

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

**Specific Action Requested:**

**That the Board of Commissioners consents to the transfer of membership interest in Silver Spring Housing Associates, LLC from Community Equity Fund VI-A & VI-B 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 2000, The Board of Commissioners approved a \$300,000 loan to Evergreen Construction Company on behalf of the ownership entity, Silver Spring Housing Associates, LLC, to develop Silver Spring Apartments, a 33-unit affordable senior development in Zebulon, NC. This project has completed the 15-year compliance period under the low-income housing tax credit program. Community Equity Fund VI-A & VI-B 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, Silver Spring Housing Associates, LLC will not change. Silver Spring 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 \$110,000.

**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:**

Silver Spring Apartments is a 33-unit affordable senior property located at 601 Pony Road in Zebulon, NC. In 2000, The Board of Commissioners approved a \$300,000 loan at 2% interest to Evergreen Construction Company on behalf of the ownership entity, Silver Spring Housing Associates, LLC, to develop the property. The current balance is \$110,000. Silver Spring Apartments was placed into service in 2003 and has met its 15-year low-income housing tax credit compliance period. As a result, the original equity investor and Limited Partner of Silver Spring Housing Associates, LLC, Community Equity Fund VI-A & VI-B 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. Silver Spring 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 Silver Spring Housing Associates, LLC. The Wake County Board of Commissioners has approved the transfer of membership interest in nine 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. Silver Spring 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. Silver Spring Housing Associates, LLC Notice of Transfer to NCHFA