



## Agenda Abstract

### BOARD OF COMMISSIONERS

Meeting Date:	Feb. 23, 2026
Department:	Community Services
Agenda Section:	Regular
Public hearing:	No
Date of public hearing:	N/A

#### PRESENTER/INFORMATION CONTACT

Matt Efird, Assistant Town Manager  
Cornelis Verkerk, CASA

#### ITEM TO BE CONSIDERED

**Subject:** Request for Funding to Support CASA Cedar Village Project

**Attachments:**

None

**Summary:**

CASA is a nonprofit affordable housing provider based in Raleigh, with a presence in Wake, Durham and Orange counties. The mission of CASA is to provide access to stable, affordable housing for people who are homeless or at risk by developing and managing rental communities. As a part of the approval of the Collins Ridge development, a parcel of land approximately 4.38 acres in size was transferred to CASA to be developed for affordable housing.

The proposed project, known as Cedar Village, will include 72 units of affordable housing intended to target renters at 60% or less of the area median income (AMI). The development will include 36 one-bedroom units and 36 two-bedroom units, and the intended income distribution is as follows:

- 24 units at/below 30% AMI (33%)
- 26 units at/below 50% AMI (36%)
- 22 units at/below 60% AMI (31%)

Anticipated residents in Cedar Village include low-income veterans (working with Veteran's Administration and Veteran's Bridge Home) and coordinated entry clients through Orange County Partnership to End Homelessness (OCPEH).

In order to successfully finance Cedar Village, CASA has been and will continue to seek 9% Low Income Housing Tax Credits (LIHTC). In 2023, the application window was missed due to a delay in the transfer of property to CASA ownership by DR Horton. In 2024 and 2025, the project scored very well on the LIHTC application but was passed over in favor of projects in Chapel Hill that had more external funding. CASA feels that the application will be very competitive in the 2026 application cycle and is not anticipating a competing project in Orange County.

There have been changes to the NC Housing Finance Agency's (NCHFA) Qualified Allocation Plan (QAP) which are favorable for CASA's 2026 application, and the new tiebreaker that would apply to projects (with perfect site scores) within the county is the total number of units. However, the overall funding climate has made it more difficult to make LIHTC projects work financially. The state has not funded NCHFA's Workforce Housing Loan Program, which many developers rely upon, and that has put additional pressure on the funds that NCHFA has available for gap financing for LIHTC projects. Additionally, due to other changes on the federal level, the "equity pricing" that investors pay for the LIHTC is expected to be much lower than it was in previous years. For instance,

CASA was able to secure \$0.875 per dollar for their last LIHTC project in Orange County, Perry Place. The equity syndicators CASA has been reaching out to as part of their due diligence are saying that investors are now paying between \$0.80-\$0.83 per dollar. This results in hundreds of thousands of dollars in lost equity to help develop the project.

CASA is requesting \$300,000 from the Town’s Affordable Housing Fund to assist in securing a LIHTC award and move forward with developing Cedar Village in Hillsborough.

**Financial impacts:**

The first chart below shows the current Affordable Housing Fund base budget – essentially what was adopted for Fiscal Year 2026, advanced one year to include FY29. An expansion request from Community Home Trust has been added to the base budget, but updated requests from OCEPH or HOME funds have not been received as of this agenda deadline. The yellow highlight represents the annual appropriation to the Affordable Housing Fund, the blue highlight represents the annual funding available less the previous commitments to support CHT, HOME and OCEPH, and the orange line represents the funding available for additional investments. For FY27, the amount available for new investment is about \$162,000, which would grow to about \$445,000 in FY29 without any changes to the projects funded. It should be noted that the adopted FY26 budget did not include any funding for home repair or emergency housing assistance programs beyond FY26, and the town is currently in the process of working with Central Pines Regional Council on developing an Affordable Housing Strategy. The FY26 pilot programs have not launched due to limited staff capacity caused by Tropical Storm Chantal recovery efforts.

<b>Annual Affordable Housing Funding (FY27 Base Budget)</b>								
	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>FY29</b>
Community Home Trust	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
HOME Funds Match	\$4,200	\$6,486	\$6,281	\$6,281	\$6,281	\$6,281	\$6,281	\$6,281
OC Partnership to End Homelessness	\$15,788	\$59,080	\$61,128	\$51,910	\$59,640	\$59,640	\$59,640	\$59,640
Subtotal, Current Commitments	\$22,488	\$68,066	\$69,909	\$60,691	\$68,421	\$68,421	\$68,421	\$68,421
<b>Annual Affordable Housing Funding</b>	<b>\$22,488</b>	<b>\$68,066</b>	<b>\$102,793</b>	<b>\$175,000</b>	<b>\$250,000</b>	<b>\$320,000</b>	<b>\$320,000</b>	<b>\$320,000</b>
Remaining Balance	\$0	\$0	\$32,884	\$114,309	\$181,579	\$251,579	\$251,579	\$251,579
OCEPH Expansion Request (FY26)					\$7,753	\$7,753	\$7,753	\$7,753
CHT Expansion Request (FY27)						\$2,500	\$2,500	\$2,500
Repair Pilot					\$100,000	\$0	\$0	\$0
EHA Pilot					\$50,000	\$0	\$0	\$0
Auman Village Support					\$100,000	\$100,000	\$100,000	\$100,000
Affordable Housing Strategy					\$50,000			
<b>Remaining Funds for Housing (New and Preservation)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$32,884</b>	<b>\$114,309</b>	<b>(\$126,174)</b>	<b>\$141,326</b>	<b>\$141,326</b>	<b>\$141,326</b>
<b>Cumulative Housing Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$32,884</b>	<b>\$147,193</b>	<b>\$21,019</b>	<b>\$162,345</b>	<b>\$303,671</b>	<b>\$444,997</b>

The second chart below shows what a potential funding agreement with CASA would look like inserted in the FY27 base budget. The green highlighted portion of the chart includes \$100,000 annual appropriations over three years, and the change is reflected in the running total below in the orange line. There is some remaining recurring funding available for appropriation, about \$41,000 per year or \$145,000 over the three-year budget window.

<b>Annual Affordable Housing Funding (w CASA Funding)</b>								
	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>FY29</b>
Community Home Trust	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
HOME Funds Match	\$4,200	\$6,486	\$6,281	\$6,281	\$6,281	\$6,281	\$6,281	\$6,281
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Subtotal, Current Commitments	\$22,488	\$68,066	\$69,909	\$60,691	\$68,421	\$68,421	\$68,421	\$68,421
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Repair Pilot					\$100,000	\$0	\$0	\$0
EHA Pilot					\$50,000	\$0	\$0	\$0
Auman Village Support					\$100,000	\$100,000	\$100,000	\$100,000
Affordable Housing Strategy					\$50,000			
Cedar Village Support						\$100,000	\$100,000	\$100,000
<b>Remaining Funds for Housing (New and Preservation)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$32,884</b>	<b>\$114,309</b>	<b>(\$126,174)</b>	<b>\$41,326</b>	<b>\$41,326</b>	<b>\$41,326</b>
<b>Cumulative Housing Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$32,884</b>	<b>\$147,193</b>	<b>\$21,019</b>	<b>\$62,345</b>	<b>\$103,671</b>	<b>\$144,997</b>

**Staff recommendation and comments:**

Staff recommends consideration of the funding request from CASA to support the Cedar Village project.

**Action requested:**

Staff requests the town board discuss and advise on the appropriation of Affordable Housing Fund resources for FY27-FY29.