

Item Title: 2026 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. \$1,216,050 for Evoke Living at New Bern in Raleigh, NC
2. \$389,739 for Brook Haven in Raleigh, NC
3. \$1,348,556 for Fairview Spring in Morrisville, NC

4% LIHTC affordable housing developments including:

1. \$950,000 for Eagle Trace in Raleigh, NC
2. \$3,233,056 for Heritage Park Family IA in Raleigh, NC
3. \$518,895 for Duplex Village in Raleigh, NC
4. \$2,700,000 for The Willow in Raleigh, NC

Non-Tax Credit affordable housing developments including:

1. \$3,300,000 Hope Grove Phase II in Garner, NC
2. Approves up to \$1,200,000 in additional gap financing for The Canopy 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 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; LIHTC proposals 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 have modified the RFP to reflect community priorities and encourage strong proposals. 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 2026 AHDP RFP generated fifteen (15) new project proposals and one gap financing proposal for a previously committed project for a total of \$35,132,398 in gap financing requests from the County. After performing an extensive evaluation process, staff recommend committing funds to eight new project proposals, including three 9% LIHTC developments, four 4% LIHTC developments and one NTC development totaling 749 new units for a total of \$13,656,296. LIHTC developers receiving final funding commitments will move forward to submit a final application to NCHFA for tax credit awards in August 2026. Staff also recommend awarding \$1,200,000 in additional funding for The Canopy, a previously awarded, 51-unit development. If approved, County loans can be used to support eligible development costs including, but not limited to, predevelopment expenses, site acquisition, site work, and construction.

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, the Housing Affordability and Community Revitalization CIP Fund, and American Rescue Plan Act Fund. Funding is also anticipated from all three funds as part of the annual budget process.

Additional Information:

RFP Process Description

The Housing Department released the 2026 AHDP RFP in December 2025 with applications due on January 23, 2026. Commitments for recommended proposals allow

developers to submit a final LIHTC application to NCHFA by the deadline of May 15, 2026. All applications were scored and ranked by Housing staff with support from an outside consultant, and with input from various County departments along with representatives from municipalities where projects were proposed including the City of Raleigh, Town of Morrisville, Town of Garner, 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 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 | 3 |
| e) Target Populations | 5 |
| f) Affordability Period & Deeper Income Targeting | 30 |
| g) Location | 12 |
| TOTAL | *100 |
| *Min. 75 pts. to be eligible for recommendation | |

The nine proposals being recommended because of this RFP originally requested a total of \$15,200,000 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 \$13,656,296. This represents savings of over \$1.5 million. These funding commitments would support the development of 683 new affordable rental units and 66 affordable for-sale units for a total of 749 new affordable 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 |
|---------------------------------------------|-----------------|-------------|---------------|------------------------|---------------------------------|--------------------------------------|
| Evoke Living at New Bern (9%) | Raleigh | Senior | Rental | 73 | \$1,216,050 | \$16,658 |
| Brook Haven (9%) | Raleigh | Senior | Rental | 60 | \$389,739 | \$6,495 |
| Fairview Spring (9%) | Morrisville | Senior | Rental | 60 | \$1,348,556 | \$22,475 |
| Eagle Trace (4%) | Raleigh | Senior | Rental | 90 | \$950,000 | \$10,555 |
| Heritage Park Family IA (4%) | Raleigh | Family | Rental | 112 | \$3,233,056 | \$28,866 |
| Duplex Village (4%) | Raleigh | Family | Rental | 132 | \$518,895 | \$3,931 |
| The Willow (4%) | Raleigh | Family | Rental | 156 | \$2,700,000 | \$17,307 |
| Hope Grove Phase II (NTC) | Garner | Family | For-Sale | 66 | \$3,300,000 | \$50,000 |
| Total | | | | 749 | \$13,656,296 | *\$19,536 |

*Average Loan Request Per Unit

Staff recommend awarding up to \$1,200,000 in additional gap financing to support The Canopy, a 51-unit family LIHTC rental property that was awarded tax credits in the 2025 cycle. Development costs have increased due to impacts of the Build America, Buy America Act, architectural and infrastructure requirements from the Town of Cary, and general cost increases in the market. DHIC has also requested an additional \$1.2 million from the Town of Cary to address these costs. County loan terms consist of 1% interest during construction and 1% on the permanent loan with variable annual repayment for a 20-year term and a balloon payment at the end of the term. Terms would not change because of the recommended additional funding. During construction and the permanent phase, Wake County would hold a subordinate lien position no lower than fifth position. The table below illustrates the previously awarded funding for The Canopy as well as the new funding amount being recommended.

| Project (LIHTC 9%/4%) | Location | Type | Total Units | Wake County Loan | Loan Request per Unit |
|--------------------------------------------------------------|-----------------|-------------|------------------------|---------------------------------|--------------------------------------|
| The Canopy by DHIC, Inc. (9% - Previously Awarded) | Cary | Family | 51 | \$655,000 | \$36,372 |
| The Canopy by DHIC, Inc. (9% - Additional Requested in 2026) | | | | \$1,200,000 | |
| Total | | | 51 | \$1,855,000 | \$36,372 |

In total, recommended awards would support the creation or preservation of 920 affordable units throughout Wake County, for a total of \$14,856,296. The following table shows the grand total of new funding requests being recommended.

| | | | | | |
|--------------------|--|--|--------------|---------------------------------|--------------------------------------|
| | | | Units | Wake County Loan | Loan Request per Unit |
| Grand Total | | | 800 | \$14,856,296 | *\$19,980 |

*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 \$13 million in Federal and County funding for the 2026 AHDP RFP cycle. Wake County was able to leverage remaining funds from previous commitment years to make this year's awards.

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 savings of \$3,029,045 from what was originally requested. These savings will allow 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% | |
| Evoke Living at New Bern (9%) | Raleigh | 4 | 15 | - | 25 | 29 | - | - | \$1,216,050 |
| Brook Haven (9%) | Raleigh | 4 | 12 | - | 10 | 34 | - | - | \$389,739 |
| Fairview Spring (9%) | Morrisville | - | 16 | 4 | 6 | 34 | - | - | \$1,348,556 |
| Eagle Trace (4%) | Raleigh | 5 | 45 | - | 40 | - | - | - | \$950,000 |
| Heritage Park Family IA (4%) | Raleigh | - | 12 | - | 20 | 72 | - | 8 | \$3,233,056 |
| Duplex Village (4%) | Raleigh | - | 35 | - | 26 | 21 | 50 | - | \$518,895 |
| The Willow (4%) | Raleigh | 8 | 31 | - | - | 23 | 94 | - | \$2,700,000 |
| Hope Grove Phase II (NTC) | Garner | - | - | - | - | 7 | - | 59 | \$3,300,000 |
| Total | | 21 | 166 | 4 | 127 | 220 | 144 | 67 | \$13,656,296 |

Every proposed rental development has a weighted average affordability of less than 60% AMI. All the 9% developments have a weighted average affordability of no greater than 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 Housing Program (RAHP). The table below shows the

number of supportive units for affordable rental developments being recommended for funding.

| Rental Development Proposals (9%, 4% LIHTC & NTC) | Location | Supportive Units | | |
|------------------------------------------------------|-------------|------------------|-----------|------------|
| | | Wake | Other | Total |
| Evoke Living at New Bern (9%) | Raleigh | 7 | 7 | 14 |
| Brook Haven (9%) | Raleigh | 6 | 6 | 12 |
| Fairview Spring (9%) | Morrisville | 6 | 6 | 12 |
| Eagle Trace (4%) | Raleigh | 13 | 9 | 22 |
| Heritage Park Family IA (4%) | Raleigh | 12 | 12 | 24 |
| Duplex Village (4%) | Raleigh | 13 | 13 | 26 |
| The Willow (4%) | Raleigh | 23 | 16 | 39 |
| Total | | 80 | 69 | 149 |

Staff recommends funding nine developments totaling 869 new units of affordable housing located in Raleigh, Morrisville, Garner, 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 FY26-27 funds for development and preservation projects.

| Funding Source | Currently Available | Projected Use FY26-27 | Total |
|-------------------------|-----------------------|-----------------------|-------------------------------|
| County Housing CIP – | 5,076,921.30 | 5,624,143.20 | \$10,701,064.50 |
| County Program Income - | 1,550,074.38 | 450,000 | \$2,000,074.38 |
| Federal - HOME | 683,701.87 | 917,524.25 | \$1,601,226.12 |
| Federal - CDBG | 253,931.00 | 300,000 | \$553,931.00 |
| Total Funding | \$7,564,628.55 | \$7,291,667.45 | <u>\$14,856,296.00</u> |

Projects Not Recommended

In total, seven proposals totaling 862 units and \$18,732,398 in funding requests are not recommended for funding. Two applicants withdrew their applications and four applications did not meet the score threshold to be recommended for funding. One funding application for a 28-unit, non-tax credit proposal in Raleigh is still under review and may be brought forward at a future Board of Commissioners meeting.

Descriptions of Project Proposals

Evoke Living at New Bern (9% LIHTC - New Construction)

CSE Communities, LLC has requested funding of up to \$1,300,000 on behalf of the ownership entity to be formed for the construction and permanent financing of Evoke Living at New Bern, a proposed 73-unit affordable housing complex for seniors to be in Raleigh at 1575 Corporation Parkway.

After negotiating with the applicant, staff recommend awarding up to \$1,216,050 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 30-year term and a balloon payment at the end of the term. The developer has also agreed to a minimum 99-year affordability period, and to restrict 44 units to households earning 50% of the AMI and below. The property is in a Qualified Census Tract (QCT), and the developer is proposing to partner with the Raleigh Housing Authority (RHA) to include project-based vouchers. During construction and the permanent phase, Wake County would hold a subordinate lien position no lower than fourth position. Approximate funding sources are illustrated in the table below.

| Proposed Funding Sources | Funding Request |
|------------------------------------|------------------------|
| LIHTC Equity | \$ 13,348,000 |
| Conventional Bank Loan | \$ 8,414,665 |
| City of Raleigh | \$ 1,496,050 |
| Wake County AHDP | \$ 1,216,050 |
| Return of Good Faith Deposit (GFD) | \$ 168,677 |
| Deferred Developer Fee | \$ 587,650 |
| Total | \$ 25,231,092 |

Brook Haven (9% LIHTC - New Construction)

Lyle D. Gardner has requested funding of up to \$950,000 on behalf of the ownership entity to be formed for the construction and permanent financing of Brook Haven, a proposed 60-unit affordable housing complex for seniors located at 655 and 659 Sunnybrook Road in Raleigh.

After negotiating with the applicant, staff recommend awarding up to \$389,739 to support this project. County loan terms consist of 2% interest during construction and 2% on the permanent loan with variable annual repayment for a 30-year term and a balloon payment at the end of the term. The developer has also agreed to a minimum 50-year affordability period, and to restrict 26 units to households earning 50% of the AMI and below. The property is in a Qualified Census Tract (QCT). During construction and the permanent phase, Wake County would hold a subordinate lien position no lower than fifth position. Approximate funding sources are illustrated in the table below.

| Proposed Funding Sources | Funding Request |
|---------------------------------|------------------------|
| LIHTC Equity | \$ 12,748,725 |
| Conventional Bank Loan | \$ 2,700,000 |
| NCHFA RPP | \$ 900,000 |
| City of Raleigh | \$ 614,739 |
| Wake County AHDP | \$ 389,739 |
| Deferred Developer Fee | \$ 504,000 |
| Owner Investment | \$ 100 |
| Total | \$ 17,857,303 |

Fairview Spring (9% - New Construction)

Evergreen Construction Company has requested funding of up to \$1,500,000 on behalf of the ownership entity to be formed for the construction and permanent financing of Fairview Spring, a proposed 60-unit affordable housing complex for seniors located at 10212 Chapel Hill Road in Morrisville.

After negotiating with the applicant, staff recommend awarding up to \$1,348,556 to support this project. County loan terms consist of 2% interest during construction and 2% on the permanent loan with variable annual repayment for a 30-year term and a balloon payment at the end of the term. The developer has also agreed to a minimum 50-year affordability period, and to restrict 26 units to households earning 50% of the AMI and below. During construction and the permanent phase, Wake County would hold a subordinate lien position no lower than fourth position. Approximate funding sources are illustrated in the table below.

| Proposed Funding Sources | Funding Request |
|---------------------------------|------------------------|
| LIHTC Equity | \$ 12,748,725 |
| Conventional Bank Loan | \$ 3,093,276 |
| Wake County AHDP | \$ 1,348,556 |
| NCHFA RPP | \$ 900,000 |
| Deferred Developer Fee | \$ 504,000 |
| Owner Investment | \$ 100 |
| Total | \$ 18,594,657 |

Eagle Trace (4% - New Construction)

South Creek Development, LLC has requested funding of up to \$950,000 on behalf of the ownership entity to be formed for the construction and permanent financing of Eagle Trace, a proposed 90-unit affordable housing complex for seniors located at 200 Diversity Way in Raleigh.

Upon review of the developer application, staff recommend awarding up to \$950,000 to support this project. County loan terms consist of 1.5% interest during construction and 1.5% on the permanent loan with variable annual repayment for a 40-year term and a balloon payment at the end of the term. The developer has also agreed to a minimum 40-year affordability period, and to restrict all 90 units to households earning 50% of the AMI and below. The property is in a Qualified Census Tract (QCT), and the developer is proposing to partner with the Raleigh Housing Authority (RHA) to include project-based vouchers. During construction and the permanent phase, Wake County would hold a

subordinate lien position no lower than fourth position. Approximate funding sources are illustrated in the table below.

| Proposed Funding Sources | Funding Request |
|---------------------------------|------------------------|
| Tax-Exempt Bonds | \$ 15,400,000 |
| LIHTC Equity | \$ 11,295,187 |
| City of Raleigh | \$ 1,000,000 |
| Wake County AHDP | \$ 950,000 |
| Deferred Developer Fee | \$ 784,677 |
| Total | \$ 29,429,864 |

Heritage Park Family IA (4% - New Construction)

Brinshore Development, LLC has requested funding of up to \$3,500,000 on behalf of the ownership entity to be formed for the construction and permanent financing of Heritage Park Family IA, a proposed 112-unit affordable housing complex for families located at 528 Dorothea Drive in Raleigh.

After negotiating with the applicant, staff recommend awarding up to \$3,233,056 to support this project. County loan terms consist of 1.0% interest during construction and 1.0% on the permanent loan with variable annual repayment for a 40-year term and a balloon payment at the end of the term. The developer has also agreed to a minimum 50-year affordability period, and to restrict 32 units to households earning 50% of the AMI and below. The property is in a Qualified Census Tract (QCT), and the developer is proposing to partner with the Raleigh Housing Authority (RHA) who owns the site by entering a long-term lease for a nominal annual rent and including project-based vouchers. During construction and the permanent phase, Wake County would hold a subordinate lien position no lower than fourth position. Approximate funding sources are illustrated in the table below.

| Proposed Funding Sources | Funding Request |
|---------------------------------|------------------------|
| Tax-Exempt Bonds | \$ 20,040,000 |
| LIHTC Equity | \$ 19,966,582 |
| City of Raleigh | \$ 3,983,056 |
| Wake County AHDP | \$ 3,233,056 |
| Deferred Developer Fee | \$ 960,000 |
| Total | \$ 48,182,694 |

Duplex Village (4% - New Construction)

Blue Ridge Atlantic Development, LLC (dba Blue Ridge Cascade) has requested funding of up to \$1,000,000 on behalf of the ownership entity to be formed for the construction and permanent financing of Duplex Village, a proposed 132-unit affordable housing complex for families located at 1944 New Bern Avenue in Raleigh.

After negotiating with the applicant, staff recommend awarding up to \$518,895 to support this project. County loan terms consist of 1.0% interest during construction and 1.0% on the permanent loan with variable annual repayment for a 15-year term and a balloon payment at the end of the term. The developer has also agreed to a minimum 80-year affordability period, and to restrict 61 units to households earning 50% of the

AMI and below. The property is in a Qualified Census Tract (QCT), and the developer is proposing to partner with the City of Raleigh who owns the site by entering a long-term lease for nominal annual rent and with the Raleigh Housing Authority (RHA) to include project-based vouchers. During construction and the permanent phase, Wake County would hold a subordinate lien position no lower than fourth position. Approximate funding sources are illustrated in the table below.

| Proposed Funding Sources | Funding Request |
|---------------------------------|------------------------|
| Tax-Exempt Bonds | \$ 19,500,000 |
| LIHTC Equity | \$ 17,797,074 |
| City of Raleigh | \$ 2,880,000 |
| Capital Contribution | \$ 670,000 |
| Investment Income | \$ 992,447 |
| Wake County AHDP | \$ 518,895 |
| Deferred Developer Fee | \$ 591,671 |
| Total | \$ 42,950,087 |

The Willow (4% - New Construction)

LDG Development has requested funding of up to \$2,700,000 on behalf of the ownership entity to be formed for the construction and permanent financing of The Willow, a proposed 156-unit affordable housing complex for families located at 1415 Trailwood Drive in Raleigh.

Upon review of the developer application, staff recommend awarding up to \$2,700,000 to support this project. County loan terms consist of 1.0% interest during construction and 1.0% on the permanent loan with variable annual repayment for a 30-year term and a balloon payment at the end of the term. The developer has also agreed to a minimum 45-year affordability period, and to restrict 39 units to households earning 50% of the AMI and below. The property is in a Qualified Census Tract (QCT), and the developer is proposing to partner with the Raleigh Housing Authority (RHA) to include project-based vouchers. During construction and the permanent phase, Wake County would hold a subordinate lien position no lower than fourth position. Approximate funding sources are illustrated in the table below.

| Proposed Funding Sources | Funding Request |
|---------------------------------|------------------------|
| Tax-Exempt Bonds | \$ 27,736,000 |
| LIHTC Equity | \$ 19,892,165 |
| City of Raleigh | \$ 2,800,000 |
| Wake County AHDP | \$ 2,700,000 |
| Deferred Developer Fee | \$ 1,871,752 |
| Total | \$ 54,999,917 |

Hope Grove Phase II (Non-Tax Credit - New Construction)

Habitat for Humanity of Wake County has requested funding of up to \$3,300,000 on behalf of the ownership entity to be formed for the construction and permanent financing of Hope Grove Phase II, a proposed 66-unit affordable for-sale housing project for families located at 405 Gatewood Drive in Garner.

Upon review of the developer application, staff recommend awarding up to \$3,300,000 to support this project. County loan terms consist of 1.0% interest during construction and 1.0% on the permanent loan with variable annual repayment for a 20-year term and a balloon payment at the end of the term. The developer has also agreed to a minimum 99-year affordability period for seven ground lease units restricted to households earning 60% AMI and below and minimum 30-year affordability period for fifty-nine (59) non-ground lease units restricted to households earning 80% AMI and below. During construction and the permanent phase, Wake County would hold a subordinate lien position no lower than third position. Approximate funding sources are illustrated in the table below.

| Proposed Funding Sources | Funding Request |
|---------------------------------|------------------------|
| Habitat for Humanity Equity | \$ 11,997,145 |
| Pinnacle Bank | \$ 5,000,000 |
| Wake County AHDP | \$ 3,300,000 |
| Total | \$ 20,297,145 |

Attachments:

1. Presentation