THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: September 27, 2022

Subject: Housing Authority Bond Issuance for Battery Park Apartments

Staff Resource(s): Jonathon Jones, Community Development Manager
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 Battery Park.

Background:

- Battery Park (TC2) Senior Housing Limited Partnership (the "Borrower") has requested that the Asheville Housing Authority (the "Issuer") issue up to $20,000,000 in multifamily housing revenue bonds for the acquisition and rehabilitation of Battery Park Apartments.
- Battery Park is a 100% subsidized senior housing community for residents aged 62 and older, located at 1 Battle Square in downtown Asheville, consisting of one, 14-story building with 122 affordable apartments (113 one-bedrooms and 9 two-bedrooms).
- The building was originally constructed in the early 1920s as the Battery Park Hotel and underwent an extensive adaptive reuse in the 1980s to allow for affordable housing.
- The property has been listed on the National Register of Historic Places since 1977.
- The property has been well maintained and managed by National Church Residences, but has not undergone a substantial renovation since 2005.
- The rehabilitation will address critical capital needs of the building to improve safety, accessibility and extend its useful life.
- All 122 units at Battery Park are currently, and will continue to be, covered by a long-term Section 8 Housing Assistance Payment project-based subsidy making them affordable to households at and below 60% AMI.
- Construction is scheduled to commence in September 2022 and will have a duration of approximately 16 months.
- The Internal Revenue Service requires that any bonds issued by the Housing Authority for developments such as this have the financing plan approved by the City Council, following a public hearing with respect to such plan.
- 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):

- 122 units of affordable senior housing will be preserved and renovated.

Con(s):

- None.

Fiscal Impact:

- This action requires no City resources and has no fiscal impact.

Suggested Motion:

- Motion to adopt a resolution approving in principle the issuance by the Housing Authority of the City of Asheville of up to $20,000,000 of multifamily housing revenue bonds for the acquisition and rehabilitation of Battery Park Apartments.

Attachment(s):

- Resolution
- Public Hearing Certification
- Property Location Map

RESOLUTION NO. 22-___

RESOLUTION APPROVING THE ISSUANCE OF UP TO $20,000,000 MULTIFAMILY HOUSING REVENUE BONDS TO PROVIDE FINANCING FOR BATTERY PARK 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 27th day of September, 2022; and

WHEREAS, the Housing Authority of the City of Asheville, North Carolina (the "Issuer") has tentatively agreed to issue its multifamily housing revenue bonds in an amount not to exceed $20,000,000 (the "Bonds"), for the purpose of financing the acquisition, rehabilitation and equipping by Battery Park (TC2) Senior Housing Limited Partnership, a North Carolina limited partnership, or an affiliated or related entity (the "Borrower"), of a multifamily residential rental facility for seniors known as Battery Park Apartments (the "Development"); and

WHEREAS, the Development consists of approximately 122 units located in one residential building at 1 Battle Square, Asheville, North Carolina; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), requires that any bonds issued by the Issuer for the Development may only be issued after approval of the plan of financing by the City Council of the City following a public hearing with respect to such plan; and

WHEREAS, on July 27, 2022, 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 an amount not to exceed $20,000,000 to finance, in part, the costs of 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 27th day of September, 2022.

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CITY CLERK MAYOR

Approved as to form:

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CITY ATTORNEY