

Item Title: Affordable Housing Development Program (AHDP) Loan to Acquire Ownership Housing in Apex, NC

Specific Action Requested:
That the Board of Commissioners:

- 1. Approves a loan of up to \$234,000 to the Raleigh Area Land Trust, Inc. for acquisition and permanent financing to support an affordable homeownership project within the Prestwick and Huxley Subdivisions in Apex, NC.**
- 2. Authorizes the County Manager to execute necessary loan and regulatory documents for the approved project.**

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 and all necessary permits from the local municipality. All awards are contingent upon the basic terms as outlined 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 credit and non-tax credit applications.

Background: Wake County routinely evaluates affordable housing projects for non-tax credit developments on a rolling basis through the Affordable Housing Development Program (AHDP). Raleigh Area Land Trust, Inc. (RALT) has requested up to \$234,000 for the acquisition of four townhomes within the market-rate subdivisions of Prestwick located at 7208 Morris Acres Road and Huxley located at 2500 Olive Chapel Road in Apex.

Pulte Homes Company, LLC (Pulte Homes), as part of the Town of Apex approved rezoning condition, has offered to sell RALT four completed townhomes at a discounted price within the Huxley subdivision and two completed townhomes within the Prestwick subdivision. The development will include a total of six for-sale units, with two units serving households earning up to 60% of the area median income (AMI), two units serving households earning up to 80% of the AMI, and two units serving households up to 100% of the AMI. RALT will offer all six units at below market-rate sales prices and preserve them as affordable for at least 99 years under the community land trust model. Wake County funds will be invested in the four homes serving households earning up to 60% and 80% of

the AMI.

The developer has requested up to \$234,000 at 1% interest for 20 years with interest only payments and balloon payment at the end of the term. Wake County's loan will be in first lien position. Staff recommend funding this request.

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.

Additional Information:

This application was responsive to Wake County's AHDP Request for Proposals (RFP# 25-005). The application was 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) Target Populations	10
e) Deeper Affordability Targeting	30
f) Location	10
TOTAL	100

In 2021 and 2022, the Town of Apex approved rezoning ordinances for Pulte Homes proposed Prestwick and Huxley market-rate subdivisions with conditions requiring affordable housing units to be included. Pulte Homes is a national residential home builder and construction company. The Prestwick development will be located at 7208 Morris Acres Road, and the Huxley development is located at 2500 Olive Chapel Road.

Pulte Homes will sell two completed townhomes to RALT within the Prestwick subdivision and four completed townhomes within the Huxley subdivision. The townhomes will be three-bedroom, two-bathroom units offering approximately 2,000 square feet. RALT will acquire the homes from Pulte Homes at below-market prices affordable to low- and moderate-income homebuyers. The following table illustrates home prices and affordability. The proposed Wake County loan will be used to acquire only the four units serving households earning up to 60% and 80% of the AMI. For a family of four living in Wake County, 60% of the AMI is \$79,620, while 80% of the AMI is \$104,200.

Affordability	Estimated Sale Price
60% AMI (2 units)	\$318,000
80% AMI (2 units)	\$318,000
100% AMI (2 units)*	\$349,000

*Not receiving Wake County funds

Under the Community Land Trust model, RALT will retain ownership of the underlying land to be leased to homebuyers under a 99-year ground lease. Homebuyers will own the improvements and pay a nominal land lease fee to RALT. Homeowners will only pay property taxes on improvement value and equity appreciation will be capped in order to make the homes affordable in perpetuity. The affordable homebuyers within the Prestwick and Huxley subdivisions will pay discounted homeowner's association dues; however, they will have full access to all amenities. Homeowners will be supported by a stewardship coordinator employed by RALT to address any challenges and will have access to a repair fund to support repairs and improvements. Through continued ownership of the underlying land, RALT will maintain these homes as affordable for at least 99 years.

County loan terms consist of up to \$234,000 at 1% interest for 20 years with interest-only payments and a balloon payment at the end of the term. The property will have a minimum affordability period of ninety-nine (99) years. During the acquisition and permanent phases, Wake County would hold first lien position. Approximate funding sources are illustrated in the table below.

Proposed Funding Sources	Funding Request
Sales Proceeds	\$1,637,251
Fundraising	\$98,749
Wake County AHDP	\$234,000
Total	\$1,970,000

If approved, acquisition will occur in early 2026 with sales to qualifying homebuyers planned for the first quarter of 2026. RALT has preliminarily identified four homebuyers and will work with them to identify additional homebuyer assistance resources to ensure mortgages are affordable. Pulte Homes is considering selling six additional completed townhomes to RALT within the second phase of the broader development to provide further affordable homeownership opportunities.

The maps below show the locations of the two subdivisions.

Prestwick Subdivision (7208 Morris Acres Road, Apex, NC)



Huxley Subdivision (2500 Olive Chapel Road, Apex, NC)



Attachments:
None.