THECITYOF ASHEVILLE

STAFF REPORT

Council Meeting Date: February 11, 2020

Subject: Approval of Bond Issuance by the Housing Authority of the City of Asheville (HACA) for Arrowhead Apartments

Staff Resource(s): Sam Powers, Community and Economic Development Director
Paul D'Angelo / Housing Development Specialist

Action Requested: Adoption of a resolution approving the issuance of bonds by the Housing Authority of the City of Asheville for Arrowhead Apartments

Background:

- The Asheville Housing Authority has requested approval of issuance of up to $17,850,000 in multi-family housing revenue bonds to provide financing for the acquisition and rehabilitation of the Arrowhead Apartments, a 116 unit development for seniors (62+) built in 1979 which is located in four residential buildings at 100 Cheerio Lane in Asheville.
- The project is, and will continue to be, 100% subsidized under the Project-Based Section 8 Housing Assistance Program ("HAP Contract") program of HUD and all units are affordable to and set aside for individuals with incomes at or below 60% of the AMI.
- The property will be acquired and renovated by Arrowhead Renewal LP, a North Carolina Limited Partnership, or an affiliated or related entity, via a 4% Low Income Housing Tax Credit ("LIHTC") syndication financed by tax-exempt bonds issued by the Housing Authority.
- The proposed rehabilitation scope will completely overhaul the unit interiors-upgrading kitchens, bathrooms, living spaces, appliance and fixtures. The rehabilitation will also address mechanical systems such as HVAC, elevators, plumbing, electrical as well as roofing. The proposed renovation is expected to cost more than $40,000/unit.
- The IRS Code Section 147(f) requires that any bonds issued by the Housing Authority for developments such as this have the approval of the plan of financing by City Council, following a public hearing with respect to such plan. On November 7, 2019, the Housing Authority held a public hearing, and there were no comments.
- This approval by City Council does not obligate the City in any way to issue or pay for the bonds, or for any other debt undertaken by Arrowhead Renewal LP in connection with this project.

Council Goal(s):

- An Equitable and Diverse Community
- A Well-Planned and Livable Community
- Quality Affordable Housing

Committee(s):

- None

Pro(s):

- The significant rehabilitation of an existing 116 unit affordable housing development for seniors.

Con(s):

- None

Fiscal Impact:

- As noted above, the approval of this bond issuance does not require City investment.

Suggested Motion:

- Motion to adopt the resolution approving in principle the issuance by the Housing Authority of the City of Asheville of up to $17,850,000 in multi-family housing revenue bonds for the acquisition and rehabilitation of Arrowhead Apartments.

Attachment(s)

- Resolution
- Public Hearing Confirmation

RESOLUTION NO. 20-____

RESOLUTION APPROVING THE ISSUANCE OF UP TO $17,850,000 MULTIFAMILY HOUSING REVENUE BONDS TO PROVIDE FINANCING FOR ARROWHEAD APARTMENTS TO SATISFY SECTION 147(f) OF THE INTERNAL REVENUE CODE

WHEREAS, the City Council (the "City Council") of the City of Asheville, North Carolina (the "City") met in Asheville, North Carolina at 5:00 p.m. on the 11th day of February, 2020; and

WHEREAS, the Housing Authority of the City of Asheville, North Carolina (the "Issuer") has tentatively agreed to issue its multifamily housing revenue bonds in an amount not to exceed $17,850,000 (the "Bonds"), for the purpose of financing the acquisition, rehabilitation and equipping by Arrowhead Renewal LP, a North Carolina limited partnership, or an affiliated or related entity (the "Borrower"), of a multifamily residential rental facility known as Arrowhead Apartments (the "Development"); and

WHEREAS, the Development consists of approximately 116 units located in four residential buildings on an approximately 8-acre site at 100 Cheerio Lane, Asheville, North Carolina; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), requires that any bonds issued by the Issuer for the Development may only be issued following a public hearing with respect to such bonds and after approval of the plan of financing by the City Council of the City; and

WHEREAS, on November 7, 2019, the Issuer held a public hearing with respect to the issuance of the Bonds to finance, in part, the Development (as evidenced by the Certificate and Summary of Public Hearing attached hereto) and has requested the City to approve the issuance of the Bonds as required by the Code; and

WHEREAS, the City has determined that approval of the issuance of the Bonds is solely to satisfy the requirement of Section 147(f) of the Code and shall in no event constitute an endorsement of the Bonds or the Development or the creditworthiness of the Borrower, nor shall such approval in any event be construed to obligate the City for the payment of the principal of or premium or interest on the Bonds or for the performance of any pledge, mortgage or obligation or agreement of any kind whatsoever which may be undertaken by the Issuer, or to constitute the Bonds or any of the agreements or obligations of the Issuer an indebtedness of the City, within the meaning of any constitutional or statutory provision whatsoever;

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

1. The proposed issuance by the Housing Authority of the City of Asheville of its multifamily housing revenue bonds in an amount not to exceed $17,850,000 to finance, in part, the costs of the acquisition, rehabilitation and equipping of the Development described above by the Borrower is hereby approved for purposes of Section 147(f) of the Code.

2. This resolution shall take effect immediately.

Read, approved and adopted this 11th day of February, 2020.

City Clerk

Mayor

Approved as to form:

City Attorney

CERTIFICATE AND SUMMARY

The undersigned Executive Director of the Housing Authority of the City of Asheville hereby certifies:

1. Notice of a public hearing (the "Hearing") to be held on November 7, 2019, with respect to the issuance of bonds by the Housing Authority of the City of Asheville (the "Authority") for the benefit of Arrowhead Renewal LP, a North Carolina limited partnership was published on October 27, 2019, in the *Asheville Citizen-Times*. The proceeds of the bonds will be loaned to Arrowhead Renewal LP and used, together with equity from related 4% low income housing tax credits and other funds, to acquire, rehabilitate and equip a multifamily residential rental development known as Arrowhead Apartments.

2. I was the hearing officer for the Hearing.

3. The following is a list of the names and addresses of all persons who spoke at the Hearing:

None

4. The following is a summary of the oral comments made at the Hearing:

None

IN WITNESS WHEREOF, my hand and the seal of the Housing Authority of the City of Asheville this 7th day of November, 2019.

(SEAL)

By: _____
David Nash, Executive Director