Volunteers of America - Laurel Wood Apartments
650 Caribou Road

Housing Trust Fund Request

City Council
September 27, 2022

THE CITY OF ASHEVILLE

Key Takeaways

- Volunteers of America (VOA) is requesting $1,500,000 for a Low Income Housing Tax Credit (LIHTC) project at 650 Caribou Road.
- VOA is requesting a loan with 2% interest and deferred for a period of 30 years, secured with a Deed of Trust.
- Project is 100% affordable with 54 new units and 51 existing units (total of 104 units plus a property manager unit), with a mix of incomes at 80% Area Median Income (AMI) and below.
- The developer has engaged the Shiloh neighborhood and made adjustments to their site plan in response to the feedback received.
- Staff recommends approval by City Council.

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Background

- The Laurel Wood Apartment Project will build 54 new affordable rental apartments and renovate 51 existing units in the Shiloh neighborhood (one existing unit is for the property manager).
- The site comprises 14.73 acres
- The units will be a mix of 1 and 2 bedrooms
- The project is 100% affordable, with an affordability mix ranging from 40% AMI to 80% AMI.



650 Caribou Rd.

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Request for Funding

- Laurel Wood Apartments provides housing for seniors and will continue to serve this population following the rehabilitation and expansion project.
  - Upon project completion, the population served will be households aged 55+.
- Volunteers of America is requesting a loan of $1.5 million with 2% interest and deferred for a period of 30 years, secured with a Deed of Trust.
  - $2,717,042 in principal and interest would be due at maturity.
- The affordability period will be in perpetuity.

Proposed Unit & Income Mix

Count	Bedrooms	Bathrooms	SF	% of AMI
15	1 BDR	1BATH	560	40%
35	1 BDR	1BATH	560	50%
8*	1 BDR	1BATH	660	60%
27*	1 BDR	1BATH	660	80%
7**	1 BDR	1BATH	660	60%
5**	2 BDR	2BATH	900	40%
5*	2 BDR	2BATH	900	80%
2*	2 BDR	2BATH	900	60%

*New Construction
**New Construction and set aside for Housing Choice Voucher holders

Note: There is one existing additional unit that is for the property manager not included in the table.

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Proposal - Sources of Funding

Source	Amount	Terms	Percentage of TDC
1st Permanent Mortgage	8,370,000	16 year, 5%	36.87%
2nd Mortgage Asheville HTF	1,500,000	30 year, 2%, deferred	6.61
3rd Mortgage Buncombe County Loan	800,000	20 year, 2%, deferred	3.52
LIHTC Syndication Proceeds	8,857,282	In perpetuity low income affordability compliance	39.01
Seller Note	2,610,000	In perpetuity - Concurrent with LIHTC low income affordability compliance	11.5
Deferred Developer Fee	*563,159*	To be paid according to NC Housing Finance Agency guidelines	2.49
Total	**$22,700,441**		**100%**

Analysis - Housing Trust Fund Policy

- Project is renovating 50 existing units and constructing an additional 54 units, resulting in 104 total units that are 100% affordable serving households aged 55+.
    - The project also includes one existing manager unit, which will also be rehabilitated.
- Affordability period will be in perpetuity.
- Under the current proposal for $1.5 million, the subsidy is $27,777 per unit if only counting the new construction units. The subsidy is $14,400 if counting 104 units.
- The City's portion of the total development costs represents 6.6%, which is good leverage of City dollars.
- At loan maturity date, repayment of funds will total $2,717,042

Analysis - Housing Trust Fund Policy

- Under the Housing Trust Fund Policy, special terms are available to projects where 100% of the units are for households at or below 60% AMI.
  - This project has 30% of the units for those at 80% AMI.
  - The average income of residents is 60% AMI, complying with North Carolina Housing Finance Agency guidelines.

- Exception: Updated request is over the $1 million Housing Trust Fund Policy cap.

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Committee Review

- Housing and Community Development Committee reviewed the request on Tuesday, September 20, and voted 3-0 in favor of the Housing Trust Fund request.

Staff Recommendation

- Staff recommends approval based on the following:
  - Refurbishment of an existing 51 unit, senior affordable housing facility (will serve households aged 55+ after construction) that has operated successfully for three decades
  - Construction of 54 new affordable units
  - Set-aside of six new construction units for Housing Choice Voucher holders
  - The requested City of Asheville HTF loan will comprise 6.6% of total development costs
  - VOA is a longstanding affordable housing owner/operator in our community with a proven track record.

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