

Item Title: Approval of Affordable Housing Loan for the Copernica Properties, LLC Rental Housing Development in Raleigh, NC

Specific Action Requested:
That the Board of Commissioners:

- 1. Approves a loan of up to \$1,000,000 to Copernica Properties, LLC for construction and permanent financing to support an affordable rental development project in Raleigh, NC.**
- 2. 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. 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). Copernica Properties, LLC dba Local Post, LLC (Developer) has requested up to \$1,000,000 on behalf of the ownership entity to be formed to support an affordable rental development on City of Raleigh owned parcels located at 414 E. Cabarrus Street, 416 E. Cabarrus Street and 504 S. East Street. The Developer will enter into a long-term lease with the City of Raleigh which includes a minimum affordability period of seventy-five (75) years.

The development will include a total of twenty-eight (28) rental units, with one unit serving households earning up to 30% of the area median income (AMI), eight units serving households earning up to 50% of the AMI and nineteen units serving households earning up to 60% of the AMI. The Developer has received a loan commitment through the North Carolina Housing Finance Agency (NCHFA) Supportive Housing Development Program (SHDP) and will provide eight supportive housing units. In addition, the Developer is also providing three Wake County Rental Assistance Housing Program (RAHP) units.

The Developer has requested up to \$1,000,000 at 1% interest during construction and 1% on the permanent loan with variable annual repayment for a 45-year term and a balloon payment at the end of the term. Wake County’s loan will be in a subordinate lien position no lower than fifth 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 RFP. 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) 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 project is designed to achieve multifamily-level density while remaining compatible with residential building and zoning codes along with blending into the surrounding urban neighborhood context. The project represents an innovative “Missing Middle” model that includes twenty-two (22) studios, 3 one-bedroom units and 3 two-bedroom units. The affordable rental units will be distributed across 3 quad-plex-scale residential buildings on separate lots. The table below illustrates the proposed affordability mix.

Cabarrus Cluster Income Distribution

Income Limit	# Units – Proposed	RAHP Units - Proposed
30% AMI	1	3
50% AMI	8	
60% AMI	19	
Total	28	3

Upon review of the Developer application, staff recommend awarding up to \$1,000,000 on behalf of the ownership entity to be formed for the construction and permanent financing of the Cabarrus Cluster project. County loan terms consist of 1.0% interest during construction and 1.0% on the permanent loan with variable annual repayment for a 45-year term and a balloon payment at the end of the term. Wake County will hold a subordinate lien position no lower than fifth position. The developer has also agreed to a minimum 75-year affordability period. If approved, construction is proposed to occur in the fourth quarter of 2026 with construction completion in first quarter of 2028. Approximate funding sources are illustrated in the table below.

Proposed Funding Sources	Funding Request
Conventional Bank Loan	\$750,000
NCHFA Supportive Housing Development Program	\$1,200,000
City of Raleigh	\$1,239,762
Wake County AHDP	\$1,000,000
Total	\$4,189,762

A map of the development site is below.



Federal funding requires the County to utilize Area Median Income (AMI) as a key affordable housing metric to determine program or project eligibility. AMI is defined as the midpoint of a specific area’s income distribution. Wake County utilizes the Raleigh Metropolitan Statistical Area (MSA) as the geographical area, identified by the Census Bureau. AMI is updated annually by the United States Department of Housing and Urban Development (HUD) utilizing American Community Survey (ACS) data and other sources. The specific methodology can be found online at www.huduser.gov.

The following table illustrates income limits for the proposed rental units to be developed for the project, according to household size.

Household Size	30% AMI	50% AMI	60% AMI
1 Person	\$27,800	\$46,350	\$55,620
2 People	\$31,800	\$52,950	\$63,540
3 People	\$35,750	\$59,550	\$71,460
4 People	\$39,700	\$66,150	\$79,380

Attachments:

None.