THE CITY OF ASHEVILLE

STAFF REPORT

Committee Meeting: June 22, 2021

Subject: $2 Million Funding for Acquisition of Days Inn

Staff Resource(s): Nikki Reid, Interim Community & Economic Development Director
Paul D'Angelo, Community Development Program Director
Marybrook Cox, Community Development Analyst - HTF

Action Requested: Motion to support Homeward Bound in its purchase of the Days Inn located at 201 Tunnel Road.

Background:

- Homeward Bound is proposing a permanent supportive housing (PSH) apartment project for our homeless population.
- The agency intends to acquire the Days Inn located at 201 Tunnel Road.
- This project will be an adaptive reuse of the existing motel and will create 85 affordable housing rental units for people experiencing chronic homelessness.
- The motel sits on a 2.95 acre site and contains 128 guest rooms in two, 2 story buildings.
- Homeward Bound will convert 85 of the 128 rooms into permanent supportive housing units by adding a small kitchenette to each of the 85 units.
- The remaining rooms will be converted into office space for case managers, program managers, clinical staff, a permanent supportive housing director, and other agency staff. Space will also be provided for community partners to deliver on-site supportive services to residents.
- A Phase 1 Environmental Review / Environmental Assessment has been conducted with no findings.
- Housing units are targeted to special needs and underserved populations.
- This is a critical strategy in ending chronic homelessness and a key component of the Continuum of Care, providing an exit from homelessness for people with the most complex needs.
- The project will be affordable housing in perpetuity with a deed reflecting this agreement.
- The total project cost is estimated at approximately $12.6 million with $6.5 million associated with property acquisition.
- The requested funding, as outlined below, will be used entirely for property acquisition.
- Homeward Bound anticipates closing on the property by August 14, 2021.
- Homeward Bound is seeking funding from the following sources for acquisition:

Funding Source - Acquisition	**Amount**
City of Asheville	$2,000,000
Dogwood Health Trust	$2,000,000
Buncombe County	$2,000,000
Private Donor	$500,000
TOTAL	$6,500,000

Homeward Bound anticipates needing $6,900,000 to upfit the property for Permanent Supportive Housing & $1,214,262 in annual operation costs, with annual revenues anticipated at $1,236,900.

- Homeward Bound has requested that the City's funds be structured as a grant to Homeward Bound in the amount of $2 million for acquisition costs to provide 85 permanent supportive housing units.
- While the City has not determined the source of funds, the City is committed to providing formal approval, recognizing that Homeward Bound hopes to close on this acquisition by August 14, 2021, and that the lives of the chronically homeless in our community will greatly benefit by expediting this project.
- The City understands that this commitment is important for Homeward Bound as it seeks other governmental/HUD sources of support for acquisition and renovation.

Council Goal(s):
- An Equitable and Diverse Community
- A Well-Planned and Livable Community
- Quality Affordable Housing

Committee(s):
- Housing & Community Development Committee - May 18, 2021 - Approval 3-0

Pro(s):
- This funding would support 85 permanent supportive housing units.
- The proposed project is targeted to end homelessness for at least 85 people experiencing chronic homelessness, which aligns with the City of Asheville's Consolidated Plan goals.
- This investment per unit will be $23,529 which is below our per unit investment for permanently affordable housing.
- Permanent Supporting Housing Project can save a jurisdiction or municipality anywhere from $17k to $37k per person.

Con(s):
- None noted.

Fiscal Impact:
- Staff is analyzing potential funding sources, including Housing Trust Fund, General Obligation (GO) Bonds, or American Rescue Plan Act (ARPA) funding.
- Financial analysis will be completed prior to presentation to City Council in July or August 2021.

Suggested Motion:
- Move to support Homeward Bound in its purchase of the Days Inn located at 201 Tunnel Road, with the financial analysis to be completed prior to the formal presentation to City Council.