

Title: Affordable Housing - Southeast Raleigh Promise Housing LLC –
Scattered Site Affordable Rental Development - Option to Lease
Meeting Date: July 1, 2025
Meeting Type: City Council Meeting - First Tuesday - Afternoon & Evening Sessions
Department: Housing and Neighborhoods
Sponsor: Emila Sutton

Agenda Content:

Annie Baumann-Mitchell, Housing and Neighborhoods

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On July 5, 2023, City Council adopted a resolution authorizing the City to lease 111 & 116 E. Lee Street, 1102 S. Person Street, 1000, 1125, 1129 & 1131 Gregg Street, 1116 Spaulding Street, and 902 & 911 E. Edenton Street to Southeast Raleigh Promise Housing LLC (SERP) for a 27-unit scattered-site affordable rental development for low-to moderate-income households. Authorized lease terms included the tenant paying \$1.00 per year for rent up to a 75-year lease term.

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In the April 12, 2024, Manager's Update staff updated City Council on the negative environmental review findings for 902 E. Edenton, which impacted SERP's ability to obtain primary and subordinate financing for the site. As a result, SERP revised their development plan to exclude 902 E Edenton Street, and the two units planned for that site, bringing the total proposed development to 25 units on 9 City-owned sites listed below:

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- 111 & 116 E. Lee Street
- 1102 S. Person Street
- 1000, 1125, 1129 & 1131 Gregg Street
- 1116 Spaulding Street
- 911 E. Edenton Street

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Low Income Investment Fund, the senior lender for the Southeast Raleigh Promise Scattered-Site project, has requested a change to the lease in order to finance the project. Low Income Investment Fund requires an option to lease the nine (9) sites listed

above in the unlikely event that the lease between the City and Southeast Raleigh Promise Housing LLC, or an affiliated entity (the “SERP Lease”) is terminated prior to its expiration date. The terms and conditions of the lease pursuant to this option will be on the same terms and conditions as the SERP lease. The lease shall last for the remainder of the 75-year term existing at the time of the termination of the previously authorized SERP Lease at a rent of \$1.00 per year. Staff worked with the developer and negotiated mutually agreeable terms for the option to lease provision. City Council has previously authorized similar options to lease for affordable housing developments on City-owned sites.

Recommended Action: Adopt the resolution authorizing the City to lease city-owned sites for the development of a 25-unit scattered-site affordable rental project to Low Income Investment Fund. In the event of the termination of the authorized lease with Southeast Raleigh Promise Housing LLC for a term commencing on or around the termination of the Southeast Raleigh Promising Housing LLC lease and lasting for the remainder of the 75-year term.