FY 27 AHSP Application Staff Summary: Hilliard Flats LLC - Niche on Hilliard – New Construction Loan

80	$17,500	$1.00:$8.71	≤80%	20 yr
Units to Be Constructed	AHSP Request Per Unit	Leverage Ratio AHSP $: Other $	AMI Target	Period of Affordability

$169,950	$450	Efficiency Units
Average Cost Per Unit	Average Cost per Unit Square Foot	

Project Description: Hilliard Flats, LLC submitted a **New Construction Units for Rent Multifamily Loan** application requesting **$1,400,000** to construct Niche on Hilliard**.**

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 ($1,400,000) is intended to support the $13,596,000 plan for the Niche on Hilliard 80-unit microhousing apartment construction project. The proposed unit mix includes 80 units for households at ≤80% AMI. The units are 215 square feet apartments with common kitchens and other amenities provided throughout the building. The proposed units will serve the general population. The project is located within the City of Asheville at 217 Hillard Avenue. The site is located downtown within a zoning district that permits multifamily developments and has received approval. The applicants own the property.

Capital Stack: The capital stack includes:
Committed:

- $5,100,000 permanent loan (10 years amortized for 30 years at 6%)

Requested, not approved at this time:

- $3,400,000 mezzanine loan from WNC Affordable Housing Loan Fund (15 years at 2.45%, interest only)
- $2,200,000 from City of Asheville CDBG-DR (15 years amortized for 30 years at 2.45%)

Requested:

- $1,400,000 Affordable Housing Service Program loan from Buncombe County (15 years at 3.75%, interest only with balloon payment at maturity)

Other:

- $1,496,000 from equity to cover remaining gap

Requested Terms: 15-year term, at an interest rate of 3.75%, annual interest payment with principal balloon.

Exceptions to Program Guidelines: The requested loan amount exceeds the maximum 10% of the cost per affordable 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: Hilliard Flats, LLC did not provide enough information to determine financial health.

Borrower Entity: The applicant would be the borrower and development entity.

Review and Recommendations:

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

Program Requirements: The project does not appear to meet program requirements as proposed.

Review of Assumptions: The proforma includes a 30-year permanent loan of $5,100,000 with an interest rate of 6%, in line with the bulk of its peers. Deadlines included in the provided term sheet appear to have expired.

The applicant requested more funding from Buncombe County ($1,400,000) than is permitted ($1,359,600). Staff have been informed the $3,400,000 mezzanine loan from WNC Affordable Housing Loan was not approved but will need to restructure the request to secure those funds. Staff have received confirmation from the City of Asheville that the project is not eligible for the $2,200,000 CDBG-DR request which is reserved for applicants seeking Low Income Housing Tax Credits (LIHTC). As proposed, the development budget indicates a $5,600,000 gap.

The project budget indicates $1,496,000 would come from an unidentified source of equity

Deferred Developer Fee: None of the $545,000 developer fee will be deferred.

Proforma Analysis: The proforma assumes $5,600,000 in low interest loans that have not been approved. Without the proposed funds, the net operating income is not sufficient to support conventional financing to close the gap. The maximum eligible AHSP award would not complete the capital stack or make the project viable.

Affordable Housing Subcommittee Consideration: Community Development Division staff, based on the exceptions to the AHSP Guidelines, identified financing gap and proforma analysis, are not positioned to advise the Affordable Housing Subcommittee to recommend a loan award. The applicant could apply in a future round if the proforma were to change and gap funding is identified as the project moves forward.

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	N
Aligns with the selected strategic goal	Y
Aims to impact at least one Social Determinant of Health	Y
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Designed to Serve Households with AMI	
<80%	Y
<50%	N
<30%	N
Designed to Serve	
General populous eligible for the program	Y
Individuals who are age 55 or older	N
Individuals with a disability	N
Individuals who are BIPOC	N
Individuals who are justice involved	N
Individuals who have vouchers	N
Individuals who are homeless	N
Individuals who are referred by the Continuum of Care	N
Individuals who have been affected by Helene	N
Project Expenses	
Complete	Y
Reasonable	Y
Project Sources	
Complete	N
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	N
Emphasizes quality design and construction	Y
Participates in an energy efficiency program	N
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+))	N
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	Y