THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: October 25, 2022

Subject: Allocation of Remaining Affordable Housing Bond Funds

Staff Resource(s): Sasha Vrtunski, Affordable Housing Officer
Nikki Reid, Community & Economic Development Director

Action Requested: 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.

Background:

- In 2016, the voters approved a General Obligation Bond for Affordable Housing in the amount of $25 million.
- Earlier this year, staff reported to the Housing & Community Development Committee (HCD) on the Affordable Housing Bond investments, totaling $18.5 million, resulting in:
    - 32.5 acres purchased or under contract
    - 403 affordable units constructed
    - 197 affordable units in the pipeline to be constructed
- In accordance with legal requirements and in compliance with the Local Government Commission (LGC), bond funds must be allocated within a seven year period, which ends in November 2023.
- The City is planning to issue the remaining bonds in spring 2023.
- Once allocated, the funds do not have to be expended right away.
- The Housing Trust Fund has shown to be an efficient way for the City to leverage the production of affordable units.
- It is a flexible funding source that can be used to support a range of housing types and populations.
- Under the current policy, Housing Trust funding may be loaned/spent for the following purposes:
    - Development of Affordable Rental and For-Sale Housing
    - Substantial rehabilitation of existing units.
    - Down Payment Assistance
    - Land Acquisition
- Over the next few months, staff will be reviewing the Housing Trust Fund Policy and bringing forward some potential changes for City Council consideration.

Proposal

- To meet the bond allocation requirements and leverage the successful outcomes as seen by the City's Affordable Housing Trust Fund, staff recommends allocating $6 million of the remaining bond funds into the Housing Trust Fund.
- Staff also recommends utilizing $500,000 for future planning of city-owned land for affordable housing, which includes the Cedar Hill/Deaverview parcels.
- Staff is also working to more closely align the Housing Trust Fund funding cycle with Buncombe County's funding schedule.

- Ideas and proposals for specific uses of the Housing Trust Fund such as Site Readiness or Land Acquisition will be further developed over the coming months and can be incorporated into future HTF policy revisions.

Committees:

- HCD heard this item at their September 20 meeting and gave feedback. The committee asked AHAC for feedback on three issues: land acquisition in previously redlined areas, a site readiness program and down payment assistance.
- 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 a priority 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.
- HCD heard the feedback from AHAC and voted 2-0 on October 18 to approve the allocation of remaining bond funds.

Council Goal(s):

- Quality Affordable Housing
- An Equitable and Diverse Community

Pro(s):

- Allocating the funds will allow the city to fully utilize the bond funding and to issue the remaining bonds next calendar year (2023).
- This allocation lays the foundation for HTF decision-making and planning over the next 1-2 years.
- Staff is working to align the Housing Trust Fund process with Buncombe County, and will have a call for proposals later this year.

Con(s):

- None noted

Fiscal Impact:

- This action will allocate an additional $6.0 million of Affordable Housing General Obligation Bond funding to the Housing Trust Fund, aligning with the planned issuance of remaining GO debt.

Suggested Motion:

- Move to approve 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.

Attachment(s):

- HCD Presentation - March 2022
- HCD Presentation - September 2022
- Resolution
- Budget Amendment

RESOLUTION NO. 22-_____

RESOLUTION APPROVING THE ALLOCATION OF AFFORDABLE HOUSING BOND FUNDS TO THE HOUSING TRUST FUND AND PLANNING FOR CITY-OWNED PROPERTY

WHEREAS, the City of Asheville has the authority pursuant the Local Government Bond Act, to Article 4 of Chapter 159 of the North Carolina General Statutes, to issue bonds for the purposes of loans, grants, interest supplements and other programs of financial assistance to persons of low income, or moderate income, or low and moderate income, and developers of housing for persons of low income, or moderate income, or low and moderate income; and

WHEREAS, on November 8, 2016, the voters of the City of Asheville approved Affordable Housing Bonds in the amount of $25 million and approximately $6.5 million remain; and

WHEREAS, the Asheville Housing Trust Fund, a fund established by the City in 2000, which has proven to be a successful tool for leveraging affordable housing units for persons at or below 80% of the Area Median Income in the community, is a eligible use for the Affordable Housing Bond funds under Chapter 159-48 (d) of the North Carolina statutes; and

WHEREAS, the City has purchased over 20 acres of land for affordable housing through the bond funding, and owns other land that can also be used for housing, and additional planning and analysis needs to be performed on these parcels of land; and

WHEREAS, allocating the funds to both the Housing Trust Fund and for purposes of planning for affordable housing will allow the City to fully utilize the bond funding for the purposes intended by the bond resolution and to issue the remaining bonds next year (2023); and

WHEREAS, the allocation lays the foundation for Housing Trust Fund decision-making and planning over the next 1-2 years;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

Of the $6.5 million of the remaining Affordable Housing bond funds, $6,000,000 are allocated to the Housing Trust Fund and $500,000 will remain in the bond fund to be used to further plan and develop city owned property.

Read, approved and adopted this 25th day of October, 2022.

_____ _____

City Clerk Mayor

Approved as to form:

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City Attorney

ORDINANCE NO. _____

BUDGET ORDINANCE AMENDMENT

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE

That Section 1 of the City of Asheville FY 2022-23 Budget Ordinance be amended to allocate $6,000,000 of Affordable Housing Bond funds to the Housing Trust Fund.

HOUSING PARTNERSHIP FUND

Revenues:

Transfer from Capital Projects Fund	$6,000,000

Appropriations:

Contingencies	$6,000,000

That this ordinance shall be in full force and effect upon the date of final passage.

Read, approved and adopted this 25th day of October, 2022.

_____ _____

City Clerk Mayor

Approved as to form:

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City Attorney