



MEMO

To: Randy Vosburg, Town Manager
From: Marla Y. Newman, CDNC Director
Date: April 1, 2025
Subject: Town Council Agenda – April 8, 2025
Abbey Spring Affordable Housing Town Investment Recommendation

What is Requested:

A. **AUTHORIZE** the Town to extend a conditional commitment of \$1,470,000 (loan) and \$171,700 (grant) of Town Affordable Housing Funds for the Abbey Spring project to support the construction of 56 affordable rental housing units, subject to Wake County funding approval and the award of Federal tax credits. The proposed development, the unit mix, and the recommended Town funding amount is as follows:

Proposed Development	Pop. Served	Town Funding Recommendation	Unit AMI Level			Rent Ranges
			30%	50%	60%	
Abbey Spring	Senior	\$1,641,700	14	14	28	\$654 - \$1,547

B. **AUTHORIZE** the associated budget amendments and transfers of funds of up to \$1,641,700 for the Abbey Spring project from available funding in the Affordable Housing Fund.

Background:

Abbey Spring was awarded 2022 Low-Income Housing Tax Credits and was previously approved for \$1,171,700 (loan and grant) in Town funding in January 2022. However, rising construction costs, particularly for site work, have significantly increased expenses. The need for substantial fill material and retaining walls has further escalated development costs, making the project more expensive than initially anticipated.

Evergreen Construction made cost reductions where possible within the constraints of the North Carolina Qualified Allocation Plan, which governs the Low-Income Housing Tax Credit Program (LIHTC), and has sought additional subsidy sources to bridge the funding gap. Despite these efforts, the project still faced a \$4.95 million shortfall.

In response, Evergreen Construction restructured the project's unit mix and financing and submitted a 9% LIHTC application to North Carolina Housing Finance Agency (NCHFA) for the 2025 award cycle, necessitating a reduction in the number of units from 84 to 56.

Description of Proposed Project:

The development proposed and the terms of Town investment are outlined below.

Abbey Spring: The 56-unit apartment community will be developed by Evergreen Construction Company. Once constructed, it will provide 56 units serving low-income senior households aged 55 and over in one building. The building will be a 3-story design, served by one elevator with all units opening into an interior hallway. On-site amenities will include a main lobby, a TV lounge area, a computer center, a fitness center, a multi-purpose room with kitchen, coin-operated laundry facilities and resident storage areas. All of the units will be affordable to seniors earning less than 60% of area median income (AMI); 10% of the units will be targeted to persons with disabilities or who are homeless, with Key Rental Assistance available to those persons from the North Carolina Housing Finance Agency; and 10% of the units will be set aside for Wake County Rental Assistance Housing Program Voucher (RAHP) holders. The Key Rental Assistance program provides assistance to persons with extremely low incomes who are disabled and/or are experiencing homelessness and can help pay for security deposits and certain costs incurred by property owners.

Location: The 5.01-acre site is located on West Williams Street with convenient access to shopping, grocery stores and other amenities.

Funding: The new request for Town funding for a 56-unit development will change the Town's commitment to the project as follows:

Funding Source	Amount	Per Unit Cost	% of New Total
Federal 9% Tax Credits	\$11,308,869	\$201,944	54.10%
Bank Loan	\$4,500,000	\$80,357	21.53%
Wake County Loan	\$1,470,000	\$26,250	7.03%
ToA Loan	\$1,470,000	\$26,250	7.03%
NCHFA-RPP	\$840,000	\$15,000	4.02%
Deferred Developer f Fee	\$644,000	\$11,500	3.08%
NCHFA-WHLP	\$500,000	\$8,929	2.39%
ToA Parks & Recreation Fee Reimbursement	\$171,700	\$3,066	0.82%

Unit Mix: The proposed development includes the following unit mix in compliance with the Low-Income Tax Credit Program's established rent limits and affordability levels.

Unit Type	Income Target	Unit Count	Monthly Rent
1 BR	30% AMI	7	\$654
2BR	30% AMI	7	\$797
1BR	50% AMI	7	\$1,079
2BR	50% AMI	7	\$1,297
1BR	60% AMI	14	\$1,279
2BR	60% AMI	14	\$1,547

Funding Considerations: Funding for the grant and the loan would come from the Affordable Housing Fund (AHF).

- *Town of Apex Parks and Recreation Fee Reimbursement:* Grant in the

amount of \$171,700 as an investment in the project.

- *Town of Apex Loan Terms:* Construction-to-permanent loan of \$1,470,000 at 2% interest with a 30-year term, with varying annual payments based on projected available cash flow. The units will remain affordable for a minimum of the 30-year loan term.

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 Town Council's affordable housing goal. Evergreen Construction Company has a strong track record of work in Wake County, and this project is particularly well-located in regard to transit access and proximity to shopping and other amenities. The development will not be viable without support from the Town and Wake County. Wake County staff will recommend funding approval for the project at the Board of County Commissioners meeting on April 21, 2025.

Staff recommends that the Town Council authorize the Town to extend a conditional commitment of \$1,470,000 (loan) and \$171,700 (grant) of Town Affordable Housing Funds for the Abbey Spring project to support the construction of 56 affordable rental housing units, subject to Wake County funding approval and the award of Federal tax credits; and authorize the associated budget amendments and transfers of funds of up to \$1,641,700 (grant and loan) for the Abbey Spring project from available funding in the Affordable Housing Fund.