FY 27 AHSP Application Staff Summary: Low Country Housing and Communities, LLC - Rocky Moss Terrace - New Construction Loan

72	$59,991	$1.00 : $4.40	≤80%	30 yr
Units to Be Constructed	AHSP Request Per Unit	Leverage Ratio AHSP $: Other $	AMI Target	Period of Affordability

$323,956	$311	1, 2, 3,
Average Cost Per Unit	Average Cost per Unit Square Foot	Bedrooms per Unit

Project Description: Low Country Housing and Communities, LLC submitted a **New Construction Units for Rent Multifamily Loan** application requesting **$4,319,363** to construct **Rocky Moss Terrace.**

AHSP Goal: Increase the supply of affordable housing for rent.

AHSP Objective: Impact, by 2030, a total of 1,500 to 1,850 rental units for households at ≤80% AMI: with an average at ≤60% AMI across all households; where 1,200 to 1,480 of those units leverage the LIHTC program; and where 200 of those units are for households at ≤30% AMI.

Summary: The request ($4,319,363) is intended to support the $23,324,813 Rocky Moss Terrace 72-unit construction project. The proposed unit mix includes 18 units for households at ≤30% AMI, 27 units for households at ≤60% AMI, and 27 units for households at ≤80% AMI. The proposed units will serve the general population. The application does not identify any specific populations served or estimate the use of vouchers. The project is located at 11 Rutherford Road, Candler 28715. The property is located within a zoning district that permits multifamily developments, but the site has not been submitted for planning reviews.

The project made preliminary application for 9% Low Income Housing Tax Credits (LIHTC) from the North Carolina Housing Finance Agency (NCHFA). The project received the maximum 68 site score points which reflects neighborhood characteristics, access to amenities and suitability of the location for housing. The final application, if all commitments to the capital stack are identified, can be submitted by the applicant in May 2026.

Capital Stack: The capital stack includes:
Requested:

- $10,398,960 in 9% LIHTC (Preliminary application submitted; estimate of $0.80 price per tax credit)
- $5,350,000 senior permanent loan (35 years at 6%, annual principal and interest)
- $4,319,363 from Buncombe County FY 27 AHSP (20 years at 2%, cashflow loan with balloon payment at maturity)
- $3,000,000 CDBG-DR loan from North Carolina Housing Finance Agency (30 years at 0%, balloon payment at maturity)

Deferred Developer Fee:

- The project budget includes $1,728,000 in developer fees and indicates $256,490 (14%) will be deferred.

Requested Terms: 20-year term, at an interest rate of 2.00%, annual payment from cashflow with principal balloon. Non-recourse loan terms for the permanent phase of the loan.

Exceptions to Program Guidelines: The $4,319,363 request exceeds the maximum loan amount of 10% of construction cost per unit.

Consideration for Open Space Bond Activities: The project is not located in an area prioritized for greenways, passive recreation, or conservation.

Finance Department Assessment of Audits and Financial Position: Certain financial documents were included with the application from Low Country Housing and Communities. These documents show a reasonably healthy financial position for the applicant.

Borrower Entity: The applicant will be a member in the formation of a limited partnership, Mossy Rock Terrance, LP, as the borrower and development entity.

Review and Recommendations:

Community Development Division staff reviewed the project based on AHSP guidelines.

Program Requirements: The loan request exceeds the maximum 10% construction cost per unit.

Review of Assumptions: The proforma includes a 35-year permanent loan of $5,350,000 with an interest rate of 6%, in line with the bulk of its peers. The estimated LIHTC equity of $10,398,960 is based on credit pricing of $0.80, which is slightly below the current market range of $0.83 - $0.85. In this project, each $.01 in tax credit represents roughly $129,987 in capital stack impact.

Proforma Analysis: The applicant requested more funding from Buncombe County ($4,319,363) than is permitted ($2,332,481) for a project leveraging a 9% LIHTC award. This creates a gap in the proposed capital stack of $1,986,881, which impacts both the sources and operating proforma.

The project could reduce the resulting gap in three ways: deferring more of the developer fee, securing higher tax credit pricing, adding a non-profit to the partnership to qualify for property tax exemption and increase the senior permanent loan.

- The 2026 Qualified Allocation Plan (QAP) allows tax LIHTC applicants to defer a maximum 50% of the developer fee. The project could defer $864,000 of the $1,728,000 budgeted fee.
- Increasing the proposed tax credit pricing to $.83, would yield $10,788,921 in LIHTC equity.
- Adding a non-profit entity to the partnership would allow the project to request property tax exemption. Eliminating the $75,600 operating expense could support $960,777 in additional debt capacity. Based on the applicant's net operating income assumptions, the project could then support a maximum permanent loan of $6,738,634.

By implementing the changes above, the project could close the funding gap with a reduced AHSP loan request of $1,943,258.

Considering a 7% vacancy, 42% of available cashflow would be sufficient to repay the $777,303 of interest a 20-year AHSP loan of $1,943,258. If 100% of cashflow were committed to the AHSP loan,

$1,049,759 (54%) of the $1,943,258 loan could also be repaid by year 20, leaving a principal balloon of $893,499 at maturity. With a 3% vacancy rate more reflective of our community, the available cashflow would be sufficient to repay 100% of interest and principal.

Deferred Developer Fee: A maximum deferred developer fee of 50% ($864,000) is permitted under NCHFA LIHTC guidelines. Preliminary review suggests cashflow is sufficient to repay deferred developer fee with 15 years.

Community Development Block Grant - Disaster Recovery (CDBG-DR): The project budget assumes a $3,000,000 CDBG-DR award as a component of the 2026 LIHTC application. According to the 2026 QAP, projects that request but do not receive CDBG-DR funds may result in an ineligible LIHTC application due to an incomplete capital stack.

Affordable Housing Subcommittee Consideration: Provided the applicant can reduce the identified gap in the capital stack, the Affordable Housing Subcommittee may recommend a loan between $1,943,258 - $2,332,481 with a 20-year term, at an interest rate of 2%, annual payment from cashflow with balloon payment. A loan amount below the recommended range would require the applicant to secure other funding. Any amount within the range would reduce the deferred developer fee from the 50% maximum. A loan above the recommended range would exceed AHSP guidelines.

PROJECT SUMMARY SHEET	Y/N
Project Description/Narrative	
Clearly affordable housing focused	Y
Aligns with all components of the application	Y
Aligns with all guidelines of the AHSP program	Y
Aligns with the selected strategic goal	Y
Aims to impact at least one Social Determinant of Health	Y
Designed to Serve Households with AMI	
<80%	Y
<50%	Y
<30%	Y

Designed to Serve	
General populous eligible for the program	Y
Individuals who are age 55 or older	Y
Individuals with a disability	Y
Individuals who are hard to house	N
Individuals who are homeless	N
Individuals who are BIPOC	Y
Individuals who are justice involved	N
Individuals who have vouchers	Y
Individuals who are referred by the Continuum of Care	N
Individuals who have been affected by Helene	Y

Project Expenses	
Complete	Y
Reasonable	Y
Project Sources	
Complete	Y
Reasonable	Y
Includes leveraging additional investment (non-AHSP funds)	Y
Project Schedule	
Complete	Y
Reasonable	Y
Project Team	
Relevant experience and qualifications to complete the project	Y
Project History	
Indicates success in completing projects in the program category	Y
Applicant	
Has timely audits free of qualifications and findings which would adversely indicate ability to manage an AHSP allocation	N
Shows a healthy financial position	N
Includes a non-profit entity in the development organization	N

CONSTRUCTION PROJECT ADDITIONAL SUMMARY INFO	**Y/N**
Project	
Preserves long-term affordability beyond the loan term	Y
Emphasizes quality design and construction	Y
Participates in an energy efficiency program	Y
Contains mixed unit types (affordable, workforce, market)	N
Contains mixed unit types (multifamily and single family)	N
Contains mixed unit types (units with varied number of bedroom (1,2,3+))	Y
Is geographically separated from other affordable housing projects	Y
Is coordinated with employment, services, and existing infrastructure	Y
Is located within 3/4 miles of a public transportation route	N