City Council Agenda Item Request
Submit to Clerk's Office
No later than 30 days before the proposed Council meeting

- **Date submitted to Clerk's Office:** 5-23-25

- **Primary contact person and Department requesting agenda item:** Sasha Vrtunski, Affordable Housing Officer, Community & Economic Development Department

- **Requested Council meeting date:** 6-27-25

- **Subject:** A funding request for affordable housing on City-owned property at 319 Biltmore and revised terms for the Development Agreement.

- **Action Requested:** Approval of a funding request to create affordable housing on City-owned property at 319 Biltmore, to be developed by Laurel Street Residential; and approval of revised terms for the land transaction to be a ground lease instead of a direct sale.

- **Note if time-sensitive and why:** Yes, time-sensitive, the developer is on a timeline to start on the project.

- **Potential fiscal impact(s) - if known by staff at the time of request:** The funding request is for $3 million to subsidize affordable housing units and two tax grants for the city taxes assessed after the development is completed.

- **Identify all vendor outreach for Minority & Women-Owned Business Enterprises (MWBE).** Laurel Street Residential, LLC is a minority owned and woman-owned business.

- **Identify all Boards, Commissions, and Council Committees with tentative dates - add in the vote and recommendation from each Board:**
    - Housing & Community Development Committee - June 17, 2025 Voted 3-0 approval to move funding request to City Council.

- **Identify key issues:**
    - In 2020, the City purchased 5 acres of land at 319 Biltmore for the creation of affordable housing.
    - The City began a selection process to find a developer in 2020 and entered into a Letter of Intent with Laurel Street Residential in 2021.
    - City Council approved the terms for a development agreement with Laurel Street in June 2022.
    - The approval anticipated a 221-unit development with 66 units to be affordable.
    - The affordability breakdown was 20% of the units at 60% AMI or below and 10% of the units at or below 80% AMI.
    - Since 2022, costs have increased significantly, and Laurel Street revised the project's design to cut overall costs, but significant gaps remain.

    - **319 Biltmore: Updated Proposal Summary**
      Entire Project: 221 units
        - Phase I - 109 units with 33 project-based vouchers
        - Phase II - 112 units - 4% LIHTC
        - 162 units (73% of total) are affordable
        - 29% of total units serve those at 30% AMI
        - Ground lease up to 99 years

- 40-year affordability period
- Ground Lease rather than Purchase—At the end of the 99-year lease, the Land and buildings will revert to the City.

Phase I Specifics (3 John Walker Avenue):
- $3,000,000 City Housing Trust Fund loan (from the current balance of $1.57M and new bond funds)
- Up to $100,000 Tax Grant/year for 20 years.
- Start construction in 2026

Phase II Specifics (4 John Walker Avenue):
- $7 million gap to be filled by other sources (City/State CDBG-DR)
- Up to $100,000 Tax Grant/year for 20 yrs
- No HTF/Bond funds
- Start construction in late 2026/early 2027

- The new proposed mix of units is as follows.

	30% AMI	60% AMI	80% AMI	Market	Total
Phase I	33	0	17	59	109
Phase II	31	46	35	0	112
Total	**64**	**46**	**52**	**59**	**221**

- Including the land cost, the subsidy per affordable unit will be $96,914.
- The City's portion of the total development cost will be $8,700,000 (Land + HTF loan).
- An additional request for CDBG-DR funds for Phase II may come later this year or early 2026.
- When compared to other projects, 319 Biltmore aligns with them, especially larger 4% developments.
    - Similar or lower cost per unit
    - A similar percentage of public subsidy is needed overall
    - The most relevant comparable development is the County's project at Coxe Avenue, and the subsidy levels are in line with those projections.