

**Item Title:** Assumption of Multifamily Affordable Housing Loan for 907 Method Road, Raleigh

**Specific Action Requested:**  
**That the Board of Commissioners:**

- 1. Approves the execution of the assumption agreement with the current loan balance to allow Cornerstone Fund Two LLC to assume the loan for the property at 907 Method Road, Raleigh, NC from Family Promise of Wake County, Inc., subject to terms and conditions acceptable to the County Attorney; and**
- 2. Authorizes the Chair to execute required documents subject to terms and conditions acceptable to the County Attorney.**

**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 and assumption of the Wake County loans.

**Background:** On September 7, 2010, the Board of Commissioners approved a loan of \$444,100 to Wake Interfaith Hospitality Network, currently known as Family Promise of Wake County, Inc., to acquire 12 units of multifamily transitional housing for families earning at or below 40% of the area median income (AMI) experiencing temporary homelessness at 907 Method Road in Raleigh. The County's loan is deferred with zero percent interest.

Cornerstone Fund Two LLC has offered to purchase the property, assume the existing debt and lease it back to Family Promise for continued operation as affordable housing. Cornerstone Fund Two LLC would also assume all the restrictions and obligations set forth in the development agreement, promissory note, and loan agreement from the original transaction.

The City of Raleigh also approved a loan in 2010 for \$444,100 to Wake Interfaith Hospitality Network to acquire the 907 Method Road property. Raleigh City Council approved the assumption of their loan on 907 Method Road by Cornerstone Fund Two LLC on September 15, 2020.

**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 goal area.

**Fiscal Impact:** The County will not be contributing additional funding. No new County debt will be issued, and loan payments will continue to be deferred. There will also be no change to the lien position, repayment schedule, or other terms of the County loan.

**Additional Information:**

Wake Interfaith Housing Network/Family Promise, founded in 1994, is a faith-based, non-profit organization providing emergency shelter and services to families experiencing temporary homelessness. In June 2016, Wake Interfaith Hospitality Network changed its name to Family Promise of Wake County, Inc.

In 2010, 907 Method Road was acquired to serve as a 12-unit transitional housing rental property serving family households earning 40 percent of the AMI or less, and specifically targeting families experiencing temporary homelessness. To support this acquisition, the Wake County Board of Commissioners approved a deferred, zero percent interest loan in the amount of \$444,100. In addition, the City of Raleigh issued a \$444,100 loan to support property acquisition. County loan affordability restrictions are in place until 2040. The loan terms require repayment on April 1, 2041, unless there is evidence of default or the property ceases to be used as affordable housing.

In January 2020, Family Promise entered into a purchase and sale agreement with Cornerstone Fund Two LLC to sell the property at 907 Method Road. Family Promise will lease the property from Cornerstone Fund Two LLC and will continue to operate the property as affordable transitional housing. Cornerstone Fund Two LLC will become the borrower on the County loan. No changes will be made to the lien position, repayment schedule, or other terms of the County loan.

Cornerstone Fund Two LLC is wholly owned by the Christ Church congregation in Raleigh and is part of the Cornerstone Fund for Outreach Ministry established by the congregation. Congregation wardens agreed to obtain the property and assume the County and City loans under their original terms.

The Raleigh City Council approved the assumption of the City's \$444,100 loan by Cornerstone Fund Two LLC on September 15, 2020.

**Attachments:**

1. Site Map