THE CITY OF ASHEVILLE

STAFF REPORT

City Council Meeting: May 26, 2020

Subject: Beaucatcher Vista LLC Land Use Incentive Grant Request - 2 Restaurant Court

Staff Resource(s): Paul D'Angelo, CD Program Director
Andrew Mayronne, CD Analyst

Action Requested: Approve the application for the Land Use Incentive Grant for 2 Restaurant Court Rental Community, Beaucatcher Vista LLC.

Review::

- Kirk Booth d/b/a as Beaucatcher Vista LLC has proposed the development of a 40-unit, 100% affordable multifamily property on a 1.31 acre parcel located at 2 Restaurant Court (PIN #9658-08-2350) in Asheville directly off of Tunnel Road. All 40 units are intended to be 1 bedrooms, with 30 of the units set aside for households at or below 60% of Area Median Income (AMI) and the remaining 10 for 80% AMI households.
- The property is situated in close proximity to commercial and transit amenities, including an ART bus stop, an Ingles grocery and pharmacy, and a number of potential employers. These are all factors prioritized in the LUIG policy.

Proposal:

- The developer has requested a Land Use Incentive Grant (LUIG) award estimated at $289,481.85. In addition, the developer seeks a loan of $1,000,000 from the City's Housing Trust Fund, which request will be considered at the May 26, 2020, Council meeting.
- The property's location and commitment to affordable housing merits a score of 150 on the LUIG scoring matrix, resulting in an award period of 21 years. The City's LUIG policy caps award terms at 20 years plus 1 from the date of release of all occupancy permits for the property.
- The current assessed value of the parcel is $786,000 with an annual City tax obligation of $3,371.15. An estimate of post-construction value from the developer is $4,000,000.
- True valuation will be determined by Buncombe County Tax Assessor after project completion. A project valued at $4,000,000 at the current City tax rate of 0.4289 would result in an annual grant award of $13,784.85. Over the 21 year award period, the total value of the LUIG award would amount to $289,481.85.
- This request will be presented in unison with a $1,000,000 Housing Trust Fund request. The combined City subsidy should both awards be approved is $1,289,481.85, or a total City subsidy of $32,237.05 per affordable unit.

Council Goal(s):

- Quality Affordable Housing
- An Equitable and Diverse Community

Committee(s):

- None

Pro(s):

- The proposed project will create 40 affordable rental housing units made available to households earning 80% or less of AMI for a period of 20 years.
- The proposed project addresses the City's stated priority for one-bedroom apartments.

Con(s):

- None.

Fiscal Impact:

- The parcel has a current tax value of $786,000 and with an annual City of Asheville tax bill of $3,371.15.
- The estimated tax value upon completion is $4.0M, which at current rates would result in a City tax bill of $17,156. The difference in tax payment is $13,784.85. An equivalent amount would be granted back annually to the property owner for 21 years.
- The maximum term of a LUIG is 20 years plus 1. Therefore, over a period of 21 years, the estimated value of this LUIG award is $289,481.85

Suggested Motion:

- Motion to adopt a resolution to consider a Land Use Incentive Grant application for 2 Restaurant Court Rental Community, Beaucatcher Vista LLC.

Attachment(s):

- Resolution
- LUIG Scoring Matrix, Developer
- Application Letter
- Proximity Map

RESOLUTION NO. 20-_____

RESOLUTION APPROVING A LAND USE INCENTIVE GRANT AGREEMENT FOR A DEVELOPMENT LOCATED AT 2 RESTAURANT COURT (BEAUCATCHER VISTA LLC)

WHEREAS, The City of Asheville has the authority pursuant to N.C. Gen. Stat. § 158-7.1 and § 160A-456 to provide incentive grants (or appropriations) to encourage development projects that fulfill important public purposes, including affordable housing, in the City of Asheville; and

WHEREAS, these public purposes include the development of affordable and workforce housing to increase the City's population, taxable property and business prospects, per N.C. Gen. Stat.§ 158-7.1, and encourage the development of housing for persons of low and moderate income, per N.C. Gen. Stat. § 160A-456, which are also principal components of the City's annual strategic goals and other adopted plans; and

WHEREAS, the City Council of Asheville has adopted a Land Use Incentive Grant (LUIG) Policy in order to encourage the development of projects that meet the aforementioned goals and plans; and

WHEREAS, the Beaucatcher 2 Restaurant Court development represents the type of project envisioned for support within those goals and the LUIP; and

WHEREAS, the Beaucatcher Vista LLC development located at 2 Restaurant Court (PIN #9658-08-2350), proposes all 40 units to be 1 bedrooms, with 30 of the units set aside for households at or below 60% of Area Median Income (AMI) and the remaining 10 for 80% AMI households, affordable for a period of 21 years; and

WHEREAS, the property is situated in close proximity to commercial and transit amenities, including an ART bus stop, an Ingles grocery and pharmacy, and a number of potential employers; and

WHEREAS, the property’s location and commitment to affordable housing merits a score of 150 on the LUIG scoring matrix, resulting in an award period of 21 years; and

WHEREAS, the current assessed value of the property is $786,000 with an annual City tax obligation of $3,371.15. An estimate of post-construction value from the developer is $4,000,000. A project valued at $4,000,000 at the current City tax rate of 0.4289 would result in an annual grant award of $13,784.85. Over the 21 year award period, the total value of the LUIG award would amount to a total of approximately $289,481.85;

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

The Asheville City Council hereby approves a Land Use Incentive Agreement to Beaucatcher Vista LLC to support the development of the project at 2 Restaurant Court. The estimated annual land use incentive grant would be the difference between the current City tax ($3,371.15) and the estimated post-completion City tax currently estimated to be $17,156. The City would allow an estimated annual grant of $13,784.85. The grant is approved for a period of 21 years with the total grant value estimated at $289,481.85. For a total land use Incentive grant of approximately $289,481.85. The City Manager is hereby authorized to execute a Land Use Incentive Program Agreement setting forth the conditions of compliance for both parties, subject to approval of the City Attorney.

Read, approved and adopted this 26th day of May, 2020.

_____ _____

City Clerk Mayor

Approved as to form:

_____

City Attorney