

Item Title: Affordable Housing Funds for 601 Method Road in Raleigh, NC

Specific Action Requested:

That the Board of Commissioners approves a loan of \$760,000 to support the construction of 601 Method Road, a supportive affordable housing development serving youth aging out of foster care to be located in Raleigh, NC.

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, all necessary permits from the local municipality and an award of tax credits from the NC Housing Finance Agency. All awards are contingent upon the basic terms as identified 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 credits applications.

Background: Wake County routinely considers non-tax credit affordable housing projects for funding. Applications are accepted on a rolling basis throughout the calendar year. In January 2023, CASA submitted a funding application for a nine-unit affordable rental development for youth aging out of foster care to be located at 601 Method Road in Raleigh. CASA will partner with The Hope Center at Pullen for referrals, rental vouchers, and supportive services.

The developer has requested \$760,000 at 0% interest with variable interest payments and a balloon at the end of the term. The City of Raleigh approved \$700,000 for the project in May 2023. Staff recommend funding this request through the Affordable Housing Development Program (AHDP).

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

Fiscal Impact: The Board previously appropriated funds for Affordable Housing Development Program proposals in the Housing Affordability and Community Revitalization Special Revenue Fund and the Affordable Housing CIP Fund. The Board also appropriated funds for proposals in the American Rescue Plan Fund, with the most recent appropriation on October 17, 2022. Sufficient funding remains available.

Additional Information:

CASA has requested funding of up to \$760,000 for the permanent financing of a proposed nine-unit affordable housing complex for youth aging out of foster care to be located at 601 Method Road in Raleigh. This application was responsive and responsible, and met the County's threshold requirements of a complete application. The project, as underwritten, maintains a debt coverage ratio of at least 1.15 for the term of the loan, is located in Wake County, has site control, and has units designated for permanent supportive housing. 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) Target Populations | 10 |
| e) Deeper Affordability Targeting | 30 |
| f) Location | 10 |
| TOTAL | 100 |

601 Method Road will consist of nine studio units. Eight units will target youth aging out of foster care earning 30% of the AMI or less. CASA is partnering with The Hope Center at Pullen for services and resident placement through their Transition Program. Residents will pay no more than 30% of their income for rent, with subsidy provided by the Wake County Housing Authority in the form of Foster Youth to Independence vouchers, administered by the Hope Center at Pullen. There will be one unit reserved for an on-site Resident Advisor. Rent for this unit will be directly subsidized by the Hope Center at Pullen.

The Hope Center at Pullen will provide supportive services to residents, paid for out of the organization's operating budget. Each resident participating in the Transition Program will be assigned a Transition Specialist who will provide case management and services including but not limited to life skills development training, support for accessing health care and behavioral health care, and job preparation and attainment counseling. Services staff will maintain weekly contact with residents who will have individualized Goal Plans evaluated quarterly. The Resident Advisor, who may be a graduate of the Transition Program or a social work graduate student, will support administration of supportive services, as well as building management including apartment inspections.

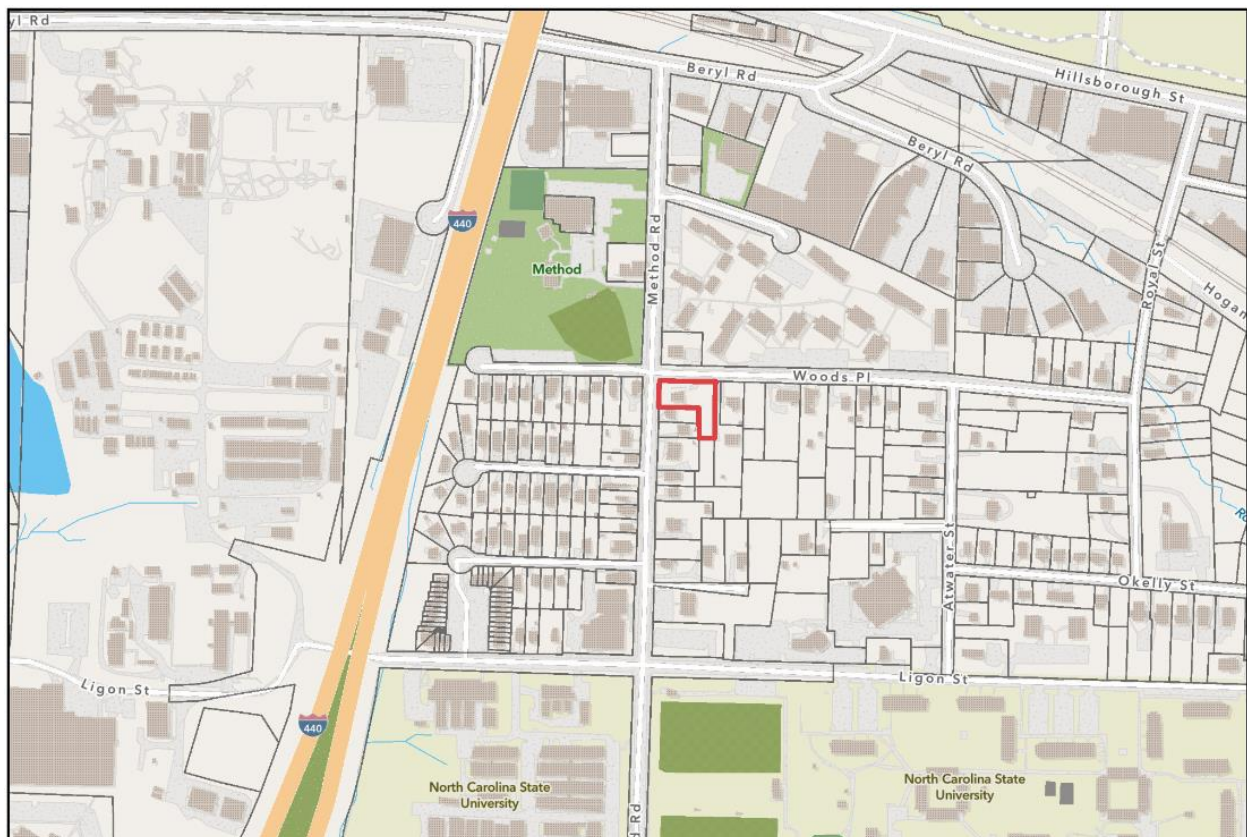
The property will be located adjacent to a bus stop and near the proposed Western Bus Rapid Transit Corridor. The development will include on-site office space for service provision, as well as an outdoor gathering area for residents. The property will be located within a half mile of a grocery store, and other nearby amenities include restaurants, the JC Raulston Arboretum, and the Reedy Creek Trail greenway.

County loan terms consist of 0% interest during construction and 0% on the permanent loan for a 30-year term with variable payments and a balloon payment at the end of the

term. During construction and in the permanent phase, Wake County would hold first lien position. Approximate funding sources are illustrated in the table below. Note that CASA has committed to filling any funding gaps unmet by their capital campaign and has the capacity to do so evidenced by financial and bank account statements.

| 601 Method Road Capital Summary | Funding Request |
|--|------------------------|
| Wake County | \$ 760,000 |
| City of Raleigh | \$ 700,000 |
| Self-Help Bank Loan (approx.) | \$ 676,936 |
| Capital Campaign/CASA Equity | \$ 400,000 |
| Total | \$ 2,536,936 |

A map of the project site is below.



Attachments:

None.