THE CITY OF ASHEVILLE

Staff Report

City Council Meeting: May 26, 2020

Subject: Land Use Incentive Grant Application - Collier, Tribute Companies

Staff Resource(s): Paul D'Angelo, CD Program Director
Sam Powers, CED Director

Action Requested: Approve the application for the Land Use Incentive Grant application for Tribute Companies Collier Development.

Review:

- Tribute Company has applied for a Land Use Incentive Grant (LUIG) for their development at 11 Collier Avenue per the LUIG policy adopted by City Council and amended on October 22, 2019.
- The development consists of 54 rental apartments with 100% (54) of the homes proposed serving individuals and families earning between 60% and 80% Area Median Income (AMI) for 20 years.
- This project is located in the Asheville Central Business District -
    - 11 Collier Avenue (PIN# 9648-38-5770)
- The developer estimates a total development cost of $6.5M (see attached application).
- Tax Value of the property, to be based on the Buncombe County Tax Assessment estimate, is $4,776,599 post-completion (see attached analysis from Buncombe County).
- The project, as presented to staff, meets the following Eligibility Requirements:
    - The proposed development consists of two or more dwelling units for rent;
    - At least 10% of the units will meet the affordability standards set by the City of Asheville for households earning 80% or less of the Area Median Income (AMI).
    - The affordable units will be affordable to and leased to income-eligible households for at least 20 years.
    - The proposed development must be located inside the city limits.
    - The proposed development must be located to provide residents convenient access to jobs, schools, and services.
    - The proposed development must be 70% residential in use based on square footage not to include a parking structure if applicable.
- Per the LUIG Scoring Matrix (attached) and based upon the policy, the project will receive 110 total points for affordability and an additional 50 points for the location for a total score of 160 points. Per the policy, this will equal 21 years of grants in the amount of the City Property Taxes payable on the Collier Ave. Development.

Proposal:

- Affordable Rental Housing
    - The proposed project will provide fifty-four (54) affordable units (100% of the units) to individuals and families earning between 60% to 80% of the area median income for an affordability period of twenty (20) years. Under this category, the project qualifies for 100 points.
- Rental Assistance
    - The proposed project will accept 5 Housing Choice Vouchers / Rental Assistance in the community, and possibly consider more. Under this category, the project qualifies for 10 points.
- Superior locational efficiency
    - The proposed project is located within .25 mile of a ½ hour transit stop served by an existing sidewalk, within the Central Business District, within 1 mile from a job or urban center, and within a .5 mile from a Transportation Amenity. Under this category, the project qualifies for 50 points.
- Staff has scored the project with 160 points, which qualifies the project for twenty-one years (21) of Land Use Incentive Grant.

Council Goal(s):

- Quality Affordable Housing
- An Equitable and Diverse Community

Committee(s):

- Housing & Community Development Committee - February 11, 2020 - approved
- Finance & HR Committee - February 25, 2020 - approved

Pro(s):

- The proposed project will provide 54 affordable rental housing units to households earning 80% or less of area median income;
- The proposed project will have an affordability period of twenty (20) years;
- The proposed project addresses the pressing need for affordable one-bedroom apartments (54);
- The proposed project should have a significant economic impact. Construction wages and material purchases will positively affect the local and regional economy;
- 54 affordable units located in the central business district (walkability score of 87 - very walkable, bike score of 70 - very bikeable) provides options for our downtown community workers who fall within the 80% AMI incomes.
- Tribute Companies will communicate with the Asheville Housing Authority as the development prepares to come online that they are accepting Housing Choice Vouchers.

Con(s):

- Cost estimates are not yet fully developed, and project costs as presented may change as it moves towards development.
- The Collier Development, while not required, offers no parking for its residents and can add to the individual or family transportation costs.

Fiscal Impact:

- The parcel has a combined current tax value of $521,000 and pays city property taxes of approximately $2,235 annually.
- Under the estimated tax value of $4,776,599 post-completion, the annual city property tax will be approximately $20,487.
- The difference is $18,251 which would be granted to the property owner annually after payment for 21 years.
- For 21 years and 54 affordable units at or below 80% AMI, the city will grant back a total of $383,292 over the 21 years of the LUIG which equals $7,098 per unit of subsidy which is lower than the estimate of up to $80,000 in subsidy for 80% AMI homes as suggested by our Lord Aeck Sargeant consultants and a subsidy cap that has been noted in other LUIG Staff Reports.
- After year 21, the City will receive the approximate $20,487 annually in city tax revenue (depending on future property tax increases, etc.). Please note the City will still receive property taxes of approximately $2,235 in years 1 - 21.

Suggested Motion:

- Motion to approve Land Use Incentive Grant application for Tribute Companies Collier Avenue Development.

Attachment(s)

- Resolution
- Application w/ Scoring Matrix
- Buncombe County Tax Estimate

RESOLUTION NO. 20-_____

RESOLUTION APPROVING A LAND USE INCENTIVE GRANT AGREEMENT FOR A DEVELOPMENT LOCATED AT 11 COLLIER AVENUE (TRIBUTE COMPANIES)

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 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 Policy (LUIP) in order to encourage the development of projects that meet the aforementioned goals and plans; and

WHEREAS, the Tribute Collier development represents the type of project envisioned for support within those goals and the LUIP; and

WHEREAS, in support of those strategic goals and the Land Use Incentive Grant policy criteria adopted by the City Council, the Collier development located in the South Slope will be a 54 unit multi-family rental development project that is located in close proximity to transit lines, and will fulfill an important public purpose in that it will provide 54 units of moderate income housing (defined as rents that require payment of no more than 30% of gross income for a household with an income at or below 80% of the area median income), and accept housing choice vouchers / rental assistance for 10% of the affordable housing units (5 units), and the proposed project is located within .25 mile of a 1⁄2 hour transit stop served by an existing sidewalk , within the Central Business District, within 1 mile from job or urban center, and within a .5 mile from a Transportation Amenity;

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 Tribute Companies to support the development of the project at 11 Collier Ave. The estimated annual land use incentive grant would be the difference between the current City tax ($2,235) and the estimated post-completion City tax currently estimated to be $4,776,599. The City would allow an estimated annual grant of $18,251. The grant is approved for a period of 21 years with the total grant value estimated at $383,292. For a total land use Incentive grant of approximately $383,292. 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.

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CITY CLERK MAYOR

Approved as to form:

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CITY ATTORNEY