves \$453,576 in additional funding for King's Ridge Apartments in Raleigh, NC to capitalize an operating reserve account; and**
- 2. Approves budget revisions to transfer \$453,576 from the General Fund Behavioral Health set-aside for housing initiatives to the Housing Capital fund, and appropriate \$453,576 in the Housing Capital Fund; and**
- 3. Authorizes the County Manager to execute documents that modify the existing loan between Wake County and CASA to support King's Ridge apartments; and**
- 4. Authorizes the County Manager to execute a 20-year project-based rental assistance (PBRA) contract between Wake County and CASA to provide 10 project-based vouchers.**

**Any funding approvals, loan modifications, and multi-year contracts are subject to future funding availability and terms and conditions acceptable to the County Attorney.**

**Item Summary:**

**Purpose:** The Board of Commissioners approves all Wake County real estate transactions and multi-year agreements. In accordance with the North Carolina Local Government Budget and Fiscal Control Act, the Board of Commissioners must approve all amendments that increase the budget for a fund.

**Background:** In 2021 the Wake County board of Commissioners approved a \$4,000,000 loan to Community Alternatives for Supportive Abodes (CASA) for the development of King's Ridge Apartments, a 100-unit permanent supportive housing rental development located in Raleigh. The property opened in January 2025 and currently houses over 40 households. CASA has requested an additional \$453,576 to capitalize an operating reserve account to support rental assistance payments, supportive services, and other costs associated with property operations until additional project-based subsidies are awarded. If approved, the existing \$4,000,000 loan balance would be amended to include the additional loan request.

As part of the initial funding approval, Wake County committed to

providing 10 project-based vouchers. In the Fiscal Year 2022 budget process, the Board of Commissioners approved a \$100,000 annual budget increase starting in Fiscal Year 2024 to provide long-term project-based rental assistance. Housing is requesting authority to enter into a 20-year contract, subject to annual funding availability and consistent with the original project proposal.

**Strategic Plan:** This action supports Community Health and Wellbeing Goal 1: Create and preserve 2,500 affordable housing units by 2029, and Community Health and Well Being Goal 2: By 2029, make homelessness rare, brief, and non-recurring by reducing the number of people experiencing unsheltered homelessness by 10% from 2024 levels.

**Fiscal Impact:** The budget revisions approved in this item decrease the FY25 General Fund budget by \$453,576 and increase the Housing CIP budget by the same amount. The Housing Affordability and Community Revitalization General Fund budget already contains \$100,000 in County funds annually to support the 10 project-based vouchers for this project.

### **Additional Information:**

The Housing Department released the Affordable Housing Development Program (AHDP) request for proposals in December 2024. The non-tax credit request for proposals accepts applications on a rolling basis throughout the cycle, and supports a variety of funding types, including capitalization of operating or supportive service reserves. Under current program guidelines, developers or owners of previously awarded projects may request additional funding.

CASA was originally awarded funding for King's Ridge through the non-tax credit Affordable Housing Development Program request for proposals in the 2021 cycle. The 100-unit development located at 200 Michael J. Smith Lane in Raleigh provides studio, two, and three-bedroom units for households prioritizing households experiencing homelessness and earning 60% of the AMI or less. All property residents are expected to pay no more than 30% of their income for rent and utilities. The property includes an on-site medical clinic staffed with healthcare providers from WakeMed, and CASA has partnered with Resources for Human Development to serve as the lead case management agency providing supportive services on-site, six days per week.

The property was completed and placed in service while awaiting award of project-based rental assistance in addition to the 10 project-based vouchers provided by Wake County. The additional \$453,576 requested by CASA will be used exclusively to support property operations until additional project based rental assistance is awarded, ensuring that residents can remain stably housed and receive the full scope of supportive services at the property. Raleigh Housing Authority released a Request for Project Based Voucher Proposals in November 2024. CASA submitted a proposal requesting vouchers for the King's Ridge development.

The original \$4,000,000 loan was approved at 0% interest for 40 years, with payments deferred until the end of the term. The additional \$453,576 will be added to the original balance. Wake County will execute a loan modification to increase the principal balance to \$4,453,576 and specify the use of additional funds for property operations. The loan will remain at 0% interest with payments deferred until the end of the 40-year term.

To implement its 10 project-based rental assistance vouchers, Wake County must execute a 20-year Project-Based Rental Assistance contract with CASA. Project-based rental assistance contracts with 20-year terms or longer are consistent with best practices, including between public housing authorities and developers, and are often required by lenders, equity investors, and other financial partners. Wake County has entered into a 20-year project-based rental assistance agreement with New Bern Harmony Housing, LLC to provide up to 40 project-based vouchers at New Bern Crossings, an affordable rental property currently under construction in Raleigh. All rental assistance agreements are subject to future funding availability and terms and conditions acceptable to the County Attorney's Office.

**Attachments:**

1. Budget Memo – FY 2025 Housing Capital Fund