THE CITY OF ASHEVILLE

STAFF REPORT

City Council Meeting: May 26, 2020

Subject: Beaucatcher Vista LLC Housing Trust Fund Request - 2 Restaurant Court

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

Action Requested: Support of a request by Beaucatcher Vista LLC to utilize the Housing Trust Fund to construct affordable rental housing at the property located at 2 Restaurant Court.

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.
- Since 2009, Mr. Booth has completed 9 affordable housing projects in partnership with the City of Asheville resulting in 136 affordable units. This will be his second project using a factory-built product manufactured by Clayton Homes in Tennessee. The technology promises a faster, more efficient construction process, with on-site responsibilities restricted mostly to installation and finishing. He anticipates the units will be available by early 2021.

Proposal:

- The developer seeks a loan of $1,000,000 from the City's Housing Trust Fund (HTF). In addition, the developer has requested a Land Use Incentive Grant (LUIG) award estimated at $289,481.85, which request will be considered at the May 26, 2020, Council meeting. Loan commitments from TruPoint Bank for $1,910,600 and Buncombe County for $296,334 have already been secured. The development partnership is committing the property (valued at $786,000) as equity.
- The units will be located in two separate buildings framing an interior breezeway, and set back towards the rear of the property facing resident parking. All units will be approximately 450 square feet, and possess full baths, kitchens, and enclosed bedrooms.
- Units will be made available to qualified affordable residents, as well as persons possessing rental assistance. The developer has a demonstrated history of close engagement with the Asheville Housing Authority, Homeward Bound, and other entities providing resident placement and rental assistance.

Council Goal(s):

- Quality Affordable Housing
- An Equitable and Diverse Community

Committee(s):

- None

Pro(s):

- The project produces 40 units of affordable housing at a location near the City's core, with good access to transit and essential services. The developer's commitment to set aside the majority of these units for 60% AMI households and citizens utilizing rental assistance addresses one of the City of Asheville's highest stated needs.

- The per unit HTF subsidy of $25,000 per affordable unit ($32,237.05 of combined City subsidy) which is lower than the current estimate of up to $80,000 in subsidy for 80% AMI homes as suggested at the Affordable Housing Workshop on September 6, 2019.
- Mr. Booth is an experienced developer, and familiar with City of Asheville affordable housing programs and the expectations associated with them.
- The developer's use of a modular construction product promises a less risk versus a fully site-built construction process.

Con(s):
- None.

Fiscal Impact:
- The project would require $1,000,000 from the City's Housing Trust Fund.
- The loan will be structured to require full repayment of principal and interest (accruing at 2% annually) over a term of 20-years.

Suggested Motion:
- Motion to approve the request by Beaucatcher Vista LLC to borrow funds from the Housing Trust Fund.

Attachment(s):
- Resolution

RESOLUTION NO. 20-_____

RESOLUTION APPROVING THE HOUSING TRUST FUND LOAN AWARD REQUESTED BY BEAUCATCHER VISTA LLC TO ALLOW THEM TO DEVELOP RENTAL AFFORDABLE HOMES AT 2 RESTAURANT COURT 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, Beaucatcher Vista LLC (developer) has requested a $1,000,000 Housing Trust Fund (HTF) loan for the development of forty (40) rental homes, which are to be made available for rent to individuals and families at or below 80% of Area Median Income (AMI), with 30 units set aside for individuals and families at or below 60% 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 40 units; and

WHEREAS, the HTF loan shall accrue interest at 2%, with monthly payments to include principal and interest over the 20 year loan period to begin at Certificate of Occupancy; and

WHEREAS, the developer has agreed to accept rental assistance such as housing choice vouchers for the 30 units rented to individuals and families at or below 60% 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 $1,000,000, amortizing at 2.0% interest for a term of twenty (20) years to Beaucatcher Vista LLC for the development of forty (40) affordable rental homes located at 2 Restaurant Court within the limits of the City of Asheville, to be made immediately available following loan closing. The forty (40) rental homes are to be restricted to individuals and households earning 80% or less of the Area Median Income (AMI), with thirty (30) units set aside for individuals and families, with or without rental assistance, earning at or below 60% or less of AMI . Funds are to begin to be repaid upon the Certificate of Occupancy (CO) of the community, principal plus interest, over a 20 year term. All units shall have a twenty (20) year affordability period, enforced by a deed covenant in a form acceptable to the City Attorney; and 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 26th day of May, 2020.

_____ _____

City Clerk Mayor

Approved as to form:

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City Attorney