THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting: September 27, 2022

Subject: Housing Trust Fund Request for Volunteers of America
Laurel Wood Apartments, 650 Caribou Rd.

Staff Resource(s): Kevin Lynn, Affordable Housing Specialist
Sasha Vrtunski, Affordable Housing Officer

Action Requested: Adoption of a resolution approving the Volunteers of America's (VOA) request for a $1.5 million Housing Trust Fund (HTF) loan with 2% interest and deferred for a period of 30 years and secured with a deed of trust, for the purpose of developing affordable housing.

Background:

- VOA Asheville is pursuing a Low Income Housing Tax Credit development project for the rehabilitation and expansion of the existing Laurel Wood Apartments, located at 650 Caribou Road in the Shiloh neighborhood.
- As part of the facility's rehabilitation and expansion, VOA is requesting a $1.5 million loan from the Housing Trust Fund with 2% interest, deferred for a period of 30 years to help finance the project.
- Total repayment to the Housing Trust Fund at maturity is estimated at $2,717,042.
- VOA provides affordable housing to seniors at the Laurel Wood Apartments and will continue to serve this population with the expanded facility.
- Laurel Wood Apartments currently provides affordable rental housing to individuals aged 62 and above.
- Following the facility expansion, housing will be made available to individuals aged 55 and above.
- Upon completion, the project will comprise 104 total units.
- The rehabilitation and expansion project will result in the rehabilitation of 50 existing one bedroom units and the construction of 54 new units that will be a mixture of one bedroom and two bedroom units.

Proposal

- The rents will range in affordability from 40% of (Area Median Income) AMI to 80% of AMI, the average rent will be 60% of AMI
- VOA's $1.5 million Housing Trust Fund request represents 6.6% of proposed total development costs.
- The timeline for the project includes starting construction late fall 2022 and completing construction in spring 2024.
- 12 of the new units will be set aside for project-based vouchers.

Unit Mix/Affordability/Accessibility Matrix

Count	Bedrooms	Bathrooms	SF	% of AMI
15	1BDR	1BATH	560	40%
35	1BDR	1BATH	560	50%
8*	1BDR	1BATH	660	60%

27*	1BDR	1BATH	660	80%
7**	1BDR	1BATH	660	60%
5**	2BDR	2BATH	900	40%
5*	2BDR	2BATH	900	80%
2*	2BDR	2BATH	900	60%

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

Permanent Financing

Source	**Amount**	**Terms**	**Percentage of Total Development Costs**
1st Permanent Mortgage Boston Capital	$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 Boston Capital	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 NCHFA guidelines	2.49
Total	**$22,700,441**		**100%**

Housing Trust Fund Policy Compliance

Generally, the application falls within the Housing Trust Fund Policy. The developer is requesting special terms, and the average income of the project is at 60% AMI. The one exception to the policy is that the amount requested is above the current $1 million cap in the policy.

1. Maximum Loan Amount: The maximum loan amount available to each developer from the Housing Trust Fund is $20,000 per affordable unit, and the maximum loan per project is $1,000,000, unless otherwise approved by City Council due to unique features in the project that warrant terms outside of this policy (i.e. permanent affordability, location efficiency, etc.).

- The per unit subsidy is $14,300 if the loan is spread to cover the construction total of 104 units.

Council Goal(s):
- Quality Affordable Housing
- An Equitable and Diverse Community

Committee(s):
- Housing & Community Development - 9-20-22 - 3-0 to move to City Council

Pro(s):
- This funding will support the development of affordable housing units in the City.
- Affordability period will be in perpetuity
- This project aligns with the City of Asheville's Consolidated Plan goals of prioritizing rental housing affordable to 60% AMI and below.

Con(s):
- The project exceeds the current $1 million cap in the Housing Trust Fund Policy.

Fiscal Impact:
- Staff estimates that the current available balance in the Housing Trust Fund is approximately $2.15 million.
- If City Council approves this $1.5 million appropriation there will be an estimated available balance of approximately $650,000.
- Staff expects the previous Restaurant Court/Beaucatcher Vistas project funding to be rescinded, which would add $1 million to the total available funds, for a total of $1.65 million.

Staff Recommendation:
Staff recommends approval based on the following:
- Refurbishment of an existing 50 unit, affordable senior housing facility (will serve households aged 55 and over after the rehabilitation and expansion project is complete) that has operated successfully for three decades
- Construction of 54 new affordable units
- Set-aside of twelve new construction units for project based vouchers.
- Asheville HTF loan will represent 6.6% of total development costs.
- VOA is a longstanding affordable housing owner/operator in our community with a proven track record nationwide.

Suggested Motion:
- Move to recommend approving the Volunteer of America's request for a $1,500,000 Housing Trust Fund loan to construct 54 new affordable apartments and rehabilitate 50 affordable existing units for seniors.

Attachment(s):
- HTF Application
- Resolution

RESOLUTION NO. 22-_____

RESOLUTION APPROVING THE HOUSING TRUST FUND LOAN AWARD REQUESTED BY VOLUNTEERS OF AMERICA TO ALLOW THEM TO DEVELOP MULTIFAMILY APARTMENTS AT 650 CARIBOU ROAD

WHEREAS, on September 2, 2000, the City Council of the City of Asheville first appropriated funds and adopted policies and detailed program guidelines for administering a Housing Trust Fund to assist in the development and preservation of affordable housing in the City; and

WHEREAS, Volunteers has requested an $1,500,000 Housing Trust Fund (HTF) loan for the rehabilitation of fifty (50) existing affordable apartments and development of fifty four (54) new apartments, which will be made available to individuals and households at or below 80% of Area Median Income (AMI), and an average AMI of 60% or below will be maintained for the development as a whole. Twelve (12) of the new units will accept Housing Choice Voucher holders; and

WHEREAS, the Affordable Housing Staff has determined that the current affordable housing development proposed by Volunteers of America qualifies for a Housing Trust Fund Loan under the current policy; and

WHEREAS, the $1,500,000 will go to the construction costs of the project and will be secured with a Deed of Trust; and

WHEREAS, the HTF loan shall be an interest only loan accruing interest at 2% annually, with no monthly payments due until repayment at the end of the thirty (30) year term; and

WHEREAS, the City Council's Housing and Community Development Committee reviewed the request from Volunteers of America for a Housing Trust Fund loan at its September 20, 2022, meeting, and recommended that City Council approve the loan request;

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

A Housing Trust Fund loan in the amount of $1,500,000, interest only loan amortizing at 2.0% interest with payment deferred for a term of thirty (30) years, to Volunteers of America for the rehabilitation of 50 apartments and construction of 54 new multifamily apartments located at 650 Caribou Road, PIN 9657-10-3768. All of the apartments (both rehabilitated and new) will be restricted to individuals and households earning 80% or less of the Area Median Income (AMI), and the average income for the development will be 60% or less of Area Median Income. ; and the City Manager is hereby authorized to negotiate and execute any and all documents necessary to give effect to this approval.

Read, approved and adopted this 27th day of September, 2022.

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City Clerk Mayor

Approved as to form:

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City Attorney