

**Item Title:** Revised Loan Terms for an Affordable Housing Development

**Specific Action Requested:**

**That the Board of Commissioners approves the revised loan terms and repayment schedule for Hester Street Apartments subject to terms and conditions acceptable to the County Attorney.**

**Item Summary:**

On May 15, 2006, the Board of Commissioners approved a loan of \$367,738 to Community Alternatives for Supportive Abodes (CASA) for the acquisition and rehabilitation of an eight unit apartment building for adults with mental illness located at 108 Hester Street in Knightdale, NC. The total project cost was \$563,580. CASA financed the additional \$195,842 with FY 2004 Supported Housing loan funds from Wake County. The interest rate was set at 3% for a period of 30 years.

In the eight years the property has been operational, 18 men and women have been housed. For permanent supportive housing, CASA had a 0% vacancy rate. Units are only vacant while they are becoming ready for the next tenant. CASA has over 1,000 names on their Wake County waiting lists.

On December 29, 2015, CASA submitted a written request to modify the loan agreement with Wake County. Based upon current cash flow data, the loan payments to the County are using up much of the rental income. Maintenance costs are increasing as the building starts to age. CASA also recognized the following evaluation oversights in the 2005 application: projections for income increases that did not occur during the recession; staff salaries not included in the operating budget because they were grant funded at the time; unseen water damage in an interior wall and ceiling necessitating required electrical upgrades as required by code; new fire alarm maintenance/monitoring system; and impact of bedbugs and other associated pest control costs.

CASA's loan modification request was threefold:

1. Interest rate change to 0%;
2. Interest already paid on the outstanding loan be credited to the principal; and
3. CASA would pay \$172,000 over the remainder of the term with the balance due at the end as a balloon payment

After review by staff from various departments including Finance, the terms to be adopted are as follows:

1. Interest rate change to 0%;
2. Fully amortize the loan at 0% for the remainder of the term. The current loan balance is approximately \$470,737. Payments will be approximately \$23,536 per year.

**Attachments:**

1. CASA Hester Street Agenda Item May 15, 2006
2. Recommended Monthly Payment Schedule