

MINUTES OF A SPECIAL MEETING OF  
THE HOUSING AUTHORITY OF THE CITY OF RALEIGH  
BOARD OF COMMISSIONERS  
JANUARY 10, 2024

The members of the Board of Commissioners of the Housing Authority of the City of Raleigh, North Carolina met at 900 Haynes Street on Monday, January 10, 2024 at 5:00 p.m. The meeting was held via Zoom.

The Board Vice Chair called the meeting to order and upon roll call the following were present and absent:

Present: Eric Braun, Valerie Crutchfield, Susan Ellinger, Niya Fonville-Swint, Gregg Warren, Yolanda Winstead.

Absent: Arne Morris, Bahati Mutisya, Joe Whitehouse.

Visitors: Keith Walker, East Carolina Community Development Inc.; Traci Dusenbury, Halcon Companies, LLC; Charles Francis, Francis Law Firm; Kristen, Kirby, McGuireWoods LLP.

RHA Staff: Ashley Lommers-Johnson, Jennifer Morgan, Gwen Wall.

The Board Chair declared a quorum present and welcomed everyone to the meeting.

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RECOGNITION OF VISITORS

Mr. Lommers-Johnson welcomed all visitors this evening.

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PUBLIC COMMENTS

There were no public comments this evening.

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NEW BUSINESS

Jennifer Morgan said this resolution is the inducement resolution for up to \$25 million in multifamily housing revenue bonds for Battle Bridge Apartments. Per state statute, RHA is the issuer for these bonds. They are nonrecourse bonds so if the developer were to default on the bonds, RHA is not financially responsible. The developer is East Carolina Community Development, and Halcon Development is acting as a consultant on the property.

The project consists of 200 units for seniors aged 55 and older, located on Battle Bridge Road in Raleigh. The property includes 100 1-bedroom units and 100 2-bedroom units in 50 4-unit buildings over 31.98 acres. The target market will be 20 units at 30% AMI, 80 units at 50% AMI, 70 units at 70% AMI, and 30 units at 80% AMI. The property is also required to accept housing choice vouchers due to a requirement of the 4% tax credits.

The property will be managed by Remnant Management. The net rents will range from \$542 to \$1,550, depending on bedroom size and AMI percentage. The total project is approximately \$50 million,

including funding from bonds, permanent financing, 4% tax credits, \$4.5 million from Wake County, \$5 million from the City of Raleigh, and the deferred developer fee.

The project is exempt from the City of Raleigh Affordable Housing Location Policy as it serves the elderly. Amenities will include a clubhouse, exercise room, computer room, laundry facility, and covered patio with seating. The developer is willing to include a preference in their Tenant Selection Plan for RHA residents displaced due to redevelopment.

This has been revealed by RHA's legal counsel with no exceptions.

(Keith Walker with East Carolina Community Development and Traci Dusenbury with Halcon Development is on the Zoom call to answer any questions.)

Commissioner Warren said this is interesting because it is a different model of design for seniors facilities than what we've been seeing in Raleigh recently (where you're doing one-story quadraplexes – non-elevator buildings spread out over a fair amount of acreage.) Please give me your thought about how you approach that model.

Mr. Walker said this model has been in place for probably 27 years for ECCDI. That style was our first development. How we came to that is we did a study of seniors, showing them different building types. They were talking about the independence of being in a more traditional home than in a facility. We have learned and recognize that people age in place well there. We've been able to bring services to the residents outside of normally traditional services of the community center – we have health care people show up on site and give them services. They like living in that environment and it's been very well received. We've built over 300 units of that style in the last 25 years. We think it's not in the market. We don't see that type of development in affordable housing in the Wake County area.

Commissioner Winstead said in the preliminary numbers that were provided, there's a line item in the revenue section called cash from operations. However, that's probably income on the bonds being invested during construction. Is that correct?

Ms. Dusenbury said that is the revenue minus the expenses. It's the actual cash after you deduct out the vacancy and the expenses.

Mr. Lommers-Johnson asked about when you expect construction to conclude.

Mr. Walker said we would close before November of this year, and begin construction probably the spring of 2025. It will take approximately 24 months to get it built.

(Commissioner Ellinger said she will be representing the City of Raleigh on this. However, they are just working on the commitment at this time, and have not advised her of that, so she will be voting on the resolution.)

HOUSING AUTHORITY OF THE CITY OF RALEIGH  
RESOLUTION NO. 1 (2024)

RESOLUTION GIVING PRELIMINARY APPROVAL TO ISSUANCE OF MULTIFAMILY  
HOUSING REVENUE BONDS (BATTLE BRIDGE APARTMENTS)

WHEREAS, the Board of Commissioners of the Housing Authority of the City of Raleigh, North Carolina (the “Authority”) held a regular meeting at 5:00 p.m. on the 10<sup>th</sup> day of January, 2024; and

WHEREAS, the Authority is organized and operates pursuant to the North Carolina Housing Authorities Law, Article 1 of Chapter 157 of the General Statutes of North Carolina, as amended (the “Act”); and

WHEREAS, the Act defines “housing project” in N.C.G.S. § 157-3(12) to include “property, buildings and improvements . . . acquired or constructed . . . pursuant to a . . . plan or undertaking . . . [t]o provide grants, loans, interest supplements 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”; and

WHEREAS, the Act in N.C.G.S. § 157-9 gives the Authority the power “to provide for the construction, reconstruction, improvement, alteration or repair of any housing project” and “to borrow money upon its bonds, notes, debentures or other evidences of indebtedness and to secure the same by pledges of its revenues”; and

WHEREAS, Battle Bridge Apartments, LLC, a North Carolina limited liability company, or an affiliated or related entity (the “Company”), intends to provide low and moderate income housing in the City of Raleigh, North Carolina (the “City”); and

WHEREAS, the Company has requested that the Authority assist it or an affiliate in financing the acquisition, construction and equipping of a 200-unit multifamily housing development for seniors to be known as Battle Bridge Apartments and located on Battle Bridge Road in the City (the “Development”); and

WHEREAS, the Company has described to the Authority the benefits of the Development to the City and the State of North Carolina and has requested the Authority to agree to issue its multifamily housing revenue bonds in such amounts as may be necessary to finance the costs of acquiring, constructing and equipping the Development; and

WHEREAS, the Authority is of the opinion that the Development is a facility that can be financed under the Act and that the financing of the same will be in furtherance of the purposes of the Act;

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF RALEIGH, NORTH CAROLINA:

1. It is hereby found and determined that the Development will involve the acquisition, construction and equipping of a multifamily housing facility, and that therefore, pursuant to the terms and subject to the conditions hereinafter stated and the Act, the Authority agrees to provide reasonable assistance to the Company in issuing bonds to finance the acquisition, construction and equipping of the Development, and, in particular, to undertake the issuance of the Authority’s multifamily housing revenue bonds (the “Bonds”) in an amount now estimated not to exceed Twenty-Five Million Dollars (\$25,000,000) to provide all or part of the cost of the Development.

2. The Authority intends that the adoption of this resolution be considered as “official action” toward the issuance of the Bonds within the meaning of Section 1.150-2 of the Treasury Regulations issued by the Internal Revenue Service under the Internal Revenue Code of 1986, as amended (the “Code”).

3. The Bonds shall be issued in such series and amounts and upon such terms and conditions as are mutually agreed upon among the Authority and the Company. The Authority and the Company shall enter into a “financing agreement” pursuant to the Act for a term and with payments sufficient to pay the principal of, premium if any, and interest on the Bonds and to pay all of the expenses of the Authority in connection with the Bonds and the Development. The Bonds will be issued pursuant to an indenture or security agreement between the Authority and a trustee (the “Trustee”) or the bondholder which will set forth the form and terms of the Bonds and will assign to the Trustee for the benefit of the holders of the Bonds, or directly to the bondholder, the Authority’s rights to payments under the financing agreement, except the Authority’s right to payment of fees and expenses and indemnification. The Bonds shall not be deemed to constitute a debt or a pledge of the faith and credit of the State of North Carolina or any political subdivision or agency thereof, including the Authority and the City, but shall be payable solely from the revenues and other funds provided under the proposed agreements with the Company.

4. The Authority hereby authorizes the Company to proceed, upon the prior advice, consent and approval of the Company and bond counsel, and consistent with the Company’s representations to the Authority, to obtain approvals in connection with the issuance and sale of the Bonds, including, without limitation, from the City Council of the City of Raleigh, North Carolina, and, if required, the North Carolina Local Government Commission, and to obtain an allocation of a sufficient amount of the State of North Carolina’s “private activity bond limit”, as required by Section 141 of the Code and as defined in Section 146 of the Code, for the Bonds.

5. It having been represented to the Authority that it is desirable to proceed with the acquisition, construction and equipping of the Development, the Authority agrees that the Company may proceed with plans for such acquisition, construction and equipping, enter into contracts for the same, and take such other steps as it may deem appropriate in connection therewith, provided that nothing herein shall be deemed to authorize the Company to obligate the Authority without its written consent in each instance to the payment of any monies or the performance of any act in connection with the Development and no such consent shall be implied from the Authority’s adoption of this resolution. The Authority agrees that the Company may be reimbursed from the proceeds of the Bonds, if and when issued, for all qualifying costs so incurred by it as permitted by Treasury Regulations Section 1.150-2.

6. All obligations hereunder of the Authority are subject to the further agreement of the Authority and the Company to terms for the issuance, sale and delivery of the Bonds, and the execution of a financing agreement, indenture or security agreement and other documents and agreements necessary or desirable for the issuance of the Bonds. The Authority has not authorized and does not authorize the expenditure of any funds or monies of the Authority from any source other than the proceeds of the Bonds. All costs and expenses in connection with the financing and the acquisition, construction and equipping of the Development, including the reasonable fees and expenses of the Authority’s counsel, bond counsel and the agent or underwriter for the sale of the Bonds, shall be paid from the proceeds of the Bonds or by the Company, but if for any reason the Bonds are not issued, all such expenses shall be paid by the Company and the Authority shall have no responsibility therefor. It is understood and agreed by the Authority and the Company that nothing contained in this resolution shall be construed or interpreted to create any personal liability of the officers or commissioners from time to time of the Authority.

7. The officers of the Authority are hereby authorized and directed to take all actions in furtherance of the resolution and the issuance of the Bonds.

8. The Authority hereby approves McGuireWoods LLP, Raleigh, North Carolina, to act as bond counsel for the Bonds.

9. The Authority hereby approves The Francis Law Firm, PLLC, Raleigh, North Carolina to act as issuer's counsel for the Bonds.

10. This resolution shall take effect immediately.

Commissioner Warren moved and Commissioner Ellinger seconded approval of the foregoing resolution. A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, Valerie Crutchfield, Susan Ellinger, Niya Fonville-Swint, Gregg Warren, Yolanda Winstead.

Nay: None.

Resolution No. 1 (2024) has been adopted.

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#### ADJOURNMENT

There being no further business to come before the Board, Commissioner Fonville-Swint moved and Commissioner Morris seconded approval to adjourn the RHA Board Meeting.

The RHA Board Meeting adjourned at 5:15 pm.