115 Fairview Road

Land Use Incentive Grant Request

Asheville City Council
December 12, 2023

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Key Takeaways

- Consideration of a LUIG application for 115 Fairview Road, 281-unit apartment complex.
- 20% of units (57 apartments) will be affordable for households at 80% AMI for 20 years. Half of the affordable units (29) will be set aside for voucher holders.
- Project qualifies for 16 years of taxes paid and the developer is requesting a 21-year grant due to additional construction expense and the location.
- Concerns were raised at HCD around who benefits from LUIG-funded units. The LUIG Policy will be evaluated through the Affordable Housing Plan process using Thrive Asheville's report and other considerations.
- Based on the current LUIG Policy, staff recommends a $4,560,000 LUIG for this project spread over a period of 18 years.

Project Background

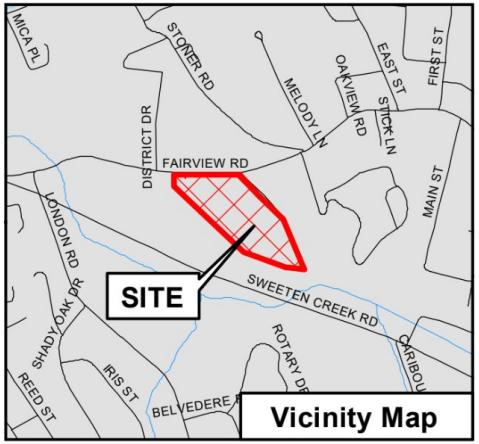
- The development consists of 281 apartments and community space and amenities for residents.
- Housing represents 100% of all rentable square footage.
- The project encompasses 8.25 acres of land on Fairview Road.
- The developer estimates a taxable value after construction at $79.9 Million (see attached application).
- Total estimated construction cost is $59,262,000 and total estimated project cost is $77,775,000.

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Unit Breakdown

Unit Type	Affordable Units	Market Rate Units	Total
Studio	33	20	51
1 Bedroom	8	130	137
2 Bedroom	15	64	79
3 Bedroom	1	13	14
Total	57	227	281

Project Location





Rendering from Fairview Road



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Point Summary

Benefit	Value
20% of units at or below 80% AMI	20 points
10% Rental Assistance	10 points
Housing for the Homeless by Name list	5 Points
Location Efficiency - .5 Mil transportation amenity + 1 mile from job center	10 points
Energy Efficiency: Energy Star + Green building certificate	15 points
Universal Design in 20% of units	10 Points
Building in a non - QCT Census Tract	10 Points
Total	**80 points = 16 year tax grant**

Additional Points Request

- Developer is requesting an additional 15 points for locational efficiency because there are multiple bus lines near the location, convenience stores and a 1.2 mile walk from the high school, 1.4 mile walk from Oakley Elementary.
    - *Policy does not provide adding points for multiple transportation amenities*
- Developer is also requesting an additional 10 points due to the presence of asbestos resulting in an additional $500,000 cost.
    - *LUIG policy does allow developers to request additional years due to site specific barriers or costs.*
- Developer is requesting a total of 21 years of the grant (105 points).
- **Staff recommends 18 years of total grant in response to the higher site development costs (additional 10 points).**

LUIG Specifics

- The parcel included in the project has a current tax value of $1,612,000 and pays city property taxes of approximately $6,496.36 annually.
- Under the estimated tax value of $79.9 million post-completion, the annual city property tax will be approximately $321,997.
- The difference is **$315,500 annually**, which exceeds the policy cap of $80,000 per unit for 57 units.
- The Developer is asking for the maximum subsidy of $80,000 per unit.
- **For an 18 year period, the City would pay $253,333 annually in incentive funding, for a total grant of $4,560,000.**

Committee Reviews

- The Housing & Community Development Committee reviewed this request on November 27, 2023.
- The Committee voted 1-2 on a motion of support for the request (motion failed).
  - Concerns aligned with the Thrive report were cited for the no votes.
  - There was also a concern about the need for more deeply affordable housing in the Oakley school district.
- The Policy, Finance and HR Committee will review this item on December 12.

LUIG Program Background

- The LUIG program was created to incentivize inclusion of affordable units at 80% AMI in projects that otherwise would have only offered market-rate rents.
- The LUIG Policy was not designed to produce units for lower income residents (50% AMI or less) without additional funding layers like vouchers or other sources.
- Over time the policy has been revised, slowly increasing the percentage of affordable units required, the length of the affordability period and adding in voucher acceptance to help serve those at 60% AMI and below.
- In 2019, the program's point structure was changed to make the longer affordability periods and higher numbers of affordable units feasible. Since that change, there has been an increase in the volume of LUIG requests.

Thrive Asheville Report Background

- Thrive Asheville received $135,000 in ARPA funding from the City for their landlord tenant partnership program and to study the outcomes of the Land Use Incentive Grant Program and Housing Trust Fund.
- As a part of the study, Thrive looked at census information for the city, including median household incomes by race, household size, and voucher data from the Housing Authority.
- Thrive also looked at City permit data, LUIG and Housing Trust Fund data to see where City funding has supported affordable units.

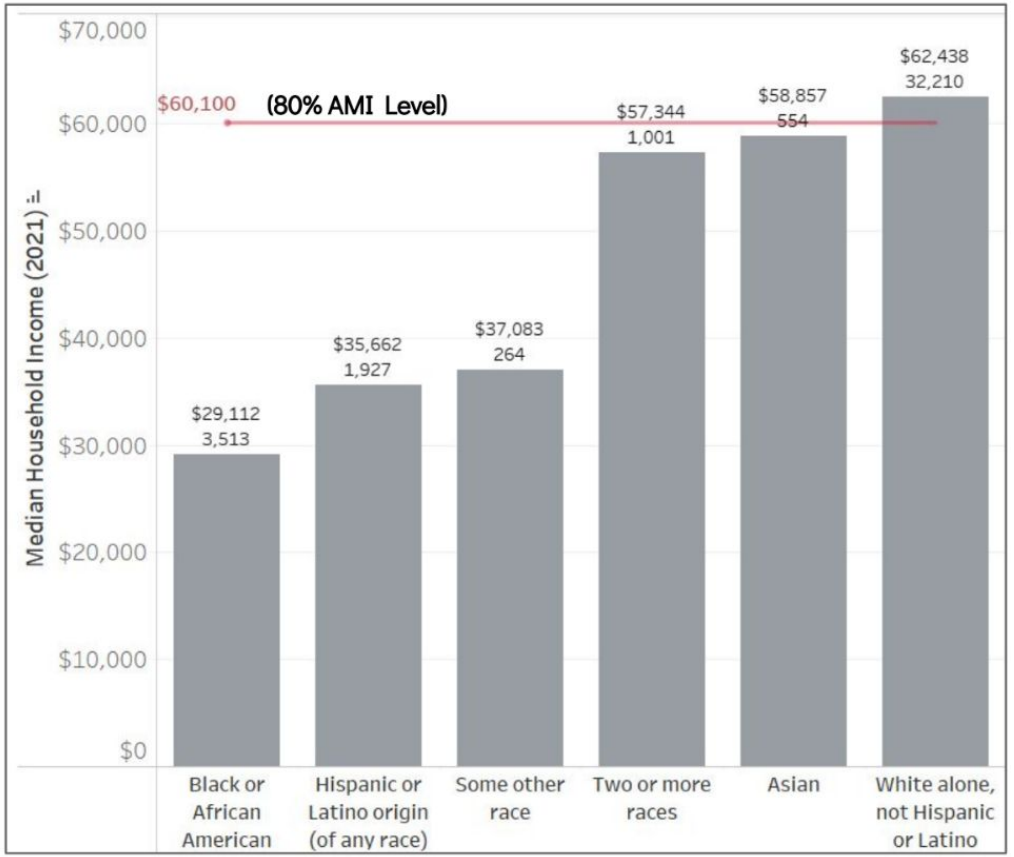
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Thrive Asheville Report Highlights

- The median income of African American and Latinx households is below the 50% AMI level for a family of four.

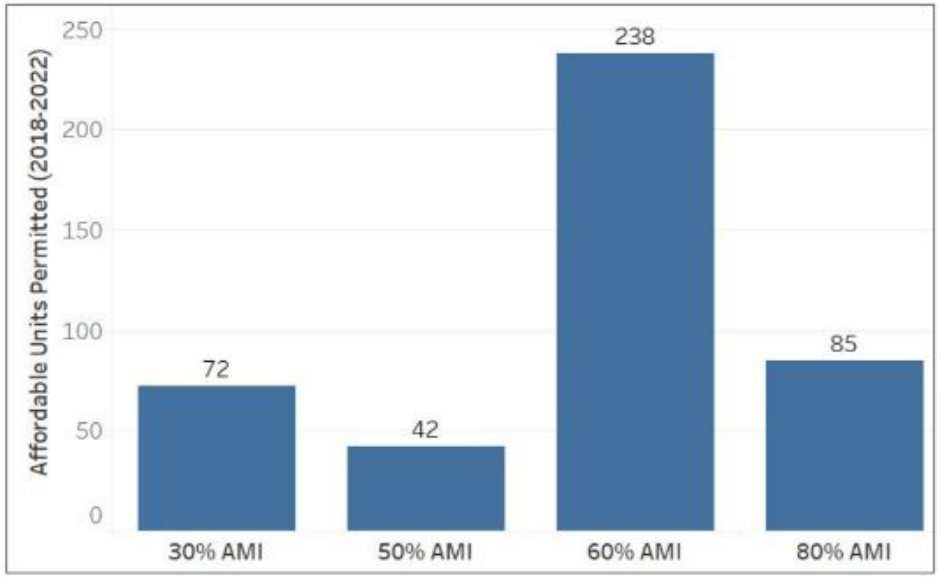
- 80% AMI for a family of four was $60,100 in Asheville (50% AMI was $37,550) (HUD data, 2021)

Note: The median incomes by race/ethnicity are not one particular household size.



Thrive Asheville Report Highlights

- This graph represents the use of different City tools to achieve different levels of affordability.
- Of the constructed, affordable units that the City approved between 2018-2022, the majority of units serve households at 60% AMI and below.



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Thrive Asheville Report & City Policies

- The conclusions written by Thrive were speculative, not definitive:

  “city housing investments that target incomes at higher ends of affordability (e.g. 60-80% AMI) ***likely*** *exacerbate racial and gender gaps in our community because our most underserved community members, on average, fall below this AMI band.”*

- Thrive recommended further research on these issues.

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LUIG Program Equity Assessment

- The City is currently working with Enterprise Community Partners on an Affordable Housing Plan.
- Updates to the Affordable Housing Plan will include recommendations on affordable housing incentives including LUIG and the Housing Trust Fund.
- Enterprise was selected partly because of its commitment to centering equity in its recommendations.
- Research and plan development is currently underway, staff expects to have recommendations back from Enterprise by May 2024.

115 Fairview Road

- The developer has offered to set aside 50% of the affordable units (29 units) for voucher holders.
  - Based on the Housing Authority data (Thrive study), 95% of Tenant Mobility Voucher holders have household incomes in the 0-30% AMI range and 44% of those voucher holders are African-American households.

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Recommendation

- Staff recommends approval of the Land Use Incentive Grant application for Catalyst Capital Partners at 115 Fairview Road for 18 years and a total grant of $4,560,000, with the provision that 29 units will be reserved for voucher holders and the developer will take actions to ensure good faith efforts to make units accessible to all qualified households who want to apply.

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