Haywood Street Community Development

West Haywood Street Project

Revised Housing Trust Fund Request

Asheville City Council
August 22, 2023

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Key Takeaways

- In February 2022, Asheville City Council authorized a land purchase agreement and Housing Trust Fund loan with Haywood Street Community Development for 45 affordable rental homes.
- Since that time, Haywood Street Community Development incorporated additional land into the development site and redesigned the building in order to address rising construction costs.
- The redesign of the development has resulted in changes to the affordability composition that require Council approval. Revisions include:
  - A reduction in the number of units from 45 to 41 (100% affordable).
  - Changes to AMI thresholds and bedroom mix.

Background - Project Funding

Organization	Type	Use	Amount
City of Asheville	Grant Grant HTF Loan	Purchase of Land Pre-Development Construction Total	$ 1,300,000 $ 296,000 $ 904,000 **$ 2,500,000**
Buncombe County	Loan	Construction	**$ 749,000**
Dogwood Heath Trust	Grant	Construction	**$ 2,000,000**

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Background

- Haywood Street Community Development (HSCD) redesigned the project and assembled a third parcel into the development, which allowed the building to be lower in height.
    - Site reconfiguration reduced overall construction costs and reduced the total number of units.
    - HSCD is also requesting revisions to the affordability and bedroom composition.
- Given those changes, HSCD seeks to revise the affordability levels in the previously approved $904,000 Housing Trust Fund Loan.
- Housing Trust Fund loan terms will remain the same:
    - No interest and deferred payments for the first 10 years;
    - Interest only at a rate of 1% for the next 10 years;
    - At year 20, the loan will either:
        - (1) Convert to an amortizing loan, paying principal and interest, on a 30 year amortization at a 1% interest rate, or
        - (2) The HTF principal will be repaid in full as part of a refinance of the total debt stack at the time.

Revised Unit & Income Mix

	Original Proposal	Revised Proposal
Total Units	45 units	41 units
Income Restrictions	23 units at 30% AMI 9 units at 60% AMI 13 units at 80% AMI	41 units at 80% AMI
Units reserved for Voucher holders (Deed Restricted)	23 units (30% and below) = 56% of total units	21 units (50% AMI and below) = 50% of total units, with the intent to exceed this goal and lease 90% of units (37) to voucher holders
Total Units by Bedrooms	24 - 1 bedroom units 18 - 2 bedroom units 3 - 3 bedrooms units	20 - 1 bedroom units 17 - 2 bedroom units 4 - 3 bedroom units

Staff Recommendation

Staff recommends approval based on the following:

- The project produces 41 apartment homes for individuals and families at or below 80% AMI and provides the ability for families to improve their income while remaining in the project.
- Fifty percent (50%), or 21 of the units will be reserved for voucher holders.
- HSCD intends to lease thirty-seven (37) of the units (90% of the total units) to voucher holders who have incomes at or below 50% AMI.
- Based on the benchmark of $80,000 per unit, the $60,976 per unit subsidy is reasonable for permanently affordable units.
- This project is deed restricted to permanent affordability, ensuring a long-term supply of affordable rental units at this location.

Committee(s)

This request was considered by the Housing and Community Development Committee of Council on Monday, August 21, 2023.

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Recommended Motion

Move to approve the revised affordability levels and unit count for the $904,000 Housing Trust Fund Loan for the Haywood Street Community Development project at 339, 343 & 357 West Haywood Street.

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