THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: August 22, 2023

Subject: Housing Authority Bond Issuance for Vanderbilt Apartment

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 Vanderbilt 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.
- Vanderbilt (TC2) Senior Housing Limited Partnership, a North Carolina limited partnership (the "Borrower") has requested that the Asheville Housing Authority (the "Issuer") issue up to $18,000,000 in multifamily housing revenue bonds for the acquisition and rehabilitation of a 123-unit affordable rental development for seniors known as Vanderbilt Apartments located at 75 Haywood Street in Asheville, a 0.5 acre parcel identified as PIN 9649313184 in the Buncombe County Registry.
- Vanderbilt Park consists of one 9-story building, with 123 units (42 studios and 81 one-bedroom units). In addition the building includes offices for supportive services and on-site management, as well as a community room and laundry facility.
- The building was originally constructed in the early 1920s as the George Vanderbilt Hotel. The property was converted to housing in 1969 and last underwent a substantial renovation in 2006. The building does not have an historic designation.
- The renovations to be completed with this financing include kitchen upgrades and replacement of appliances, bathroom upgrades, replacement of HVAC systems, replacement of windows as needed, upgrades to common areas, repair of parking areas, and accessibility improvements.
- 62 units will continue to be restricted to households earning 50% or less of Area Median Income ("AMI") and the remaining 61 units will continue to be restricted to households earning 60% or less of AMI.
- The new affordability period will be at least 30 years.
- National Church Residences is the developer and manager of this project and is an affiliate of the owner.
- Construction is scheduled to commence in November 2023 and has an expected completion date of November 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.

Council Goals:

- Quality Affordable Housing

Pro(s):

- 123 units of affordable senior housing will be preserved and renovated.
- 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 $18,000,000 of multifamily housing revenue bonds to provide financing for Vanderbilt 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 $18,000,000 MULTIFAMILY HOUSING REVENUE BONDS TO PROVIDE FINANCING FOR VANDERBILT 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 22nd day of August, 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 $18,000,000 (the "Bonds"), for the purpose of providing financing to Vanderbilt (TC2) Senior Housing Limited Partnership, a North Carolina limited partnership, or an affiliated or related entity (the "Borrower") for the acquisition and rehabilitation of a 123-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 Vanderbilt Apartments (the "Development"); and

WHEREAS, the Development is located at 75 Haywood Street 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 July 26, 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 $18,000,000 to finance, in part, the costs of the acquisition, rehabilitation 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 22nd day of August, 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 August 22, 2023.

WITNESS my hand and the corporate seal of the City of Asheville, North Carolina, this the 22nd day of August, 2023.

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City Clerk

(SEAL)