

**Item Title:** Refinance and Rehabilitation Funding for Avery Square Apartments in Garner, NC

**Specific Action Requested:**

**That the Board of Commissioners approves a loan of \$350,000 to CASA to support the refinancing and rehabilitation of Avery Square Apartments, an affordable family housing development in Garner, NC.**

**All funding commitments are subject to terms and conditions acceptable to the County Attorney. In addition, all awards are contingent upon the basic terms as identified in the project descriptions.**

**Item Summary:**

**Purpose:** The Board of Commissioners approves all Wake County real estate transactions.

**Background:** On October 4, 1993, Wake County approved a \$55,900 loan, using HOME funds, to Better Homes for Garner Limited Partnership for the development of Avery Square Apartments, a 20-unit affordable housing development, consisting entirely of two-bedroom units, serving families earning 60% of the Area Median Income (AMI) or less. In 2004, CASA acquired Better Homes for Garner Limited Partnership (then Better Homes for North Carolina, Inc.) and its portfolio, including Avery Square Apartments. CASA assumed all the outstanding debt associated with the property including the \$30,992 balance on Wake County's existing debt. CASA will continue to make payments on the existing loan, which expires in 2023.

On October 15, 2019, CASA requested funding for refinancing and rehabilitation of Avery Square Apartments through the Continuous Call for Affordable Housing Projects. The request comprised of \$350,000 to refinance \$178,000 of existing bank debt that will be due in March 2020, and to rehabilitate the property to preserve it for an additional 20 years. The total rehabilitation will cost \$652,800. Additionally, 10% of the units will be set-aside for Wake County Rental Assistance Housing Program (RAHP) voucher holders.

**Board Goal:** This Board action directly supports the Board's desire to preserve the County's stock of affordable housing. This action also complements housing affordability initiatives in the Social and Economic Vitality, Community Health, and Education goal areas.

**Fiscal Impact:** The Board previously appropriated funds for these proposals in the Housing Affordability and Community Revitalization Special Revenue Fund and the Housing Affordability and Community Revitalization CIP fund. This action has no additional fiscal impact.

### **Additional Information:**

On October 4, 1993, the Wake County Board of Commissioners approved a loan of \$55,900 to Better Homes for Garner Limited Partnership to support the development of Avery Square Apartments, a 20-unit affordable housing development located in Garner. This loan had a 30-year term and 3% interest rate, with deferred repayment beginning in January 1999. In 2004, CASA acquired Better Homes for Garner Limited Partnership (then Better Homes for North Carolina, Inc.) and its portfolio, including Avery Square Apartments. CASA assumed all the outstanding debt and affordability restrictions associated with the property.

CASA will conduct a moderate rehabilitation of Avery Square Apartments in order to preserve the 20 units as affordable housing. The renovation will total \$652,800 or approximately \$32,640 per unit. The scope will include new roofs, sewer system repairs, installation of new cabinetry and countertops, new appliances, new flooring, HVAC replacements, window replacement, parking lot repairs, and a landscaping update to sufficiently maintain the property in good condition for an additional 20 years. The scope of renovation will include energy-efficient elements. In addition, CASA will refinance the existing first mortgage loan, with a principal amount of \$178,000. The following tables illustrate the total sources and uses of financing for the refinancing and rehabilitation of Avery Square Apartments.

**AVERY SQUARE APARTMENTS - SOURCES**

<i>Source</i>	<i>Amount</i>
First Mortgage - North State Bank	\$492,300
Wake County AHDP	<u>\$350,000</u>
<b>Total</b>	<b>\$842,300</b>

**AVERY SQUARE APARTMENTS - USES**

<i>Use</i>	<i>Amount</i>
First Mortgage Refinance	\$178,000
Rehabilitation	\$652,800
Soft Costs (Appraisal)	\$4,500
Loan Closing Costs (Estimated)	<u>\$7,000</u>
<b>Total</b>	<b>\$842,300</b>

On October 15, 2019, CASA requested funding from Wake County in the amount of \$350,000, or \$17,500 per unit, to support this project. The County's new loan will be structured as a fully-amortizing, zero percent interest loan with a 20-year term subject to annual debt service payments of \$2,400 and a balloon payment of \$302,200 at the end of the term. The County's new loan will be in second position behind a new first mortgage.

The development will remain affordable to households earning 60 percent of the AMI or less during the loan term and will have 10 percent of units set-aside for RAHP voucher-holders. Current rents are \$722 per month. Upon renovation, new tenants will have an asking rent of \$775 per month, and existing tenants' rents will remain unchanged. CASA will continue to make payments on the outstanding principal of the initial loan, currently \$30,992.

## Site Map



0 50 100 200 ft  
1 inch = 100 feet

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## Attachments:

None.