

## FY 25 AHSP Application Staff Summary: Asheville-Buncombe County Land Trust (ABCLT) Construction Loan

<b>10</b> Units to Be Constructed	<b>\$130,000</b> AHSP Request Per Unit	<b>\$1.00 : \$1.00</b> Leverage Ratio AHSP \$ : Other \$	<b>≤80%</b> AMI Target	<b>100 yr</b> Period of Affordability
<b>\$286,000</b> Average Cost Per Unit		<b>\$230</b> Average Cost per Unit Square Foot		<b>2 and 3</b> Bedroom Units

**Project Description:** Asheville-Buncombe Community Land Trust (ABCLT) has submitted a **New Construction Units for Sale Single Family** application requesting **\$1,300,000** to help construct 10 new permanent affordable housing units.

**AHSP Goal:** Increase the supply of Affordable Housing for homeownership, especially for BIPOC households

**AHSP Objective:** Impact, by 2030, 400 ownership units for households at <80% AMI

**Summary:** The request (\$1,300,000) is intended to support the overall budget of \$2,600,000 for a total of twenty single-family residential units. It is anticipated that the average AMI will be around 60%. Out of the ten homes funded by County investment, seven will be 3-bedroom and three 2-bedroom.

ABCLT is requesting that the County match the \$1.1 million grant from the City of Asheville and \$200,000 from the Town of Woodfin. The funds will be used to acquire vacant land and construct new homes or purchase and rehabilitate existing homes. Permanent affordability will be preserved through the land trust model in which ABCLT will retain ownership of the land and homebuyers will own the dwellings. ABCLT will then ensure that any future home sales will be limited to income eligible homebuyers at affordable prices. Funds are being requested in the form of a grant. ABCLT’s model does not allow for the ability for loan repayment. Estimated home costs are around \$260,000 to \$300,000, generally split between the buyer and ABCLT’s funds. ABCLT has a goal of ten constructed and acquired homes to be sold by the end of 2025.

**Capital Stack:** The capital stack includes:

*Committed:*

- \$1,100,000 City of Asheville Bond (grant)
- \$200,000 Town of Woodfin (grant)

*Requested:*

- \$1,300,000 Buncombe County AHSP (grant)

*Operating Fee:*

- \$100,000 requested for ABCLT operating funds

**Requested Terms:** Funding in the form of a construction grant and not a construction loan.

**Exceptions to Program Guidelines:** ABCLT is requesting funds to be in the form of a grant. The AHSP Construction Grant Program is intended to construct facilities that serve homeless families or those at

risk of homelessness. Additionally, if this request was a construction loan, it would exceed the 10% maximum loan amount per affordable unit.

**Consideration for Open Space Bond Activities:** The project is not located in an area prioritized for greenways, passive recreation or conservation.

**County Funding Source Options:** General Fund, AHSP Program Income or Bond Funds.

**Finance Department Assessment of Audits and Financial Position:** ABCLT provided a relatively timely audit free of qualifications and findings. As of December 31, 2022, ABCLT financials show a reasonably healthy financial position.

## **Review and Recommendations:**

*Program Requirements:* The project does not meet program requirements as mentioned under the Exceptions to Program Guidelines. Estimated home costs are around \$260,000 to \$300,000. Out of the ten homes funded by this request, approximately 50% will be funded by Buncombe County and 50% by the buyer.

*Budget Analysis:* The project's budget includes:

- \$800,000 for acquiring homes
- \$380,000 for rehabilitation of purchased homes
- \$100,000 for ABCLT operating expenses
- \$10,000 for due diligence
- \$10,000 for property taxes

The application does not include identified properties, site plans or a development schedule.

ABCLT's model does not allow for repayment of a loan. Funding is invested directly in the home, which is then sold to a qualified buyer. ABCLT holds a ground lease on the property ensuring permanent affordability. To date ABCLT has purchased six homes. These homes are permanently affordable and require no future reinvestment.

The AHSP does not have a funding program that specifically fits the land trust model. To align with the land trust model a new funding program would need to be developed during the next update to the AHSP Program Guidelines.

**Affordable Housing Committee Consideration:** The Affordable Housing Committee would have to make exceptions to the AHSP Program Guidelines to recommend a grant of up to \$1,300,000 to ABCLT. This grant could be supported with general funds or program income.

As a construction loan, limited to 10% of cost per unit, the Affordable Housing Committee may recommend a loan up to \$130,000, fully amortizing at an interest rate of 2% with a 5-year term (or until the property is transferred or sold, whichever occurs first). This request could be supported with general funds, program income or bond funds.

<b>PROJECT SUMMARY SHEET</b>		<b>Y/N</b>
<b>Project Description/Narrative</b>		
Clearly affordable housing focused		Y
Aligns with all components of the application		N
Aligns with all guidelines of the AHSP program		N
Aligns with the selected strategic goal		Y
<b>Designed to Serve Households with AMI</b>		
<80%		Y
<50%		Y
<30%		Y

<b>Designed to Serve</b>		
General populous eligible for the program		Y
Individuals who are age 55 or older		N
Individuals with a disability		N
Individuals who are hard to house		N
Individuals who are homeless		N
Individuals who are BIPOC		Y
Individuals who are justice involved		N
Individuals who have vouchers		Y
Individuals who are referred by the Continuum of Care		N
<b>Project Expenses</b>		
Complete		Y
Reasonable		Y
<b>Project Sources</b>		
Complete		Y
Reasonable		Y
Includes leveraging additional investment (non-AHSP funds)		Y
<b>Project Schedule</b>		
Complete		Y
Reasonable		Y
<b>Project Team</b>		
Relevant experience and qualifications to complete the project		Y
<b>Project History</b>		
Indicates success in completing projects in the program category		Y
<b>Applicant</b>		
Has timely audits free of qualifications and findings which would adversely indicate ability to manage an AHSP allocation		Y
Shows a healthy financial position		Y
Is a non-profit applicant		Y

FY 25 AHSP: ABCLT Doubling Permanent Affordability in Buncombe County Construction Loan

CONSTRUCTION PROJECT ADDITIONAL SUMMARY INFO	Y/N
<b>Project</b>	
Preserves long-term affordability beyond the loan term	Y
Emphasizes quality design and construction	Y
Participates in an energy efficiency program	Y
Contains mixed unit types (affordable, workforce, market)	N
Contains mixed unit types (multifamily and single family)	N
Contains mixed unit types (units with varied number of bedroom (1,2,3+))	Y
Is geographically separated from other affordable housing projects	Y
Is coordinated with employment, services, and existing infrastructure	Y
Is located within 3/4 miles of a public transportation route	Y