City of Brevard

April 7, 2025

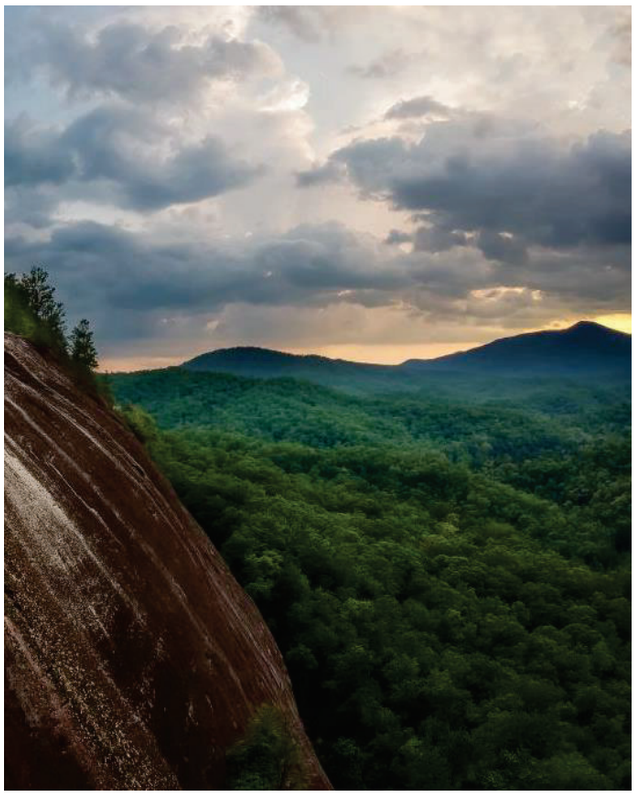
Azalea Avenue Site

Affordable Housing Development Feasibility Findings

UNC | SCHOOL OF GOVERNMENT
Development Finance Initiative

Objectives

- Review:
  - development options
  - community engagement feedback
- **Goal today: select preferred development option**
- Next step: begin developer solicitation process



Affordable Housing Development Options

Development Option 1 (58 units)



Development Option 2 (48 units)



Note: rental units will be affordable to households earning between 40% - 80% area median income.

Development Option 1

Building Design: Two 3-story buildings

Development Area: 2.25 acres

58 Units:
- 22 one-bedroom (38%)
- 18 two-bedroom (31%)
- 18 three-bedroom (31%)

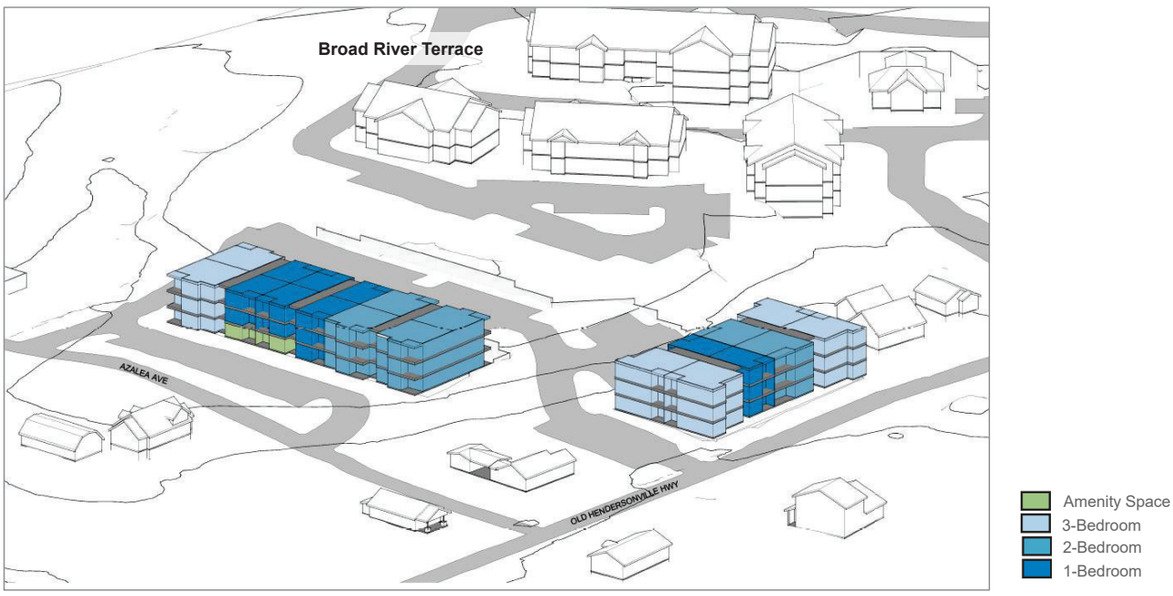
87 Parking Spaces

Estimated Development Cost: $17.2 M
- $297,000 per unit

Note: images are conceptual designs. Not final designs.



Development Option 1



Note: images are conceptual designs. Not final designs.

Development Option 1: Funding Overview

Project Funding Source	Est. Total ($)	% of Total
LIHTC Equity	$11,300,000	66%
Primary Loan	$3,600,000	21%
RPP Loan	$1,200,000	7%
Deferred Developer Fee	$300,000	2%
Estimated Funding Gap	$800,000	5%
Total	$17,200,000	100%

Land conveyance assumed at nominal rate and valued at approx. $1.1M.
All numbers are rounded estimates.



Development Option 2

Building Design:
- One 3-story building
- Three 2-story buildings
- Two 1-story buildings

Development Area: 2.50 acres

48 Units:
- 10 one-bedroom (21%)
- 20 two-bedroom (42%)
- 18 three-bedroom (38%)

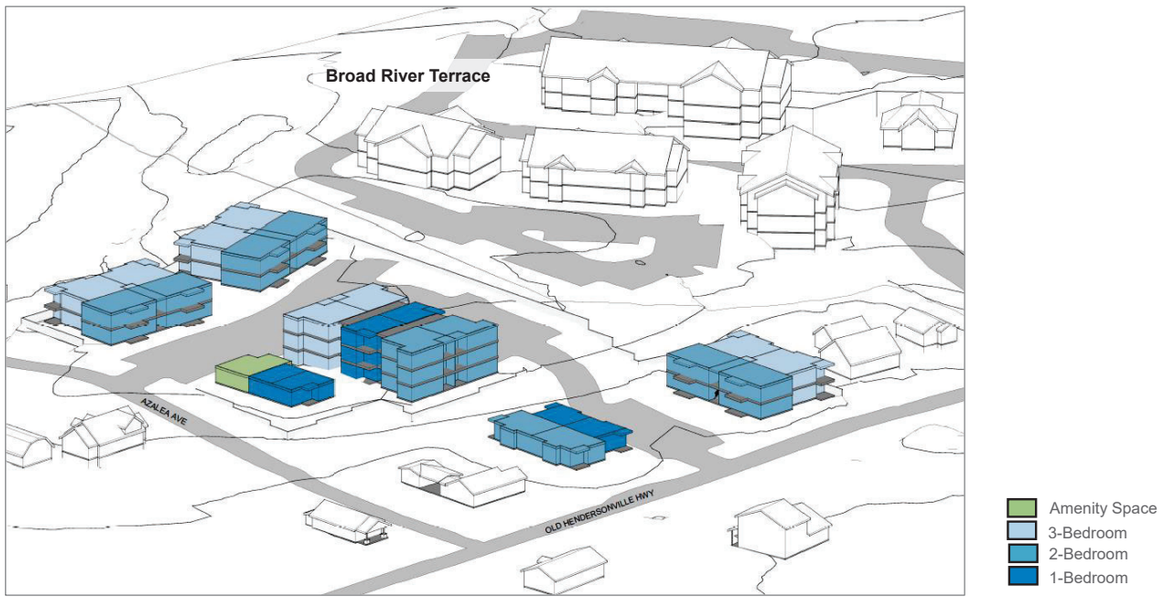
76 Parking Spaces

Estimated Development Cost: $16.5 M
- $344,000 per unit

Note: images are conceptual designs. Not final designs.



Development Option 2



Note: images are conceptual designs. Not final designs.

Option 2: Funding Overview

Project Funding Source	Est. Total ($)	% of Total
LIHTC Equity	$11,300,000	68%
Primary Loan	$3,200,000	19%
RPP Loan	$1,000,000	6%
Deferred Developer Fee	$300,000	2%
Estimated Funding Gap	$700,000	4%
Total	$16,500,000	100%

Land conveyance assumed at nominal rate and valued at approx. $1.1M.
All numbers are rounded estimates.



Azalea Avenue Site Public Interests

Affordable housing development on the Azalea Avenue site should…

1. optimize the number of new, quality rental units affordable to Brevard's low-to-moderate income households and the local workforce.
2. include access to green space and community amenities for residents.
3. attract as much private investment as possible to maximize the impact of public investment in affordable housing.
4. accommodate the City's sewer infrastructure extension into the Azalea/Rhododendron neighborhood.

Community engagement participation

Engagement Opportunity	Date/Time/Location	# of Attendees or Respondents
Online survey	Open to the public March 12-26, 2025	29
In-person session	March 12, 2025 at 2:00pm at Calvary Baptist Church	2
In-person session	March 12, 2025 at 5:30pm at Calvary Baptist Church	7
Virtual Session	March 13, 2025 at 5:30pm via Zoom	2

Community engagement findings

1. Participants confirmed that both Development Options 1 and 2 meet the guiding public interests.
2. A majority of participants preferred Development Option 2 based on overall look and feel.
   - minimal difference in overall unit count alongside a design that "looks more like a community"
3. Participants who preferred Development Option 1 noted how this design allows for the greatest number of new units and an efficient use of the site.
   - growing housing needs in Brevard, the limited land options to meet the need, and the lower cost per unit for this option
4. Participants agreed that the green space needs to be "programmed" and well maintained to encourage regular use and resident interactions.
5. Additional comments: traffic, bike/pedestrian safety, stormwater management

Development Option 2.1

Building Design:
- Two 3-story buildings
- Two 2-story buildings
- One 1-story building

Development Area: 2.20 acres

48 Units:
- 8 one-bedroom (17%)
- 20 two-bedroom (42%)
- 20 three-bedroom (42%)

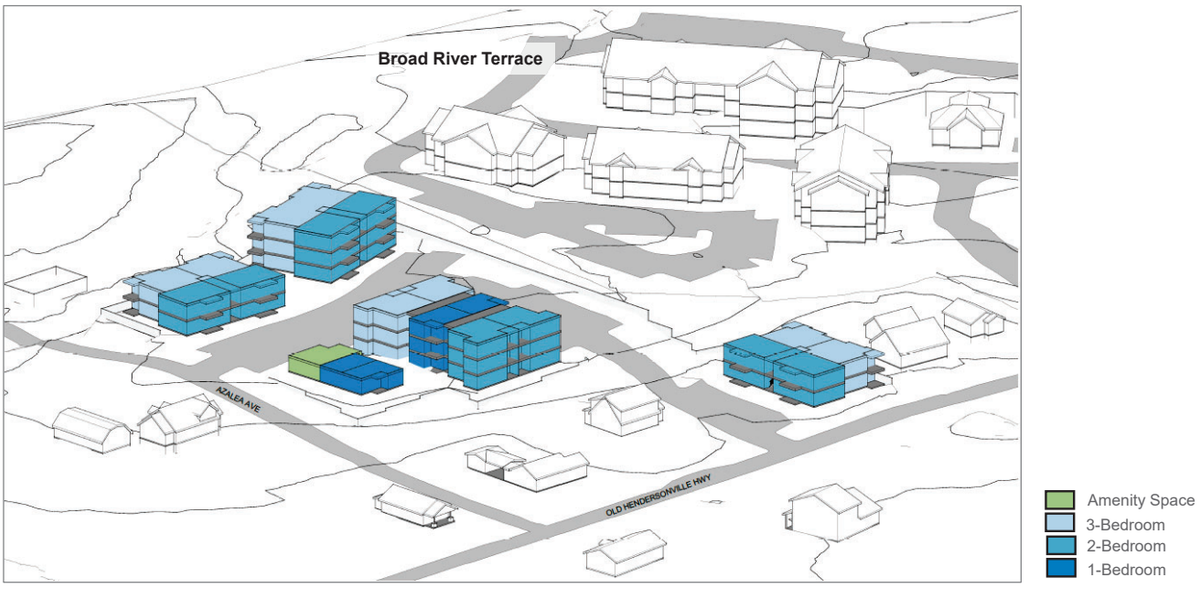
72 Parking Spaces

Estimated Development Cost: $16.5 M
- $344,000 per unit

Note: images are conceptual designs. Not final designs.



Development Option 2.1



Note: images are conceptual designs. Not final designs.

Option 2.1: Funding Overview

Project Funding Source	Est. Total ($)	% of Total
LIHTC Equity	$11,300,000	68%
Primary Loan	$3,200,000	19%
RPP Loan	$1,000,000	6%
Deferred Developer Fee	$300,000	2%
Estimated Funding Gap	$700,000	4%
Total	$16,500,000	100%

Land conveyance assumed at nominal rate and valued at approx. $1.1M.
All numbers are rounded estimates.



Preferred option and next steps

April 7

Select preferred development option

Summer 2025

Competitive Solicitation

Fall / Winter 2025

Select Qualified Development Partner(s)

Note: Timeframes are approximated.

Estimated Development Timeline

Pre-Development Assessment	Solicit and Select Qualified Development Partner(s)	Negotiate Development Agreement	LIHTC Application and Award	Construction
	6-8 months (2025)	12-18 months (2026/2027)	12-24 months (2027/2028)	12-18 months (2028/2029)

Sewer engineering and construction

Development Option Summary

Development Option 1 (58 units)



Development Option 2 (48 units)



Development Option 2.1 (48 units)



Development Option Summary







	Dev Option 1	Dev Option 2	Dev Option 2.1
Total Units	58	48	48

Estimated public investment			
Land Ground Lease or Conveyance	$1.1 M	$1.1 M	$1.1 M
Estimated Funding Gap	$0.8 M	$0.7 M	$0.7 M
Est. Total Public Investment	$1.9 M	$1.8 M	$1.8 M
Est. Total Public Investment per unit	*$33,000*	*$38,000*	*$38,000*

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THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

DEVELOPMENT FINANCE INITIATIVE

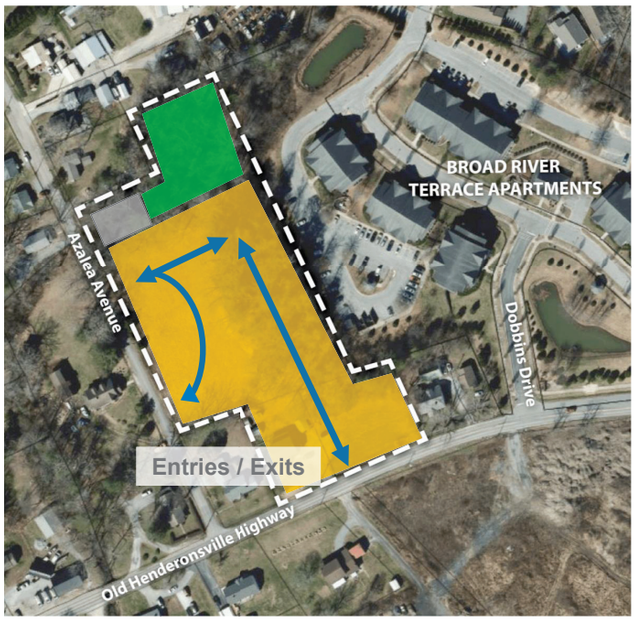
Appendix

Subtitle Goes Here



Azalea Avenue development considerations

- Road capacity of Azalea Avenue requires entry/exit on Old Hendersonville Highway
- Parking requirement limits the number of units (1.5 spaces/unit)
- Topography and soil makeup add to the development cost
- Re-zoning is required for future development
- Likely 9% LIHTC competitive, however, sewer extension is required upon application



Project affordability

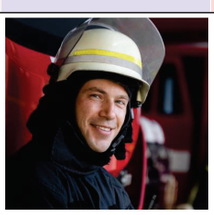
	40% AMI	50% AMI	60% AMI	80% AMI
Annual Income for 1 – 4 Person Households	$21k – $30k	$27k – $39k	$32k – $46k	$43k – $62k
Monthly Affordable Rent for 1 – 3 Bedroom Units	$580 – $800	$720 – $1,000	$870 – $1,200	$1,155 – $1,600



Senior Resident (Social Security Income)



Restaurant Server



Firefighter



Elementary School Teacher

Note: all income and rent numbers are rounded from original data source.

Source: HUD 2024

Project affordability

	40% AMI	50% AMI	60% AMI	80% AMI
Annual Income for 1 – 4 Person Households	$21k – $30k	$27k – $39k	$32k – $46k	$43k – $62k
Monthly Affordable Rent for 1 – 3 Bedroom Units	$580 - $800	$720 - $1,000	$870 - $1,200	$1,155 - $1,600
% of Units*	22%	22%	25%	31%

**Percentages represent approximates. Actual percentages vary for each site scenario.*

Note: all income and rent numbers are rounded from original data source.

Source: HUD 2024

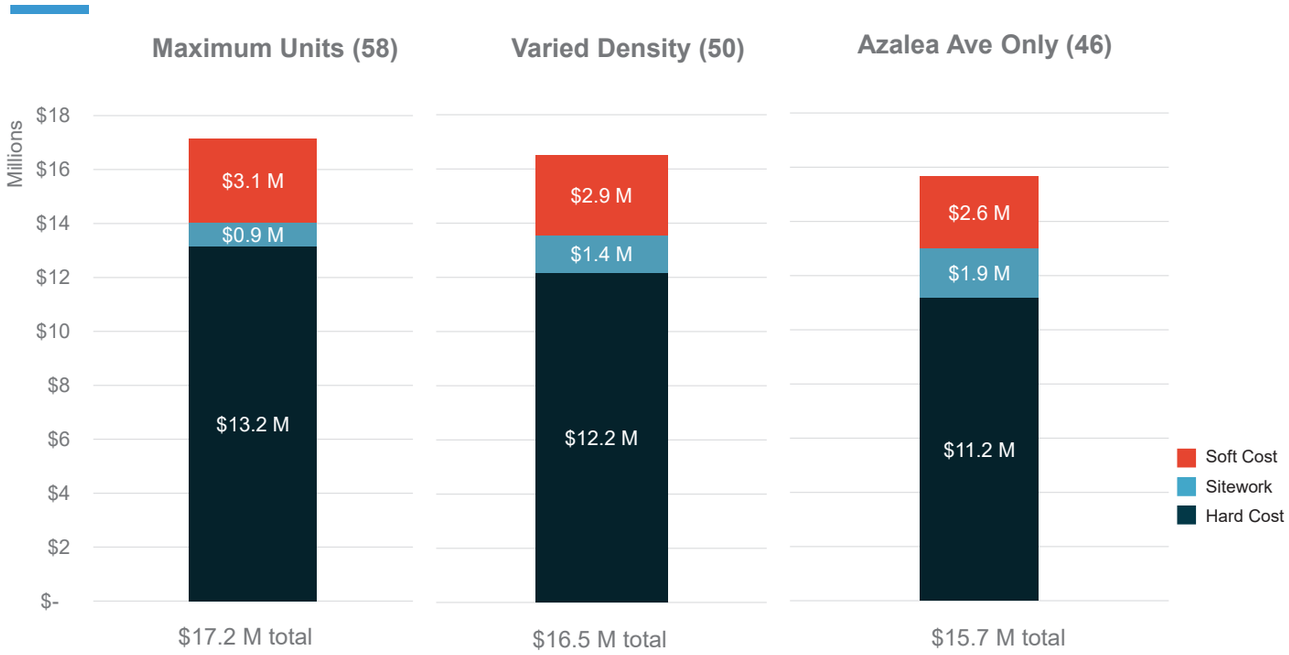
Key Assumption

Site Acquisition = $1.1M

Ground Lease or Conveyance = Nominal rate*

**See Tyler Mulligan, "Local Government Support for Privately Owned Affordable Housing," Coates Canons Law Blog (May 16, 2022).*

Scenario Development Cost Comparison



Development Option 1 floor layout





- Amenity Space
- 3-Bedroom
- 2-Bedroom
- 1-Bedroom

Development Option 2 floor layout



- Amenity Space
- 3-Bedroom
- 2-Bedroom
- 1-Bedroom

Development Option 3 floor layout



- Amenity Space
- 3-Bedroom
- 2-Bedroom
- 1-Bedroom