




March 9, 2020

**To:** Mayor Gilbert and Town Council  
**Cc:** Ralph Clark, Interim Town Manager  
**From:** Shawn Purvis, Assistant Town Manager   
**Re:** Evergreen, Abbey Spring Support Request

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The purpose of this memo is to provide information related to the financial support requested by Evergreen Construction Company for the Abbey Spring project. This memo provides a brief background of the project, the purpose of the financial support, and information on the fiscal impact on the Town.

### **Background**

Town Council is aware of a pending project for a proposed senior affordable housing complex by Evergreen Construction called Abbey Spring. The 84-unit complex would be located on W. Williams Street next to the Post Office. Evergreen is pursuing a nine percent tax credit for the project and is requesting additional financial support from Wake County and Apex. Evergreen has requested \$2 million in loan funding from Wake County. Wake County requires funding applicants to request financial support from the corresponding municipality. Evergreen is requesting a grant to offset recreation fees-in-lieu in addition to loan funding from Apex.

North Carolina General Statute (N.C.G.S.) 160A-20.1 provides authority for the Town to expend funds for public purposes, including providing affordable housing, and N.C.G.S. 157-3(12)(e) authorizes the Town “to provide grants . . . and other programs of financial assistance to public or private developers of housing for persons of low income, or moderate income, or low and moderate income.”

### **Discussion**

Evergreen is requesting a grant for \$171,700 to offset recreation fees-in-lieu. Evergreen also is requesting a \$500,000 loan from the Town. The terms of the loan would mirror their request of County at two percent on the permanent loan for a 30-year term. The loan would be fully amortizing with a variable repayment schedule. During construction and in the permanent phase the Town of Apex would hold third lien, subordinate to a bank loan and Wake County.

Funding for the grant and loan would come from the Town’s Affordable Housing Fund (AHF). The FY20-21 Adopted Budget included \$1,020,000 in the fund. Town Council has committed funds during the current fiscal year that represent nearly all expected FY20-21 AHF revenues. Town Council has approved a \$165,000 grant and a \$1 million loan for another affordable housing project to be split between FY20-21 and FY21-22. Although Evergreen is seeking a commitment of funds now for their application, they are requesting funding from the Town in FY22-23. Town Council can commit funds from expected future earnings. Based on current trends, the Town can expect a cent on the tax rate to equal between \$1.16 million and \$1.19 million in FY22-23. The only potential commitment the Town has at this time for FY22-23 is the continuation of the Apex Housing Rehabilitation Program at \$250,000. Committing funds for this project from FY22-23 would leave between \$238,000 and 268,000 in the Affordable Housing Fund for FY22-23.

## **Recommendation**

The Abbey Spring project aligns with Town Council's goal to increase affordable housing options in Apex. Committing funds to the project would support a Town Council initiative. It is important to note that Town Council has recently approved the Apex Affordable Housing Plan. The plan recommends multiple initiatives and programs that will require funding. When deciding on approval of the grant and loan, Town Council should consider the impact the amounts would have on the project's success as well as the impact on the Town's available funds for other projects and programs.

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**TOWN OF APEX**

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