City Council Affordable Housing Workshop

January 26, 2021

THE CITY OF ASHEVILLE



2019 Work Session
Affordable Housing - Hard & Complicated



2019 Work Session:
The City's role in affordable housing

Funding

City-owned Land

Regulatory

Convenor / Collaborator

2021 Affordable Housing Work Session

1. Affordable Housing is Complex
2. The Needs are Significant
3. The City's Approach -
    a. Continuum of Housing
    b. Past Success and Future Work Plan
4. Affirm the Direction & Priorities

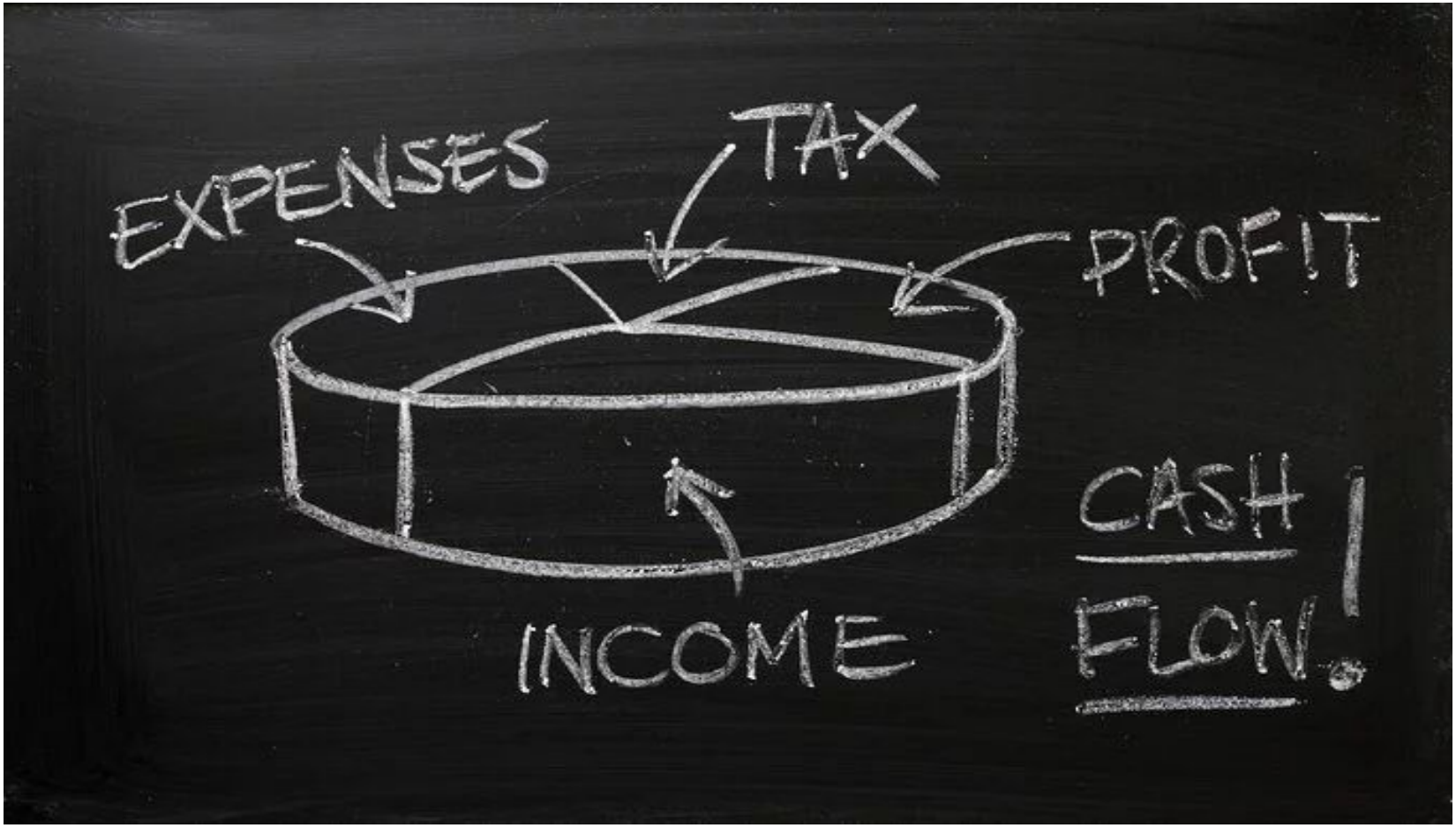
The Challenge of Affordable Housing

Most wages, salaries & incomes we produce in our area don't support the average housing costs in Asheville, both rental & homeownership.

*****

A healthy affordable mixed-income community needs a variety of housing types at a variety of price points, both homeownership and rental, for the variety of incomes & wages produced in Asheville.

Affordable Housing - Numbers Game



Lower Wages / Higher Housing Costs & Pricing Supply / Demand



What is Affordable Housing?

Households, both rental & homeownership, should spend no more than **30% of their gross income** on housing costs.

Renter - this includes rent & utilities

Homeowner - this includes mortgage, insurance & taxes.



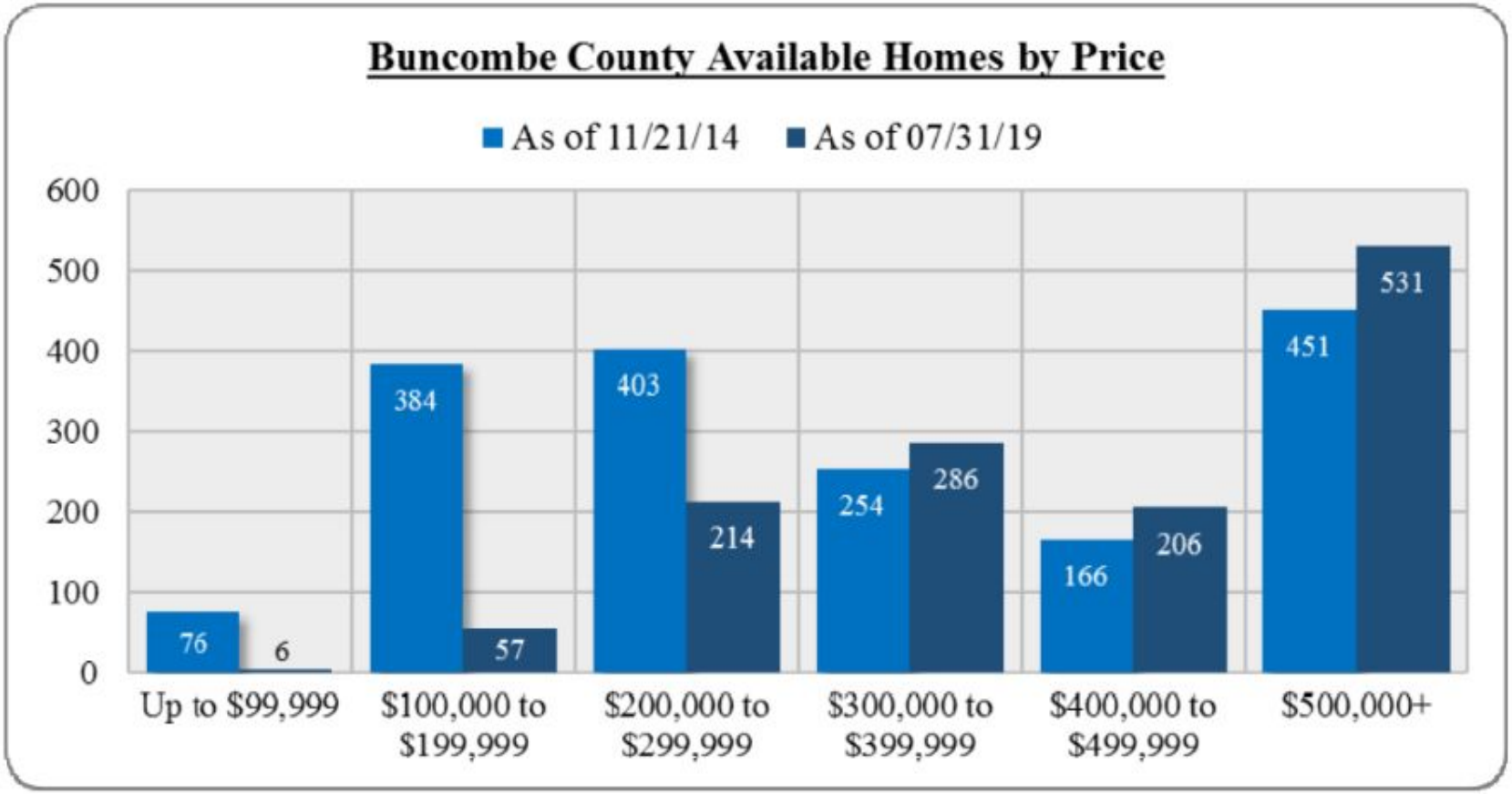
…….The more $$ we spend on housing, the less we have to spend on life's other necessities and to support the local economy.

Recognize the challenges in Asheville

- Cost of Capital - Financing costs
- Lack of Building Efficiencies
- Availability of Buyer Financing
- Cost of Materials
- Lack of industry leadership
- Lack of density
- NIMBYism
- Local government regulation & fees
- Land prices / availability

- Topography Challenges
- Market Challenges - Supply & Demand; Quality of Life
- Lower Wages - Service & Tourism Economy

Local Housing Challenges



Point in Time - Homes for Sale in Asheville

In 2 checks of the For Sale housing market this past Fall, there were only 38* homes on average in the City of Asheville listed for sale under **$275k**, out of approximately 275 listings. That's just 14%.

- The average For Sale price of the 275 dwellings was approximately $660k;
- The median For Sale price of the 275 dwellings was approximately $522k.

**Please note only about 25 to 30 of those 38 homes are move-in ready based on Realtor experience.*

Notes from the Bowen Report

Rental-Vacancy

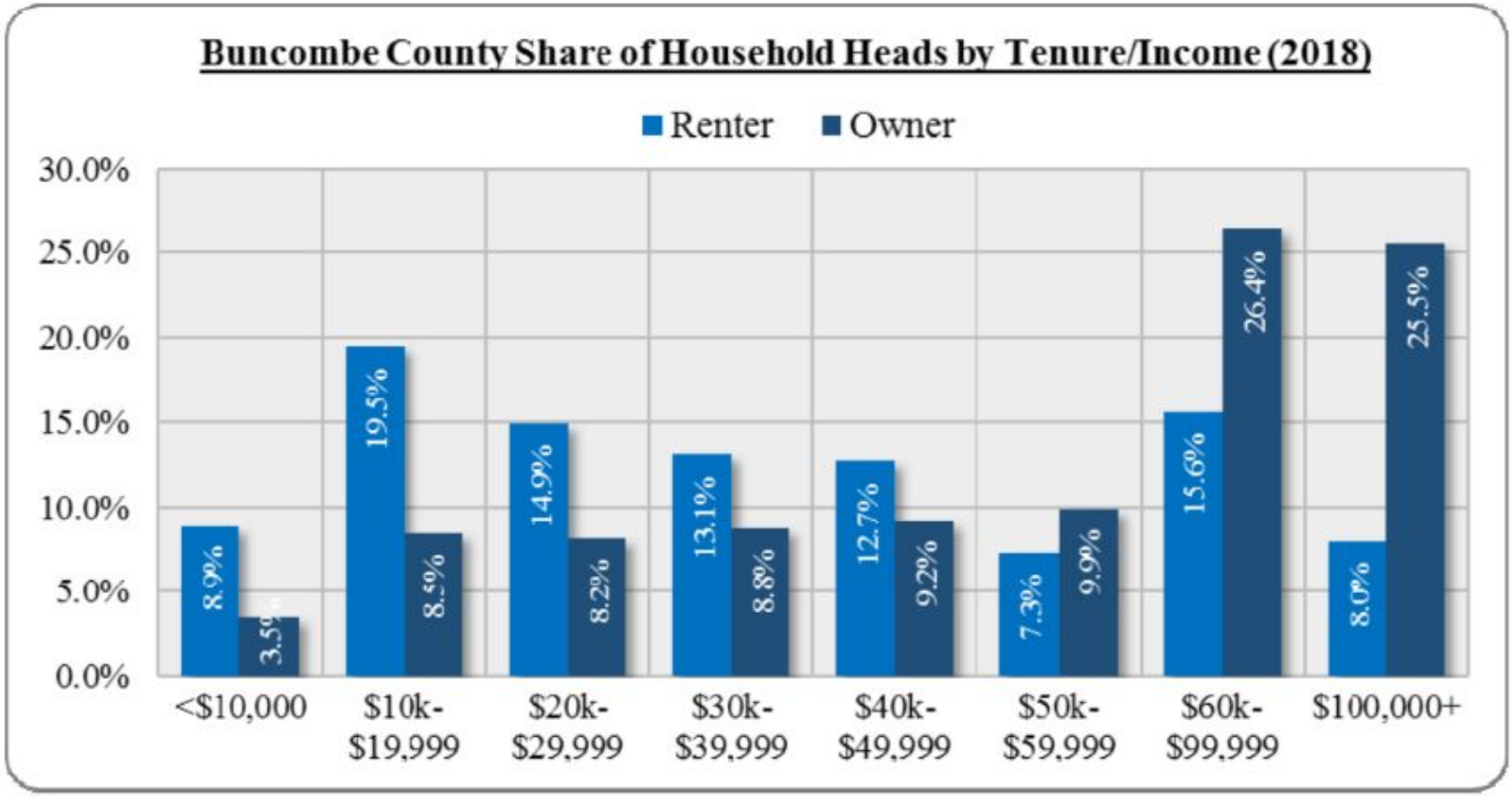
Vacancy rate / Market-rate Apartments: Tipping up, new construction of multi-family units are bringing the market into better balance.

December 2014	December 2020
1.2 %	<5.2%

Vacancy rate / Affordable Apartments: However, there remains limited availability for lower income households seeking affordable rental housing.

December 2014	December 2020
0 %	0 % - 0.2%

Local Housing Challenges



Notes from the Bowen Report
Rental

Cost-Burdened:

- **46.1%** of renters (17,643 households) are *cost burdened*
  - Paying over 30% of their income towards housing costs
- **19.4%** of renters (7,439 households) are *severely cost burdened*
  - Paying over 50% of their income towards housing costs

Rising rents:

- Since 2014, rent in Asheville has increased by 5.2% annually.
- For the average renter, this means if their rent was $1,000 in 2014, it is now $1,350.



Notes from the Bowen Report
For Sale

Among owner households:

- 21.3% of homeowners (14,310 households) are cost burdened
  - Paying over 30% of their income towards housing
- 7.9% (5,283 households) are severely cost burdened
  - Paying over 50% of their income towards housing

For Sale inventory:

- Currently, the available homes priced under $200,000 has diminished to just 63 units, down from 460 homes in 2014.

Individuals & families earning below $60,000 have very limited home buying choices in the community. Homeownership is necessary to help build wealth.

FY 2020 Area Median Incomes

Household Size	Extremely Low Income (30% AMI)	Very Low Income (50% AMI)	Low Income (60% AMI)*	Low Moderate Income (80% AMI)	Moderate Income (100% AMI)*	High Moderate Income (120% AMI)*
One-person	$15,050	$25,100	$30,113	$40,150	$50,188	$60,225
Two-person	$17,240	$28,650	$34,388	$45,850	$57,313	$68,775
Three-person	$21,720	$32,250	$38,700	$51,600	$64,500	$77,400
Four-person	$26,200	$35,800	$43,500	$57,300	$72,500	$87,000
Five-person	$30,680	$38,700	$46,425	$61,900	$77,375	$92,850
Six-person	$35,160	$41,550	$49,875	$66,500	$83,125	$99,750

FY 2020 Area Median Incomes

Average $1,200 Rent

Household Size	Extremely Low Income (30% AMI)	Very Low Income (50% AMI)	Low Income (60% AMI)*	Low Moderate Income (80% AMI)	Moderate Income (100% AMI)*	High Moderate Income (120% AMI)*
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FY 2020 Area Median Incomes
$1625 Mortgage

Household Size	Extremely Low Income (30% AMI)	Very Low Income (50% AMI)	Low Income (60% AMI)*	Low Moderate Income (80% AMI)	Moderate Income (100% AMI)*	High Moderate Income (120% AMI)*
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Recognize the Subsidy Needed

- <30% Area Median Income

  Gap of up to $120,000 per unit

- 30-60% of Area Median Income

  Gap of up to $100,000 per unit

- 80% of Area Median Income

  Gap of up to $80,000 per unit

Math - $400 less than market x 12 months x 20 years = $96k

Gap depends on % of AMI, length of affordability, # of units, location of build, style of build, rental, homeownership (DPA)

Questions?

2019 Work Session Takeaways

Support the partners already doing the hardest work, the under 60% AMI individuals and families

●

Identify the gaps in the partnerships, funding, programs, incentives, regulations and fill them so municipal resources can go farther for 60% - 80% - 100% AMI

●

Call on for-profit developers & lenders to be a part of the solution

●

Build Community Coalition & Bring More Partners to the Table

Recognize our role in Affordable Housing

Subsidy - Investment

Invest upfront on the build …

$$ incentivize the **developer**

-or-

Invest on the back end …

$$ subsidize the **renter or homeowner**

This takes Partners!

Policies (20/80/20 - rental)

Solutions - Incentives / Funding

*At least **20%** of the Units at or below **80%** AMI for a minimum of **20** years, with a strong preference for at or below 60% AMI.*

- Disposition of City-owned Land
- Housing Trust Fund
- Land Use Incentive Grant (LUIG)
- Metropolitan Sewer District (MSD) Discount
- Fee Rebates / Expedited Review

- HOME Investment Partnership Funds
- $25M Affordable Housing Bond

Solutions - Partners

Partners

- Mission Driven Developers
- Tax Credit Developers
- Non-Profit Developers
- For-Profit Developers

Produce, Preserve & Protect Affordable Housing

How to Build Affordable Mixed-Income Communities

Developers/Partners

ABCLT
MHO
Habitat
HACA
Homeward Bound
Buncombe County
CAO
Land of Sky COG
NCHFA
Other Developers
For-profit Developers



Community

Funding

LIHTC
CDBG
HOME
Rent Subsidy
CoC / ESG
CDFIs, FHLB
Banks / CRA
Developer Fee
Grants
Philanthropic

Incentives

Bonds
HTF
CIP
LUIG
Fee Grants
Expedited Review
City Land
Infill
Infrastructure

AMI Rental / Homeowner

Homeless
<30%
<50%
<60%
<80%
<100%
Rehab
Preserving
Protecting
Maintaining
Permanent Affordability

Questions?

What's needed in Asheville's Housing Market



A healthy equitable inclusive mixed-income community with a variety of housing types at a variety of price points, both homeownership and rental, for the variety of incomes & wages we produce in Asheville.

Council Vision 2036

Lee Walker Heights

- **Partnership** - Housing Authority, Mountain Housing Opportunities
- **Investment** - $4.2M
- **Resources - (Tools)** $1.38M General Fund
  $1M Affordable Housing CIP
  $1.82M *GO Housing Bond*
- **Timeline -** Est. completion May 2021
- **Results -** ***212 Units***
  62 <60% AMI
  96 < 50% AMI
  54 < 30% AMI
  Min. 30 years of Affordability

Lee Walker Heights





360 Hilliard Avenue

- **Partnership** - Kassinger Development Group
- **Investment** - ≅$2.5M
- **Resources - (Tools)** $1.4M Housing Trust Fund
  $560,000 Land Use Incentive Grant
  ≅ $540,000 City-owned Land (discount sale price)
- **Timeline** - Est. Completion Spring 2021
- **Results** - ***34 Units***
  16 units < 80% AMI
  18 units < 60% AMI
  50 yrs. of Affordability

360 Hilliard Avenue



Amaranth Apartments

- **Partnership** - Workforce Homestead
- **Investment** - $1.541M
- **Resources** - $1.2M Housing Trust Fund
  (Tools) $341,100 HUD HOME Funds
- **Timeline** - Est. Completion Spring 2021
- **Results** - 42 Units < 60% AMI
  70 Units 10 Units < 50% AMI
  18 Units < 30% AMI
  Min. 30 years of Affordability

Amaranth Apartments





Ironwood Apartments on South Slope

- **Partnership** - Tribute Companies
- **Investment** - ≅ $3.92M
- **Resources - (Tools)** ≅ $3.92M Land Use Incentive Grant (Rebate)
- **Timeline** - Est. completion Spring 2022
- **Results** - ***49 Units*** 39 Units < 80% AMI
  10 Units < 60% AMI (Vouchers)
  20 Yrs. of Affordability

Ironwood Apartments on South Slope



Asheville Area Habitat for Humanity

- **Partnership** - Habitat for Humanity
- **Investment** - $860,000
- **Resources - (Tools)** $860,000 Housing Trust Fund
  Note - payback
- **Timeline** - 6 For Sale Homes complete
  2 more coming soon - Summer 2021
- **Results** - 8 For Sale Homes under 80% AMI

Asheville Area Habitat for Humanity







Recap: Affordable Housing Work “2020”

Lee Walker Heights

360 Hilliard

Amaranth

Ironwood Apartments

Habitat for Humanity

373 units of affordable housing

72 < 30% AMI
106 < 50% AMI
132 < 60% AMI* rental
55 < 80% AMI rental
8 < 80% AMI homeownership

$13.02M* City investment, leveraged alongside nonprofit & private investment

$34,906 per unit

Additional Accomplishments

- Tax Credits - 429 homes
- Community Development Updates
- Development Pipeline

- UNC Chapel Hill / School of Government
  - 5 Year Investment Story - FY15 -> FY20
  - Affordable homes, Jobs, Businesses
- Mapping

Questions?

2019 Work Session Policy Discussion

- Establish a goal of 200 units per year, direct and indirect.
- Needs Served:
  - Staff recommends focus efforts 80% AMI and below, with emphasis / preference on 60% AMI and acceptance of Housing Choice Vouchers.
- Prioritize leveraged investments (i.e. matching with County investment, etc.)
- Prioritize geographic areas / land-banking for access to jobs, services and community amenities

Affordable Housing Work Plan 2021

Walkthrough of Key Initiatives for 2021

- Who are the Partners?
- What is the Process?
- What are the Resources?
- What are the Intended Results?
- What is the Timeline for Policy Decisions?

Affordable Housing Work Plan 2021

319 Biltmore

Deaverview Purpose Built Community

Talbert Lot - 50 Asheland

Asheland Avenue Proposal

Neighborhood Lots for AH

Homeward Bound - Permanent Supportive Housing

319 Biltmore

Mixed-use, mixed income development of 250 studio, one and two-bedroom apartments, with 19,000 square feet of commercial space.



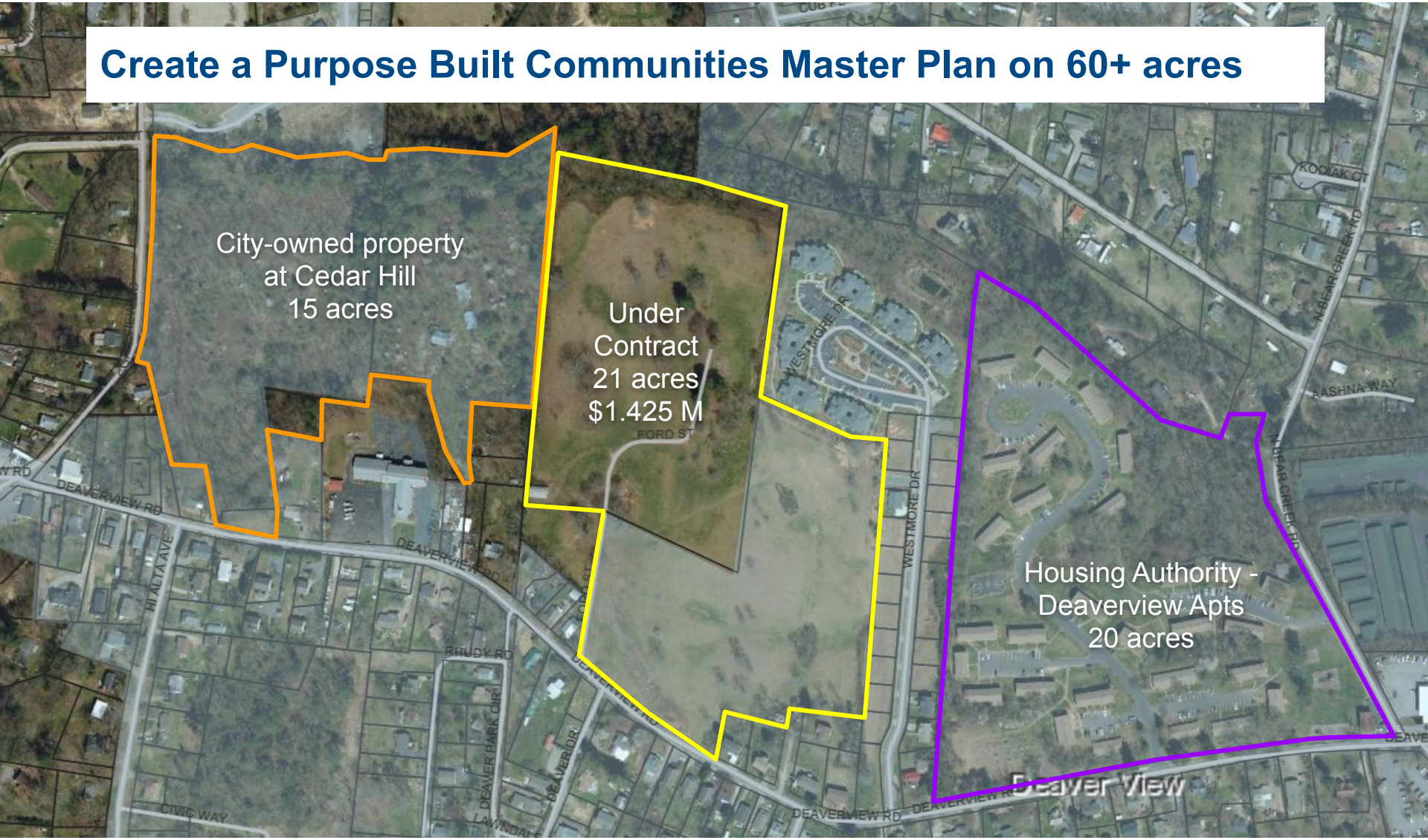
319 Biltmore

Mixed-use, mixed income development of 250 studio, one and two-bedroom apartments and 19,000+/- square feet of commercial space.

- **Results -**
  - 50 affordable units @ 60% AMI, 25 units @ 80% AMI, for 30 years
  - A community that positively addresses social determinants of health
  - MWBE commitment
- **Partners -** Homes Urban, MPS Architecture, MAHEC
- **Process -** RFP Process
- **Resources -** City Land Contribution
- **Timeline** - Spring 2021

Deaverview Purpose Built Community

Create a Purpose Built Communities Master Plan on 60+ acres



Deaverview Purpose Built

Create a Purpose Built Communities Master Plan on 60+ acres owned by the City of Asheville and the Housing Authority.

- **Results -**
  - Mixed income housing: Potential for 300+ units of housing, including new housing for 156 residents at Deaverview Apts.
  - Cradle to college+career pipeline: Potential for affordable childcare center and/or new, high-performing school, career center
  - Community wellness: Parks & Rec Community Center, onsite health services
- **Partners -** Housing Authority, Mountain Housing Opportunities, City Parks & Recreation, Buncombe County, Dogwood Health Trust, etc.
- **Process -** Master Planning & Partnership Agmt w. Housing Authority
- **Resources -** City Land Contribution, Affordable Housing Bonds
- **Timeline -** Early Spring 2021

Talbert Lot - 50 Asheland

Acquire property for an expanded downtown transit center with affordable, mixed-income residential housing, commercial uses, and other public institutional spaces.



- Total City Acreage w/ Talbert Parcel = 1.48 ac.
- Zoning - CBD, Max height 265’
- Site slopes NW to SE ~ 20 ft.

Talbert Lot - 50 Asheland

Acquire property for an expanded downtown transit center with affordable, mixed-income residential housing, commercial uses, and other public institutional spaces.

- **Results -** Landbanking key site in downtown to deliver affordable housing and transit
- **Partners -** Dogwood Health Trust, FTA
- **Process -** Allocate budget & accept grant from Dogwood
- **Resources -** General Fund (sale of property to White Labs), significant grant from Dogwood Health Trust
- **Timeline -** Spring 2021

Asheland Avenue - Proposal

Haywood Street Congregation proposes to build 42 permanently affordable apartments on a 1.09 acre, city-owned site located on Asheland Avenue



Asheland Avenue - Proposal

Haywood Street Congregation proposes to build 42 permanently affordable apartments on a 1.09 acre, city-owned site located on Asheland Avenue

- **Results -** 42 permanently affordable apartments with 5,500 square feet of community space with 20 units reserved for people making extremely low incomes ($9,300 or less per year for individuals)
- **Partners -** Haywood Street Congregation, Dogwood Health Trust, others
- **Process -** February 23, 2021, Council will be asked to vote on whether the City should enter into a contract to sell land this land for $1.00 to Haywood Street Congregation
- **Resources -** City Land Contribution, HTF funding of $1M
- **Timeline -** February 23, 2021

Neighborhood Lots for Affordable Housing

Development of three small City-owned vacant sites with affordable housing.



Neighborhood Lots for Affordable Housing

Development of three small City-owned vacant sites with affordable housing at Kentucky Drive, Lufty Avenue, and West Chestnut Street.

- **Results -** 6 homeownership opportunities across three sites
  - Kentucky Drive - 4 Townhomes proposed @ 60 % AMI, priced at $186k - $190k
  - Lufty Avenue - 1 Single-family @ 60% AMI, priced at $135k
  - W. Chestnut - 1 Single-family @ 60% AMI, priced at $135k
- **Partners -** Asheville Habitat for Humanity (Kentucky Avenue) and AB Community Land Trust w. Juna Group (Lufty & W. Chestnut)
- **Process -** RFP Process
- **Resources -** City Land Contribution, funding
- **Timeline -** April / May 2021

Homeward Bound - Permanent Supportive Housing

THE PROPOSAL:

THE PERMANENT SUPPORTIVE HOUSING PROJECT

AN 80 UNIT APARTMENT COMPLEX

Small, Efficency Apartments for the Chronically-Homeless

24-HOUR SUPPORT

On-Site Support and Case Management Whenever a Client Needs It

BUILT-IN RESOURCES

Designed to Include Space for Health, Counseling, Therapy, and Other Supportive Services On-Site

PROMOTING COMMUNITY AND GROWTH

Providing Community Spaces and Tools to Ensure a Successful Transition from Homelessness to Housing

Homeward Bound - Permanent Supportive Housing

- **Results - 80 units of** permanent supportive housing for people experiencing chronic homelessness in Asheville, serving individuals at 30% AMI and below
- **Partners -** Homeward Bound
- **Process -** Partnership
- **Resources -** $2M in funding proposed
- **Timeline -** Spring 2021

HOMEWARD BOUND
the key to ending homelessness

City Land - ongoing evaluation

- Mapping and future policy discussion on land from Urban Renewal
- 81-91 Riverside
- *S. Charlotte Street (future)*

City of Asheville - $25M Bond Funding

- $15M High-Impact Investments
  - 319 Biltmore & Lee Walker Heights
  - Deaverview Purpose Built
- $5M Housing Trust Fund
  - *Available Funds ≅ $500,000*
- $3M Land Banking
  - Deaverview Purpose Built - 65 Ford Street, $1.5M
  - *Available Funds = $1.5M*
- $1M Community Land Trust
  - Neighborhood Lots at Lufty, W. Chestnut, and other investments
- $1M Down Payment Assistance

Recap: Affordable Housing Work Plan 2021

319 Biltmore

Deaverview Purpose
Built Community

Talbert Lot - 50 Asheland

Asheland Avenue Proposal

Neighborhood Lots for AH

Homeward Bound -
Perm. Supportive Housing

Recap: Affordable Housing Work Plan 2021

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Homeward Bound - Perm. Supportive Housing

Housing for 500+ individuals & families

$23M+ City investment, leveraged alongside philanthropic, nonprofit and private investment

2019 Work Session:
Building Community - Collective Impact

You need **Policy, Community & Capacity** to **Make Change** …

And a holistic comprehensive approach to

Build Affordable Mixed-Income Communities …

Social Issue

Equity Issue

Education Issue

Health Issue

Economic Issue

Racial Issue

Community Issue

Political Issue

Summary: Policies, Capacity & Community

Success Stories:

Lee Walker Heights, 360 Hilliard, Amaranth, Ironwood Apartments, Habitat for Humanity, etc.

373 units of affordable housing

$13.02M* City investment, leveraged alongside nonprofit & private investment

Work Plan 2021:

319 Biltmore, Deaverview Purpose Built Community,
Talbert Lot - 50 Asheland,
Asheland Avenue Proposal,
Neighborhood Lots for AH,
Homeward Bound, etc.

500+ potential units of affordable housing

$23M+ City investment, leveraged alongside philanthropic, nonprofit and private investment

“Holistic” Affordable Housing Policy

- Affordable Housing Policy beyond the “Transaction”
  - Anti-Displacement / Gentrification
  - Energy Efficiency / Sustainability
  - Development & Design Standards
  - Strong Compassionate Community Property Management
  - Equity & Inclusion
  - Community Outreach
  - Concentration of Lower Incomes

- Be Bold - ***250*** units per year

“Codifying” our worksessions and Affordable Housing Policies

Questions

&

Discussion