

**Item Title:** Affordable Housing Development Interest Transfer Request from Evergreen Construction Company for Autumn Trace Housing Associates, LLC

**Specific Action Requested:**

**That the Board of Commissioners consents to the transfer of membership interest in Autumn Trace Housing Associates, LLC from Community Equity Fund X Limited Partnership to Lyle D. Gardner and Timothy G. Morgan.**

**Item Summary:**

**Purpose:** The Board of Commissioners approves all Wake County real estate transactions, including ownership transfers of properties that have received loans from the County. Approval by the Board of Commissioners is necessary prior to the transfer in order for Evergreen Construction Company to remain compliant with Wake County's Deed of Trust.

**Background:** In 2004, The Board of Commissioners approved a \$252,000 loan to Evergreen Construction Company on behalf of the ownership entity, Autumn Trace Housing Associates, LLC, to develop Autumn Trace Apartments, a 34-unit affordable family development in Raleigh, NC. This project has completed the 15-year compliance period under the low-income housing tax credit program. Community Equity Fund X Limited Partnership (the Limited Partner), wishes to transfer 100 percent of its ownership interest to Lyle D. Gardner and Timothy G. Morgan, individuals of the State of North Carolina. The ownership entity, Autumn Trace Housing Associates, LLC will not change. Autumn Trace Apartments will continue to operate as an affordable rental housing development for seniors for at least 15 years. There will be no changes to the County loan terms or repayment. The loan balance is currently \$239,575.80.

**Board Goal:** This action supports Community Health and Vitality Goal 5: Create and preserve affordable housing.

**Fiscal Impact:** The County will not be contributing additional funding. No new County debt will be issued, and annual debt service payments will remain consistent.

**Additional Information:**

Autumn Trace Apartments is a 34-unit affordable family property located at 2401 Fall Lane in Raleigh, NC. In 2004, The Board of Commissioners approved a \$252,000 loan at 2% interest to Evergreen Construction Company on behalf of the ownership entity, Autumn Trace Housing Associates, LLC, to develop the property. The current balance is \$239,575.80. Wake County agreed to a variable repayment schedule for this

development, with payments primarily covering interest. As such the loan for this property still has a large principal balance.

Autumn Trace Apartments was placed into service in 2006 and has met its 15-year low-income housing tax credit compliance period. As a result, the original equity investor and Limited Partner of Autumn Trace Housing Associates, LLC, Community Equity Fund X Limited Partnership, no longer has a role to play in management of the property and will exit the partnership. This is a normal and common occurrence in the life cycle of tax credit properties when the compliance period has been met. Lyle D. Gardner and Timothy G. Morgan, individuals of the State of North Carolina, will assume the membership interest. Autumn Trace Housing Associates, LLC will remain the ownership entity with Evergreen Construction Company as the General Partner.

Lyle D. Gardner and Timothy G. Morgan are the Managing Member and Member, respectively, of Autumn Trace Housing Associates, LLC. The Wake County Board of Commissioners has approved the transfer of membership interest in 10 other affordable housing properties with Wake County loans to Mr. Gardner and Mr. Morgan. Mr. Morgan is also the owner of Evergreen Construction Company, which manages properties in its portfolio through its management arm. Evergreen maintains long-term affordability and compliance with County and Federal regulatory requirements for the properties in its portfolio. Housing Affordability and Community Revitalization staff review indicates that this transfer of membership interest will not constitute a risk to the operation of the property or to repayment of the County loan. Autumn Trace Apartments will continue to operate as an affordable rental housing development for seniors for at least 15 years. The North Carolina Housing Finance Agency has an outstanding loan on this property and has already approved this membership interest transfer.

**Attachments:**

1. Autumn Trace Housing Associates, LLC Notice of Transfer to NCHFA