THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: April 11, 2023

Subject: Housing Authority Bond Issuance for Laurel Wood Apartments

Staff Resource(s): Jannice Ashley, Sr. Assistant City Attorney

Action Requested: Adoption of a resolution approving the issuance of bonds by the Housing Authority of the City of Asheville for Laurel Wood Apartments.

Background:

- The Asheville Housing Authority was created by the City of Asheville in 1940 in accordance with Chapter 157 of the NC General Statutes.
- It is a public body and is independent from the City with its own powers as outlined in North Carolina General Statute Chapter 157.
- The Housing Authority is governed by a Board of Commissioners, consisting of 7 members, who serve for a 4 year term and are appointed by the Mayor of the City of Asheville.
- The Internal Revenue Service requires that any bonds issued by the Housing Authority for developments such as the one described herein, have the financing plan approved by the City Council, following a public hearing with respect to such plan.
- Laurel Wood VOA Affordable Housing , LLC (the "Borrower") has requested that the Asheville Housing Authority (the "Issuer") issue up to $11,855,000 in multifamily housing revenue bonds for the acquisition and rehabilitation of a 51-unit affordable rental development for seniors known as Laurel Wood Apartments and the construction of 54 additional, affordable units on the site to become part of Laurel Wood Apartments located at 650 Caribou Road in Asheville, a 14.72 acre parcel identified as PIN 9657-10-3768 in the Buncombe County Registry.
- The existing 51 units are all one-bedroom and are located within one building that was built in 1999.
- The 54 new units will be located in a new building to be constructed on site and will include 42 one-bedroom units and 12 two-bedroom units.
- All 105 units in the development will be rent and income restricted at 40,50,60 and 80% of area median income.
- The new affordability period will be at least 30 years.
- The property has been well maintained and managed by National Housing Corporation "NHC" (a wholly owned subsidiary of Volunteers of America National Services "VOANS"); the new owner will be a subsidiary of VOANS.
- Construction is scheduled to commence in July 2023 and has an expected completion date of December 2024.
- Staff notes that approval does not obligate the City in any way to issue or pay for the bonds, or for any debt taken on by the developer.
- The Asheville City Council previously approved a $1.5 million Housing Trust Fund loan with 2% interest deferred for a period of 30 years for this project at their September 27, 2022 meeting.

Council Goals:

- Quality Affordable Housing

Pro(s):

- 51 units of affordable senior housing will be preserved and renovated and 54 additional affordable senior housing units will be constructed.
- The new affordability period will be at least 30 years.

Con(s):

- None.

Fiscal Impact:

- This action requires no City resources and has no fiscal impact.

Suggested Motion:

- Motion to adopt a resolution approving the issuance by the Housing Authority of the City of Asheville of up to $11,855,000 of multifamily housing revenue bonds to provide financing for Laurel Wood Apartments and to satisfy Section 147(f) of the Internal Revenue Code.

Attachment(s):

- Resolution
- Public Hearing Certification
- Property Location Map

RESOLUTION NO. 23-___

RESOLUTION APPROVING THE ISSUANCE OF UP TO $11,855,000 MULTIFAMILY HOUSING REVENUE BONDS TO PROVIDE FINANCING FOR LAUREL WOOD APARTMENTS TO SATISFY SECTION 147(f) OF THE INTERNAL REVENUE CODE

WHEREAS, the City Council (the "City Council") of the City of Asheville, North Carolina (the "City") met in Asheville, North Carolina at 5:00 p.m. on the 11th day of April, 2023; and

WHEREAS, the Housing Authority of the City of Asheville (the "Issuer") has tentatively agreed to issue its multifamily housing revenue bonds in one or more series in an amount not to exceed $11,855,000 (the "Bonds"), for the purpose of providing financing to Laurel Wood VOA Affordable Housing, LLC, a North Carolina limited liability company, or an affiliated or related entity (the "Borrower") for the acquisition and rehabilitation of a 51-unit qualified residential rental project (as defined in Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code")) for seniors known as Laurel Wood Apartments and the construction of 54 additional units on the site to become part of Laurel Wood Apartments (collectively, the "Development"); and

WHEREAS, the Development is located at 650 Caribou Road in the City of Asheville, North Carolina; and

WHEREAS, Section 147(f) of the Code requires that any bonds issued by the Issuer for the Development may only be issued following a public hearing with respect to such bonds and after approval of the plan of financing by the City Council of the City; and

WHEREAS, on March 22, 2023, the Issuer held a public hearing with respect to the issuance of the Bonds to finance, in part, the Development (as evidenced by the Certificate and Summary of Public Hearing attached hereto) and has requested the City to approve the issuance of the Bonds as required by the Code; and

WHEREAS, the City has determined that approval of the issuance of the Bonds is solely to satisfy the requirement of Section 147(f) of the Code and shall in no event constitute an endorsement of the Bonds or the Development or the creditworthiness of the Borrower, nor shall such approval in any event be construed to obligate the City for the payment of the principal of or premium or interest on the Bonds or for the performance of any pledge, mortgage or obligation or agreement of any kind whatsoever which may be undertaken by the Issuer, or to constitute the Bonds or any of the agreements or obligations of the Issuer an indebtedness of the City, within the meaning of any constitutional or statutory provision whatsoever;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE, NORTH CAROLINA:

1. The proposed issuance by the Housing Authority of the City of Asheville of its multifamily housing revenue bonds in one or more series an amount not to exceed $11,855,000 to finance, in part, the costs of the acquisition, rehabilitation, construction and equipping of the Development described above by the Borrower is hereby approved for purposes of Section 147(f) of the Code.

2. This resolution shall take effect immediately.

Read, approved and adopted this the 11th day of April, 2023.

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CITY CLERK MAYOR

Approved as to form:

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CITY ATTORNEY

CERTIFICATION

I, Magdalen Burleson, City Clerk of the City of Asheville, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council for the City of Asheville, North Carolina, in regular session convened on April 11, 2023.

WITNESS my hand and the corporate seal of the City of Asheville, North Carolina, this the 11th day of April, 2023.

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City Clerk

(SEAL)