157 New Leicester Highway

Land Use Incentive Grant Request

Asheville City Council
February 14, 2023

THE CITY OF ASHEVILLE

Key Takeaways

- LUIG application for 157 New Leicester Highway.
- Project committing 29 units (20%) to be affordable for 30 years at 80% or below.
- The project is also bringing other benefits including rental assistance, housing for the Homeless By-Name list, energy efficiency and green building certification and Universal Design.
- Project qualifies for 16 years of taxes paid.

Project Background

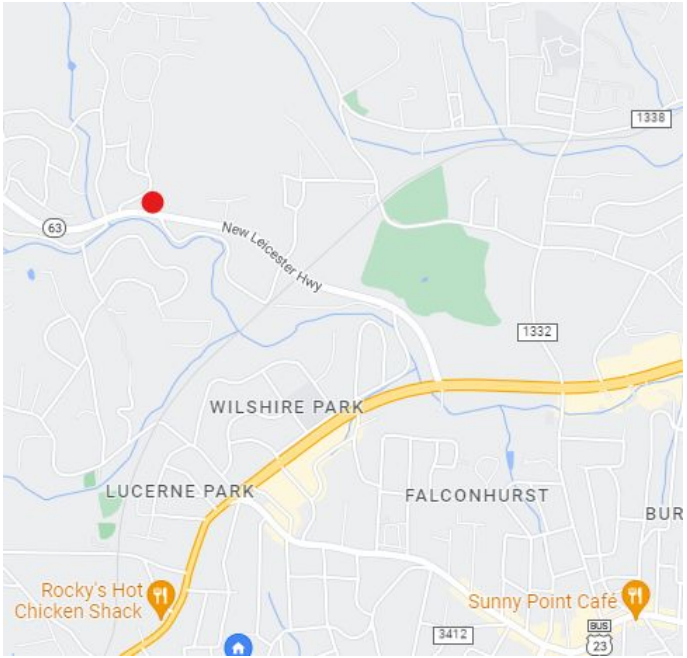
- The development consists of 141 apartments and community space.
- Housing represents 100% of all rentable square footage.
- The project encompasses 4.7 acres of land on New Leicester Highway.
- The developer estimates a taxable value after construction at $26.5 M (see attached application).
- The development is intended to serve residents 55 or older as defined by the Fair Housing Act.
- The prospective residents will need to be capable of living independently and planned on-site activities will cater to this age group.

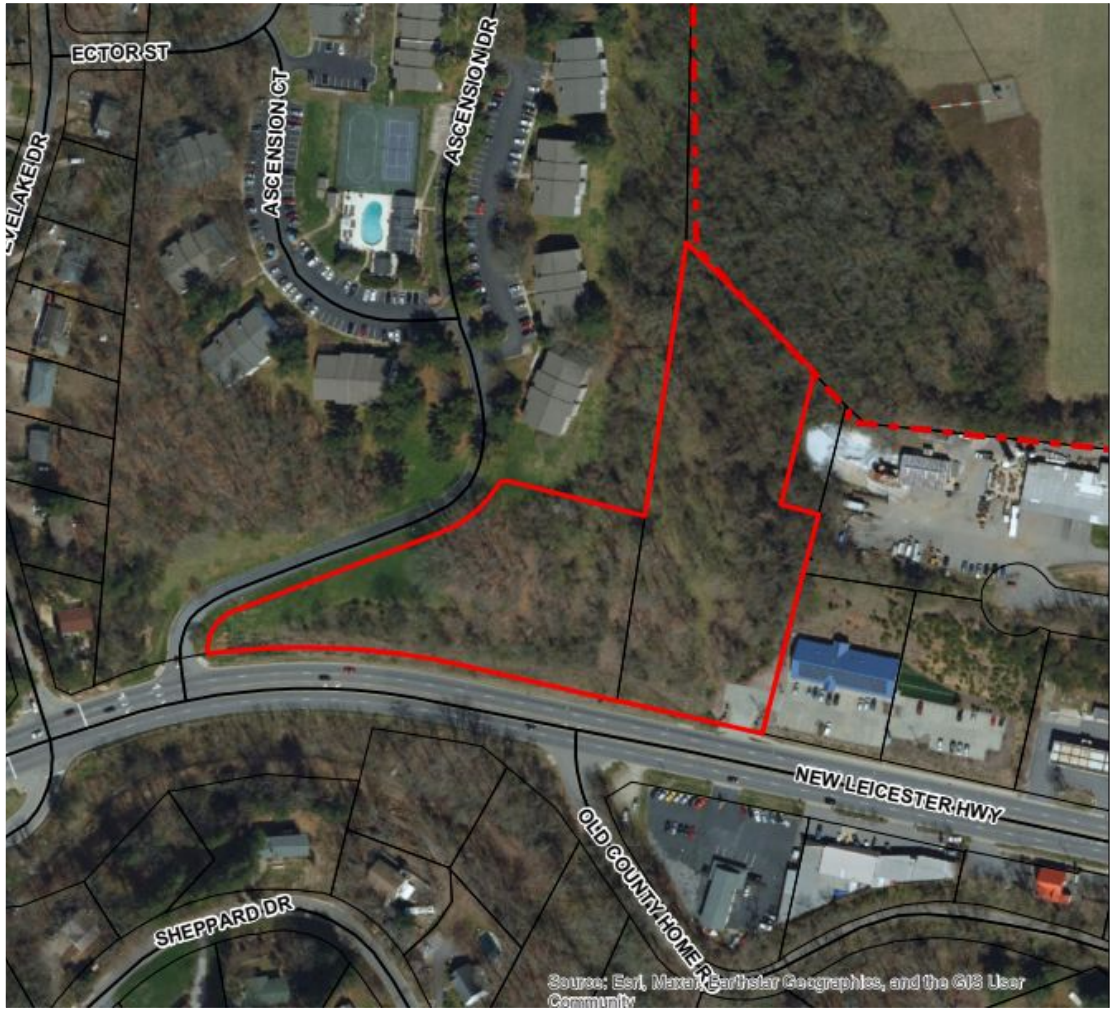
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Project Background

- Of the 141 residential units, 29 rental apartments (20%) will be affordable, serving individuals and families earning at or below 80% of the Area Median Income (AMI) for a minimum of **30 years**.
- Unit mix for affordable units is 15 one bedroom units and 14 two bedroom units.
- For the 112 market-rate units, tenants will need to earn 2.5x scheduled rents or demonstrate sufficient assets so that they are not “rent burdened.”
- The 29 affordable units will restrict occupancy and rents at 80% AMI levels.

Project Location





Exterior Elevation



3 BUILDING - REAR ELEVATION

2 BUILDING - FRONT ELEVATION (NEW LEICESTER HWY)



1 BUILDING - PARTIAL FRONT ELEVATION (NEW LEICESTER HWY)

Point Summary

- 20% of units affordable at 80% AMI (20 points)
- 30 years of affordability (10 points)
- 10% Rental Assistance (5 points)
- Housing for 1 person on the Homeless By-Name list (5 points)
- Location:
  - 1 mile from a job or urban center (5 points)
  - .5 mile from a transit amenity (5 points)
- Energy Efficiency / Energy Star (5 points)
- Energy Efficiency / green building (10 points)
- Universal Design- 20% of units (10 points)

Total Points: 80 points = 16 years of taxes granted to owner.

LUIG Specifics

- The two parcels included in the project have a current tax value of $316,700 and pays city property taxes of approximately $1,276 annually.
- Under the estimated tax value of $26.5 million post-completion, the annual city property tax will be approximately $106,795.
- The difference is $**105,519 annually** which would be granted to the property owner annually after payment for **16 years**.

LUIG Specifics

- For 16 years and 29 affordable units at or below 80% AMI, the city will grant back a total of $**1,688,299** which equals $58,217 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 16, the City will receive the approximate $106,795 annually in city tax revenue (depending on future property tax increases, etc.). Please note the City will still receive property taxes of approximately $1,276 per year in years 1 -16.

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Committee Review

- Housing and Community Development Committee reviewed the request on Wednesday, February 8, 2023, and voted 3-0 in favor of the Land Use Incentive Grant request.

- The Policy, Finance & Human Resources Committees is reviewing the request on February 14, 2023.

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Recommendation

- Staff recommends approval of a motion to approve the Land Use Incentive Grant application for Cohen-Esrey Development Group / 157 New Leicester Highway.

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