STAFF REPORT

City Council Meeting: August 25, 2020

Subject: Grant Agreement Affordable Housing Bond Funds & Housing Trust Fund Donation Funds for the Asheville BuncombeCommunity Land Trust

Staff Resource(s): Cathy Ball, Assistant City Manager
Sam Powers, Community and Economic Development Director
Paul D'Angelo, Community Development Program Director

Action Requested: Authorize the City Manager to enter into a Grant Agreement with the Asheville Buncombe Community Land Trust (ABCLT) for $1M in Affordable Housing Bond dollars to be used for capital costs and $100,000 in Housing Trust Fund (HTF) donations revenue to be used for operational costs; and an amendment to Resolution No. 17-198, correcting the unit goal for the Land Trust.

Background:

ASHEVILLE BUNCOMBE COMMUNITY LAND TRUST

- The mission of the ABCLT is to provide permanently affordable homeownership opportunities for low income individuals and families in Asheville and Buncombe County with a vision to create a thriving community where all are welcome.
- A community land trust creates permanently affordable housing by reducing the affordability gap by acquiring the land that remains "in trust" for the benefit of the community.
- The homebuyer purchases the home outright and leases the land from the community land trust through a ground lease.
- The homebuyer agrees to a resale formula that outlines the sale price of the CLT home and shared equity based on the increased value of the home at the time of sale.
- City Council has maintained a goal for several years to assist in the establishment of a CLT.
- A summary of the grant agreement is attached.

Council Goal(s):

- A Diverse Community
- Thriving Local Economy
- A Financially Resilient City

Committee(s):

- None

Pro(s):

- A Grant Agreement between the City of Asheville and the ABCLT will assist in the production and preservation of affordable housing, as well as spending the Affordable Housing Bond dollars in a timely manner.
- Approval of a one time $100,000 capital injection donated by Deerfield Retirement Center via the City of Asheville to the ABCLT assists the agency with their capacity and overall success by supporting a full-time Executive Director and the purchase and sale of affordable housing.
- A successful ABCLT has the potential to bring more homeownership opportunities to the City of Asheville in an equitable and diverse way by assisting our low and moderate income individuals and families.

Con(s):

- Precedent of assisting organizations with Administration funding to fulfill their mission in a time of a falling budget.

Fiscal Impact:

- As noted earlier in the staff report, funding for the $1.0 million grant agreement with ABCLT will come from the General Obligation (GO) Bonds that citizens approved in November 2016.
- The one-time $100,000 in operational support will come from a Housing Trust Fund donations made by the Deerfield Retirement Center.
- Both the GO Bond dollars and the donations have already been budgeted.

Suggested Motion:

- Approve and authorize the City Manager to enter into a Grant Agreement with the ABCLT to access $1 million in Affordable Housing Bond dollars and $100,000 from donations in the Housing Trust Fund; and approve an amendment to Resolution No. 17-198 changing the unit goal for the community land trust from 35 units to 8-10 units. .

Attachment(s):

- Asheville-Buncombe Community Land Trust - Grant Summary
- Resolution # 17-198
- Resolution # 18-188
- Resolution # 20-69
- New Resolutions

RESOLUTION NO. 20-_____

RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A GRANT AGREEMENT WITH THE ASHEVILLE BUNCOMBE COMMUNITY LAND TRUST (ABCLT) FOR $1M IN AFFORDABLE HOUSING BOND DOLLARS TO BE USED FOR CAPITAL COSTS AND $100,000 IN HOUSING TRUST FUND (HTF) DONATION FUNDS TO BE USED FOR STAFFING AND OPERATIONAL COSTS

WHEREAS, the voters in the City of Asheville approved $25 million in Affordable Housing General Obligation Bond funds on November 8, 2016, and the City allocated $10 million of the $25 million available to direct project investment in affordable housing, and

WHEREAS, City Council approved the allocation of the $10 million, including $1 million for a Community Land Trust, in August, 2017, and City Council later in July, 2018, passed a resolution to recommit $1 million to the Community Land Trust, recognizing the formation of the ABCLT; and

WHEREAS, the ABCLT has continued to build capacity as a housing partner by incorporating on June 8, 2018, being approved for 501(c)(3) status on May 6, 2019, adopting both a Ground Lease & Resale Formula as well as Stewardship Policies & Procedures in October, 2019, and hiring a part-time Executive in January, 2020; and

WHEREAS, a Grant Agreement has been drafted regarding the use of the City's $1M in Bond Funding where the ABCLT agrees to develop and/or acquire and renovate a minimum of 8 single family homes (or condominiums) within the City of Asheville to be sold to low-income (80% of AMI or less) at affordable prices utilizing the community land trust model which ensures permanent affordability of these housing units through a long-term (99 year) ground lease between the land trust and homeowner, and

WHEREAS, the ABCLT has submitted a 5 year plan for development and/or acquisition and rehab and sale of these affordable homes to the City, including projected use of funds; and

WHEREAS, The City will disburse the bond funds on a performance basis that would seed the ABCLT with a total of 8-10 homes in their portfolio by the end of calendar year 2025 at the latest; and

WHEREAS, the City of Asheville occasionally receives donations to the Housing Trust Fund (HTF) from private individuals and organizations to support and advance affordable housing efforts; and

WHEREAS, the City of Asheville Housing Trust Fund program was established in September 2000 with the goal of providing low cost financial assistance to incentivize the development and preservation of affordable housing within the city limits for the benefit of moderate to low income individuals and families; and

WHEREAS, City Management is often in search of funding to support pilot programs to enhance an organization's efforts to support the production, preservation and protection of affordable housing; and

WHEREAS, the ABCLT is in need of a one time capital injection of $100,000 for operational funding to help secure a full-time Executive Director and other operations expenses, such as office rent and utilities, office supplies, etc., giving priority to salary, taxes and fringe benefits of staff necessary to provide stewardship to its properties and homeowners and build its financial sustainability; and

WHEREAS, the Deerfield Episcopal Retirement Community agreed that $100,000 of its previously made $250,000 donation to the City's HTF, donated on October 22, 2019, could be used for the ABCLT; and

WHEREAS, the actions described above would help support community partners focused on the strengthening of communities through affordable housing and economic opportunity in Asheville;

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

City Council hereby authorizes the City Manager to approve a grant agreement with the Asheville Buncombe Community Land Trust (ABCLT) for $1m in Affordable Housing Bond Dollars to be used for capital costs and $100,000 in Housing Trust Fund (HTF) donation funds to be used for staffing and operational costs in order to support and advance affordable housing homeownership efforts.

Read, approved and adopted this 25th day of August, 2020.

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City Clerk Mayor

Approved as to form:

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City Attorney

RESOLUTION NO. 20-_____

RESOLUTION AMENDING RESOLUTION NO. 17-198 TO CHANGE THE UNIT GOAL FOR THE COMMUNITY LAND TRUST

WHEREAS, the City Council of the City of Asheville adopted Resolution No. 17-198 approving the allocation of $10 Million of Affordable Housing General Obligation Bond Funds on August 22, 2017; and

WHEREAS, the resolution allocated $1,000,000.00 in bond funds for a community land trust start up and stated a housing unit goal of 35 units to be developed with those funds; and

WHEREAS, the Asheville Buncombe Community Land Trust (“ABCLT”) was incorporated on June 8, 2018, and has now formulated plans, including a Ground Lease & Resale Formula and Stewardship Policies & Procedures, for use of the bond to develop and or acquire and renovate 8-10 permanently affordable housing units; and

WHEREAS, the City and ABCLT plan to enter into a Grant Agreement regarding the use and distribution of the $1 million in affordable housing bond fund and wish to revise the unit goal of 35 units noted in Resolution No. 17-198 to a reflect a mutually agreeable, more realistic goal of 8-10 units;

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

Resolution No. 17-198 is hereby amended by replacing the land trust affordable housing unit goal of 35 with a goal of 8-10 affordable units.

Read, approved and adopted this 25th day of August, 2020.

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City Clerk Mayor

Approved as to form:

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City Attorney