THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting: December 8, 2020

Subject: Housing Trust Fund Request for Pineview Place Condominiums
Bryson Investment Group LLC

Staff Resource(s): Sam Powers, Community & Economic Development Director
Paul D'Angelo, CD Program Director

Action Requested: Approve a request by Bryson Investment Group LLC to utilize a Housing Trust Fund Loan of $1.2M to construct 12 affordable single family condominiums on property located at Arline Henry Way in West Asheville.

Background:

- The Bryson Investment Group LLC, consisting of Kyle Henry and Tyler San Souci, Local Developers, has proposed the development of 12 single family condominiums available to be sold to individuals and families at or below 80% of the Area Median Income (AMI) on a 0.5 acre parcel to be constructed on Arline Henry Way (PIN #9638-52-5112) in the City of Asheville.
- All 12 homes are intended to be at one and two bedrooms - six - one Bedrooms at 803 sq. ft. and six - two bedrooms at 979 sq. ft.
- In 2017, this lot was purchased by Ground Floor Properties, consisting of Kyle Henry, Tyler San Souci & Aaron Palmer, to be developed in partnership with the Bryson Investment Group LLC.
- Plans were submitted to the City of Asheville to develop 12 condominiums on this site the end of September 2020.
- Due to the size of this development, it does not require zoning approval by City Council.
- Water and sewer is available on the property.

Proposal:

- The developer seeks a loan of $1,200,000 from the City's Housing Trust Fund (HTF).
- Bryson needs this funding, $100,000 per home, to construct the homes for a total of 12 single family condominiums.
- The construction will be a modular build with a partnership with Cardinal Homes out of Virginia.
- Bryson / Ground Floor Properties is committing the property, estimated at $450,000, as collateral.
- Bryson proposes to borrow $1.2M over a period not to exceed 18 months at 1% annual interest rate, with no payments due until the sale of each home or 24 months, whichever comes first.
- Units will be made available to qualified affordable individuals and families with a sale price of approximately $199,000 for the 1 bedrooms and $239,000 for the 2 bedrooms, a sales figure that falls within the pricing for individuals and families at an annual 80% AMI.
- The developer, with staff assistance, will attempt to find buyers below 80% AMI that can qualify for these 12 homes with the help of local or national Down Payment Assistance Programs.
- The homes will come with a deed restriction of affordability for 10 years, meaning if the home is sold within that time period, the owner will sell it to another income qualified family at or below 80% AMI.
- Please note - if approved, this project will be subject to the City's underwriting process and further due diligence.
- Additional documents will be required and verified prior to loan closing.
- No loans will be disbursed until all requirements are met.

Council Goal(s):

- Quality Affordable Housing
- An Equitable and Diverse Community

Committee(s):

- HCD - November 17, 2020 - 2 to 1 Approval to move to City Council with Councilman Keith Young voting no / not recommending to move to Council.

Pro(s):

- The project produces 12 homes for individuals and families at or below 80% AMI at a location ½ mile from Haywood Road in West Asheville, with good access to transit and essential services.
- The Bryson Investment Group is a local developer with over 10 years of experience building in the Asheville Market.
- Working with Bryson demonstrates the City of Asheville's commitment to working with more developers, including for-profit developers and infill developers, to be a part of the solution to affordable housing, both rental and homeownership.
- Affordable homes sold to individuals or families at or below 80% AMI at a sales price that better aligns with the incomes and wages produced in Asheville allows residents to have an opportunity to build wealth with homeownership.
- HTF loans for homeownership allow the funds to be paid back much quicker, at either the sale of the home, or a limited time period like two years.

Con(s):

- Loan amount per unit is above the Housing Trust Policy's recommendation of $20,000 per unit.
- The affordability period is only 10 years.
- Loan amount requests a 1% interest rate, which is less than the Housing Trust Fund Policy's recommendation of 2% interest on all loans except those given special terms.

Fiscal Impact:

- Approval of this loan request will leave approximately $600,000 remaining in the HTF for future loans.

Suggested Motion:

- Motion to approve The Bryson Investment Group LLC. request for a $1.2M Housing Trust Fund Loan to construct 12 affordable single family condominiums at the property located at Arline Henry Way in the City of Asheville to be sold to individuals and families at or below 80% AMI.

Attachment(s):

- Resolution
- Application
- Map 1 / Map 2
- Proximity to Transportation
- Elevations & Floor Plans
- 2020 AMIs
- Appendix 2 - Homeownership AMI

RESOLUTION NO. 20-_____

RESOLUTION APPROVING THE HOUSING TRUST FUND LOAN AWARD REQUESTED BY THE BRYSON INVESTMENT GROUP LLC TO ALLOW THEM TO DEVELOP 12 AFFORDABLE CONDOMINIUMS FOR HOMEOWNERSHIP AT ALICE CLEMENT LANE AND AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE ALL DOCUMENTS NECESSARY TO GIVE EFFECT TO THIS APPROVAL

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, The Bryson Investment Group LLC (developer) has requested a $1,200,000 Housing Trust Fund (HTF) loan for the development of twelve (12) affordable condominiums for homeownership, which are to be made available for purchase to individuals and families at or below 80% of Area Median Income (AMI); and

WHEREAS, the HTF loan is to be structured as a fund to remain available to be drawn upon as needed during construction of the 12 units, with the .5 acre of land at “Arline Henry Way”, off of Pineview Street in West Asheville, PIN #9638-52-5112, to be used as collateral, valued at approximately $450,000; and

WHEREAS, the HTF loan shall accrue interest at 1% annually, with no monthly payments due until the sale of each home or 24 months from the date of the HTF Loan, whichever comes first; and

WHEREAS, the homes sold will come with a deed restriction of affordability for 10 years, meaning if the home is sold within that time period, the owner will sell it to another income qualified individual or family at or below 80% AMI; and

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

A Housing Trust Fund loan in the amount of $1,200,000, amortizing at 1.0% annual interest for a term not to exceed two (2) years to The Bryson Investment Group LLC, for the development of twelve (12) affordable condominiums for homeownership located at “Arline Henry Way”, off of Pineview Street in West Asheville, PIN #9638-52-5112, within the limits of the City of Asheville, to be made immediately available following loan closing. The twelve (12) homes are to be restricted for purchase to individuals and households earning 80% or less of the Area Median Income (AMI) with an affordability period of 10 years of affordability at 80% AMI, enforced by a deed covenant in a form acceptable to the City Attorney. Funds are to be repaid at the sale of each home or within 2 years of the date of the HTF loan agreement, whichever comes first. 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 8th day of December 8, 2020.

_____ _____

City Clerk Mayor

Approved as to form:

_____

City Attorney