

Item Title: Affordable Housing Development Conversion Request from DHIC for Lennox Chase Development, LLC.

Specific Action Requested:
That the Board of Commissioners:

- 1. Consents to Community Revitalization and Preservation Corporation (CRPC), a non-profit affiliate of DHIC, as the sole member and manager of Lennox Chase Development, LLC; and,**
- 2. Authorizes the Chair to execute the statement of lender consent subject to terms and conditions acceptable to the County Attorney.**

Item Summary:

Purpose: The Board of Commissioners approves real estate transactions associated with affordable housing development of Wake County Property. Approval by the Board of Commissioners is necessary prior to the conversion in order for DHIC to remain compliant with the Wake County's Deed of Trust.

Background: In April 2001, the Board of Commissioners approved a loan of \$482,148 to DHIC, Inc. on behalf of the ownership entity, Lennox Chase Development, LLC., to develop Lennox Chase Apartments. In February 2003, DHIC requested additional support in the amount of \$100,000 to cover a 20-year operating shortfall. The loan was modified to reflect the new loan amount of \$582,148.

This project has completed the 15-year compliance period under the low-income housing tax credit program. DHIC's non-profit affiliate, Community Revitalization and Preservation Corporation (CRPC), will assume management of the project in order to keep the development affordable for 15 more years and satisfy the terms of the loans to the project from the County and other lenders.

In order for DHIC to take on this role, the current Operating Agreement for Lennox Chase Development LLC will be amended such that the Banc of America Housing Fund IIH Limited Partnership will transfer its interests in the LLC to CRPC and will then exit the LLC.

Board Goal: This action supports standard County business.

Fiscal Impact: There is no fiscal impact. The County will remain in second lien position.

Additional Information:

Lennox Chase is located at 2534 Lake Wheeler Road in Raleigh, NC (PIN # 0792566737) and is a 37-unit apartment community that serves very low-income and formerly homeless individuals earning at or below 35-50% AMI who are seeking affordable permanent housing. This population has the greatest need and is provided with support services. DHIC's Lennox Chase has met its 15-year compliance period. As a result, the original equity investor, Banc of America Housing Fund IIIH Limited Partnership, no longer has a role to play in the ownership structure, and it intends to exit. This is a normal and common occurrence in the life cycle of tax credit properties when the compliance period has been met.

The terms of the County loan are 2% interest for 20 years. Wake County holds second lien position. Annual payments to the County are deferred to offset the limited income Lennox Chase produces.

The Board of Directors of CRPC is made up of the executive committee members of the DHIC Board of Directors. DHIC has completed this same transaction with fourteen properties in the past; only Weston Trace, Beechridge Limited Partnership, Madison Glen, and Beechridge II required consent by Wake County. The other properties do not contain County funds, so no County approval was required for the Conversion. The conversion of Lennox Chase will make the ownership structure consistent with these fourteen other properties, allowing DHIC to manage all of them more consistently and cost-effectively.

Lennox Chase Development, LLC will continue as the borrower under the County's loan and no action will be required to cause the loan to continue to be in full force and effect. Lennox Chase Development, LLC does not have a Board of Directors, but its sole member CRPC does as noted above. Following the transfer, Community Management Corporation, the Managing Member, will transfer all of its interests in the LLC to CRPC. At this point, CRPC will be the sole member and managing entity of the LLC and, in that role, will be able to preserve the property as affordable housing.

Approval of the conversion will allow DHIC to maintain the long-term affordability of the apartments owned and operated by the Lennox Chase Development, LLC. It will continue to own the property and be the borrower under the loans from the City of Raleigh and Wake County.

Attachments:

1. DHIC Request Letter-Lennox Chase Statement of Lender Consent
2. Statements of Lender Consent
3. Summary of Tax Credit Properties