

Item Title: Affordable Housing Development Interest Transfer Request from DHIC for Carlton Place Development, LLC

Specific Action Requested:

That the Board of Commissioners consents to the transfer of membership interest in Carlton Place Development, LLC from Apollo Housing Capital, LLC, Apollo Housing Manager II, Inc. and Carlton Place, Inc. to Community Revitalization and Preservation Corporation, a non-profit affiliate of DHIC.

Item Summary:

Purpose: The Board of Commissioners approves all Wake County real estate transactions, including interest transfers for properties that have received loans from the County.

Background: In 2004, Wake County issued a \$250,000 loan to DHIC, Inc. on behalf of the ownership entity, Carlton Place Development, LLC, to develop Carlton Place, an 80-unit affordable rental development in Raleigh, 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 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.

Apollo Housing Capital, LLC (the "Investor Member"), Apollo Housing Manager II, Inc. (the "Special Member") and Carlton Place, Inc. (the "Managing Member") 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. Community Revitalization and Preservation Corporation will be the sole member and manager of Carlton Place Development, LLC. The Board of Commissioners needs to approve the transfer of membership interest to allow this change 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 be contributing additional funding. No new County debt will be issued, and annual debt service payments will remain consistent.

Additional Information:

Carlton Place is an 80-unit affordable rental property located at 450 E Davie Street in Raleigh, NC. In 2004, Wake County issued a \$250,000 loan to DHIC, Inc. on behalf of Carlton Place Development, LLC to develop the property. Carlton Place has met its 15-year low-income housing tax credit compliance period. As a result, the original equity investors - Apollo Housing Capital, LLC and Apollo Housing Manager II, Inc. – as well as the managing member, 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 Carlton Place Development, 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 or interest transfer. The interest transfer for Carlton Place will make the ownership structure consistent with these other properties, allowing DHIC to manage all of them more consistently and cost-effectively. Carlton Place 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. 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 2036.

Attachments:

1. DHIC Transfer Consent Request
2. Carlton Place Map