Affordable Housing Bond Allocation

Asheville City Council

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Key Takeaways

- Voters approved a $25 million Affordable Housing Bond in 2016.
- Affordable Housing Bond Investments to-date total $18.5 million, including:
  - **32.5** acres purchased or under contract
  - **403** affordable units constructed
  - **197** affordable units in the pipeline to be constructed
- The Housing Trust Fund has been a successful tool in leveraging Affordable Housing Bond funding.
- Staff is proposing to use the remaining funds for planning and pre-development as well as for Housing Trust Fund related projects. This recommendation was unanimously supported by the Housing & Community Development Committee.
- Housing Trust Fund Policy revisions are currently in development and will be reviewed by City Council later this calendar year.

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Lessons Learned

- Investing in capacity building for new non-profit organizations (ABCLT & Haywood Street CD) takes time to pay off.
- Policies need to be in place to guide decision making prior to program creation or implementation.
- The Housing Trust Fund has seen the most straightforward success and highest leverage of Affordable Housing Bond funding.

BOND Funded - Housing Trust Fund
Budget: $5 Million

	# of Units	Total
Amaranth Apartments	70	$1,200,000
360 Hilliard	34	1,400,000
Swannanoa Bend/ Simpson Street	70	1,300,000
Habitat Scattered Site Homes	8	860,000
Homeward Bound - Michigan Avenue	11	240,000
Allocated Bond Funds Total Bond Funds Spent Remaining Committed Bond Funds Remaining Uncommitted Bond Funds		$ 5,000,000 $ 4,341,658 $ 658,342 $ 0

Housing Trust Fund - Current Status

Available Funds for Allocation as of 8/1/22	$3,000,000
16 Restaurant Court / MHO project (approved 8/23/22)	-$850,000
Laurel Wood Apartments (approved 9/27/22)	-$1,500,000
Official rescinding of previous Restaurant Ct loan Forthcoming (11/15/22)	+1,000,000
Current Balance of HTF Funds Available	$1,650,000

(Before additional transfer of bond funds)

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Remaining Affordable Housing Bond Funds

2016 Affordable Housing Bond	$25,000,000
Housing Trust Fund Allocation	-$5,000,000
Land Banking	-$3,000,000
ABCLT	-1,000,000
City owned Land	-$8,035,000
Deaverview Phase I	-$1,465,000
Balance of Available Affordable Housing Bond Funds	**$6,500,000**

Recommendation for Remaining $6.5 Million in Bond Funds

- Reserve $500,000 for planning and pre-development activities on City-owned land
- Allocate $6.0 million to the Housing Trust Fund
    - Staff will recommend Housing Trust Fund Policy refinements to City Council later this calendar year.
        - Policy revisions under consideration include:
            - Adding guidelines for land acquisition
            - Including provisions for the redevelopment of Urban Renewal properties
            - Aligning the funding cycle with Buncombe County
            - Partnering on the implementation of a down payment assistance program

Current Housing Trust Fund Eligible Uses

- Construction of new housing for sale or rental, including land acquisition and hard costs.
- Conversion or adaptive reuse of existing non-residential structures for housing.
- Purchase and rehabilitation of existing substandard multifamily housing units
- Purchase and rehabilitation or conversion of market rate multifamily developments to affordable housing.
- Manufactured housing and modular construction.
- Construction of container homes, tiny homes, and other innovative housing structures.
- Down payment assistance loans, as long as funds are not forgiven.

Current Housing Trust Fund Restrictions

- Housing Trust Funds are not available for individuals seeking to build or renovate their own home.
- A minimum of 20% of the total project units must be affordable for the proposed development.
- Affordable units that have been pledged to the City in exchange for a density bonus, conditional zoning or other special consideration will be ineligible.
- Projects must be located within the Asheville City limits to be eligible for assistance.

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Process for Affordable Housing Bond Allocation Review

- AHAC Policy Review - October 6
- HCD Formal Vote on Bond Allocation - October 18
- City Council Formal Authorization of Bond Allocation - October 25
- HTF Policy Considerations - November / December 2022

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Housing and Community Development Review

- The HCD Committee reviewed the proposal on October 18, 2022 and voted 2-0 in support of the proposal.

- The Committee expressed interest in using a portion of the remaining Affordable Housing Bond Funds for a site readiness program, down payment assistance, and funding land acquisition in previously redlined areas.
  - These concepts will be addressed as part of the Housing Trust Fund Policy discussions later this calendar year.

AHAC Review of Proposal

- Affordable Housing Advisory Committee (AHAC) recommended that the Housing and Community Development Committee approve allocating $6 million of the remaining Affordable Housing Bond funds to the Housing Trust Fund, and $500,000 to planning activities for city owned property.

- AHAC requested that staff prioritize the focus of reallocated bond funds to Housing Trust Fund on down payment assistance and encouraging the redevelopment of sites within the Urban Renewal and redlining maps.

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Requested Action:

Adoption of a resolution to allocate $6.0 million from the remaining 2016 Affordable Housing Bond funds to the Housing Trust Fund, and the accompanying budget amendment in the amount of $6.0 million.

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Questions?

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