Fairhaven Summit

Land Use Incentive Grant Request

Asheville City Council
May 23, 2023

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Key Takeaways

- LUIG application for Fairhaven Summit, 3124 Sweeten Creek
- Low Income Housing Tax Credit Project, 100% affordable, with incomes averaging 58% to 60% AMI.
- 26% of units (20 apartments) will be set aside for Project Based Vouchers.
- The project is also bringing other benefits including rental assistance, affordability period of 30 years, energy efficiency, Universal Design and building in a non-QCT.
- Project qualifies for 21 years of taxes paid.

Project Background

- The development consists of 77 apartments and community space and amenities for residents.
- Housing represents 100% of all rentable square footage.
- The project encompasses 7.43 acres of land on Sweeten Creek Road.
- The developer estimates a taxable value after construction at $12,425,000 (see attached application).
- This project was also approved for a $500,000 Housing Trust Fund loan at the April 25, City Council meeting.

Project Background

- 26% of units (20 apts) are planned to receive Project-Based Vouchers serving families at or below the 30% AMI level who are currently receiving Housing Choice Vouchers or are on HACA's voucher applicant waiting list.
- An additional 12% of units will prioritize households participating in the state of North Carolina's KEY program, which serves very low- income households with disabilities who are in need of supportive services.
- Additional rental assistance programs that will be accepted include, but are not limited to, VASH homeless veteran vouchers, traditional HCV tenant-based vouchers, and tenant support through the local COC programming to enable households experiencing (or at risk of) homelessness to access safe and affordable housing.

Unit Mix with projected 2023-24 Rents and AMI Levels

UNIT TYPE	SIZE	# OF UNITS	AMI	GROSS RENT	SUBSIDY	TENANT RENT
1 bedroom / 1 bathroom	660	3	30	1,298	PBV	30% of income
		2	50	801	KEY*	734
		2	60	962		895
		5	80	1,282		1,215
2 bedroom / 1 bathroom	900	7	30	1,466	PBV	30% of income
		3	50	961	KEY*	878
		4	60	1,154		1,071
		11	80	1,538		1,455
3 bedroom / 2 bathroom	1,100	10	30	1,949	PBV	30% of income
		6	50	1,111	KEY*	1,013
		8	60	1,334		1,236
		16	80	1,778		1,680

Project Location



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Exterior Elevation



200 WAYMON BLVD.
SOUTH (FRONT) ELEVATION



Point Summary

- 100% of units affordable at or below 80% AMI (90 points)
- 30 years of affordability (10 points)
- 50% Low Income (20 points)
- 50% Rental Assistance (50 points)
- Energy Efficiency / Energy Star (5 points)
- Universal Design- 20% of units (10 points)
- Building in a non-QCT Census Tract (10 points)

Total Points: 195 points = 39 years of taxes granted to owner.
LUIG policy has a maximum of 21 years of payments (105 points)

LUIG Specifics

- The two parcels included in the project have a current tax value of $394,600 and pays city property taxes of approximately $1,590 annually.
- Under the estimated tax value of $12.43 million post-completion, the annual city property tax will be approximately $50,072.
- The difference is **$48,482 annually** which would be granted to the property owner annually after payment for **21 years**.

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LUIG Specifics

- For 21 years and 77 affordable units averaging below 60% AMI, the city will grant back a total of **$1,018,132** which equals **$13,222** per unit of subsidy which is lower than the estimate of up to $80,000 in subsidy as noted in the LUIG Policy.

- After year 21, the City will receive the approximate $50,072 annually in city tax revenue (depending on future property tax increases, etc.). Please note the City will still receive property taxes of approximately $1,590 per year in years 1 -21.

- With the Housing Trust Fund request, the total subsidy for this project will be **$1,518,132 million** or **$19,716** per unit.

- The County's Affordable Housing Committee recommended approval of $540,000 (in addition to a previous $1 million award) for Fairhaven. The City and County's investment in this project will be close to equal ($1.5 M each)

Committees

- The Housing & Community Development Committee reviewed and recommended approval of this LUIG on April 25, 2023 with a 3-0 vote.
- The Policy, Finance & HR Committee reviewed and recommended approval of the LUIG on May 9, 2023 with a 3-0 vote.

Recommendation

- Staff recommends approval of the Land Use Incentive Grant application for Commonwealth Development Corporation/ Fairhaven Summit at 3124/3130 Sweeten Creek Road.

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