



# AFFORDABLE HOUSING SUBCOMMITTEE

March 19, 2024



# AGENDA

- ✓ Call to Order & Welcome
- ✓ Public Comment
- ✓ Approval of Meeting Minutes
  - March 7, 2023
- ✓ Presentations
  - Short Term Rental Incentives Program
  - FY 2025 AHSP Returning Construction Applications Review
- ✓ Announcements
- ✓ Adjourn



# PUBLIC COMMENT



# APPROVAL OF MEETING MINUTES



**MARCH 7, 2024**



# PRESENTATIONS





# Short Term Rental Conversion Pilot

*Presented by*

Rafael Baptista

Strategy & Innovation



# Agenda

1. Background
2. Review of Thrive Asheville Proposal
3. Next Steps



# Background

- At the direction of the BOCC, staff looked at models for encouraging the conversion of Short-Term Rentals into Affordable Housing
- Staff presented potential options to BOCC in December and received direction to issue a Request for Information
- Thrive Asheville was only respondent to the RFI





# Contextual Data: AHSP cost per unit

- AHSP policy allows the County to pay 10% of cost per unit and 20% cost per unit for LIHTC
- Current average subsidy from AHSP for new construction is \$19,647 per unit
- AHSP funded units must remain affordable for 20 years and LIHTC units must remain affordable for 30 years



# Thrive Asheville's Proposal

**Focus on households making between 50-80% AMI  
(existing incentive program targets below 50% AMI)**

Item(s)	Timeline
Discovery Phase (Will this program work? If so, how much?)	Months 1-3
Marketing Campaign	Months 4-5
Application period and leasing	
Program application opens, begin tenant selection	Months 6-7
Application closes – begin leasing and pay incentives	Months 8-9
Ongoing management and final report	Months 10-21

**Cost: \$240-390K**



# Thrive Asheville's Proposal

## Discovery Phase- \$15K (3 months)

- Focus Groups with Property Owners
- Surveys of Property Owners and Tenants
- Outcomes:
  - Identification of financial incentive amount
  - Identification of non-financial incentives
    - Tenant Recruitment
    - Tenant Selection
  - Blueprint for the pilot implementation



# Thrive Asheville's Proposal

## Marketing Campaign - \$15K (2 months)

- Promote the campaign to solicit property owners and tenants
- Outcome: Launch of marketing campaign to include:
  - Printed Materials
  - Pilot Website
  - Digital Marketing



# Thrive Asheville's Proposal

## Application Period and Leasing- \$60,000 (4 months)

- Full-service management of program
- Thrive screens and matches Tenants and Property Owners
- Pay out 1/3 of incentive at lease signing (\$98K incentives)
- Outcome: Turnkey management of pilot program that converts up to 20 Short Term Rentals for a one-year period



# Thrive Asheville's Proposal

## Ongoing Management and Final Report- \$20,000 (11 months)

- Full-service management of program
- Monitor lease compliance
- Pay out 1/3 of incentive at 6 months; 1/3 at end of lease (\$196K incentives)
- Outcome: Turnkey management and final evaluation

### Reporting data

- Number of units converted from short to long-term rentals
- Types of homes unlocked (size, location, type)
- Rental prices for each unit in the program with the average per bedroom
- Income of renters served
- Demographics
- Employers served
- Number of rentals extended beyond twelve-month leases
- Property owner and tenant satisfaction



# Proposed Pilot Conversion Program

Potential Incentive Ranges: Assuming 20 STR conversions for the Pilot Phase

Type of Unit	# of Units	Incentive per unit/lyr	Total
Studio	5	\$4,000-\$8,000	\$20,000-\$40,000
1 bedroom	5	\$5,000-\$12,000	\$25,000-\$60,000
2 bedroom	5	\$8,000-\$15,000	\$40,000-\$75,000
3 bedroom	5	\$10,000-\$20,000	\$50,000-\$100,000
	20		\$135,000-\$275,000

Data gathered during discovery phase may impact these ranges



# Proposed Cost

Item	Price
Discovery Phase	\$15,000
Marketing Campaign	\$15,000
Program Implementation and Management	\$80,000
Rental Gap Assistance	\$10,000 - \$20,000
Incentive Amount	\$135,000 - \$275,000
<b>Total</b>	<b>\$240,000 - \$390,000</b>
Cost per Unit (20 units)	\$12,000 - \$19,500





# Next Steps

1. Return with follow-up information at next meeting

OR

2. Move forward with \$15K discovery phase, using current year funding; remaining funding included in FY25 AH request

- Contract negotiation
- BOC Briefing- Apr 2
- BOC Regular meeting – Apr 16
- Begin Discovery Phase – May-July

OR

3. Recommend full cost in the AH budget request; begin Discovery in July

OR

4. Do Nothing



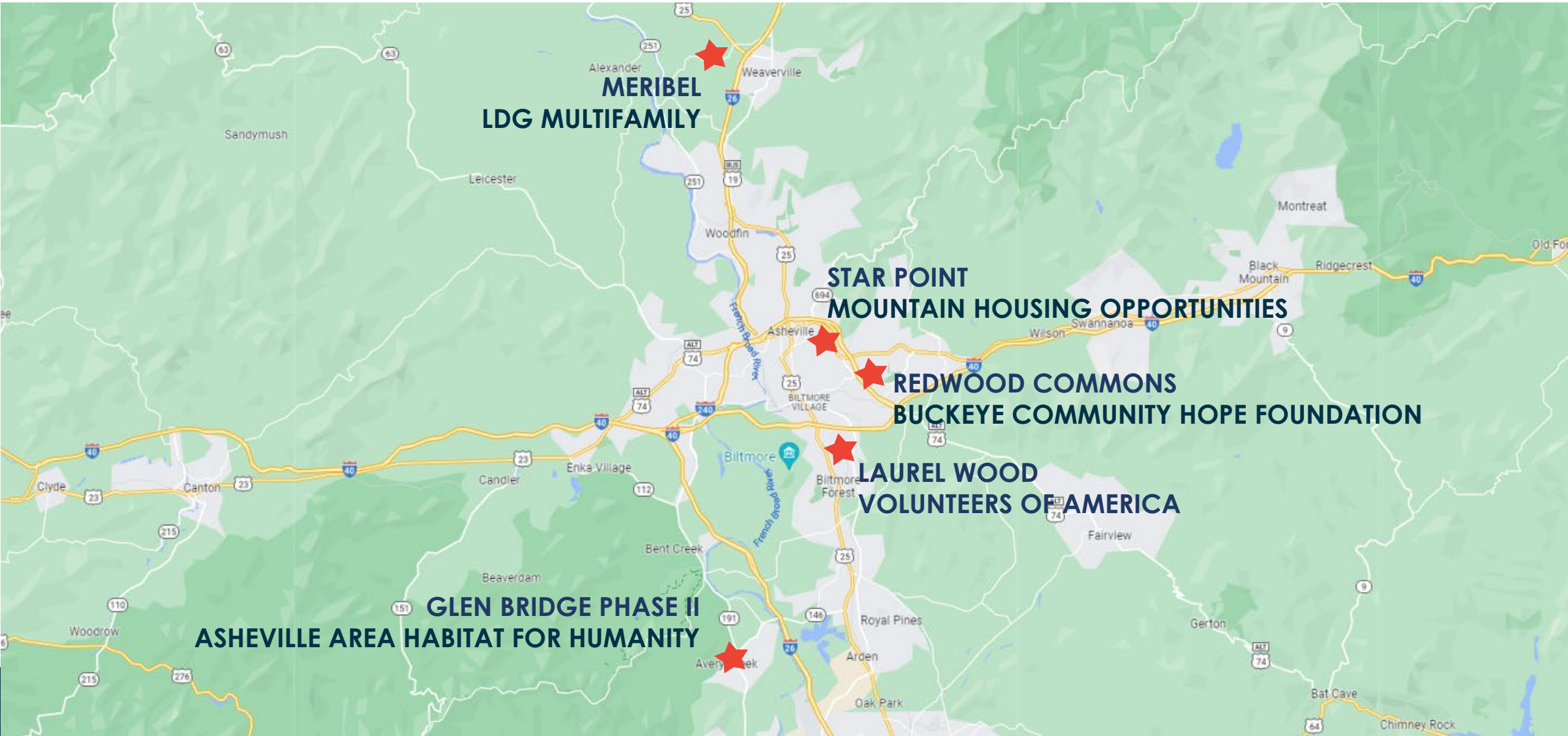
# **FY 2025 AHSP RETURNING CONSTRUCTION APPLICATIONS REVIEW**





# RETURNING CONSTRUCTION LOAN REQUESTS

## COMPARISON OF LOCATION



# GLENN BRIDGE PHASE II

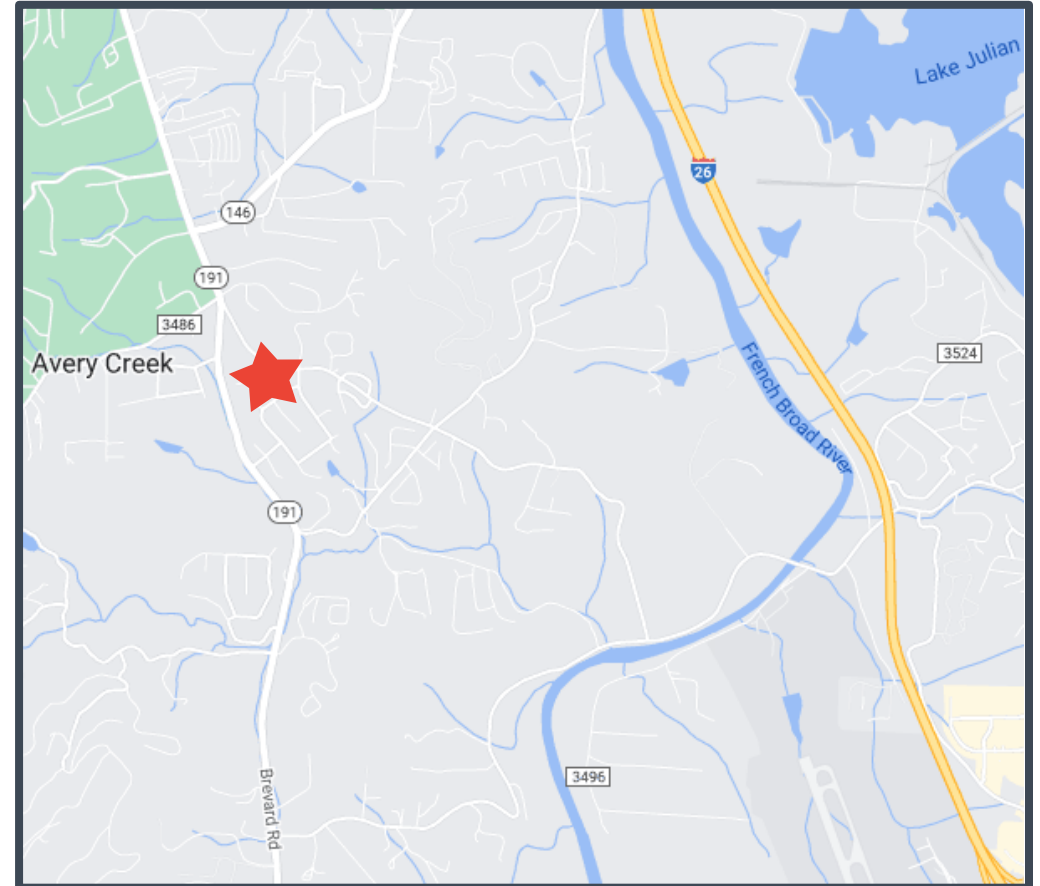
## ASHEVILLE AREA HABITAT FOR HUMANITY



# GLENN BRIDGE PHASE II

## PROJECT HIGHLIGHTS

- Request: \$136,954
- Total Project Cost: \$1,369,543
- Units: 5 homes for ownership
- Location: 898 Glenn Bridge Road (Arden)
- Development Status: Subdivision Review
- Site Control: Owned
- Voucher Acceptance: Will accept vouchers for homeowner mortgages



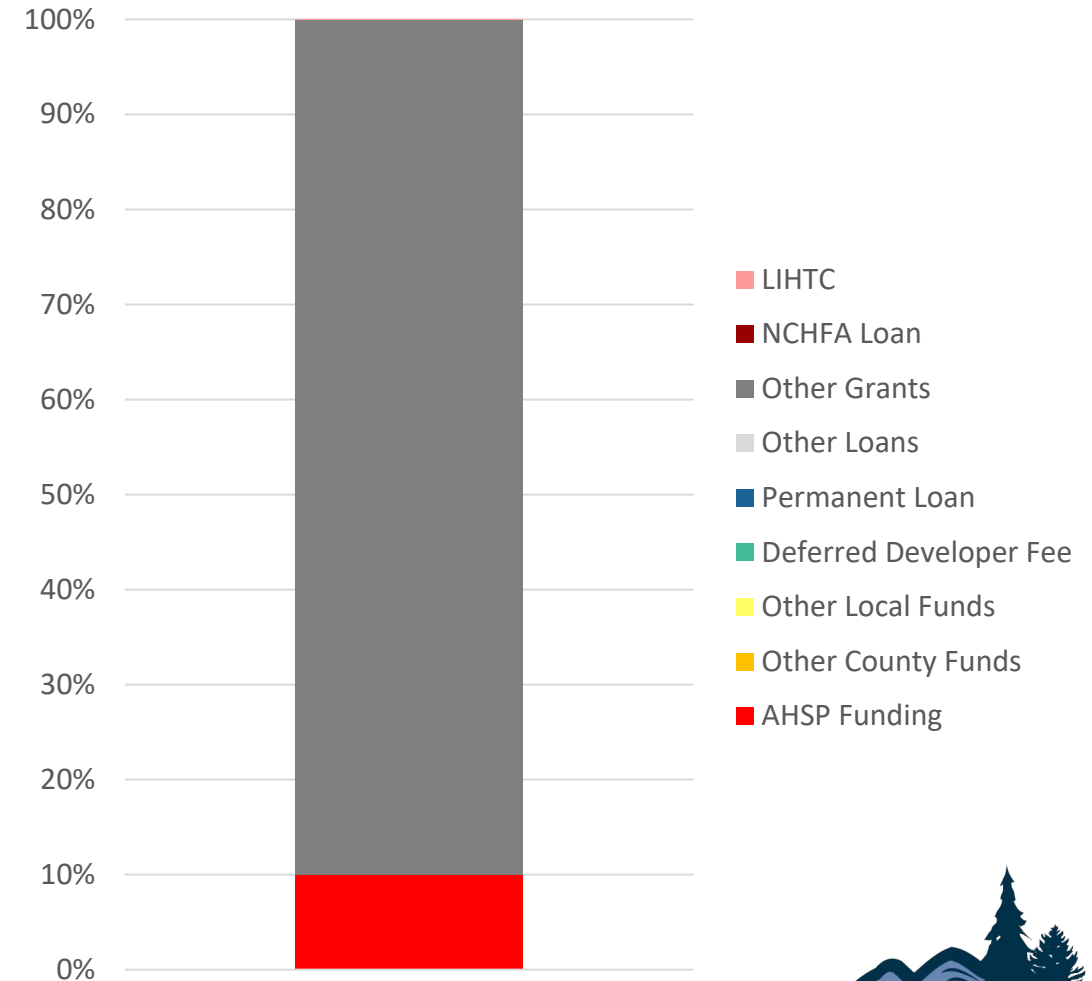
# GLENN BRIDGE PHASE II

## COMMITTED

- None

## REQUESTED

- **\$136,954 FY25 AHSP (5 year, 0% interest converts to downpayment assistance)**
- \$1,232,589 in private funding:
  - \$275,000 in house sponsorships
  - \$75,000 adopt-a-lot sponsorships
- \$882,589 undesignated revenue and earned income

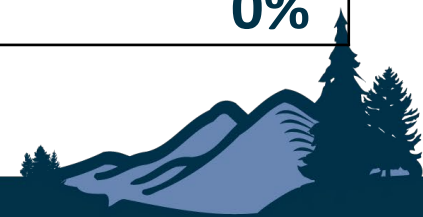


# GLENN BRIDGE PHASE II

Household AMI Targets	
AMI	Units
≤80%	3
≤50%	2
<b>Total</b>	<b>5</b>

Unit Mix	
Bedrooms	Units
1	0
2	2
3	2
4	1
<b>Total</b>	<b>5</b>

Target Populations	
Served	Percentage
Age 55+	100%
Disability	100%
BIPOC	100%
Justice Involved	0%
Vouchers	100%
Hard to House	0%
Homeless / At Risk	0%
CoC Referral	0%





# GLEN BRIDGE PHASE II

## RECOMMENDATION

The Committee may recommend a construction loan up to \$136,954 with a 5-year term to be converted to downpayment assistance for income eligible homebuyers.



# LAUREL WOOD

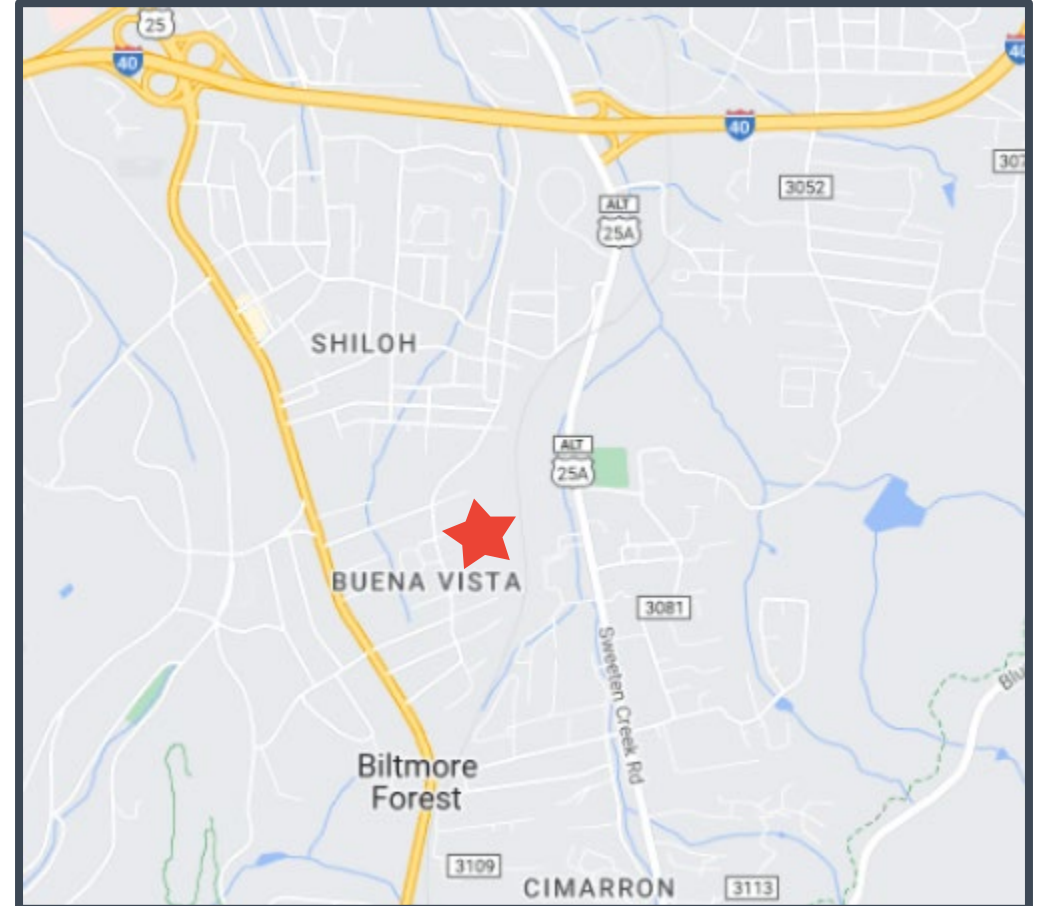
## VOLUNTEERS OF AMERICA



# LAUREL WOOD

## PROJECT HIGHLIGHTS

- Request: \$800,000
- Total Project Cost: \$25,960,184
- Units: 104
- LIHTC 2022 4% Award: \$880,007
- Location: 650 Caribou Road (Asheville)
- Development Status: Plans Approved by City
- Site Control: Owned



# LAUREL WOOD

## COMMITTED

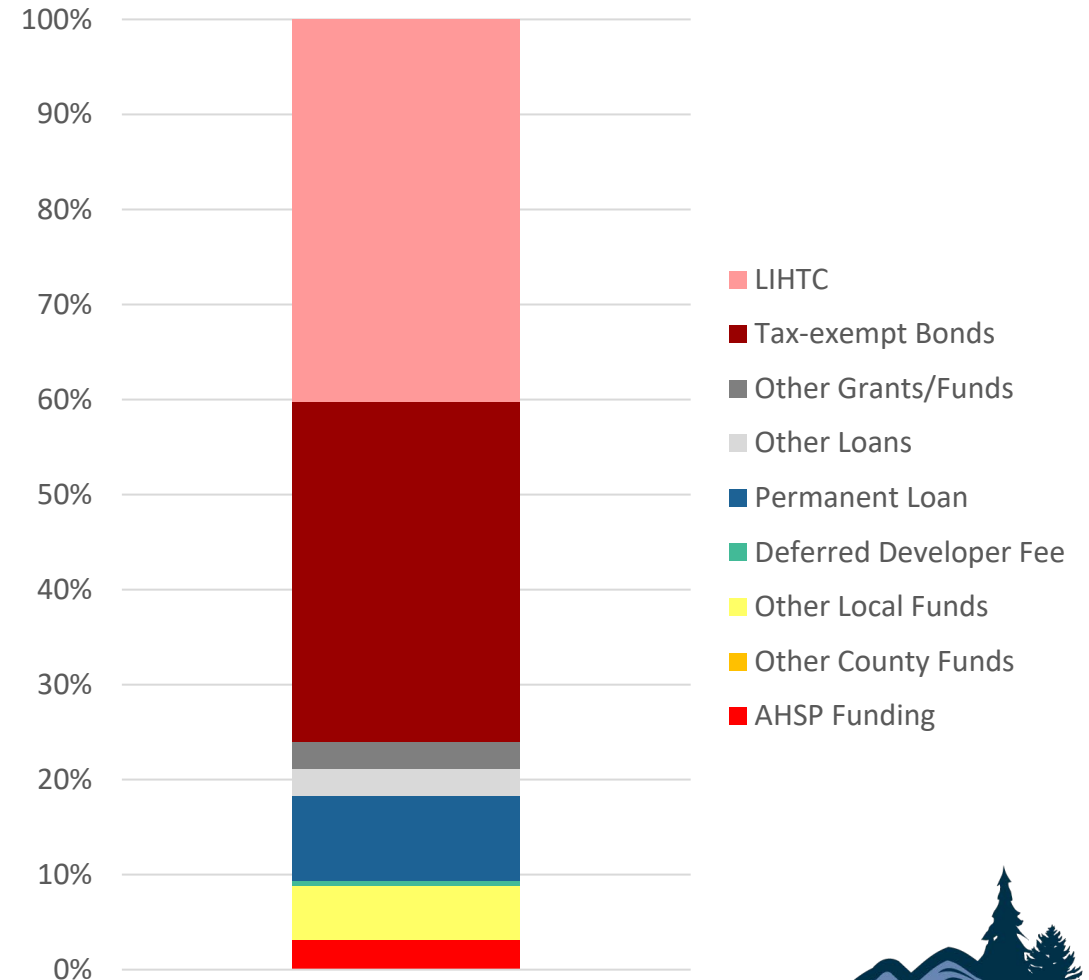
- \$10,438,523 (4% LIHTC – estimate \$0.93 per tax credit)
- \$9,300,000 (Tax-exempt Bonds (18 years at 6.18%, P&I))
- \$2,316,505 (Seller Loan (40 years at 7%, cashflow loan))
- \$1,500,000 (Asheville HTF (30 year at 2%, cashflow loan))
- **\$800,000 (FY23 AHSP (20 years at 2%, cashflow loan))**
- \$750,000 (VOA Capital Magnet Fund (40 years at 0%, deferred loan))
- \$701,872 Seller reserves, bond interest & permit fee rebates

## REQUESTED

- \$23,023 Energy efficiency rebates

## DEFERRED DEVELOPER FEE

- \$130,261 (Maximum of \$780,000 can be deferred)

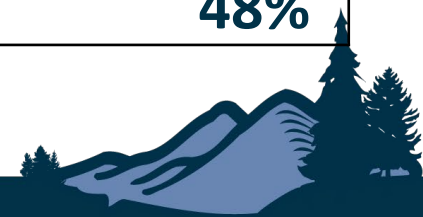


# LAUREL WOOD

Household AMI Targets	
AMI	Units
≤80%	18
≤60%	28
≤50%	35
≤40%	23
<b>Total</b>	<b>104</b>

Unit Mix	
Bedrooms	Units
1	92
2	12
3	0
4	0
<b>Total</b>	<b>104</b>

Target Populations	
Served	Percentage
Age 55+	100%
Disability	29%
BIPOC	33%
Justice Involved	0%
Vouchers	25%
Hard to House	0%
Homeless / At Risk	5%
CoC Referral	48%



# LAUREL WOOD

## RECOMMENDATION

The Committee may recommend \$800,000 award to be reallocated through the FY25 AHSP budget which would allow Laurel Wood to seek tax exemption and result in a balanced proforma.



# **MERIBEL**

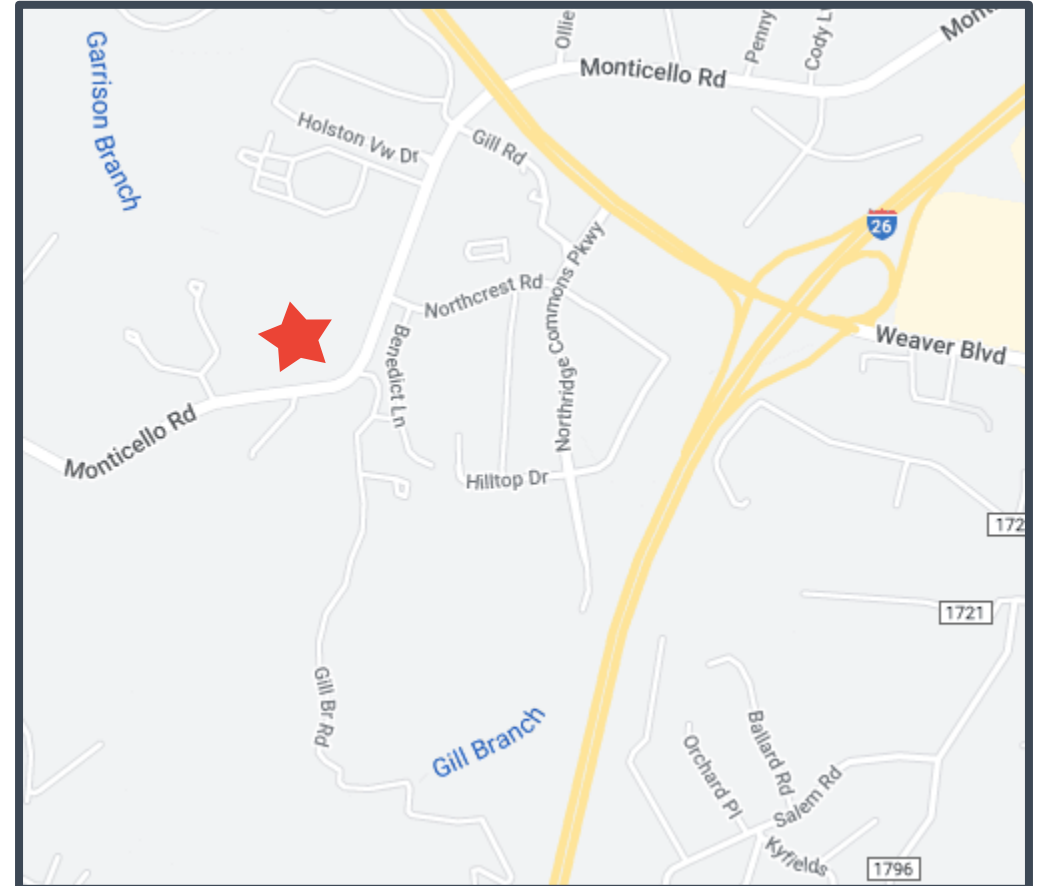
## **LDG MULTIFAMILY, LLC**



# MERIBEL

## PROJECT HIGHLIGHTS

- Total Request: \$10,292,697
- Total Project Cost: \$51,463,485
- Units: 156
- LIHTC 2023 4% Award: \$1,791,324
- Location: 171 Monticello Road (Weaverville)
- Development Status: Plan Reviews in Progress
- Site Control: Option Agreement





# MERIBEL

## COMMITTED

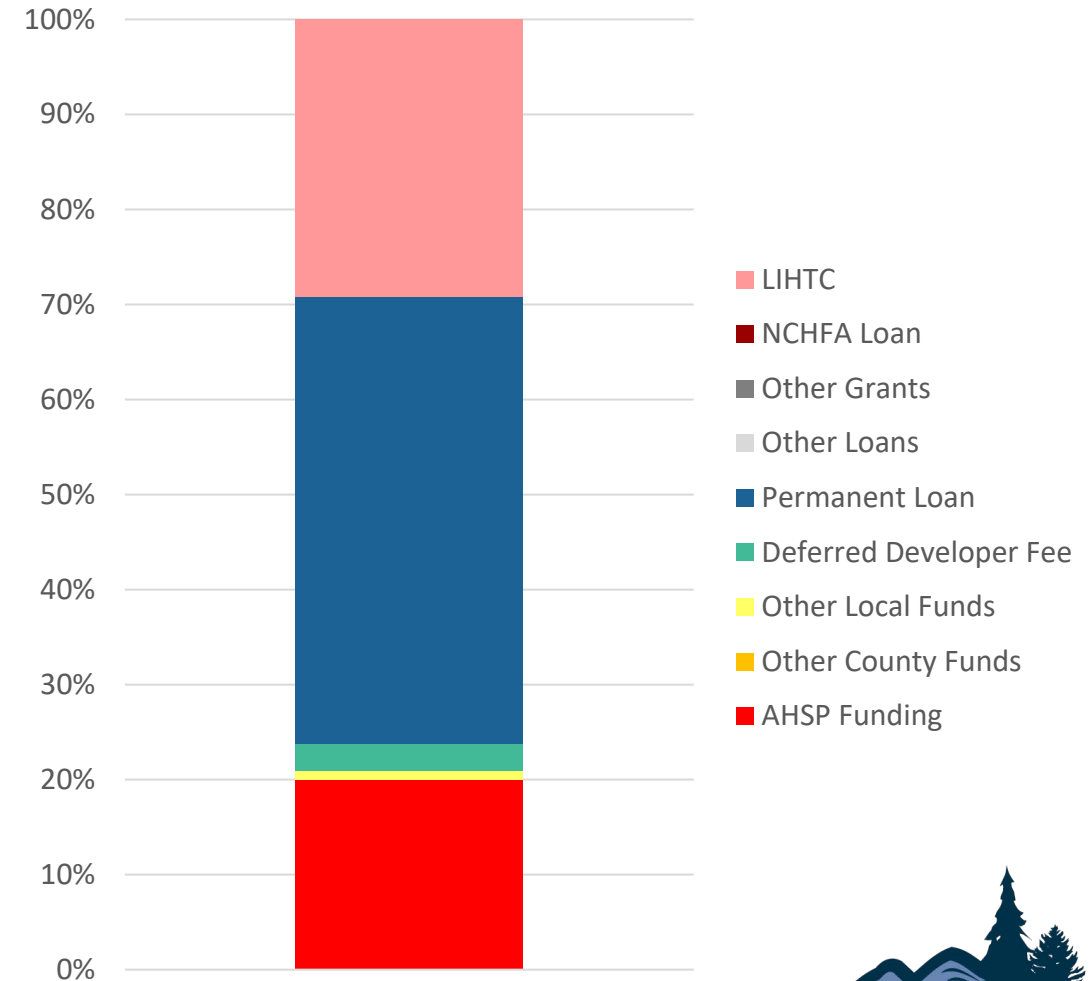
- \$15,047,117 (4% LIHTC – estimate \$0.84 per tax credit)
- **\$8,468,195 (FY24 AHSP (20 years at 2%, cashflow loan))**
- \$500,000 (HOME funds (20 years at 2%, cashflow loan))

## REQUESTED

- \$24,186,000 (Permanent loan, (40 years, at 6%, P&I))
- **\$1,824,502 (FY25 AHSP (20 years at 2%, cashflow loan))**

## DEFERRED DEVELOPER FEE

- \$1,437,671 (Maximum of \$1,560,000 can be deferred)



# MERIBEL

Household AMI Targets	
AMI	Units
≤80%	74
≤60%	60
≤30%	58
<b>Total</b>	<b>156</b>

Unit Mix	
Bedrooms	Units
1	24
2	72
3	60
4	0
<b>Total</b>	<b>156</b>

Target Populations	
Served	Percentage
Age 55+	0%
Disability	18%
BIPOC	0%
Justice Involved	0%
Vouchers	58%
Hard to House	0%
Homeless / At Risk	0%
CoC Referral	0%

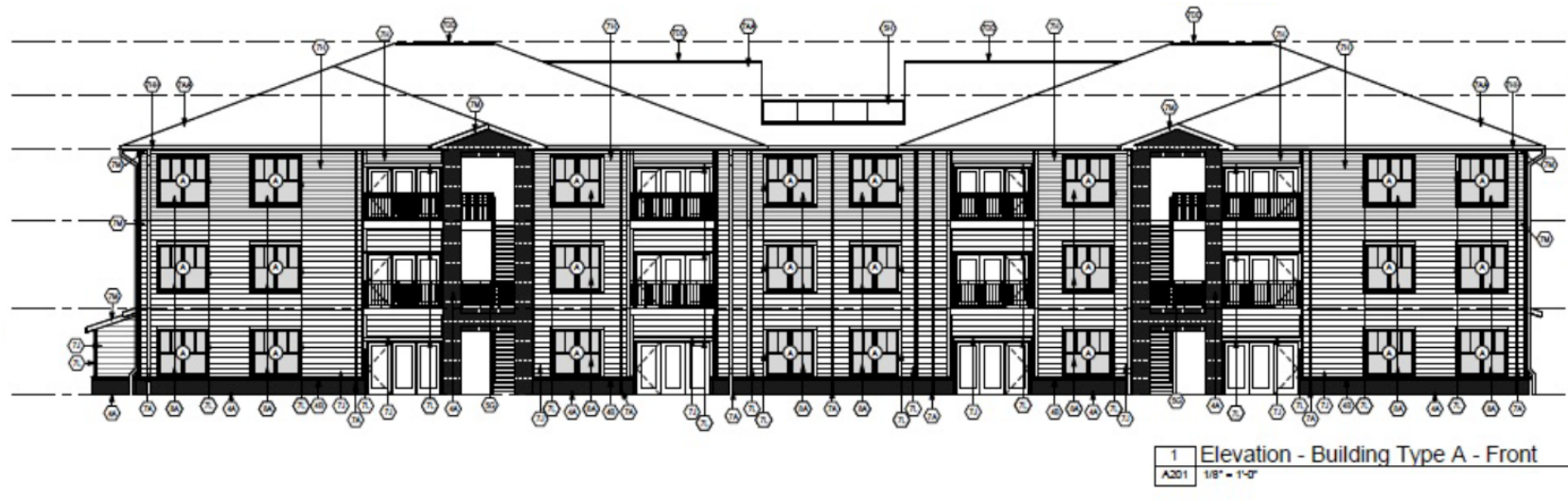


# MERIBEL

## RECOMMENDATIONS

The Committee may recommend up to \$8,468,195 with a 20-year term, at an interest rate of 2%, annual payment from cashflow with balloon payment to be reallocated to the FY25 application cycle and allow the project to seek property tax exemption and result in a balanced proforma.

The Committee may also consider up to the maximum loan of \$10,292,697 (20% of cost per affordable unit) with a 20-year term, at an interest rate of 2%, annual payment from cashflow with balloon payment.



# REDWOOD COMMONS

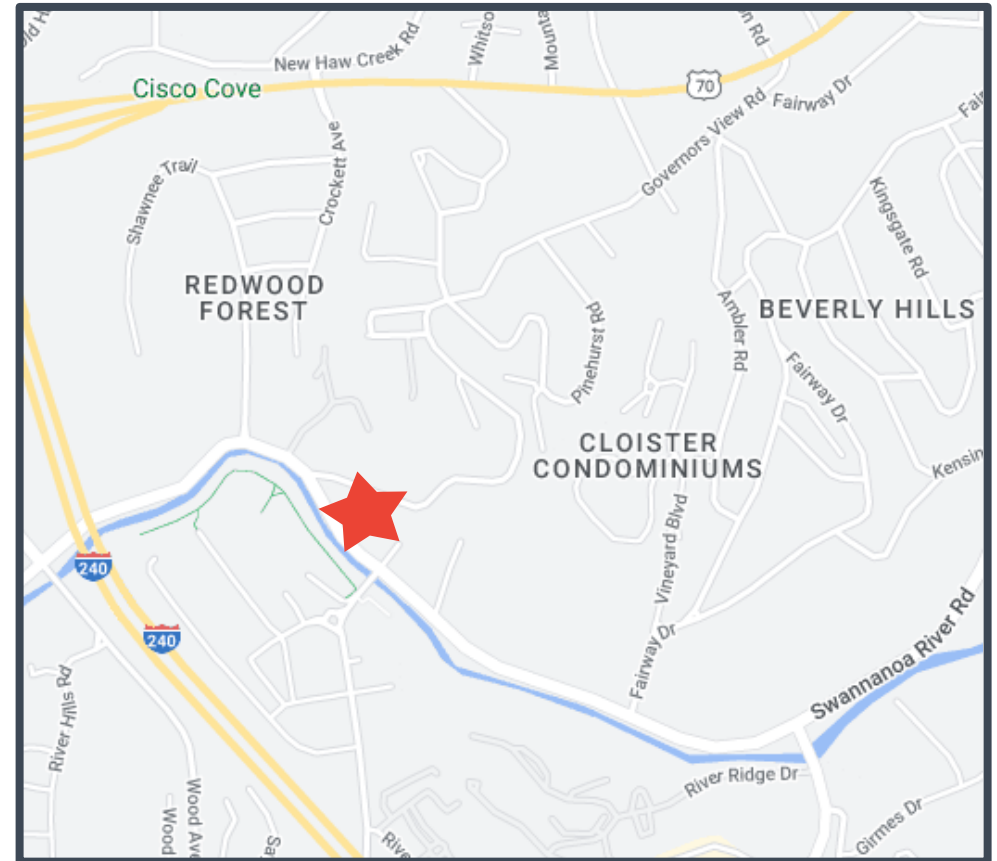
## BUCKEYE COMMUNITY HOPE FOUNDATION



# REDWOOD COMMONS

## SUMMARY HIGHLIGHTS

- Total Request: \$3,758,907
- Total Project Cost: \$19,329,072
- Units: 70
- LIHTC 2022 9% Award: \$1,200,000
- Location: 21 Governors View Road (Asheville)
- Development Status: Asheville CZ Approved
- Site Control: Option agreement



# REDWOOD COMMONS

## COMMITTED

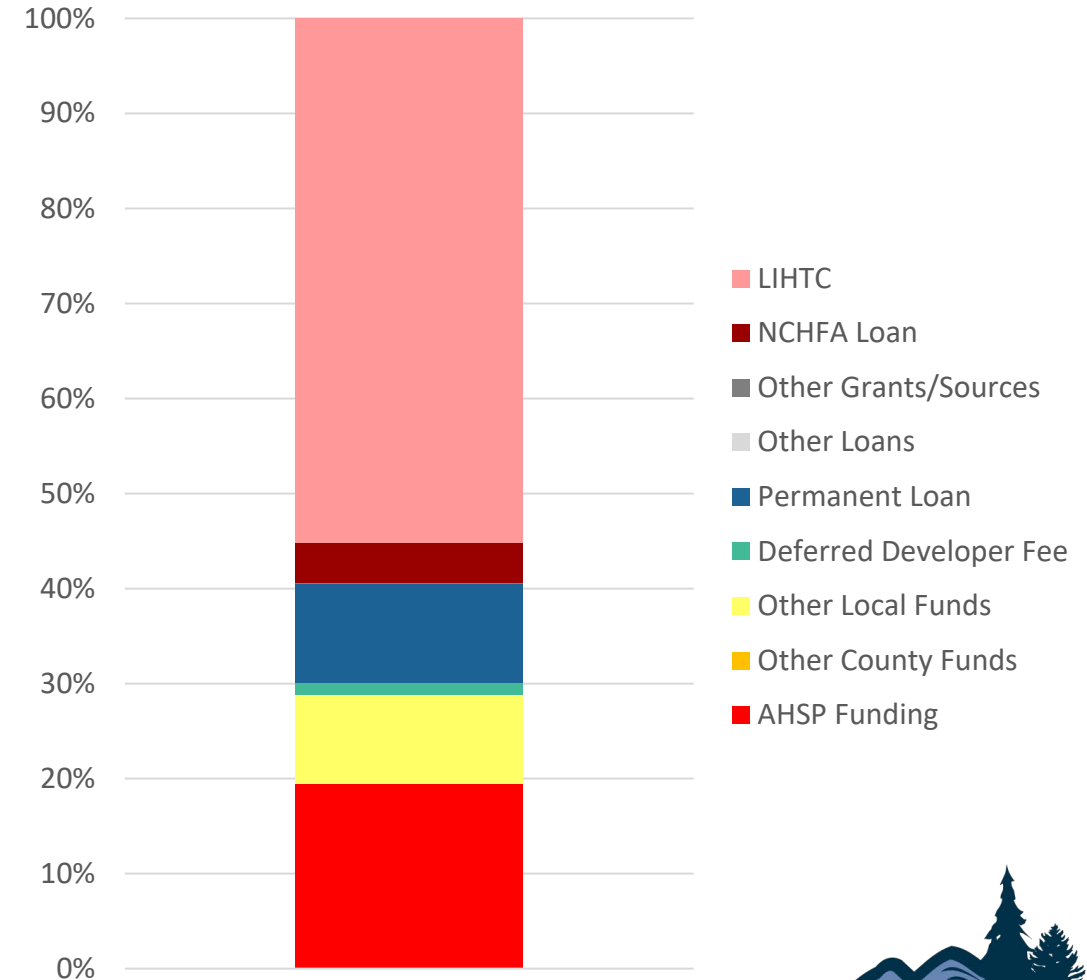
- \$10,678,932 (9% LIHTC - \$0.89 value)
- **\$1,826,000 AHSP loan (20 years, 2%, cashflow)**
- \$1,800,000 (Asheville Housing Trust Fund loan (20 years, 2%, cashflow))
- \$800,000 (NCHFA RPP loan(20 years, 2%, cashflow))
- \$10,000 Owner Investment

## REQUESTED

- \$2,000,000 (Permanent loan (35 years, 6.10%, P&I))
- **\$1,932,816 AHSP loan (20 years, 2%, cashflow)**
- \$20,000 rate lock refund

## DEFERRED DEVELOPER FEE

- \$261,234 (Maximum of \$525,000 can be deferred)

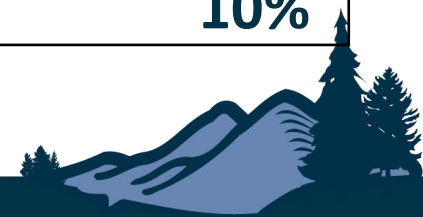


# REDWOOD COMMONS

Household AMI Targets	
AMI	Units
≤60%	42
≤50%	10
≤30%	18
<b>Total</b>	<b>70</b>

Unit Mix	
Bedrooms	Units
1	54
2	16
3	0
4	0
<b>Total</b>	<b>70</b>

Target Populations	
Served	Percentage
Age 55+	100%
Disability	13%
BIPOC	0%
Justice Involved	0%
Vouchers	25%
Hard to House	0%
Homeless / At Risk	10%
CoC Referral	10%



# REDWOOD COMMONS

## RECOMMENDATION

The Committee may recommend a total loan up to \$1,932,907 with a 20-year term, at an interest rate of 2%, annual payment from cashflow with balloon payment. The applicant will need to identify alternative source assumptions to complete its capital stack and to inform an updated operating proforma. This loan could be supported with general fund or bond funds.





# STAR POINT

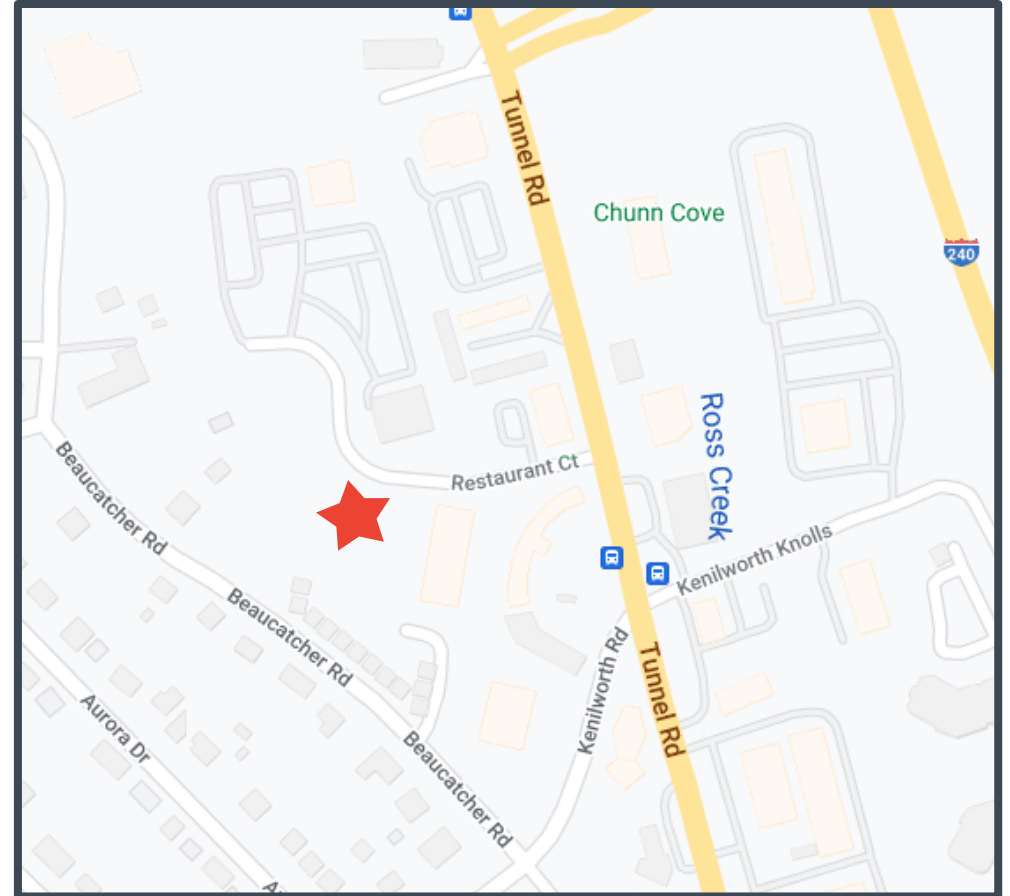
## MOUNTAIN HOUSING OPPORTUNITIES



# STAR POINT

## PROJECT HIGHLIGHTS

- Total Request: \$2,000,000
- Total Project Cost: \$16,085,116
- Units: 60
- LIHTC 2023 9% Award: \$1,165,500
- Location: 16 Restaurant Court, Asheville
- Development Status: Approved
- Site Control: Owned



# STAR POINT

## COMMITTED

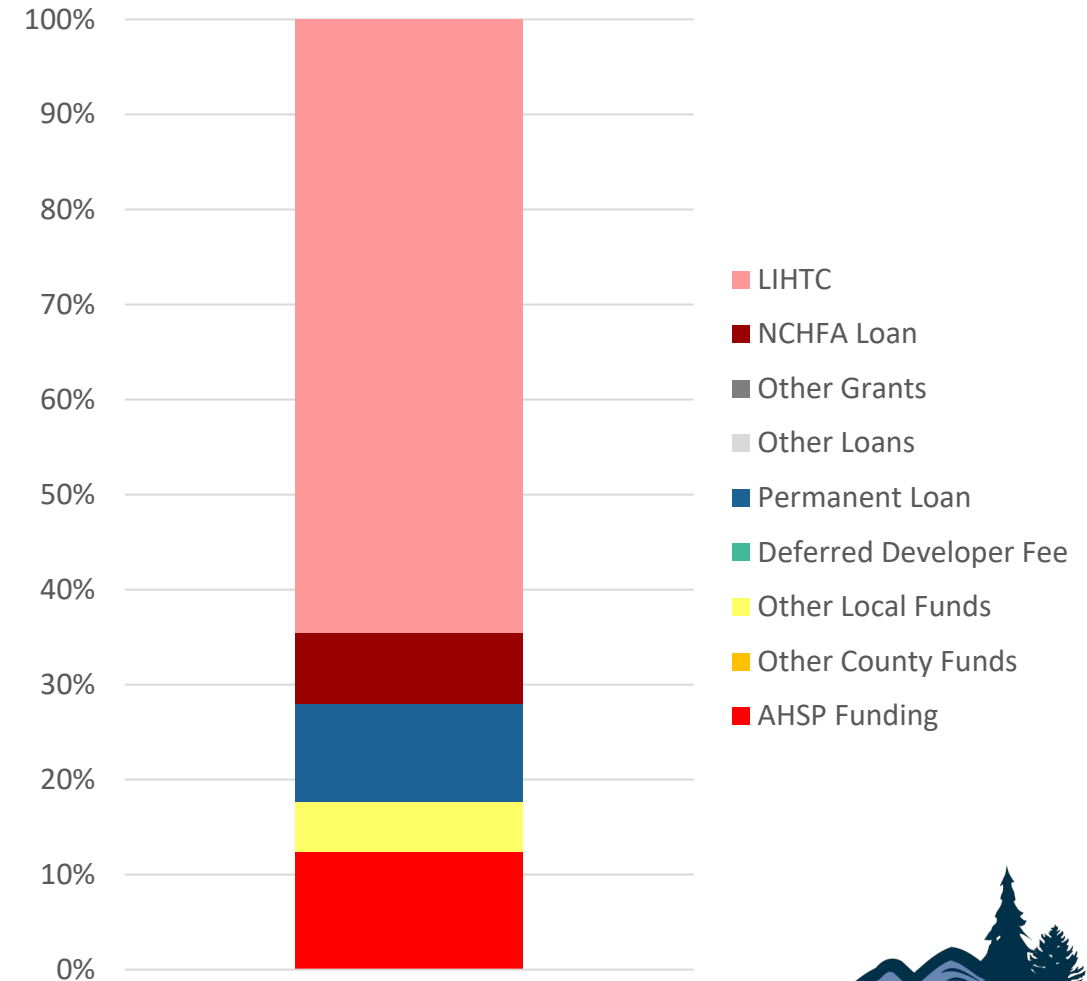
- \$10,380,812 (9% LIHTC – estimated \$0.89 value)
- \$1,200,000 (NCHFA RPP Loan (20 years, 2% cashflow loan))
- \$850,000 Asheville Housing Trust Fund loan (40 years, 0%, principle deferred for 40 years)
- **\$500,000 AHSP loan (20 years, 2%, cashflow)**

## REQUESTED

- \$1,654,304 Permanent loan (35 years, 6.8%, P&I)
- **\$1,500,000 AHSP loan (20 years, 2%, cashflow)**
- \$1,500,000 Asheville Housing Trust Fund loan (30 years, 2%, interest only)

## DEFERRED DEVELOPER FEE

- \$0 (Maximum of \$600,000 can be deferred)

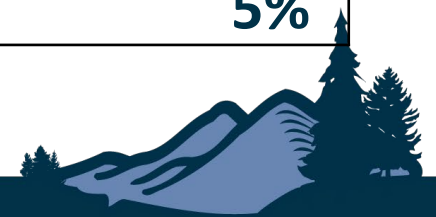


# STAR POINT

Household AMI Targets	
AMI	Units
≤60%	34
≤50%	9
≤30%	17
<b>Total</b>	<b>60</b>

Unit Mix	
Bedrooms	Units
Efficiency	14
1	35
2	11
<b>Total</b>	<b>60</b>

Target Populations	
Served	Percentage
Age 55+	20%
Disability	20%
BIPOC	40%
Justice Involved	10%
Vouchers	40%
Hard to House	0%
Homeless / At Risk	20%
CoC Referral	5%

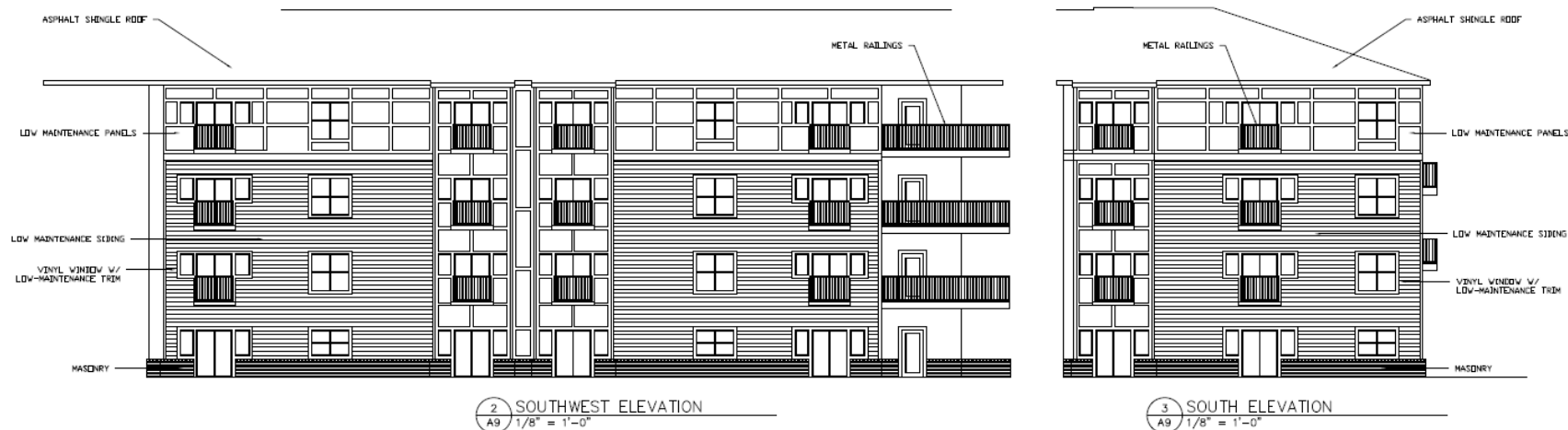


# STAR POINT

## RECOMMENDATIONS

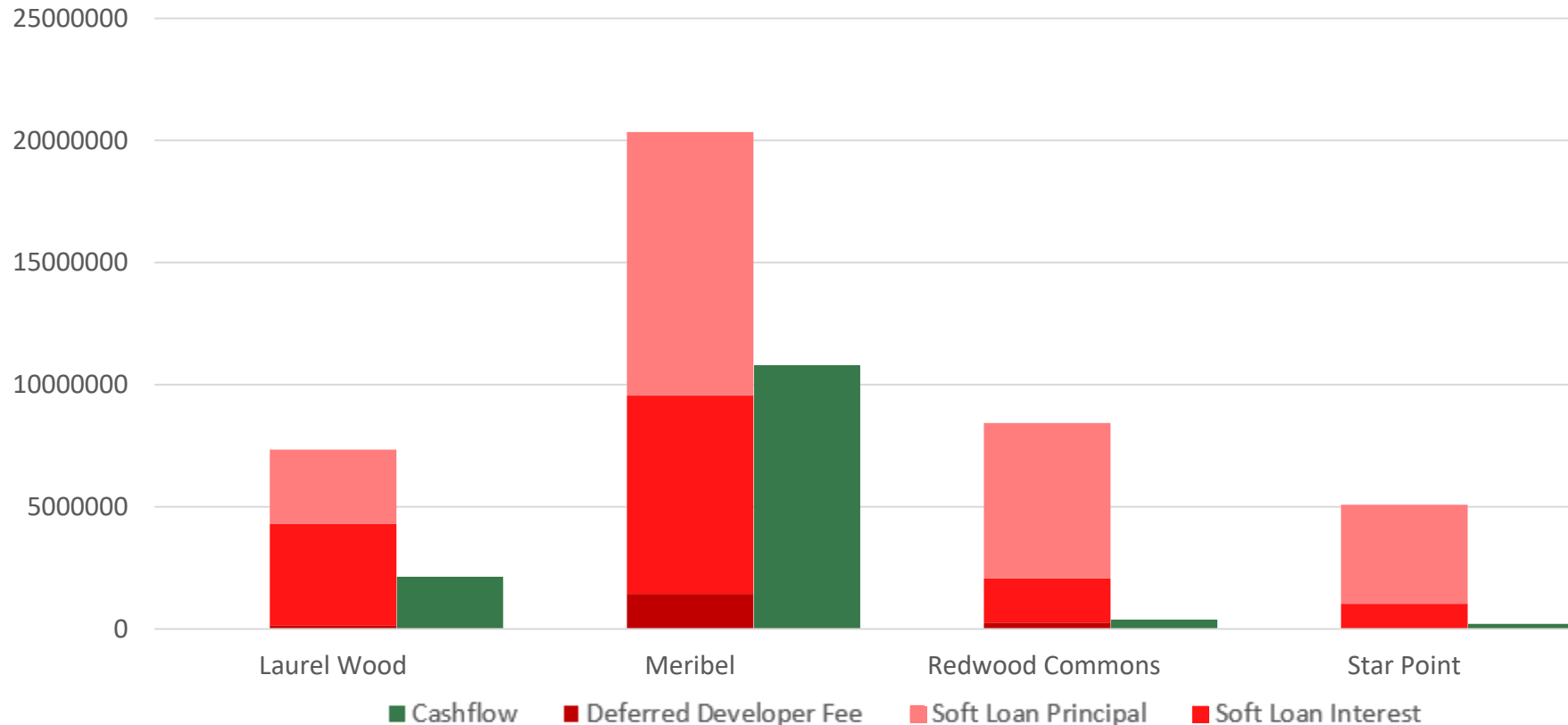
The Committee may recommend a loan up to \$1,341,007 with a 20-year term, 2% interest, and annual payment from cashflow with balloon payment. This loan could be supported with general fund or bond funds.

The Committee may also consider the potential for an investment from the City of Asheville's Housing Trust Fund. Equal commitments of \$1,070,504 from both local governments would close the funding gap.



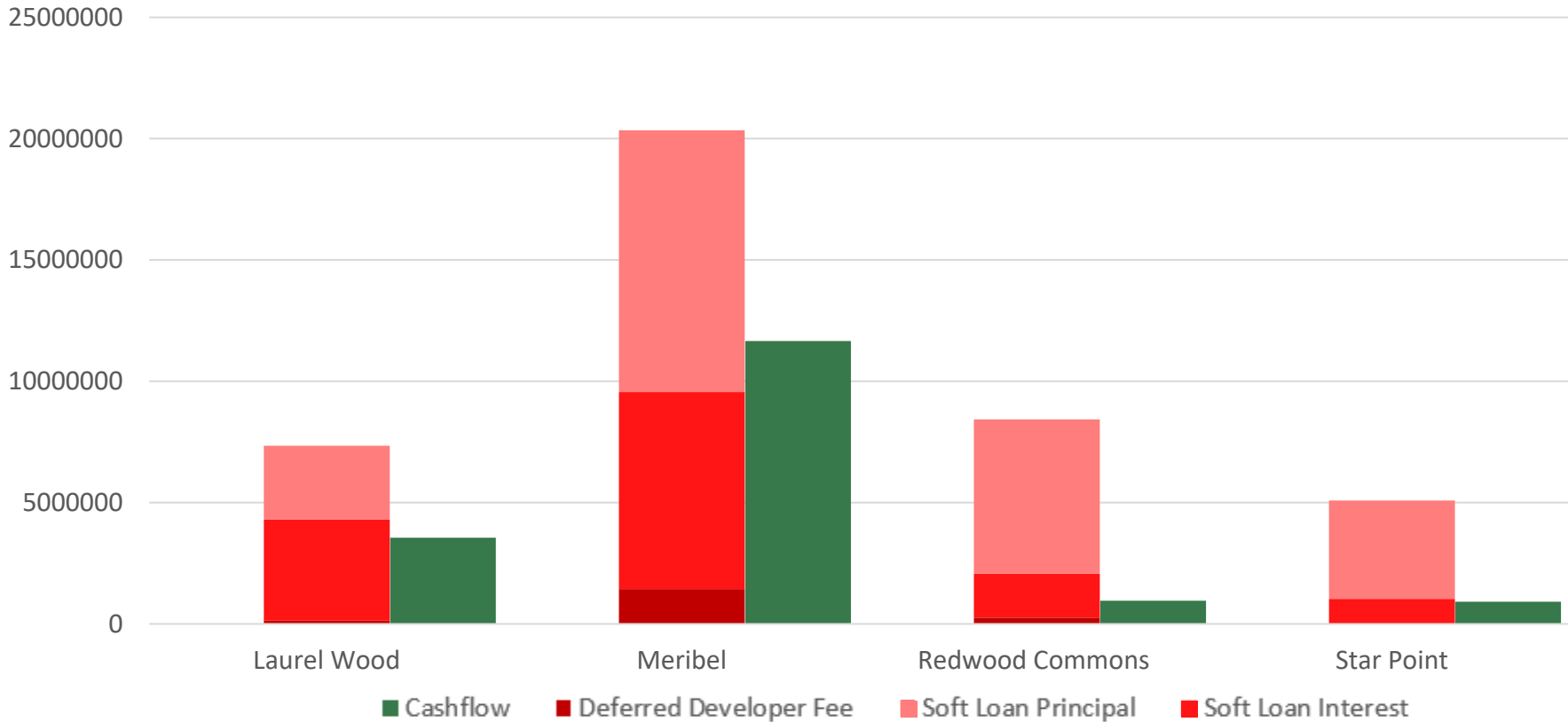
# RENTAL CONSTRUCTION LOAN REQUEST COMPARISON OF PROFORMA ANALYSIS

## 7% VACANCY DEBT COVERAGE AND CASHFLOW



# RENTAL CONSTRUCTION LOAN REQUEST COMPARISON OF PROFORMA ANALYSIS

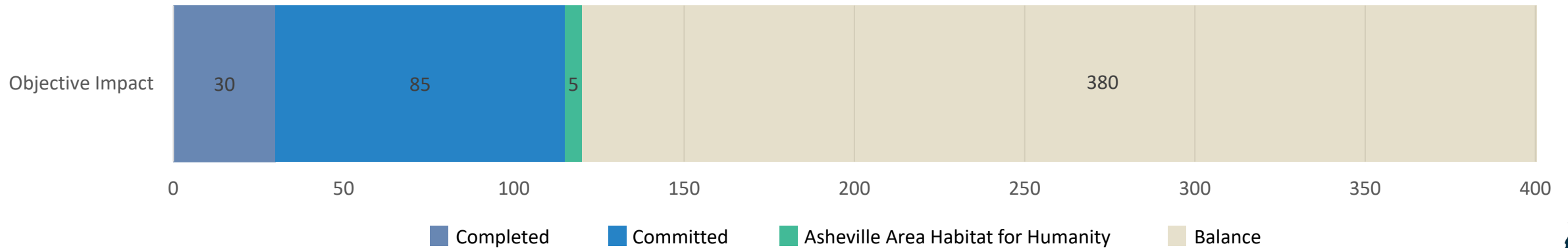
## 3% VACANCY DEBT COVERAGE AND CASHFLOW



# POTENTIAL IMPACT ON HOUSING GOALS

Aside from minor unit mix adjustments, returning rental construction applications would not contribute additional progress on rental housing goals.

Asheville Area Habitat for Humanity's request is intended to increase the supply of Affordable Housing for homeownership, especially for BIPOC households and would have an impact of 5 units (1%) toward the 400 ownership units targeted for households at <80% AMI.





# RETURNING CONSTRUCTION REQUESTS

## FUNDING CONSIDERATIONS

### COMMUNITY DEVELOPMENT DIVISION STAFF COMMENTS

- All 5 projects adhere to AHSP requirements, appear eligible for funding, present a healthy financial position, and intend to break ground by June 30, 2025.
- Redwood Commons would need to identify additional sources to have a complete capital stack.

### RECOMMENDATION

- Full or partial award amounts may be considered



# NEXT STEPS

Date	Update, Discussion, & Actionable Items
April 2	Meeting Postponed: Buncombe County Schools Spring Break
April 16	Discussion: AHSP New Construction Application Reviews
April 23	Action: AHSP Funding Recommendations
April 30	Optional Called Meeting
May 7	Updates: 2024 Point-in-Time Count; Quarterly CDBG-NR, ARPA-FRF, AHSP Contracts and Goals
June 4	Updates: Cross-Departmental Affordable Housing Efforts



# ANNOUNCEMENTS



# ADJOURN

