110 River Hills Road

Land Use Incentive Grant Request

City Council
November 15, 2022

THE CITY OF ASHEVILLE

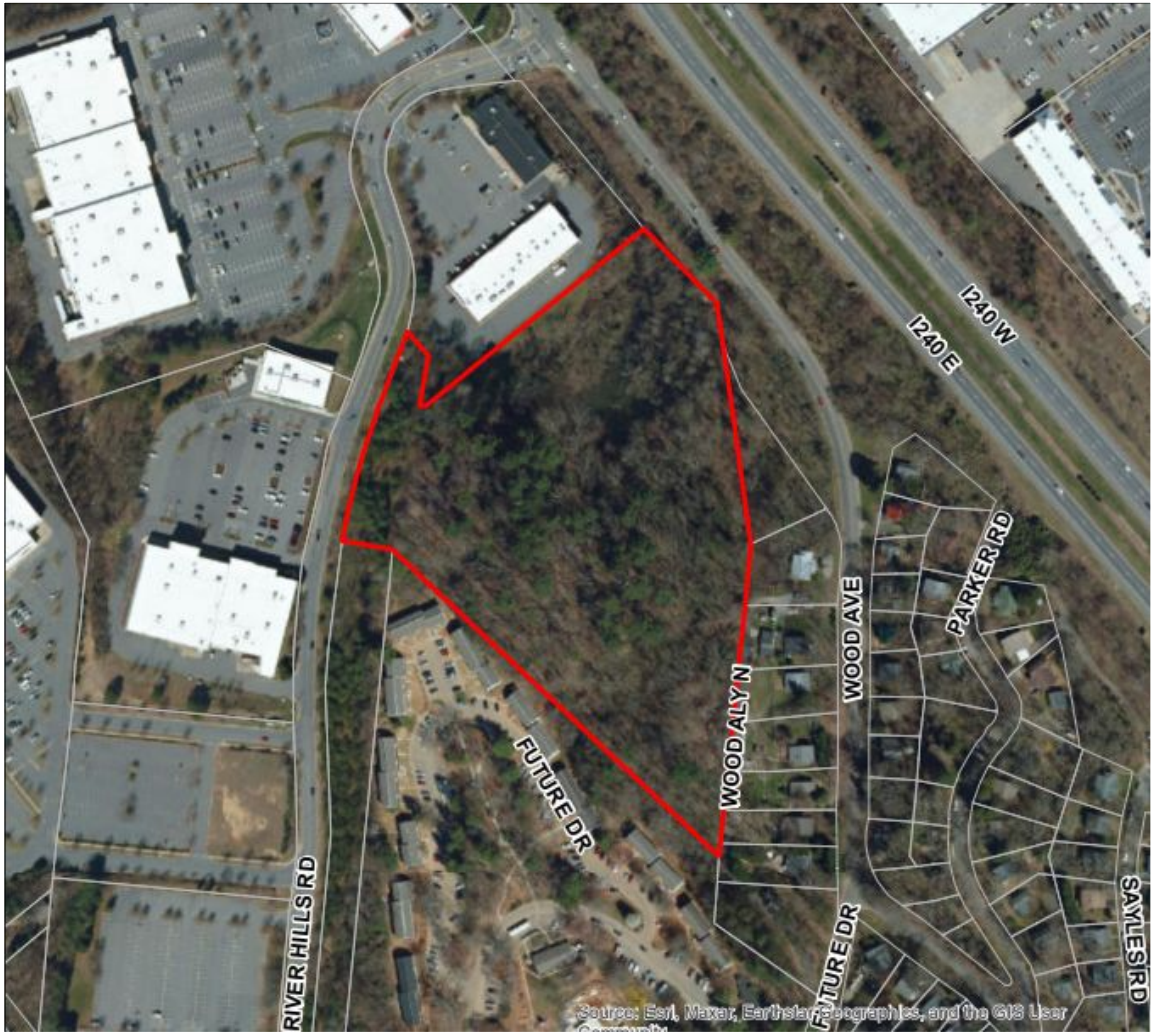
Key Takeaways

- The Land Use Incentive Grant (LUIG) Program is an affordable housing incentive grant based on a development's increased tax value.
- LUIG application was submitted by Orange Capital Advisors LLC for 153 apartment units at 110 River Hills Road.
- The project is committing 31 units (20%) to be affordable for 20 years at 80% Area Median Income (AMI) or below.
- The project is also bringing other benefits including:
  - Rental Assistance (includes housing for the Homeless By-Name list)
  - Housing Choice Vouchers
  - Solar Panels
  - Universal Design
- The proposed development qualifies for a 17-year grant.

Project Background

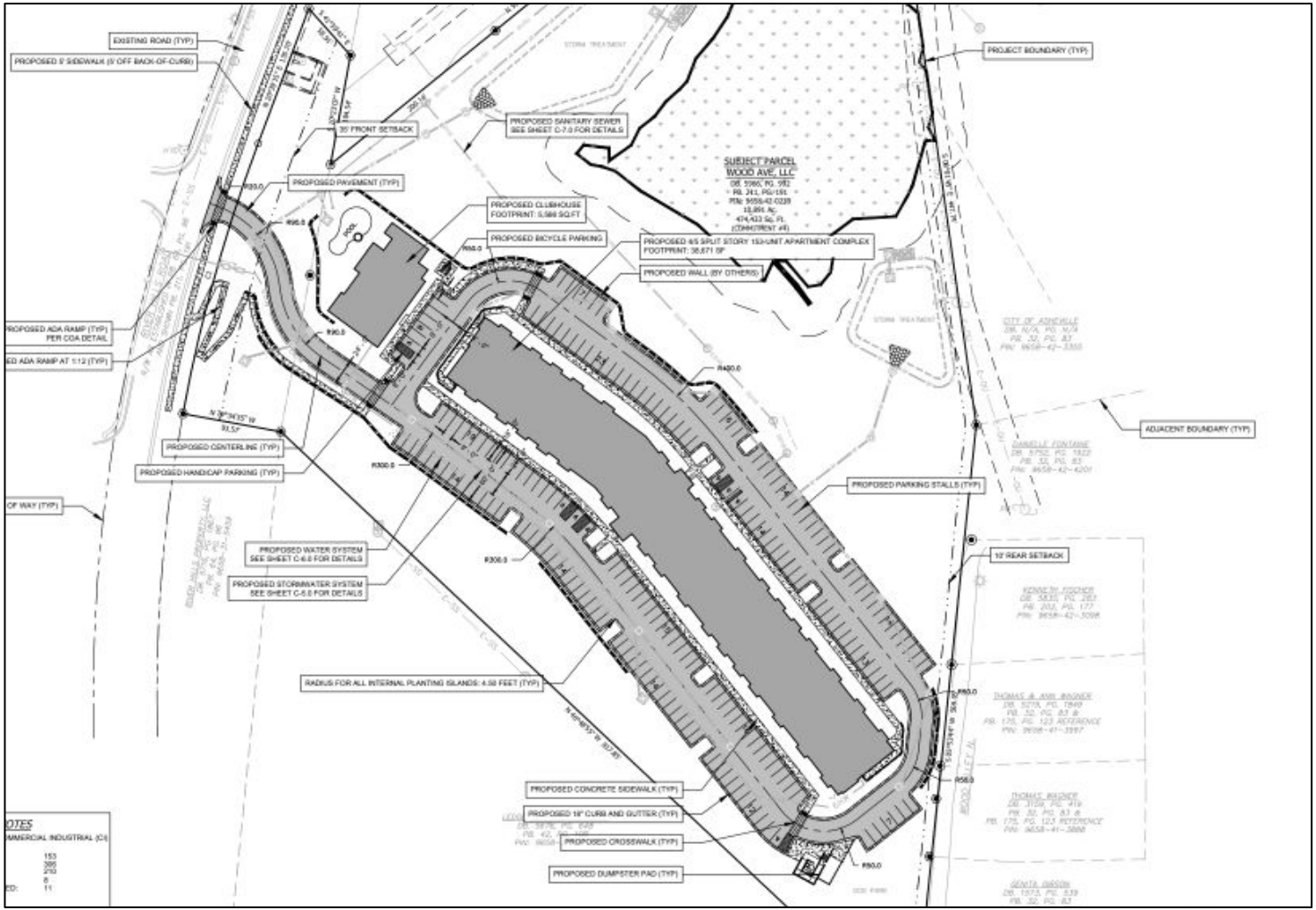
- Proposed development consists of 153 apartments and community space.
  - The affordable units will be a mix of one and two bedroom apartments, with 17 one bedrooms and 14 two bedroom units.
- Housing represents 100% of all rentable square footage.
- Of the 153 apartments, 31 units (20%) will be affordable, serving individuals and families earning at or below 80% of the Area Median Income (AMI) for a minimum of 20 years.
- The project encompasses 10.9 acres of land on River Hills Road.
- The current estimated taxable value after construction is $36.7 million.

Project Location



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Project Site Plan



Land Use Incentive Grant Point Summary

- 20% of units affordable at 80% AMI (20 points)
- 10% Rental Assistance (5 points)
- Housing for one person on the Homeless By-Name List (5 points)
- Location:
  - 1 mile from a job or urban center (5 points)
  - .5 mile from a transit amenity (5 points)
- Energy Efficiency / Energy Star (5 points)
- Energy Efficiency / solar panels (15 points)
- Universal Design- 20% of units (10 points)
- Building in a Non- Qualified Census Tract (10 points)

Total Points: 85 points = 17 year grant period

Vouchers

50% of the affordable units (16 units) must accept Housing Choice Vouchers

- Housing Choice Vouchers help people at or below 50% AMI.
  - These residents come from the Housing Authority.
  - The household pays 30% of their income, but the voucher makes up the difference.
- Our area currently has **85** vouchers that are going unused because of a lack of units that accept them.
- When someone finds a unit, they make space for another household on the public housing waiting list.
- Housing Choice Voucher units actually help 2 households.

LUIG Application Specifics

- The project parcel has a current taxable value of $563,600 and pays City property taxes of approximately **$2,271** annually.
- Using an estimated taxable value of $36.7 million post-completion, the annual City property tax will be approximately $148,153.
- The difference is $145,882 which would be granted back to the property owner annually, after payment, for a period of 17 years.
- Total grant is estimated at **$2,480,000** over the 17 years of the LUIG.
- Subsidy then equals **$80,000 per unit**, which is the maximum recommended in the existing LUIG policy.
- After year 17, the grant period will end and the City will receive approximately $148,153 annually in additional City tax revenue (depending on future property tax value and rates, etc.)

Recommendation

- Housing and Community Development Committee approved 2-0 on October 18
- Finance and Human Resources Committee approved 3-0 on October 25.
- Staff recommends approval of the Land Use Incentive Grant application for Orange Capital Advisors / 110 River Hills Road.

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