

**Item Title:** Affordable Housing Development Conversion Request from DHIC for Highland Village, LLC

**Specific Action Requested:**

**That the Board of Commissioners approves and authorizes the Chair to execute the Statement of Lender Consent for Community Revitalization and Preservation Corporation, a non-profit affiliate of DHIC, to become the sole member and manager of Highland Village, LLC, 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.

**Background:** In November 2002, Wake County issued a \$510,000 loan to DHIC, Inc. on behalf of the ownership entity, Highland Village Limited Partnership, to develop Highland Village, a 50-unit affordable rental development in Cary, NC. 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 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.

Community Housing Alliance L.P. and Community Housing Alliance II L.P. (the "Limited Partners") wish to transfer 100 percent of their ownership interest to Community Revitalization and Preservation Corporation, a non-profit affiliate of DHIC, Inc. in order to preserve the long-term affordability of the development. The ownership entity, Highland Village Limited Partnership, will convert to Highland Village, LLC. Staff recommend the Board of Commissioners approve a statement of lender consent, allowing the transfer to proceed.

**Board Goal:** This action supports Community Health and Vitality Goal 5: Create affordable housing opportunities and support efforts to end homelessness.

**Fiscal Impact:** The County will not contribute additional funding to this development. No new County debt will be issued, and annual debt service payments will remain consistent.

**Additional Information:**

Highland Village is a 50-unit affordable rental property located at 600 Malcolm Valley Place in Cary, NC. In November 2002, Wake County issued a \$510,000 loan to DHIC, Inc. on behalf of Highland Village Limited Partnership to develop the property. The Highland Village has met its 15-year low-income housing tax credit compliance period. As a result, the original equity investors - Community Housing Alliance L.P. and Community Housing Alliance II L.P. – no longer have 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. Community Revitalization and Preservation Corporation, a non-profit affiliate of DHIC, Inc. will assume management of the property and will be sole member of the new ownership entity, Highland Village, LLC.

The Board of Directors of Community Revitalization and Preservation Corporation is made up of the executive committee members of the DHIC Board of Directors. DHIC has completed this same transaction with sixteen properties in the past; only The Commons at Highland Village, Weston Trace, Beechridge Limited Partnership, Madison Glen, Beechridge II, and Lennox Chase 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 Highland Village will make the ownership structure consistent with these other properties, allowing DHIC to manage all of them more consistently and cost-effectively. Highland Village, 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. DHIC did not request additional funding. There will be no changes to the loan terms, lien position, or repayment of the County loan. The property will continue to remain affordable through 2035.

**Attachments:**

1. DHIC Transfer Consent Request
2. Highland Village Map