

Item Title: Proposed Issuance by the Housing Authority of the County of Wake of not to Exceed \$42,000,000 Multifamily Housing Revenue Bonds for Seven Affordable Housing Developments in Wake County

Specific Action Requested:

That the Board of Commissioners adopts a resolution approving the issuance by the Housing Authority of the County of Wake (the "Authority") of not to exceed \$42,000,000 Multifamily Housing Revenue Bonds to finance the rehabilitation of seven affordable housing developments, for purposes of meeting the requirements of the Internal Revenue Code of 1986, as amended (the "Code").

Item Summary:

Purpose: Under the Code, Wake County must approve the Housing Authority of the County of Wake's issuance of tax-exempt bonds for public projects within Wake County. The Housing Authority requests the Board's approval to issue tax-exempt multifamily housing revenue bonds for the acquisition, rehabilitation and equipping of a portfolio of seven residential rental housing facilities in Wake County.

Background: Federal tax law requires that tax-exempt bonds issued to finance multifamily residential rental projects be approved by the elected legislative body of the governmental unit that (a) controls the issuer of the bonds and (b) has jurisdiction over the area in which the facilities are located after a public hearing (Code Section 147(f)). In this situation, Wake County has jurisdiction over the Housing Authority of Wake County, each facility is within the jurisdiction of the County, and the Board of Commissioners is the governing body of the County.

The Authority proposes issuing \$42,000,000 of bonds to finance the rehabilitation of a portfolio of seven residential rental housing facilities in Wake County. The Authority held a public hearing related to this project on February 20, 2024.

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

Fiscal Impact: The County will have no legal responsibility or liability whatsoever for the payment of principal or interest on the proposed bonds, and the bonds will not affect the County's debt ratios or legal debt limits.

Additional Information:

The Authority, at the request of the developer, DHIC, Inc. (the "Company"), proposes to issue its multifamily housing revenue bonds in a principal amount not to exceed \$42,000,000 (the "Bonds") to finance the acquisition, rehabilitation and equipping by

affiliated entities of the Company of the seven low and moderate income multifamily residential rental facilities described below (collectively, the “Developments”).

Affordable Housing Developments to Benefit from the Bonds

Development	Units	Location	Borrower
Avonlea	44	5012 Cape Breton Drive, Raleigh	Avonlea Preservation, LLC
Highland Village	50	600 Malcolm Valley Place, Cary	Highland Village Preservation, LLC
Jeffries Ridge	32	201 Lightner Lane, Raleigh	Jeffries Ridge Preservation, LLC
Madison Glen	120	3010 Crimson Tree Court, Raleigh	Madison Glen Preservation, LLC
Ripley Station	48	3030 Ripley Station Way, Raleigh	Ripley Station Preservation, LLC
Sedgebrook	32	200 Sedgebrook Drive, Cary	Sedgebrook Preservation, LLC
Tryon Grove	48	2516 Tryon Grove Drive, Raleigh	Tryon Grove Preservation, LLC

Avonlea was originally built in 1993 and includes 36 two-bedroom units and 8 three-bedroom units located in six residential buildings. Avonlea will target tenants earning 60% of area median income. Renovations to this property are expected to cost approximately \$95,450 per unit.

Highland Village was originally built in 2005 and includes 10 one-bedroom units, 25 two-bedroom units and 15 three-bedroom units located in three residential buildings. Highland Village will target tenants earning 30%, 40% and 60% of area median income. Renovations to this property are expected to cost approximately \$52,018 per unit. The County has invested \$172,109.21 in this development with a 30-year loan from Wake County Housing Affordability and Community Revitalization (as authorized by Board of Commissioners at the January 3, 2023 Board meeting).

Jeffries Ridge was originally built in 1989 and includes 24 two-bedroom units and 8 three-bedroom units located in four residential buildings. Jeffries Ridge will target tenants earning 50% and 60% of area median income. Renovations to this property are expected to cost approximately \$100,904 per unit.

Madison Glen was originally built in 2000 and includes 24 one-bedroom units, 66 two-bedroom units and 30 three-bedroom units located in seven residential buildings. Madison Glen will target tenants earning 50% and 60% of area median income. Renovations to this property are expected to cost approximately \$72,825 per unit. The County has invested \$258,299.96 in this development with a 30-year loan from Wake County Housing Affordability and Community Revitalization (as authorized by Board of Commissioners at the January 3, 2023 Board meeting).

Ripley Station was originally built in 1996 and includes 36 two-bedroom units and 12 three-

bedroom units located in four residential buildings. Ripley Station will target tenants earning 50% of area median income. Renovations to this property are expected to cost approximately \$83,323 per unit.

Sedgebrook was originally built in 1994 and includes 24 two-bedroom units and 8 three-bedroom units located in four residential buildings. Sedgebrook will target tenants earning 50% of area median income. Renovations to this property are expected to cost approximately \$94,811 per unit.

Tryon Grove was originally built in 1992 and includes 36 two-bedroom units and 12 three-bedroom units located in six residential buildings. Tryon Grove will target tenants earning 50% and 60% of area median income. Renovations to this property are expected to cost approximately \$91,922 per unit.

Financing Plan

The Bonds to be issued by the Authority will provide financing for the rehabilitation of the Developments. The Authority adopted a preliminary resolution for issuance of the Bonds to finance the Developments on December 13, 2023. Subject to Board of Commissioners approval, the Bonds are expected to be issued in August 2024. The Bonds will be privately placed with Citibank, N.A. The Company expects the total costs for the Development and the financing to be approximately \$100.3 million. The sources of financing for the Development are shown in the table below.

Funding Source	Amount
Proposed Bonds Issued by Housing Authority	\$ 42,000,000
Low-Income Housing Tax Credits	\$ 30,623,554
Wake County Affordable Housing Loan *	\$ 430,409
City of Raleigh Loan	\$ 5,991,114
North Carolina Housing Finance Agency Loan	\$ 3,214,583
DHIC Loan	\$ 1,564,200
Seller Note	\$ 10,328,252
Deferred Developer Fee	\$ 2,294,834
Project Reserves	\$ 2,435,403
Project Operations/NOI	\$ 1,433,161
Total Project Sources	\$ 100,315,510
<i>*for Highland Village and Madison Glen developments</i>	

The borrowers will agree to repay the principal, premium, if any, and interest on the Bonds. Neither the Authority nor the County will have any liability whatsoever for the payment of principal or interest on the Bonds, and the Bonds will not affect the County’s debt ratios or legal debt limit. Because no taxes or other revenues of the County are pledged to pay these Bonds, the staff of the County has made no financial analysis of the Bonds, the Company or any related entities, or the Developments.

Requested Board Action

The Board of Commissioners is requested to consider approval of attached resolution approving in principle the issuance of not to exceed \$42,000,000 of Housing Authority of the County of Wake Multifamily Housing Revenue Bonds for the benefit of DHIC, Inc., or an affiliate thereof.

Attachments:

1. Presentation
2. TEFRA Approval Requirement & Adopted County TEFRA Policy
3. Description of Developments
4. Resolution – WC Housing Authority adopted December 13, 2023
5. Authorizing Resolution – Town of Cary, NC adopted September 28, 2023
6. Authorizing Resolution – City of Raleigh, NC adopted September 19, 2023
7. Notice of Public Hearing – WC Housing Authority
8. Certificate & Summary of WCHA Public Hearing held February 20, 2024
9. Draft BOC Authorizing Resolution