

**Item Title:** Project-Based Rental Assistance Contract Amendment for New Bern Crossings

**Specific Action Requested:**

**That the Board of Commissioners authorizes the County Manager to execute an amendment to extend the total term of the project-based rental assistance (PBRA) contract between Wake County and New Bern Harmony Housing, LLC, from two years to 20 years subject to terms and conditions acceptable to the County Attorney and the availability of funding.**

**Item Summary:**

**Purpose:** The Board of Commissioners approves all Wake County multi-year agreements.

**Background:** On April 19, 2021, and September 6, 2022, partially utilizing behavioral health fund balance, Wake County approved the funding of New Bern Crossings. The development will provide 192-units of affordable housing including 40 units for permanent supportive housing (PSH). The approved proposal contained a request for PBRA funding through the Rental Assistance Housing Program operated by the Housing Department.

In fiscal year 2022, the Board of Commissioners approved a \$400,000 annual budget increase to provide long-term, PBRA at this property. In December 2024, Wake County and New Bern Harmony Housing, LLC, entered into a two-year PBRA agreement for distribution of the budgeted amount. Housing is requesting authority to enter into an amendment to the PBRA contract to extend the term to a total of 20 years, subject to annual funding availability and, consistent with the submitted 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 Housing Affordability and Community Revitalization operating budget contains \$400,000 in County funds annually for this purpose.

**Additional Information:**

The 2017 Affordable Housing Plan and the 2019 Behavioral Health Plan recommended the creation of Permanent Supportive Housing (PSH) for our most vulnerable residents. In 2016, 2018, and 2019 requests for proposals or interest were released seeking

development of PSH rental units. Development of PSH was also incorporated as a permitted project type under the Affordable Housing Development Program.

New Bern Crossing was submitted during the 2020-2021 funding cycle and Wake County approved a \$4,150,000 loan to New Bern Harmony Housing, LLC. The proposal contained a request for capital funding for the 192-unit affordable multifamily development and project-based rental assistance for 40 units of PSH. The development is currently under construction at 3312 New Bern Avenue in Raleigh and when completed will offer units affordable to families earning 30% and 60% of the area median income (AMI) or less. The terms of the loan are 1% interest with a variable annual debt service payment for the 30-year term and a balloon payment at the end of the term.

In fiscal year 2022, the Board of Commissioners approved a \$400,000 annual budget increase to provide long-term PBRA at this property. In December 2024, Wake County and the ownership entity, New Bern Harmony Housing, LLC, entered into a two-year PBRA agreement. The Developer, Harmony Housing, partnered with Families Together to provide on-site and off-site supportive housing services to vulnerable residents. New Bern Crossings will be located on the Eastern Bus Rapid Transit Corridor and in close proximity to Families Together's offices where services and supports will be offered. Wake County's rental assistance will be administered by the Permanent Housing and Supportive Services Division through the Rental Assistance Housing Program.

Project-based rental assistance contracts with 20-year terms or longer are consistent with sector best practices and often required by lenders and equity investors. In conjunction with a request from Harmony Housing's financial partners, Harmony Housing has requested that Wake County extend the term of the parties' PBRA agreement from two years to a total of 20 years. Harmony Housing and its financial partners understand that Wake County rental assistance payments pursuant to the PBRA agreement are contingent upon continued funding availability as appropriated during the County's annual budget process.

**Attachments:**

1. Executed PBRA Contract