

Item Title: Subordination of an Affordable Housing Loan for King's Ridge Apartments in Raleigh, NC

Specific Action Requested:

That the Board of Commissioners approves a subordination request for King's Ridge Apartments an affordable rental development located in Raleigh, NC, subject to terms and conditions acceptable to the County Attorney.

Item Summary:

Purpose: The Board of Commissioners approves all Wake County real estate transactions.

Background: In 2021, The Board of Commissioners approved a \$4 million loan to CASA to develop King's Ridge, a 100-unit affordable and permanent supportive housing development in Raleigh, NC. Loan terms were 0% interest for 40 years, with deferred payments until the end of the term. The development is under construction and anticipated to be complete in August 2024.

In October 2022, the Board of Commissioners approved subordinating Wake County's loan to a \$3,215,315 first mortgage loan from Self-Help Credit Union, which put the County in third lien position behind Self-Help Credit Union and a loan from the City of Raleigh. CASA is changing their first mortgage lender from Self-Help Credit Union to North State Bank. North State Bank requires that Wake County and the City of Raleigh subordinate their loans to this first mortgage. Wake County will remain in third lien position, and the terms of the County loan will remain 0% interest for 40 years with deferred payments to the end of the term.

North State Bank will require execution of the draft Subordination Agreement. Staff recommend authorizing the Chair to execute the Subordination Agreement.

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

Fiscal Impact: The County will not be contributing additional funding.

Additional Information:

King's Ridge will be a 100-unit affordable and permanent supportive housing property located at 200 Michael J. Smith Lane in Raleigh, NC. The property will primarily serve households experiencing or at risk of homelessness and will offer studio, one-, two-, and three-bedroom units. Wake County will place 10 project-based Rental Assistance Housing Program (RAHP) vouchers at the property.

King's Ridge will be located adjacent to a bus stop on a 15-minute GoRaleigh bus corridor and will be near CASA's Sunnybrook campus as well as WakeMed and other services. The building will include amenity and service space throughout the building, including offices for CASA staff, offices for service providers, an on-site clinic, and community space. Services staff will be on-site seven days a week.

Attachments:

1. Draft Subordination Agreement
2. North State Bank Commitment Letter