Commonwealth Development
Fairhaven Summit
Sweeten Creek Road

Revised Housing Trust Fund Request

Asheville City Council
December 12, 2023

THE CITY OF ASHEVILLE

Key Takeaways

- Council funded this project as a part of the FY23-24 Housing Trust Fund cycle and approved $500,0000 on April 25, 2023.
- The project is 100% affordable and includes 77 units, with a mix of incomes (30%, 50%, 60% and 80% AMI), averaging 60% AMI and below.
- Commonwealth Development Corp is requesting an additional $475,000 for their Low Income Housing Tax Credit (LIHTC) project on Sweeten Creek Rd.
- The additional funds are need to cover the gap created by increased interest rates.
- Staff recommends approval by HCD and City Council.
- City Council will consider this item on December 12, 2023.

Fairhaven Summit

Project Description: 77 units serving families on Sweeten Creek Road

Project Type: Rental apartments, 9% LIHTC development (NCHFA 2021 award)

Developer: Commonwealth Development Corporation

Request: $475,000 in additional HTF financing for a total HTF contribution of **$975,000.**

This request can be reduced to **$375,000 (total of $875,000)** if the US Treasury 10-Year Yield is below its current 4.9% rate at the time of rate lock.



Loan Terms: 20-year maturity; payments deferred, but 2% interest compounds annually; 3rd lien position; $1,232,778 due at maturity.

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

Fairhaven Summit Financing Sources	77 Units			
HTF Request	$975,000			
HTF Request Per Unit	$12,662			
			% of TDC	**per unit**
First Mortgage		9,393,000	41.06%	121,987
Buncombe County		1,235,000	5.40%	16,039
Asheville HTF		975,000	4.26%	12,662
Asheville HOME		400,000	1.75%	5,195
Refund Rate Lock Deposit		201,950	0.88%	2,623
LIHTC Equity		10,181,552	44.51%	132,228
Deferred Developer Fee		488,690	2.14%	6,347
	TDC	$22,875,192	100%	
	TDC Per Unit	$297,080		

Committees

- The Housing and Community Development Committee reviewed this request on November 27, and voted 3-0 to recommend approval.

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Pro(s):

- 77 affordable units for families, 30 years of affordability.
- The requested HTF subsidy is $12,662 per unit, based on the full $975,000 request.
- The loan will be less that 5% of the total development cost, leveraging several other funding sources.
- The 20-year term will allow for the initial LIHTC compliance period to expire while motivating the developer to apply for new LIHTCs to update the property and refinance the debt.
- Aligns with an Asheville Consolidated Plan goal of prioritizing rental housing affordable to 60% of AMI and below.

Concerns:

- This request is out of cycle with other Housing Trust Fund requests.

Staff Recommendation

- Staff recommends approval based on the following:
  - Construction of 77 new affordable units for a range of incomes - from 30% AMI to 80% AMI.
  - Supports families with a mix of one, two, and three-bedroom units.
  - Twenty units will be set aside for project-based vouchers and eleven (11) units will utilize the KEY program for low income residents with disabilities who are in need of supportive services.
  - The requested City of Asheville HTF loan will comprise 4.26% of total development cost, well below the 10% cap.

Suggested Motion

- Move to recommend that the Asheville City Council approve Commonwealth Development's request for an additional $475,000 in funds, for a total Housing Trust Fund loan of $975,000, to construct 77 new affordable apartments.

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